CREATIVE DEVELOPMENT
THE POLITICAL ECONOMY OF THE URBAN INFORMAL SECTOR
IN KENYA

by

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ABSTRACT

There seems to be a widely shared consensus in the literature on the comparative study of development about the main characteristics of underdeveloped countries, the causes of their underdevelopment, and the appropriate policies for securing their development. Some of the ideas and suggestions resulting from this conventional approach do not appear to be consistent with empirical observation, and do not seem to take into consideration the unintended consequences of policy proposals. This may have often resulted in public policies which conflict with the ostensible goal of securing higher standards of living.

One reason for the apparent failure of many development models may be the restrictive focus of much of the political and economic research on underdeveloped countries. While many economic studies can be justly accused of abstracting from politics, many political studies of development seem to ignore economic variables.

This thesis explicitly recognizes the interrelationship of political, economic and social factors in the pursuit of development. The interplay of these factors seems to have resulted in the evolution of an informal (unofficial) economy as a counterpart to the state-favoured formal (official) economy. The existence of this informal sector has been used in the thesis to provide new perspectives on some of the main policy issues of development, for example, the creation of employment and income opportunities, urbanisation, migration and urban political stability. It challenges the accuracy of standard measures of underdevelopment such as Gross Domestic Product, per capita income, and
unemployment rates, as well as the utility of a range of essentially normative concepts like "employment," "unemployment," "productivity," "subsistence," "modern," and "traditional."

Empirical data was collected in Kenya to test the main hypotheses advanced in the theoretical model. The data indicate that the informal sector is a development sector spontaneously created through the actions and initiatives of individual Africans. It is important in providing low cost goods and services as well as employment and training. This occurs despite the lack of state support and often in the face of active state harassment and discouragement.

The informal sector appears to be a repository for significant attitudes and beliefs favourable to development, for example, the interest in securing higher incomes, determination in the face of poverty, the abundance of ambition, self-reliance and a sense of personal responsibility for one's economic fortune, the belief that wealth is the result of hard work, and an appreciation of risk-taking in the exploitation of new opportunities.

The creative contribution of the informal sector to economic development and political stability is seldom recognized by development planners or political leaders and is frequently ignored in development models. The formulation of development strategies and the goals of development administration would be enhanced through the enlightened appreciation of the contribution of small-scale "informal" enterprises to national development.
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I end with the usual statement that I alone am responsible for the views expressed and errors contained in this study.

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David Winterford
INTRODUCTION

A. The General Perspective

In the last three decades, social scientists have become increasingly interested in understanding and perhaps ultimately shaping economic, political and cultural change in less developed countries. The multitude of perspectives, styles of thought, or "models" that has emerged collectively define the floating boundaries of "development studies." At the same time, the interdisciplinary nature of the field has resulted in an extensive and intensive debate concerning the meaning of development, its most important goals, and the link between these goals and means of attaining them. Despite this measure of disagreement, most observers might agree with the view that the aim of development is to increase total welfare. Styles of thought or models which may hamper this end ought to be seriously questioned.

In this respect, one prominent feature of much of the development literature is the conspicuous role assigned to the state as the main agent in raising low living standards and generally in improving the quality of life in less developed countries. The primary tool available to the state is apparently its alleged ability to plan development.¹

When applied to the state, the concept of planning can be given a variety of different meanings. It may mean the installation of appropriate infrastructure and the fashioning of appropriate state policies to facilitate the activities of individuals, businesses and governments. It may refer to the coordination of activities undertaken by different government departments in order to allocate scarce resources efficiently. It may simply denote countercyclical fiscal policies. In much of current development studies, however,
planning has come to mean extensive state control, direction and regulation of social and economic life.\textsuperscript{2} In other words, the state is called upon to engage in comprehensive and detailed planning in order to restructure social and economic relationships to fit some pre-conceived notion of the appropriate order of these relationships. Not only does the call for comprehensive planning represent both a marked departure from the historical experience of the presently advanced countries and a challenge to some cherished values, it also seems to be fundamentally opposed to the realisation of the creative contribution each individual can make to a nation's progress.

In this thesis an attempt is made to indicate that detailed state control and direction of the economy is unlikely to be a necessary condition for development. Indeed, comprehensive planning may have adverse effects on the probable determinants of development, the acquired qualities of a population. While it may no longer be fashionable to defend the market economy, this thesis is presented as a small contribution to the body of thought which asserts that the market economy represents the best (although not perfect) means of securing the happy coincidence of dignity for the individual, the maximum scope for human creativity and the fullest utilisation of dispersed individual knowledge and talents in meeting the pressing need to raise material standards of living in less developed countries.

To uphold the market order requires a critical appraisal of the economic doctrines currently in fashion and a willingness "to point out the aridity of their conclusions, the unreality of their assumptions, the artificial nature of their procedures."\textsuperscript{3} While it may be sufficient merely to challenge misleading ideas, models, and proposals, without offering any "constructive" alternative, it is doubtless more persuasive if one can indicate with some preliminary empirical evidence the accomplishments and potential
accomplishments of human actions unfettered by detailed state controls and regulations. This is particularly important when the concern is with underdeveloped countries, some of which may be on the road to a new serfdom much more debilitating than any alleged neocolonialism by the west.

Surprisingly, the exciting task of determining the conditions appropriate for an open economic order does not seem to have captured the imagination of influential groups in many less developed countries. While most of these societies can scarcely be considered as having enjoyed politically sanctioned economic freedom (in contrast to political independence) for any length of time, it is probably accurate to state that academics and other intellectuals in Third World countries have taken up, rather uncritically, the cause of planned development. Several factors may account for this preference: first, the profound influence of colonialism on most less developed countries; second, the spread and general acceptance of several politically inspired beliefs on the rise of capitalism in the west and the deleterious consequences this is alleged to have had on the working poor; third, an inability or reluctance to conceptualize in the abstract the general workings of an economy; fourth, the appeal to human vanity of the belief that something as complex as an entire society can be re-designed to fit some artificial plan; and fifth, the creation of lucrative employment opportunities for intellectuals in the public sector when development is centered on the state.

While substantive discussion of some of these influences is reserved for later in the thesis, it is appropriate to make some general comments. First, it should be noted that one of the legitimate and major criticisms that can be made against the colonial state is that it was an illiberal state. It is difficult to maintain that the economy and society fashioned by the colonials represented a "liberal-capitalist order." Not only was the colonial
state a regulatory state, it also consistently denied equality before the law. In other words, the colonial state was a dirigiste state, hostile to free exchange of the market and free competition between individuals. In this thesis the term "formalised development" is used to indicate the continuing legacy and subsequent elaboration of the regulatory colonial state in the post-independence period.

On the other hand, colonialism has set in motion many beneficial forces which have proved of fundamental importance in the development of less developed countries. Colonialism represented an unexpected change inconsistent in many respects with the previous social structure. It could not simply be "absorbed" by the local society. Besides the obvious and undeniable benefits of colonialism, for example, physical infrastructure in the form of seaports, roads, communication facilities, and the social infrastructure of education, health and disease control, colonialism wrought significant changes in the cognitions of individuals in the local population.

Much has been written of the alleged debilitating effects of colonialism on the mental framework of indigenous peoples. Very little has been written of the positive impact of colonialism on what are probably the main determinants of development: attitudes; aptitudes, aspirations, expectations, motivations, faculties, and skills of a given group of individuals.

Disregard of the positive impact of colonialism on these likely determinants of development has resulted in the acceptance of the popular (though largely incorrect) notion that the very existence of the west, or at least the existence of western ("neo-")colonialism, has prevented and is continuing to prevent the development of underdeveloped countries. It is more accurate to acknowledge that most forms of contact between western countries and underdeveloped communities have promoted development by suggesting that change is
possible and by weakening attitudes and customs inimical to material progress. As well as providing physical and social infrastructure, contacts between western and non-western societies have probably served to promote new ideas, attitudes, methods and wants, one result of which seems to have been to encourage production for the market. In other words, one result of these contacts appears to have been the transformation of economic performance through linking the acquisition of desired goods to a different type of productive exchange.

The benefits of this novel productive exchange system appear to have been readily appreciated by countless members of the local population. Thus it is now possible to delineate the existence of a competitive economic order that has been voluntarily created and which is both influencing and being influenced by the surrounding social order. This unofficial development sector represents spontaneous, creative, or "informal" development.

Informal development is the antithesis of planned or formal development. Indeed, in their underlying logic, the two types of development are incompatible. The continuation of informal development seems to have depended up to now partly on its existence remaining obscure to political leaders, planners, and other administrators in the state and partly on the inability or reluctance of state officials to enforce the rigid prerequisites of comprehensive planning. Informal development is "development by stealth" in the sense that the rules, regulations and controls of the state have so far been largely incapable of penetrating its structure. It is creative development in the sense that it is the unintended result of countless voluntary individual actions.

There are probably many people who may be adverse to the emergence and evolution of this order. Some, possibly, will deny its existence altogether
or at least deny that it makes any worthwhile contribution to several of the dilemmas facing less developed countries. There are numerous grounds for this hostility. Thus, for formal sector businessmen, informal sector enterprises may represent "unfair" competition. That is, informal business may hinder formal enterprise from securing the income that would otherwise be possible as a result of preventing or restricting entry into any given activity. Informal enterprises also seem to offend the aesthetic sensitivities of such privileged groups.

As well, many of the believers in the necessity of comprehensive state planning may be hostile to the concept and reality of the informal economy. The existence of this sector may exemplify the motivations, attitudes, capacities and skills, the presence of which they must deny if the claim about the necessity of comprehensive state planning is to be accepted.

Related are those who seek, for numerous and perhaps not entirely reputable or ethical reasons, revolutionary upheaval in less developed countries. Their arguments are typically founded on the alleged immiseration of the population under "capitalist" development. As well, proponents of revolution seem to derive some strength from the frequent assertion that unemployment has now reached a "crisis" level in less developed countries. Even if this is the case, which I will attempt to show is doubtful, there is certainly no necessary relationship between high unemployment and fertile ground for revolutionary activity. Nor is it likely that a "radical" government is any better equipped to initiate and carry out policies the result of which would be an improvement in general welfare.

On the other hand, for all those who believe in the creative potential of unrestricted individual actions, the awareness of an informal development sector may give some basis for a redirection of development studies and thus
ultimately of state policies. If the two tests of development are rising standards of living and increasing personal choice, then the existence of a "spontaneously-formed" informal economy may serve to retard the deepening gloom and sense of frustration evident among these students of development.

B. Order of Presentation

This thesis is partly an attempt to examine some of the most widely publicised policy initiatives in the field of development. These policies appear to be either largely untenable or simply incompatible with one another while often having a cumulative, although perhaps unintended, effect of weakening economic freedom in less developed countries. As well, this thesis is partly concerned with some of the complex problems of methodology, especially the meaning and measurement of several of the standard concepts used in development studies. Finally, this dissertation presents the results of interviews undertaken in Nairobi's informal economy, results which may have a bearing in particular on the thesis that development is probably dependent on the attitudes, attitudes, expectations, motivations, faculties and skills found within a given population.

No comprehensive theory of the political economy of development is advanced in this work. It is likely the case that development, as part of the historical change of entire societies, is not amenable to general theory. At the same time, development appears to be mainly dependent on factors about which we know very little and which at any rate cannot be readily accommodated in a general theory. Nevertheless, systematic research and analysis can make a significant contribution to the subject, not the least of which is a challenge to policies adverse to the attainment of higher material standards of life. To be skeptical about the possibility of a general theory of the
political economy of development does not mean, of course, that major and vitally important phenomena cannot be investigated. Indeed, in this thesis an attempt is made to discern uniformities, particularly in the relation between the state and development and in discussing the probable determinants of development.

At the same time, it is part of the nature of our understanding that we are often in a better position to offer guidance on what not to do rather than on what to do to promote the development of less developed countries. To eschew such "positive" policy articulation is just another way of admitting our inevitable ignorance of (and therefore our inability to control or direct) the numerous phenomena associated with human actions. It is more to the point (and perhaps more within our grasp) to examine the conditions most favourable to the emergence of those forces which promote development rather than to determine the precise pattern of relationships among all the elements concerned or the explicit directions in which each element will arrange itself in relation to the others.

In Part One, beginning with Chapter I, there is a discussion of some of the probable links between economic freedom and the attainment of higher living standards as well as an appraisal of selected aspects of current theorising in the field of development studies. This is followed in Chapter II by an analysis of development theory and the structure of the urban economy in less developed countries. The model presented in Chapter II is perhaps an improvement on the usual dual-economy models in that it stresses the vital relationships between the state (its policies and actions) and the structure and institutional direction of development. As well, the analysis of the urban informal or unofficial economy may offer further support for arguments presented in Chapter I.
In Part Two, beginning with Chapter III, a detailed investigation of a single country, Kenya, is undertaken both to elucidate some of the general points advanced as well as to highlight one of Africa's more stable and prosperous nations. The analysis presented is based on primary documentary material that was available in Nairobi as well as direct observations and interviews in Nairobi's informal economy. While Chapters III–VI offer a detailed factual and technical interpretation of some salient features of Kenya's development, an attempt is made to place each chapter within the more general framework of development studies. Thus, in Chapter III, on national income and employment in Kenya, not only is the Kenyan case examined but also general methodological issues are raised which may be applicable to the study of other less developed countries. This is followed in Chapter IV by an analysis of population and labour force growth in Kenya. Again, the issues discussed and the general conclusions that are reached may have application to other less developed countries. Chapter V deals with public policy and urbanisation in Kenya. It is important not only for the interpretive analysis presented but also as an illustration of the tremendous influence that a politically determined development strategy can have on shaping the broad contours of a country's economic structure.

The final substantive discussion, Chapter VI, offers an analysis of a preliminary investigation of the awareness, motivations, expectations, attitudes and desires of a small group of individuals in Nairobi's informal economy. One of the aims of this chapter is to link development theory, and Kenya's political economy, to individuals on the frontier of development itself. It is hoped that coherence and unity is given to the presentation through using the theme of urban political stability in Kenya in the context of explosive urban growth.
In concluding this introductory chapter, it is acknowledged that despite some grave misgivings about Kenya's development that are discussed in the thesis, the Kenya government ought perhaps to be congratulated for maintaining one of Africa's least coercive societies. Particularly at this time in Africa's long history, Kenya's experience with stability and relative economic freedom is a priceless and increasingly rare achievement. Hopefully, the Kenyan government will do its utmost to encourage and not discourage the creative potential of each Kenyan to make his own unique contribution to the nation's development.
PART ONE
DEVELOPMENT THEORY
I

INDIVIDUAL ACTIONS AND DEVELOPMENT THEORY

A. Introduction

This chapter attempts to place voluntarily undertaken individual actions within the framework of development studies. The purpose is neither to present a detailed theory nor to offer a detailed critique of the main approaches to development. Rather the aim is to highlight some probable aspects of the process of development. While the discussion inevitably runs in generalities, the specialised chapters which follow hopefully compensate by offering a more detailed analysis of specific issues.

The primary thesis is that the essence and appropriate task of governing in less developed countries should be the creation of a suitable environment for the maximum utilisation of the dispersed knowledge and talents found in society. In other words, one aim of governing should be the creation of a society where coercion is used only where it is required by general rules or principles, equally applicable to all. While this is admittedly an ideal, it is perhaps the type of ideal which can be progressively realized through consciously guided policies.

Extensive state activity is not incompatible with this goal insofar as arbitrary coercion is used as little as possible. Indeed, appropriate state policies and actions are necessary for the establishment of a framework conducive to the pursuit of creative individual actions. The state, for example, has a responsibility to provide the basic infrastructure of roads and communication, health and educational services, an appropriate institutional framework, an effectively managed monetary system, and the maintenance of law and order. Thus the goal is not laissez-faire. Rather the hope is that the state
will effectively discharge its essential duties and thereby facilitate the
genral pursuit of higher living standards. Currently, the governments of
some less developed countries appear to be already over-burdened in attempting
to meet these basic and vital obligations, obligations which do not require
comprehensive planning.

For ease of exposition it is preferable first to outline in a broad
manner the probable links between economic freedom and development. This
involves presenting some aspects of an older, and to some extent currently
neglected, view of the process of development. Finally, it is argued that the
use of macro concepts has diverted attention from the human actions that may
largely determine material advance.

B. The Importance of Free Individual Actions for Development

An important relationship seems to exist between freely undertaken eco-
nomic activities and the attainment of higher standards of living. One reason
for emphasising this link is indicated in the following passage:

We want the individual to have liberty because only if he can decide
what to do can he: also: use: all: his: unique: combination: of: information,
skills and capacities which nobody else can fully appreciate. To en-
able the individual to fulfil his potential we must also allow him to
act on his own estimates of the various chances and probabilities.
Since we do not know what he knows, we cannot decide whether his de-
cisions were justified; nor can we know whether his success or fail-
ure was due to his efforts and foresight, or to good luck. In other
words, we must look at results, not intentions or motives, and can
allow him to act on his own knowledge only if we also allow him to
keep what his fellows are willing to pay him for his services, irre-
|spective of whether we think this reward appropriate to the moral
|merit he has earned or the esteem in which we hold him as a person.

In other words, this passage suggests that creative development, or
development as a result of countless individual actions, is incompatible with
coercion, comprehensive planning and reward based on privilege. However,
extension and elaboration of the formal sector, the ostensible aim of much of
development theory and policy, appears to be largely dependent on coercion and privilege.  

Since the concepts of "free" (or "freedom") and "development" are notoriously vague and are frequently given shifting and conflicting content, perhaps some general comments will be helpful. First, it should be pointed out that development should not merely be concerned with growth of output as conventionally measured in national accounts data. Rather, changes in general living standards and what Lewis has termed "increases in the range of human choice" ought to be the principal and appropriate criteria of development. Other scholars have emphasised different criteria, for example, the size of the public sector, the volume of manufacturing industry, capital formation, or the performance of particular sectors of the economy. However, policies which are based on these criteria may conflict with the ostensible goal of raising living standards. For one thing, growth of output, unless it is desired output, need bear little relation to general living standards. The chief way of evaluating and measuring desired output is to link output to consumer demand. If supply of output is to reflect consumer demand, then the ability to engage in economic activities freely and to exchange goods and services freely should be permitted. The reconciliation of this supply and demand is accomplished through free or market determined prices. Proponents of comprehensive state planning frequently appear to disregard the problems of determining the type, quantity and price of the heterogeneous collection of commodities subsumed under "output." Even when these issues are not ignored, the determination of type, quantity and price of goods and services seems to depend on the arbitrary decisions of a select group of administrators.

Furthermore, to equate total output with what is currently measured by the official data collecting agency has tended to result in a general bias,
both scholarly and political, in favour of one relatively small sector of the economy for which statistics (however unreliable) are available. This sector is typically termed in development theory the "modern" or monetary sector. Development is then conventionally defined as increasing the output (or the size) of this sector.

One result of identifying development with the growth of recorded output is the rather unwarranted belief that, for example, investment or capital formation in the "modern" sector is the key to developing less developed countries. Since savings and investment appear to be low in less developed countries it is then commonly held that the state must act as the prime mover if low levels of income are to be eradicated. Besides ignoring the experience of countries already considered "developed," this misses the point that a low level of income may be compatible with even rapid rates of change. Nevertheless, to generate investment funds, governments are exhorted to "squeeze" the peasantry and to curtail current consumption. Indeed, prominent socialist observers of development have been among the most insistent and vociferous proponents of the view that current low living standards of the vast bulk of the population must be forcibly depressed to provide "development funds." The resources secured in this manner will then apparently be allocated to more "productive" and "efficient" uses. Often this is even considered to be a net addition to capital formation.

It is apparent that great harm may be done to the aim of promoting general living standards when it is alleged that current consumption must be depressed or "squeezed" in order to raise some typically distant living standard. Indeed, this allegation brings into question the very meaning and relevance of development. Moreover, contrary to the more mechanical theories of economic development, future consumption is not necessarily enhanced by present forced
abstinence. As Peter Bauer has observed, "less jam today does not necessarily imply more jam tomorrow and indeed when brought about by compulsion is likely to imply less jam."\(^7\)

Indeed, exhortations to save and to channel resources into the hands of state planners have often created an illusion of development without really raising standards of life. Elkan has argued that:

Widespread gains in current incomes will do more than forced saving to enhance meaningful development, because a rising standard of life now is a surer way to greater prosperity than years of misery for the majority whilst a small elite of capitalists, civil servants or highly paid wage earners enjoy a standard of life that is unattainable for the rest.\(^8\)

Second, although there is certainly a relationship between output and consumption, for reasons already given, this relationship is far from automatic. Indeed, it may be broken by ill-conceived state policies. The primary result of development should not be the aggrandizement of the state but rather the improvement of general living standards. One method of securing this result is to increase the range of human choice. This appears to be inextricably linked to economic freedom for the individual. Indeed, when men are able to use their individual knowledge for their own purposes, restrained only by general rules of universal application, the best conditions will likely be produced for achieving their aims.\(^9\) This, of course, implies that detailed controls and coercion should be limited.

The preference for state-centred development has, to some extent, sidetracked development studies. Creativity is unlikely to reside solely or even primarily in the state. Indeed, it is improbable that governments, planning agencies or central directorates know as much about the intricate web of economic activities engaged in by countless individuals as those individuals know themselves. Yet the state is frequently given the responsibility for making extensive and detailed decisions and regulations. Given the immense variety
of human activities, if comprehensive planning is to accommodate, reconcile and "rationalise" them then extensive and effective coercion will probably be required. One result of this coercion would likely be not only the control or "direction" of individuals but also the restriction of the number and variety of economic activities to a form manageable by the limited number of planners with their limited knowledge. On the other hand, if individuals were permitted and encouraged by sensitive state policies to pursue their knowledge freely, guided by their unique combination of interests, motivations, ambitions, faculties, aptitudes and skills, then one likely result would be marked growth in the range and type of economic activities. This, in turn, would probably be reflected in rising standards of living.

It is precisely the human factors which are frequently claimed to be deficient in less developed countries. Thus it is often alleged that there is a "lack of entrepreneurship," or "lack of motivation, ambition or the desire for achievement." These arguments may then be invoked to support the claim that state control and direction is necessary, indeed indispensable, for the occurrence of economic development. However, the actual situation is probably the opposite: creativity might be either stifled or directed into socially harmful channels when state direction, controls and regulations are pervasive. Besides, if it were correct that a given group of people generally lacked appropriate ambitions, aptitudes and the other attributes mentioned, it is difficult to understand why their government would possess them in sufficient abundance to initiate, direct and execute all economic activity. Indeed, the very meaning of development for these individuals remains unclear.

Typically, creative human actions are derived from assessments made concerning options or choices available to the individual. These assessments may then be incorporated into a voluntarily undertaken plan or program of
behaviour. To the extent that development is dependent on these individual plans it can be a process of continuous change. It is helpful to elucidate, at least tentatively, the genesis of this process and the mechanisms which may keep it in motion.\textsuperscript{10} It seems that factors of primary importance may include the stimulation provided by the occurrence of unexpected changes, and, as well, inconsistencies between individual plans and over time within a given individual's plan. If these conditions are not fulfilled, stagnation will likely result. For example, if a group of people lives in complete isolation from others there is little likelihood of any unexpected change and hence little stimulation to undertake novel activities or experiment with different techniques. Consequently, the range of options within the society is restricted. As a result, individual plans may gradually become more consistent internally and with each other as the people come to accept an unchanging environment. On the other hand, the intrusion of unexpected change into a society is not necessarily a sufficient condition to generate a continuous process. Without inconsistency between and within individual plans - an inconsistency derived from differing expectations and desires - even recurring unexpected changes might be successfully accommodated by minute adjustments, one result of which would be to leave the range of options essentially the same. This latter possibility is, however, of little general importance as there appear to be only a very limited number of societies whose members do not have their expectations altered by unexpected change.

Nevertheless, even in the more usual case, the process of continuous change may be hampered or thwarted. For one thing, expectations, as the basis for human action and derived from differing motivations, aptitudes, faculties, skills and capacities, are often not fulfilled. Failure may be due to several factors, some of which include the following: first, the state may
neglect to provide the basic framework or infrastructure necessary for success of individual plans, for example, the construction and maintenance of roads and other basic communications facilities, the provision of basic health and educational services, the maintenance of law and order, and the promotion of an appropriate institutional framework for activities of individuals. In other words, the state may fail to supply the essential requisites that it alone may be capable of providing. Second, failure may result from the incapacity to engage in economic activities freely subject only to certain general and universal constraints or from the deliberate imposition of state authority which systematically seeks to prevent the realisation of creative individual plans. Therefore, to stimulate continuous creative development, there should be at least some provision of collective goods in the form of basic social and economic infrastructure and a general permission to pursue freely inconsistent human plans, the derivation of which is divergent expectations.

In summary, the relation between free individual actions and development rests on the view that human activity consists in initiating, executing and revising innumerable individual assessments or plans. It is improbable that comprehensive planners are in a more knowledgeable position to direct and control the activities of the countless dispersed individuals over whom they rule than those individuals are themselves.

C. Effects of External Contacts on Acquired Human Qualities

It would seem that if students of development wish to explain the process of development then much of their attention should be directed to the study of the actions of countless individuals, performing independently or in cooperation with others, to obtain their various ends. The neglect of individual choices and actions is partly responsible for the dogmatic statements
that often appear in the development literature. For example, the alleged necessity of reducing current consumption. At the same time, this allegation has been used as an implicit argument for restricting external contacts.\textsuperscript{11} The argument is that individuals in poor countries have their demands for consumer goods stimulated by being made aware of how people live in richer countries and that this reduces the potential savings that might be used to increase the stock of capital.

On the other hand, the classical political economists, particularly Adam Smith and John Stuart Mill, emphasised the positive benefits of an "international demonstration effect." Although concerned with trade as an "engine of growth," Mill pointed out that in a hitherto-isolated country, international trade (a type of contact) might make people "acquainted with new objects" and

The easier acquisition of things which they had not previously thought obtainable, sometimes works a sort of industrial revolution in a country whose resources were previously underdeveloped.

Further, Mill emphasised the "educative effect" of trade:

\ldots placing human beings in contact with persons dissimilar from themselves, and with modes of thought and action unlike those with which they are familiar \ldots has always been \ldots one of the primary sources of progress.\textsuperscript{12}

This suggests that it may be unrealistic to isolate want-creation as a sole or even principal legacy of external contacts. Nevertheless, its importance probably should be stressed since the contribution made by want-creation does not appear to be appreciated in development studies, particularly by those who take a critical or skeptical view of the importance of individual actions. For example, this may account in part for policies which either harass or eradicate middle-men due to their alleged "parasitic" activities.\textsuperscript{13} These policies seem to be rather short-sighted. Indeed, they may be anti-developmental. Middle-men play a vital role in making available consumer (or "incentive") goods which suggest both new wants and, much more importantly,
new methods of satisfying those wants. In less developed economies, where large groups of people remain outside the exchange and cash nexus, it is reasonable to speculate that expectations of a higher and more varied level of consumption have been and will be instrumental in eliciting greater effort and more productive saving and investment. This is in addition to the effects of external contacts in weakening a range of attitudes adverse to material advance while leading to beneficial improvements in the methods of accepted pursuits. Perhaps middlemen may be considered the precursors of the professional "community development" officers. Middlemen, however, cannot rely on coercion to secure results.

Measures that curtail external contacts in order to restrict consumption may make it easier than it might otherwise be to generate forced savings. However, the appeal of these measures appears to be based on the following unproven and improbable premises concerning human behaviour: economic performance is unaffected by the prospect of a higher and more varied level of consumption; and, external contacts affect only the consumption patterns of the local population and have no beneficial effects on either ideas, attitudes, skills, saving and investment patterns, or methods and types of production. In other words, in models which abstract from human actions it may be possible to maintain the desirability of forcibly restricting human interchange in order to prevent new consumption patterns (and thus, other patterns) from emerging. However, this seems to reflect a simplistic conception of the process of development.

D. Macro-Concepts and Development

The preference for detailed state planning of development over freedom to engage in economic activities is reflected in the choice of concepts, the level of abstraction and the proliferation of sophisticated (or at least
statistical) models in much of the current theorising on the development process. Thus, the fashionable view appears to be that the economies of less developed countries have been stagnant and that their growth should be stimulated, or better, engineered, through increasing state direction of the allocation of resources. This perspective has been strongly influenced by the use of macro-economic concepts, a use that has led to the relative neglect of the micro-foundations of all economic activity. Indeed the grip of macro thinking has prompted one observer to describe the study of development as "macromancy."

One reason that macro concepts may be attractive to many development theorists is perhaps the ease with which these aggregates may be manipulated in a perfect or "simplified" environment. In particular, individuals can be ignored, especially the differences between individuals and the general inequality of men. Thus the core of the complexity surrounding the process of development tends to be brushed aside in an attempt to control some pre-selected "key" variables. This is beginning to assume the appearance of avoiding some of the real issues of development.

Another result of this interest in macro "growthmanship" has been the proliferating concern with such concepts as the big push, take-off, leap forward, unbalanced growth, linkages, disguised unemployment and so forth, with considerably less interest in integrated rural development, agricultural intensification, intermediate technology, appropriate education, labour force explosion, small industries and the whole range of issues subsumed under social and human resource development.

At the same time, little room appears to exist for individual actions in models which deal largely in categories like "workers," "capitalists," "landlords" or which establish a framework of macro-economic aggregates -
"investment," "output," "exports," "imports" - which have been drained of human content. The importance of individual aptitudes, attitudes, faculties, skills, ambitions and motivations, particularly the differential allocation of these attributes, tends to wither under the crushing weight of these conceptual aggregates.

While a level of abstraction is certainly necessary in social science, economic events seldom appear to be the result of a collective process of decision-making - rather explanation can typically be found in terms of human choice and decision. Nevertheless, models of development tend to be presented in an "operationally meaningful," that is, statistically measurable form. The variability of human preference, shaped by experience and guided by the diffusion of knowledge from one individual to another, is often not considered. There is little acknowledgement that macro-variables are in reality the cumulative results of millions of past individual actions. Thus, little time is spent in explaining how markets develop, how consumer demand is met or how policy decisions are determined. Human actions tend to be simply neglected.

E. Summary

One task for the political economy of development is to explain the emergence of new productive relationships. A suitable beginning might be to investigate the characteristics of the underdeveloped state that have both hampered the success of comprehensive planning and simultaneously encouraged and permitted the expression of the creative potential of innumerable individuals. It may be the case that the political "indiscipline" often noted in less developed countries has had the unintended and beneficial effect of permitting each individual to pursue his own unique combination of knowledge, motivations, aptitudes, skills, faculties and capacities, the result of which
has been not stagnation or retrogression but a general though largely unmeasured improvement in living conditions.

This suggests that one probable result of permitting individuals to pursue their knowledge for their own purposes is improvements in the range of choice in less developed countries. However, there are much more significant effects than even current improvements in material conditions. The ability to pursue one's own interests may encourage the spirit of discovery, experimentation, and risk-taking; the interest in securing higher incomes; determination in the face of poverty; self-reliance and a sense of personal responsibility for one's own economic fortune; and as well, the belief that wealth is the result of hard work. All of these factors may operate in a circular and cumulative fashion to further development.

What creative development offers is, in some ways, a more modest and less ambitious approach to securing higher material standards of living. It is an approach which eschews the construction of magnificent (and often merely symbolic) comprehensive plans. Instead, greater reliance is placed on external contacts, widening of opportunities, the provision of incentive goods, the removal of artificial impediments to individual actions, and an alteration in the role of the state so that it may subsequently discharge effectively those complex and extensive duties which are essential in any order based on economic freedom.

Development which has its basis in creative individual actions—actions arising from the differential allocation of motivations, ambitions, goals, capacities, skills, aptitudes and attitudes—does not necessarily require natural resources, low population growth rates, or a large domestic market. Rather, it appears to depend on having people who are enterprising. This is not intended to suggest that any particular group of individuals in any given country is incapable of achieving material progress. Each individual has a
creative potential, the expression of which is partly shaped but not deter-
mined by the resource endowment of his locality. The immense variety of indi-
vidual expectations, of individual plans, precludes change at the same rate
for everyone. However, this rate of change and the direction it takes can be
guided in general terms by appropriate state policies and activities (which is
one reason that strict *laissez-faire* is probably unsuitable for less developed
countries). If appropriate human actions occur - and they are not dislocated
by inimical state policies - even resource poor countries might experience
substantial progress. Conversely, without them, even richly-endowed countries
might remain at subsistence levels.

This chapter has sought to highlight the importance of incorporating
individual expectations in theorising about development. It has also dis-
cussed some aspects of the type of analysis currently in vogue in development
studies. The following chapter continues this concern with development theory,
examining more closely the remarkable growth of urban centres in less devel-
oped countries. This establishes a firmer foundation for an analysis, in sub-
sequent chapters, of specific features of Kenya's development.
A. Introduction

The theme of this chapter is complex, as complex as the structure and life of an urban centre. To gain an appreciation of the diversity of relationships and the myriad of detail it is necessary to simplify and to generalise. While this may elevate analysis it is not without costs. Different countries are at different stages of urbanisation, at different levels of industrialisation, with different bases to their economic structures. As well, what might be politically encouraged or politically possible in one country may be deplored or impossible in the next. Clearly, a universal theory of the political economy of urbanisation is inappropriate, if not impossible. However generalisations about urban development and by implication individual actions in changing circumstances, do appear in this chapter. The primary aims are to present an overview of some aspects of the theory of urbanisation in less developed countries, to examine several influential models of urban development and, to articulate the types of relationships that may exist between state policies and the structure of the urban economy. To accomplish these ends, local variations must be sacrificed. In later chapters, an attempt is made to relate these general perspectives to the particular case of Kenya.

B. Urbanisation in Less Developed Countries

Perhaps urban policy provides one of the clearest examples of the influence of academic advisors and consultants on Third World governments. Decision-makers adopted the models of economic growth popular in the 1950's and 1960's - models which seemed to hold the promise of successfully absorbing
"surplus" agricultural labour if the state concentrated its investment decisions on the creation of a "modern," that is, urban and industrial sector. One consequence of the attempt to create an urban industrial sector has been the extremely rapid growth of urban populations throughout the less developed world. As Table 1 demonstrates, urban populations are typically growing in excess of twice the rate of the rural populations. Nevertheless, the rural population will evidently continue to grow in absolute terms for the foreseeable future.

Table 1. Urban-Rural Population of Developing Countries

<table>
<thead>
<tr>
<th>Year</th>
<th>Urban Population (millions)</th>
<th>Rural and Small-town Population (millions)</th>
<th>Annual Rate of Increase (per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>in Urban Population</td>
</tr>
<tr>
<td>1920</td>
<td>69</td>
<td>1118</td>
<td>3.1</td>
</tr>
<tr>
<td>1940</td>
<td>128</td>
<td>1346</td>
<td>4.5</td>
</tr>
<tr>
<td>1960</td>
<td>3310</td>
<td>1705</td>
<td>4.1</td>
</tr>
<tr>
<td>1980</td>
<td>693</td>
<td>2431</td>
<td>3.7</td>
</tr>
<tr>
<td>2000</td>
<td>1436</td>
<td>3235</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Urban is defined as greater than 20,000 persons.


As the table indicates, the United Nations has projected an annual rate of urban growth in the less developed world of 4.1 per cent between 1960 and 1980, with a corresponding increase in the rural population of 1.8 per cent. This rate of urban growth is greater than that experienced by any developed region with the exception of North America between 1850 and 1920. The trends indicate that the less developed world will be 22 per cent urbanised in 1980, in contrast to 15 per cent in 1960.

At present, Africa is the least urbanised of the continents. Of the 1970 estimated population of 242 million (in thirty-five countries), only 26
millions, or 11 per cent, lived in urban centres of 20,000 or more inhabitants. Nevertheless, Africa has probably the highest rate of urban growth in the world. The data in Table 2 compare the projected growth of the urban and

### Table 2. Projected Growth of the Total and Urban Population 1970-1980 - Selected Countries in Tropical Africa

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Population in Millions</th>
<th>Per Cent Increase</th>
<th>Urban Population in Millions</th>
<th>Per Cent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totals</td>
<td>158.1</td>
<td>208.7</td>
<td>32.0</td>
<td>18.8</td>
</tr>
<tr>
<td>Nigeria</td>
<td>66.1</td>
<td>87.6</td>
<td>32.5</td>
<td>10.1</td>
</tr>
<tr>
<td>Ghana</td>
<td>9.0</td>
<td>12.5</td>
<td>38.9</td>
<td>1.5</td>
</tr>
<tr>
<td>Congo-Kinshasa</td>
<td>17.4</td>
<td>22.4</td>
<td>28.7</td>
<td>2.2</td>
</tr>
<tr>
<td>Kenya</td>
<td>10.8</td>
<td>15.1</td>
<td>39.8</td>
<td>0.9</td>
</tr>
<tr>
<td>Uganda</td>
<td>8.5</td>
<td>11.3</td>
<td>32.9</td>
<td>0.2</td>
</tr>
<tr>
<td>Tanzania</td>
<td>13.2</td>
<td>17.4</td>
<td>31.8</td>
<td>0.7</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>25.0</td>
<td>31.5</td>
<td>26.0</td>
<td>1.2</td>
</tr>
<tr>
<td>Zambia</td>
<td>4.2</td>
<td>5.9</td>
<td>40.5</td>
<td>1.0</td>
</tr>
<tr>
<td>Senegal</td>
<td>3.9</td>
<td>5.0</td>
<td>28.2</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Note: These figures are based on estimates prepared by the Demography and Social Statistics Section, Economic Commission for Africa. They include, for individual countries, estimates of population growth through migration across national borders, an important factor in many African countries.


total populations in nine sub-Saharan countries. Between 1970 and 1980 the population of these countries will increase by about 50 million persons at a very high average growth rate of 3.2 per cent per year. However, the urban population will increase twice as fast, adding about 14 million to its total, at an average annual growth rate of 7.4 per cent.
One consequence of such rapid urban growth is the proliferation of uncontrolled settlements and shanty towns. Grimes cites data indicating that in Addis Ababa 90% of the population lives in "slums and uncontrolled settlements." The corresponding figures for other major urban areas in Africa are: Douala, 80%; Mogadishu, 77%; Ouaga-ougou, 70%; Abidjan, 60%; Dakar, 60%; Kinshasa, 60%; Accra, 53%; Dar-es-Salaam, 50%; and Monrovia, 50%. While perhaps alarming, these large percentages of slum and squatter housing may overdramatise the development problems in some less developed countries. Many residents of these settlements apparently have steady jobs and own several consumer goods - for example radios, bicycles, motorcycles - which indicate that personal living conditions may not necessarily be characterised by severe deprivation.

Nevertheless, for western observers, conditions in many African cities appear deplorable. For example in Kano, Nigeria, which I visited recently, traffic conditions were chaotic; roads were often in an advanced state of disrepair; the water supply was unhygienic and often unavailable to parts of the city; cuts in electric power were frequent and of indeterminate duration; streets were littered with various types of refuse; public transportation was virtually unavailable. In essence, the state was not providing the requisite infrastructure and services to meet the demands of a growing population.

Despite the pressure of population on available urban services, the data in Tables 1 and 2 indicate a continuing massive movement of people from the rural areas to the urban centres. This tremendous shift in population, a shift which has been termed "the largest migratory movement in human history," has been the focus of considerable model-building in development studies.

C. Rural-Urban Migration

Given the widely varying conditions of the Third World, attempts at explaining internal migration have generated some debate in development studies.
Overall, it is generally accepted that migration accounted for 30 to 60 per cent of urban population growth in the decade 1960-1970. Both case studies and econometric work on the determinants of migration provide strong empirical support for the importance of economic incentives in the decision to migrate. Migrants appear to be less attracted by the "bright lights" of the city or by the availability of urban services and amenities than by the prospect of securing employment at wage levels in excess of the remuneration received for rural activities.

Of the many studies on rural-urban migration in less developed countries perhaps the most influential have been those undertaken by Todaro and his colleagues. In the Todaro model, potential urban in-migrants are conceived to base their decisions to migrate on the urban-rural real income differential discounted by the probability of obtaining a job in the urban modern sector. The probability of obtaining an urban job is, of course, a function of the rate of urban unemployment.

In this context, one important question is the length of time the migrant must wait before actually obtaining a job. Todaro argues that although the prevailing real urban wage rate may be significantly higher than the expected rural income, if the "probability" of obtaining a "modern" sector job is very low then this should influence the individual's decision to migrate. As Todaro observes, "A 70 per cent urban real wage premium, for example, might be of little consequence to the prospective migrant if his chances of actually securing a job are, say, one in fifty."

The time dimension is also important in discounting future earnings to the present time since the probability of obtaining a job presumably increases with the length of stay of the migrant in the urban centre. In other words, if the migrant has a relatively long time horizon and if the wage differential
is sufficiently large then rural-urban migration may be a rational economic choice despite the low initial probability of securing a "modern" sector job. Todaro has argued that a relatively high urban unemployment rate of 30 to 50 per cent at the margin, would not deter migrants if the urban-rural wage differential is of the order of 300-400 per cent, which is usually the case in African countries, and certainly in Kenya. Even if the expected urban real income (the prevailing urban wage rate discounted by the probability of obtaining an urban job) is lower than the rural real income in the period following migration it could still be economically rational for the individual to migrate. Although the chance of obtaining a modern sector job may be low, the migrant could still secure a livelihood in what Todaro terms "the urban traditional sector."

Todaro endorses the view (popular at least since the influential Lewis article in 1954) that the "urban traditional sector" encompasses "all those workers not regularly employed in the urban modern sector, i.e. the overtly unemployed, the underemployed or sporadically employed, and those who grind out a meagre existence in petty retail trades and services." He feels that throughout the Third World, this sector consists largely of

... the urban in-migrant who, instead of doing absolutely nothing, joins [the] army of underemployed bootblacks or [the] throngs of self-appointed (and tippable) parking directors, or who becomes an extra, redundant, salesman in the yard goods stall of the cousin who, according to custom, is going to have to provide him with bed and board anyway.

In other words, he assumes that the "urban traditional sector" consists of unproductive, unrewarding, labour-intensive, fringe activities into which unlucky migrants must descend.

By viewing the "urban traditional sector" in this way, Todaro is able to maintain several propositions: first, migration is strictly a response to the opportunities in the "modern" sector; and, second, in the "long run," the
urban unemployment rate will act as an equilibrating factor on additional migration to the extent that, for any given urban-rural real income differential, the higher the urban unemployment rate, the lower will be the expected income differential. When the urban unemployment rate fails to act as an equilibrating factor slowing down in-migration this is held to be a consequence of the widening urban-rural income differential.

The policy implications of these propositions suggest that Todaro views urbanisation with some alarm. Implicitly there is a concern with reducing the congestion of urban services that has occurred in the Third World as a result of rapid migration. The intent of policy might be, presumably, to restrict the perceived advantages of urban life to those presently residing in the cities. Two policy instruments are suggested by the Todaro model to accomplish this aim: first, a reduction in the urban-rural wage differential; and, second, a reduction in the creation of urban employment opportunities. In terms of the model, these two policies would reduce the expected income consequent upon moving to the urban centres and, therefore, reduce rural-urban migration.

However, the policy perspective that urbanisation ought to be artificially restricted does not appear to be justified on the basis of available evidence. On a simple - but vitally important - level, the data presented earlier indicate that the urban centres continue to be the preference for many rural residents. This may suggest that the disadvantages of urban life - congestion, filth and disease, noise, and lack of privacy - have, to some extent, been mitigated by perceived advantages. Despite the lack of adequate services, for many migrants the urban centre may be considered a rewarding place, particularly in relation to the rural areas. Why else would they move? Given the fact that few less developed countries have succeeded in generating wage
employment at rates of increase greater than 1/3 of the growth of GNP, we are left with the puzzling problems of how and why urban growth rates from 7 to 12 per cent per year can possibly take place year after year. Aggregate models of migration seem to be neglecting some very important aspects of urbanisation.

For this reason, caution must be exercised before policies are enacted to restrict the mobility of individuals from rural to urban areas. At a very fundamental level, migration may be a key component of an individual's plan in which he may link an imagined future to an active present. Of course the success of this plan is not guaranteed. If the migrant is unable to attain the goals of his plan (the object of which may be a wage job) then the extent to which the result diverges from expectations (and leads to disappointments) will probably result in the revision of the plan. However, it is not possible to determine what new expectations the individual will substitute for those which have been disappointed. Thus, when migrating to the urban area the individual may anticipate securing wage employment. But, for a variety of reasons specified later, this expectation will probably remain unfulfilled. He will then have to devise an alternative plan, some of the options of which may be either to remain in the urban area supported by friends or relatives, return to the rural area, or seize any opportunities to create his own type of employment. What plan he devises depends on his new expectations - this is something about which we know very little.

Since the cumulative total of these individual plans and their revisions number in the millions, they do not fit easily into a formalised "theory" of migration which attempts to assign numerical values to a large number of variables. The principal merit of the Todaro formulation of migration is not its policy implications but its reiteration of the importance of expectations.
The problems arise when these expectations are incorporated in an alleged explanatory theory. Expectations can, and most often will, change in an unpredictable manner. To incorporate a time dimension neglects this unpredictability, by treating migration as a "response" to the "stimulus" of discounted expected values. But since migration is the result of individual decision-making, probably linking an anticipated future to an active present, it should not be considered a "response" in this manner. To illustrate, if discounted expected values is an "explanation" of migration then the puzzle remains why, after all, so few individuals in the total population migrate? In fact, it is probably impossible to explain why some individuals do and some do not respond to the Todaro stimulus. On the other hand, to regard expectations as independent variables leaves little remaining of the Todaro model. Changes in expectations would then be more important than other "causes" of migration.

In other words, it may be impossible to know all the factors involved in millions of plans that result in observed migration flows. To select one factor - expected income - and elevate it as the stimulus is not very satisfactory. It is a simplistic method of avoiding the problem of how plans are made while implicitly denying that migration is the result of countless acts of decision-making.

Other critics of the Todaro model have concentrated on the difficulties in measuring urban and rural wages. An equally decisive criticism however, is its complete disregard of the "urban traditional sector" as a focus of migrant behaviour. Very likely this is due to a common view that the urban labour market in less developed countries is composed of two sectors: one "modern" and therefore desirable and attractive to the migrant; the other "stagnant and unproductive," and marked by extreme underemployment and unemployment. This tends to misrepresent the urban labour market by ignoring the
availability of different types of income-earning opportunities in what shall shortly be defined as the formal (official) and the informal (unofficial) sectors. In other words, the Todaro model is too simplistic in its conceptualization of the urban economy. There seem to exist a variety of different job opportunities serving different purposes and various types of workers.

Moreover, the existence of what Todaro has termed "the urban traditional sector" makes the calculation of an equilibrium unemployment rate untenable. Given the enterprising behaviour of countless individuals in creating a labour-intensive, unrecorded alternate employment sector, it is difficult (if not impossible) to argue that a reduction of "modern sector" employment would appreciably slow rural-urban migration. It does not appear either valid or realistic to assume that all migrants from rural areas are interested only in securing formal employment. This suggests that policy-makers, planners and development specialists should focus more attention on the techniques that individuals have evolved to cope (and perhaps for some, to prosper) outside the official economy. By studying the actions of individuals in what Todaro terms the "urban traditional sector" we may obtain a wealth of insights into the processes whereby goods are produced, markets created, skills diffused, and income and employment opportunities generated. Concise but simplistic models of the migration process and the urban economy do not do justice to the range of activities within, and the linkages between individuals in the urban and rural sectors of less developed countries. At the same time these models may perpetuate misleading conceptions of the nature and extent of the employment problems confronting less developed countries while prolonging the rather morbid fascination many development specialists seem to have with attempting to measure urban unemployment rates.
D. Development Theory and Urban Employment

The literature of development studies has become increasingly concerned with the "urban unemployment problem." This concern has been stimulated by the rapid increases in the rate of urban unemployment alleged to characterise many less developed countries in the 1960's and 1970's. Indeed, some observers have concluded that urban unemployment has now reached the crisis stage with the numbers out of work threatening the stability of the regimes in power.

It is not uncommon to find unemployment estimated at 25-30 per cent of the urban labour force in some less developed countries, with one observer estimating the rate of increase of unemployment to be 8.5 per cent per year. A summary picture of what are believed to be the trends in employment and unemployment for all less developed countries is presented in Table 3.

As the table indicates, estimated unemployment increased from 36.5 million in 1960 to 54 million in 1973. This averages out to a 3 per cent rate of increase per year which is higher than the annual growth of recorded employment. As a result, the estimated unemployment rate increased from 6.7 per cent to 7.6 per cent. If unemployment and underemployment are considered together, then the combined rate reaches 29 per cent for all less developed countries. Among the three continents, Africa experiences the highest rate of labour underutilisation, reaching 38 per cent.

Sabolo's projections indicate that unemployment will continue to increase over the next 12 years, reaching almost 90 million by 1990. Although Asia will have the largest absolute number of unemployed, Africa will have the highest rate of unemployment, a rate approaching 10 per cent.

Much of the attention given to unemployment arises from the very slow growth of "modern" sector employment. Despite substantial investment and high rates of growth of industrial output in many less developed countries,

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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All Developing Countries&lt;sup&gt;a&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population (000)&lt;sup&gt;b&lt;/sup&gt;</td>
<td>1,384,198</td>
<td>1,899,590</td>
<td>1,956,250</td>
<td>2,379,839</td>
<td>3,103,262</td>
</tr>
<tr>
<td>Labour Force (000)</td>
<td>543,880</td>
<td>666,042</td>
<td>712,130</td>
<td>838,730</td>
<td>1,080,293</td>
</tr>
<tr>
<td>Employment (000)&lt;sup&gt;b&lt;/sup&gt;</td>
<td>507,416</td>
<td>617,244</td>
<td>658,000</td>
<td>773,110</td>
<td>991,600</td>
</tr>
<tr>
<td>Unemployment (000)</td>
<td>36,466</td>
<td>48,798</td>
<td>54,130</td>
<td>65,620</td>
<td>88,693</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>6.7</td>
<td>7.4</td>
<td>7.6</td>
<td>7.8</td>
<td>8.2</td>
</tr>
<tr>
<td>Combined Unemployment and Underemployment rate (%)&lt;sup&gt;c&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>25</td>
<td>27</td>
<td>29</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>31</td>
<td>39</td>
<td>38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>24</td>
<td>26</td>
<td>28</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

All Africa

| Employment (000)<sup>b</sup> | 100,412 | 119,633 | 127,490 | 149,390 | 191,180 |
| Unemployment (000) | 8,416 | 12,831 | 13,890 | 15,973 | 21,105 |
| Unemployment rate (%) | 7.7 | 9.6 | 9.8 | 9.8 | 9.9 |

All Asia<sup>a</sup>

| Employment (000)<sup>b</sup> | 340,211 | 413,991 | 441,330 | 516,800 | 660,300 |
| Unemployment (000) | 24,792 | 31,440 | 34,420 | 43,029 | 59,485 |
| Unemployment rate (%) | 6.8 | 7.1 | 7.2 | 7.7 | 8.3 |

All Latin America

| Employment (000)<sup>b</sup> | 66,793 | 83,620 | 89,180 | 106,920 | 140,120 |
| Unemployment (000) | 3,258 | 4,527 | 5,820 | 6,618 | 8,103 |
| Unemployment rate (%) | 4.7 | 5.1 | 6.1 | 5.8 | 5.5 |

Notes:
- <sup>a</sup>Excluding China
- <sup>b</sup>Including Underemployment
- <sup>c</sup>Not calculated for 1980 and 1990

Source: Yves Sabolo, "Employment and Underemployment, 1960-1990, International Labour Review, CXII, No. 6 (Décembre 1975), Table 3 and Appendix.

Industrialisation has brought disappointing results in terms of both the divergence between output growth and employment creation and of an increasing divergence between the growth of the labour force and the jobs available. The
validity of this view is demonstrated by reference to Table 4 which underlines the considerable lag in recorded employment growth relative to that of output.

Table 4. Industrialization and Employment in Developing Countries

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Africa</td>
<td></td>
<td></td>
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<tr>
<td>Ethiopia</td>
<td>12.8</td>
<td>6.4</td>
</tr>
<tr>
<td>Kenya</td>
<td>6.4</td>
<td>4.3</td>
</tr>
<tr>
<td>Nigeria</td>
<td>14.1</td>
<td>5.3</td>
</tr>
<tr>
<td>Egypt</td>
<td>11.2</td>
<td>0.7</td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>5.9</td>
<td>5.3</td>
</tr>
<tr>
<td>Pakistan</td>
<td>12.3</td>
<td>2.6</td>
</tr>
<tr>
<td>Philippines</td>
<td>6.1</td>
<td>4.8</td>
</tr>
<tr>
<td>Thailand</td>
<td>10.7</td>
<td>-12.0</td>
</tr>
<tr>
<td>Latin America</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>6.5</td>
<td>1.1</td>
</tr>
<tr>
<td>Colombia</td>
<td>5.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>8.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>1.7</td>
<td>-3.3</td>
</tr>
<tr>
<td>Ecuador</td>
<td>11.4</td>
<td>6.0</td>
</tr>
<tr>
<td>Panama</td>
<td>12.9</td>
<td>7.4</td>
</tr>
</tbody>
</table>

Source: David Morawetz, "Employment Implications of Industrialization in Developing Countries," Economic Journal, LXXXIV, No. 335 (September, 1974), Table 1.

As the table shows, in seven of the fourteen countries the rate of growth of recorded employment in manufacturing was substantially less than one-third the rate of growth of manufacturing output. Only in the cases of India, Philippines, Ecuador, Panama and Kenya did the rate of job creation even exceed one-half of the output growth rate. In Egypt despite an impressive growth of output there was virtually no job creation while in Thailand and the Dominican Republic, recorded employment in manufacturing actually declined. Many observers are thus inclined to agree with Reynolds that unemployment seems to be growing as fast as output and often appears to be associated with rapidly rising investment.25
Policy-makers expected that rapid growth would be adequate to ensure the creation of sufficient employment opportunities to accommodate the rapidly expanding number of job-seekers. This was based on the historical evidence of the industrialisation process in the developed countries. In western countries the generation of employment opportunities matched the growth of the labour force. However, in the less developed countries the interdependencies of the rural and urban labour markets have consistently frustrated policy measures to deal with this growing employment gap. Since the industrial sector stands as a highly visible enclave in the midst of an overwhelmingly larger rural periphery the inflow of job-seekers has become an endless stream.

No conceivable rate of industrial job-creation would be sufficient to absorb all of the aspiring job-seekers. One reason is that in most less developed countries the urban industrial sector is very small, employing only 10 to 20 per cent of the total labour force. For example, if the manufacturing sector employs 15 per cent of the country's labour force, it would need to expand employment by 20 per cent per year just to absorb the increase in a total labour force growing at 3 per cent per year (that is, $0.15 \times 0.20 = 0.03$). In other words, no likely rate of industrial job creation is sufficient to absorb all of the aspiring job-seekers. Early models of economic development based on western experience tended to neglect this structural imbalance between the labour requirements of capital-intensive, labour-conserving industrial technology and the abundant labour supply of less developed countries.

On the basis of the data in Tables 1, 2, and 4, one would expect that a typical result of rapid urban population growth in contrast to slow or stagnant growth of urban wage employment would be high and escalating urban unemployment. However, assessments of the magnitude of urban unemployment in less developed countries have been exceedingly rare. The available evidence, as
summarized by Turnham in Table 5, seems to suggest that levels of urban unemployment are a significant and pervasive phenomenon in less developed countries. Yet it would be highly misleading to interpret these data as if they represented what they purport to measure.

<table>
<thead>
<tr>
<th>Table 5. Rates of Urban Unemployment by Age</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ghana, 1960</strong></td>
</tr>
<tr>
<td>Large Towns</td>
</tr>
<tr>
<td>15-24</td>
</tr>
<tr>
<td>21.9</td>
</tr>
<tr>
<td>15 and Over</td>
</tr>
<tr>
<td>11.6</td>
</tr>
<tr>
<td><strong>Venezuela, 1969,</strong></td>
</tr>
<tr>
<td>Urban Areas</td>
</tr>
<tr>
<td>14.8</td>
</tr>
<tr>
<td>15-24</td>
</tr>
<tr>
<td>11.6</td>
</tr>
<tr>
<td><strong>Bogota, Colombia, 1968</strong></td>
</tr>
<tr>
<td>23.1</td>
</tr>
<tr>
<td>13.6</td>
</tr>
<tr>
<td><strong>Bangkok, Thailand, 1966</strong></td>
</tr>
<tr>
<td>7.7</td>
</tr>
<tr>
<td>3.4</td>
</tr>
<tr>
<td><strong>Buenos Aires, Argentina, 1965</strong></td>
</tr>
<tr>
<td>6.3</td>
</tr>
<tr>
<td>4.2</td>
</tr>
<tr>
<td><strong>Ceylon, 1968,</strong></td>
</tr>
<tr>
<td>Urban Areas</td>
</tr>
<tr>
<td>39.0</td>
</tr>
<tr>
<td>15.0</td>
</tr>
<tr>
<td><strong>Chile, 1968,</strong></td>
</tr>
<tr>
<td>Urban Areas</td>
</tr>
<tr>
<td>12.0</td>
</tr>
<tr>
<td>6.0</td>
</tr>
<tr>
<td><strong>India, 1961/62,</strong></td>
</tr>
<tr>
<td>Urban Areas</td>
</tr>
<tr>
<td>8.0</td>
</tr>
<tr>
<td>3.2</td>
</tr>
<tr>
<td><strong>Caracas, 1966</strong></td>
</tr>
<tr>
<td>37.7</td>
</tr>
<tr>
<td>18.8</td>
</tr>
<tr>
<td><strong>Korea, 1966,</strong></td>
</tr>
<tr>
<td>Non-farm Households</td>
</tr>
<tr>
<td>23.6</td>
</tr>
<tr>
<td>12.6</td>
</tr>
<tr>
<td><strong>Guyana, 1965,</strong></td>
</tr>
<tr>
<td>Mainly Urban Areas</td>
</tr>
<tr>
<td>40.4</td>
</tr>
<tr>
<td>21.0</td>
</tr>
<tr>
<td><strong>Malaya, 1965,</strong></td>
</tr>
<tr>
<td>Urban Areas</td>
</tr>
<tr>
<td>21.0</td>
</tr>
<tr>
<td>9.8</td>
</tr>
<tr>
<td><strong>Panama, 1963/64,</strong></td>
</tr>
<tr>
<td>Urban Areas</td>
</tr>
<tr>
<td>17.9</td>
</tr>
<tr>
<td>10.4</td>
</tr>
<tr>
<td><strong>Philippines, 1965,</strong></td>
</tr>
<tr>
<td>Urban Areas</td>
</tr>
<tr>
<td>20.6</td>
</tr>
<tr>
<td>11.6</td>
</tr>
<tr>
<td><strong>Uruguay, 1963,</strong></td>
</tr>
<tr>
<td>Mainly Urban</td>
</tr>
<tr>
<td>18.5</td>
</tr>
<tr>
<td>11.8</td>
</tr>
<tr>
<td><strong>Singapore, 1966</strong></td>
</tr>
<tr>
<td>15.7</td>
</tr>
<tr>
<td>9.2</td>
</tr>
<tr>
<td><strong>Tehran City, Iran, 1966</strong></td>
</tr>
<tr>
<td>9.4</td>
</tr>
<tr>
<td>4.6</td>
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</tbody>
</table>


For one thing, economists have failed to derive unambiguous definitions and measures of "employment," "unemployment," and "underemployment." Indeed the very meaning of "unemployment" in non-industrialised societies is relative and arbitrary, if "employment" is taken to mean "wage employment" in the "modern" sector. More to the point, the severity, both economic and social, of unemployment is probably ameliorated given the wide range of alternative, unofficial activities, seemingly available to urban job seekers.

As well, in Africa (except in Egypt and the Republic of South Africa) there are no reliable data on unemployment rates over time. The data that are
collected at labour exchanges have methodological problems that render them unhelpful as measures of unemployment or as bases for predicting trends in unemployment rates. Seldom do labour exchanges function as they are intended — not all of the jobless bother to register and frequently those already in employment also register as "unemployed" in the hope of securing better jobs. At the same time there is a strong possibility that when registered job-seekers are successfully matched with job-openings their names still remain on the lists of the "unemployed."

Given these problems, Turnham, for example, must have been forced to rely on isolated surveys and census results. The striking feature of his data is not that they record unemployment rates in excess of 20 per cent (which would have been expected since there is agreement among many observers on the "staggering" unemployment problem). Rather, his data indicate that in virtually all instances unemployment rates in the 15- and-over category were less than 20 per cent, and in several urban centres the unemployment rates were actually quite modest.

It could be that these surveys have consistently biased downward the unemployment results, either because the relevant definitions are too narrow or because a large amount of underemployment has been ignored (underemployment which, if converted to equivalent unemployment, would yield rates in excess of 20 per cent). However by the same token it could be said that they overestimate unemployment because they have in fact largely measured "underemployment." At the same time, neither surveys nor census data separated temporally can be considered to measure "trends," since different things may have been measured at different times. At the very least the implied precision of the figures to the first decimal is probably unwarranted given the severe problems in determining the size of the labour force, the labour force participation rate and indeed even the total number of those in employment.
The difficulties are only compounded if unemployment and underemployment are combined into one measure.\textsuperscript{30} For one thing, "the concept of an 'equivalent' rate of unemployment is misleading and non-scientific."\textsuperscript{31} For another, for the concepts of "unemployment and "underemployment" to have utility, they must mean different things. Presumably the impact of "unemployment" on individuals is different from that of "underemployment" as well as there being a differential impact of either phenomenon on society. This would indicate that different policy options must be considered.\textsuperscript{32} Very little is gained by treating unemployment and underemployment in one composite measure unless one places a high value on the political utility of an exaggerated statistic of "unemployment."\textsuperscript{33} At least with respect to Africa, there is little convincing empirical evidence of unemployment in excess of 20 per cent.\textsuperscript{34}

Thus, it seems that development specialists have been perhaps excessively preoccupied with "unemployment." This is reflected in the relative neglect of the types of activities engaged in by individuals unable to secure "modern" sector jobs. This is unfortunate since a realistic appreciation of employment-unemployment, standards of living, economic growth, income distribution and thus the human determinants of economic development demands more than simply focussing on the rather small "modern" sector.

The remainder of this chapter is largely concerned with these alternative activities. Their existence helps to establish the point that the spirit of initiative can exist and even flourish among those too often considered as part of a "pre-capitalistic traditional sector." To begin to gain an understanding of this complex phenomenon, it is worthwhile to examine briefly one of the primary theoretical constructs in development studies, the "dual economy." On one level it seems that the early dual economy theorists have left an unfortunate legacy of simplistic - indeed misleading - assumptions...
concerning individual behaviour in less developed countries. On another level, their emphasis on one sector of the economy has had a continuing influence on development theory and hence, on development strategies and policies.

E. The Dual Framework

The concept of a dual economy was introduced by Julius Boeke in 1910 and subsequently became the chief theoretical tool in the study of Third World development. The essence of his conception of dualism rested on the existence, side by side, of a "foreign" sector and an "indigenous" sector.

Boeke's conception of the indigenous sector was derived from distinctions he felt existed between social and economic needs. He referred to innate, "East-West" cultural differences which precluded normal ("Western") economic motives in "Eastern" man, thus making traditional economic theory inapplicable in non-western areas. In this respect, he stated that one of the distinctive features of the dualistic economy is "limited needs" in contrast to the "unlimited needs" of western society. Therefore Boeke declared,

... anyone expecting western reactions will meet with frequent surprises. When the price of coconut is high, the chances are that less of the commodities will be offered for sale; when wages are raised, the manager of the estate risks that less work will be done; if three acres are enough to supply the needs of the household a cultivator will not till six; when rubber prices fall the owner of a grove may decide to tap more intensively, whereas high prices may mean that he leaves a larger or smaller portion of his tappable trees untapped.

Since needs in Eastern societies are "social" rather than "economic," Boeke held that there is an almost complete absence of profit seeking in the Eastern economy. While speculative profits are attractive "these profits lack every element of the regularity and continuity which characterize the idea of income." Eastern industry is typified by an "aversion to capital" in the sense of "conscious dislike of investing capital and the risks attending this." In further contrast to the Western capitalistic sector, Boeke felt that
Eastern industry lacks organization, discipline and accuracy. While "common sense" rules Western industry, Eastern society was apparently shaped by "fatalism and resignation."^39 

The proposition that individuals in "Eastern societies" (that is, the "traditional sector") are not responsive to profit or income maximising opportunities has been given the technical term "backward sloping supply of labour."^40 In effect, it states that non-western societies will not develop due to the alleged absence of the attitudinal characteristics associated with capitalism. The belief that non-westerners are not responsive to incentives has achieved a certain persistence in writings and thinking on African labour. For example, the colonial authorities adopted the view that the wants of African labourers were limited, therefore, increases in wages would simply result in individuals working fewer hours. Thus the colonialists were "justified" in pursuing a low-wage policy. 

Despite the implicit and explicit acceptance of the backward sloping supply curve hypothesis, there is little empirical evidence from the Third World to support the view that, in the aggregate, labour will work less if paid more. The persistence of the belief that individuals in less developed countries are not responsive to economic incentives (the "conservative peasantry") is essentially part of the corpus of ideology that the state must transform Third World countries if they are to achieve economic advance. 

Sir W. Arthur Lewis is credited with re-working the concept of dualism by using it as a description of initial conditions that could be altered through appropriate policies. In this respect, his dual-economy model has been extremely influential.

The Lewis model differentiates production, distribution and employment into two distinct sectors, one "capitalist," the other "subsistence."
Analysts utilising the Lewis framework have further differentiated the two sectors as either (a) agriculture and industry, (b) traditional and modern, or (c) rural and urban.

Agriculture, invariably the largest sector in a less developed country, is predominantly "traditional." Small-holder farmers employ "traditional" methods in "subsistence" production although possibly a growing percentage of output is marketed for cash sale. All non-agricultural activity is not of course conceived as strictly "industrial." Rather it includes "traditional" crafts, "cottage" industry, "petty" commerce and "small-scale" construction. Nevertheless the thrust of the Lewis-type models conveys an impression that these activities are unproductive, stagnant, and make only a marginal contribution to national output. Indeed, Lewis stated:

> These occupations usually have a multiple of the number they need, each of them earning very small sums from occasional employment; frequently their number can be halved without reducing output in this sector. Petty retail trading is also exactly of this type; it is enormously expanded in over-populated economies; each trader makes only a few sales; markets are crowded with stalls, and if the number of stalls were greatly reduced the consumers would be no whit worse off - they might be better off, since retail margins might fall.\(^7\)

Although mainly urban, these activities fit uneasily into the model of dynamic urban centred growth and are lumped with the "traditional" sector. The "traditional," rural and predominantly agricultural "subsistence" sector per se is characterized by a lack of capital, poverty levels of income and slow growth or stagnation. By contrast, the "capitalist" sector is "modern," mainly urban and industrial. It is market-oriented with "modern" commercial, financial and transport facilities. Using capital-intensive methods of production it grows rapidly; labour productivity and wages are substantially higher than in the subsistence sector. Development then becomes a process of expanding this "modern" sector, penetrating the "subsistence" sector and
transferring labour from "traditional" to "modern" employment as rapidly as available resources in the "modern" sector will permit.

Early Lewis-type dual economy theories were thus equilibrating given the condition of "unlimited" supplies of labour, industrial expansion was not constrained by a shortage of manpower. Indeed, since these theories assumed that the marginal product of agricultural labour was negligible, zero or even negative it was felt that surplus rural workers could be absorbed into industrial employment without reducing total agricultural output and with the industrial wage rate constant at or near the subsistence level. Lewis, for example, assumed that constancy of wages would lead to high and possibly rising rates of profits as a result of technological progress. This would increase capital formation and continuing re-investment thus raising the demand for labour and finally exhausting the labour surplus in agriculture. The period of constant wages would then be superceded by one of rising wages; and the whole process would be accompanied by increasing productivity, increasing capital formation and modernization of technology, that is, "development." Moreover, in a practical sense, wages would not be at a subsistence level but would include a differential over and above agricultural income of, say, 30 per cent.

In terms of the model, inequality in income is essential for economic development. However, mere inequality of income is not enough to ensure a high level of saving. Lewis was concerned that landlords might be given to "prodigal consumption" rather than productive investment. Therefore it is the inequality which goes with profits that favours capital formation, and not the inequality which goes with rents.

The Lewis model suffers from the same defect as Boeke's conceptualization. Fundamentally, the distinction between the two sectors is too sharp. The subsistence sector is apparently characterized by a complete lack of investment; the supply of productive effort is not responsive to new wants; the
opportunity costs of labour are negligible; and, there is no apparent movement
toward an exchange economy. These notions have had a profound influence on deve-
lopment thinking until the very recent past. They have contributed to the
formulation of development strategies that have been consistently biased
against both agricultural development and small-scale business. As well, the
belief in the existence of unresponsive peasants in a stagnant subsistence sec-
sector appears to be linked to state policies that restrict consumption in or-
der to generate savings for state-directed investment in the "capitalist" sec-
sector.

Indeed, Lewis has said that the

... central problem in the theory of economic development is to under-
stand the process by which a community which was previously saving and
investing 4 or 5 per cent of its national income or less, converts it-
self into an economy where voluntary savings is running at 12 to 15 per
cent of national income or more.51

He leaves little doubt of the "process" he is contemplating: since higher
wages, earnings in agriculture or rents retard capital accumulation, they must
be resisted. In other words, the model largely dismisses the utility of higher
and more varied consumption as an incentive for either investment or greater
effort.

The legacy of this model lies in the tenacity of the mechanical approach
to development - an approach so rarified that it abstracts from human actions.
Certainly its predictive capability has been low.

First, the model assumes that the rate of rural-urban labour migration
and employment creation in the "modern" sector is proportional to the rate of
capital accumulation. In other words, the proportion of the labour force in
industry should increase, and the rate of growth of industrial employment
should equal the rate of growth of industrial output. However, as was shown in
Table 4, throughout the Third World, industrial output and employment have not
increased at the same rate. More important, there are countries in which the proportion of the labour force employed in manufacturing has increased much less than the model would predict (for example, Ethiopia, Nigeria), others in which the relative size of the industrial labour force has remained virtually constant (for example, Egypt, Brazil), and still others in which the absolute number in industrial employment has declined (for example, Thailand) despite impressive output growth rates. Moreover, even though the proportion of those engaged in "modern" industry may increase in relation to other "modern" sector activities and even though the absolute number of those engaged in all "modern" sector activities may increase, the proportion of the labour force engaged in "modern" sector activities may decrease. Indeed, this is most likely to occur, bearing in mind the differential growth rates of the urban and rural populations and the very small size of the "modern" sector in a typical less developed country.

Second, there is little evidence to substantiate the existence of extensive "surplus" labour in the rural areas. While there may be some seasonal unemployment, rates in excess of 5 per cent are now considered to be very rare. Indeed, at peak periods in the agricultural cycle there may be an acute shortage of labour. This suggests that if the same organization and techniques of agricultural production are retained, then transferring labour to the urban industrial sector must lead to falling agricultural output.

Third, at the same time, a most important finding is that seasonally available rural manpower appears to be fully engaged in self-created non-agricultural activities - for example, furniture making, saw mills, bicycle repair, charcoal burning, tailoring, and light manufacturing. This suggests that voluntary saving from consumption is probably occurring in the "subsistence" sector and the resources thus secured are probably being invested in
different types of income-earning activities. To the extent that this is the case, it is misleading to characterise an entire category of individuals as unresponsive and unenterprising in the face of possible income maximising opportunities.

Fourth, with respect to agricultural activities the assumption that farmers in less developed countries do not respond to price incentives has not been substantiated. Even a cursory look at cash crop production indicates that small-scale farmers carry out substantial capital formation in order to increase output for sale in domestic and foreign markets. The quantitative significance of this activity can be inferred from the notable and rapid expansion of smallholder cash crops such as the kola nut in Nigeria, cocoa in Ghana, rubber in Malaysia and tea and coffee in Kenya.

While the Lewis model was a significant advance in welding some observations to theory, its misleading assumptions about individual behaviour seem to have had an unfortunate effect on the study of the development process. The focus on "capital formation," "investment" and "saving" has contributed to the neglect of the human actions that lie behind these macro concepts. As well, the Lewis approach remains unconvincing since it offers no answer to the question "why should capitalists invest and re-invest?" particularly when there are no apparent consumers for any goods that are to be produced.

Unlike the Lewis formulation, later dual economy theories are essentially disequilibrating. The "modern" sector is seen as exploiting the "traditional" sector principally through adverse terms of trade. Since urban wages, subject to the combined pressure of government minimum wage laws and trade union activity, grow much faster than rural incomes, a mass exodus from the rural areas occurs. As well, the pattern of urban industrialization emphasises product types and production techniques at variance with the factor
endowment of the country. Capital-intensive advanced technology utilised in the production of elite-oriented consumer goods minimises the labour absorption capacity of the "modern" sector while failing to meet the "basic needs" of the majority of the population.\(^58\)

While these later dual economy models thus offer valuable insights into some of the symptoms of misguided development, the dual economy approach so permeates research that some very important aspects of the process of development in poor countries are perhaps being overlooked. Between the "traditional" economy of peasant agriculture and the "modern sector" of a few densely populated cities, there appears to be an unregulated sector of entrepreneurial activity. Since this activity does not appear in statistical yearbooks or economic surveys development scholars have largely by-passed its contribution to the generation of employment, the distribution of income and the provision of goods and services. In other words, dual economy models, by presenting an oversimplified conception of the development process have diverted attention from some of the main aspects of economic advance.

At the same time, this sector may be of considerable interest for development theory to the extent that it represents a "spontaneous order,"\(^59\) an order arising not from anyone's particular design or plan but rather the sum of countless voluntary individual plans. The existence of a self-generating endogenous competitive order would further challenge models of development that still distinguish between the dynamic responsive "modern" sector and the unresponsive, stagnant "traditional" sector. As well, it may help to refute the essentially ideological claim that development can only occur through comprehensive state planning, increased "discipline," and forcibly reduced consumption.
Rather than inquiring into the origin of this spontaneously evolving order, the remainder of this chapter is concerned with the apparent structural result of countless individual plans and their revisions. It seems that the pursuit of these plans has helped to fashion a distinctly complex urban economy in the less developed world.

F. The Structure of the Urban Economy

Developmental economists and planning officials have been mainly unconcerned with, and often unaware of the existence (let alone the significance) of a novel development sector in their midst. On the other hand, spatial geographers and social anthropologists can be credited with highlighting the presence of a range of activities that do not fit into the usual dual economy framework.

For example, McGee has characterised most cities of the less developed world as "consisting of two juxtaposed systems of production - one derived from capitalist forms of production, the other from the peasant system of production."^60 Milton Santos has recently described these two systems of production as "circuits,"^61 a concept which effectively portrays the dynamic aspect of activity and flow within and between these sub-systems.^62

A similar concern with moving away from the static dualistic approach is Friedmann and Sullivan's effort to construct a "heuristic model" of the urban economy.^63 Their model is particularly interesting as it is concerned with rural-urban migration^64 and hints at the complexities this introduces for the concept of urban unemployment. The model is intended for countries with rates of urban growth roughly twice the rate of increase in total population, and whose larger cities have a "modern" sector that accounts for at least 15 per cent of the urban work force. These criteria are generally typical of
African countries. Since the model indicates the intricate pattern of the urban economy it is worthwhile examining it in some detail.

The model itself consists of three urban sectors distinguished according to the forms of activities within each sector.\textsuperscript{65} (see Figure 1). The "individual-enterprise sector" (I) is the least capital intensive, has the least productive labour and "includes the unemployed and self-employed workers that make up the 'street economy' of a city."\textsuperscript{66} Two subsectors are assigned to sector I: first, unemployed workers, the U-subsector, which includes first-time job seekers, recent migrants to the city and workers laid off from jobs in any of the subsectors; second, the individual enterprise subsector (I).

The authors give an indication of the range of activities in the I-subsector: handicraft workers (seamstresses, rope makers, silversmiths), street traders and service workers (peddlars, shoeshine boys, parking lot attendants, messengers, food vendors, repairmen), casual construction workers (carpenters, bricklayers, plumbers, electricians) and "underground" occupations (prostitutes, professional beggars, police spies, pickpockets, dope smugglers).

While the I-subsector is strongly competitive, there is a good deal of lateral movement of workers from one category to another with many holding multiple jobs. That these are not necessarily dead-end jobs is indicated by the "astonishingly versatile urban experience" of many I-sector workers which "may facilitate upward job-mobility later on."\textsuperscript{67} If the available work is spread among the largest possible number of workers at the expense of income, incomes may be very low and frequently intermittent.

This sector may be considered part of the officially invisible or phantom-survival economy into which flow urban job-seekers excluded from the corporate sector. Being unrecorded and often involving illegal (that is, non-licensed) activity, workers in this sector are often harassed by police and
Figure 1: Structure of Urban Employment in a Developing Economy

<table>
<thead>
<tr>
<th>subsector designation</th>
<th>% urban labor force</th>
</tr>
</thead>
<tbody>
<tr>
<td>P/M</td>
<td></td>
</tr>
<tr>
<td>Senior Government Leaders &amp; University Free</td>
<td></td>
</tr>
<tr>
<td>Officials, including Military Officers</td>
<td>&lt;3</td>
</tr>
<tr>
<td>Cs</td>
<td>Owner-entrepreneurs, middle-level officials, supervisors</td>
</tr>
<tr>
<td>Cp</td>
<td>Office Workers, Service Factory Skilled Construction Workers</td>
</tr>
<tr>
<td>F</td>
<td>Trade &amp; Service Workers Workmen</td>
</tr>
<tr>
<td>D</td>
<td>Domestic Servants</td>
</tr>
<tr>
<td>I</td>
<td>Handicraft Workers Street Traders &amp; Casual Service Workers Construction Workers</td>
</tr>
<tr>
<td>U</td>
<td>Unemployed Workers</td>
</tr>
</tbody>
</table>

Note: Structure of urban employment in a developing economy. Agricultural labor force residing in urban areas is excluded from this model. Unemployed workers belonging to the educated elite (P/M- and Cs-sectors) are not formally included in this model.

A large proportion of the urban labour force, [about 20-25 per cent], living within the interstices of urban society, has therefore no legal existence at all. This, surely, is one of the most incredible facts of city life in the developing countries. It should be remembered that "having no legal existence" means this whole stratum of activities is excluded from official statistics and therefore from the bulk of academic writings.

In the second sector, the "family enterprise sector" (F) are workers in small trade and service establishments and manufacturing workshops employing less than 10 workers. The F-sector is distinguished from the I-sector by a higher degree of organisation, the employment of both wage and unpaid family workers, the occupation of a fixed abode and a larger amount of capital per worker. It produces "traditional" commodities for a low-income mass market, and uses indigenous raw materials. Product pricing in the F-sector is extremely competitive, the lower limit being related to the subsistence level of the family. Firms in this sector are often initiated by the pooling of resources by a clan or extended family. Like the I-sector, statistics are typically not available on the number of urban workers in the F-sector, although Friedmann and Sullivan estimate that 35-45 per cent of the urban labour force may be in the "family enterprise sector." If this is the case then the I- and F-sectors together act as remarkable absorbers of urban job-seekers in employment activities, again, for the most part, unrecorded in official statistics and therefore ignored in most academic analyses of development.

The third sector is the "corporate sector" (C) containing the corporate production subsector (Cp), the corporate supervisory subsector (Cs) and the professional-managerial elite (P/M). This is the sector that most economists refer to as the "modern" sector. It is that part of the economy which is
directly affected by labour legislation in the form of working conditions, minimum wages and other forms of state regulation. Workers in this sector, perhaps as few as 10 per cent of the urban labour force, are the "labour aristocracy" enjoying legal rights and incomes far in excess of those in the other sectors. As the chief beneficiary of development policy, and partly due to its enumeration in official statistics, the C-sector appears to be the most productive sector of the economy. However, as a result of its high capital intensity, the ability of this sector to expand employment is exceedingly restricted.

From this model, Friedmann and Sullivan suggest three hypotheses. First, the I-sector (U + I), as a percentage of the urban labour force "tends to remain fairly stable over a wide range of variable conditions." They argue that unemployment and underemployment in the I-sector does not depress wages in the "high ranking" sectors because: (1) the Todaro-derived expectational attraction for migrants controls the rate of migrant activity; and (2) the total surplus over subsistence (coming primarily from F- and Cp-subsectors) establishes an upper limit to the absorption of labour by the urban economy. They appear to endorse the Todaro view that a significant improvement in the urban job situation will accelerate the inflow of migrants, which increases the absolute number (not the per cent) of unemployed; at the same time, more urban in-migrants decrease the available income surplus, thus reducing migration.

The second hypothesis is a "pressure to subsistence" as urban workers redistribute their earnings among members of the extended family. The maximum urban size is then at subsistence levels. Again, they argue that if more urban services are provided, for example, low-income housing, this increases the income in kind available for sharing and will result in greater in-migration from rural areas.
The third hypothesis is "proletarianisation" caused by accelerated industrialisation in the corporate sector. Incomes increase in Cs and P/M over time while the expansion of corporate production destroys F-sector businesses, driving labour back into the I-sector. Despite this, in-migration still increases due to rising expectations of employment in the C-sector. They predict that increased industrialisation will result in higher unemployment and lower aggregate labour productivity, creating impoverishment in the I- and F-sectors.

The Friedmann-Sullivan model has been presented in some detail since it portrays something of the complexity of the urban labour market in a manner not indicated by the usual dual analysis. Also it reinforces the contention made earlier: to equate rapid urban growth and slow growth of recorded employment with increasing rates of unemployment is simplistic and misleading. Through work and income sharing the I- and F-sectors may be capable of absorbing great amounts of labour, although this is not registered in official statistics. This must certainly weaken those analyses of unemployment and income distribution which depend on available statistics of the labour force, employment and earnings. Indeed, given the range of activities - many of which could not possibly be considered "unproductive" in the Lewis sense - the valuation given in official statistics for such standard concepts as "capital formation" and "Gross Domestic Product" must be treated with some skepticism. 70

On a related issue, the preoccupation of policy-makers and scholars with the size and rate of growth of "modern" sector employment and output has diverted attention from techniques of survival and progress of 60-85 per cent of the urban labour force. 71 This suggests that definitions of "employment," "unemployment," "productive," and "unproductive" are essentially open to choice. They seem to depend on the meaning given to a "worthwhile" pursuit,
a procedure at once value-laden and conditioned to some degree by the position of the viewer in the social and economic structure of the country.\textsuperscript{72}

Despite the value of the Friedmann-Sullivan model in delineating the salient features of the urban economy in less developed countries, the interactions posited by the authors raise several other issues that deserve comment. First, they have relied on the slippery concept of a "subsistence level" of income in establishing a link between the employment of labour and remuneration of labour. The notion of a subsistence level is also inherently a normative concept involving a judgement which is unlikely to be the same for officials, planners and the population concerned. As well, it is not clear why workers in the I- and F-sectors would price their products with reference to the subsistence level. Conditions in their market are uncertain and the subsistence level itself is probably unknown.\textsuperscript{73}

Second, under the first hypothesis the authors clearly felt that "unemployment" in the I-sector ought to depress wages in the other sectors. They discount this on the basis of the Todaro expectational framework. Yet they also noted that C-sector workers have greater legal protection through such measures as official minimum wage laws. It has become standard in the economic literature on Third World employment to point out that simply because they are not allowed to fall, wages do not act as a labour market clearing function. This downward rigidity thus insulates the C-sector from the free play of supply and demand of labour in the urban economy. Hence the C-sector wage rate cannot function to clear the market; that role belongs to the unemployment rate. However, the concept of "unemployment" certainly suffers when self-help employment and the family structure of business is the backbone of the urban economy.
Perhaps the major weakness of the Friedmann-Sullivan model is the neglect of intersectoral dynamics, particularly the role of the state vis-a-vis the C-sector on the one hand and the I- and F-sectors on the other. The authors do remark that:

In a situation such as this, marked by extreme and steadily increasing forms of inequality, governments have essentially two options: either to side with those who wield the instrument of economic power and use repressive measures against the poor and their advocates in order to maintain political stability, or to assume the active leadership of the mass of the population, both rural and urban, and to devise an economic system that will achieve continued economic expansion together with increased equality in the distribution of the product.74

Friedmann and Sullivan argue that to achieve such an economic system the state must simply shift its policies:

1. from maximising growth in GNP to maximising "human potential";
2. from a system based on inequality to one of greater equality and social justice;
3. from foreign dependence to greater national autonomy and self-reliance;
4. from import substitution to an explicit policy of industrial dualism;
5. from urban primacy to balanced rural-urban development;
6. from high rates of population increase to stabilisation.

Some of these policy shifts seem vague and mutually incompatible as objects of policy. For example, what is the meaning of "industrialisation"? Does it refer to the growth of manufacturing as part of the secular growth of the economy or a policy of state subsidisation or state operation of manufacturing? If the latter, from whom is the state to receive the necessary resources, particularly if foreign involvement is to be eschewed in favour of "national autonomy"? The necessary investment must come from either resources saved from consumption (since Friedmann and Sullivan give the primary role to the state, this must involve compulsion) or increased resources from improved economic performance or resources supplied externally. Presumably a shift from "foreign dependence" to "national autonomy" rules out the last method.
Therefore, resources must come either from forcibly reducing consumption or improved performance. But is the first compatible with "maximising human potential" (however defined) and "equality"? Is the second compatible with a shift from maximising growth? Similarly, given the differential allocation of attitudes, aptitudes, motivations and skills within any population, is "maximising human potential" compatible with "greater equality" or "social justice"? Nor is it clear that maximising growth in GNP is incompatible with long run improvement in the distribution of the product, especially if the composition of the GNP reflects desired goods and services.

Although some of these policy initiatives may be laudable (few individuals are against "social" justice - although fewer still may agree on what is meant by that term), Friedmann and Sullivan do not indicate either the degree of incompatibility between the goals themselves or between them and other objects of policy. In effect the authors have ignored the role of politics in fashioning a development strategy, the result of which may be a tiny protected sector of affluence in the face of mass poverty.76

What seems to be required in model building in development studies is the avoidance of what one observer has termed "the abstraction from politics."77 One approach, derived from studies in West and East Africa, and used here, appears to offer some promise for incorporating political factors into development models. On one level, this approach may help to focus on the state's role as regulator in terms of access to opportunities and resources in the economy. Thus, it may serve to demonstrate that access is unequal, and hence that inequality is inherent in the political structure of less developed countries. On another level, this approach emphasises the wide-ranging ingenuity of individuals in meeting their basic needs, one result of which may be a spontaneous development sector. In other words, as it is used here, it seeks
to avoid what may be termed the "abstraction from human actions," an abstraction as prominent in much of the development literature as the "abstraction from politics."

G. The Formal-Informal Model

The Friedmann-Sullivan model indicates that the conventional dual framework, which distinguishes between a "traditional" sector and a "modern" sector is ill-suited to an analysis of the urban economy in a less developed country. For one thing, in terms of the dual economy model, individuals who are not engaged in either agriculture or industry are typically assumed to be unemployed.

However, with Hart's pathbreaking analysis of the "informal" urban economy in Ghana, emphasis has shifted to the variety of new income-generating activities, activities that have heretofore remained relatively obscure. His distinction between formal and informal opportunities is based on that between wage-employment and self-employment.

By their nature, informal activities are concentrated in the unenumerated sector of the urban economy. Since they are not counted by the official data collection machinery, public officials, planners and other interested in development do not include them as part of the monetary or "modern" sector. Hart, on the other hand, indicated in his typology of informal sector activities, numerous legitimate and illegitimate income opportunities in the urban economy. (see Table 6). The wide range of activities is reminiscent of the Friedmann-Sullivan model of the urban economy except that Hart emphasized the unofficial production and distribution of goods and services. The value of this typology is that it dispels the view that unenumerated activities consist largely of boot-blacks and street-hawkers.
Table 6: Types of Income Earning Opportunities in the Urban Economies of Less Developed Countries

<table>
<thead>
<tr>
<th>Formal Income Opportunities</th>
<th>Informal Income Opportunities: Legitimate</th>
<th>Informal Income Opportunities: Illegitimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Public sector wages.</td>
<td>(a) Primary and secondary activities - farming, market gardening, building contractors and associated activities, self-employed artisans, shoemakers, tailors, manufacturers of beers and spirits.</td>
<td>(a) Services - hustlers and spivs in general; receivers of stolen goods; usury, and pawnbroking (at illegal interest rates); drug pushing, prostitution, poncing ('pilot boy'), smuggling, bribery, political corruption Tammany Hall-style, protection rackets.</td>
</tr>
<tr>
<td>(b) Private sector wages.</td>
<td>(b) Tertiary enterprises with relatively large capital inputs - housing, transport, utilities, commodity speculation, rentier activities.</td>
<td>(b) Transfers - petty theft (e.g. pickpockets), larceny (e.g. burglary and armed robbery), peculation and embezzlement, confidence tricksters (e.g. money doublers), gambling.</td>
</tr>
<tr>
<td>(c) Transfer payments - pensions, unemployment benefits.</td>
<td>(c) Small-scale distribution - market operatives, petty traders, street hawkers, caterers in food and drink, bar attendants, carriers (kayakaya), commission agents, and dealers.</td>
<td>(c) Transfers - petty theft (e.g. pickpockets), larceny (e.g. burglary and armed robbery), peculation and embezzlement, confidence tricksters (e.g. money doublers), gambling.</td>
</tr>
</tbody>
</table>


The ILO mission to Kenya incorporated the "informal" sector as a part of its analysis. That report defined informal activities as ways of doing things, characterised by: ease of entry; reliance of indigenous resources; family ownership of enterprises; small-scale of operation; labour-intensive and adapted technology; skills acquired outside the formal school system; and
unregulated and competitive markets. The characteristics of the formal sector are the obverse of the above. Thus, entry by new enterprises is difficult; enterprises frequently rely on overseas resources and are corporately owned; they are large-scale, capital-intensive and often use imported technology; skills are formally acquired and often expatriate; and, formal enterprises operate in protected markets.

These relatively crude initial studies performed a useful service for development theory by indicating some neglected or at least relegated areas. Thus it becomes more apparent that the manner and ways in which individuals cope with rapid social and economic change might have an important bearing on the genesis and direction of that change. In other words, the existence of the "informal sector" provides an entry into development theory for an appreciation of the micro foundations of the process of development.

Nevertheless, the concept of the "informal sector" is not without drawbacks. The criticisms which may be levelled against it, indeed against the formal-informal dichotomy, indicate that problems exist with this attempt at bifurcating the economy into units useful for development policy. It is these criticisms which occupy the next section of this chapter.

H. Weaknesses in the Formal-Informal Dichotomy

The main drawbacks of the "formal-informal" distinction can be viewed from the following perspectives: level of aggregation; linkages between the sectors; and the determinants of inter- and intra-sectoral change.

An examination of Hart's typology of formal and informal opportunities indicates the presence of an astonishingly varied range of activities within the urban economy. While this opens up exciting and new vistas for the study of urban employment and unemployment it simultaneously complicates an analytical approach concerned with the formulation of development policies. In
other words, while useful as a heuristic device in development studies the "formal" and "informal" elements are presently too broadly conceived to be helpful in policy formulation.

It is apparent from both Hart's formulation and the ILO list of defining characteristics that a significant degree of structural heterogeneity exists within the informal sector. Indeed, the formal sector is scarcely more homogeneous. This certainly tends to weaken the appropriateness of single analytical categories. More to the point, the vast multitude of activities raises the disturbing thought that, as presently conceived, these activities may be sufficiently disparate as to invalidate using the concept of a "sector," except at a very high level of generalisation.

Implicitly recognising the difficulties associated with highly aggregative concepts, Souza and Tokman refer to "layers" of formal and informal activities within a structurally differentiated urban economy. However they failed to elucidate the distinguishing features of the "layers" or the processes which encourage or prevent enterprises from alternating between the "layers." Similarly, Standing has proposed dividing the urban economy into three categories on the basis of employment. Thus, he suggests the following model: the formal sector, sub-differentiated into "core" and "periphery"; the informal sector; and the irregular sector ("which includes the scuffling unemployed and various fringe groups ... "). Disregarding problems in determining the distinctions between "core," "periphery" and "fringe" activities (for example should the distinctions be made on the arbitrary criteria of income, or "productive" employment, or hours worked?) this model is based on a disaggregation of urban labour markets rather than urban enterprises. Thus, it simultaneously simplifies and complicates the formal-informal analysis.
Bienefeld has also taken issue with the high level of aggregation in the formal-informal distinction. He favours an analysis "in terms of an interaction between different modes of production" in the urban economy. At the same time, Sinclair urges the recognition of "gradations" in the urban economy rather than the "rigid" and "often unhelpful" formal-informal dichotomy.

The recent ILO mission to the Sudan has attempted to combine these various points by arguing that "our understanding of the informal sector would be enhanced if we viewed it as a heterogeneous multi-dimensional or multilayered phenomenon." Thus they distinguish four sub-groups within the informal sector. They state:

The picture that emerges for the informal sector in the Sudan is that of heterogeneous and complex activities. At its most advanced level we have the well-established enterprises carrying out the bulk of retail trade. At its middle level, where the majority of establishments exist, we have the multitude of small manufacturing, service and commercial establishments employing a large number of people who are making a reasonable living and who are there to stay. Finally we have the traditional petty vendors who are in transition to and from formal-sector jobs and who at the moment do not seem to constitute a significant portion of the Sudanese informal sector.

Thus the first critical problem in using the formal-informal dichotomy is the apparent homogeneity it confers on a wide range of activities. Without disaggregation, this could degenerate into a misleading or trite "reservoir or residual model thus obscuring the key points of entry for development theory and policy. A less encompassing and more enlightening approach might begin by focussing on the micro activities per se in a manner similar to urban anthropology. This might also mitigate the apparent tendency to assign a priori characteristics to the various "dimensions" or "layers" of the urban economy.

The second critical concern involves the interaction or linkages between "informal" and "formal" activities. Preoccupation with refining definitions and assigning characteristics has obscured the premise that, to some
extent, it may be the interactions or relations between these sub-systems that give rise to the defining characteristics. Moreover, it is unclear whether the formal-informal distinction represents a pattern of continuous variation or an actual dichotomy. This might be investigated through an analysis of the types of connections between the various elements in the urban economy. Thus, the ILO report on Kenya, by calling for linkages between the formal and informal sectors through such devices as subcontracting, seems to have built a discontinuity into the model which may in fact not exist. King's research for example, indicates that linkages may already be present in terms of materials, products, services and the mobility of individuals.

Indeed, it may be that the structure of relationships between informal and formal enterprises has a direct bearing on the characteristics of informal activities. In other words, there may be few inherent obstacles to the expansion in size, scope and profitability of informal activities, but such expansion may be constrained by the structural advantages bestowed on the formal sector. Thus, the call for closer linkages should be treated with some caution. Leys, for example, has warned that close relationships between the formal and informal enterprises may eventually result in the demise, or at least "exploitation" of the latter as a result of the oligopolist power of the former. On the basis of available research, however, it is too soon to generalise about the extent and manner in which linkages may be occurring between the two portions of the economy.

This leads to the third major criticism of the formal-informal dichotomy. The fact that enterprises in the informal part of the economy may be marked by small scale, low incomes and high labour intensity while formal enterprises may typically be the opposite, does not reveal the dynamic processes which may give rise to these features. Analysis conducted largely through
definition begs the central issues raised in this thesis - what factors largely determine the process of development and what factors largely condition the direction of development.

Thus, these are three of the main drawbacks of the "formal-informal" dichotomy. First, heterogeneity within each of the categories renders a high level of aggregation inappropriate. Second, the dichotomous mould obscures the types of relationships between the two parts that may give rise to the ascribed characteristics. Third, the formal-informal distinction does not readily encompass the mechanism for creative or destructive change over time. Thus, even if there is agreement on standard terminology this is unlikely to overcome what seem to be weaknesses in the theoretical basis of the model.

However, the model does avoid the negative bias against what is typically termed the "traditional" sector in development studies. Indeed, it emphasises that not all the activities excluded from the "modern" sector designation are ipso facto in the "traditional" or "subsistence" sector. Rather, it implies that an unofficial shift may be occurring among countless individuals from subsistence to an exchange economy based on cash income. The manufacture, production and distribution of goods and services for sale to unknown others, to others whose principal characteristic is not ethnic, clan or "tribal" identification but the possession and willingness to exchange something of value (cash) for goods and services cannot realistically be termed "traditional."

Indeed, despite its drawbacks, the formal-informal model evokes considerable interest from the broad political economy perspective. Since it emphasises substantial unrecorded economic activity, this model may be useful in highlighting several of the mechanisms that seem to generate some types of inequality among social and economic groups as well as the mechanisms that may...
hold promise for higher overall standards of living. Refinement of the model to accommodate these purposes might help to alleviate some of the drawbacks mentioned earlier. In this respect it is necessary to place informal and formal activities within the context of their relationship with the state.

I. The State and Economic Activities

Within development studies there seems to be an increasing disenchantment with the economic achievements of governments in Third World countries. This disillusionment with ruling elites has tended to fasten on the subject of income inequalities, culminating in a call for a thorough re-distribution of income in less developed countries. However, before hastily advocating the re-allocation of wealth it is vital to know the extent to which the observed inequalities of income are the result of preferential access to state resources or the result of differential allocation of attitudes, aptitudes, skills and motivations in the population. There are important analytical and practical distinctions to be made concerning the origin of income inequality, distinctions which may have vastly different policy implications.

Income inequality per se is neither unusual, nor easily rectifiable nor even necessarily deplorable. If it results from discontinuities in the distribution of individual attributes in the population then income inequality is of no more special interest than any of the other inequalities between individuals that have given rise to it. However, if income inequality is the result of unequal political access - or arbitrary favouritism in the allocation of state benefits to official economic activities such that some individuals are considerably better off than their talents and contributions merit - then clearly the cause rather than the symptom deserves to be tackled. The formal-informal distinction can be useful in analysing the generation of this latter type of income inequality. Remedial actions against it would not of course
eliminate income inequality. However, they might ensure that each individual in pursuing his own activities would not be artificially handicapped in maximising his opportunities for material advance.

In order to gain an appreciation of the state's role, it is helpful to assume that the totality of economic activity covers a wide continuum of enterprises, ranging from the humblest subsistence farm or micro business to the large industrial enterprise. Just as the public manifestation of politics is only one aspect of political life, the official economy represents only that part of the totality of economic activities that happen to meet the criteria of inclusion in published data.

While empirical verification is necessary, there does not seem to be any technological point which demarcates formal activity from informal activity, only differences in degree between levels of ability, technology, income and wealth. The dichotomy between "formal" and "informal" emerges when some artificial barrier is erected in the continuum and discriminating policies are introduced to impede the development of smaller businesses. This barrier may subsequently be entrenched in the law and define the entry point for legal business activity.

Mazumdar's work on the urban informal sector hints at the pivotal role played by the state in perpetuating the differentiation between types of economic activity. He argues that the formal-informal distinction turns on the idea that employment in the formal sector is in some sense or senses "protected" so that the wage level and working conditions in that sector are not available, in general, to job-seekers in the market unless they somehow manage to cross the barrier to entry. This protection may arise from the action of trade unions (typically protected and regulated by political authorities), and of governments, or of both acting together.
The notion of protection and the importance of state regulation is implicit in the report of the ILO employment mission to Kenya. The characteristics ascribed therein to the formal and informal sectors may stem largely from the "lopsided" relationship the state has with the formal sector.

Thus, the state fosters, nurtures and regulates formal activity. This is done through a variety of policy instruments: tariff and quota protection for import-substitution industries; import tax rebates on capital and intermediate goods; tax holidays; low interest rates; selective monetary controls; and, licensing of operations.

At the same time, the "burdens" of state regulatory powers, such as restrictions on the import of competitive goods, probably helps to preserve the internal market for favoured enterprises. License fees and an uncritical public policy of "appropriate" (that is developed country) standards of building, equipment, and sanitation are similarly unlikely to be major constraints for large-scale capital-intensive formal enterprises which typically have their own international controls based on home-country operations. Even the "burden" of taxation can be reduced through simple evasion.

One important effect of this favoured access to the state is the politicisation of formal activity. Formal enterprises often pursue economic goals through political means. As one astute observer has commented:

"Profitability, expansion and corporate survival in the new environment become not only questions of cost-efficiency and marketing, but problems which can be partly or totally resolved through petitioning the State for additional or more extravagant economic favours. Thus the consequence of formalization is to make it impossible to separate out the economics and politics of enterprise behaviour."

This suggests that the terms "public" and "private" enterprise can have rather different meanings than would be indicated by conventional usage. "Public" is perhaps more usefully applied to the entire formal sector since it is largely the result of state policies which have sought to encourage,
nurture and protect certain types of activities. These have typically in-
volved restriction on entry to selected fields. In this way, however, what is
conventionally termed "public" sector or "public" enterprise is actually pri-
vate since the activities so designated are not open to the public. This also
affects what is conventionally termed the "private" sector or "private" enter-
prise. In the context of many less developed countries, the politicisation of
formal "private" enterprise has meant the exclusion of others from entry into
certain activities. Thus, in a very real sense, the "public" sector and the
"private" sector are perhaps best referred to as the "state sector."

When formal private business enjoys substantial and sustained government
support, the tests of economic survival and growth no longer necessarily indi-
cate economic usefulness. To the degree that competitive advantages arise from the allocation of state controlled privileges rather than as a result of
efficiency or the ability to satisfy consumer demands, a realistic assessment of the formal sector's contribution to development is rendered more difficult.
Indeed, the impressive rates of growth of formal sector output noted earlier are not surprising given the wide range of benefits conferred on formal
enterprise.

Development of the formal sector typically involves state-initiated
policies of import substitution. In countries with highly unequal income
distributions some of the imported goods for which protected domestic products
are substituted will likely be inconsistent with the demand structure of the
vast majority of the people. The existing set of imports, largely reflecting the import-intensive demands for goods by upper income groups, determines the
goods for domestic substitution. Typically, tariffs aimed at limiting growth of imports are imposed on consumer goods, and are higher, the less essential
or more luxurious the product. Since the products produced by formal
industry reflect for the most part the pattern of local demand (which is, in turn, influenced by the distribution of income) the import-intensive demands for goods by upper-income groups may thus become politically protected. In this way the product-specific technology required for import-substitution may tend to confirm and strengthen an artificially unequal income distribution and the low levels of income characteristic of what the ILO has termed the "working poor." At the same time, the frequently monopolistic nature of the formal sector, encouraged by state policies of tariff protection, restrictive licensing and quotas, tends to result in higher prices and higher profits than might otherwise be the case thus further contributing to the concentration of wealth in one sector of the economy.

As well, the politicisation of the formal sector may direct the energies and resourcefulness of individuals away from economic life and towards political activity. Success or even survival in formal industry and commerce may come to depend on official favours and thus on political astuteness and connections rather than on economic performance. Thus, another probable effect of formal development is the creation of a substantial bloc of vested interests dependent upon, and perhaps in some cases mere clients of, the state. In turn, this may be partly responsible for the stunted growth of organised interests which might, in the normal course of events, have risen to challenge privilege and favouritism in state allocations.

At the same time, it is reasonable to speculate that the predominant role of the state in promoting development of formal activities may have contributed substantially to what is normally considered "corruption" in less developed countries. This may occur for at least two reasons: first, when state support is vital for the survival of formal enterprises, it may become most important to use all available means to secure, retain and increase that
support. Well-placed bribes may be a small price to pay for the enormous anticipated benefits. Second, for the very small-scale enterprises, some of which are probably teetering on the verge of survival, there may be a pay-off in offering bribes for the non-enforcement of arbitrary state regulations. Excessive state regulation of development may therefore weaken the political probity in less developed countries. 107

Moreover, once initiated, the necessity of state support might become cumulative. For example, if difficulties arise due to the alleged "unfair" competition from imports, further protection can always be demanded from the government, protection which the government may feel it cannot refuse. One alleged justification for further state support is the claim that without it unemployment will rise due to reduced output and the forced redundancy of workers. Governments are sensitive to this argument, partly as a result of the "crisis" nature of the literature on employment and unemployment. 108

At the same time the receptivity of public officials to the petitions of formal private business may stem in part from the desire to attract political support rather than the promotion of development activities or growth policies. 109 While mechanisms for increasing national income are problematic, the ability to allocate or distribute benefits to formal enterprise as a quid pro quo may lie more within the competence of state authorities. At the same time, those who benefit from restrictions and favours 110 and who would suffer with their removal are probably very aware of these losses whereas those who might benefit from the relaxation of arbitrary discretion may be unaware of how their interests are currently being hampered.

In contrast to the close nexus of relationships binding formal activities to the state, informal activities operate without access to state resources and state protection. Indeed, they take place outside the recognised,
official economy and therefore largely beyond the scope of public regulations governing such matters as the setting up of shops, contractual arrangements between employers and employees, taxation, and technical and quality controls. At the same time, they have no access to government grants and credits, the formal banking system or sources of foreign technology.

Often informal activities are actively suppressed and discouraged by the state. To some extent it seems that these negative and misguided state policies are partly a result of the adoption of alien standards of employment, building, health and safety - standards which are probably at variance with the resource capacity of the country. Endorsement of these standards by public officials is in effect a normative rather than a technical assessment of what is and is not acceptable as "legitimate" economic activity.

As well, harassment of informal enterprises as a result of these standards may partly be due to the close ties between the state and the formal private sector. For example, formal private employers in Kenya demanded that public officials enforce labour legislation and wage regulations in the informal economy. At the same time, it is reasonable to speculate that very high building standards may have been legislated in the Third World in response to demands made by formal sector contractors. These contractors might otherwise face unwanted competition from their counterparts in the informal economy. They would likely have been supported in their demands for high building standards by construction unions which may not relish the ability of informal contractors to secure labour at wages below union rates.

Thus, this demand for "proper" standards in labour, health, or building codes often seems to be a demand for protection of the relative position of individuals and enterprises in the formal economy. In other words, it appears to be the demand for the protection of vested interests and the creation of a
privileged sector of society. This indicates that there may be a general de­
nial to the majority of the opportunities and access available to the few.

Indeed, favouritism shown for one sector or stratum of activities over
another entails at least an implicit policy presumption of a general prohibi­
tion on economic activities with specific exceptions, exceptions specified and
sanctified by the state. However, if the primary goal of development is to
increase the range of human choice then this policy presumption should be re­
placed by one of general permission to engage in economic activities with
specific exceptions. This alternative policy presumption may have favourable
and cumulative yet largely unnoticed effects on the generation of new ideas,
experimentation, changes in attitudes, aptitudes, skills, and motivations. At
the same time it would reduce the scope for special pleading and the incentive
or necessity to circumvent restrictions and controls through bribery and other
forms of corruption. In general, discouragement and harassment of informal
activities probably makes the poor poorer than they would otherwise be and
penalizes and discourages the enterprising behaviour so necessary for
development.

The difficulty in re-directing economic strategy in less developed
countries to accommodate the initiative and role of informal entrepreneurs
arises as much from political as from economic and social factors. Ultimately,
it is perhaps a result of unorganised and weakly articulated political demands,
an imbalance between the political resources of contacts, money and influence
of formal enterprise compared to those at the disposal of informal
entrepreneurs.

It might be a relatively simple task to establish the needs of informal
business. It is quite another matter for disparate, competitive small-scale
entrepreneurs to organize for the purpose of making collective demands on
often unsympathetic planners and decision-makers. By the very nature of the process, governments and development agencies find it easier to deal with specialised and organised categories of individuals engaged in similar pursuits. When, as may be the case with informal activities, individuals are not effectively organised, their common needs are unlikely to be recognised. When the state cannot guarantee a right to formal employment, then the right to engage freely in other economic activities is certainly a worthwhile substitute.

J. Informal Activities: A Creative Response to State-Centred Development

Informal activities are perhaps best considered as an indigenous response to, or symptom of, the relative failure of state-centred development strategies. They seem to originate partly from the demand for goods and services of a similar type but at a much lower price than those available from the large-scale formal sector. Production ranges from common consumer goods, such as braziers, lamps, clothing, simple furniture, utensils and tools, to more skilled artisan craftsmanship in the production of "machines to make machines." It is not clear whether most of this production is carried out within the household or by individual entrepreneurs. As well, informal contractors are responsible for much of the construction of low-cost housing (alleviating chronic housing shortages) while informal traders and transporters form the backbone of the internal distribution system in many African countries.

Informal activities may also partly result indirectly from formal industrialization. The migration of rural labour to the urban centres probably spreads an awareness of styles of living and types of products different from those available in the rural areas. At the same time, the capital-intensive nature of formal industry assures an excess supply of urban labour relative to available formal employment. Thus the creation of new wants in economies
where formal employment is scarce may result in new ways of satisfying those wants in the informal economy. Simply, migration creates the need for vast numbers of new jobs and the migrants themselves appear to be creating those jobs. Some migrants may have enough training and enough capital to begin their own micro businesses immediately. Others may enter into apprenticeships to learn the skills necessary to start their own enterprises, or perhaps to obtain a formal job in the future. In any event, one result of the small-scale nature of production, relative ease of entry, rapidity of skill diffusion and abundant supply of potential workers appears to be the creation of an extremely competitive unregulated labour-intensive urban economy.

Moreover, it may be that partly due to the economic activities of individuals in the urban informal economy the market mechanism is penetrating groups and areas outside the cash economy. Unfortunately we know very little concerning the progressive evolution of subsistence production into production for an impersonal exchange economy. In this respect, it is vital to know the extent to which the informal production of consumer goods in the urban centres is being marketed through an informal distribution network to rural areas. Possibly the provision of informally produced incentive goods in the rural areas is providing strong inducements to leave subsistence production and enter into a money and exchange economy. The importance of this type of transformation, after centuries of subsistence production, can hardly be overstated. It would be a transformation that has been neither planned nor coerced but voluntarily undertaken in the expectation of securing material gain.

The informal sector may be making several other positive contributions to meeting the basic needs of low income segments of the population. It is likely that competition keeps prices lower while increasing the range of goods available to those unable to purchase the higher-priced formal sector products.
As well, there seems to be extensive re-use of discarded materials including waste paper, oil cans, discarded tires, and scrapped automobiles. This recycling of waste material encourages the efficient use of resources. At the same time, employment seems to be generated at a lower cost than in the formal sector: the capital/output ratio is felt to be low; the return on capital, with allowance for the low quality of output, is thought to be at least as high as in the formal sector. Indeed, there seems to be little reason—intrinsic to the informal sector—why anyone entering these activities cannot make a profit, accumulate capital and be a productive dynamic contributor to national development.

By the very nature of the activities it is difficult to be precise about the volume of employment accounted for by informal-type activities. However, given the meagre or complete lack of social security or unemployment insurance benefits in less developed countries, "unemployment" can hardly be an option for very many individuals excluded from the formal sector. Some idea of the size of the informal sector in urban areas is presented in Table 7. Even allowing for difficulties in measurement, if these figures represent merely informed guesses then at least some observers consider informal employment to be quite substantial.

Indeed, in a crucial sense, individuals in the informal economy seem to be in the front-line of development. The aptitudes, attitudes, motivations and skills which give rise to informal activities are a nation's treasure to be guarded, encouraged and nurtured in the pursuit of higher living standards. Thus, it is all the more surprising and disturbing that while the state favours one type of activity it neglects and even actively discourages another. Rather than being treated as a treasure, informal activities appear to embarrass the authorities.
Table 7: The Informal Sector Share of Employment in Selected Less Developed Countries

<table>
<thead>
<tr>
<th>Country, Year</th>
<th>Per Cent Share of Employment</th>
<th>Per Cent Share of Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil (1972), Belo Horizante</td>
<td>69</td>
<td>Ghana (1976), Kumasi 60-70</td>
</tr>
<tr>
<td>Chile (1968), all cities</td>
<td>39</td>
<td>Paraguay (1973), Asuncion 57</td>
</tr>
<tr>
<td>El Salvador (1974), San Salvador</td>
<td>46</td>
<td>Peru (1970), all cities 60</td>
</tr>
<tr>
<td>Ivory Coast (total country, 1975)</td>
<td>61</td>
<td>Sudan, (1976), Khartoum 50</td>
</tr>
<tr>
<td>industry</td>
<td>60</td>
<td>Venezuela (1974), all cities 44</td>
</tr>
<tr>
<td>construction</td>
<td>50</td>
<td>Caracas</td>
</tr>
</tbody>
</table>

Indonesia, (1975), Jakarta


H. Summary and Implications for Development Theory

This chapter has sought to present some of the complexity of the urban economy in less developed countries. Evidence was presented on the alleged unemployment crisis facing many Third World nations. Data contrasting formal output to formal employment, and growth of recorded employment to observed rates of urbanisation, were given to indicate one reason unemployment might be thought to be very high. Thus it became apparent that if analysis is restricted to the small formal economy then the inevitable conclusion must be that unemployment is a serious problem. However it is unhelpful and inaccurate to define a "job" or "productive employment" as only that available in the formal sector. Defining it in this way casts the earning of a livelihood in a restricted and
normative framework derived from the very different conditions prevailing in materially advanced countries. At the same time, if formal employment is considered to be "employment" then unemployment in less developed countries is not 20-25 per cent but rather 75-80 per cent. In other words, the concepts of "employment," "unemployment" and "economic activities" are intimately related to the level and structure of an economy our interpretation of which may be conditioned to some extent by currently fashionable political beliefs.

In addition, a narrow conception of "employment" almost guarantees that our understanding of the manner in which the vast bulk of the population earns its living and meets its basic material needs is perpetually bounded and constrained by the brick wall erected around the "stagnant traditional sector" in many models of development. This helps to enshrine the ostensible aim of replicating the material success of the advanced countries while simultaneously ignoring the probable determinants of that success, acquired human qualities.

At the same time, when conceived at a high level of abstraction "development" tends to be portrayed as a confrontation between "modernising elites" and a "traditional," "conservative," "immobile" peasantry. In this confrontation, the attitudes, expectations, skills, motivations and livelihood patterns of the latter tend to be either generally ignored or treated as a blank sheet on which "modernity" can be stamped or as lacking any redeemable features and best swept away through revolutionary action or simply allowed to wither under the assumed expansion of the formal sector. Yet, it seems that numerous human actions have led to the creation of an informal, unofficial, development sector in which individuals voluntarily cooperate to meet collective needs. Participants in the informal sector may have a more direct contact with the daily realities of development and thus a better grasp of both the most pressing
problems and of the most promising avenues, than is generally assumed by those who see modernisation as planned, directed and controlled by the state.

In this respect, the existence of a wide range of informal activities is of some importance to the theory of development. First, it challenges the allegation that in some sense of senses a market economy is not evolving or cannot evolve in less developed countries. Perhaps spurred by contact between dissimilar peoples, an unofficial market order may be spontaneously forming in many less developed countries. Second, the emergence of the informal sector belies the commonly held notion that a vicious circle of poverty and stagnation traps less developed countries. Third, the existence of informal activities suggests that a profound but subtle revolution may be taking place in the attitudes, aptitudes, skills, motivations, and expectations of various people formerly engaged in subsistence living. This revolution has not required compulsion, "mobilisation," austerity, compulsory saving, "Great Leaps," and similar policies frequently alleged to be necessary for development. Fourth it indicates the importance of incentives, particularly the prospect of higher levels of living, in eliciting greater effort, encouraging risk-taking, and suggesting new patterns of life more conducive to the production and distribution of material goods. Finally, the informal sector suggests that detailed state controls and regulation of economic activities are not a necessary condition for material advance in poor countries. At its current level, the informal sector has required neither state plans, planning nor planners. Indeed, the emergence and evolution of this creative development sector suggests that much higher living standards could be obtained if development planners, economists and others put less emphasis on technical relationships which abstract from human actions, and less emphasis on protective tariffs, quotas, licensing and public subsidies which may restrict the variety and volume of economic
activities, and more emphasis on exposure, strengthening and use of market forces. In other words, the goal of higher living standards might be better served if the attributes of the informal sector supplanted those of the formal sector rather than the other way around.
PART TWO

THE KENYAN CASE
III
NATIONAL INCOME AND EMPLOYMENT IN KENYA.

A. Introduction

During the past two decades, much of the concern with the economic advance of poor countries has centred on the formal sector. One intent of public policies has been to increase the rate of growth of output of that sector. Policy instruments utilised for this purpose include tariff protection, quotas, restrictive licensing, low interest rates, tax holidays, overvalued exchange rates and exemption from import duties. The ostensible aim of these policies is almost always to achieve a rise in general living standards. For example, in Sessional Paper No. 10 of 1965 on "African Socialism and its Application to Planning in Kenya," the Kenyan government defined its economic objectives to include universal freedom from want, disease and exploitation; equal opportunities for advancement; and high and growing per capita incomes, equitably distributed among the population.

The purpose of this chapter is to discuss some of the salient features of Kenya's development since Independence in December 1963. The aim is to indicate that although Kenya represents something of an emerging success story in development of the formal sector it would be highly adventuresome for policy makers to rely on this one relatively small sector to carry the burden of meeting Kenya's several economic goals.

Specifically, the discussion relates to employment and national income, with a view to assessing the capacity of the Kenyan formal economy to generate employment. The principal thesis is that despite what appear to be impressive growth rates in formal output participation in formal activities will only be
available to a small and declining proportion of Kenya's population. It should be noted that statistics on employment outside the Kenyan formal economy are far from adequate. Even estimates on the size of the labour force vary depending on differing assumptions as to labour force participation rates. One of the most obvious omissions is the complete lack of official data on the "national obsession" of unemployment. In the absence of this information, speculation on the extent of unemployment has been rife.

In this chapter official data will be used to assess, first, the overall rate of growth in output or national income and the overall extent and rate of growth of formal employment in Kenya; and, second, the sectoral composition of income and employment and its performance over the years. In other words, the primary focus of this chapter is on the demand for labour in Kenya's formal economy. The availability or supply of labour is taken up in the next chapter. Both chapters suggest the very limited potential of the formal sector - and by implication state directed development - in transforming the ways of life of Kenya's citizens.

Before analysing the data on Kenya it is important to recognise the limitations of measured national income as a concise statement of material advance.

B. Problems with the Statistical Measurement of National Income

The criterion or measure most commonly used to indicate living standards is the valuation of the final goods and services the exchange of which has been recorded or documented during a given year for a country; in other words, the gross domestic or gross national product. Upward changes in these measurements are then used as indicators of material progress. However both the measurements per se and the interpretation of these measurements in less developed countries suffer from a number of problems, problems which may vitiate
to some extent the utility of using only GDP or GNP as a measure of living standards. More to the point, development may be occurring without any change in economic growth as it is commonly measured. For example, the transformation of risk-avoiding people into innovating and experimenting achievers can occur without registering any growth in GDP or GNP. At the same time, the standard of living of countless individuals may be improving and improving dramatically, without it being recorded in national accounts.

For one thing, much of the production and consumption of goods and services in poor countries remains outside the exchange economy. The less advanced the economy the more production takes place by and for the family unit. By definition, the value of "subsistence" production cannot be directly measured since the output is consumed by the producers. Therefore, the money-values assigned by statisticians to subsistence production in national accounts data must be largely arbitrary. Indeed, the evaluation of non-marketed production is a "highly artificial process," the result of which "can never be more than a token figure." As well, the distinction drawn between formal and informal activities indicates that much of the marketed production of goods and services may also be excluded from official statistics on national income.

Since some types of non-marketed production are included in national accounts while other (officially) non-marketed production is excluded, this suggests that to some degree the constituents of national output are open to choice. Typically, economic welfare is said to depend on output; however, it could also be said that the total of output depends on conventional ideas of how economic welfare is produced. The inclusion of an imputed value for subsistence production and the exclusion of informal production for the market is to a large extent a result of convention. It appears to stem from the
inability or unwillingness to incorporate the output of activities which are neither subsistence nor formal.

The exclusion of informal output and the arbitrary evaluation of subsistence production imparts a serious downward distortion to aggregate estimates of national income. Thus, it is very likely that estimates of growth or rate of change of aggregates like GDP or GNP are seriously inaccurate. Published statistics on economic growth, or the sectoral allocation of activities, in fact refer primarily to the formal economy. Since activities outside the formal economy are largely excluded, a statement such as "per capita incomes are growing by 2 per cent per year" must be used very cautiously as an indicator of changes in standards of living.

Besides the wide range of activities which may be excluded from the national accounts framework, the accuracy of the data, strictly as measurements of what is being measured may be profoundly unreliable. Probable sources of error include those associated with the enumeration or sampling of economic activities and the degree of extrapolation and interpretation involved in filling in gaps in the data. This suggests that the degree of precision implied by, for example, a change in the rate of growth from 6.8 to 7.0 per cent is unwarranted. At the same time, there are often revisions of official data, revisions which have for example occurred in Kenya since independence. These revised statistics may not be much more accurate than the original data: Thus, each revision in a series may be afflicted with its own error, and one does not know when or if the original error has been eliminated, or even whether it has been reduced. Indeed, Rimmer has commented that if the margin of error was "plus or minus 5 per cent, still a conservative allowance, the growth rate represented by 1.8 per cent could be anywhere between -7.9 and 12.5 per cent." These considerations weaken the utility of official data in
the formulation of policies, especially policies concerned with detailed state allocation of resources.

However, national income statistics remain the principal medium through which we "see" an economy. Often, this image may be severely distorted as the following passages indicate:

In Thailand I saw a people not prosperous by European standards but obviously enjoying a standard of living well above the bare requirements of subsistence. Many village communities seemed to have attained a standard of material comfort at least as high as that of slum dwellers in England or America. But at my desk I computed statistics of real national income showing people of underdeveloped countries including Thailand to be desparately if not impossibly poor. The contrast between what I saw and what I measured was so great that I came to believe that there must be some large and fundamental bias in the way income statistics are compiled.

Something is very wrong with these statistics. For instance, if the figure of $40 for Ethiopia means what it appears to mean, namely that Ethiopians are consuming per year an amount of goods and services no larger than could be bought in the United States for $40, then Ethiopians are so poor that they could not possibly survive, let alone increase their numbers. If the $40 does not refer to the amount of goods and services that could be bought in the United States for $40, then it is not clear what it does refer to or if it refers to anything at all. It is curious that statistics as ambiguous as these are quoted so frequently.

Economic progress enables men to make goods with less expenditure of labour. It has less effect on the provision of services. Rich countries are rich, because they have more things, more cars, more radios, more clothing, more food. Rich countries are relatively less well-provided in services, in civil servants, policemen, domestic servants, retail traders, barbers, and teachers. Since goods enter international trade, while services as a rule do not, an international trade causes prices of goods to be more or less the same everywhere (this is the rationale of the purchasing power parity doctrine), but services are relatively cheap in poor countries where they are abundant, and expensive in rich countries where they are scarce. Consequently national incomes of rich countries are high because rich countries consume more goods, and because rich countries put high prices on services. The first reason corresponds to a genuinely higher standard of living; the second does not.

National income statistics are the principal medium through which we see the process of economic growth. We characterize countries as developed or underdeveloped according to their national incomes. Income statistics are also components of measures of the productivity of industries and of the equality of the income distribution. The main point of this book, brought out both by the theory and by the numbers, is that the picture conveyed by national income statistics is often distorted, not because the statistics themselves are inaccurate, nor because they fail to reflect accepted canons of statistical method, but because we attribute to income statistics a social meaning that they do not necessarily possess. Higher income is supposed to mean better off; higher
productivity is supposed to mean contributing more to the economic welfare of the community. The theoretical part of the book shows how this association can fail. The empirical part of the book shows that there can be a very great discrepancy between conventional statistics and revised statistics designed to reflect more closely the appropriate social facts. Not only is the discrepancy often large, but it may vary considerably from problem to problem, time to time, or place to place. The consequence of the failure of many income statistics and comparisons among income statistics to bear the desired social implications is that many of our ideas about the nature of economic life in poor countries and about the process of economic growth stand in need of substantial revision.

The distorted view which may be conveyed by national income statistics is even more apparent when it is noted that the statistics on income given by Usher refer to a per capita average, therefore, a considerable proportion of the population must have much less income than the $40 cited by Usher for Ethiopia. If this statistic is taken to mean what it seems to say, then an Ethiopian could survive in the United States on much less than 11 cents per day. Clearly it would be unwise to take these figures at face value. Both the meaning and measurement of national income statistics in less developed countries - and comparisons of them with more advanced countries - must be treated with utmost caution. These various caveats are useful as preliminary remarks prior to presenting the data for Kenya in the remainder of this chapter.

C. Kenya's Estimated National Income

Compared to much of the less developed world, Kenya seems to represent an emerging success story of economic growth. Table 8 indicates that Kenya's estimated Gross Domestic Product (GDP) was £835 million (expressed in current values) in 1974. Deflating for price increases, the GDP is about £607 million (based on 1964 constant values). Between 1964 and 1974 the annual "real" increase in GDP may have averaged a very respectable 6.2 per cent...
Table 8: Gross Domestic Product by Sector, Kenya, 1964–74 (selected years)
(K£ million at constant 1964 prices and percentage of total).

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>(%)</td>
<td>Amount</td>
<td>(%)</td>
<td>Amount</td>
<td>(%)</td>
</tr>
<tr>
<td></td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
<td>(7)</td>
</tr>
<tr>
<td>Total non-monetary</td>
<td>89.0</td>
<td>27.0</td>
<td>97.6</td>
<td>25.6</td>
<td>105.5</td>
<td>24.7</td>
</tr>
<tr>
<td>Monetary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Enterprise sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>agriculture and related activities</td>
<td>55.8</td>
<td>16.9</td>
<td>62.0</td>
<td>16.2</td>
<td>65.4</td>
<td>15.3</td>
</tr>
<tr>
<td>mining</td>
<td>1.5</td>
<td>0.4</td>
<td>1.4</td>
<td>0.4</td>
<td>2.2</td>
<td>0.5</td>
</tr>
<tr>
<td>manufacturing</td>
<td>34.2</td>
<td>10.4</td>
<td>37.8</td>
<td>9.9</td>
<td>44.6</td>
<td>10.4</td>
</tr>
<tr>
<td>construction</td>
<td>6.8</td>
<td>2.1</td>
<td>8.5</td>
<td>2.2</td>
<td>11.8</td>
<td>2.8</td>
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<tr>
<td>utilities</td>
<td>4.8</td>
<td>1.5</td>
<td>4.9</td>
<td>1.3</td>
<td>6.0</td>
<td>1.4</td>
</tr>
<tr>
<td>transport, storage and</td>
<td>24.5</td>
<td>7.4</td>
<td>32.5</td>
<td>8.5</td>
<td>38.1</td>
<td>8.9</td>
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<td>communication</td>
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<td></td>
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<tr>
<td>trade</td>
<td>33.0</td>
<td>10.0</td>
<td>38.4</td>
<td>10.1</td>
<td>41.2</td>
<td>9.6</td>
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<td>banking and financial</td>
<td>9.9</td>
<td>3.0</td>
<td>14.2</td>
<td>3.7</td>
<td>15.0</td>
<td>3.5</td>
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<td>institutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ownership of dwellings</td>
<td>13.3</td>
<td>4.0</td>
<td>13.4</td>
<td>3.5</td>
<td>13.9</td>
<td>3.3</td>
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<td>services</td>
<td>11.9</td>
<td>3.6</td>
<td>14.7</td>
<td>3.9</td>
<td>17.1</td>
<td>4.0</td>
</tr>
<tr>
<td>Total enterprises</td>
<td>195.7</td>
<td>59.3</td>
<td>227.7</td>
<td>59.7</td>
<td>255.2</td>
<td>59.8</td>
</tr>
<tr>
<td>2. Private households</td>
<td>2.9</td>
<td>0.9</td>
<td>3.4</td>
<td>0.9</td>
<td>3.7</td>
<td>0.9</td>
</tr>
<tr>
<td>3. Total general government</td>
<td>42.5</td>
<td>12.9</td>
<td>52.7</td>
<td>13.9</td>
<td>62.8</td>
<td>14.6</td>
</tr>
<tr>
<td>TOTAL PRODUCT</td>
<td>241.1</td>
<td>73.0</td>
<td>283.8</td>
<td>74.4</td>
<td>321.5</td>
<td>75.3</td>
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<tr>
<td>Monetary GDP at Factor cost</td>
<td>330.1</td>
<td>100.0</td>
<td>301.4</td>
<td>100.0</td>
<td>426.8</td>
<td>100.0</td>
</tr>
<tr>
<td>GDP PER CAPITA</td>
<td>36.3</td>
<td></td>
<td>30.4</td>
<td></td>
<td>42.7</td>
<td></td>
</tr>
</tbody>
</table>

<sup>8</sup> Provisional

errors in measurement were constant over time, this would represent a substantial increase over the 1964 GDP of K£330 million and the estimated per capita income of K£36.  

As shown in Table 8, the annual growth of product in the formal enterprise sector was 6.6 per cent between 1964 and 1974. Within this category, the fastest growing activities were rather small, namely, services, banking/financial institutions, and mining. Of the two major sectors, the fastest growing was manufacturing which achieved an overall rate of growth of 8.3 per cent per annum, compared to agriculture's 5.3 per cent. As a result, formal manufacturing's share of recorded GDP grew from 10.4 per cent in 1964 to 12.5 per cent in 1974, while agriculture slipped from 16.9 per cent to 15.5 per cent.

Typically, during the course of economic development, as monetization of the economy spreads through the progressive incorporation of more activities into the cash nexus, the proportion of GDP derived from subsistence agricultural activities falls. To some extent this has occurred in Kenya. However, the combined non-monetary and formal agriculture sector contributed directly 37 per cent to total official GDP in 1974 and produced 58 per cent of exports by value. As well, it should be noted that non-monetary output includes output marketed (often for cash) within district boundaries. Thus, it is likely that some of the increase in monetary agricultural output recorded in published data actually represents a diversion of effort from non-monetary output that has occurred quite some time before it was measured in official statistics.

Nevertheless, as Table 8 reveals, the non-monetary sector has not declined absolutely since independence; indeed, even the proportion of total agricultural, forestry, and fishing GDP taken by the subsistence sector has been
remarkably stable: in 1964 it accounted for 61 per cent and in 1974, 57 per cent of this sector's contribution to GDP. Overall, the data indicate that agriculture is the backbone of the Kenyan economy decisively affecting the standards of living of all Kenyans.

Within agriculture, the responsiveness of individual Kenyans to economic incentives and their willingness to forsake subsistence ways of life if there is a prospect of higher material living standards is perhaps indicated by data on gross marketed production from small farms. With respect to Kenya's two primary cash crops, there has been a doubling of small-holder output of coffee between 1964 and 1975 and the doubling of area under tea between 1971 and 1975.13 One result of this growth is that the relative share of small farms in marketed production has been increasing. It now accounts for more than one-half of gross marketed agricultural output. This rapid switch to cash-crop agriculture has probably provided the basis for the 51,000 very small-scale rural non-agricultural enterprises enumerated in 1969.14 Simultaneously, it is possible that the provision of low-cost incentive goods by these small-scale entrepreneurs may be drawing more and more individuals into cash-crop agriculture. Unfortunately empirical evidence is not available to test this hypothesis.

In general, one striking feature of recorded data on Kenya's GDP is that they do not suggest any marked sectoral re-allocation of the economy despite the lavish attention given formal enterprise. On the contrary, Kenya remains overwhelmingly dependent on the rural sector and in the rural sector fundamental changes in attitudes, aptitudes, motivations, skills and wants may well be occurring. The importance of the rural sector, and the informal economy which may service it, is suggested by an analysis of employment generation in Kenya.
D. Employment: Growth and Structure

Despite a robust growth rate in formal output, formal employment has been expanding at a relatively slow rate. Data in Table 9 suggest that since 1964 total formal employment increased at an annual rate of 3.7 per cent. This would have been much lower had public sector employment not expanded at

<table>
<thead>
<tr>
<th>Table 9: Formal Employment by Sector, Kenya, 1964 and 1974</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number Employed (thousands)</td>
</tr>
<tr>
<td>Private Sector</td>
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<tr>
<td>Agriculture and forestry</td>
</tr>
<tr>
<td>Mining and quarrying</td>
</tr>
<tr>
<td>Manufacturing and repair</td>
</tr>
<tr>
<td>Building and construction</td>
</tr>
<tr>
<td>Utilities</td>
</tr>
<tr>
<td>Commerce</td>
</tr>
<tr>
<td>Transport and communication</td>
</tr>
<tr>
<td>Services</td>
</tr>
<tr>
<td>Total Private Sector</td>
</tr>
<tr>
<td>Public Sector</td>
</tr>
<tr>
<td>TOTAL FORMAL EMPLOYMENT</td>
</tr>
</tbody>
</table>

  a Transferred to the public sector.

  b Includes restaurants and hotels.

  c To make comparisons with 1964, banking and financial services (amounting to 18,700 persons) are combined with employment in wholesale and retail trade.

Sources: Economic Survey 1975, Tables 5.5, 5.6
Statistical Abstract 1974, Table 222.
an incredible 6.1 per cent per year. As it was, private sector formal employment increased by only 2.4 per cent per year, considerably less than the labour force growth rate. At first sight these relatively low growth rates appear to be due to the sluggish performance of employment in formal agriculture, which even in 1974 accounted for 46 per cent of private formal employment. It is true that other sectors of the formal economy achieved higher employment growth rates between 1964 and 1974, for example, manufacturing (6.1 per cent), building and construction (14.0 per cent) and transport and communications (4.9 per cent). However, by looking at the ratio of incremental output to employment it appears that the formal economy may simply be incapable of generating the vast number of jobs needed to cope with the burgeoning labour force.

Thus, in spite of rapidly growing output levels in the formal economy, in which 16 per cent to 21 per cent of Kenya's national income is being invested, employment is not growing pari passu. This is revealed by reference to Table 10 which vividly underlines the considerable lag in employment growth relative to that of output. As the table indicates the rate of expansion of employment in the formal sector is only about one-half the rate of growth of real GDP. At the same time, even this rate of growth of formal employment should not obscure the small overall size of the formal sector and the relatively insignificant contribution made by several of the activities with the fastest growing output levels.

In this respect, estimates prepared by the World Bank mission to Kenya give an indication of the overall order of magnitude of employment by sector (see Table 11). It is evident that what the mission termed "informal rural agriculture" is the prime employer accounting for 82 per cent of total employment. Informal non-agricultural activities (both rural and urban), however, provide a substantial number of jobs. Indeed, at a very minimum, 36 per cent
### Table 10: Output (K£ million), Recorded Employment (thousands) and Rates of Change in Kenya 1964-1974

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP (constant, 1964 values)</th>
<th>GDP Real Rate of Growth (%)</th>
<th>Total Employment</th>
<th>Employment Growth Rate (%)</th>
<th>Ratio of Col 5 to Col 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td>304.32</td>
<td>8.47</td>
<td>539.2</td>
<td>6.71</td>
<td>0.79</td>
</tr>
<tr>
<td>1964</td>
<td>330.10</td>
<td>3.62</td>
<td>575.4</td>
<td>1.16</td>
<td>0.32</td>
</tr>
<tr>
<td>1965</td>
<td>343.06</td>
<td>11.49</td>
<td>582.1</td>
<td>0.57</td>
<td>0.05</td>
</tr>
<tr>
<td>1966</td>
<td>381.36</td>
<td>4.02</td>
<td>585.4</td>
<td>2.07</td>
<td>0.51</td>
</tr>
<tr>
<td>1967</td>
<td>396.70</td>
<td>7.59</td>
<td>597.5</td>
<td>1.49</td>
<td>0.20</td>
</tr>
<tr>
<td>1968</td>
<td>426.79</td>
<td>6.80</td>
<td>606.4</td>
<td>3.43</td>
<td>0.50</td>
</tr>
<tr>
<td>1969</td>
<td>455.80</td>
<td>6.73</td>
<td>627.2</td>
<td>2.76</td>
<td>0.41</td>
</tr>
<tr>
<td>1970</td>
<td>486.48</td>
<td>6.28</td>
<td>644.5</td>
<td>7.25</td>
<td>1.15</td>
</tr>
<tr>
<td>1971</td>
<td>517.01</td>
<td>6.52</td>
<td>691.2</td>
<td>4.14</td>
<td>0.63</td>
</tr>
<tr>
<td>1972</td>
<td>550.72</td>
<td>6.51</td>
<td>719.8</td>
<td>5.78</td>
<td>0.89</td>
</tr>
<tr>
<td>1973</td>
<td>586.56</td>
<td>3.60</td>
<td>761.4</td>
<td>8.52</td>
<td>2.37</td>
</tr>
<tr>
<td>1974</td>
<td>607.68</td>
<td>. .</td>
<td>826.3</td>
<td>. .</td>
<td>. .</td>
</tr>
<tr>
<td>1964-74</td>
<td></td>
<td>7.59</td>
<td>. .</td>
<td>3.96</td>
<td>0.52</td>
</tr>
</tbody>
</table>

Source: Statistical Abstract 1974, Tables 47(b) and 221 Economic Survey 1975, Tables 2.1, 5.6

### Table 11: Estimates of Employment by Sector, 1969 and 1971 (thousands)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Formal Wage Employment</th>
<th>Informal Employment</th>
<th>Total</th>
<th>Formal Wage Employment</th>
<th>Informal Employment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>196 4,168</td>
<td>. . 4,364</td>
<td>211</td>
<td>4,436</td>
<td>. . 4,647</td>
<td></td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>3 1</td>
<td>. . 4</td>
<td>3</td>
<td>1</td>
<td>. . 4</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>75 30 15</td>
<td>120 93</td>
<td>32</td>
<td>16</td>
<td>141</td>
<td></td>
</tr>
<tr>
<td>Building and construction</td>
<td>29 1 11</td>
<td>41 35</td>
<td>1</td>
<td>12</td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>Electricity and water</td>
<td>5</td>
<td>. . 5</td>
<td>5</td>
<td>. .</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Transport, storage and communications</td>
<td>48 3 1</td>
<td>52 46</td>
<td>3</td>
<td>1</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>44 96 30</td>
<td>170 47</td>
<td>102</td>
<td>32</td>
<td>181</td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>227 19 39</td>
<td>285 240</td>
<td>20</td>
<td>41</td>
<td>301</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>627 4,318 96</td>
<td>5,041 680</td>
<td>4,595</td>
<td>102 5,377</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

of all non-agricultural employment is accounted for by the informal sector. The ILO mission, in what was almost certainly an underestimate, felt that the informal sector in Nairobi provided employment for 32,000 individuals, 44,000 in Mombasa and 49,000 in other urban areas. Even if this estimate is accepted, it means that informal employment accounted for 25 to 30 per cent of total urban employment in 1969, and 28-33 per cent of African urban employment. If small-scale rural non-agricultural economic activities are included, employment in that sector accounted for 37 to 39 per cent of African adult non-agricultural employment, or about the same as that estimated by the World Bank.

The Kenyan government has supplied some data on the growth of informal employment. This is presented in Table 12.

Table 12: Persons Engaged: Recorded Totals, 1972-74 (thousands)

<table>
<thead>
<tr>
<th>Activity</th>
<th>1972</th>
<th>1973</th>
<th>1974</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Modern&quot; establishments, urban and rural:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wage employees</td>
<td>719.8</td>
<td>761.4</td>
<td>826.4</td>
</tr>
<tr>
<td>Self-employed and unpaid family members</td>
<td>50.0</td>
<td>54.0</td>
<td>55.9</td>
</tr>
<tr>
<td>&quot;Informal&quot; establishments, urban areas only</td>
<td>33.9</td>
<td>41.4</td>
<td>76.2</td>
</tr>
<tr>
<td>Total</td>
<td>803.9</td>
<td>856.8</td>
<td>958.4</td>
</tr>
</tbody>
</table>


It is difficult to interpret the figures for the informal sector. First, the authorities maintain that the data were derived from a survey of urban establishments in the informal sector. However these figures are at sharp variance with those accepted by the World Bank and ILO missions. It is possible (and probable) that the survey refers only to Nairobi, and within Nairobi only to the squatter settlements. This is likely since the data for
1972 agree with those of the ILO report and the ILO appears to have restricted its enumeration largely to squatter areas. Even if the data are accepted, however, one could not calculate from them the growth rate of informal employment in Nairobi since it is impossible to determine the extent of effective coverage. The figure for 1974 is likely the result of better recording rather than indicating an increase of 84 per cent from the previous year. Second, it is completely unclear what the survey measured. The discussion in the Economic Survey states that the survey recorded a total count of 76,200 self-employed persons in the urban informal sector and later refers to employees, thus obscuring what category of informal worker was counted.

By examining the data contained in the Development Plan 1974-1978 it is possible to analyze the projected growth rates of employment. The official projections are given in Table 13. Data in the Development Plan indicate that

<table>
<thead>
<tr>
<th>Sector</th>
<th>Actual 1972</th>
<th>Target 1978</th>
<th>Annual Rate of Growth 1974-1978</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal sector</td>
<td>762</td>
<td>995</td>
<td>4.5%</td>
</tr>
<tr>
<td>Rural non-agricultural activities, small farms and settlement schemes</td>
<td>222</td>
<td>288</td>
<td>4.4</td>
</tr>
<tr>
<td>Other wage employment</td>
<td>390</td>
<td>460</td>
<td>2.8</td>
</tr>
<tr>
<td>Self-employment and family workers</td>
<td>3,875</td>
<td>4,570</td>
<td>2.8</td>
</tr>
<tr>
<td>Urban informal sector</td>
<td>108</td>
<td>166</td>
<td>7.5</td>
</tr>
<tr>
<td>Total</td>
<td>5,357</td>
<td>6,479</td>
<td>3.2</td>
</tr>
</tbody>
</table>


that the Kenya government expects the total population to grow by nearly 2.3 million by the end of the current Plan period. If average household size remains at 5.6 persons, the provision of one income earner for each household would mean that over 400,000 income-earning opportunities would have to be
created during the Plan period just to provide for the increase in population. The government planners, however, appear to recognise that often more than one income earner is required in a family. They therefore consider instead, that 35 per cent of the population requires employment. Based on this, the number of new jobs necessary would appear to be in excess of 800,000.

It is very unlikely that 400,000–800,000 new jobs can be created in the formal sector in the foreseeable future. Indeed, the Development Plan rather optimistically projected that 200,000 new formal jobs would be created by the end of the current Plan period in 1978 (Table 13). Even before the deleterious consequences of the world-wide inflationary spiral of recent years, the creation of this number of new jobs would have meant a significant and marked improvement on past Kenyan experience. Thus the Development Plan projected that real Gross Domestic Product would grow by 7.4 per cent per year between 1974 and 1978. Corresponding employment in the formal sector was projected to increase by 4.5 per cent per year, giving an IOER of 1.6 to 1. To expect this to occur is surprising in view of Kenya's performance in the last decade and is at variance with experience in other underdeveloped countries. Harbison has concluded that for less developed countries the very lowest IOER would be 1.5 to 1 and for many, particularly those like Kenya in which the formal sector is expanding with modern capital-intensive technology, it is almost certain to be considerably higher than 2 to 1.

Even in the unlikely event that 200,000 additional formal sector jobs will be created this will not significantly alter the dilemma facing Kenya's planners. For example, the projected output of Form IV and VI leavers in 1978 is 300,000 and 100,000 respectively. In other words, even making the improbable assumption that only those with higher form education were offered the total projected increase in formal employment opportunities, fully
one-half of the number would still remain outside the official wage economy. Simultaneously, millions of Kenyans with education to the Standard VII level, and millions more with very little or no formal education would then lack any entry into the formal economy. The inescapable conclusion from these data is that the bulk of Kenya's educated population and almost all of those with no education may have to secure a livelihood outside formal activities. In other words, almost everyone may in some ways be excluded from officially-sanctioned development. It is certainly peculiar that a politically determined development strategy should effectively disenfranchise the bulk of the people.

That this may be occurring is also indicated by contrasting labour force growth with growth of formal employment. Between 1969 and 1974, the labour force probably increased by at least 690,000. In contrast, formal employment increased by only 199,000. In other words, the formal development sector is barely absorbing 29 per cent of the growing labour force. At this rate the proportion of employment provided by the formal sector will decline quite rapidly. The disparity is even more marked when it is remembered that formal private non-agricultural employment expanded by only 71,000 between 1969 and 1974, The stark reality of these comparisons should be of great concern to Kenya's planning authorities and should alert them to the vital necessity of harnessing rather than harassing, of liberating rather than inhibiting, the creative talent, energy and knowledge of the countless individuals in the country interested in material advance yet destined to remain outside the formal sector.

Implicit in Table 13 is an acknowledgement by Kenya's planners that the informal activities will not only grow absolutely but will provide an increasing proportion of Kenya's employment. By the standards of the formal economy - which are the standards of materially advanced countries - the prospect of a
rapidly growing informal economy seems to connote a failure of development. The truth is more nearly the opposite. What is indicated is the relative failure of a particular development strategy, that is, state directed expansion of formal activities, in providing both officially sanctioned types of employment and a variety of mass consumption goods within the income range of most of the population. The objectives of employment creation and higher standards of living are probably being reached, but largely through the self-reliant efforts of individual Kenyans.

At the same time, it should be acknowledged that the Kenyan authorities have expressed considerable distress at the lagging generation of formal employment opportunities. Two prominent policy initiatives, the ostensible aim of which was to increase formal employment, merit some discussion.

E. The State and Employment Creation

In Kenya, the government has often expressed the laudable hope that productive, rewarding and satisfying employment will be available for all Kenyans. Implicitly this has come to mean increasing the availability of formal jobs. When it became apparent that the formal economy was not going to produce the desired number of employment opportunities the government resorted to what is perhaps its ultimate tool, coercive action. This is evident in two distinct realms: formal commercial activities and the Tripartite Agreements. An analysis of state intervention in these areas may indicate some of the unfavourable although perhaps unintended consequences of politically popular economic policies.

Thus, in formal commerce, employment did not exceed its pre-independence peak until 1974. However, this obscures significant changes in the racial composition of owners and employees which has occurred as a result of government intervention. Through the Trade Licencing Act of 1968, non-citizen
(mainly Asian) business activity was restricted to the centre of urban areas, excluding completely non-citizen trading in rural areas. As well the government took powers to withdraw progressively trade licences from non-citizen traders within the areas where they were still legally permitted to trade.\(^{29}\) The ILO reports that by mid-1971, 1,068 businesses which were formerly owned by non-citizens had been transferred to citizens.\(^{30}\)

Since then, the Kenya government has frequently issued mass "quit notices" to non-citizen businessmen. In June 1973, over one thousand non-citizen traders were served with "quit notices," with President Kenyatta directing that these traders were to leave Kenya immediately.\(^{31}\) In April, 1975, 463 non-citizen businesses were ordered to be transferred to citizens.\(^{32}\) These actions are felt by policy-makers to be in keeping with the government's aim of promoting Africanisation in commerce and industry. However, it is most unlikely that a policy of forcing non-citizens out of business is a relatively costless means of suddenly expanding the stratum of African entrepreneurs.

For one thing, the cancellation of non-citizen trade licences may lead to the permanent loss for Kenya of artisan and commercial expertise. A sample of names of businesses affected in 1975 indicates the types of skills that may be entirely lost due to blunt action under the Trade Licensing Act:

**Nairobi:** Nairobi Building Works; Rehal Electrical Services; Nairobi Tin Works; Ideal Steel Works; Geerdial Engineering Works; Shah Electrical Distributors; City Spray Painter; Excelsior Wood Works; Sira Electrical Printing; Highland Industrial Garage; Flora Garment Factory; Steel and Metal Works; Regal Joinery Furniture Works; Kaijia Engineering Works; Kariru Metal Works; Baluc's Auto Electrician;

**Kisumu and Nyanza:** Eagle Engineering Works; Autar Engineering Works; Rehal Construction; Paramount Engineering Works;

**Nakuru and Rift Valley:** Kendil Chemists; Sira Engineering Works;

**Central Province:** Woodside Agricultural Engineers; National Electrical Services.\(^{33}\)
The policy of promoting African commercial and industrial enterprises would probably be better served if the skills available in these small engineering, metal, and wood workshops could be tapped before the artisans left Kenya. As it is now conceived, the current policy seems to assume that Africans with similar skills to non-citizens are available and can be simply inserted in their places with little or no harm to the operation of the enterprise, employment creation, and consequently national development. However, this view is belied by the constant reiteration in Kenya of the need to train Africans in technical, artisan, and "practical" skills. Once the non-citizen artisan or businessman has left Kenya, his skills, which might have been captured through sensitive policies, are lost forever at what must be a heavy social and economic cost.

As well, restricting non-citizen traders to the cities and the subsequent cancellation of many trading permits in the urban areas probably reduces both the aggregate volume of trade and the volume of economic activities. That this may indeed be occurring in Kenya is suggested by comments made by Kenya's then minister for Commerce and Industry, Dr. Kiano, when he noted the commercial enterprises taken over from non-citizens featured much less variety in types of products, favouring instead a few "safe" commodities such as beer, cigarettes, posho, sugar and salt. Thus it appears that the aggregate volume of trade handled by African traders has been reduced rather than increased by restrictions imposed under the Trade Licensing Act. This would seem to harm the economic interests of the bulk of African producers, consumers and workers. At the same time, the distribution of a variety of low-cost incentive or consumer goods may be less than it would otherwise have been, thus probably slowing the spread of the exchange nexus.

In addition to using the Trade Licensing Act to "promote" Africanisation, the government has established the Kenya National Trading Corporation
(KNTC). The ostensible purpose of the KNTC is to secure a major local share of the import-export trade. However it has proved to be a means of reserving retail and wholesale trade to favoured individual Africans (as opposed to citizens, who might be non-African). Essentially the KNTC has a monopoly of trade in specific commodities (for example, sugar, salt, edible oil, cement, wire, hardware, some types of cotton fabrics). Since the establishment of the KNTC in 1965, its African traders have consistently worked for a protected sinecure in the market place. Typical of what has been noted earlier as the general thrust of formal sector development, these traders wanted:

... fixed shares of specific markets, public loan funds, or publicly guaranteed commercial credits, fixed suppliers, and fixed prices. Without these things, [formal] African trading was ground between the upper millstone of the established:non-African:trader:(or in:some:cases,:consumer:) and the nether millstone of mass competition from other Africans prepared to operate on minimum turnover. But the effect of granting the conditions in which African traders could make profits and begin to accumulate capital was to bind them tightly to the established foreign suppliers and to the state, making them into highly dependent clients, not entrepreneurs. ... Above all, the implication was that African traders learned to make their profit through monopoly, adding no value whatever to the goods they handled, or even reducing their value.\textsuperscript{35}

At the very least, these types of policy measures betray an uncritical acceptance by Kenya's decision-makers of the notion that non-citizens (particularly Asians) have been able in some sense or senses to secure rewards through a process of "exploitation" of Africans.\textsuperscript{36} There seems to be little appreciation of the probable role of Asian entrepreneurs in expanding the exchange nexus by penetrating the rural areas in ways not undertaken by large-scale formal enterprise. By their want-creating activities Asian businessmen may have been decisive in accelerating the market mentality among subsistence, rural producers. At the same time, the activities of Asian traders and artisans may have had the unintended effect of stimulating informal African entrepreneurship through both demonstration effects and skill diffusion. In this

\textsuperscript{35}
respect informal activities in Kenya probably owe a great deal to the country's various Asian communities.

It is unfortunate that there is little official recognition of the expertise available for diffusion to Africans from Asian workshops and trading establishments. In effect, the authorities have responded in a punitive manner to the undeniable fact that many Asian businesses can effectively compete with large-scale formal concerns, concerns already favoured by licencing, commodity distribution, and public loans. It would seem that if the non-citizen entrepreneur were in fact not performing a useful service then he would be by-passed by the consumer without the necessity of official restrictions.

Actions taken under the Trade Licensing Act or through the KNTC penalise both the Asian businessman and the African informal sector operator and may therefore reduce income and employment opportunities. The mere taking over of already established businesses is hardly creative and does not represent a net gain to the economy. Indeed, preferential treatment in the allocation of licences or supplies or credit is the antithesis of any spontaneous development of entrepreneurship and therefore may not encourage vital risk-taking activities or the accumulation of innovative business experience. At the same time, the political gains of patronage and privilege in protected formal trading may eventually arouse antipathy among those excluded from the system of benefits.

The government's distress at the lagging growth in formal employment is also indicated by the two "Tripartite Agreements" concluded in 1964 and 1970 between trade unions, private formal employers and the government. These agreements indicate an attempt by the government to expand employment directly by requiring employers to increase the volume of labour utilised.
In the 1964 Agreement unions agreed to a one-year wage freeze in return for which private employers were to increase their labour forces by 10 per cent while the government was to hire 15 per cent more employees. The agreement was meant to be short-term and clearly had very little long-term impact on the creation of formal employment. The government faced financial constraints and could not honour its part of the Agreement. Private employers did take on additional workers but neglected to offset attrition by hiring new employees so that in a few months the working forces in most of the private establishments had dropped to their former levels. One observer has remarked that "the effort was a colossal failure." This conclusion is supported by the finding in Table 10 that in 1965 the economy experienced the lowest rate of increase in the number of people in formal employment (0.57 per cent).

A detailed examination of the 1970 Agreement was carried out by Francis Stewart for the ILO mission to Kenya, and much of the analysis which follows is derived from that report.

Unlike 1964, the 1970 Agreement stipulated that both private employers and government would increase the volume of employment by 10 per cent. Employers could neither dismiss staff nor cut back on surplus labour, nor were there to be any lockouts during the Agreement. Two secondary provisions are of some interest. First, the Agreement stipulated that additional employment was to be created as far as possible in rural areas. Second, employers were given an option, in certain areas, of making a financial contribution to national projects instead of expanding employment. For their part, the unions again agreed to a wage freeze and undertook not to strike.

During the term of the Agreement 45,680 jobs were provided, 30,203 by the private sector and 15,477 by the public sector. While this did not meet the target of 10 per cent, the ILO has concluded that it did go a good way
toward meeting the goal. Nevertheless, the data collected by Stewart indicate that the number of jobs created represented only a tiny proportion of persons registered as seeking employment (about 16 per cent, which is almost identical to that in 1964). Altogether 290,211 people registered or about 46.4 per cent of the total employed in the formal sector in 1969. The number of registrations cannot be interpreted, however, as a measure of unemployment since many individuals who registered were already employed and were presumably looking for a better job. One probable result of the low rate of placements relative to registrants is that government, by undertaking such a politically visible role, generated a great deal of ill-will towards public authority: the Agreement likely raised expectations for some individuals that could not conceivably be fulfilled.

During the term of the Agreement the urban areas attracted a disproportionate share of registrations, reflecting the belief, according to the ILO, that good jobs were more likely to be found in the larger towns. As in 1964 when, according to Harbison, the Agreement "acted like a magnet attracting new workers into the urban labour market," registrations and placements in 1970 were concentrated in the urban areas. The Agreement therefore failed in its secondary goal of making rural areas benefit as much as possible from the additional jobs.

It is also questionable whether the Agreement fulfilled its primary purpose. Similar to the 1964 Agreement, the expansion of jobs in 1970 cannot be regarded as a net increase in the volume of formal employment. Some jobs would have been created regardless of the Agreement. In addition, labour turnover and attrition might be expected to open up 15 per cent of the jobs in a typical formal sector firm. Furthermore, the ILO has found evidence that some substitution of regular for casual employment and of adult for juvenile labour.
occurred during the term of the Agreement. As well, the data in Table 10 imply that a certain amount of the growth in employment in 1970-71 pre-empted the growth that might have occurred in 1972. All of these considerations suggest that the effects of direct employment creation by government fiat can only be temporary and have little long-run impact.

The attempt to generate formal employment through decree and the curb on non-citizen participation in economic activities indicate a preference for regulatory control and direction. In essence, these measures mark the ascendancy of immediate political benefits over present economic realities. It is improbable that this discrepancy will lead to sustained expansion of productive, rewarding and satisfying employment and hence general improvements in living standards.

F. Summary and Conclusions.

The typical accounting framework used in analysis of national income is an inadequate, if not misleading, measure of the dimensions of development. For example, these accounts and the related concepts for identifying the nature and relation of systematic changes in the structure of a developing economy are accurate, even if then, only for those activities which are sanctioned as part of the official economy. As the level and structure of an economy changes the social meaning and technical measurement of standard concepts may also have to vary. However, this framework may provide at least some understanding of the economic forces at work in a nation. Indeed, without it, it would be difficult to obtain even a partial image of the total economy.

With respect to Kenya, published data suggest that national income may have grown at an impressive rate of 6-7 per cent per annum between 1964 and 1974. A substantial part of the increase in official national income occurred in relatively capital-intensive labour-conserving activities such as...
manufacturing, mining, and utilities. This is reflected in the relatively slow growth in formal employment. During the decade 1964-1974 formal employment in Kenya seems to have expanded at a rate of 3.7 per cent per annum. However employment in the private formal sector expanded by only 2.4 per cent. About 43 per cent of the total private formal employment was still in agriculture and related activities by 1974, a sector where employment increased by only 0.7 per cent per annum. In six of the years covered formal employment did not expand faster than the net growth of the labour force. Indeed, given the small size of the formal economy, the proportion of employment in the formal sector is declining rapidly with less than 30 per cent of the additions to the labour force being absorbed into the formal economy. One significant growth sector appears to be the informal economy which provides, at the very minimum, 40 per cent of African adult non-agricultural employment. In urban areas the informal economy is felt to be growing at 7.5 per cent per annum, at least double the rate of the formal sector.

To stimulate the expansion of African formal employment the government resorted to direct job creation by fiat and to the restriction of non-citizen economic activities. Both of these measures have had unimpressive results with the latter in fact probably adverse to economic advance. However they indicate the general thrust of the formalisation of development: the aversion to market forces in favour of politically secured jobs, markets, supplies and prices.

In passing, it can be noted that if the talent, expertise and capital of Kenya's Asian communities had been fully tapped then the pattern of Kenya's development might have been considerably different. For example, at least one probable outcome of discriminatory policies against Kenya's Asian communities is a potential capital flight of K£250 million. More important, however, is the loss of the skills and talents that might otherwise have been transmitted
to Kenyans. This might have been accomplished through sensitive state policies, policies derived from the premise that contact between dissimilar peoples is a learning and rewarding, rather than negative and irremediably "exploitative" experience.

Moreover the analysis of employment creation in this chapter suggests that the belief that most of the local population can be accommodated in the formal economy, the inconceivable although ostensible goal of much of the development literature and the apparent aim of development planning, ought perhaps to be replaced by a concern with policies that encourage and nurture self-reliance, risk-taking, and a general interest in material advance. The need to promote and stimulate enterprising behaviour is even more apparent when consideration is given to demographic variables. The following chapter turns to the growth of population, examining some of the interactions between increasing numbers of people and the process of development.
IV

POPULATION AND THE LABOUR FORCE

A. Introduction

It was estimated that by mid-1978, the world's population had passed 4.25 billion. According to projections by the United Nations this may increase to nearly 7 billion by the end of the century. Nearly two-thirds of that population will then live in the less developed world. It is a formidable task to accommodate this number of people within effective state-created social and economic structures. However, the pressure of population need not necessarily lead to despair. Given the complexity of the interrelationships, population growth may have some indirect and largely unnoticed beneficial effects on the self-reliant achievement of higher material standards of living. The extent to which this may occur seems to depend on sensitive state policies and on the individuals concerned.

This chapter begins with a brief analysis of some of the probable links between population growth and economic achievement. The themes raised are then more fully explored in the Kenyan context through a brief account of the nature of the growth in population and labour force. Subsequently, some of the quantitative and qualitative changes in the population are assessed, particularly the implications they may have for further strengthening the informal economic order in Kenya. The complications introduced by the rapid growth of urban centres are assessed in the next chapter.
B. Some Probable Implications of Population Growth for Development Theory

Much of the concern with population growth in less developed countries has centred on the issues of unemployment and income generation. Numerous models have been constructed to indicate the impact of differential rates of population growth on such aggregate variables as size of the labour force, economic growth, per capita income, urbanisation and on the attainment of higher standards of health, education and similar components of living standards. Dharam Ghai has summarised some of the main results of projections made by these models as follows:

i) The level of aggregate output over a given period as well as during the period, usually taken as 30 years from the time the decline in fertility begins, will tend to be higher under the declining relative to the constant fertility case;

ii) The per capita advantage of declining fertility will be greater and will increase cumulatively over time; and

iii) The economy will have a more "modern" structure under declining fertility, as reflected in the relatively greater share of manufacturing, transportation, communications and relatively smaller share of agriculture in total output.

However, with conditions varying enormously throughout the less developed world, it is difficult to state categorically that either rapid population growth or high population density is a significant independent cause of low standards of living. For example, such densely populated areas as Japan, Hong Kong, Singapore and Taiwan have achieved significant material advance while many sparsely populated areas in Africa with stagnant population growth rates have remained desperately poor. Even within a given country, the materially most advanced area may also be the most densely populated, as in Kenya's Central Province. As well, a high rate of national population growth has not prevented some groups within a country from securing material progress, as is indicated by Kenya's Asian communities. In other words, macro models abstract human actions that may determine the nature of the relationship between population growth and economic expansion.
The examples cited here suggest that the size of the population and its growth rate are not likely to be the main determinants of economic advance. Rather they may reflect the stage of material progress which in turn is probably determined by the aptitudes, attitudes, motivations, skills and knowledge of the population. If these latter variables change as a cause and effect of a desire for a higher material standard of living, a desire stimulated by contacts between diverse peoples, then birth rates will probably also change.

In this respect, the creation of and exposure to a competitive want-creating economic order might be expected both to significantly improve living standards and lower population growth rates. But in these circumstances the latter will not be a cause of the former: both will reflect changes in attitudes, particularly toward the desirability of improved material conditions of life and how these conditions can be obtained, in other words, changes in individual expectations.

At the same time, it is almost certainly the case that the very rapid increase in population, and therefore the labour force in many less developed countries (including Kenya) is far in excess of the capacity of the formal sector to generate employment. Indeed, a frequent argument for the extension of the formal economy, particularly expansion of formal manufacturing, is based on the necessity of relieving both population pressure and the widespread unemployment of labour alleged to exist in most less developed countries. However, analysis of the population data for Kenya indicates the implausibility of any conceivable growth rate of the formal sector generating opportunities of the magnitude necessary to transform the structure of employment in any time period meaningful to human actors. Less developed countries like Kenya may have few options other than relying on the initiative, motivation, hard work and effort of individuals pursuing their own interests within a framework of appropriate state policies and actions.
C. Population and Labour Force Dynamics in Kenya

There are at least two striking features of the data on Kenya's population. First, in 1969 (the year of the latest population census), 90 per cent of Kenya's 10.9 million people lived in the rural areas. Although it is commonplace to indicate that agriculture is the primary economic activity in most less developed countries, it is seldom appreciated how stark the imbalance can be in the rural-urban distribution of the population. Given the low urban base, it is unrealistic to expect a relatively straightforward transfer of labour from agriculture to formal industry even if there were a fast rate of growth in formal employment.

Second, there has been an acceleration in the rate of population growth in Kenya over the years (see Appendix B, Table 3). Between 1931 and 1948 the population is estimated to have grown by 35.8 per cent while in the shorter period between the 1948 and 1962 censuses the population grew by 59.8 per cent, rising from 5.4 million to 8.6 million. By 1969 the population had further increased by 2.3 million to reach 10.9 million. It is probably currently (1978) about 14.8 million. In other words, the rate of increase in population is itself increasing and is now approximately 3.5 per cent per year compared to 2.0 per cent estimated for earlier this century. At this rate, Kenya's population will double in 20 years or less.

Consistent with the trend in the rest of the less developed world, the decline in the crude death rate seems to have made a substantial contribution to the population increase in Kenya. In this respect, a rapid rate of population growth may be considered a result of significant past improvements in living conditions, particularly in health and life expectation. Indeed, the fall in the crude death rate is an instance of the beneficial effects of...
contacts between diverse peoples, as the decline has largely come about through contact with western medical advances.  

It is the case, however, the Kenya's rapid population growth outstrips the employment generating capacity of the formal sector. The urgent need for additional employment opportunities is starkly revealed in Table 14. The table gives two projections of growth of Kenya's population between 1970 and 2000. The high projection assumes a steady decline in mortality with a corresponding rise in life expectancy from 49 years to 60 years and no change in fertility rates. The low projection also assumes a slow decrease in mortality rates but predicts a decline in the average number of children per surviving adult female from 7.6 to 2.0 by the year 2000.


<table>
<thead>
<tr>
<th>Year</th>
<th>High Projection</th>
<th>Low Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Population (thousands)</td>
<td>Average Annual Growth (%)</td>
</tr>
<tr>
<td>1970</td>
<td>11,247</td>
<td>3,818</td>
</tr>
<tr>
<td>1975</td>
<td>13,413</td>
<td>4,515</td>
</tr>
<tr>
<td>1980</td>
<td>16,053</td>
<td>5,358</td>
</tr>
<tr>
<td>1985</td>
<td>19,310</td>
<td>6,376</td>
</tr>
<tr>
<td>1990</td>
<td>23,302</td>
<td>7,667</td>
</tr>
<tr>
<td>1995</td>
<td>28,213</td>
<td>9,258</td>
</tr>
<tr>
<td>2000</td>
<td>34,286</td>
<td>11,215</td>
</tr>
</tbody>
</table>

a Assumes (1) a slow but steady decline in mortality and rise in life expectancy from 49 years in 1969 to 60 years in the year 2000 and (2) no change in specific fertility rates.

b Assumes (1) slow decrease in mortality rates as above, and (2) a decline in "total fertility" - average number of children per surviving adult female - from 7.6 in 1969 to 2 in the year 2000.

c Labour Force is defined as 95% of males and 45% of females between the ages of 15 and 59.

Source: Kenya, Statistical Digest, June 1971
It is probably realistic to assume that the actual population will fall within the range of the two projections. A sustained and increasing population growth rate of 3.5 per cent to 4 per cent would likely be an extreme limit. Nevertheless the decline in fertility of 62 per cent assumed in the low projection is quite optimistic. If the high projection holds, Kenya's population will triple by the year 2000 and be in excess of 34 million. Even with the lower rate of growth the population will more than double by the turn of the century. Significantly, the trend during the 1970's bears out the higher population projection with the rate of growth currently averaging 3.5 per cent per annum.\(^8\)

Of some importance, wide differences in the population growth rate appear to have little effect on the growth of the labour force. Indeed, as Table 14 indicates, even a very low population growth rate will have no effect on the labour force for over two decades. This paradox is due to the fact that the labour force for the next fifteen to twenty years is essentially predetermined by the more or less predictable mortality rates among age groups presently living. As one observer has noted, even a crash programme of family planning, assuming it were immediately effective, would have no real impact on Kenya's labour force until at least the year 2000.\(^9\) Table 14 indicates the magnitude of employment generation needed in the Kenyan economy: the labour force will at least double in twenty years irrespective of which projection is realised. Even if the birth rate is substantially lowered, the labour force will almost triple in size between 1970 and 2000 reaching nearly 10.5 million workers. As well, given the built-in momentum in population dynamics, even under the low projection the rate of increase in the labour force will still be about three per cent at the turn of the next century.
In other words, even extensive adoption of birth control would not bring about any appreciable change for decades to come in the required number of job opportunities. Nor for that matter, would an extensive population control programme appreciably affect per capita incomes in the foreseeable future. Indeed, significant changes in living standards are more likely to be brought about by changes in motivations, abilities, attitudes and policies than by a reduction in the population growth rate. In this respect it is worthwhile noting Leibenstein's comments:

In a broad sense human investment — the activities that create the essential changes in the acquired economically valuable qualities of the work force — must be the critical element which determines whether or not population growth in any particular case has adverse economic consequences. Even the process of capital accumulation is not a mechanical one. Obviously entrepreneurial qualities (which are for the most part acquired qualities) are essential elements in the process. Economic growth requires more than the accumulation of capital goods of the type already in use. New types of productive instruments have to be created; new occupations learned, induced, generated, and filled in new contexts and locations; new types of risks have to be assumed; and, to some degree, new social and economic relationships have to be forged. Hence, the characteristics of the population that are transmitted from generation to generation through nurture and education become the vital factors that determine the rate of growth. But the transmission of such characteristics does not result in a replica of the previous generation's occupational skills, and attitudinal characteristics. The transmission process creates the potential for change.

In most instances, economies do not operate at their productive and technical upper bound. Developing countries do not have to invent new techniques. They can borrow techniques and types of capital that already exist. (Of course, in detail, some research and experimentation is frequently necessary to adapt broadly known techniques to specific local conditions.) In view of these considerations, the finding that traditional inputs [land, labour and capital], account for only a small proportion of the growth that takes place is hardly surprising. The old Malthusian argument that additions to the population come into the world with additional hands but without the additional capital or land necessary to produce at the same level as their forebears is not entirely true. The nurture and educational system can create to some degree the additional capital necessary. Whether this "human capital" is adequate or not depends upon the rate of transmission of known and new skills, the simultaneous introduction of other types of capital into the population. (The word skill is used in its broadest possible sense in this context.) The rate of growth of physical capital may be to some extent a function of the growth rate of human capital. The basic argument is neither pro-nor anti-Malthusian. Rather it suggests that
the traditional approach misses to a considerable degree the fundamental processes which determine whether or not given rates of population growth are adverse to economic growth.\textsuperscript{10}

The "fundamental processes" referred to by Leibenstein probably include the actual skills of the labour force; the incentives that exist in the economy; and the degree to which individuals respond to such incentives. The point is that the acquired qualities of the population that may determine development depend on motivations and expectations and these are difficult to quantify in any meaningful way. Differential rates of population growth per se probably do not have an independent influence on these likely determinants of economic development.\textsuperscript{11}

It is worth noting in passing that Kenya was the first African country south of Sahara to declare itself in favour of a population programme. Nevertheless its policy-makers are not of one mind when it comes to evaluating rapid population growth. Some officials appear to feel that Kenya's resources are adequate to support a much larger population.\textsuperscript{12} As well, others believe that "family planning was a trick by imperialists to keep African populations down, through economic suppression so that those countries could not rise up to their strength."\textsuperscript{13} However, still other officials urge strict birth control as a means of enhancing economic development.\textsuperscript{14} Even if desired, it is unlikely that such a controversial programme as state-directed birth control could be successfully carried out when policy-makers themselves are divided over its merits.


Significant changes seemed to have occurred in the racial composition and structure of Kenya's population. Thus, as Table 15 indicates, the non-African population has substantially declined.
Table 15: Population of Kenya by Race, 1962 and 1969 (thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>African</td>
<td>4,134.6</td>
<td>4,341.3</td>
<td>5,373.9</td>
<td>5,359.3</td>
</tr>
<tr>
<td>Asian</td>
<td>92.4</td>
<td>84.2</td>
<td>71.6</td>
<td>67.4</td>
</tr>
<tr>
<td>European</td>
<td>29.9</td>
<td>25.8</td>
<td>21.1</td>
<td>19.5</td>
</tr>
<tr>
<td>Arab</td>
<td>18.1</td>
<td>15.9</td>
<td>14.8</td>
<td>13.1</td>
</tr>
<tr>
<td>Other</td>
<td>1.9</td>
<td>2.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Sources: Cols. (2) and (3) Statistical Abstract 1969, Table 17; Cols. (4) and (5) Statistical Abstract 1974, Table 17.

This change reflects the restrictive policies adopted by the Kenya government towards non-citizens in the commercial and industrial sectors. As discussed in the last chapter, Kenyanisation was seen by policy-makers as one method of expanding formal employment opportunities. Indeed, the data suggest that localisation in the public service and in the formal private sector has been quite successful as a means of reducing non-citizen participation in the economy. But, by the same token, the dwindling number of non-Africans in Kenya indicates that localisation will soon be exhausted as a source of "easy" employment creation for Africans. Thus, increasing numbers of Africans who might formerly have obtained politically-created employment will most likely find it necessary to enter the self-help economy.

Another significant change in Kenya's population pertains to age distribution. Table 16 presents the relevant data. Although the total African population increased by 28 per cent between 1962 and 1969, there were differential rates of increase by age group. Among males, the largest increase occurred in the 20-24 age group which, as the next chapter indicates, is a prime age for those seeking employment in urban areas. Kenya's high rate of...
Population growth is also reflected in the 0-9 age group which increased by 40 per cent between 1962 and 1969. Most of these young people are now about to enter the labour force for the first time. Many will be relatively educated compared to similar age-cohorts at earlier times and some of them will probably be attracted to the urban economy in the hope of securing formal employment.

Table 16: Age Structure of the African Population by Sex, 1962 and 1969

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Males Number (thousands)</th>
<th>Percentage Change</th>
<th>Females Number (thousands)</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-4</td>
<td>708.1</td>
<td>47.8</td>
<td>737.8</td>
<td>40.4</td>
</tr>
<tr>
<td>5-9</td>
<td>662.8</td>
<td>36.3</td>
<td>656.0</td>
<td>34.2</td>
</tr>
<tr>
<td>10-14</td>
<td>601.5</td>
<td>16.6</td>
<td>501.0</td>
<td>30.0</td>
</tr>
<tr>
<td>15-19</td>
<td>424.1</td>
<td>29.7</td>
<td>405.6</td>
<td>31.8</td>
</tr>
<tr>
<td>20-24</td>
<td>271.6</td>
<td>54.6</td>
<td>392.3</td>
<td>12.3</td>
</tr>
<tr>
<td>25-29</td>
<td>275.8</td>
<td>23.7</td>
<td>372.1</td>
<td>8.2</td>
</tr>
<tr>
<td>30-34</td>
<td>227.3</td>
<td>19.8</td>
<td>285.2</td>
<td>2.0</td>
</tr>
<tr>
<td>35-39</td>
<td>200.3</td>
<td>21.7</td>
<td>216.3</td>
<td>19.2</td>
</tr>
<tr>
<td>40-49</td>
<td>315.0</td>
<td>12.4</td>
<td>299.4</td>
<td>18.8</td>
</tr>
<tr>
<td>50-59</td>
<td>190.9</td>
<td>25.1</td>
<td>160.7</td>
<td>46.4</td>
</tr>
<tr>
<td>60 and over</td>
<td>228.6</td>
<td>32.2</td>
<td>178.7</td>
<td>53.4</td>
</tr>
<tr>
<td>Not stated</td>
<td>28.5</td>
<td></td>
<td>26.2</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4,134.6</td>
<td>29.9</td>
<td>4,231.3</td>
<td>26.7</td>
</tr>
</tbody>
</table>

 a The figures for 1962 are those reported for the African and Somali population. They are based on complete enumeration in urban areas and 10 per cent sample census in rural areas. The sample figures have been rated up to give the sex totals obtained in the general census.

Sources: Statistical Abstract 1969, Table 17, for 1962; Statistical Abstract 1974, Table 17, for 1969
In other words, just as the creation of formal opportunities through localisation dwindles sharply, a surge of young Kenyans will enter the labour market seeking formal employment. Since formal employment is only available to a small fraction of the net additions to the labour force, the vast bulk of Kenya's young and better educated population must turn to informal and agricultural activities. To the extent that entrants into these activities are of higher quality (that is, higher education, more skills, greater receptivity to change) than those currently active in these pursuits or those who leave through retirement or death, marked qualitative changes may occur. In particular, new entrants may have a higher productive capacity as reflected, for example, in the willingness to experiment with new techniques and equipment, an interest in novel occupations and a desire for geographical mobility. To the degree that these qualities are acquired through contact between dissimilar peoples, the politically determined exodus of non-citizens from Kenya weakens the transmission of characteristics vital for material advance. This is occurring just as the labour force enters a sustained period of explosive growth.

However, if the state emphasised the sensitive policies advocated in the last chapter, then it is conceivable that improvements in the quality of the labour force and therefore a rise in standards of living, might occur more rapidly with higher rather than lower rates of population growth. This is in contrast to most macro models of population growth and economic development - models which abstract human actions and expectations - which almost uniformly urge lower population growth rates through the adoption of strict birth control programmes.

One reason for the repeated advocacy of population control is the alleged "dependency burden" on the working population as a result of a high
birth rate and a declining death rate. The data in Table 16 indicate that these two factors have been operating in Kenya. Indeed, a population pyramid exists in which close to 50 per cent of the total African population is under 16 years of age. It is important, however, to separate the effects of any potential "dependency burden" on given individuals from the effects on Kenya as a whole. If the average effort, productivity and output of a new addition to the population is higher over his working life than that of the average present worker then the nation may benefit rather than suffer with population growth.

Similarly, a longer life span, as suggested by Table 16, must of course mean a longer working life. Even if it is demonstrated rather than assumed that productive output declines with age, it is conceivable and probable that this is mitigated by reduced material needs. Thus the effect of high birth rates and declining death rates on Kenya's development may not be as clear cut as it appears. As such, calculation of a nebulous "dependency burden" in order to strengthen the argument for population control does not seem particularly fruitful.

Indeed, for Kenya, other considerations should be taken into account before assuming the existence of a "dependency burden" on the working population. For example, since independence the Kenyan government has vigorously pursued a policy of expanding educational opportunities. This is reflected in the expansion of primary school enrolments which increased by a fantastic 175 per cent between 1965 and 1974. Even more impressive is the 400 per cent expansion in secondary enrolments during the same period. By 1974, the combined enrolments totalled 2.5 million.

These tremendous increases in enrolments are a credit to the Kenya government's sensitivity to the popular demand for education. However, the
demand itself is indicative of the probable changes in motivations, aspirations and expectations of Kenya's young people. These changes in conjunction with the reinforcement provided through the beneficial effects of education suggest a marked improvement in the quality of the labour force. Thus the "burden" of providing an education and other facilities for Kenya's youth is likely to be richly repaid through lifetime contributions to national advance.

Nevertheless, despite accomplishments in rapidly expanding educational opportunities and removing racial segregation in the schools, the Kenyan educational system may have had at least two adverse effects on the labour market. First, most of the gains from state-directed economic growth have tended to concentrate in the formal sector. This has drawn increasing numbers of job-seekers into this intensely competitive arena. Entry into this sector has been easiest for those who have completed higher levels of education. Second, the content and structure of the education system has emphasised skills suitable for formal employment, while offering little preparation for the vast majority of school leavers who must seek employment in the rural economy or the informal sector. One result is that many school-leavers gravitate to the formal urban labour market. They may do so less as a result of unrealistic aspirations and more as a result of development policies which have concentrated highly visible opportunities in Kenya's main towns. The school system, in turn, has been shaped by this urban bias, a bias which has given Nairobi in particular, economic, political and social dominance in Kenya.

The interaction between conflicting signals from the formal labour market and the formal education system may be cumulative and self-reinforcing. Emil Rado has analysed this in terms of an "explosive model" of demand for education. The model is based on two assumptions: first the rate of increase of opportunities for formal employment (determined exogenously) is slower than
the rate of increase of the potential labour force; second, employers faced with an excess of applicants select by level of education. For example, once a formal employer knows there is an excess of secondary school leavers, he will employ them first even in jobs "normally" performed by primary school leavers, who get the residue. The model is explosive in the sense that:

As job opportunities for the uneducated deteriorate, youngsters safeguard their position by acquiring a primary education. The demand for primary education also increases, for some of those previously content with no education, are now being "squeezed." The more unprofitable a given level of education becomes as a terminal point, the more the demand for it increases as an intermediate stage, a precondition for the next level of education.24

Barring the introduction of some physical resource constraint, each worsening of the formal employment situation calls forth an additional demand for (and supply of) more education at all levels. One probable result of the "surplus" of educated workers relative to formal skilled jobs is that some of the surplus educated persons move to the front of the formal job-seeking queue, "bumping" less educated individuals from jobs.25 Uneducated workers in unskilled formal jobs might be fired and replaced immediately or instead displaced over time as educated workers replace uneducated retirees. If bumping occurs, educated workers are offering their services in the unskilled formal job market and are hired in preference to uneducated workers. The latter are left with whatever unskilled jobs the educated will not take. Education may also be demanded, therefore, in order to receive the advantage of a better relative chance of being hired for an unskilled formal job. With continued expansion of the education system there may be so many educated persons that the uneducated are excluded from obtaining even low-level formal employment thereby increasing the relative advantage of being educated. One result may be that in an unexploding formal job market the demand for education is explosive.
The applicability of the model to Kenya is evident in the vicious circular movement of more young people with higher pro forma qualifications chasing fewer jobs in one small part of the economy. By 1978, 2.5 million Kenyans will have a Standard VII education, compared to 800,000 in 1969. The corresponding numbers for Form IV and Form VI leavers are 300,000 and 100,000. But as indicated earlier, even if optimistic Plan projections are realised there will be in total only 995,000 formal jobs. Since these jobs are mainly concentrated in the urban areas, the interaction between the education system and the structure of formal employment is probably one key factor in the continuing and accelerating growth of Kenya's urban centres.

Thus, given the limited availability of formal urban employment opportunities, the quality of the labour force in the informal economy may improve dramatically as tens of thousands of "surplus" primary and even secondary school leavers join those currently engaged in informal activities. In this respect, as early as 1968, the Tracer project of the Institute for Development Studies, University of Nairobi, revealed the increasing difficulties faced by secondary school leavers in securing formal employment.

Indeed, there is little doubt that most of Kenya's young labour force must secure employment outside the non-agricultural formal economy: on smallholdings, on larger farms and in a variety of informal rural and urban enterprises. Two simple projections indicate the desirability of Kenya's policymakers strengthening the informal rural and urban economic order. First, assume that the population and labour force grows at a rate of 3.5 per cent per year and that non-agricultural formal employment achieves a relatively high sustained growth of 4.0 per cent per annum. In an economy like Kenya's with 90 per cent of its population in agriculture, after 50 years, 87.5 per cent of the population will still be in agriculture. The farm population itself
will still be growing in absolute terms. Alternatively, assume that population control measures are immediately introduced and stringently enforced. As indicated earlier, there will be no change in labour force growth for at least 15 years. Thereafter, assume that the labour force increases by a relatively low 2 per cent per annum and non-agricultural formal employment expands on a sustained, relatively high basis of 5 per cent per year. After 50 years, 70 per cent of the population will still be in agriculture. Thus, neither stringent birth control measures nor any conceivable rate of growth of formal employment opportunities will make any appreciable change in the political economy of population distribution in countries like Kenya for decades to come. Indeed, such structural transformation will be a slow and hence very long process.

These simple exercises serve as an antidote to the excessive optimism of much of the development literature and much of the public rhetoric of development planners. Contrary to those who advocate comprehensive development planning, formal development is unlikely to alter the structural contours of countries like Kenya in any time period meaningful to human actors. The reluctance to face this stark reality may have served to perpetuate ill-conceived, unrewarding and negative policies that have reduced current consumption and penalized and harassed hard work, self-reliance, and individual initiative. Widespread gains in current living standards as a result of these latter factors may do more to enhance meaningful development than comprehensive planning and state directed birth control programmes. At the same time, changes in human actions and expectations favourable to material advance in the short-run may contribute significantly to population control in the long run. The latter is unlikely to have a significant independent effect on the former.
E. Summary and Conclusions

The growth of total population in Kenya has accelerated over the decades, with the rate of growth now in excess of 3.5 per cent per annum. This is largely a reflection of a decline in mortality rates, that is, of significant past improvements in the quality of life. Continuing high birth rates and declining death rates mean that Kenya's population will continue to grow. It is estimated that by the year 2000 the population will be between 24 million and 34 million. The higher estimate implies a rising average rate of growth from 3.5 per cent during 1970-1978 to 3.9 per cent during 1995-2000. Should total fertility decline from 7.6 in 1969 to 2.0 in the year 2000, the growth rate would be reduced to 1.35 per cent per year. Both of these estimates must be viewed with some skepticism.

Nevertheless, of utmost importance, the labour force will be about three times its 1970 size, that is, about 10.4 to 11.2 million irrespective of which of the two projections is more accurate. This substantial increase is beyond any conceivable employment generation in the formal sector. Indeed, the data on Kenya's population and labour force indicate the largely forlorn nature of planning for the absorption of even the relatively well-educated into formal employment.

At the same time, the built-in momentum of population and labour force dynamics indicates that even a stringent birth control programme would have little appreciable effect on measured per capita incomes for decades to come. Indeed, significant changes in living standards are more likely to be brought about by changes in motivations, aptitudes, attitudes, abilities and states policies favourable toward individual initiative and self-reliance than by a reduction in the population growth rate. It is unlikely that differential rates of population growth per se have any independent influence on these
determinants of economic advance. If appropriate acquired human qualities are wide-spread then even a very rapid rate of increase in the population and labour force growth rates, as evident in Kenya, is probably compatible with higher overall standards of living. The acquisition of these qualities, particularly interest in securing material advance and the adoption of new methods for attaining that goal, are likely stimulated by contacts between dissimilar peoples. Thus the politically-determined exodus of non-Kenyans from Kenya may result not only in a reduction in the aggregate volume of economic activities, but as well, in a restraint on the transformation of social and economic relationships in the economy. This may be occurring just at the time of a surge of youthful entrants into the labour force.

Most of Kenya's population will have to continue securing its livelihood in the rural and informal sectors for any projected time period meaningful for human actors. Formal employment is, and will likely remain, of consequence for only a very restricted fraction of Kenya's labour force. Thus, one implication for the thrust of development policy is to stimulate spontaneous economic activities through encouragement of individual initiative and self-reliance.

The previous two chapters have given some indication of the dynamic forces at work in Kenya's economy. The next chapter continues this theme by focusing on the striking phenomena of urbanisation. Urban growth is viewed primarily from the perspective of state actions, some of which have changed remarkably little from the colonial period.
PUBLIC POLICY AND URBAN GROWTH IN KENYA

A. Introduction

Although the growth rate of population and labour force is an enduring and central theme in development studies, it is in the cities of the less developed world that many observers first encounter the manifestations and perhaps intractable dilemmas associated with increasing numbers of people. One result has been a considerable debate among development specialists concerning the benefits and costs of urbanisation. Entry into this debate is facilitated by placing the growth of urban centres within the broader context of a country’s development strategy. In this way, the focus becomes the degree to which rapid urban growth may be symptomatic of fundamentally unbalanced state policies.

In this chapter an analysis is presented of urbanisation in Kenya. The primary thesis is that development of Kenya's formal economy has concentrated resources at the centre of the economy. As a result of the continuation and elaboration of colonial policies in the post-colonial period, formal opportunities have been largely restricted to two cities, each of which is equipped with facilities of high technical quality. In turn, the concentration of resources in the urban formal sector has attracted numerous individuals leading to rapid rates of urban growth.

B. Urbanisation in Kenya: A Brief Outline

Kenya is usually divided into five main geographical regions: the Lake Victoria basin, the central rift and associated highlands; the eastern plateau foreland; the coastal region; and the semi-arid Northern, North-eastern and...
and Southern Kenya. However, a look at population density indicates that the population is unevenly distributed: eighty per cent of the people live in the southwestern parts of the country favoured by reliable rainfall and promising yields, although the area comprises only about fifteen per cent of the Kenyan land mass.

For geographical, climatic and historical reasons, Kenya was the only African country north of the Zambezi river to attract large numbers of white settlers. Patterns of urbanisation in Kenya today are mainly a product of this European settlement.

Indeed, Kenya's main urban centre, Nairobi, is a European creation. Prior to European penetration, the land on which the city of Nairobi is now located was a marshland that served as a natural border between the southern Kikuyu population of Kiambu, and the Athi Plains, controlled by the Masai. Early white travelers had noted the apparently deserted nature of the terrain and it seemed that friction over the appropriation of land would be minimal. In fact, Nairobi appeared to be a natural site for a camp in the construction of the Uganda railway as it lay between the relatively easy terrain of the Athi Plains and the more foreboding slopes of the Rift Valley escarpment. Building in the site did not begin until 1899 when the railhead from Mombasa actually reached Nairobi. By 1906, the population still numbered only about 12,000.

Nairobi's population was always stratified by race. Although typically about eight or ten per cent of the population, Europeans dominated the government and the larger financial institutions. Asians, most of whom came from the Indian sub-continent to work on the construction of the railway, were engaged in all ranges of commerce as well as virtually monopolising artisan work. They accounted for about one-quarter of Nairobi's population. Africans, making
up the remaining two-thirds of the residents, provided the unskilled labour needed for the lowest ranges of the occupational ladder.

The city's current residential pattern dates from the actions of the early railway authorities: literally, on one side of the track they placed the higher-income European houses and on the other side were the lower-income groups. An Indian bazaar, of later importance to the development of the African informal sector, was subsequently established near the railway headquarters.7

Duality was built into the spatial organisation of the city. In the European sections (areas like Karen, Westlands and Ngong) no house was surrounded by less than one acre of land. Asians, on the other hand, were confined to Parklands and the areas surrounding the bazaar. Like the Indians, Africans lived mainly in high density housing though of a much inferior quality. From the earliest years, scattered African villages of huts constructed from paraffin tins and thatch surrounded the more permanent dwellings of the railway and administration.8 The largest part of the African squatter villages was Pangani although other areas existed such as Kaburini, Karioriki, Maskini, Mombasa village and Kileshwa.

When plague broke out in 1902 it occurred first in the Indian Bazaar where sanitary facilities were lacking.9 Later, not respecting area (or race) renewed plague outbreaks occurred in the African areas. Fearing a spread to European areas the authorities faced two alternatives: ensure a supply of clean water, garbage collection and sewage disposal; or, separate the area to be protected from contagion by strict residential segregation, destroying squatter settlements and developing controlled urban African locations. Largely for reasons of cost, the colonial municipal council chose the second
alternative, thereby establishing precedents for later actions undertaken by post-independence authorities.

Nor is this surprising for the colonial authorities conceived of an African as a temporary urban resident whose home was not the town but the rural areas. Elkan and van Zwanenberg have observed that,

Africans were wanted only as employees in the towns, and a policy of segregation, coupled with a restriction of entry by special passes issued only to those who had "legitimate" employment, would ensure that "undesirables" were effectively excluded.10

By exercising some control over the movement of Africans into Nairobi the authorities were thus able to strengthen the security of Europeans and Asians.

Indeed, as part of this policy and foreshadowing similar measures in the post-colonial period, the villages of Mombasa, Kaburini, Kileshwa and Maskini were burned down in 1923. A new village, Pumwani, was planned as a model African location but it was not until 1938 that sufficient funds were found to provide even minimal services. By that time Pumwani was also extremely overcrowded. Van Zwanenberg comments that

... as the African population of the city had increased, the numbers of people who had not the cash to find a bed, had also increased. It was estimated ... that there were, in principle, bed spaces in 1937 for 22,000 Africans in Nairobi but that there were actually 31,000 Africans in the city.11

Since 1945, when the official policy of segregation in the urban areas was discontinued, the rapid growth of peripheral low-income settlements has maintained the dualistic structure of the city. While independence has meant that increasing numbers of Africans have moved into formerly Asian and European areas the great disparity in incomes between the races has perpetuated informal segregation. With respect to economic structure the informal economy has evolved to provide employment, goods and services to Nairobi's low income groups, while the formal economy caters to the consumption needs of the higher income population.
Kenya's second major city is Mombasa on the Indian Ocean coast. While Nairobi is a new and European-created city Mombasa was an established settlement centuries before European colonisers first landed on the coast of East Africa. The coastal location, probably selected by the Persians, served as a link and focal point between the Middle-eastern and Indian Ocean trade and the African continent. One result is that Mombasa was repeatedly devastated in the campaigns of colonial rivals who wished to secure hegemony over the strategically placed port. Mombasa, therefore, developed as a part of the Indian Ocean littoral, with its Asian and Arab influences, rather than as an African settlement. Nevertheless, most of what constitutes present-day Mombasa was built after the arrival of the British. Kenya is fortunate to have two main cities: being Kenya's major ocean port as well as the best equipped of East Africa's coastal terminals, Mombasa has not been totally eclipsed by the subsequent development of Nairobi as the administrative, commercial and industrial centre of Kenya, if not East Africa.

C. Urban Growth in Kenya

Similar to other East African countries two of the more significant features of Kenya's urbanisation during this century are (1) that the population remains overwhelmingly rural, and (2) the disproportionate growth of the capital city. Growth of urban centres, as a major aspect of Kenya's development, is comparatively recent. The number of urban centres is relatively few and most are small in size, compared with urban centres in other less developed countries in Asia and Latin America. For example, in 1948 there were three urban centres with populations in excess of 10,000; in 1962 there were seven; by 1969 there were still only ten. Of the total population, the urban areas represented 7.8 per cent in 1962 and 10 per cent in 1969. At present it is probably about 1.75 million or 13 per cent of the total Kenyan population.
Despite Kenya's strikingly rural population concentration, the urban centres overall are growing substantially faster than the total population. According to the 1969 census the number of people in towns with two thousand or more inhabitants was 1,079,908, an increase of 65 per cent over the 1962 total of 660,000. Between 1962 and 1969 the average growth of the urban population was 7.3 per cent per year, a rate which would double the number of urban residents every ten years. Indeed, the present annual increase in the urban population is perhaps a minimum rate for future expansion. Official projections indicate that by the year 2000 about nine million people, or almost six times the present urban population, will reside in the urban centres.

The substantial urbanisation now taking place as well as that projected for the immediate future is well above a growth rate that could be attributed to natural sources. However, given the small size of Kenya's original urban base, urban in-migration has been removing only a small portion of the total rural population. It has been estimated that the net growth in the Kenyan African population in urban areas between 1962 and 1969 represents only 3.4 per cent of the potential migrants in the rural areas. Indeed, even assuming that all of the 344,000 urban migrants to Kenya's eleven main towns in this period were adults, this would represent only 23 per cent of the growth in the rural African population between 1962 and 1969. Although the projected increase in the urban population is significant, the impact on population increase in the rural areas will still be small. Thus the Development Plan estimates that total rural to urban migration will probably amount to less than 15 per cent of the total rural population increase.

At the same time, the rapidly increasing urban population puts considerable stress on the available facilities. For example, the official demand for new housing in Nairobi stands at a staggering 6,000 units per year. It
is inconceivable that formal resources can meet even this demand, a demand which must be considered an underestimate. For example, in Phase Two of Nairobi's Buru Buru Housing Estate, a joint venture of the Commonwealth Development Corporation, the Nairobi City Council and the Kenya government, between 720 and 960 new housing units will be constructed. The cost is estimated to be K£4 million or between K£4,167 and K£5,556 per unit. To construct 6,000 similar units each year to meet the official housing demand would require between K£25 million and K£33 million. If allocated, this expenditure would be significantly higher than total recurrent and development expenditure for the entire agricultural sector in 1973-1974. Thus this standard of housing can only be available to a few of Kenya's urban residents.

Concentration on aggregate urban growth data masks considerable differences between the main towns, as shown in Table 17.

Table 17: Population of the Ten Largest Centres, 1962 and 1969 (thousands)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nairobi</td>
<td>266.8</td>
<td>509.3</td>
<td>9.6</td>
<td>46.5%</td>
<td>55.5%</td>
<td>3.09</td>
<td>4.75</td>
</tr>
<tr>
<td>Mombasa</td>
<td>179.6</td>
<td>247.1</td>
<td>4.6</td>
<td>31.2%</td>
<td>26.9%</td>
<td>2.08</td>
<td>2.26</td>
</tr>
<tr>
<td>Nakuru</td>
<td>338.2</td>
<td>47.2</td>
<td>3.1</td>
<td>6.6%</td>
<td>5.1%</td>
<td>0.44</td>
<td>0.43</td>
</tr>
<tr>
<td>Kisumu</td>
<td>23.5</td>
<td>32.4</td>
<td>4.7</td>
<td>4.1%</td>
<td>3.5%</td>
<td>0.27</td>
<td>0.29</td>
</tr>
<tr>
<td>Eldoret</td>
<td>19.6</td>
<td>18.2</td>
<td>-1.1</td>
<td>3.4%</td>
<td>2.0%</td>
<td>0.23</td>
<td>0.17</td>
</tr>
<tr>
<td>Thika</td>
<td>13.9</td>
<td>18.4</td>
<td>4.0</td>
<td>2.4%</td>
<td>2.0%</td>
<td>0.16</td>
<td>0.17</td>
</tr>
<tr>
<td>Nanyuki</td>
<td>10.4</td>
<td>11.6</td>
<td>1.6</td>
<td>1.8%</td>
<td>1.3%</td>
<td>0.12</td>
<td>0.11</td>
</tr>
<tr>
<td>Kitale</td>
<td>19.3</td>
<td>11.6</td>
<td>3.1</td>
<td>1.6%</td>
<td>1.3%</td>
<td>0.12</td>
<td>0.11</td>
</tr>
<tr>
<td>Nyeri</td>
<td>7.9</td>
<td>10.0</td>
<td>3.5</td>
<td>1.4%</td>
<td>1.1%</td>
<td>0.09</td>
<td>0.09</td>
</tr>
<tr>
<td>Malindi</td>
<td>5.8</td>
<td>10.8</td>
<td>9.2</td>
<td>1.0%</td>
<td>1.2%</td>
<td>0.07</td>
<td>0.10</td>
</tr>
<tr>
<td>Total largest towns</td>
<td>575.1</td>
<td>916.5</td>
<td>6.9</td>
<td>100.0%</td>
<td>100.0%</td>
<td>6.67</td>
<td>8.48</td>
</tr>
<tr>
<td>Total nation</td>
<td>8,636.3</td>
<td>10,942.7</td>
<td>3.4</td>
<td></td>
<td></td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

In 1962, Nairobi, with a population of 266,794, was only 1.5 times as large as the second largest town, Mombasa, which had a population of 179,575. Mombasa, in turn, was 4.7 times as large as Nakuru. By 1969, Nairobi's population was 2.1 times as large as Mombasa, while Mombasa was 5.25 times as large as Nakuru. What seems to occurring in Kenya is not only rapid rates of urban growth but an accelerating concentration of the urban population in the two main towns. In 1969, Nairobi and Mombasa together accounted for 82.5 per cent of the total population of the largest towns. As for growth rates, Nairobi's population is increasing at nearly triple the rate of the total population and over double the rate of the second largest centre, Mombasa. This is reflected in the declining share of every other centre (with the exception of numerically small Malindi) in the total urban population between 1962 and 1969. Five of the ten centres shown did not grow faster than the overall rate of population increase with one centre actually declining in population. This is perhaps indicative of the concentration of resources and opportunities at the centre of the Kenyan formal economy. At the same time, however, the pattern of rural-urban migration in Kenya indicates that caution should be exercised before drawing analogies with western experience.

D. Pattern of Migration

During the colonial period migration to Kenya's towns mainly involved young men looking for employment. Data for the total African formal sector employment in 1952 indicates the overwhelming predominance of adult male workers. Of the Africans in formal employment (about 434,000) 81 per cent were adult males. This feature was even more marked in the case of non-agricultural (including public service) employment where approximately 97 per cent of the African employees were adult males. As late as the mid-1950's colonial authorities still lamented the "enervating and retarding influences"
of the rural cultural background on the urban labour force. For example, the Carpenter Report suggested that:

Of the total of some 350,000 adult male African workers in employment outside the reserves, it is estimated that more than half are of the migrant or "target" type; that is to say, they are workers who have left the reserves for a specific purpose - for example, to earn sufficient money to pay tax, replenish a wardrobe, or acquire a wife or, perhaps, merely for a change of environment - and return to the reserves once that purpose has been achieved. Many of them spend no more than six months outside the reserves in any one year and, for all practical purposes, they may be regarded as temporary workers.

Even among those migrants who were not considered to be target workers the colonial authorities argued that there was little permanency in employment. Most of the Africans retained close ties with the rural home area and the prevailing view was that "there are few who, even after long periods of employment outside the reserves, are not liable, with little or no provocation, to pack up their belongings and return to their native land holdings." Others have criticised the colonial view of the "labour commitment problem" pointing out that low wages and appalling working conditions meant that migrants quite rationally may have preferred rural work to that provided by Europeans.

Whatever the causes, the pattern of urbanisation that emerged in colonial Africa was one of "circular migration" or frequent reciprocal movement between the rural home and the towns. Berg has argued that this pattern of seasonal and/or temporary migration best satisfied the economic needs of the migrant and of the urban employer. At the same time it permitted retention of the social relationships of the rural areas. The latter was of crucial importance to the migrant's sense of security. Mitchell describes the process as follows:

The set of social relationships which a person builds up in a rural area . . . possess a certain centripetal influence; once the social relationships are built up they are difficult to break. This centripetal influence is connected with the nature of the social system. A person in a social system, particularly in a well-integrated system as in a tribe, occupies a position which links him to many other people around
him. These links serve to define for him exactly his rights and obliga-
tions towards those persons. . . . He lives in an ordered society where
his behavior towards others and others towards him is known and rela-
tively predictable. A person enmeshed in such a system of social rela-
tionships therefore has that sense of security and confidence which
springs from the familiarity of his role vis-a-vis his fellows around
him. He does not lightly abandon this security for the uncertainty and
caprice of the polyglot aggregation of the labour centres. 29

Yet the desire for higher material standards of living probably oper-
ated centrifugally drawing the migrant out of the rural social nexus and into
the urban labour market. It was the tension between these two opposing forces
which may have accounted for the distinctive pattern of migration.

This circular pattern of migration has no doubt been modified although
perhaps not substantially changed in recent years. 30 Thus, it is unlikely
that the first visit to the urban centres has become, for very many migrants,
the start of a permanent break with the rural areas. 31 For one thing, the
family's base is still securely rooted in the rural area and this probably mi-
tigates the insecurity of the urban economy or the dependence on income derived
strictly from urban employment. African nations are not "welfare states"
since public authorities do not undertake to provide comprehensive care and
maintenance for individuals in difficult times. Rather, an encompassing
family-based social security system probably provides assistance for individ-
uals during periods of sickness, old age and unemployment. If an individual
severs ties with the rural home area, he breaks his link to this naturally-
evolving security mechanism.

This has prompted Weisener to offer what he terms the "one family - two
household" model of African urbanisation. 32 Based on research on the Kisa
colony in the Kariobangi housing development in Nairobi, his data reveal a
type of urbanisation characterised by strong rural-urban ties, relatively in-
secure employment in the towns and constant interchange of men, families and
their rural kin between the rural farm and the urban location. In short, they
were families with two households: a permanent rural one and an actual or potential urban one. He found that the urban and rural households did not differ on (a) a series of variables designed to show rural-urban changes in families and household, or (b) a series of measures designed to tap differences in socio-economic status and "traditionalism." This similarity has led one observed to remark that urban migrants should be regarded as partly-urban-based peasants rather than "proletarians." Thus, mere statistics on rapidly growing urban centres are therefore likely to be misleading. A man's right to live and support his family on the rural land apparently still seems to depend largely on his acceptance of membership in the rural ethnic group.

Nevertheless some observers argue that a work force has emerged in Nairobi wholly and permanently dependent upon formal employment and fully committed to urban life. Often shifts in sex ratios are used as proxy measures of the extent of temporary migration. Nelson has stated that:

... where men substantially outnumber women, as in most of the cities of South Asia and sub-Saharan Africa, much of the explanation usually lies in a pattern where large numbers of single men migrate to the cities but return home to marry, and/or married men go to work in the cities for long or short periods but leave their families at home. Both patterns are associated with non-permanent migration.

Analysis of census data indicates that the aggregate male:female ratio in Nairobi is indeed declining over time. For example, in 1948, there were about 500 adult men for every 100 women (almost the same as in 1911); in 1962 the ratio was about 250 to 100. Data especially computed for the ILO employment mission now indicates that the gross sex ratio among Nairobi's African population is 159 to 100 (see Appendix B, Table 4).

If the urban population is becoming more permanent there should be a reduction in the imbalance between men and women in the urban areas since more men will bring their wives with them instead of leaving them in the rural home area. Yet as Elkan points out, part of the improved sex ratio between 1962
and 1969 is accounted for by those between 10 and 19 years old. There has been no change in the sex ratio of young adults between 20 and 24 years. Among those 25 or over the balance has improved although significantly the disparity between men and women is still very large; at no age above 30 is the ratio lower than 3:1.

The pattern of circular migration has meant not only the predominance of younger men in the migratory stream but also the tendency of older men to leave the urban area and retire to the rural home. As a result the urban population is more clustered by age than that of the total population. For example, Nairobi's population is under-represented in both the younger and older age groups and overrepresented in the middle ages - the ages when people are most likely to migrate in search of higher standards of living. Although only 5.9 per cent of the residents of Nairobi were 50 or over in 1969, 9.9 per cent of the total population exceeded this age. As well, 41.5 per cent were between the ages of 20 and 39 years compared to 25 per cent of the total population. While 44.4 per cent of the city's population were under 20 years of age, 58.5 per cent of the total Kenya population were in this age category. Thus, the age distribution of the urban population, with its notable clustering in the middle-ages is also indicative of the probable ambivalence with which urban life is regarded by most Africans.

At the same time, Rempel has indicated that a direct relationship may exist between education and the propensity to migrate. Census results tend to support this thesis. The data presented in Table 18, indicate that the Nairobi population has considerably more education in every age group than the total population or the population resident in any given province. The data also reflect the marked though unequal expansion of the Kenyan educational system since independence in 1963: they show conclusively that levels of edu.
education are negatively correlated with age. The table also indicates that education is a major contributor to the population clustering evident in Nairobi, particularly in the prime migrating age of 20-24 years. The ILO report stated that "the men who lack the most minimal educational qualifications no longer migrate at all in significant numbers in search of urban employment." This is not unexpected since the educational qualifications for obtaining formal urban employment have risen tremendously in recent years, partly as a result of the higher urban wages characteristic of the formal urban economy.

Table 18: Proportion of Population without School Education and with Higher Education by Age Group and Place of Residence, 1969

<table>
<thead>
<tr>
<th>Place of Residence</th>
<th>No School Education</th>
<th>Five Years or More School Education</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Age Groups</td>
<td>Age Groups</td>
</tr>
<tr>
<td>Nairobi</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19.2%</td>
<td>16.1%</td>
<td>33.6%</td>
</tr>
<tr>
<td>Central Province</td>
<td>22.9</td>
<td>27.9</td>
</tr>
<tr>
<td>Coast Province</td>
<td>59.3</td>
<td>61.4</td>
</tr>
<tr>
<td>Eastern Province</td>
<td>49.9</td>
<td>49.2</td>
</tr>
<tr>
<td>North-Eastern</td>
<td>95.1</td>
<td>95.1</td>
</tr>
<tr>
<td>Nyanza Province</td>
<td>51.6</td>
<td>51.0</td>
</tr>
<tr>
<td>Rift Valley</td>
<td>59.6</td>
<td>58.2</td>
</tr>
<tr>
<td>Western Province</td>
<td>41.3</td>
<td>35.8</td>
</tr>
<tr>
<td>Total Population</td>
<td>48.2</td>
<td>46.6</td>
</tr>
</tbody>
</table>

*For each education group the two figures within the same age group together with the figure not included for 1-4 years of education total 100 per cent.

E. Urban-Rural Wage Differential

It is widely believed that migrants are attracted to the urban areas by the prospect of securing higher incomes. While comprehensive data on income distribution are unavailable for Kenya there is little doubt that marked differentials exist between the rural and urban areas and formal and informal activities.

Until the late 1950's urban wages in Kenya were low and had not increased much since the early post-war years. Rural incomes, on the other hand, increased rapidly, particularly after the outbreak of the Korean war. However, from the late 1950's onwards urban wages increased sharply relative to rural incomes. Some evidence indicates that this gap is growing. Thus, Dharam Ghai has calculated that between 1960 and 1966, the average total income of farmers rose at half the rate of unskilled urban workers. Data are unavailable for wages in small farms prior to 1969, but it is estimated that real incomes per capita have risen at a compound annual rate of approximately one per cent in the agricultural sector as a whole. Real wages in the private formal sector have risen by at least twice that much.

Wage-earning employees are often viewed as part of the disadvantaged sections of the population; therefore, higher wages may seem desirable on income redistribution grounds. However, in Kenya wage gaps between formal and informal, rural and urban sectors are truly marked and indicate that formal sector wage earners, many of whom are unionised, are a privileged minority of the labour force. Table 19 presents some data on average earnings by sector for Kenya. As can be seen from the table, differentials between formal and informal average earnings are considerable. Average formal sector wages in the urban area are two to four times greater than average earnings in the urban informal sector for the self-employed (and greater still for marginal
self-employed and informal wage-earners). The gap within the formal sector is also striking: male wage-earners in formal agriculture in 1969 earned an average of K£73 compared to K£250-471 for urban formal workers.

Table 19: Data on Adult African Earnings in Kenya 1969 (K£ per year)

<table>
<thead>
<tr>
<th>Category of Income Earner</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Males</td>
<td>Females</td>
</tr>
<tr>
<td>Average large farm regular employee&lt;sup&gt;a&lt;/sup&gt;</td>
<td>73</td>
<td>46</td>
</tr>
<tr>
<td>Average small farm regular employee&lt;sup&gt;a&lt;/sup&gt;</td>
<td>41</td>
<td>34</td>
</tr>
<tr>
<td>Average small scale non-agricultural enterprise regular employee&lt;sup&gt;a&lt;/sup&gt;</td>
<td>67</td>
<td>49</td>
</tr>
<tr>
<td>Self-employment - small holders&lt;sup&gt;a&lt;/sup&gt;</td>
<td>113</td>
<td></td>
</tr>
<tr>
<td>Self-employment - owners of non-agricultural enterprises&lt;sup&gt;b&lt;/sup&gt;</td>
<td>130</td>
<td></td>
</tr>
<tr>
<td>Statutory minimum wage in formal sector, Nairobi&lt;sup&gt;c&lt;/sup&gt;</td>
<td>105</td>
<td>84</td>
</tr>
<tr>
<td>&quot;Unskilled&quot; employee formal sector&lt;sup&gt;a&lt;/sup&gt;</td>
<td>120</td>
<td>90</td>
</tr>
<tr>
<td>Average self-employed informal sector&lt;sup&gt;a&lt;/sup&gt;</td>
<td>120</td>
<td>100</td>
</tr>
<tr>
<td>Marginal self-employed informal sector&lt;sup&gt;a&lt;/sup&gt;</td>
<td>60</td>
<td>50</td>
</tr>
<tr>
<td>Wage-earner in informal sector&lt;sup&gt;a&lt;/sup&gt;</td>
<td>40</td>
<td>36&lt;sup&gt;d&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<sup>a</sup> Derived from ILO-UNDP Report, Table 27.

<sup>b</sup> First figure is an independent estimate by M. F. Scott, Estimates of Shadow Wages in Kenya; second figure is for Nairobi derived from ILO/UNDP Report.

<sup>c</sup> The minimum wage was raised to K£135 for men and K£117 for women in Nairobi and Mombasa on September 1, 1973. In other urban areas and municipalities it was raised to K£123 for men and K£111 for women.


The table shows that statutory minimum wages in urban area are considerably above the incomes of all groups in the rural areas except the more prosperous small-holders and the owners of non-agricultural enterprises. The table also implies that earnings of the average self-employed individual in the urban informal sector are well above those of all wage employees in the rural sector, including those in formal agriculture.

To assess whether these differences establish economic incentives to migrate, it is at least necessary to ascertain the change in income which a migrant might expect to receive from re-locating, correcting for the differences in cost of living. In other words, it is possible that the nominal differences shown in Table 19 exaggerate the differences in real income between rural and urban areas. Although suitable data for determining whether this is the case are not available, it is certainly the implication of Scott's analysis, the results of which are depicted in Table 20.

Taking the ratio of the urban to rural price index to be approximately 1.69, Scott has estimated the benefits of changing occupation and/or location in Kenya. It would appear that substantial improvements in real income only occur unambiguously when a small farm worker migrates to a large farm or to the urban formal sector, or when an urban informal sector worker moves to urban formal employment.

Yet Scott's data do not really permit firm generalisations of this sort. Although it is certainly reasonable to assume that the cost of living is higher in the urban centres than in the rural areas, the ratio itself cannot be known with precision since the Kenya government collects and publishes only rudimentary statistics on changes in the consumer price index and even these statistics are gathered only for Nairobi. Thus, Scott's calculation of comparative increases in disposable income should be treated with some caution.
Table 20: Benefits from Extra Wages Paid on Transfer of the Marginal African Male Adult Worker (KE per annum)

<table>
<thead>
<tr>
<th>Occupation to which Worker Goes</th>
<th>Increase in Disposable Income</th>
<th>Compensation for Change in Conditions of Work</th>
<th>Net Gain of Worker and Family</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Relatives</td>
<td>Worker and Family</td>
</tr>
<tr>
<td>Small farm worker to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural unemployed</td>
<td>-41</td>
<td>-10</td>
<td>-31</td>
</tr>
<tr>
<td>Urban unemployed(^a)</td>
<td>-41</td>
<td>-16</td>
<td>-25</td>
</tr>
<tr>
<td>Urban informal(^a)</td>
<td>19</td>
<td>0</td>
<td>19</td>
</tr>
<tr>
<td>Large farm</td>
<td>30</td>
<td>0</td>
<td>30</td>
</tr>
<tr>
<td>Urban formal(^a)</td>
<td>75</td>
<td>0</td>
<td>75</td>
</tr>
<tr>
<td>Urban formal(^b)</td>
<td>75</td>
<td>0</td>
<td>75</td>
</tr>
<tr>
<td>Urban informal worker to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban unemployed</td>
<td>-60</td>
<td>-16</td>
<td>44</td>
</tr>
<tr>
<td>Urban formal(^c)</td>
<td>56</td>
<td>15</td>
<td>41</td>
</tr>
</tbody>
</table>

\(^a\)Family left in rural area  
\(^b\)Family brought with worker in urban area  
\(^c\)Family in urban area  


As well, in making his calculations Scott takes into consideration such factors as "the cost of family separation." This must reflect a normative judgement: it is certainly not self-evident how this "cost" could be known or measured. Moreover, urban formal employment is, in some aspects homogeneous (for example, hours per day, days per week) while rural conditions vary enormously (for example, intensity and duration of work, land/soil/rainfall conditions). At the same time, agricultural work is seasonal while urban employment is largely independent of changes in the calendar. These various considerations limit the utility of Scott's data and thus restrict generalisations that
can be made on the comparative income benefits of labour transfer. It is probably the case, however, that the general direction of Scott's analysis is broadly correct.

The review of evidence on wage differentials presented above, though far from complete, does suggest that the real wage rate of a worker in the formal urban economy is significantly higher than that available in the rural areas (whether in formal or informal employment). It seems therefore fair to conclude that despite the problems faced by scholars in measuring real wage differentials between rural and urban employment, even the remote probability of obtaining a higher-paying formal sector job may figure prominently in the calculus undertaken by some migrants. Obviously, given the great number of individuals migrating, it must be felt that there is some benefit to residing in the urban centres. When the individual who is unable to secure formal employment in the urban economy gravitates to the informal economy, it is not certain whether he is initially better off in real income terms than his rural counterpart. However, by remaining in the urban economy he may increase his chances of securing formal employment relative to those of rural residents. At the same time there might be a hidden advantage in that opportunities for informal skill acquisition are probably greater in the urban centre with its diversity of peoples and activities.

F. Dynamics of Urbanisation

Rapid rates of growth of the Kenyan formal economy have not been matched by similar rates of growth of formal employment. In spite of this lag, rural-urban migration has occurred on a substantial scale, induced partly by the large gap in rural and urban wages and abetted by highly visible yet mainly futile attempts by the Kenya government to create urban employment by legislative fiat. In addition to these factors, however, state policies appear to
have been instrumental in creating and perpetuating a sectoral and geographical bias in the country's development. Indeed, Kenya's development strategy seems to have focussed less on the growth and elaboration of the formal sector per se and more on the development of the formal sector in the urban centres, particularly in Nairobi.46

Thus, despite Kenya's success in achieving rapid rates of economic growth, persistent and perhaps widening distinctions in income and public services appear to exist both within and between rural and urban areas and between different geographical and ethnic regions of the country. These disparities seem to be pervasive and in a dynamic context to be channelling the flow of resources into a few areas for the benefit of a minority. In this respect, slow growth of formal employment and rapid rates of urbanisation may be symptomatic of these fundamental imbalances in Kenya's development strategy.

The imbalances themselves stem from a long-standing mercantilist trust in Kenya's state policies. Indeed, state restriction imposed on economic activities and restrictions placed on the access to and distribution of resources are not peculiar to the post-independence period. The colonial economy was also lopsided in that its organisation was designed to maintain a privileged lifestyle for a small minority of Europeans. In other words, throughout the period of colonial control an economy was fashioned in which the white settlers derived disproportionate benefits as a result of their political resources.

The essence of the colonial economy was the restriction of the free market through a series of monopolies designed to enhance the role of the European as a producer.47 The settlers had a monopoly of high-potential land in the Kenyan highlands (the "White Highlands" policy). They had a monopoly of agricultural labour through the hut-and-poll-tax system. Rail lines and government extension services mainly benefitted European agricultural areas. The
marketing board system in conjunction with tariffs preserved the internal market for temperate zone foodstuffs produced by European agriculture in the highlands while excluding Africans from the most profitable crops. Restrictions on access, necessary for European survival, permeated the colonial economy. At the same time the incomes enjoyed by Europeans enhanced Nairobi's importance as the main urban centre while attracting formal industries and services.

By the early 1960's, racially ascribed income inequality was stark in the Kenyan economy. While it is doubtful that pre-colonial African society was homogeneous, the rigours of subsistence living probably exerted a leveling influence. Colonialism introduced a new factor: a set of differential racial policies designed to create and perpetuate inequalities through ascriptively allocated benefits. The mere fact that colonialism fostered inequalities is not the issue. Any economic system founded on the basis of individual as opposed to collective initiative will create inequalities due to the differential allocation of aptitudes, attitudes, motivations and skills in a population. The objectionable feature of colonial economic policy was its racial implications: the concentration of wealth did not arise as a result of equal opportunity but rather was nurtured by a racially-based system of both allocating benefits and imposing restrictions on economic pursuits. The colonial economy was simply not a liberal economy. Even if the settlers had permitted the operation of market forces this would not, of course, have produced economic equality. However policies designed for a creative market order would have removed some of the worst aspects of racism in state economic policies and would thus have significantly reduced racially defined access to opportunities.

The illiberal economic milieu fashioned by the colonial authorities has been a heritage of doubtful value for independent Africa. In Kenya, rather than dismantling the protective restrictions surrounding the formal sector,
the political aim of taking over the economy was understood as rapid African-
isation of the civil service and as much of the formal private sector as possible:

Since independence, economic growth has largely continued on the lines set by the earlier colonial structure. Kenyanization has radically changed the racial composition of the group in the centre and many of its policies, but has had only a limited effect on the mechanisms which maintain its dominance - the pattern of government income and expenditure, the freedom of foreign firms to locate their offices and plants in Nairobi, and the narrow stratum of expenditure by high-income elite super-imposed on a base of limited mass consumption.49

One effect of this has been to perpetuate a distinction between pre-
ferred and discouraged economic activities. Indeed, there has scarcely been a period of politically sanctioned liberalism in Kenya in which official en-
couragement was given to economic activities per se.

One legacy of the continuing appeal of mercantilism in the post-colonial period is the concentration of resources in the urban areas, particularly Nairobi. For example, public sector investment in infrastructure, designed to facilitate the growth of the formal sector, is geographically clustered. In 1973, Kenya's electrical capacity amounted to 202,500 Kilowatts of which the Nairobi, Mount Kenya and Mombasa areas accounted for all but 12,000.50 Social services are also localised at the centre. Of the 18,000 hospital beds and cots available in 1973, 40 per cent were in Nairobi and neighbouring Central Province.51 Of the 7,500 housing units constructed by the National Housing Corporation in the period 1970-1973, nearly 60 per cent were located in Nairobi.52 Similarly, of the reported completion of new non-residential buildings for private ownership in the main urban areas for the period 1969-1973, over 80 per cent by value were constructed in Nairobi.53

Inherent in these figures is marked centralisation of formal sector production and distribution of public services. While the data in Table 17 demonstrate that in 1969 Nairobi had only 4.75 per cent of the national
population, in 1970 it accounted for an overwhelming share of formal GDP and employment. This is shown in Table 21.

Table 21: Sectoral Shares of Monetary GDP and Employment Arising in Nairobi

<table>
<thead>
<tr>
<th>Activity</th>
<th>GDP</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining and quarrying</td>
<td>20.0</td>
<td>31</td>
</tr>
<tr>
<td>Manufacturing and repairs</td>
<td>56.4</td>
<td>56</td>
</tr>
<tr>
<td>Construction</td>
<td>66.9</td>
<td>56</td>
</tr>
<tr>
<td>Electricity and water</td>
<td>54.0</td>
<td>40</td>
</tr>
<tr>
<td>Transport, communication</td>
<td>41.6</td>
<td>49</td>
</tr>
<tr>
<td>Commerce</td>
<td>55.4</td>
<td>54</td>
</tr>
<tr>
<td>Services</td>
<td>51.8</td>
<td>38</td>
</tr>
</tbody>
</table>


Reflecting this agglomeration of formal activity, the Nairobi labour market accounted for nearly 70 per cent of the formal employment in Kenya's five main towns. Not surprisingly, it also claimed 76 per cent of the urban wage bill of these five towns and 69 per cent of the total urban wage bill.  

As Table 22 indicates, employment in Nairobi's formal sector is expanding much faster than total urban formal employment. Between 1964 and 1973, formal employment in Nairobi grew at an average rate of 3.5 per cent per annum. In contrast, total urban formal employment grew by only 2.8 per cent per annum. If Nairobi is excluded from the total then formal employment in all other urban areas increased by only 1.8 per cent per year. Of the main towns only Malindi exceeded the rate of growth of formal employment in the Nairobi labour market. Indeed in three of the main towns (Eldoret, Nyeri and Nanyuki) formal employment actually declined between 1964 and 1973.
Table 22: Average Formal Sector Earnings and Average Rates of Change of Earnings and Formal Employment, Urban Areas, 1964-1973 (selected years)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nairobi</td>
<td>330.7</td>
<td>400.4</td>
<td>446.3</td>
<td>495.0</td>
<td>520.1</td>
<td>5.3</td>
<td>3.5</td>
</tr>
<tr>
<td>Mombasa</td>
<td>269.9</td>
<td>299.1</td>
<td>323.0</td>
<td>460.0</td>
<td>398.4</td>
<td>4.5</td>
<td>2.4</td>
</tr>
<tr>
<td>Nakuru</td>
<td>231.8</td>
<td>274.1</td>
<td>288.1</td>
<td>312.0</td>
<td>334.5</td>
<td>4.3</td>
<td>2.8</td>
</tr>
<tr>
<td>Kisumu</td>
<td>214.8</td>
<td>243.1</td>
<td>266.8</td>
<td>282.9</td>
<td>290.2</td>
<td>3.4</td>
<td>0.8</td>
</tr>
<tr>
<td>Eldoret</td>
<td>162.2</td>
<td>193.2</td>
<td>227.8</td>
<td>240.0</td>
<td>181.0</td>
<td>1.6</td>
<td>-2.4</td>
</tr>
<tr>
<td>Thika</td>
<td>174.7</td>
<td>207.3</td>
<td>215.9</td>
<td>285.0</td>
<td>268.4</td>
<td>5.0</td>
<td>5.8</td>
</tr>
<tr>
<td>Nyeri</td>
<td>181.9</td>
<td>215.4</td>
<td>236.6</td>
<td>246.0</td>
<td>310.8</td>
<td>6.4</td>
<td>-0.8</td>
</tr>
<tr>
<td>Kitale</td>
<td>168.7</td>
<td>195.6</td>
<td>207.3</td>
<td>215.0</td>
<td>232.5</td>
<td>3.7</td>
<td>2.4</td>
</tr>
<tr>
<td>Nanyuki</td>
<td>132.8</td>
<td>185.4</td>
<td>195.2</td>
<td>185.0</td>
<td>199.1</td>
<td>4.2</td>
<td>-0.5</td>
</tr>
<tr>
<td>Malindi</td>
<td>163.2</td>
<td>191.2</td>
<td>236.5</td>
<td>240.0</td>
<td>256.4</td>
<td>5.3</td>
<td>5.3</td>
</tr>
<tr>
<td>All urban areas excluding Nairobi&lt;sup&gt;a&lt;/sup&gt;</td>
<td>217.9</td>
<td>250.4</td>
<td>266.6</td>
<td>288.4</td>
<td>320.9</td>
<td>4.5</td>
<td>1.8</td>
</tr>
</tbody>
</table>

<sup>a</sup>"All urban areas" include those listed in the table except Nairobi plus 36 other small urban centres.


It is instructive to compare the annual growth rates of the ten largest towns given in Table 17 with the growth rate of employment in Table 22. One striking feature revealed in the comparison is that only in the case of Thika did the rate of growth of formal employment exceed the rate of growth of total population. Despite out-migration of Europeans and Asians, Nairobi's total population increased by three times the growth rate of formal employment. The same pattern is apparent in the other towns. Indeed, in Eldoret the rate of out-migration (a decline in population of 1.1 per cent per year) was less than the fall in recorded employment (an average decline of 2.4 per cent per annum). The inference to be drawn is that formal employment is available to a declining
proportion of the urban population. It seems reasonable to speculate that the informal economy is of greater relative importance in those urban centres where the ratio of growth of total population to formal employment is greatest: Nairobi, Kisumu, Nyeri, Nanyuki and Eldoret.

Despite the declining relative availability of formal employment to urban job-seekers the monetary attractiveness of formal employment is revealed in Table 22. This is particularly evident with respect to Nairobi. Not only have the average earnings of Nairobi's formally employed grown at a rate faster than all other centres except Nyeri (where wages rose by 6.4 per cent per year while employment declined by 0.8 per cent per year), in addition, the level of earnings in Nairobi is considerably higher than in any other urban centre. Thus earnings in wage-employment grew at 5.3 per cent per year in Nairobi yielding average earnings in 1973 of K£520 p.a. or nearly three times that available in Eldoret. Even the gap between Nairobi and Mombasa is substantial, amounting to over K£120 per year. It seems fair to conclude that Nairobi's formal sector employees have benefitted much more than others from the cumulative impact of development policies. Indeed towns like Nakuru, Eldoret, Nanyuki and Kitale have experienced both the slowest rates of population growth and the slowest increase in average earnings.

One conclusion to be drawn from the various indices cited in this analysis is that migration to Nairobi is probably based on a realistic perception that development policies have concentrated wealth, resources, and opportunities at the centre of the Kenyan economy. The degree of concentration is staggering and is reflected in the slow growth of the other peripheral centres.

G. Summary and Policy Implications

The mechanisms underlying urbanisation in Kenya were set during the colonial period when the political power of the settlers ensured that a system
embracing liberal economic policies was not going to be seriously entertained. Independence did not bring a relaxation of the control and restriction mentality of Kenya's policy-makers. The political protection afforded the formal sector through tariffs and quotas, administratively cheapened capital and access to investment credits, permits and other favours encouraged the development of the urban formal sector. Nairobi emerged as the chief beneficiary and crowning achievement of resource concentration. At the same time other variables intervened including the expansion of the educational system and the evolution of a youthful work force which created increasingly mobile job-seekers.

One result of the political distribution of significant resources and opportunities in Kenya has been the creation of enormous gaps between rural and urban areas and both within and between the urban areas themselves. Consequently migration has probably occurred largely in response to the relative availability of opportunities. In other words, migration likely reflects an imbalance between the geographical distribution of the population and the distribution of varied economic activities. When the free mobility of labour is not restricted by state policies, migration may reconcile demography with the prevailing political economy.

However, both explicit and implicit in much of the contemporary analyses of "obvious" and "high" urban unemployment is the policy proposal that it can be controlled through simply restricting urban migration. The considerations given in this chapter and earlier chapters cast doubt on the adequacy and relevance of this type of neat solution to the "crisis" of urban unemployment. Indeed, it is doubtful whether simplistic policies to curb urban growth would in fact be effective. For example, despite the substantial disparities, mere tampering with rural-urban wage differentials is unlikely to overcome the impact of the impressive concentration of resources in Kenya's urban centres,
especially Nairobi. Even if formal agricultural wages were raised, assuming it is even possible to enforce minimum wage laws in the rural areas, the most likely result would be a reduction in the availability of the limited formal agricultural employment as employers substituted machines for labour. This would probably increase urban in-migration while not addressing the fundamental fact of resource concentration.

The view that urban migration should in fact be restricted or controlled raises several other issues directly related to the perspectives advanced in this thesis. First, to stop or even to reduce substantially the flow of migrants would probably require draconian measures, for example, the rigid enforcement of pass laws and permits, that in reality would be little different from colonial Kenya or the Republic of South Africa. Even the feasibility of enforcing these measures is doubtful since the formal urban areas exist as privileged centres surrounded by an overwhelmingly larger rural population.

Second, ideally urban migration results from the attraction of higher living standards, not by repulsion from the grinding poverty of the village. However, if it is due to the impoverishment of the countryside then individuals are exerting their influence on government by voting with their feet. Restrictions on migration are restrictions on an individual's opportunity to vote with his feet and hence on his ability to influence government. To the extent that elections do not fulfill the purpose for which they are intended, migration in response to opportunities provides a type of political participation. Using Hirschman's terms, "exit" is not an alternative to "voice" but a necessary condition for the exercise of "voice."57

Third, while there is some evidence that living standards for many urban residents may be quite low, there is little evidence that they are lower than or even as low as those available to most of the rural population. The
proliferation of urban squatter housing is possibly uglier than the rural dwellings in which many of the rural residents live. It certainly appears to be more alarming to some planners, politicians and scholars who seem to prefer having the poor widely dispersed and therefore less visible. But for many individuals who migrate from the rural areas urban residence may mean a distinct improvement over previous conditions.

Fourth, attempts to restrict migration may create important but not immediately obvious adverse effects on the general improvement of living standards. Migration represents the movement of human resources, including ideas, attitudes, skills and wants. Restrictions on this mobility would inhibit the establishment of new contacts and weaken opportunities for experimentation and expression of the entrepreneurial spirit. The heterogeneous nature of the urban economy is probably conducive to the dissolution of those aspects of the rural culture (for example, deference to authority of tribal elders, taboos, status ranking of occupations) which may be inimical to enterprising behaviour. As well, the necessity of forming wide-ranging contacts in the urban area for continued advance may stimulate the voluntary adaptation of values to meet new opportunities. At the same time, a diversity of new skills may be acquired more readily in the urban economy with its greater variety of economic activities. This is particularly important for younger and better educated migrants who must at least be given the opportunity to test their worth in the urban economy while securing skills of a directly remunerative nature. Restrictions on migration indicate a failure to appreciate these benefits of urbanisation.

It might be argued that resource concentration in Kenya's urban centres is beneficial since it increases contacts and thus may facilitate changes in values, motivations, attitudes and wants while increasing exposure to new skills, new goods and new methods of securing higher standards of living.
This is certainly valid but largely irrelevant to the present discussion. The range of contacts would probably be greater if resources were not concentrated in one or two main cities but spread throughout the country. In this respect, the concentration of resources in the urban areas largely as a result of mercantilist policies is likely to have adverse effects on the general acquisition of the human qualities that may determine economic advance.

The volume of migration currently occurring both in Kenya and other African countries presents a stark challenge to the typical image of rural dwellers as unaspiring, risk-avoiding individuals intent mainly on maximising security through limited horizons. Many individuals, leaving the "stagnant, traditional sector," may be considered innovators who have chosen to try their luck elsewhere. In other words, the rural milieu does not appear to establish insurmountable barriers to the acquisition of at least some attributes appropriate for material advance. This topic is explored in the next and final substantive chapter where an analysis is presented of some of the perceptions, attitudes, and attributes of migrants in Nairobi's informal economy.
A. Introduction

There is a relative dearth of empirical research on the attributes, attitudes, motivations, expectations and perceptions of individuals engaged in urban informal activities. Indeed, the study of urban behaviour has been largely dominated by political scientists and political sociologists, observers whose interests have been concerned primarily with stability (or instability). But their analyses may have suffered from a seemingly insubstantial understanding of the urban economy and hence the methods by which individuals may be coping with the need to earn a daily livelihood. Thus, despite the tremendous movement of people from the rural areas to the urban centres throughout the less developed world there is as yet no integrated theory linking the economics of urban living to urban political behaviour. Rather, the literature is replete with hypotheses the cumulative thrust of which suggests imminent political disorder in the cities of the Third World. This view is partly derived from the premise that prevailing living conditions constitute a recipe for urban upheaval. In other words, the image held by some observers of life in these urban centres appears to affect in a most fundamental way the relationships that are hypothesized to exist between urbanisation and political behaviour. Lerner, for example, has graphically depicted urban life in the following sweeping indictment:

The most conspicuous symptom of the contemporary disorder is what happened to urbanisation in the developing areas. Every student of development is aware of the global spread of urban slums - from ranchos of Caracas and favellas of Rio, to the gecekondu of Ankara, to the bidonvilles and "tin can cities" that infest the metropolitan centres of every developing country from Cairo to Manila.
The point that must be stressed in referring to this suffering mass of humanity displaced from the rural areas to the filthy peripheries of the great cities, is that few of them experience the "transition" from agricultural to urban-industrial labour called for by the mechanism of development and the model of modernisation. They are neither housed, nor trained, nor employed, nor serviced. They languish on the urban periphery without entering into any productive relationship with its industrial operations. These are the "displaced persons," the DPs, of the developmental process as it now typically occurs in most of the world, a human flotsam and jetsam that has been displaced from the traditional agricultural life without being incorporated into the modern industrial life.2

This conception of urban conditions with its evident concern with the effects on individuals living in the "filthy peripheries" of cities, lacking services, houses or employment, is reflected in a plethora of hypotheses linking alleged frustration in the urban setting to political instability.3

The hypotheses, with their subsumed causal mechanisms, may be summarized in three sets of interrelated propositions.4

1. Urbanisation leads to economic frustration among the migrant population.

Migrants, characterised by high aspirations at the time of migration, find they have limited ability to participate in the material rewards of the urban economy. High aspirations, inadequate pre-migration preparation, and limited economic opportunities create a "frustration gap." Lacking saleable skills or the education needed to learn them, upward mobility among migrants is sharply restricted. The rapid growth of the urban area puts excessive strain on urban services. Thus objective living conditions are often worse than those found in the rural areas. The visible affluence of elite groups makes the migrant increasingly cognisant of income differences. Instead of the relative homogeneity of rural life the migrant sees sharp distinctions as a small minority obtains the benefits of independence. Materially frustrated and relatively deprived, migrant alienation is channelled into radical political activity.
2. The urban environment poses great difficulties in social and psychological adjustment

Previous living habits and customs are disorganised. Kinship ties break down or disintegrate in the urban setting. Rural-based norms of reciprocity and helping weaken as cumulative urban experience, conditioned by continuous demands for assistance, threaten the financial integrity of the urban dweller. Religious values are undermined by constant exposure to an alien lifestyle resulting in normlessness and insecurity. In search of stable social moorings the migrant becomes susceptible to recruitment into emotionally satisfying political groups.

3. Urbanisation increases awareness of government

The concentration of political activity in urban areas, the high visibility of national symbols and national leaders, and the increased exposure to mass media communications increases the salience of government as a problem-solving agency. Migrants see government as capable of resolving their difficulties, yet government seems in fact disinterested in their needs. Awareness is heightened that the fruits of development are inequitably shared. Thus, an explosive political situation is created when government fails to satisfy perceived needs of increasingly politicised urban masses.

The primary purpose of this chapter is to investigate several of these hypotheses and hence hopefully gain some insights into urban stability in Kenya. This is done through an analysis of results obtained from interviews conducted in Nairobi's informal economy. As well, it is hoped that the interview results will enhance our understanding of the human actions that may largely determine material advance. Thus, another aim is to provide some partial evidence of the linkages between micro actions, state policies and the creation of an informal economy in Kenya. Since little research has been undertaken on the perceptions, actions and attributes of individuals within
the informal economy, it is important to stress the tentative and at times merely speculative nature of the conclusions. As well, simplifying assumptions have been made which invariably reduce the firmness of the analysis. In this respect, it is hoped that others will be stimulated to investigate in a more substantive manner, and backed by sufficient resources, some of the complex interactions that seem to be occurring. In any event, it should be emphasised that the findings presented here were drawn from a relatively small number of interviews conducted in Nairobi in 1975. It is not suggested that they necessarily challenge other research results from other urban centres and/or at other times. They may, however, help to establish the point that excessive generalisation in these matters may be premature given the rich and varied urban reality in the Third World.

B. The Kenyan Case

Earlier chapters have indicated some of the important social and economic changes that have occurred in Kenya in recent years. One striking change has been the rapid rate of urbanisation. All types of individuals - young and old, literate and illiterate, male and female - have moved in large and ever growing numbers to the towns and cities. At the same time, the growth in formal employment opportunities has lagged considerably behind the growth in formal output, the growth in population and the growth in the number of urban job seekers. Data on average urban wages indicated the existence of sharp income differences between a relatively small yet affluent sector of society and the remaining mass of people. State policies from the colonial period to the present time have tended to restrict access to resources and other benefits thereby creating a protected and privileged sector of the economy, a sector marked by highly visible yet mainly exclusive conspicuous consumption.
All these various considerations would seemingly conjoin in Kenya to provide the necessary conditions for the existence of an uprooted, anomic, deprived, frustrated and angry mass of urban dwellers. In other words, one might expect to find Kenya's towns and cities marked by political instability and smouldering resentments arising from severe disappointments of expectations, sharpened and aggravated by the daily grind for mere survival in the city in contrast to the visible, opulent, high-life of the Wabenzi. But is this characterisation an accurate portrayal of Kenya's towns and cities? The data presented here attempt to indicate that the political consequences of rapid urban growth in Kenya may differ sharply - and in some surprising directions - from those suggested in much of the literature on urbanisation and civil disorder.

In an attempt to test some of the key propositions given earlier, the ensuing analysis covers the following topics: integration into the urban economy; perceptions of government; of 'stratification'; and of 'mobility.

C. Integration into the Urban Economy

The urban economy has a far more complex structure than may be generally appreciated, with the variety of economic activities ranging from very humble roadside tea-houses to informal production and distribution of goods to high-wage capital intensive formal enterprises. At the same time, however, the proliferation of squatter settlements around the "filthy peripheries" of Third World cities suggests that many urban residents probably lack access to the most basic facilities. It is thus not unreasonable to assume that for these urban migrants living conditions may be both objectively and subjectively intolerable.

Data is not available which directly measures material deprivation in Nairobi. Given the massive influx of new residents it is not surprising that
squatter settlements or unauthorized residential areas have been created within the city. As much as one-third of Nairobi's African population may live in such areas, most lacking piped water, lighting, sewage and garbage disposal. The official view is that these settlements constitute an "urban blight" despoiling an otherwise attractive setting. Thus for many migrants to the capital, the move from the rural areas to the city may not have resulted in much improvement in the level of services and other material amenities, access to which is largely conditioned by economic status and allocated by the political authorities. Nevertheless without data on living conditions in rural areas the belief that contemporary urban conditions induce a "frustration gap" leading to later alienation and thus to political extremism must remain speculative.

One entry to this problem may be provided by focusing on the integration of migrants into the urban economy. It is reasonable to speculate that integration into the urban economy might reduce any "frustration gap." The ability to integrate into the urban economy probably depends on the aptitudes, skills, resourcefulness, determination and persistence that the migrant brings to the urban area. Some indication of these characteristics is perhaps provided by data on the educational attainment of urban migrants. In the large-scale Rempel, Harris, and Todaro study of migration, 13.5 per cent of the migrants in Nairobi had been to school for 1-4 years, 41.7 per cent for 5-8 years, and 34.0 per cent for 9 or more years. Only 10.8 per cent of the Nairobi migrants had no formal education. This data stands in contrast to the image of migrants as a mass of untutored and illiterate peasants who, even if given the opportunity, could not enter "into any productive relationship," to use Lerner's terms.
Unfortunately, the data in the Rempel survey do not indicate the extent to which the sample reflects the low-income migrants typically conceived as "marginal" or barely eking out an existence in the urban informal economy. The interviews conducted in Nairobi's informal sector dealt specifically with those groups, groups often thought to be: "peripheral," "surplus," "underemployed" and "unemployed."

Surprisingly, the educational profile of these respondents does not differ greatly from that found by Rempel and his colleagues (see Appendix B, Table 5). Thus among those who were interviewed in Nairobi's informal economy, 34 per cent had some primary education, 32 per cent had completed primary school, 18 per cent had some secondary education and 8 per cent had completed secondary school. Only 7 per cent had no formal education. As well, the most recent migrants tended to be better educated than those who had resided longer in Nairobi. While 10 per cent of those who had lived in Nairobi for ten years or longer had no formal education, all of those who had been in Nairobi less than six months had at least some formal schooling with about 60 per cent having at least completed primary school. These results do of course reflect the marked expansion of enrolments in primary and secondary schools in Kenya that has occurred since the Rempel study.

At the same time these figures belie the argument that the informal sector of urban migrants is the refuge of the uneducated. Indeed there seems to be little difference in educational attainment between many of those in the informal sector and the general urban population. Thus the selective factor of education in urbanisation may be operating as well in the urban informal sector. Many of those who are relatively educated may have formerly sought a livelihood only in formal activities. Although they may now be "surplus" to that sector of the economy they have the alternative, and appear to be taking it up, of securing a livelihood in the informal economy.
Some idea of the nature of integration into the urban economy may be gained by focussing on the employment status of migrants in the informal sector. The results of the interviews indicate that a relatively high proportion of the most recent migrants were "unemployed" at the time of the interview (see Table B.6). This lends some initial support to the observation that urbanisation represents migration into unemployment. However, after 6 months of urban residence the number who remain unemployed drops dramatically from 42 per cent to 19 per cent. For more long term residents the numbers unemployed appear to be very low. Of course the data does not indicate the extent to which migrants may return rather quickly to the rural areas after failing to obtain some type of work.

While re-emigration may be substantial, it is more plausible to assume that migrants will try to remain in the urban economy for as long as possible in the hope of securing employment. In this respect it is noteworthy that 44 per cent of the newest arrivals had obtained employment of an unskilled nature. While these jobs may fit the image of dead-end occupations it is significant that with increasing length of urban residence the proportion of migrants doing unskilled work appears to drop dramatically (from 44 per cent to 16 per cent). This suggests that new skills may be readily diffused among individuals in the informal sector and that opportunities are probably available for utilising these skills.

Indeed, two probable patterns of skill diffusion emerge from the interviews. First, unskilled work seems to serve as a training ground - on the job or apprenticeship - for future artisans. The rise in those doing artisan work after only six months in the urban area (6 per cent to 29 per cent) is at least suggestive of the rapidity of skill diffusion. Second, the trends in the data indicate that many artisans may subsequently shift to self-
employment as length of urban residence increases. While only 12 per cent of the most recent migrants were self-employed or engaged in artisan work, 80 per cent of those who had been in Nairobi over 10 years had moved into these occupations. The figures indicate a probable shift of migrants into higher-status informal occupations out of either unemployment or unskilled work. The sharp decline of those in the latter categories suggests that migrants may not labour under severe handicaps in their search for better and more rewarding occupations within the informal economy.

The educational profile and occupational distribution of the migrants interviewed in Nairobi offers some evidence to challenge the view that migrants typically arrive in the city unprepared and bereft of any useful skills and destined only to languish in unemployment. While critically important, the ability to find employment (or to create one's own employment) and the movement into jobs of increasing skill intensity is only one aspect of successful integration into the urban economy. The often-hypothesised "frustration gap" rests not only on objective economic bases but on the migrant's perception of the urban setting and its opportunity structure. Thus, there is a need to examine the migrant's evaluation of his situation and the prospects for improvement.

A series of questions was asked to tap perceptions of Nairobi as well as to elicit retrospective and prospective assessments of changes in living conditions. With respect to the former, there seems to be an overwhelmingly positive orientation toward Nairobi among migrants in the informal economy (see Table B.7). Fully two-thirds of the respondents felt Nairobi was a "friendly place" in which to live. This is even more remarkable when it is recalled that most observers feel that the informal economy is intensely competitive. In other words, even though these individuals probably face one
another in the scramble for jobs, goods and housing they apparently do not view the urban experience as brutal, nasty, and de-humanising.

Given Nairobi's location on the doorstep of Central Province and the ability of the Kikuyus of Central Province to move more easily into Nairobi and thus assume a predominant position in the life of the city, it was expected that migrants from other provinces would have a less favourable perception of the urban centre. Yet any "Kikuyu domination" of the city does not seem to have led to negative perceptions of Nairobi among other migrant groups. Indeed, migrants from Nyanza and Western Provinces were more inclined to view Nairobi positively than those from Central Province. In other words the variable of ethnicity, or the tensions that are assumed to arise between competitive ethnic groups, may not be too salient in the urban informal sector. This may be partly due to the minimal involvement of the state in the informal economy (the state is commonly viewed in Kenya as controlled by the Kikuyu) and partly due to the Horatio Alger attitudes that seem to be prevalent among informal sector migrants, attitudes which tend to impute both success and failure to individual efforts and transcendental forces.10

Nevertheless, length of urban residence does seem to have some effect on perceptions of Nairobi (see Table B.8). Nearly 70 per cent of those who had been in Nairobi less than six months found it to be a friendly place. Thus this group does not seem to support the notion of an alienated, lonely existence often thought to accompany recent migration. However, there may be a curvilinear relationship between migrant perception of urban living and length of urban resident: the highest level of positive feelings occurred among those with five to ten years of residence in the city.

In the beginning, exposure to urban life is probably positive and rewarding not alienating even though many of the recent arrivals seem to be
unemployed or doing low status unskilled work. These feelings may quickly give way to a certain degree of dissatisfaction as only 57 per cent of the migrants who had been in Nairobi 6 months to 1 year found it a friendly place. This drops further to 52 per cent among those who had been in the city from 2 to 5 years but rises again after that period.

This suggests that re-emigration, if it is to occur before normal "retirement" age, may come in two bursts. First, from among those who had perhaps excessive aspirations at the time of migration. For those attracted by the formal sector, the excitement and allure of the city may pale due to the difficulty of finding suitable employment. Others may decide to remain in the urban economy in the hope of securing formal employment. If the chances of attaining this goal are indeed low they are almost non-existent in the rural areas. But after a time, some migrants may finally admit that their prospects are no better in the city. This is likely to be a disillusioning process. Thus some members of this group may also cope with this disillusionment by returning to the home areas.

Among the long term residents the perception of Nairobi as friendly was very high. Since many of the long term residents have their own businesses or otherwise engage in place-specific employment such as informal artisan work, they may have the added economic incentive to develop and maintain close contact with suppliers and customers and thus probably cannot afford to be socially isolated. In other words, their participation in the informal economy probably contributes to the formation of social linkages that may help to attenuate alienation and isolation in the urban centre.

Perhaps it is the case that occupational status per se affects perceptions of life in the city. In particular, it appears reasonable to speculate that those doing unskilled work, or even more, those who are unemployed, may
find the urban setting especially alienating and lonely. After all, these individuals are in the lowest ranks of a sector of the urban economy which is itself disadvantaged.

However, contrary to expectations, the unemployed were not found to be more alienated from the urban environment (see Table B.9). Over two-thirds felt Nairobi to be a friendly place despite the assumed precariousness of their situation. This may reflect the existence of a network of friends and relatives that financially support unemployed migrants while at the same time socially integrating them into the urban lifestyle (see Table B.17). Surprisingly, 73 per cent of the artisans but only 60 per cent of the self-employed found Nairobi to be friendly. Perhaps the competitive aspects intrinsic to self-employment account for some of this variation. Nevertheless it can be inferred that occupational status may not in fact have any particular correlation with this measure of alienation.

The interviews conducted in Nairobi also attempted to test the existence of feelings of deprivation, frustration and anger through a variety of other measures. Thus, feelings of frustration and the existence of a "frustration gap" were assumed to be intimately related to the subjective assessment of past relative improvements in living conditions. At the same time, individuals in the informal economy are usually felt to have been by-passed by development, in Lerner's terms they are "displaced persons." Yet 45 per cent of the respondents felt their living conditions had in fact improved over the last 5 years (see Table B.10). There is no denying, however, that many of the respondents did not feel they had experienced an improvement in their living conditions in the last five years. Indeed, there seems to be a sharp drop in the perception of improvement among those who have the longest urban residence. While 52 per cent of those who had been in Nairobi less than six
months felt their living conditions had improved, only 39 per cent of the more long-term residents indicated they felt there had been an improvement. However, it can be inferred from the data that rural-urban migration per se does seem to bring a sense of improvement for many recent migrants.

At the same time, increasing length of urban residence likely creates a greater awareness of opportunities and levels of affluence available to others in the urban society. The "demonstration effect" of affluence and conspicuous consumption of others may set into operation cognitive mechanisms of relative deprivation. Whether this has any political significance is probably mediated by several other factors, some of which include: the reasons advanced by the migrant to explain why his living standards have not improved; the reasons advanced to explain why the living standards of others have improved; and, the importance attached to government as a problem-solving agency. These various considerations will be taken up later in this chapter.

Here, it should be recalled that most of the long-term urban residents interviewed in Nairobi were self-employed or artisans. Their feelings that their living conditions had not improved may have arisen from comparisons with their counterparts in the formal sector. One effect of invidious comparisons - either cross-sector or retrospective - may be to stimulate the pursuit of material success through new expectations and the adoption of new skills and new methods to achieve those expectations. Unfortunately the interviews did not probe these types of relationships hence their existence and nature must remain speculative.

There is probably a future dimension to relative and retrospective comparisons undertaken in the present. To tap expectations concerning the future, respondents were asked to assess what they felt their conditions
would be 5 years from now. The results indicate that 50 per cent of those interviewed expected their living conditions would indeed improve (see Table B.11). This stands in contrast to the hopelessness and despair alleged to exist among those by-passed by formal development. As well, overall, only 22 per cent of the sample felt that their conditions would be worse five years from now. Among the most recent arrivals this drops to less than one in ten respondents. In other words, this data does not seem to support the notion of widespread and deep frustration of expectations among low-income "marginal" migrants.

Nevertheless, the analysis is complicated by the relatively high proportion of the respondents who were unable to predict their future living conditions. While only 25 per cent of the sample could not speculate on future changes in their living conditions, nearly 40 per cent of the newest arrivals and 36 per cent of the long term urban residents were unable to reply to the question. Inability to make the prediction asked in this question may reflect a number of obscure processes, for example, the concepts of "looking ahead" or "planning for life" may be either unimportant or too difficult to comprehend or simply that "the future," or changes in the future, may be considered too unpredictable. On the one hand, the lack of future orientation may be adverse to securing material advance to the extent that it represents an abdication of individual responsibility. On the other hand, the inability to guess what the future holds probably negates a "frustration gap" since these migrants do not seem to have any firm expectations one way or the other.

However, by controlling for the distorting effect of the non-response rate a rather different picture emerges of expected changes in living conditions. Indeed, over two-thirds of those who felt confident of predicting the future thought that their living conditions would improve over the next five years (see Table B.12). As well, among these respondents there seems to be an
inverse relationship between positive expectation of future improvement and length of urban residence. The highest level of positive expectations occurred among the most recent migrants, 85 per cent of whom felt the future would bring better living conditions. In contrast, 44 per cent of those who had lived in Nairobi over ten years felt their living conditions would be worse.

It can be inferred from these findings that expectations among many new migrants are probably quite high upon arrival in the city and in the early post-migration period. It may be the case that the opportunities, differing life styles and general affluence of some sectors of the urban society contrast favourably to those available in the rural areas generating high, possibly unrealistic, expectations during the early years of urban residence. In subsequent years, non-attainment of unrealistic expectations may simply lead to a re-adjustment of aspirations to what is within the migrant's grasp. 11

Moreover, a number of variables of a socio-psychological nature may facilitate this re-adjustment and thus act to defuse any resentment and any potential "frustration gap." These variables relate to the alleged difficulties faced by migrants in making a successful adjustment to urban life. For example, it is often held that an inescapable consequence of urbanisation is the deterioration of the family unit and the weakening of bonds tying urban dwellers to their rural relatives. As well, it is frequently alleged that rural-based norms of mutual-aid and helping suffer in the process of rapid urbanisation as migrants grow weary of frequent calls on their limited resources. Deutsch, for instance, emphasised weakened social cohesion as resulting in uprooted, alienated urban dwellers. 12
An attempt was made to test these propositions in Nairobi's informal economy. First, three indicators were used to gauge the existence and the strength of urban-rural ties: (1) remittance of funds to rural relatives; (2) visits to the migrant's rural home area; and (3) support of self-help activities in the rural areas. Second, the degree to which rural-based norms of mutual assistance and helping are maintained in the urban areas was measured by: (1) extent and type of help received by the migrant when he arrived in Nairobi; and, (2) the subsequent willingness of the migrant to help others.

While there is some evidence of substantial transfers of money from individuals in the formal sector to their rural relatives, there has been little light thrown on the patterns of those in the informal economy and the characteristics of the links they may have with the rural areas. Thus it is of considerable interest that an extraordinary 70 per cent of migrants in the informal economy seemed to have sent remittances to their relatives in the rural areas (see Table B.13). Even without considering other data, one may infer from such figures that links between urban and rural areas are probably still very strong. At the same time, this may indicate a remarkable, voluntary abstention from present consumption among those Lerner has termed the "flotsam and jetsam" of the development process.

Moreover, there seems to be a direct relationship between remittance of funds and length of urban residence. While "only" 42 per cent of the most recent migrants sent funds to their rural relatives, 87 per cent of long-term urban residents participated in this relationship. In other words, contrary to expectations, under these conditions of urbanisation, increasing length of urban residence does not appear to weaken but rather to strengthen urban-rural ties.
One aspect of the remittance of funds to the rural areas is probably the desire to maintain and secure a place in the rural home for the time when the migrant withdraws from the urban economy. This is suggested by the finding that a direct relationship seems to exist between the age of respondents and the proportion sending funds to the rural home area (see Table B.14). Thus, among the youngest respondents, those 15-19 years of age, 53 per cent stated that they sent funds home. This rises progressively until virtually all of those over 40 years of age reported remitting funds.

The transfer of money from those in the urban informal economy to the rural areas is only one aspect of the maintenance of close urban-rural family ties. In addition, the interview results suggest that frequent visits are made to the rural home by migrants in the urban informal economy. (see Table B.15). Thus, less than 10 per cent of the respondents indicated that they had rarely or never returned to their rural homes. This did not vary among the respondents from the four provinces shown in the table. Not surprisingly, those respondents from Eastern and Central Provinces, the areas closest to Nairobi, tended to visit their rural homes much more frequently than those from Nyanza or Western Provinces. Nevertheless, even among the latter respondents, the vast majority reported that they returned to the rural home at least once a year. In other words, close ties seem to be maintained with rural relatives, ties which may prevent the rapid breakdown of traditional social controls in the urban area.

The strength of ties to the rural home area may also be inferred from the overwhelming support (monetary and in kind) that is apparently given to rural "self-help" activities by urban residents. (see Table B.16). It seems that over 70 per cent of low income migrants in the urban informal economy make these contributions to self-help activities in the rural areas. As well, it
appears that the strength of commitment to the progressive development of rural areas does not diminish with increasing length of urban residence: 80 per cent of the respondents who had lived in Nairobi over 10 years contributed to rural self-help projects. Indeed, it may be the case that rural self-help activities elicit greater interest among individuals in the urban informal economy than do urban self-help activities. Thus, overall, "only" 53 per cent of those interviewed stated they supported urban self-help activities. Nevertheless, the proportion of respondents contributing to urban self-help activities also rose with increasing length of urban residence. Evidently, urban residents see merit in self-help activities in both geographical areas but with a preference being shown to the less-developed rural sector.

Summarising the analysis thus far, there is some doubt that the alleged deterioration of family bonds typically felt to be an inescapable consequence of integration into the market-oriented, materialistic urban economy is occurring in Nairobi. At least among those in the informal economy, strong family and kinship ties as well as interest in rural development appear to be wholly compatible with urban life. Indeed, the ability to participate in the urban informal economy may serve to increase rather than decrease these ties.

Another aspect of urbanisation is the alleged severe difficulty experienced by migrants in making a successful psychological adjustment to urban living. While it seems that the pre-migration preparation of most migrants may be sufficient to permit economic integration into the informal urban economy, perhaps they lack a similar social preparation, in the sense of contacts in the urban area, that might have served to ease the problems of adjustment and settlement in Nairobi. The interview results did not confirm this hypothesis. Indeed, an overwhelming proportion of the respondents
evidently received some form of assistance from others at the time of their arrival in Nairobi (see Table B.17).

Significantly, there does not seem to have been any weakening in this support system over at least the past decade. Indeed, migrants who arrived earliest in Nairobi were apparently less likely to have received any help from friends or relatives than those arriving today. In other words, urbanisation may not temper the availability of assistance; rather it may have a cumulative effect on enlarging the pool of potential sources of assistance in settling in the urban areas. One effect of social and family contacts on migration is probably to reinforce the tendency for rural-urban flows to focus on Nairobi. The larger the urban centre, the greater the likelihood that a potential migrant will be able to secure assistance in settling there. Since resources tend to be concentrated in Nairobi, migrants are attracted to that city; with a growing population, the availability of family networks probably influences other migrants to re-locate in the capital.

In rural areas, norms of reciprocity guide the provision of assistance and help. While almost all of the individuals interviewed in Nairobi's informal economy had received assistance in settling into the urban area, perhaps they no longer feel they must reciprocate by helping others. To determine whether the rural norm of reciprocity has withered in the urban area, respondents were asked whether they would help friends or relatives settling in Nairobi. Over 64 per cent stated they would indeed help others (see Table B.18). Even among those who were presumably least able, the unskilled and the unemployed, nearly 60 per cent would apparently provide assistance to others in settling into Nairobi. The reasons given by the respondents for their actions indicate that any refusal to help may be strongly conditioned by economic factors while the offer of help may be morally-based and represents a
continuation of rural norms in the urban setting. Thus, among those who would help: 78 per cent would do so either because they must help or because it is the charitable thing to do; 12 per cent because they were helped and reciprocity demands that they in turn help others; 5 per cent because they expected later rewards; and only 5 per cent because "living in Nairobi is difficult." Of those who would not help others: 71 per cent said they would not because they either had no money or no job; 14 per cent because it would be too expensive; 11 per cent because they lacked accommodation; and only 3 per cent because they would advise the requestor not to stay in Nairobi. Thus the interview results tend to cast some doubt on the thesis that kinship ties are disintegrating in the urban setting or the rural-based norms of reciprocity and helping weaken with cumulative urban experience.

Other evidence is also available that tends to underline the continuing importance of rural beliefs, norms and social controls in the urban area. For example, religious practices seem to be widely observed not forsaken among individuals in the urban informal economy. It appears that 75 per cent of those interviewed attended religious services at least once a month (see Table B.19). Moreover, increasing length of urban residence apparently has little effect on the maintenance of religious values: participation in religious services tended to be very high even among long term urban residents. The active piety among all migrants is quite remarkable. It stands in sharp contrast to the predictions of theorists of urbanisation and civil disorder as well as in contrast to the decline of religion in the great cities of the west.

In summary, the results of interviews in Nairobi's informal economy give little support for the propositions that migration produces anomie, psychological maladjustment and social disorganisation and upheaval. As well,
there is little evidence that significant social norms and values derived from the rural areas are undermined in the urban centres. The close ties between the urban migrant and his rural home may mean that rural values and norms are constantly being reaffirmed in the urban centre. At the same time, participation in religious services and the sense of social cohesion this produces does not appear to be attenuated by increasing length of urban residence. Urban migrants seem to have several support structures useful in adjusting to life in the urban centres.

Although these support structures may be helpful in limiting resentment against the prevailing political order, migrants may still be angry due to a belief that government could but does not attend to their basic economic and social needs. The next two sections turn to examine some of the perceptions of government held by these respondents.

D. Perceptions of Government

While the theorists of urbanisation and civil disorder refer extensively to social and psychological attitudes in their models, only scant attention tends to be given to popular perceptions of government and politics. At least, little information appears to be available on this topic among the studies of African urban populations. As well, most of the analyses appear to assume that migrants are politically aware and cognisant of government as a responsible, problem-solving agency. That is, it is implicitly believed that migrants have the historically recent conception of government as a bureaucratically organised apparatus responsive to, and to a significant extent responsible for the plight of individuals in society.

The most common observation on the political reactions of the urban poor is the imputation of seething fury and radicalism among the so-called marginal groups. However, the opposite view, derived from anthropological
work, stresses the relative passivity of the urban poor and has given rise to the notion of the "subculture of poverty." The poor are thus characterised as apathetic, fatalistic, without aspiration and without the minimal cultural and psychic skills necessary for rational action. Although seemingly opposed, these two views of disadvantaged urban residents seem to share a similar perspective. Thus, the "marginal radical" approach may reflect elite distrust of disfavoured poor; "subculture of poverty" stresses marginality not as the result of the socio-political order but as the result of the qualitative inferiority of the poor.

The potential for urban political instability probably depends at least in part, upon the interpretations of the political, social and economic order by disadvantaged urban residents. The frustration-aggression thesis tends to ignore the possibility that deprivation anger, even if it exists, might not be directed against that order. Without mediating cognitive factors, the emotional energy, the "pent up" frustration, might simply be deflected into alternative channels. For example, it may be directed into economic activities and the attainment of higher standards of living the pursuit of which may leave very little time, or energy or interest for disruptive political activities. As well, perceived causes of social and economic distinctions and, as important, factors to which responsibility for frustration are imputed, may form crucial intervening variables that mediate the effects of frustration on political attitudes. If frustration exists and it is perceived to result from injustice, class privileges, and selfishness of elite groups then it may be channelled into political activities. But if frustration arising from felt deprivation is focussed on the individual, fate or other transcendental forces then it may be deflected into politically irrelevant but economically important paths.
From the interviews conducted in Nairobi's informal economy, it seems that the ethic predominant among individuals in the informal economy may not be conducive to imputing responsibility for deprivation to the political authorities. For example, since unemployment is frequently considered as encouraging political instability, the respondents were asked who or what they thought was mainly responsible for unemployment among school leavers and others in Kenya. The responses indicate that despite all the rhetoric of political awakening this key issue was apparently not seen in structural terms. Indeed, less than 20 per cent of those interviewed imputed responsibility for the existence of unemployed school leavers and others to the government (see Table B.20). Non-structural responses—bad luck/fate, own fault, no-one's fault—were most frequently cited, accounting for over 60 per cent of the responses. Increasing length of urban residence seems to have little effect on the distribution of factors. Among long-term urban residents, residents presumably most aware of the presence of the central government, only 18 per cent held the government responsible for unemployment. Thus, individuals in Nairobi's informal economy, irrespective of length of urban residence, overwhelmingly tended to view unemployment as a result of individual and non-structural factors.

Even the unemployed did not seem to link their status to the wider political economy. Thus, less than one-quarter of the unemployed imputed responsibility for unemployment to the government, a proportion similar to that for self-employed (see Table B.21). Among the unemployed there was a greater tendency to state that "no-one is to blame" for unemployment. These data cast some doubt on the notion of politically relevant bitterness among the urban unemployed. Indeed, structural causes do not seem to have figured
prominently in the cognitions of most individuals in any of the informal occupational groups.

However, this picture of individuals in the informal economy alters when education is controlled. It was generally felt by observers during the 1960's that frustration among primary school leavers constituted a threat to regimes in power. The interview results do not generally sustain this thesis, however, they do suggest that many secondary school leavers may now be seeing some type of connection between unemployment and the actions of government.

Thus, among the respondents, 36 per cent of those with some secondary education and 47 per cent of those who had completed secondary school seemed to hold the government mainly responsible for the unemployment of school leavers and others in Kenya (see Table B.22). This suggests that the marked expansion of the educational system in Kenya may work to the future detriment of the government unless there is some change in secondary school leavers' expectations. 19

It should not be thought that the general reluctance to interpret joblessness in structural terms is due to the lack of public awareness of government activities and the concern of political leaders with this issue. The Tripartite Agreements of 1964 and 1971 were highly visible declarations of political concern, despite the relative economic ineffectiveness of such policies. As well, the Kenya press frequently features discussion of the "unemployment problem" and of the government's concern about the shortage of formal sector jobs. Perhaps, though, these respondents have not been reached by public discussion of the wider issues of the state's role in development. To test this hypothesis, two indicators of media exposure were used: (1) reading newspapers at least once a week; and (2) listening to the radio at least once a week.
Overall, 75 per cent of the respondents either read or had newspapers read to them at least once a week (see Table B.23). The results also lend support to the proposition that urbanisation may increase exposure to the printed media: while only 58 per cent of the most recent arrivals frequently read newspapers, 82 per cent of the more long term residents read newspapers at least once a week. Radio has apparently achieved a marked penetration of Kenya's people. Thus, 92 per cent of the respondents in the informal economy reported listening to the radio at least once a week. Even among the most recent arrivals, exposure to radio appears to be remarkably high. Both newspapers and the Voice of Kenya give elaborate coverage to problems and issues of development and the government's involvement in the development of the country. Therefore, it may be fair to conclude that migrants in the informal sector should have at least some idea of some aspects of the political economy of Kenya.

But in the context of politicisation there may be an important gap between knowledge of wider political issues and actively relating that knowledge to one's own fortunes. Do individuals in the informal sector, individuals who have a marked exposure to the mass media, seek out political officials or articulate demands to those officials? The respondents were asked a question deliberately phrased in terms of personal demand articulation in the context of seeking government assistance in resolving some neighbourhood problem or need. It was felt that if urban migrants did articulate demands then it would occur within the framework of highly personal approaches to government officials.

The interview results did not support this expectation. Few respondents, either alone or in a group, appeared to have approached any public official to seek redress for some neighbourhood problem (see Table B.24). Thus
78 per cent of the respondents reported that they had never approached a public official, either personally or in a group, to seek assistance in solving some problem or need of the people in their neighbourhood. There may be some relationship between increasing length of urban residence and this form of demand articulation but even among the most long-term urban dwellers the proportion reporting that they had ever visited a public official is about the same as that among the most recent migrants. Several reasons may account for the low degree of contact with public officials, viz., lack of information concerning government departments and agencies; assumed hostility of officials to those ranked low in the social and economic order; or simply, low self-confidence and/or personal embarrassment in interacting with those who may appear more "sophisticated." In any event, the interview results do not necessarily mean that these respondents are politically inactive but they do suggest that this activity may not be directed toward the state.

While individuals in the informal economy may not turn to government they do appear to engage in localised attempts to improve conditions, solve problems and air grievances. In this respect, 47 per cent of the respondents indicated that they had attended local meetings that dealt with neighbourhood issues (see Table B.25). The results also suggest that there may be a progressive incorporation of urban migrants into this structure for problem-solving: less than one-third of the most recent arrivals had attended local meetings in contrast to 68 per cent of those residing in Nairobi 5-10 years. Newer arrivals, as a result of their recent migration, are probably less interested and less informed about local issues and local structures than the longer-term residents. At the same time, resort to locally organised meetings in the urban neighbourhoods is reminiscent of the rural pattern of problem-solving in
which individuals gather in local meetings to discuss local issues presided over by local elders.

To summarise this part of the analysis, a rather different picture of urbanisation in Nairobi is emerging from the informal economy than that suggested by the theorists of urbanisation and civil disorder. Despite marked exposure to mass media communications, individuals in the informal sector do not generally tend to view government as a problem-solving agency. Issues of seeming political relevance, such as unemployment, appear to be cast in non-structural terms. As well, these individuals do not seem to be either "seething with fury and radicalism" or "apathetic and lacking the minimal cultural and psychic skills necessary for rational action." Rather they appear to be coping with the manifest problems of daily life in the urban centres of a less developed country through individual initiative and small-group efforts within a social framework derived and adapted from the rural milieu.

The findings presented here thus cast some doubt on the likelihood of political instability among the urban poor. Part of this may also be due to the belief that the society is open to talent and hard work. This shifts the discussion to the perception of social stratification among those in the informal economy. Is there a social stratification corresponding to the stratified nature of Kenya's economy? Alternatively how do these individuals view the prevailing order and their ability to achieve upward mobility within it?

E. Perceptions of Stratification

For several reasons, in the interviews conducted in Nairobi's informal sector no attempt was made to document feelings of class identity and consciousness of class interests among these members of the urban economy. Possibly, a study of class consciousness might have proved fruitful. Class
formation is certainly a dominant theme in the studies of urbanisation in western countries. As well, an earlier analysis indicated a pattern of marked disparity of incomes in Kenya. This might suggest the potential usefulness of "class" as an analytical tool in the study of stratification in Africa. Indeed, some scholars have detected an evolving consciousness of class interest among African elites. According to this view, African societies will soon contain a politico-administrative upper class in an otherwise classless society. Hence, the origin of class stratification is perhaps to be found at the top of the social hierarchy; the lower strata may develop class consciousness only later, "by way of response, or as a reaction to their superiors." This view indicates that the study of class consciousness should focus on elite groups; for those interested in non-elites, specifically individuals in the informal economy, a concern with class consciousness may be premature.

However, the concept of "class" itself may be generally inapplicable to African societies. As Jackson has cautioned, "to have sociological meaning social classes must be recognized categories in the social outlook of a society's population." Class must be a "concrete" as well as an "analytical" category if it is to be used and not "a mere ranking of groups according to some externally-imposed criterion such as, for instance, the possession of wealth." At present, class consciousness does not seem to be well developed in African societies. Rarely can support for political parties, movements, leaders or military coups be interpreted by reference to class. Much more prevalent is the invocation of ethnicity in the analysis of African political events.

Yet a persistent theme in the writings on class formation in Africa is that it is occurring, or will occur "in the long run," given the impact of economic development. However, this may prove to be very long indeed:
have seen, the structural transformation of Kenya's economy has been and will probably continue to be quite slow despite impressive rates of growth of formal output.

With these observations in mind, the interviews conducted in Nairobi's informal sector did not attempt to measure class consciousness; instead, some perceptions of stratification were investigated. The results presented in this section are only an initial step in our understanding of the perceptions and evaluations of individuals in the informal economy toward income and status distinctions and the implications of these outlooks for the political economy of development.

Are those engaged in informal sector activities aware of the marked differences in income in Kenya? If they are, how do they evaluate these income differences? Does education and occupational status have an effect on these evaluations? Does urbanisation per se serve to sharpen awareness of the contrast in incomes and lifestyles leading to politically relevant frustration and bitterness?

The interview results indicate that the overwhelming majority of the respondents were aware of income distinctions in Nairobi (see Table B.26). Indeed, 89 per cent of the respondents perceived these distinctions. Only 6 per cent did not think "some people have a lot more money than others" while 5 per cent of the respondents "didn't know" or would not answer the question. The hypothesis that urbanisation has an immediate effect on sharpening awareness of income differences received strong support. While one-quarter of the most recent arrivals did not know or were unaware of income distinctions in Nairobi, this drops to 10 per cent among those respondents resident in Nairobi six months to one year and is virtually negligible among the long-term urban residents.
However, before the perception of income distinctions will have effects on urban political activity, an evaluation must be made of these differences by the individuals. What judgement do individuals in the informal economy make on income distinctions? Of the respondents who were aware of income differences, the majority apparently did not think such differences were a "bad thing" (see Table B.27). Indeed, nearly 45 per cent of these respondents felt income differences were "good" or "didn't matter" while an additional 14 per cent thought they were simply "inevitable." This is quite unexpected as many scholars interested in Kenya appear to be hostile to the acquisition of wealth by the elite and imply that the disadvantaged groups are quite bitter over the relatively rapid material advance of the Wabenzi.

However, it is the case that nearly 40 per cent of those who perceived income distinctions evidently did feel these distinctions were in fact "a bad thing." While this represents a sizeable proportion of the respondents, this negative assessment may not necessarily vary directly with increasing length of urban residence. Thus newer arrivals tended to have more positive attitudes towards income differences: among those resident in Nairobi for two years or less, well over 50 per cent felt income differences were either "good" or "didn't matter" while more of those who lived in Nairobi for ten years or longer simply felt they were "inevitable." In other words, even if the early positive conception of income differences gives way, this may not lead to political extremism; three times as many long term residents as new arrivals stated that income differences were simply "inevitable."

These results suggest that it may be inaccurate to assume that although per capita income may be very low and markedly concentrated, individuals in the informal economy are so dissatisfied that they constitute a threat to the stability of the regime in power. For one thing, the connection
between prevailing conditions and actions of the government may be very tenuous. As well, evaluations of income distinctions may be supportive of the existing order rather than conducive to destabilising political activity. Moreover, measured low levels of income may obscure significant improvements over past circumstances. In other words, individuals who may appear to have very low levels of material living standards may themselves feel a sense of marked relative advancement or they may feel that opportunities for advancement are available.

Further insight into these issues may be obtained by examining the evaluation of income differences made by migrants in different informal occupations. In this respect, contrary to what might have been expected, the unemployed do not seem to be bitter toward a political and social order that has seemingly excluded them from economic participation: only 27 per cent of the unemployed felt that income differences were a "bad thing" (see Table B.28). Significantly, among the two groups whose occupational status and business aspirations may be most similar to the formal sector and who may be most threatened by the actions of the political authorities and their agents, there is much less favourable acceptance of income distinctions: only 19 per cent of the self-employed and 23 per cent of the artisans felt that income differences were "a good thing."

These findings suggest that among the unemployed, this status may be viewed as temporary and that barriers to participating in the prevailing reward system may not be considered insurmountable. However, among the self-employed and artisans, restrictions on their economic activities may not only be adverse to development but may also be generating some disillusionment concerning the prevailing order. For this reason, the political authorities
might be well advised to avoid policies and actions which threaten the ability of these individuals to achieve material advance through their own efforts.

It was indicated earlier that informal occupational status may be strongly related to age and education. Older and less educated respondents were primarily self-employed or artisans while younger and better-educated respondents were mainly doing unskilled work or "jobless." It might be expected that younger, more educated members of the urban poor would be less accepting of income differences in a social order that had seemingly failed to provide them with "appropriate" opportunities. Youth and education combined with frustration and intolerance toward the prevailing socio-economic system might provide the ingredients for urban instability.

However, the interview results indicate that unfavourable attitudes toward income distinctions tend to be more pronounced among older and less educated individuals in the informal economy than among the younger and better educated respondents (see Table B.29). Indeed, an inverse relationship seems to exist between age and positive attitudes toward income distinctions: while 35 per cent of the youngest respondents thought income differences were a good thing, only 9 per cent of those over 45 years of age had a similar tolerant and accepting perspective.

It was suggested earlier in the analysis that restrictions on economic activities may be felt more sharply by the self-employed and artisans, individuals who also tend to be older. On the other hand, younger respondents, although concentrated in the unskilled and "unemployed" categories, may feel that their status is temporary and that in the future they will secure higher incomes in either informal or formal activities. As well, there may be some interaction between aging and recognition that one is not going to achieve the level of income previously thought obtainable. In any event, the effects of
envy or resignation among middle-aged urban residents have certainly not figured prominently in the theories of urbanisation and civil disorder.

At the same time, a positive and accepting attitude toward income distinctions seems to vary directly with educational attainment: only 25 per cent of those with no formal education asserted that income differences were a good thing compared to 50 per cent of those who had completed secondary school (see Table B.30). Thus, among those most amenable to recruitment into politically extremist organisations and potentially the most valuable members of such organisations, there may be a paradoxically strong support of the prevailing system of rewards.

Part of the explanation for the tolerant and accepting perspective vis-à-vis income differences may be a self-reliant ethic among individuals in the informal economy. In other words, the means for obtaining wealth may be cast in highly individualistic terms. To test this thesis, respondents were asked: "How do you think some people manage to have a lot more money than most other people?" While this was an open-ended question respondents were asked to indicate the primary reason or reasons they felt accounted for differences in wealth.

Of all the responses given on the sources of attaining comparative wealth, 60 per cent attributed income distinctions to some facet of working: 24 per cent of the reasons were cast in terms of informal opportunities; 22 per cent in terms of formal employment; 8 per cent in terms of experience and 6 per cent simply as "hard work" (see Table B.31). An additional one-quarter of the responses linked education to income: the mechanism may be anticipated links between more education and securing formal employment. Very few responses indicate even a remote linkage of income to either ascriptive characteristics or fraudulent methods. Thus only 6 per cent of all responses attributed income
distinctions to corruption, bribery, connections or crime. Moreover, increasing length of urban residence does not appear to affect the direction of these responses: the more recent arrivals placed greater emphasis on formal sector jobs, education and hard work while those who had been in Nairobi longer than 10 years stressed informal sector jobs, formal employment and education.

As we saw earlier, urbanisation seems to intensify awareness of income differences between individuals. However, the political consequences of this awareness, an awareness probably stimulated by contacts within a heterogeneous urban environment, may be very different from those suggested by the theorists of urbanisation and civil disorder. Rather than inducing invidious comparisons, one result of which might have been destabilising political activities, income distinctions seemed to be interpreted as due to non-structural, individual factors. The belief that higher incomes are a result of skills, hard work, thrift, saving, persistence and determination probably does not pose a threat to any regime that does not attempt to restrict individual actions.

At the same time, the finding that individual incomes, and the attainment of higher incomes, seem to be perceived to be the result of individual efforts may have implications for the approach taken to secure "national development." For example, the oft-noted "need" to "mobilise the masses" has resulted in the vast expenditure of rhetoric in exhorting people to "work harder," "to sacrifice," and "to cooperate" for the sake of "national unity," "national progress" or "national development." Undoubtedly people may need encouragement to try the unusual, particularly when the risks are unknown. But there is some suspicion that official appeals for the attainment of some nebulous collective goal will be continuously frustrated by an overwhelming disinterest in facilitating the advance of "strangers," outsiders and the vast army of officials and technicians centered in the capital city. When people
see themselves in groupings on a scale much smaller than the nation, linked together by immediate personal ties, then the rhetoric of planned development with its rational, efficient, technically-optimal assumptions may flounder on conflicting imperatives. This suggests that it may be much more productive to forsake national appeals for some nebulous public goal and instead concentrate on rewards and incentives for individual effort and achievement.

Attitudes of individuals in the informal economy toward the political and economic order can also be investigated from the perspective of "relative deprivation." Soares has argued that migrant consciousness of economic "marginality" in the city increases with time. Disadvantaged groups in the urban areas are alleged to compare the services and amenities they have with those available to middle and upper income groups. Therefore, the thesis states that frustration of aspirations for similar services sharpens perceptions of the political nature of social stratification leading to resentment towards authorities who fail to distribute public goods equitably.

To test this view, a restricted meaning was placed on the concept of "relative deprivation." This concept was not taken to mean the degree to which the urban poor felt deprived of public services. Rather, it referred to the degree to which they were resentful towards public authorities which may have failed to provide them with services. This may be one measure of the degree of common interests among disadvantaged urban groups in opposition to an elite which controls the distribution of public goods. In the interviews conducted in Nairobi's informal economy respondents were asked: "Do you think the government or Nairobi City Council is doing enough for the people in your neighbourhood?"

Unexpectedly, nearly two-thirds of the respondents apparently felt the authorities were already "doing enough" for the people in their neighbourhood.
(see Table B.32). In terms of the definition given for "deprivation," the overwhelming majority of the respondents thus did not feel deprived. This is certainly surprising especially when it is recalled that Nairobi has long had marked dual residential structures, with differential allocation of public resources. An additional 7 per cent of the respondents did not know whether the authorities were providing adequate services. The remaining 31 per cent of the respondents did feel that the authorities "were not doing enough" for the people in their neighbourhood. It is this last group of respondents, less than one-third of all respondents, who felt "deprived." Overall, the results tend not to sustain the notion of widespread felt deprivation among individuals in the informal sector as a result of the differential allocation of collective goods. However by comparing the more recent arrivals to the longer term residents it becomes more evident that urbanisation may serve to intensify feelings of relative deprivation: only 18 per cent of those migrants who had been in Nairobi less than six months felt that the authorities were not doing enough for the people in their neighbourhood compared to 44 per cent of those who had resided in Nairobi longer than 10 years.

Although some of the respondents may tend to exhibit feelings of deprivation, they may not make a cognitive link between relative deprivation and overt resentment towards the political authorities. Individualism in the informal economy may both mediate such a linkage and perhaps account for the lack of feelings of deprivation among the majority of those interviewed. To test whether this may be the case respondents were asked: "Generally speaking, what do you think is the single most important factor for improving conditions in your neighbourhood?" The hypothesis of "consciousness and relative deprivation" suggests that the urban poor expect the political authorities to provide them with neighbourhood improvements. The thesis of
individualism in the informal sector would indicate that the urban poor do not expect the government to undertake additional neighbourhood improvements.

The interview results indicate that only one in ten respondents looked to the government alone as the most important factor for improving neighbourhood conditions (see Table B.33). Twice as many respondents indicated that the hard work of the residents themselves was most important. A further 30 per cent felt that government and residents working together was crucial for improving local conditions while the remaining 35 per cent emphasised transcendental factors beyond their control ("God's help," "good luck"). In other words, the interview results generally tend to support the thesis that individualism in the informal economy may be mediating expectations of government action.

Nor does it seem that increasing length of urban residence heightens the salience of government. Among the longer term residents, few looked to government alone to improve neighbourhood conditions; instead God's help and government-resident cooperation were seen as the most important factors for improving neighbourhood conditions.

Even among the 31 per cent of the respondents who exhibited "relative deprivation" resentment is unlikely to be directed towards public authorities. Indeed, those who felt "deprived" were apparently more likely to stress the responsibility of the residents themselves for improving conditions than did those who did not feel deprived (see Table B.34).

Thus, among those who felt deprived, only 14 per cent looked to government alone to provide neighbourhood improvements. Over 50 per cent of both those who felt deprived and those who did not feel deprived thought the most important factors in improving neighbourhood conditions were the "hard work of the residents" and "the government and residents working together." Over one-
third in both groups felt that the most important factor was either "God's help" or "good luck." These types of responses tend not to sustain the thesis that widespread felt deprivation exists in the informal economy nor do they indicate much hostility even among those who did feel deprived. Other data from the interviews indicate that even among those who felt deprived, only 25 per cent had ever visited, either personally or in a group, any public official about some problem or need of the people in their neighbourhood. Thus, very few of the respondents who felt deprived were even likely to be upset as a result of unsuccessful petitioning of public officials.

The results presented in this section suggest that stratification in the prevailing order is perceived by individuals in the informal economy. However, the sources of differential income tended to emphasise individualism, notably individual work. At the same time, most of the respondents evidently did not feel deprived in the allocation of collective goods. Among both those who did feel deprived and the much larger group who did not feel deprived, the vast majority did not seem to look to government alone for improving local conditions. Instead, local efforts and cooperative action between individuals and government tended to be stressed. These results would seem to indicate that little anger or resentment exist toward the prevailing order, therefore, there seems to be little potential for political extremism. As well, the results presented on perceived sources of comparative wealth suggest that policies framed in terms of individual actions and goals might prove fruitful for development in eliciting greater effort, stimulating the voluntary adoption of new attitudes and values and encouraging risk-taking behaviour.

The results presented in this section appear to share an unexpected theme. For many individuals in the informal economy it would
appear that government is of peripheral and fleeting interest, no more than an indistinct apparition intermittently intruding upon everyday life. Daily problems and individual answers are real; government may be a phantom.

F. Perceptions of Mobility

The results of the interviews conducted in Nairobi's informal economy presented in the last section indicated that these respondents seemed to have had a very low degree of resentment toward the prevailing political and economic order. Part of the explanation for this may be the individualism common in the informal economy, an individualism one result of which for many may be simply to preclude government from cognitive reality. Part of the explanation may also be that the majority of the urban poor does not have thwarted mobility expectations and does not find objective living conditions worse than those prevailing in the rural areas.

In other words, it is probably reasonable to speculate that the urban poor are less likely to engage in political radicalism if they feel they have a stake in the urban economy and that they are able to "move up" in its hierarchy. However, if assessments of the likelihood of upward mobility are negative, if the society is seen as closed to upward advancement, then frustrated aspirations might provide some measure of support for the thesis of potential political extremism. The interviews attempted to investigate perception of socio-economic mobility in several ways,

First, it was felt that since all the respondents were rural born, rural-to-urban migration per se was a form of upward social mobility. This view certainly finds support in the literature. Nelson, for example, after surveying research findings from other Third World cities concludes that "overwhelming proportions of migrants" find that their incomes, material possessions, access to services, and opportunities for children are better in
the city; rural-urban migration often involves considerable upward mobility. "Despite insecure jobs and squalid living conditions, most migrants feel that they are better off than they were before coming to the city."\textsuperscript{30} Cornelius cites research results from Mexico where 71 per cent of the migrants felt that their living conditions had improved following migration to the urban centres.\textsuperscript{31}

However, in contrast to these findings, the interviews in Nairobi's informal economy do not generally support the hypothesis. Respondents were asked whether they thought "that people in your neighbourhood in Nairobi are better off, worse off, or about the same as people in the rural areas." Only 34 per cent of the respondents felt that people in their neighbourhoods were "better off" than those in the rural areas, 35 per cent stated that they were "worse off," 25 per cent answered "about the same" while 6 per cent "didn't know." These results suggest that migration per se was not viewed as a form of upward mobility.

Second, the literature suggests that migrants have high expectations of occupational mobility. It is alleged that when migrants are confronted with the limited opportunities said to exist in the urban areas, these high expectations turn into frustration and ultimately resentment toward the prevailing political and economic order. But do migrants indeed have unduly high expectations? To discover their current expectations of future occupations, respondents were asked to state the sort of work they thought they would be doing five years from now.

In general, the results tend not to support the hypothesis that individuals in the informal economy have high, perhaps excessive, occupational expectations (see Table B.35). Less than 10 per cent of the respondents expected to obtain formal employment, a type of employment which is in any
case quite limited. This coincidence is fortunate for Kenya's political authorities.

As we saw earlier, the unskilled and "unemployed" tended to be both better educated and younger. If these individuals have high yet unobtainable expectations then there might be some support for the hypothesis that frustrated expectations might lead to resentment against the prevailing order. However, there seems to be a marked degree of uncertainty within these groups concerning future employment possibilities: 35 per cent of the unemployed and 50 per cent of the unskilled evidently could not anticipate the type of job they might be doing five years from now. As well, only 27 per cent of the unemployed and less than 10 per cent of the unskilled anticipated entering formal employment. These results seem to indicate little potential for resentment against the political and economic order among the unemployed and unskilled migrants. Apparently, either they did not have rigid occupational expectations or their expectations were not focussed on the formal economy.

Indeed, it seems that for many respondents mobility was interpreted as occurring within the informal economy. Thus, 24 per cent of the unemployed and over 20 per cent of the unskilled anticipated entering informal activities of a higher status and income. Only 14 per cent of those currently doing unskilled work in the informal economy thought they would be doing similar work five years from now, while none of the currently unemployed thought in the desperate or disillusioning terms of permanent unemployment.

Evidently, among those engaged in more skill-intensive informal occupations, future prospects were also largely cast in terms of informal opportunities. Sixty per cent of the self-employed and 50 per cent of the artisans felt they would be in similar activities five years from now. It is noteworthy that an additional 30 per cent of the artisans anticipated
establishing their own informal enterprises while none felt they would drop into unskilled informal employment. It would seem that the self-employed and the artisans may be making a long-term commitment to the development of informal enterprises and anticipate securing, maintaining, and improving their positions in the informal economy.

From these results, it may be inferred that the aspirations of individuals in the informal sector are probably not unrealistically high in relation to the opportunity structure of the urban economy. Few seemed to anticipate entering the formal sector, perhaps prudently deciding that the probability of obtaining formal employment is quite low. Even among the younger respondents few seemed to have their sights firmly fixed on formal employment. While many younger migrants may be hopeful of obtaining formal employment they tended to see the informal economy as offering a realistic alternative avenue for upward mobility.

A third technique used to investigate perceptions of socio-economic mobility was to measure anticipated intergenerational mobility among those in the informal sector. Do parents expect their children to pursue careers within the informal economy or do they expect their children to secure formal employment? It was felt that a belief in the possibility of upward mobility for their children may help defuse potential political discontent among parents or potential parents. However, the results indicate a marked lack of parent expectations: 37 per cent of all the respondents simply did not have any particular occupational goal for their children (see Table B.36). This suggests that many parents may be adopting the perspective that given the variety of individual expectations in changing circumstances it is probably unrealistic to hold any firm aspirations for one's offspring.
In this respect, fewer of the self-employed and the artisans evidently had either any expectations for their sons' occupations or anticipated that their sons would enter the formal sector than did those respondents who were unskilled or unemployed. For example, 41 per cent of the unemployed felt their sons would enter the formal sector compared to 27 per cent of the self-employed. This may be important for current political stability as it suggests once again that the unemployed may not be resentful against the prevailing political and economic order. The unemployed seem to be neither bitter nor disillusioned, with many viewing the prevailing order as open to their children. Their interpretation should, of course, be presently supportive of that order. On the other hand, these expectations are most unlikely to be met unless there are significant, unforeseen, probably inconceivable changes in Kenya. Indeed, it is more reasonable to anticipate changes in individual expectations as these parents move up within the informal sector than significant alterations in Kenya's political economy.

Generally, the results suggest that many migrants do indeed consider that intergenerational mobility is possible. For example, none of the unemployed (or individuals in any other occupational group) apparently felt their children would be unemployed. As well, virtually none of the respondents who were doing unskilled work seemed to have felt that their children would be doing unskilled work. However, anticipated intergenerational mobility was evidently thought to occur mainly within the informal economy. Indeed, the responses given by the self-employed and artisans suggest that some intergenerational transmission of occupational position may be starting in the informal economy. Thus, 23 per cent of the self-employed and 27 per cent of the artisans felt their sons would be engaged in similar pursuits. Perhaps some parts of the informal economy are beginning a process of "settling down" as
parents may anticipate transmitting their skills to their children thus making the economic activity less dependent on the fortunes of one individual.

Finally, an attempt was made to investigate perceptions concerning the general results of formal development in Kenya. Individuals in the informal economy seemed to feel they had generally improved their positions and that they had achieved or could achieve upward mobility within the informal order. However, did they feel they had benefitted from the development of Kenya's formal sector? In other words, resentment against the prevailing order might arise among the urban poor if they believe they are not sharing in the fruits of formal development. In order to investigate what is at least an implicit measure of mobility and a measure of acceptance or tolerance of the prevailing order, respondents were asked whether "people like yourself" had benefitted from Kenya's new factories and industries.

The results indicate that over one-half of the individuals interviewed evidently did feel they had benefitted from Kenya's formal industrialisation (see Table B.37). As well, the results suggest that older migrants tended to feel they had benefitted from formal development more than did younger migrants. 79 per cent of the respondents over 35 years old stated that Kenya's industries and factories had benefitted them in contrast to 53 per cent of the respondents 15-19 years old.

Probably this generational effect is at least partly due to differential experience and memories of the conditions which prevailed in pre-colonial and colonial Africa. It may also stem partly from the differential position of the respondents in the informal economy. In this respect, the interview results suggest that informal occupational status may have some effect on perceptions of formal development (see Table B.38). Evidently, respondents who were either in unskilled informal work or unemployed were less likely to feel
they had benefitted from Kenya's industrialisation than did the artisans or self-employed. However even among the unemployed and unskilled over 40 per cent did seem to feel that they too had benefitted from development of formal industry. Apparently the perception of benefits of formal industrialisation is not narrowly defined as the mere possession of formal employment.

These findings do not suggest widespread feeling of exclusion from the benefits of formal industrialisation, hence, there is probably very little resentment among those in the informal economy against the formal sector. Most of the respondents seemed to feel they had achieved at least an implicit form of upward mobility with the development of the formal industry. Given the rapidity with which occupational status in the informal economy may change, the feeling of some respondents that they had not benefitted from formal industrialisation may give way to a more positive evaluation. One of the effects of upward mobility in the informal economy seems to be an appreciation of the benefits of formal industrialisation. For example, over 70 per cent of informal artisans felt they had benefitted from Kenya's new factories and industries. These perceived benefits might include at least some of the following: the availability of raw materials and waste products arising from new factories and industries; higher paid customers for informal goods and services; the awareness and subsequent adoption of new techniques of production; the suggestion of new products to be copied by informal artisans; and, the replication of new techniques in marketing and distribution of informally produced goods. At least among the artisans, there does not as yet appear to be any widespread sense of conflict between informal and formal development.

In this section, four measures were used in an attempt to investigate perceptions of upward mobility. In general, those interviewed in Nairobi's informal economy seemed to feel that upward mobility was possible but that
this mobility occurred mainly within the informal economy. While there does not appear to be widespread resentment against development of the formal sector, it might thus be politically prudent and economically desirable for Kenya's authorities to encourage and nurture informal activities.

G. Summary

The field work undertaken for this chapter sought to increase our understanding of the likelihood of urban instability as a result of rapid urbanisation. A series of key propositions derived from the theories of urbanisation and civil disorder were investigated through interviews conducted in Nairobi's informal economy. The results of these interviews have indicated that urbanisation in Kenya may have profoundly different consequences from those suggested in much of the literature. Thus urbanisation did not appear to produce anomie, alienation, psychological maladjustment, or social disorganisation. As well, there was little evidence that significant social institutions, such as the family or religion, were undermined in the urban centre. Indeed, integration into the urban informal economy seemed to strengthen ties with the rural areas.

At the same time, there was little evidence of resentment toward the prevailing order. For one thing, few individuals evidently felt deprived as a result of the differential allocation of collective goods. As well, most of the respondents seemed to interpret the broader social and economic order in highly individualistic terms emphasising individual and small group actions in the solution of pressing individual and local problems. Indeed, for many respondents the entity of "government" appeared to be of only intermittent fleeting interest, more of an abstraction than a reality.

Finally, perceptions of upward mobility were investigated in several ways. Rather than interpreting the prevailing order as closed and thus
opening up the possibility of resentment against the regime, individuals in the informal economy apparently felt that individual and intergenerational mobility was both possible and probable. However, this mobility tended to be seen as occurring within the informal order.

On the basis of the various arguments presented in this chapter, it would seem that Kenya's political authorities do not face a destabilising threat from the urban poor. The informal economy is likely providing an alternative venue for aspirations and expectations for many individuals desiring higher material standards of life and varied experiences. Thus, it is probably both economically desirable and politically prudent to encourage and nurture informal activities.
SUMMARY AND CONCLUSIONS

A. Introduction

While social scientists have become increasingly interested in the economic growth and development of less developed countries, much of the study of development has taken place within a framework of macro concepts. These concepts have been drained of the human actions that may largely determine material advance in less developed countries. The arguments presented in this thesis have sought to reaffirm the importance of human actions, particularly the importance of the freely undertaken pursuit of economic activities, in order that higher material standards of living may be obtained in the Third World. Before concluding with some general observations it is useful to summarise the analysis presented in each chapter.

B. A Recapitulation

Introduction

A common belief seems to exist among scholars interested in the study of less developed countries that rising material standards of living may or must be planned or engineered. In other words, it is frequently asserted that the state must be the prime mover if stagnation or retrogression is to be prevented. This perspective appears to be incompatible both with the historical experience of the now advanced countries and with the realisation of the creative potential inherent in each individual when arbitrary constraints are minimised.

Chapter I - Individual Actions and Development Theory

Development may be conceived as an unintended result of human actions, actions which are, in turn, derived from innumerable divergent and inconsistent
individual plans formulated in changing circumstances. In order to permit the fruition of inconsistent individual plans one aim of governing should be the fashioning of a society within which coercion is used only where it is required by general rules or principles, equally applicable to all. In this way an order may be created for the maximum utilisation of the dispersed and differential: knowledge, talents, motivations, aptitudes, attitudes, skills and faculties found among individuals in any society. Attempts to reduce current consumption by force and to reduce interchange between dissimilar peoples in order to direct "investment" funds resolutely and firmly into the hands of a small group of state planners may have adverse consequences on the general adoption of attitudes, aptitudes and motivations favourable to material advance and the adoption of appropriate methods for securing that advance.

When individual actions are not unduly thwarted by stringent state regulations and controls then countless individual plans may lead to the voluntary production and distribution of goods and services, the spontaneous emergence of a market order and thus to higher material standards of living. The availability of incentive goods and the ability to engage in economic activities freely probably encourages the spirit of discovery, experimentation and risk-taking; the interest in securing higher incomes; determination and persistence in the face of poverty; self-reliance and a sense of personal responsibility for one's economic fortune; and, the belief that wealth is the result of hard work. All of these factors may operate in a circular and cumulative fashion to further development.

Chapter II - Development Theory and the Urban Economy in Less Developed Countries

A significant feature of less developed countries is a marked shift in population from rural to urban areas. Since the growth of urban employment appears to lag considerably behind the growth of the urban population it is
believed that "obvious" and "high" urban unemployment characterises Third World cities. However, for several reasons, the existence of high urban unemployment is open to considerable doubt. First, there are methodological problems in the data that purport to measure unemployment. Second, few governments in less developed countries have the resources to provide care and maintenance for jobless individuals, therefore, unemployment cannot be a realistic alternative for very many urban residents. Finally economists have failed to incorporate an indigenous informal economy in their models of rural-urban migration and in their calculations of the rate of urban unemployment.

In this informal economy, individuals have produced a substantial quantity of low-cost goods and services and created a significant number of employment opportunities. Nevertheless, this has been largely unnoticed by planners, officials, and scholars and consequently has been unmeasured in official data. The existence of informal activities challenges dual-economy models which typically draw sharp contrasts between a desirable "modern" sector and an undesirable "traditional" sector. As well, the emergence and evolution of the informal economy suggests the presence among countless individuals of aptitudes, attitudes, motivations, faculties and skills appropriate for material advance. The informal economy is felt to be open, and competitive. Nevertheless, state policies often harass or discourage informal activities. In contrast, the formal sector is protected, nurtured and favoured by the state. However, since formal employment is available only to a small and often declining proportion of the labour force, there should be a policy presumption of a general permission rather than prohibition on the pursuit of economic activities. This will likely promote a general rise in living standards while opening alternative avenues of social and economic mobility.
Chapter III - National Income and Employment in Kenya

The interest in development and the fashioning of policies to achieve development has largely focussed on the formal sector. Indeed, the conventional view of development comes very close to being defined as the engineered expansion of the formal sector, the deliberate penetration of the "traditional" sector and the subsequent planned transformation of the society and economy in the image of the "modern," "progressive" state-centred stratum of officially prescribed economic activities. Typically the "success" of development efforts is then measured by increases in Gross Domestic or Gross National Product. However, problems of measuring and interpreting national accounts data render doubtful the utility of statistical indices that purport to capture the essence of the process of development or even to document changes in material standards of living. Given the conventional inclusion of some types of activities and the conventional exclusion of other types of activities as well as the arbitrary valuation of subsistence production, the transformation of a risk-avoiding people into innovating and experimenting achievers can occur without registering any growth in GDP or GNP. In other words, improvements in general standards of living as a result of countless creative individual actions can be occurring without registering any change in the official measures of development.

While the emergence and evolution of the informal economy in Kenya is of importance for the study of development in Africa, the Kenyan experience also indicates both the potential accomplishments and the likely limitations of state-directed formal development. Despite the inadequacies of official data, Kenya appears to be a success story of formal economic growth. Output in the formal economy has expanded rapidly since independence. However, the rate of employment creation in the formal sector has lagged considerably behind
the rate of growth of formal output. Indeed, despite the lavish attention bestowed on the formal sector by planners, officials and scholars, formal employment is available to only a minority of Kenya's labour force and the proportion of Kenyans in the formal sector is declining with each passing year.

In order to promote the growth of African employment in the formal sector the Kenyan government has restricted non-African commercial activities under the provision of the Trade Licensing Act and through the activities of the Kenya National Trading Corporation. While these actions may be politically popular they appear to have resulted in a reduction in the volume of economic activities and have reduced beneficial contacts between dissimilar peoples. Thus politically desirable policies may have unintended and unforeseen adverse consequences on the promotion of general material advance. For example, Kenya may lose forever a range of technical, commercial and professional skills that could otherwise be tapped through sensitive policies.

In addition, the Kenyan authorities have attempted to increase employment in the formal sector through two Tripartite Agreements concluded between private employers, trade unions and the government. While the Agreements were highly visible political declarations of the government's concern over the lagging growth in formal employment, the creation of employment through government fiat has been of little lasting consequence.

Chapter IV - Population and the Labour Force

Much of the development literature considers rapid population growth to be adverse to rising material standards of life, standards typically measured by GDP or GNP per capita. However, conditions vary enormously throughout the less developed world therefore it would be inaccurate to make a categorical statement that rapid population growth or high population density is a significant independent cause of low standards of living. The size and growth rate
of the population are unlikely to be the main determinants of economic advance. For example, even a crash programme of effective family planning will have no effect on measured per capita incomes for decades to come. Instead, changes in attitudes, aptitudes, motivations, skills and faculties are more likely to result in higher standards of living than is a state-directed programme of reducing birth rates. These changes may also result in a lower birth rate.

Part of the concern with rapid population growth rates reflects the belief that unemployment in less developed countries is obvious, high and growing. While there is reason to doubt the existence of high and growing unemployment it is almost certainly the case that the formal sector is incapable of absorbing all but a tiny fraction of the net additions to the labour force. Nevertheless, given the nature of population dynamics, even a successful birth control programme will evidently have no effect on the size of the labour force for decades to come and thus will not alter the formal sector's ability to absorb only a small minority of the available job-seekers. Therefore maximum encouragement should be given for creative individual actions in meeting the needs for new employment opportunities. Indeed, most less developed countries have few options other than relying on the initiative, hard work and effort of individuals pursuing their own interests one result of which may be the creation of informal, self-help employment opportunities.

Kenya has a high and accelerating rate of population growth. Indeed, the population will double in size in twenty years or less. Similarly, the labour force is also growing rapidly and, by the year 2000, will be triple its 1970 size. Given the importance of individual actions in changing circumstances and the importance of the transmission of the acquired human qualities that may largely determine material advance, it is thus all the more unfortunate that the Kenyan authorities have restricted contacts between dissimilar
peoples. These actions may have the unintended and unforeseen result of re-
tarding the adoption and spread of appropriate attitudes, aptitudes, motiva-
tions and skills just at the time that Kenya's labour force enters a period of 
explosive growth.

The composition and quality of Kenya's labour force is changing in the
direction of younger and better educated members. Most of these new entrants
must create their own employment opportunities in agricultural or informal
activities. To accomplish this goal, maximum scope should be given for the
fullest utilisation of individual knowledge and skills, strengthened by con-
tacts between dissimilar people, and induced by the widespread availability of
inexpensive incentive goods. Thus, encouragement of the informal economy may
make a substantial contribution to several of Kenya's development goals: im-
proving material standards of living; employment creation; diffusion of skills;
and lower birth rates.

Chapter V - Public Policy and Urban Growth in Kenya

Similar to the experience elsewhere in the less developed world, urban-
isation is resulting in the explosive growth of many of Kenya's main towns and
cities. In particular, the populations of Nairobi and Mombasa are expanding
at a rate considerably higher than what could be attributed to natural in-
crease. Indeed, the growth in the urban population is mainly a result of the
ever growing movement of all types of individuals from the rural areas. How-
ever the imbalance in the geographical distribution of Kenya's population is
quite stark: approximately ninety per cent of the population resides in the
rural areas. Thus, despite rapid urban population growth, only a very small
proportion of the total rural population is involved in the migration to urban
centres. Nevertheless, the number of individuals migrating to Kenya's towns
and cities has been sufficient to overwhelm the provision of formal employment and the provision of collective services.

Official data indicate that formal development has resulted in a marked concentration of wealth, resources and opportunities in Kenya's cities, particularly in Nairobi. This concentration has stimulated migration to Nairobi. One result has been the stratification of economic activities in the capital city into formal and informal pursuits. While independence has brought an end to the racial allocation of resources and benefits, the post-independence authorities have maintained the control and restriction mentality inherited from Kenya's colonial rulers. This is reflected in the wanton destruction of unauthorised housing and the harassment of informal entrepreneurs. At the same time one aim of state policies is to protect and to nurture favoured economic activities.

While Kenya's policy makers are evidently concerned with the lack of formal urban employment opportunities, attempts to restrict or control urban migration to a level commensurate with the availability of formal employment would likely require draconian measures. Moreover, migration is a form of political participation which may signal to the authorities the need to redirect the focus of development policies to the rural areas. Nevertheless, unrestricted mobility of individuals to the urban centres probably has beneficial effects on the acquisition of the human qualities that may largely determine economic progress.

Chapter VI - The Political Economy of Urban Stability in Kenya

Although there is no integrated theory linking the economics of urban living to urban political behaviour, the literature on the urbanising process suggests three overarching propositions: urbanisation leads to economic frustration among the migrant population; the urban environment poses great difficu-
difficulties in social and psychological adjustment for migrants; urbanisation increases awareness of government, particularly an awareness that government is capable of resolving the difficulties faced by migrants yet is in fact disinterested in their needs. One result of these factors is an alleged high potential for destabilising political activities among the urban poor in less developed countries.

Despite the existence in Kenya of factors which would appear to be conducive to political instability, data from the interviews conducted in Nairobi's informal economy suggest some caution in generalising about the varied urban conditions in the Third World. Little support was found in Nairobi for the propositions that migration produces anomie, psychological maladjustment and social disorganisation and upheaval. Significant rural-based norms and values did not appear to be undermined in the urban centre. Indeed, integration into the urban informal economy may have served to strengthen rural-urban ties, for example, through the remission of funds, visits, and support for rural self-help activities. At the same time, an individualistic ethic among many migrants in the informal economy seemed to mediate perceptions of government as a problem-solving agency, perceptions of stratification and perceptions of socio-economic mobility.

In other words, the belief in the importance of individual actions in changing circumstances appeared to defuse potential resentment against the prevailing political and economic order. For example, comparative wealth was evidently considered to be the result of individual effort rather than due to ascriptive, corrupt or criminal practices. As well, upward mobility was apparently thought to be possible although mainly within the informal economy. Moreover, the allocation of collective goods by the government did not seem to be considered disadvantageous to the urban poor. Indeed, there is some doubt.
as to the salience of government per se for many individuals in the informal sector. Overall, the existence of these types of attitudes and perceptions suggests that encouragement of informal activities would be both politically prudent and economically desirable while discouragement and harassment may weaken the favourable conditions for political stability and result in lower general living standards.

Concluding Remarks

Two trends seem to exist in contemporary theorising concerning the development of less developed countries. First, a voluminous literature details the anticipated beneficial effects that may occur when state policies redesign known social and economic relationships to fit a favoured conception of the proper or at least desired order of those relationships. One result of this confident engineering spirit in much of development studies seems to have been a relative neglect of, perhaps a disbelief in, the vital and fundamental necessity of a widespread enterprising spirit in less developed countries if higher material standards of living are to be obtained.

From another and to some extent contradictory perspective, much of the political science literature devoted to "the politics of contemporary international economic relations" tends to impart the serious misconception that the state in less developed countries can do very little to facilitate the pursuit of higher standards of living unless and until there are basic changes in the policies of developed countries. This argument may be particularly appealing to many observers as it lends itself to the allegation that rich countries are responsible for continuous underdevelopment in poor countries. While the allegations of developed country culpability and continuous underdevelopment are open to considerable doubt, it is most
unlikely that changes in the policies of advanced countries will provide a sufficient condition for general material advance in poor countries.

Both of these perspectives, each of which is ostensibly concerned with improving general living conditions in poor countries, have tended to be unconcerned with those factors which have largely accounted for these improvements throughout human history. It is unlikely that either a detailed blueprint for a reconstructed society or a negotiated economic relationship between developed and less developed countries holds the key to raising material living standards. Before social and economic infrastructure is worthwhile, there must be a need and a desire; before an item can be traded, it must be produced; before the state can redistribute wealth, wealth must be created.

It would be realistic for development specialists and public officials to recognise that all nations cannot be manoeuvred into achieving material progress at equal rates. Indeed, some nations may remain perpetual charity cases for a variety of geographic, climatic and topographic reasons. Even when these constraints are less severe, the intensity of interest in securing material advance varies throughout the less developed countries. This may be reflected in the lack of "will" among political elites who may be hostile to the potential emergence of countervailing centres of initiative and authority. More to the point, there may be a reluctance among the general population to incur the cultural costs that may be associated with changes in accepted ways of life. It is preferable to acknowledge that development theory and policies may be simply incapable of encompassing those groups of individuals who are not responsive to the prospect of securing higher standards of living. Attempts to force such groups to forsake preferred but materially non-rewarding pursuits distorts the essential intent of development. A recognition of both the freedom to choose, and on the basis of the choice made, the freedom to
carry out appropriate actions would inject a much needed sensitivity into the overly mechanistic study of development.

There is much less need to use coercion and arbitrary controls and directives than is commonly believed. The countless individual actions that have given rise to the unplanned and unintended informal economy indicate that the pervasive desire for a better life now may be a powerful tool that can be creatively utilised by the state. After all, few individuals who must walk remain indifferent to a bicycle; fewer still may prefer a short life of unremitting and brutal hardship.

Nevertheless, formal development is unlikely to bring about the pervasive transformation in the range of acquired human qualities that may largely determine material advance. The politicisation of official development activities in economies marked by extreme scarcities and daunting problems has tended to result in a rather exclusive enrichment, an exclusivity derived from fundamental inequality of opportunity.

In the Kenyan case, for example, some Kenyans have acquired considerable wealth not on the basis of their individual merits and contributions but through politically protected markets, supplies, prices and profits. The individuals interviewed in Nairobi have to some extent misjudged the structural situation in Kenya. Formal development has meant that comparative wealth is not solely the result of hard work and individual initiative. However, the view that this is reality fuels the explosive activity in the informal economy. Given that Kenya's public authorities have been relatively reluctant to frustrate directly individual expectations and actions, it is not unreasonable to attribute wealth creation in the informal economy to hard work, initiative, persistence and voluntary abstention from consumption.
One key issue is to have the formal sector thoroughly penetrated by the motivations, aspirations, attitudes and expectations found in the informal economy. This may prove difficult as the privileged groups and vested interests that are part of formal development present formidable obstacles that are unlikely to be successfully challenged in a direct manner. It is possible, of course, that revolutionary upheaval might accomplish the goal; but revolutions offer no assurance that new privileged groups will not emerge to replace the old. Indeed, contemporary revolutions have been marked by subsequent erosions of personal and economic freedoms.

On the other hand, it is not entirely accurate to claim that drive, ambition and enterprise do not lurk within the state. The very intensity of behaviour that results in the politicisation of development and which manifests itself in political connections, petitions and the allocation of favours could be harnessed for material advance. Indeed, such enterprising behaviour would be praised if it were directed toward economic activities rather than focussed on subverting equitable state policies.

One historically proven method of accomplishing these goals is by placing less emphasis on state centred development or mercantilism and greater emphasis on the market mechanism. Not only has the market mechanism (through capturing the differing talents of countless individuals) brought marked and continuous material advance, it is based on the fundamental premise of equality of opportunity. Moreover, a redirection of development strategies would encourage the adoption of a more creative and less parasitic role for Third World elites. It is unlikely that devising an appropriate framework for the market economy in less developed countries is more difficult than the attempt to redesign and redirect the social and economic patterns of entire societies.
The advocacy of greater reliance on individual actions through the market mechanism does not necessarily mean a diminished role for the state, but rather a different role. Where the market mechanism is weak or the market mentality relatively unknown, state policies can be particularly important. Where arbitrary state controls have led to unfortunate concentrations of economic and political power, fresh and novel policies will be needed. The distortions induced by inimical industrial, wage and financial policies can only be corrected through new policies. The basic object of state actions would be to fashion a favourable social and economic environment which encourages, stimulates and nurtures intense economic performance. Fundamentally this entails mobilising latent skills and resources through incentives and inducements. State-created economic and social overhead can help to establish the physical framework for creative individual actions. As well, the state has a crucial role in building an appropriate legal and institutional infrastructure, for example, property rights in rural areas, land tenure legislation, and a financial system.

Once a market framework has been established, the market mechanism itself can be useful in implementing state policies. It should not be forgotten that one of the historical arguments for the market principle was the inefficiency and corruption in the State. In contemporary less developed countries inefficiency and corruption surfaced through the range of detailed discretionary controls that have been allocated to public officials. Non-discretionary controls working through the market would sharply reduce the opportunity for abuses. Moreover, they would husband scarce managerial and administrative talent thus improving the effective discharge of those vital and essential duties that only the state can undertake.
By emphasising the vital importance of creative individual actions and imaginative state policies this study seeks to indicate that development specialists might be of greater service if they invoked more frequently the spirit of Adam Smith and Joseph Schumpeter. Innovative state policies can put the ball in front of the people, not everyone will kick it, but most will and they will score goals. This may do more to meet the imperatives of raising living standards than the welter of apparently well-intentioned yet often coercive and debilitating attempts to "direct" the masses in order to fulfill some nebulous goal in some gilt-edged state plan drawn up in some distant government office.
NOTES TO CHAPTERS

Introduction

1 Bauer has trenchantly criticised the "axiomatic" manner in which planning is frequently treated in much of the development literature. See, P.T. Bauer, Dissent on Development (Rev. ed.: Cambridge: Harvard University Press, 1976), especially pp. 69-94.

2 See, for example, the influential writings of Gunnar Myrdal, in particular, Asian Drama: An Inquiry into the Poverty of Nations (New York: Twentieth Century Fund, 1968). For some general comments on Myrdal's numerous works, see my "Myrdal: The State and Political Development" (M.A. thesis, University of British Columbia, 1972).


4 For an analysis of several of these beliefs, see the collection of essays edited by F.A. Hayek, Capitalism and the Historians (Chicago: University of Chicago Press, 1954).

5 Indeed, the twin notions of "development" and "underdevelopment" are of western origin.


8 P.T. Bauer, Dissent on Development.


Chapter I - Individual Actions and Development Theory


2 See chap. ii, "Development Theory and the Urban Economy in Less Developed Countries."


4 I stress "appear," for typically direct investment in agriculture (that is, in the so-called "stagnant" sector), in the form of the establishment or improvement of agricultural holdings, is ignored, or by definition, does not
take place. This is particularly evident in the "dual-economy" models (see chap. ii). As well, of course, all saving and investment in the urban informal economy is completely ignored.


6 See, for example, Gunnar Myrdal, Asian Drama: An Inquiry into the Poverty of Nations (New York: Twentieth Century Fund, 1968), p. 717. In another instance Myrdal went further by alleging that "there is no other road to economic development than a compulsory rise in the share of the national income which is withheld from consumption and devoted to investment." Gunnar Myrdal, Economic Theory and Underdeveloped Regions (London: Methuen, 1963), p. 82 (my emphasis).

7 Bauer, Dissent on Development, p. 204, note 2.


13 This has occurred, for example, in Ethiopia (Colin Legum, ed., African Contemporary Record 1975-76 [London: Africa Research], pp. B190-91), Mozambique (Vancouver Sun, 16 June 1977), and in Aden (Sunday Times [London], 19 June 1977).

14 If middle-men had been actively encouraged rather than discouraged by colonial governments there might have been much less "need" to conscript forced labour for colonial works. See chap. ii, "Development Theory and the Urban Economy in Less Developed Countries."

15 Bauer, Dissent on Development, p. 38.
For a critical appraisal of the macro-approach, particularly its failure to link economic phenomena to human actions, see Lachmann, *Macro-Economic Thinking and the Market Economy*.


"Inequality," insofar as it refers to inequality of income, is discussed in the development literature. The inequality of income is, in turn, considered both deplorable and subject to change through "appropriate" policies.


Chapter II - Development Theory and the Urban Economy in Less Developed Countries

A brief overview of the economic models can be found in Jolly et al., *Third World Employment: Problems and Strategies* (Harmondsworth: Penguin, 1973). Indeed, the influence of development theory is suggested by the marked bias in public policies in favour of industrialising the urban centres of Third World countries despite the rural location of the overwhelming majority of the population. See Michael Lipton, *Why Poor People Stay Poor* (Cambridge: Harvard University Press, 1977).


Ibid., p. 34.


13. Todaro, "Industrialization, Unemployment and the Urban Environment," p. 49. It is important to stress that Todaro does not use his model to determine the urban unemployment rate. However, others have suggested that the Todaro model could be used to estimate the unemployment rate by the size of the rural-urban income gap. See, Paul Zarembka, "Labour Migration and Urban Unemployment: A Comment," American Economic Review, LX, No. 1 (March, 1970) 186-87.

Hans Singer refers to this as the "implicit unemployment rate." He states that, if the urban-rural wage gap is 400 units to 100 units and the equilibrium wage is 150 units then the "implicit rate of unemployment" can be as high as 62.5 per cent. See H.W. Singer, "Brief Note on Unemployment Rates in Developing Countries," MURA, III, No. 1 (April, 1970), 1-3. The utility of this measure remains unclear as Gugler points out in "A Further Note on Unemployment Rates in Developing Countries," MURA, IV, No. 1 (April 1971).


16. In particular, see his article, "Industrialization, Unemployment and the Urban Environment."

17. According to the Todaro model, for every new "modern sector" job created, typically two or three migrants are drawn from the rural sector. In other words, the creation of urban employment opportunities can have the perverse
effect of increasing unemployment. However, to make the reduction of employment opportunities an object of policy is hardly sensible.


19 Derek Byerlee comments that:
"Even if measures of rural and urban incomes are obtained, there are several difficulties in comparing the two. Firstly, because there are larger numbers of educated people in urban areas, a comparison of average rural and urban incomes must adjust for the educational composition of the population. Second, the urban worker does not consume all his income since some is shared among the unemployed and remitted to rural areas. Third, there are various problems of conversion to real incomes when prices are higher but social amenities are more available in urban areas. Finally, the relevant variable is not the actual income differential but the differential perceived by the potential migrants in rural areas. Lack of information on urban employment opportunities may be one reason for differences in actual and perceived incomes, but the formation of income expectations is likely to be a complete interaction of education, age and aspirations."


20 Unemployment in rural areas is considered to be nonexistent or relatively low. Thus Bairoch suggests an aggregate average rural unemployment rate for all less developed countries of 3.5 to 4.5 per cent. Rural "underemployment" is, however, estimated to be between 20 and 50 per cent. See Paul Bairoch, The Economic Development of the Third World Since 1900 (Berkeley: University of California Press, 1975), pp. 167-68.

Although the literature on Third World employment is rapidly growing, important insights can be found in the following: (a) David Turnham with I. Jaeger, The Employment Problem in Less Developed Countries (Paris: OECD, 1970); (b) Jolly, et al., eds., Third World Employment; (c) Paul Bairoch, Urban Unemployment in Developing Countries; (d) International Labour Office, Employment in Africa: Some Critical Issues (Geneva: ILO, 1974); (3) Edgar O. Edwards, ed., Employment in Developing Nations: Report of a Ford Foundation Study (New York: Columbia University Press, 1974).


23. H.W. Singer, "Brief Note on Unemployment Rates in Developing Countries,"

24. It is important to stress that the concept of "underemployment" is extremely subjective and strongly affected by conditions specific to western societies. It is heavily dependent on an assessment of the average amount of work an individual can perform. Differing cultural, geographic and climatic influences must render doubtful the utility of any overall average.


26. For a frank admission by government planners that this early premise has proved to be false, see Republic of Kenya, Development Plan 1974-1978 (Nairobi: Government Printing Office), p. 95.


30. See, for example, Michael P. Todaro, Economic Development in the Third World (New York: Longman, 1977); and, the data given in Table 3, p. 57.


Elkan has perceptively commented that statistics on "unemployment" are difficult to collect in less developed countries since one of the characteristics of underdevelopment is that "employment" and "unemployment" are not yet discrete and mutually exclusive categories. "If one thinks of an unemployed person as someone who lacks the opportunity for gainful occupation - say, in
Nairobi or Kampala - then it makes a difference whether he does or does not have the alternative opportunity of farm work or other work in the rural areas. The sense in which he is unemployed must vary according to his alternative opportunities. . . ." Walter Elkan, "A Note on Urban Unemployment with Special Reference to East Africa." Bulletin, II, No. 4 (July, 1970), Institute of Development Studies, University of Sussex, p. 11.


Indeed some very recent studies indicate an unemployment rate consider­ably less than 20 per cent. For example, the ILO/UNDP mission to the Sudan noted that the general picture for that country "... is that of low rates [of open unemployment] from the mid-1950's to the present day, varying around 2 to 5 per cent for the country as a whole and rising to only about 5 to 6 per cent for the larger towns. . . ." ILO, Growth, Employment and Equity: A Com­prehensive Strategy for the Sudan (Geneva: International Labour Office, 1976), p. 17.


Ibid., p. 40.

Ibid., p. 45.

Ibid., pp. 100-102, 106.


One reason taxes were imposed by colonial authorities was to create a "need" for cash - this need could only be met by working in European planta­tions, mines and businesses. According to the hypothesis, if wages were raised, taxes could be paid more easily and the amount of labour offered to the colonialists would decline. See, Keith Griffin, "Underdevelopment in Theory," in The Political Economy of Development and Underdevelopment, ed. by Charles K. Wilber (New York: Random House, 1973), p. 17.

See Griffin, "Underdevelopment in Theory," and, Walter Elkan, Development Economics (Harmondsworth: Penguin, 1976), pp. 33-37. Besides, at the individ­ual level, it is not unknown in western countries for an increase in wages to lead to fewer hours being worked since a smaller number now suffices to provide a given target income (the "income effect"). As well, Boeke may have
neglected the point that if the price of agricultural goods increases and there is an "income effect" for a given producer, total output might still increase. In other words, with a rise in price for a given type of output more people may become producers thus counteracting the loss of production from the initial producer.

Bauer and Yamey aptly remark:
"If it were true that the whole or a large part of the population in some underdeveloped area had the alleged inflexibility of demand for the things that money can buy, this would weaken the arguments in favour of its economic development; for few would be prepared to advocate international or other measures for, say, the investment of capital in such an area, if the main results would be the enjoyment of greater leisure or the maintenance of the subsistence economy."


Lewis, "Economic Development."

Ibid., pp. 146-47.

Ibid., p. 141

See, for example, F.C.H. Fei and G. Ranis, Development of the Labour Surplus Economy (Homewood, Ill.: Irwin, 1964).

Lewis, "Economic Development," p. 150. However Fei and Ranis treat the industrial and agricultural wage as equal in exchange value, therefore the industrial wage would be equal to subsistence income in real terms. See Fei and Ranis, Development of the Labour Surplus Economy, p. 157.


Ibid., p. 155.


Elkan, Development Economics, p. 71.

While visiting the coffee plantation of a Kenyan government official I was informed that it is extremely difficult to obtain a sufficient number of workers at peak periods. While the shortage of workers might have been due in part to the low wages offered to agricultural workers (hence, remedial action might be to increase those wages) it is instructive to note that "unemployment" per se is probably not a severe problem since some existing employment opportunities remain unfilled.


For example, see the various writings of Michael Todaro listed in note 10, p. 220.
However, Lipton emphasises the fundamental political nature of "urban bias" in *Why Poor People Stay Poor*.


The economic activities of the "upper circuit" consist of banking, export trade, and technologically advanced industry and services, wholesaling and some forms of transport. The "lower circuit" includes non-capital intensive industry, services and trading. The main economic features of these two circuits are listed in Appendix B, Table 1.


Of course this would also apply to international comparisons of income per capita and growth of income per capita, particularly comparisons between developed and less developed countries.

This refers to the Friedmann and Sullivan estimate of the percentage of the urban labour force not in P/M, Cs or Cp employment.

Quantitative definitions do not render the problem less difficult. Reference to some number of hours per time unit, to some assumed appropriate level of output or to some minimum level of income are arbitrary levels chosen by the observer.


This is an accomplishment that does not seem to have been attained anywhere in the Third World.

But even mass poverty does not necessarily indicate stagnation or retrogression, therefore, it is probably unhelpful to refer to "extreme and steadily increasing forms of inequality." Nor is it likely that merely shifting from maximising GNP will narrow inequality except in the self-defeating instance of promoting an equality of poverty.

In other words, the substitution of nominal political goals for real political goals with the resulting diminution of the political constraints on accepting and implementing technically optimal recommendations. See Douglas Rimmer, "The Abstraction from Politics: A Critique of Economic Theory and Design with Reference to West Africa," Journal of Development Studies, V, No. 3, (April, 1968), 190-204.


Thus indicating the arbitrary nature of the classification system.


Ibid., p. 6.


ILO, Growth, Employment and Equity, p. 315.

Ibid., p. 386.


See for example, the influential study Redistribution with Growth, edited by Hollis Chenery et al. (London: Oxford University Press, 1974).

Income inequality could conceivably increase, but perhaps with a reallocation of individuals in the income categories.

Indeed, the very removal of artificial penalties and benefits would probably spur a general interest in material advance thus promoting development.


Ibid., p. 1.

ILO, Employment, Incomes and Equality.

Dorothy Remy and John Weeks, "Employment, Occupation, and Inequality in a Non-Industrial City," in Employment Creation in Developing Societies, ed. by Wohlmuth, 293-309.

The rationalisation for high standards is often that "second-rate" or "inferior" standards are not appropriate for independent Africa. However, this looks only at technical standards of quality and says, in effect, there must be only first-rate standards even if this means that most people are deprived completely of the item.


Import substitution appears attractive to countries with balance of payments difficulties or those seeking "national autonomy" because it involves the substitution of domestic for foreign value added. However this benefit is often to some extent more illusory than real.

"Investment in import-substitution industries requires imports of machinery and of intermediate goods before production takes place. If the strategy is successful in raising income, import demands also will grow over time so that replacement of the imports by local production may only dampen the growth of imports, not reduce its level."

103 What is "essential" or "luxurious" is, of course, relative and normative.

104 ILO, Employment, Incomes and Equality.


106 It may well be that without formalisation, monopolies or quasi-monopolies would exist in less developed countries for "technical reasons." But there may be fewer disadvantages from private monopolies than from government or government-supported monopolies. With private monopolies there is always the possibility that some new enterprise will be attracted to the economic activity. This is much less likely, if not impossible, when monopolies are the result of state policies and are nurtured, protected and sustained by the state.

107 Restrictions, controls, the need for approval, and licences and permits of all kinds vastly increase the scope for corruption. This corruption need not involve the highest levels of the political and administrative structures for in planned development even minor government clerks enjoy immense powers over the lives and livelihoods of countless individuals. Since this corruption is a by-product of public policies, administrative "reform" through better training and higher salaries for government officials is unlikely to be very effective in eliminating it. Further increases in the state's power to control and direct economic activities may fortify the essentially monopolistic position of the state officials in granting or withholding a wide range of benefits in exchange for monetary and non-monetary considerations.

108 For example, in Kenya it was alleged that foreign tires were "flooding" the local market despite government restrictions on imports. Unauthorised import licences were purportedly granted by some public officials. Firestone, already having a virtual monopoly on the official local production and distribution of tires, stated that it might have to reduce local production by 75 per cent and reduce its labour force by 300 workers if the government did not enact additional controls on tire imports. Subsequently, the Minister for Commerce and Industry announced additional measures to protect "local" manufacturers. (Daily Nation, January 1, 1975 and East African Standard, January 21, 1975) This minor example illustrates both the cumulative nature of policy restrictions on economic activity and the harmful effects those restrictions may have on the honesty of the civil service. Thus in calculating the costs of preserving 300 jobs at the Firestone plant (granting the doubtful proposition that all these jobs would have been lost), one must consider the decline in public morality and the suspicion in the public's mind that corruption is rampant in government. The typical response to allegations of corruption is to "tighten up" the rules and "rigidly" enforce them. The alternative of tackling the cause by removing harmful restrictions which establish conditions conducive for corruption is seldom entertained. On the other hand some forms of corruption may serve to restore a freer market in otherwise tightly regulated economies.
If the growth of national income is the primary objective of politicians then it is difficult to understand why they have not insisted that statistics be gathered on informal activities.

The beneficiaries include, of course, the politicians who approve special programs and dispensations, the civil servants who administer them and the formal businesses which receive them.

It is not certain how strictly laws and standards are enforced by public officials in Third World countries. To the extent that non-enforcement is predicated on the payment of a bribe to labour, health, licensing or building inspectors, this further reduces the available funds at the disposal of the small-scale entrepreneurs. For example, the "black market" cost of licence for an informal bus or "matatu" in Nairobi is five times the official fee. (Sunday Nation, March 19, 1972). In Meru municipality, Kenya, the public official responsible for allocating kiosks in local markets illegally sold these kiosks at prices ranging from Shs.1,600 to Shs.3,150. They were designed to be cost-free to the small-scale businessman. (East African Standard, February 10, 1975).

As well, selective and sporadic police raids or demolition activities can only discourage informal businessmen from upgrading their establishments to the standards of image-conscious officials. Indeed, one of the most unfortunate results of politicised development is the wanton destruction of squatter housing. Such housing exists partly due to the lack of affordable accommodation, a shortage made worse by the influx of new migrants to the urban centres. Destruction of this housing is typically justified by the need to "clean up" the city to meet formal sector standards. Yet in most urban centres in the Third World a permanent housing shortage exists and is not alleviated by a policy of demolition. This negative policy indicates the powerlessness of squatters, and poor people in general, in contrast to the political access enjoyed by formal interests. Seldom does the political commitment to eradicate "undesirable" housing entail a parallel commitment to make available alternative arrangements (for example, site and service schemes) to satisfy the demand.


In West Africa, the household may be the most important unit of production given the longer tradition of family craftsmanship. In East Africa, where artisan work is of a much more recent origin, the lone individual - perhaps with apprentices or in temporary partnership with others - may be the
primary unit of production. In any event, production is not mainly for self-consumption but for the market. The motivation is individual expectations of gain in changing circumstances; the unintended result is the creation of service, product and labour markets.


118 King, *The African Artisan*.

119 Given our limited knowledge in this area, speculations must remain very tentative. A research topic of utmost importance is the investigation of linkages between the urban informal economy and the adoption of cash-crop agriculture. Through want-creating and want-satisfying activities, informal entrepreneurs may be making a substantial, albeit unnoticed, contribution to raising agricultural output. At the same time, a more prosperous agriculture would probably have beneficial effects on the emergence of a rural non-agricultural informal economy. In turn, the availability of rural non-agricultural income earning opportunities might redirect individual expectations away from the urban centre. This series of hypotheses indicates the substantial gaps in our understanding of the micro-aspects of economic change. Until there is a greater understanding of the processes involved, it is vital that restrictions on the mobility of both goods and individuals not be arbitrarily imposed. The indirect and negative effects of such policies on aptitudes, attitudes, motivations and skills may be costly, particularly if the alleged benefit is simply a less congested and more pleasing urban environment.

120 In fact the demand for such materials may exceed supply thereby braking the expansion of some kinds of informal enterprises. For example, there is a shortage of discarded aluminum sheets in northern Ghana, and of scrap metal in Nairobi, affecting the production and employment possibilities of informal enterprises using these materials. See S.V. Sethuraman, "The Urban Informal Sector in Africa," *International Labour Review*, CXVI, No. 3 (November-December, 1977), and King, *The African Artisan*.


Chapter III - National Income and Employment in Kenya


2. For example, Kenya's economic planners have "assumed that there is an unemployment rate in the modern sector, excluding agriculture, of 25 per cent of the labour force." Republic of Kenya, Economic Survey 1975 (Nairobi: Government Printing Office, 1975) p. 41. The basis for this "assumption" is not indicated; it is probably guess-work. At the same time, these officials have assumed that the potential working population is 35 per cent of the total population. Given the overwhelming importance of small-holder agriculture, and the large amount of unrecorded female employment, this must be considered an under-estimate.


5. Ibid., p. 29.


7. The official unit of currency is the Kenya shilling (Sh.). However the practice of the Kenya government is to express most large values in Kenya Pounds (K£): K£ = Sh.20; Sh.1 = 100 cents. For most of the period since independence Kenya has maintained a par value of Shs.7.14 per U.S. dollar, therefore K£1 = U.S.$2.80.

8. Although deflating GDP figures makes it possible to compare monetary valuations of output for different years, it is difficult to ascertain any additional errors that may have been introduced in the deflator indices.

9. The rate of growth of recorded GDP seems to have been substantially higher (about 7.9 per cent per year) between 1964-1966 than between 1970-1974 (5.7 per cent per year). The deceleration is partly accounted for by the slow growth (for Kenya) in 1974 when the GDP increased by only 3.6 per cent. This was largely due to the impact of the world-wide inflation/recession of recent years and the deleterious consequences of the marked increase in the landed cost of crude oil on which Kenya depends for most of its energy needs.

10. With respect to "subsistence" production, estimates are made by the Central Bureau of Statistics by interpolating annual estimates of population connected with non-monetary production to estimates of aggregates of such non-monetary agricultural production, consumption of firewood and other items in the base year for which information has apparently been directly obtained. There is, therefore, a distinct likelihood that subsistence production is continuously under-estimated.

11. Even ignoring the measurement difficulties, the computation of per capita income in the Kenyan context is somewhat misleading given the sizeable non-
African population. For example, since much of the wealth at independence was held within the European and Asian communities, per capita income among the African population has been estimated at not more than £20. See World Bank, Kenya: Into the Second Decade (Washington: Johns Hopkins Press, 1975) p. 3.

12 Export data has been calculated from Republic of Kenya, Statistical Abstract 1974, (Nairobi: Government Printing Office, 1974), Table 59(a), and refers to 1973. Tea and coffee are the principal agricultural export crops accounting for 75 per cent of the value of agricultural exports.


15 However it is difficult to use the IOER as a basis for future prediction of output:employment. The ratio itself is simply a description of past occurrences and does not establish a causal relationship between the variables. It can be interpreted to mean that an economy that employs more labour would raise its output in proportion, or that an economy whose GDP increases would employ more labour in proportion.

16 A figure which is well above that recommended by Lewis in his labour transfer model of development. Calculation of capital formation in the formal sector as a proportion of GDP is based on data in the Statistical Abstract 1974, Tables 47(b) and 51(b).

17 World Bank, Kenya: Into the Second Decade. Estimates given in Table 31 for both total informal sector employment and its distribution by activity type, must be regarded as extremely rudimentary.

18 These estimates are given here only to indicate the relative contribution of each sector to total employment. It is felt that the World Bank's estimate of the size of the labour force is probably inaccurate. In the next chapter, different figures are offered on the estimated size of the labour force.


21 This is probably much too low since virtually all women must engage in some type of economic activity.


23 Ibid., p. 4.


26 Kenya, Development Plan 1974-1978, pp. 90-91

27 This is a very rough estimate based on what is considered to be the labour force participation rate and assuming that it has remained the same despite changes in the age structure of the population. See chap. iv, "Population and Labour Force."

28 See Appendix B, Table 2.


32 Daily Nation, April 19, 1975

33 Ibid.


35 Leys, Underdevelopment in Kenya, pp. 155-56.

36 This notion seems to enjoy wide support in Kenya's press, as the following headlines indicate: "Asians Campaign Aimed at 'Destroying African Businesses'," (Daily Nation, May 30, 1975); "'Protect Us' Plea from Frightened Traders," (Daily Nation, April 25, 1975); "Traders Send SOS," (East African Standard, April 4, 1975); "Traders Hit at 'Asians' Hide and Seek Tactics'," (Daily Nation, May 27, 1975). Many other examples could be cited of Kenya's newspapers furthering the notion of "unfair" practices by Asian businessmen.

37 Harbison, "Generation of Employment" in Education, Employment and Rural Development, ed. by Sheffield, p. 183, note **.


39 Harbison, "The Generation of Employment," p. 183. Indeed, Todaro has cited the Agreements as illustrating the role played by the "probability of obtaining an urban job" in decisions to migrate from rural to urban areas.

40 World Bank, Kenya: Into the Second Decade, p. 305.

Chapter IV - Population and the Labour Force

1 For a description of these models, see Theodore K. Ruprecht and Carl V. Warren, Population Programmes and Economic and Social Development (Paris: OECD Development Centre, 1970), chap ii.


4 Ibid.


7 Bauer, Dissent on Development, p. 62.


12 As is perhaps indicated by the comments made by an Assistant Minister for Tourism and Wildlife that "there is a lot of space and we can afford to have many more children," East African Standard, February 10, 1975.

13 Comments made by a Member of Parliament as noted in the East African Standard, February 2, 1975.

14 For example, see the remarks of the Director of Medical Services in the East African Standard, September 20, 1975.

15 Todaro for example, has defined "dependency burden" as "that proportion of the total population of a country falling in the ages of 0-15 and 64+ which is economically unproductive and therefore not counted in the labour force." Todaro, Economic Development in the Third World, (New York: Longman, 1977), p. 420.

However, it would be inaccurate to assume either that Africans typically "seek work" at any arbitrarily selected age such as 16 or "retire" at any arbitrarily selected age such as 60 or 65, given the overwhelming importance of rural and non-rural self- and family-employment and the lack of compulsory education and state pension schemes. This must adversely affect the utility of the concept of "dependency burden." Not only is the applicability of this
concept restricted to advanced countries (even if there) it also implies an economic relationship between age and productive output that is assumed rather than demonstrated. At the same time, it raises the issue of the meaning and measurement of "productivity," "output" and "labour." As such, it is not self-evident that a "dependency burden" can be calculated for any given nation simply on the basis of the age structure of the population, although this is frequently the basis on which it is calculated. Whether or not the young and old constitute a "burden" for others probably depends on the type and structure of the economy, cultural factors, nature of state policies, and the skills, motivations and expectations existing in the population.

Except in the limiting cases of extreme youth or extreme old age, much would depend at least on the type of work involved, and the health and skill level of the individuals concerned.

The following data for 1971 compare the share of education in Kenya's recurrent budget with that of other countries:

<table>
<thead>
<tr>
<th>Country</th>
<th>Share of Current Budget (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burma</td>
<td>16.3</td>
</tr>
<tr>
<td>Cameroon (1970)</td>
<td>11.1</td>
</tr>
<tr>
<td>Gabon</td>
<td>7.8</td>
</tr>
<tr>
<td>Iran</td>
<td>7.2</td>
</tr>
<tr>
<td>Iraq</td>
<td>16.6</td>
</tr>
<tr>
<td>Kenya</td>
<td>26.9</td>
</tr>
<tr>
<td>Malagasy Republic</td>
<td>19.7</td>
</tr>
<tr>
<td>Malaysia (1970)</td>
<td>20.7</td>
</tr>
<tr>
<td>Rwanda</td>
<td>28.0</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>19.1</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>15.1</td>
</tr>
<tr>
<td>Sudan</td>
<td>7.9</td>
</tr>
</tbody>
</table>


Recorded recurrent and capital expenditures on education (ignoring sizeable "self-help" contributions) as a proportion of GDP was 6.0 per cent in 1972/73, making it one of the highest in the world. Calculated from Republic of Kenya, Economic Survey 1974, (Nairobi: Government Printing Office, 1974), Tables 1.1 and 11.9.


Its effects on individual Kenyans are quite separate and may be quite different from its cumulative effects on an abstraction such as the "labour market."


Emil Rado, "The Explosive Model," paper presented to the Conference on Urban Unemployment in Africa, Institute of Development Studies, University of Sussex, September 12-16, 1971. The discussion of the "explosive model" in the next several paragraphs differs from Rado in that it incorporates the formal-informal distinction. However this does not alter the substantive implications of the model.


Chapter V - Public Policy and Urban Growth in Kenya


Halliman and Morgan, "The City of Nairobi."


Ibid., p. 266.


Ibid., p. 661.


See, for example, Richard E. Stren, Urban Inequality and Housing Policy in Tanzania: The Problem of Squatting (Research Series, No. 24, Institute of International Studies, University of California, Berkeley, 1975), chap. ii.
However, the proportion of the population in urban centres in other African countries is also small. This is indicated by the data in chap. ii, Table 2.

"Urban," in the Kenyan context, is officially defined as settlements of over 2,000 inhabitants. This is a low threshold by world standards which typically define urban areas as settlements of over 20,000.


Ibid., p. 11.

Ibid., p. 13 (emphasis in original).

Ibid., p. 13.


Ross, Grass Roots in an African City, p. 23.

Elkan, "Is a Proletariat Emerging in Nairobi?" pp. 697-98.

Data is derived from Republic of Kenya, Statistical Abstract 1974 (Nairobi: Government Printing Office, 1974), Tables 19(a) and 19(b), and refer to 1969.

Rempel, Labour Migration into Urban Areas.


By 1972, forty per cent of formal sector wage earners were in unions.


Myrdal has advanced the thesis of increasing inequality between different regions of the same country in the absence of state intervention (See G. Myrdal, Development and Underdevelopment [Cairo: National Bank of Egypt, 1956]). Kenya's case does not seem to support this thesis, indeed it appears to be the reverse of this view.
Thus, it is misleading to equate colonialism with capitalism. Some of the economic disadvantages of colonialism (for example, restrictions on economic activities and the preference for a controlled and regulated economy) represent departures from capitalism, or the absence of capitalism, not capitalism itself.

The ILO report states that in 1961 the average earnings of the 22,000 Europeans in wage-earning employment was just over K£1,350 in contrast to the average of K£500 among the 38,000 Asians and the average of K£75 among the 530,000 Africans. (Employment, Incomes and Equality, p. 86). By 1972 the gap within the formal sector, though narrower, was still very large with 13,000 Europeans in formal employment earning an average of K£2,572; 25,000 Asians earning an average of just over K£1,000; and 682,000 Africans earning an average of about K£215. Calculated from Kenya, Statistical Abstract 1974, Tables 221 and 238.

ILO, Employment, Incomes and Equality, p. 11. One Kenyan political scientist has commented that:

"... this rapid upward mobility [of Africans as a result of Africanisation of the civil service] took place within the old structure of the civil service which displayed, above all, a highly discriminatory salary structure originally designed to attract Europeans to the colonial service. ... [This] structure predisposed educated Africans confined in subordinate roles prior to independence to perceive themselves as a presumptive elite, as the rightful beneficiaries of the system of inequality. They looked forward to the much higher salaries which Africanization would confer upon them and were prepared to defend these as well as the seniority principle and the pensions associated with them. ... [This new African middle-class] is also distinguished by its rudimentary mastery of entrepreneurial skills.


Kenya, Statistical Abstract 1974, Table 123.

Kenya, Economic Survey 1974, Table 13.3.

Kenya, Statistical Abstract 1974, calculated from Table 116 (á).

Ibid., calculated from Table 115.

Ibid., calculated from Table 229. Thika has been included here as part of the Nairobi Labour market given its close proximity to the capital city.

Ibid., calculated from Table 244.

For example, this policy has been attempted in Jakarta (see S.V. Sethuraman, Jakarta: Urban Development and Employment [Geneva: International Labour Office, 1976]) and Tanzania (see Michael Todaro, "Income Expectations, Rural-Urban Migration and Employment in Africa," in Employment in Africa: Some Critical Issues [Geneva: ILO, 1973]). Other more subtle means of restricting migration include inadequate roads in rural areas, infrequent and expensive means of public transportation and the provision of meagre or misleading information on the availability of urban jobs.
Chapter VI - The Political Economy of Urban Stability in Kenya


4 Also see, Wayne A. Cornelius, Jr., "Urbanization as an Agent in Latin American Political Instability: The Case of Mexico," American Political Science Review, LXIII, No. 3 (September, 1969), pp. 833-36.

5 Appendix A contains the interview schedule, a discussion of the techniques used and problems encountered, and, as well, the method of compiling results. All tables referred to in this chapter may be found in Appendix B.

6 "Wabenzi" is a Kenyan term which refers to that new "tribe" of affluent Africans many members of which have a marked preference for owning a Mercedes Benz.


Data on these attitudes is presented later.

Gurr, "A Causal Model of Civil Strife."


Some of the evidence given here is compatible with the early but now largely neglected work of Oscar Lewis on Mexico. See his "Urbanization without Breakdown: A Case Study," Scientific Monthly, LXXV, (July, 1952), 31-44.


The far-reaching impact of this view is indicated by its general acceptance among sociologists and political scientists. As well, some economists concerned with Third World development and the rise of income distinctions as a result of the development process also infer that disadvantaged groups constitute a political threat. For example, see Hans Singer, "Employment Problems in Developing Countries," MURA, IV, No. 1 (April, 1971).

The concept of a "subculture of poverty" originated with the work of Oscar Lewis in Mexico. However, Lewis was less given to overgeneralisation and characterisation of the urban poor in these terms than some of his followers.

Joan M. Nelson, Migrants, Urban Poverty, and Instability in Developing Nations, Occasional Paper No. 22, Centre for International Affairs, Harvard University, 1969; and, Morrison and Steeves, "Deprivation, Discontent and Social Movement Participation."

The evident concern of the government with this issue is revealed in the comments of the Minister for Housing and Social Services in his address for National Youth Week:

"The Minister said it was an unfortunate situation that many young people flock into towns to get employment: They do not realise that they have to work very hard and look for opportunities and new openings elsewhere," he observed. Mr. Towett said the towns are already congested, and the Government was making every effort to make the rural areas more attractive. He emphasised that creation of employment opportunities cannot be left entirely to the government. He said it was up to each young person to try and obtain necessary training which will enable him or her to be self-employed." (Daily Nation, July 7, 1975).

This is certainly a frank and realistic appraisal of the prospects facing Kenya's young people. Officials in government are prudent to encourage self-reliance and individual initiative. However, it is ironic that the government should on the one hand encourage attitudes appropriate for material advance...
and on the other hand tend to penalize and harass one probable result of those attitudes, the informal economy.

20. The question read: "Have you ever personally, either alone or with some others from your neighbourhood, gone to see some public official about some problem or need of the people of your neighbourhood?"


25. The question asked: "Do you think these sorts of differences in income are inevitable, a good thing, a bad thing, or it doesn't matter?"


29. This meaning was suggested by Seymour in "Perceptions of Stratification."


32. Numerous respondents volunteered unsolicited comments such as "it depends on what he wants to do," "it's for him to decide," "it depends on what's available," and "it depends on whether he wants to go to school."
Summary and Conclusion

1 As well as in some academic writing, almost any publication of the United Nations, its agencies, and other international "aid" agencies contains references (explicit or implicit) to the thesis that the developed countries have caused the poverty of the less developed world. See for example, Towards a New International Economic Order (London: Commonwealth Secretariat, 1977). Of particular interest is the Annual Review (1975-1976) of the Canadian International Development Agency, Canada and Development Cooperation (Ottawa, 1976). In the section "Origins of the International Imbalance," there are references to the "sizeable" and "growing gap" between "the two camps" requiring "planning for action." As well, research has apparently led to the "dramatic finding" that "the underdevelopment of a large portion of humanity was directly related to the overdevelopment of a minority of well-endowed nations," in other words, "The international economic order . . . caused grave injustice to the poorest countries." The "root cause" emerged as "The profoundly destructive economic and social effects of centuries [sic] of colonial rule imposed by the industrial powers combined with the injustices created by an international political and economic order operating to the advantage of the industrialized countries. "The underdevelopment of some thus results directly from the overdevelopment of others. . . . To correct the situation there is only one possibility: the establishment of a New Economic Order. . . . " (my emphasis).

2 Data on the marked expansion of small-scale production of coffee and tea in Kenya, cocoa in Ghana, rubber in Malaysia and consumer goods in Taiwan, South Korea, Hong Kong and Singapore all indicate substantial material advance. Indeed, a range of statistics - which are readily available - on foreign trade, state revenues, education, public health and the provision of other collective goods, indicates that widespread material progress has occurred in a variety of circumstances. The substantial changes which have taken place in many less developed regions since the beginning of this century are probably at least as remarkable as the disparity that exists between richer and poorer countries.

3 Several reasons may account for the fact that Kenya has been less comprehensive in its planning than many other less developed countries. For one thing, comprehensive planning has generally not been undertaken in areas of British settlement. Besides the continuing influence of the settlers, the more recent influx of expatriate advisors and consultants has been from countries where planning is not the norm. As well, there is the apparent success of formal development without comprehensive planning. Perhaps most important, members of the ruling elite have urged the mass of Kenyans to emulate their acquisitive behaviour, a recommendation fundamentally opposed to the prime tenets of comprehensive planning.
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**Newspapers**


**Official Publications**


This appendix contains a discussion of the research methods used in this study, some of the problems encountered, possible sources of error in selecting respondents to be interviewed, the interview process, the interview schedule and documents relating to the research undertaken in Kenya.

As a general rule, field research in a foreign area should probably proceed from the most general type of data gathering techniques to increasingly more specific ones. One reason for this procedure is that upon entry into a foreign country the scholar may be insufficiently knowledgeable of the local social, economic and political patterns. At least this was the case in this study. In order to minimise this handicap, three basic data gathering techniques were utilized in this research: first, the unstructured device of direct observation and informal discussion. This was made possible and enhanced by residing for 15 months in Nairobi and the neighbouring rural area of Kiambu in Central Province; second the more structured technique of documentary research. This was facilitated by the availability of public reports from the Kenya Government Printer and made more enjoyable by the stimulating and varied research activities of scholars at the Institute for Development Studies, University of Nairobi; third, the highly specific technique of interviews conducted in Nairobi's informal economy.

Each of these techniques may introduce error in the study. With respect to official documents, errors may exist in the data or errors may have arisen in the way in which the data was utilised in the study. The most
important sources used in this case study of Kenya were *Statistical Abstracts* and *Economic Surveys*. The degree of error in these sources is unknown, indeed, official data have been revised several times. Possible errors in the interview results are discussed later in the appendix.

Prior to engaging in research in Kenya, official approval must be secured from the Kenyan authorities. As a word of caution to other scholars, it should be noted that the procedure for obtaining the necessary research permit can be a lengthy and frustrating experience. Indeed, given the apparent difficulties in communicating with public officials 10,000 miles distant, my research supervisor, Dr. R. Jackson, astutely recommended making the journey to Nairobi and, once there, petitioning directly public officials in the Office of the President. While this procedure is not necessarily advisable for those intending to undertake direct research in other African countries, it did prove successful in this instance. However, even after arriving in Kenya, lengthy delays were encountered in obtaining research clearance.

As well, it should be noted that with respect to survey research the Kenyan authorities demand a copy of the interview schedule prior to granting research clearance. In this study, the need to secure such approval tended to result in a degree of self-imposed censorship concerning the type of questions asked respondents, the wording of some of the questions, and their placement in the interview schedule. In other words, prudence coupled with the desire to undertake the research indicated that some sensitivity be shown given the probable discretionary authority of public officials. A copy of the research clearance form which details stipulated conditions is included in this appendix.
Some significant Events in Kenya Prior to the Interviews:

The interviews that were conducted in Nairobi's informal economy took place in late 1975. During the time period prior to the interviews, several events occurred which may have had an undetermined influence on the interview results. For example, by decree outdoor markets were closed as a result of a cholera epidemic in Kenya. It was not clear whether this action was entirely justified by the circumstances. Indeed, the Nairobi newspapers reported that many market traders continued their pursuits despite notable harassment by City Council enforcement agents. The vocal displeasure of the traders and their customers may have been partly responsible for the re-opening of the market places by direct order of the President. As well, during this period the Nairobi City Council dispatched bulldozers to destroy several areas of unauthorised housing. It was reported that approximately 10,000 residents were rendered at least temporarily homeless. It is probable that many of these residents were engaged in informal activities.

Nationally, during this period, a considerable public uproar followed the assassination of J.M. Kariyuki, a politician apparently popular with low income Kenyans but perhaps not with the regime. Indeed, it was apparently felt among widespread segments of the population that members of the regime were implicated in his assassination. More daring rumours alleged that high officials in State House were directly involved. In any event the government proclaimed and attempted to enforce a ban on "rumour-mongering" as it was called at the time. As well, officials arranged for large (indeed, improbably large) rallies and demonstrations designed to indicate mass popular approval of the government. At the same time, numerous interest groups indicated through public declarations their continuing and
undying allegiance to the President and KANU. During this period, a series of small bombs were detonated in Nairobi, allegedly the work of a poor people's liberation movement.

These events took place during the period prior to the interviews. It is not known what, if any, effect they may have had on the interviews. In any event, the time period during which the interviews occurred was not marked by any particularly extraordinary event.

Selection of Respondents

With respect to conducting interviews in Nairobi's informal economy, the prime difficulty was in the selection of those to be interviewed. This difficulty may be made more apparent by sketching some of the dimensions of the informal economy. Thus, from one perspective it may be represented by the image of an individual hammering used metal into some type of inexpensive household good, for example, a brazier or kerosene lamp, or an artisan creating products out of wood, leather or metal. As well, groups of individuals may be found together out-of-doors each of whom is engaged in the repair and maintenance of bicycles or motorcycles, or in the provision of services. While these examples appear to stress single-operator enterprises numerous informal businessmen hire labour for wages or undertake to provide training in exchange for work. Thus, Hart's distinction between wage labour and self-employment did not prove particularly helpful. This indicated that the interviews must include not only the owner-operator but as well employees in informal enterprises. Moreover, some types of informal activities, for example, hand-cart pushers who collect and transport used metal for distribution to artisans, or some types of sellers or hawkers, may be extremely-mobile, having no permanent location in which they carry out their activities. On the other hand,
some types of service activities, for example, tea-houses, lunch-stands or roadside "Hiltons," are of course, place-specific.

Indeed, geographically, informal production as well is not necessarily randomly scattered throughout Nairobi. Much of the informal activity tends to be concentrated in specific areas of the city, often on the basis of the type of goods being produced and/or sold. In these areas, there is typically no demarcation of one plot from another. While there may be permanent dwellings, it is much more common to find the activity taking place on open ground or under temporary, indeed fragile-looking, shelters.

Thus, the selection process of those to be interviewed proved to be a thorny problem. Clearly, it would not be possible to select respondents on the basis of census maps, building directories, telephone listings, or listings at the employment exchange. Instead, it was decided to select specific areas of the city where informal activity appeared to be particularly intense. In this respect, interviewing took place along Kampala Road and Commercial Street in Nairobi's industrial area, Makodara/Hamza Road; Burmah Market, Jogoo Road; Kariobangi, Kikomba; Shaurimoyo; Mathare Valley; and Eastleigh. An attempt was made to use a place-specific sampling frame in each area. In this way, it was hoped that respondents were included who represented different types of informal activity, those who were self-employed, in paid employment and those looking for employment. Thus, strictly speaking, the interviews were not conducted on the basis of proper random sampling. Indeed, it should be recognised that the method chosen introduces the possibility of error. However, random sampling may not be feasible since the parameters of the relevant population are currently unknown, and indeed, the boundaries themselves may continue to shift for a considerable time. As well, several points should be noted. First,
the interviews were conducted in numerous areas throughout Nairobi. Second, the nature of the activities engaged in by the respondents is felt to represent the span of typical informal pursuits. Third, the trends in the data on the social characteristics of the respondents reflect the education and age clustering of the Nairobi population. Thus, the problems that might have arisen in interpreting the interview results had they been derived on the basis of selecting only those respondents in trading activities, or production or paid informal employment were minimised. In total, 182 interviews were conducted among male Africans who were not born in, but rather had migrated to, Nairobi.

The Interview Procedure

The interview schedule was constructed with helpful comments from individuals at the University of Nairobi and in the Planning Department of the Nairobi City Council. Prior to formal interviewing, the interview schedule was pre-tested on respondents selected in the same manner as the actual interviews. As a result of this pre-test, several changes were made in the interview schedule. First, questions related to the respondent’s family were removed as the value of the information gained was not commensurate with the difficulty in overcoming an apparent reluctance to answer the questions. Second, questions which appeared to be viewed by the respondents as "too political" or "sensitive" were scattered towards the end of the schedule since one primary concern was to ensure completed interview schedules. Third, some questions which were initially open-ended were closed in order to facilitate a more expeditious completion of the interview.

Three African students assisted in carrying out the interviews. Each had prior experience in conducting interviews. As well, they were
paid a daily rate in order to minimise the incentive simply to complete a large number of interviews. Given the strict limitation of resources, the object was not to obtain a large number of interviews but rather to ensure accuracy in the data gathered.

Work was undertaken as a group in each of the selected geographical areas of Nairobi. This helped to ensure close supervision of the interview process and consistent responses to difficulties or problems, for example vis-a-vis respondent reluctance, or more commonly, excessive interest by onlookers in the interview process. As well, the very close supervision maintained over the assistants helped to minimise intentional or unintentional errors in the manner in which the interview was conducted and the way in which the response categories were marked. It was emphasised to the assistants, who only knew as much about the study as was necessary to facilitate their work, that the interview schedules were to be completed solely on the basis of the answers obtained from the actual respondents. The work was checked daily with each assistant to ensure that each of the interview schedules was complete and to check that information obtained was internally consistent. This was, of course facilitated by the relatively small number of interviews that were completed on any given day.

After all the interviews were completed, a master code sheet was devised on the basis of the responses. This was done after return to the University of British Columbia. The interview schedules were coded, the information was transferred to coding sheets and then punched on computer cards. At each of these stages a second person was asked to check for errors in the original work.

A fixed column format was used with two cards per interview. Each interview schedule was assigned an identification number. As well, the
programmer at the University of British Columbia, Mr. Flynn, made checks via the computer for any anomalies in the data. The coded data are on file at the University of British Columbia. The original questionnaires are in my possession and I may be contacted through the Department of Political Science, University of British Columbia, Vancouver, Canada.

Interviewing

Each interview took approximately one hour. At times, the interviewing took longer as the respondent had to attend to customers or other aspects of his business. In this respect, the interview schedule might have been too long. Generally, the interview received an enthusiastic response. Indeed, at times, a large group of people gathered during the interview session. In these instances, an attempt was made to isolate the respondent from on-lookers. However, it should be noted that some reluctance was encountered by some owners of enterprises when it became apparent to them that their employees were to be interviewed. This seemed to be derived from a concern that we represented either the Nairobi City Council or the labour unions and had come "to spoil my business." After they were assured that this was not the case and that we were associated with the University of Nairobi and that their responses were strictly confidential, cooperation was forthcoming.
Interview Schedule - Informal Sector Opportunities

Interview number
Place of interview
Date of Interview

1. First of all do you mind telling me where you come from, I mean where you were born? (Regions: Nairobi; Rift Valley; Nyanza; Eastern; Western; Coast; Central.);

[If born in Nairobi, interview was closed.]

2. How long have you been in Nairobi? (Length of residence: less than ½ year; ½-1 year; 1-2 years; 2-5 years; 5-10 years; 10+ years.)

3. Why did you come to Nairobi?

4. When you were thinking of moving to Nairobi:

   (a) How long did you think it would take you to find a job? (Length of time: less than 1 month; 1-3 months; 3-6 months; ½-1 year; over 1 year.)

   (b) What type of job did you think you would get in Nairobi?

   (c) How much money per month did you think you would make? (Shs.--- p.m. [Specify and ring one] Amount of money: Shs.0-99; 100-199; 200-299; 300-399; 400-499; 500-999; 1,000+.)

5. How did you find town life? ([Read out] About as you expected; worse; better.)

6. (a) Would you rather live in Nairobi, back home, or elsewhere?

   (b) Why?

7. If you had known as much about Nairobi as you do now, do you think you would have come here? (Yes; no.)

8. How much money per month do you think a man like yourself needs to live in Nairobi? (Shs.--- p.m. [Specify and ring one] Amount of money: Shs.0-99; 100-199; 200-299; 300-399; 400-499; 500-999; 1,000-2,000; 2,000-3,000; 3,000+.)

9. (a) If a friend or relative came to you for help to settle in Nairobi, would you help him? (Yes; no.)

   (b) Why? (Or why not?)

10. Did anyone help you when you first came to Nairobi? (Yes; no [If no, go to Q.11])

    What type of help did you get? (Place to sleep; food; clothes; money; other [specify] [yes; no; in each category])
11. Do you think friends and/or relatives ought to help you when you ask them? (Yes; no.)

12. (a) How often do you visit relatives in your home area? (More than once a month; once a month; more than once a year; once a year; rarely; never; new to Nairobi.)

(b) Do you send money to relatives in your home area? (Yes; no.)

13. Do you have a relative or friend living in Nairobi, who is doing pretty well for himself? (Yes; no.[If no, go to Q. 16])

14. What does this person do? [Be as specific as possible.]

15. How often do you visit him? (At least once a week; more than once a month; once a month; more than once a year; once a year; rarely; never.)

16. Do you think there are some people who have a lot more money than most other people (Yes; no [if no, go to Q. 19])

17. How do you think they manage that?

18. Do you think these sorts of differences in income are inevitable, a good thing, a bad thing, or it doesn't matter?

19. Do you think Nairobi is a friendly place where you can meet new friends easily or is it a lonely place to live in, or what do you think of it?

20. Do you think your living conditions have improved, got worse, or stayed the same as they were 5 years ago?

21. Do you think your living conditions five years from now will be better, worse, or about the same as they are now?

22. Do you . . . [take one at a time, yes or no in each case] . . . belong to a club or association? . . . go to the cinema? . . . read newspapers at least once a week? . . . listen to the radio at least once a week? . . . attend religious services more than once a month?

23. Do you ever . . . [take one at a time, yes or no in each case] . . . support self-help activities in Nairobi? . . . support self-help activities in your rural home area? . . . go to meetings that deal with neighbourhood problems in Nairobi?

24. At the place you are living now, what sorts of activities do you do with your neighbours?

25. Do you think that people in your neighbourhood in Nairobi are better off, worse off, or about the same as people in the rural areas?

   Why?

26. Generally speaking, what do you think is the single most important factor
for improving conditions in your neighbourhood?ː:[Read out.] (God's help; hard work of residents; government doing it; government and residents together; good luck.)

27. What is the nature of the work you normally do?

28. Do you like that kind of work? (Yes; no.)

29. How long do you expect to be doing it? (Less than ½ year; ½-1 year; 1-2 years; 2-5 years; 5-10 years; 10+ years.)

30. (a) Is there any other kind of work you would like to do? (Yes; no [If no, go to Q. 33])

(b) What type of work?

31. How do you think you could get that kind of work?

32. Why do you think you would like that kind of work?

33. Are you currently working, at school, looking for work, self-employed, or what?

34. (a) Do you do any other sort of part-time or casual work as well? (Yes; no [if no, go to Q. 35])

(b) What is it?

35. Where did you learn the skills that help you to get a job? (At school; while working on a job; from family; at a vocational or self-help institute; as an apprentice; other [specify])

36. At the place where you learned these skills did you receive any money as you learned them, did you pay money to learn them, or did you do services as payment to learn the skills?

37. In your experience, do you think it is pretty hard or fairly easy to get work in Nairobi?

What makes you think that?

38. What sort of work do you think you'll be doing in five years' time?

39. If you have (or expect to have in the future) any sons, what sort of work do you think they will be doing?

40. Who or what do you think is mainly responsible for the fact that some school leavers and other people are unable to get jobs? [Read out.] Their own fault; school's fault; government's fault; bad luck; nobody's fault; other [specify])

41. What do you think is the best way of finding out about a new job? [Read out.] (Friends; relatives; newspapers; labour exchange; going around yourself to different firms; other [specify])
42. What sorts of jobs are the easiest to get?

43. Do you usually try to hold more than one job at a time? (Yes; no.)

44. What do you think is the most important factor in getting a job? [Do not read out:] (Education; knowing people who can help you; luck; other [specify].)

45. What kind of work would you like most to do in life? [Take one answer only.]

46. What do you think are your chances of doing this? [Read out.] (Very good; good; fair; not so good.)

47. Kenya has changed a lot in recent years, for example there are more factories now than before. Do you think changes like new factories and industries have benefitted people like yourself? (Yes; no.)

48. Do you have your own business? (Yes; no [if no, go to Q. 51].)

49. What type of business is it?

50. What made you decide to go into this business? [Go to Q. 55.]

51. Have you ever thought about starting your own business? (Yes, no [if no, go to Q. 55].)

52. What type of business?

53. Why would you like to go into that kind of business?

54. What has prevented you from starting your own business?

55. While living in Nairobi, have you ever worked or co-operated with other residents of your neighbourhood to try to solve some problem? (Yes; no.)

56. Have you ever personally - either alone or with some others from your neighbourhood - gone to see some public official about some problem or need of the people of your neighbourhood? (Yes; no.)

57. Do you think the government or Nairobi City Council is doing enough for the people in your neighbourhood? (Yes; no.)

Respondent's level of education: none; some primary education; completed primary education; some secondary education; completed secondary education; post-secondary education.

Respondent's age: 15-19; 20-24; 25-29; 30-34; 35-39; 40-44; 45+

Respondent's Source of Income: paid employment informal sector; self-employment informal sector; unemployed/casual worker.
### Table B.1: Characteristics of the Two Circuits of the Urban Economy in Less Developed Countries

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Upper Circuit</th>
<th>Lower Circuit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>Capital-intensive</td>
<td>Labour-intensive</td>
</tr>
<tr>
<td>Organisation</td>
<td>Bureaucratic</td>
<td>Generally, family-organised</td>
</tr>
<tr>
<td>Capital</td>
<td>Abundant</td>
<td>Scarce</td>
</tr>
<tr>
<td>Employment</td>
<td>Small</td>
<td>Great</td>
</tr>
<tr>
<td>Regular wages</td>
<td>Normal</td>
<td>Not required</td>
</tr>
<tr>
<td>Inventories</td>
<td>Large quantities and/or high quality</td>
<td>Small quantities; poor quality</td>
</tr>
<tr>
<td>Prices</td>
<td>Generally fixed</td>
<td>Generally negotiated between buyer and seller</td>
</tr>
<tr>
<td>Credit</td>
<td>Banks and other institutions</td>
<td>Personal, non-institutional</td>
</tr>
<tr>
<td>Benefits</td>
<td>Reduced to unity but important due to volume of business (exception: luxury items)</td>
<td>Raised to unity but small in relation to volume of business</td>
</tr>
<tr>
<td>Relations with clientèle</td>
<td>Impersonal and/or through documents</td>
<td>Direct, personal</td>
</tr>
<tr>
<td>Fixed costs</td>
<td>Important</td>
<td>Negligible</td>
</tr>
<tr>
<td>Publicity</td>
<td>Necessary</td>
<td>None</td>
</tr>
<tr>
<td>Re-use of resources</td>
<td>None, wasted</td>
<td>Frequent</td>
</tr>
<tr>
<td>Overhead capital</td>
<td>Indispensable</td>
<td>Non-indispensable</td>
</tr>
<tr>
<td>Government aid</td>
<td>Important</td>
<td>None or almost none</td>
</tr>
<tr>
<td>Direct dependence on foreign countries</td>
<td>Great, outward-oriented</td>
<td>Small or none</td>
</tr>
</tbody>
</table>

### Table 8.2: Formal Employment by Industry Type, 1960-1974 (thousands)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>PRIVATE SECTOR</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture and forestry</td>
<td>271.8</td>
<td>252.0</td>
<td>245.5</td>
<td>215.7</td>
<td>202.1</td>
<td>202.4</td>
<td>188.1</td>
<td>172.7</td>
<td>173.0</td>
<td>178.7</td>
<td>183.3</td>
<td>189.6</td>
<td>197.9</td>
<td>220.6</td>
<td>213.7</td>
</tr>
<tr>
<td>Manufacturing and repairs</td>
<td>52.3</td>
<td>42.6</td>
<td>45.3</td>
<td>43.0</td>
<td>49.1</td>
<td>52.1</td>
<td>52.4</td>
<td>56.8</td>
<td>50.2</td>
<td>57.6</td>
<td>62.1</td>
<td>72.1</td>
<td>72.1</td>
<td>73.3</td>
<td>81.7</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>5.0</td>
<td>3.8</td>
<td>3.5</td>
<td>3.2</td>
<td>2.3</td>
<td>2.3</td>
<td>2.3</td>
<td>2.4</td>
<td>2.9</td>
<td>2.6</td>
<td>2.9</td>
<td>2.7</td>
<td>2.7</td>
<td>2.4</td>
<td>3.1</td>
</tr>
<tr>
<td>Building and construction</td>
<td>21.1</td>
<td>17.9</td>
<td>12.6</td>
<td>9.1</td>
<td>9.2</td>
<td>8.7</td>
<td>10.3</td>
<td>17.4</td>
<td>18.1</td>
<td>16.3</td>
<td>17.0</td>
<td>21.0</td>
<td>23.3</td>
<td>23.7</td>
<td>29.3</td>
</tr>
<tr>
<td>Electricity and water</td>
<td>2.5</td>
<td>2.5</td>
<td>2.1</td>
<td>2.4</td>
<td>2.5</td>
<td>2.5</td>
<td>2.7</td>
<td>2.8</td>
<td>2.7</td>
<td>2.5</td>
<td>. .</td>
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<td>. .</td>
<td>. .</td>
<td>. .</td>
</tr>
<tr>
<td>Commerce</td>
<td>39.1</td>
<td>43.1</td>
<td>42.8</td>
<td>45.4</td>
<td>49.5</td>
<td>46.5</td>
<td>46.1</td>
<td>43.3</td>
<td>40.2</td>
<td>41.8</td>
<td>39.8</td>
<td>42.5</td>
<td>40.0</td>
<td>44.7</td>
<td>55.4</td>
</tr>
<tr>
<td>Transport &amp; Communic'n</td>
<td>14.8</td>
<td>14.5</td>
<td>16.0</td>
<td>9.9</td>
<td>11.1</td>
<td>12.0</td>
<td>13.9</td>
<td>14.8</td>
<td>15.8</td>
<td>16.0</td>
<td>16.5</td>
<td>16.3</td>
<td>18.1</td>
<td>16.6</td>
<td>17.6</td>
</tr>
<tr>
<td>Services</td>
<td>54.2</td>
<td>46.4</td>
<td>45.0</td>
<td>51.1</td>
<td>67.6</td>
<td>67.4</td>
<td>69.3</td>
<td>75.2</td>
<td>73.6</td>
<td>74.5</td>
<td>75.3</td>
<td>79.3</td>
<td>78.7</td>
<td>81.2</td>
<td>95.4</td>
</tr>
<tr>
<td><strong>TOTAL PRIVATE SECTOR</strong></td>
<td>460.8</td>
<td>422.8</td>
<td>412.8</td>
<td>397.7</td>
<td>393.4</td>
<td>393.8</td>
<td>385.0</td>
<td>385.4</td>
<td>384.5</td>
<td>390.1</td>
<td>397.3</td>
<td>423.7</td>
<td>432.8</td>
<td>462.4</td>
<td>496.2</td>
</tr>
</tbody>
</table>

| **PUBLIC SECTOR** |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| Kenya Government | 99.6 | 103.7 | 89.7 | 80.1 | 85.5 | 85.1 | 93.5 | 84.8 | 99.1 | 108.6 | 111.6 | 125.6 | 135.8 | 135.7 | 139.5 |
| Parastatal bodies | . . . | . . . | . . . | . . . | 13.4 | 14.1 | 17.0 | 66.4 | 69.0 | 75.8 | 86.1 | 101.1 | . . . | . . . | . . . |
| Local government | n.a. | n.a. | n.a. | 40.5 | 55.5 | 59.4 | 60.2 | 59.8 | 63.1 | 67.3 | 23.7 | 23.8 | 25.8 | 27.0 | 27.8 |
| East African Community (General Fund services) | . . . | 3.2 | 3.1 | 3.3 | 3.1 | 3.0 | 2.9 | 2.8 | 3.1 | 3.2 | 3.7 | 3.8 | 4.2 | . . . | . . . |
| E.A. Railways | 26.0 | 25.0 | 25.7 | 26.1 | 23.3 | 24.3 | 26.4 | 25.4 | 24.3 | 23.2 | 22.5 | 22.6 | 23.1 | 22.7 | 21.6 |
| E.A. Harbours | . . . | . . . | . . . | . . . | 1.9 | 2.2 | 3.1 | 3.0 | 3.3 | 3.2 | . . . | . . . | . . . | . . . | . . . |
| E.A. Posts & Telecom. | 4.5 | 4.7 | 4.5 | 4.5 | 4.5 | 4.8 | 4.7 | 4.9 | 4.8 | 4.8 | 5.5 | 5.8 | 5.8 | 5.6 | 6.0 |
| Other E.A. bodies | . . . | 6.0 | 10.1 | 11.3 | 12.5 | 10.6 | 12.6 | 11.5 | 12.5 | 14.4 | 14.0 | 15.1 | 14.1 | . . . | . . . |
| **TOTAL PUBLIC SECTOR** | 161.4 | 167.0 | 167.0 | 159.5 | 182.0 | 188.2 | 200.4 | 212.1 | 221.9 | 237.1 | 247.1 | 268.5 | 287.0 | 299.3 | 330.1 |

| Share of Public Sector in Total Wage Employment (%) | 25.9 | 28.3 | 28.8 | 29.6 | 31.6 | 32.3 | 34.2 | 35.5 | 36.6 | 37.8 | 38.4 | 38.7 | 39.9 | 39.3 | 39.9 |

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A reduction of 6,000 between 1960 and 1961 due to reclassification of a number of firms from repairs to commerce.  
Transferred to public sector.  
Reflects the transfer of responsibility for teachers from County Councils to Teachers Service Commission in 1970.  
1960-62 refers to combined East African Railways and Harbours.  

Table B.3: Change in Population and Population Growth Rates, Kenya, 1931-1974

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (1000)</th>
<th>Growth Rate&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Year</th>
<th>Population (1000)</th>
<th>Growth Rate&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>1931</td>
<td>3,981,000</td>
<td>..</td>
<td>1962</td>
<td>8,636,263</td>
<td>3.2</td>
</tr>
<tr>
<td>1941</td>
<td>4,853,000</td>
<td>2.0</td>
<td>1969</td>
<td>10,942,705</td>
<td>3.3</td>
</tr>
<tr>
<td>1948</td>
<td>5,405,966</td>
<td>..</td>
<td>1971</td>
<td>11,524,000</td>
<td>3.4</td>
</tr>
<tr>
<td>1951</td>
<td>6,211,000</td>
<td>2.5</td>
<td>1974</td>
<td>12,934,000</td>
<td>..</td>
</tr>
<tr>
<td>1961</td>
<td>8,346,000</td>
<td>3.0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup>Percentage growth rate between years shown.


Table B.4: Percentage Age Distribution of Nairobi African Population 1962 and 1969 by Sex

<table>
<thead>
<tr>
<th>Age (Years)</th>
<th>Males 1962 (100)</th>
<th>Males 1969 (100)</th>
<th>Females 1962 (100)</th>
<th>Females 1969 (100)</th>
<th>Sex Ratio 1962 (187.3)</th>
<th>Sex Ratio 1969 (158.6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-4</td>
<td>11.2</td>
<td>13.5</td>
<td>23.0</td>
<td>21.0</td>
<td>99.0</td>
<td>102.1</td>
</tr>
<tr>
<td>5-9</td>
<td>7.0</td>
<td>9.4</td>
<td>13.6</td>
<td>15.0</td>
<td>104.3</td>
<td>99.0</td>
</tr>
<tr>
<td>10-14</td>
<td>4.6</td>
<td>5.6</td>
<td>6.7</td>
<td>9.8</td>
<td>140.4</td>
<td>90.8</td>
</tr>
<tr>
<td>15-19</td>
<td>6.4</td>
<td>8.0</td>
<td>10.4</td>
<td>12.8</td>
<td>126.6</td>
<td>99.0</td>
</tr>
<tr>
<td>20-24</td>
<td>13.2</td>
<td>15.8</td>
<td>15.9</td>
<td>14.9</td>
<td>169.2</td>
<td>169.0</td>
</tr>
<tr>
<td>25-29</td>
<td>16.1</td>
<td>13.3</td>
<td>13.6</td>
<td>10.4</td>
<td>241.2</td>
<td>203.8</td>
</tr>
<tr>
<td>30-34</td>
<td>12.3</td>
<td>10.4</td>
<td>6.4</td>
<td>5.6</td>
<td>391.4</td>
<td>295.3</td>
</tr>
<tr>
<td>35-39</td>
<td>9.2</td>
<td>8.6</td>
<td>3.9</td>
<td>3.8</td>
<td>481.4</td>
<td>359.5</td>
</tr>
<tr>
<td>40-44</td>
<td>7.1</td>
<td>5.6</td>
<td>2.2</td>
<td>2.2</td>
<td>664.2</td>
<td>395.7</td>
</tr>
<tr>
<td>45-49</td>
<td>5.0</td>
<td>4.2</td>
<td>1.5</td>
<td>1.5</td>
<td>676.5</td>
<td>446.5</td>
</tr>
<tr>
<td>50+</td>
<td>8.8</td>
<td>5.6</td>
<td>2.8</td>
<td>3.0</td>
<td>..</td>
<td>..</td>
</tr>
</tbody>
</table>


The 1962 figures refer to the population of the Extra-Provincial District of Nairobi. Sex ratio is defined as number of males per 100 females. The overall sex ratio of 187.3 in 1962 is that given by the general census, which is somewhat lower than the 203.1 given in the sample census. Totals shown in parentheses.

Table B.5: Level of Education Among Migrants in the Informal Sector

<table>
<thead>
<tr>
<th>Education</th>
<th>Length of Urban Residence in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than $\frac{1}{2}$</td>
</tr>
<tr>
<td>None</td>
<td>0 %</td>
</tr>
<tr>
<td>Some primary</td>
<td>42.4</td>
</tr>
<tr>
<td>Completed primary</td>
<td>36.4</td>
</tr>
<tr>
<td>Some secondary</td>
<td>18.2</td>
</tr>
<tr>
<td>Completed secondary</td>
<td>3.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td>(33)</td>
</tr>
</tbody>
</table>

Table B.6: Employment Status of Migrants in the Informal Sector

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Length of Urban Residence in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than $\frac{1}{2}$</td>
</tr>
<tr>
<td>Self-employed</td>
<td>6.3%</td>
</tr>
<tr>
<td>Artisan</td>
<td>76.3%</td>
</tr>
<tr>
<td>Unskilled</td>
<td>43.8%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>43.8%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td>(33)</td>
</tr>
</tbody>
</table>

Table B.7: Perceptions of Nairobi among Informal Sector Migrants from Different Provinces in Kenya

<table>
<thead>
<tr>
<th>Perception</th>
<th>Province of Origin(^a)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nyanza</td>
</tr>
<tr>
<td>Friendly</td>
<td>69.4%</td>
</tr>
<tr>
<td>Lonely</td>
<td>25.0</td>
</tr>
<tr>
<td>Other</td>
<td>5.6</td>
</tr>
<tr>
<td>Don't know</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td>(36)</td>
</tr>
</tbody>
</table>

\(^a\)Four respondents, two each from Rift Valley and Coast Provinces, were omitted.
Table B.8: Perception of Nairobi among Short-term and Longer-term Informal Sector Migrants

<table>
<thead>
<tr>
<th>Perception</th>
<th>Less than ½</th>
<th>½-1</th>
<th>1-2</th>
<th>2-5</th>
<th>5-10</th>
<th>Over 10</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friendly</td>
<td>69.7%</td>
<td>57.1%</td>
<td>62.5%</td>
<td>52.0%</td>
<td>75.0%</td>
<td>69.2%</td>
<td>65.9%</td>
</tr>
<tr>
<td>Lonely</td>
<td>27.3%</td>
<td>28.6%</td>
<td>33.3%</td>
<td>44.0%</td>
<td>22.5%</td>
<td>23.1%</td>
<td>28.6%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
<td>14.3%</td>
<td>0%</td>
<td>4.0%</td>
<td>2.5%</td>
<td>7.7%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Don't know</td>
<td>3.0%</td>
<td>0%</td>
<td>4.2%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td>(33)</td>
<td>(21)</td>
<td>(24)</td>
<td>(25)</td>
<td>(40)</td>
<td>(39)</td>
<td>(182)</td>
</tr>
</tbody>
</table>

Table B.9: Perception of Nairobi among Migrants in Different Informal Occupations

<table>
<thead>
<tr>
<th>Occupational Status</th>
<th>Self-employed</th>
<th>Artisan</th>
<th>Unskilled</th>
<th>Unemployed</th>
<th>All migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friendly</td>
<td>60.4%</td>
<td>72.7%</td>
<td>64.3%</td>
<td>67.7%</td>
<td>65.9%</td>
</tr>
<tr>
<td>Lonely</td>
<td>35.4%</td>
<td>22.7%</td>
<td>25.0%</td>
<td>32.3%</td>
<td>28.6%</td>
</tr>
<tr>
<td>Other</td>
<td>4.2%</td>
<td>4.5%</td>
<td>7.1%</td>
<td>0%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Don't know</td>
<td>0%</td>
<td>0%</td>
<td>3.6%</td>
<td>0%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td>(48)</td>
<td>(44)</td>
<td>(56)</td>
<td>(34)</td>
<td>(182)</td>
</tr>
</tbody>
</table>

Table B.10: Comparison of Living Conditions Now with Those Five Years Ago among Informal Sector Migrants

<table>
<thead>
<tr>
<th>Perceptions</th>
<th>Less than ½</th>
<th>½-1</th>
<th>1-2</th>
<th>2-5</th>
<th>5-10</th>
<th>Over 10</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>51.5%</td>
<td>47.6%</td>
<td>50.0%</td>
<td>52.0%</td>
<td>35.0%</td>
<td>38.5%</td>
<td>44.5%</td>
</tr>
<tr>
<td>Got worse</td>
<td>33.3%</td>
<td>20.6%</td>
<td>37.5%</td>
<td>32.0%</td>
<td>52.5%</td>
<td>46.2%</td>
<td>40.1%</td>
</tr>
<tr>
<td>Stayed same</td>
<td>15.2%</td>
<td>23.8%</td>
<td>12.5%</td>
<td>16.0%</td>
<td>12.5%</td>
<td>15.4%</td>
<td>15.4%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td>(33)</td>
<td>(21)</td>
<td>(24)</td>
<td>(25)</td>
<td>(40)</td>
<td>(39)</td>
<td>(182)</td>
</tr>
</tbody>
</table>
Table B.11: Expectations of Future Living Conditions Compared with Present Living Conditions among Informal Sector Migrants

<table>
<thead>
<tr>
<th>Expectations</th>
<th>Length of Urban Residence in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than ½</td>
</tr>
<tr>
<td>Better</td>
<td></td>
</tr>
<tr>
<td></td>
<td>51.5%</td>
</tr>
<tr>
<td>Worse</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9.1</td>
</tr>
<tr>
<td>Stay the same</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Don't know</td>
<td></td>
</tr>
<tr>
<td></td>
<td>39.4</td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>(N)</td>
<td>(33)</td>
</tr>
</tbody>
</table>

Table B.12: Expectations of Future Living Conditions Compared with Present Living Conditions among Those Informal Sector Migrants Able to Make the Prediction

<table>
<thead>
<tr>
<th>Expectations</th>
<th>Length of Urban Residence in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than ½</td>
</tr>
<tr>
<td>Better</td>
<td></td>
</tr>
<tr>
<td></td>
<td>85.0%</td>
</tr>
<tr>
<td>Worse</td>
<td></td>
</tr>
<tr>
<td></td>
<td>15.0</td>
</tr>
<tr>
<td>Stay the same</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>(N)</td>
<td>(20)</td>
</tr>
</tbody>
</table>

Table B.13: Remittance of Funds to Rural Relatives from Migrants in the Urban Informal Sector

<table>
<thead>
<tr>
<th>Remittance Sent</th>
<th>Length of Urban Residence in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than ½</td>
</tr>
<tr>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>42.4%</td>
</tr>
<tr>
<td>No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>57.6</td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>(N)</td>
<td>(33)</td>
</tr>
</tbody>
</table>
### Table B.14: Remittance of Funds to Rural Relatives According to Age of Migrants in the Informal Sector

<table>
<thead>
<tr>
<th>Remittance Sent</th>
<th>15-19</th>
<th>10-24</th>
<th>25-29</th>
<th>30-34</th>
<th>35-39</th>
<th>40-44</th>
<th>Over 45</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>52.6%</td>
<td>60.8%</td>
<td>71.1%</td>
<td>81.8%</td>
<td>87.5%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>69.2%</td>
</tr>
<tr>
<td>No</td>
<td>47.4%</td>
<td>39.2%</td>
<td>28.9%</td>
<td>18.2%</td>
<td>12.5%</td>
<td>0</td>
<td>0</td>
<td>30.8%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age in Years</th>
<th>30-34</th>
<th>35-39</th>
<th>40-44</th>
<th>Over 45</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-34</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>35-39</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>40-44</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Over 45</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>All Migrants</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### Table B.15: Visits to the Rural Home Province made by Informal Sector Migrants

**Province of Origin**

<table>
<thead>
<tr>
<th>Frequency of Visits</th>
<th>Nyanza</th>
<th>Eastern</th>
<th>Western</th>
<th>Central</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least once a month</td>
<td>18.8%</td>
<td>57.1%</td>
<td>10.0%</td>
<td>48.2%</td>
<td>41.3%</td>
</tr>
<tr>
<td>At least once a year</td>
<td>71.9%</td>
<td>32.1%</td>
<td>80.0%</td>
<td>42.4%</td>
<td>49.0%</td>
</tr>
<tr>
<td>Rarely/never</td>
<td>9.4%</td>
<td>10.7%</td>
<td>10.0%</td>
<td>9.4%</td>
<td>9.7%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Twenty-three respondents who have been in Nairobi six months or less; and four respondents, two each from Rift Valley and Coast Provinces, were omitted.**

### Table B.16: Support Given to Rural and Urban Self-Help Activities by Migrants in the Urban Informal Sector

<table>
<thead>
<tr>
<th>Support self-help activities in rural areas</th>
<th>Length of Urban Residence in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Less than ½</td>
</tr>
<tr>
<td>Yes</td>
<td>48.5%</td>
</tr>
<tr>
<td>No</td>
<td>57.5%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Support self-help activities in urban areas</th>
<th>Length of Urban Residence in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Less than ½</td>
</tr>
<tr>
<td>Yes</td>
<td>30.3%</td>
</tr>
<tr>
<td>No</td>
<td>69.7%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Twenty-three respondents who have been in Nairobi six months or less; and four respondents, two each from Rift Valley and Coast Provinces, were omitted.**
### Table B.17: Assistance Available to Migrants in Settling in Nairobi

<table>
<thead>
<tr>
<th>Received Assistance</th>
<th>Length of Urban Residence in Years</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than 1/2</td>
<td>1/2-1</td>
</tr>
<tr>
<td>Yes</td>
<td>100.0%</td>
<td>90.5%</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>9.5%</td>
</tr>
<tr>
<td>Total (N)</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### Table B.18: Norms of Helping Others among Migrants in Different Informal Occupations

<table>
<thead>
<tr>
<th>Helping others</th>
<th>Occupational Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Self-employed</td>
</tr>
<tr>
<td>Would help</td>
<td>78.3%</td>
</tr>
<tr>
<td>Would not help</td>
<td>21.7%</td>
</tr>
<tr>
<td>Total (N)</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### Table B.19: Attendance at Religious Services at Least Once a Month among Migrants in the Urban Informal Sector

<table>
<thead>
<tr>
<th>Attend Religious Services</th>
<th>Length of Urban Residence in Years</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than 1/2</td>
<td>1/2-1</td>
</tr>
<tr>
<td>Yes</td>
<td>78.8%</td>
<td>66.7%</td>
</tr>
<tr>
<td>No</td>
<td>21.2%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Total (N)</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
### Table B.20: Imputation of Responsibility for Unemployment among Migrants in the Urban Informal Sector

<table>
<thead>
<tr>
<th>Factor Responsible</th>
<th>Length of Urban Residence in Years</th>
<th>Less than 1/2</th>
<th>1-2</th>
<th>2-5</th>
<th>5-10</th>
<th>Over 10</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Too many people/too few jobs</td>
<td></td>
<td>21.2%</td>
<td>0%</td>
<td>29.2%</td>
<td>20.0%</td>
<td>12.5%</td>
<td>17.9%</td>
</tr>
<tr>
<td>Bad luck</td>
<td></td>
<td>36.4</td>
<td>33.3</td>
<td>33.3</td>
<td>40.0</td>
<td>45.0</td>
<td>30.8</td>
</tr>
<tr>
<td>Own fault</td>
<td></td>
<td>6.1</td>
<td>4.8</td>
<td>0</td>
<td>4.0</td>
<td>0</td>
<td>5.1</td>
</tr>
<tr>
<td>No-one's fault</td>
<td></td>
<td>21.2</td>
<td>28.6</td>
<td>20.8</td>
<td>12.0</td>
<td>22.5</td>
<td>25.6</td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td>15.2</td>
<td>28.6</td>
<td>16.7</td>
<td>24.0</td>
<td>20.0</td>
<td>17.9</td>
</tr>
<tr>
<td>School</td>
<td></td>
<td>0</td>
<td>4.8</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2.6</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td></td>
<td>(33)</td>
<td>(21)</td>
<td>(24)</td>
<td>(25)</td>
<td>(40)</td>
<td>(39)</td>
</tr>
</tbody>
</table>

### Table B.21: Imputation of Responsibility for Unemployment among Migrants in Different Informal Occupations

<table>
<thead>
<tr>
<th>Factor Responsible</th>
<th>Occupational Status</th>
<th>Self-employed</th>
<th>Artisan</th>
<th>Unskilled</th>
<th>Unemployed</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Too many people/too few jobs</td>
<td></td>
<td>16.7%</td>
<td>22.7%</td>
<td>17.9%</td>
<td>8.8%</td>
<td>17.0%</td>
</tr>
<tr>
<td>Bad luck</td>
<td></td>
<td>35.4</td>
<td>29.5</td>
<td>50.0</td>
<td>26.5</td>
<td>36.8</td>
</tr>
<tr>
<td>Own fault</td>
<td></td>
<td>4.2</td>
<td>4.5</td>
<td>0</td>
<td>5.9</td>
<td>3.3</td>
</tr>
<tr>
<td>No-one's fault</td>
<td></td>
<td>22.9</td>
<td>22.7</td>
<td>12.5</td>
<td>35.3</td>
<td>22.0</td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td>20.8</td>
<td>18.2</td>
<td>17.9</td>
<td>23.5</td>
<td>19.8</td>
</tr>
<tr>
<td>School</td>
<td></td>
<td>0</td>
<td>2.3</td>
<td>1.8</td>
<td>0</td>
<td>1.1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td></td>
<td>(48)</td>
<td>(44)</td>
<td>(56)</td>
<td>(34)</td>
<td>(182)</td>
</tr>
</tbody>
</table>
Table B.22: Imputation of Responsibility for Unemployment among Informal Sector Migrants with Different Levels of Formal Education

<table>
<thead>
<tr>
<th>Factor Responsible</th>
<th>None</th>
<th>Some Completed</th>
<th>Some Secondary</th>
<th>Completed Secondary</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Too many people/too few jobs</td>
<td>15.4%</td>
<td>30.6%</td>
<td>13.6%</td>
<td>6.1%</td>
<td>0%</td>
</tr>
<tr>
<td>Bad luck</td>
<td>30.8</td>
<td>43.5</td>
<td>35.6</td>
<td>30.3</td>
<td>33.3</td>
</tr>
<tr>
<td>Own fault</td>
<td>0</td>
<td>4.8</td>
<td>1.7</td>
<td>6.1</td>
<td>0</td>
</tr>
<tr>
<td>No-one's fault</td>
<td>30.8</td>
<td>11.3</td>
<td>32.2</td>
<td>21.2</td>
<td>20.0</td>
</tr>
<tr>
<td>Government</td>
<td>23.1</td>
<td>8.1</td>
<td>15.3</td>
<td>36.4</td>
<td>46.7</td>
</tr>
<tr>
<td>School</td>
<td>0</td>
<td>1.6</td>
<td>1.7</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

(N) (13) (62) (59) (33) (15) (182)

Table B.23: Media Penetration of Migrants in the Urban Informal Sector

<table>
<thead>
<tr>
<th>Media Exposure (at least once a week)</th>
<th>Less than ½</th>
<th>½-1</th>
<th>1-2</th>
<th>2-5</th>
<th>5-10</th>
<th>Over 10</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Read newspapers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>67.6%</td>
<td>76.2%</td>
<td>75.0%</td>
<td>80.0%</td>
<td>75.0%</td>
<td>82.1%</td>
<td>74.2%</td>
</tr>
<tr>
<td>No</td>
<td>42.4%</td>
<td>23.8%</td>
<td>25.0%</td>
<td>20.0%</td>
<td>25.0%</td>
<td>17.9%</td>
<td>25.8</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

(N) (33) (21) (24) (25) (40) (39) (182)

Table B.24: Visits to Public Officials made by Migrants in the Informal Sector

<table>
<thead>
<tr>
<th>Have Visited</th>
<th>Less than ½</th>
<th>½-1</th>
<th>1-2</th>
<th>2-5</th>
<th>5-10</th>
<th>Over 10</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>12.1%</td>
<td>14.3%</td>
<td>25.0%</td>
<td>24.0%</td>
<td>35.0%</td>
<td>17.9%</td>
<td>22.0%</td>
</tr>
<tr>
<td>No</td>
<td>87.9%</td>
<td>85.7%</td>
<td>75.0%</td>
<td>76.0%</td>
<td>65.0%</td>
<td>82.1%</td>
<td>78.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

(N) (33) (21) (24) (25) (40) (39) (182)
Table B.25: Attendance at Local Meetings by Migrants in the Informal Sector

<table>
<thead>
<tr>
<th>Attend Local Meetings</th>
<th>Length of Urban Residence in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Less than $\frac{1}{2}$</td>
</tr>
<tr>
<td>Yes</td>
<td>30.3%</td>
</tr>
<tr>
<td>No</td>
<td>69.7</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td>(33)</td>
</tr>
</tbody>
</table>

Table B.26: Perception of Income Differences Held by Migrants in the Informal Sector

<table>
<thead>
<tr>
<th>Perceived Income Differences</th>
<th>Length of Residence in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than $\frac{1}{2}$</td>
</tr>
<tr>
<td>Yes</td>
<td>72.7%</td>
</tr>
<tr>
<td>No</td>
<td>6.1</td>
</tr>
<tr>
<td>Don't know</td>
<td>21.2</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td>(33)</td>
</tr>
</tbody>
</table>

Table 27: Evaluations of Income Distinctions made by Migrants in the Informal Sector who Perceived Income Differences

<table>
<thead>
<tr>
<th>Evaluation</th>
<th>Length of Urban Residence in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than $\frac{1}{2}$</td>
</tr>
<tr>
<td>Inevitable</td>
<td>8.0%</td>
</tr>
<tr>
<td>Good</td>
<td>36.0</td>
</tr>
<tr>
<td>Bad</td>
<td>36.0</td>
</tr>
<tr>
<td>Doesn't matter</td>
<td>16.0</td>
</tr>
<tr>
<td>Don't know</td>
<td>4.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td>(25)</td>
</tr>
</tbody>
</table>
### Table B.28: Evaluations of Income Distinctions made by Migrants in Different Informal Occupations Who Perceived Income Differences

<table>
<thead>
<tr>
<th>Occupational Status</th>
<th>Self-employed</th>
<th>Artisan</th>
<th>Unskilled</th>
<th>Unemployed</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inevitable</td>
<td>14.9%</td>
<td>28.2%</td>
<td>2.1%</td>
<td>13.3%</td>
<td>14.1%</td>
</tr>
<tr>
<td>Good</td>
<td>19.1%</td>
<td>23.1%</td>
<td>40.4%</td>
<td>43.3%</td>
<td>30.7%</td>
</tr>
<tr>
<td>Bad</td>
<td>55.3%</td>
<td>28.2%</td>
<td>42.6%</td>
<td>26.7%</td>
<td>39.9%</td>
</tr>
<tr>
<td>Doesn't matter</td>
<td>8.5%</td>
<td>20.5%</td>
<td>12.8%</td>
<td>13.4%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Don't know</td>
<td>2.1%</td>
<td>0%</td>
<td>2.1%</td>
<td>3.1%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Total: 100.0%    (N): (47) (39) (47) (30) (163)

### Table B.29: Evaluations of Income Distinctions made by Informal Sector Migrants in Different Age Categories who Perceived Income Differences

<table>
<thead>
<tr>
<th>Age in Years</th>
<th>15-24</th>
<th>25-34</th>
<th>35-44</th>
<th>Over 45</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inevitable</td>
<td>9.5%</td>
<td>16.4%</td>
<td>23.1%</td>
<td>27.3%</td>
<td>14.1%</td>
</tr>
<tr>
<td>Good</td>
<td>34.5%</td>
<td>29.1%</td>
<td>30.8%</td>
<td>9.1%</td>
<td>30.7%</td>
</tr>
<tr>
<td>Bad</td>
<td>40.5%</td>
<td>38.2%</td>
<td>38.5%</td>
<td>45.5%</td>
<td>39.9%</td>
</tr>
<tr>
<td>Doesn't matter</td>
<td>13.1%</td>
<td>14.5%</td>
<td>7.6%</td>
<td>18.2%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Don't know</td>
<td>2.4%</td>
<td>1.8%</td>
<td>0%</td>
<td>0%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Total: 100.0%    (N): (84) (55) (13) (11) (163)

### Table B.30: Evaluations of Income Distinctions made by Informal Sector Migrants with Different Levels of Formal Education who Perceived Income Differences

<table>
<thead>
<tr>
<th>Level of Formal Education</th>
<th>None</th>
<th>Some Primary</th>
<th>Completed Primary</th>
<th>Some Secondary</th>
<th>Completed Secondary</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inevitable</td>
<td>16.7%</td>
<td>13.7%</td>
<td>13.2%</td>
<td>18.2%</td>
<td>7.1%</td>
<td>14.1%</td>
</tr>
<tr>
<td>Good</td>
<td>25.0</td>
<td>25.5%</td>
<td>32.1%</td>
<td>30.3%</td>
<td>50.0%</td>
<td>30.7%</td>
</tr>
<tr>
<td>Bad</td>
<td>41.7</td>
<td>47.1%</td>
<td>39.6%</td>
<td>36.4%</td>
<td>21.4%</td>
<td>39.9%</td>
</tr>
<tr>
<td>Doesn't matter</td>
<td>16.7</td>
<td>13.7%</td>
<td>13.2%</td>
<td>12.1%</td>
<td>14.3%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Don't know</td>
<td>0</td>
<td>0%</td>
<td>1.9%</td>
<td>3.0%</td>
<td>7.1%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Total: 100.0%    (N): (12) (51) (53) (33) (14) (163)
Table B.31: Sources of Obtaining Wealth as Given by Migrants in the Urban Informal Sector who Perceived Income Differences\(^a\)

<table>
<thead>
<tr>
<th>Sources of Wealth</th>
<th>Less than (\frac{1}{2})</th>
<th>(\frac{1}{2}) - 1</th>
<th>1 - 2</th>
<th>2 - 5</th>
<th>5 - 10</th>
<th>Over 10</th>
<th>Total Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience</td>
<td>8.6%</td>
<td>12.9%</td>
<td>12.0%</td>
<td>2.8%</td>
<td>8.5%</td>
<td>6.9%</td>
<td>28.2%</td>
</tr>
<tr>
<td>Education</td>
<td>25.7%</td>
<td>29.0%</td>
<td>36.0%</td>
<td>30.6%</td>
<td>25.4%</td>
<td>15.5%</td>
<td>25.4%</td>
</tr>
<tr>
<td>Informal sector jobs</td>
<td>11.4%</td>
<td>29.0%</td>
<td>16.0%</td>
<td>25.0%</td>
<td>25.4%</td>
<td>29.3%</td>
<td>23.8%</td>
</tr>
<tr>
<td>Formal sector jobs</td>
<td>28.6%</td>
<td>22.6%</td>
<td>20.0%</td>
<td>27.8%</td>
<td>20.3%</td>
<td>19.0%</td>
<td>22.5%</td>
</tr>
<tr>
<td>Hard work</td>
<td>11.4%</td>
<td>6.6%</td>
<td>0%</td>
<td>5.6%</td>
<td>5.1%</td>
<td>6.9%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Land ownership</td>
<td>2.9%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>5.1%</td>
<td>5.2%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Corruption, bribery, crime</td>
<td>8.6%</td>
<td>0%</td>
<td>4.0%</td>
<td>8.3%</td>
<td>5.1%</td>
<td>8.6%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Luck</td>
<td>2.9%</td>
<td>0%</td>
<td>12.0%</td>
<td>0%</td>
<td>5.1%</td>
<td>8.6%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td>(35)</td>
<td>(31)</td>
<td>(25)</td>
<td>(36)</td>
<td>(59)</td>
<td>(58)</td>
<td>(244)</td>
</tr>
</tbody>
</table>

\(^a\)Six "don't know" responses were omitted.

Table B.32: Feelings of Relative Deprivation among Migrants in the Informal Sector

<table>
<thead>
<tr>
<th>Authorities Doing Enough</th>
<th>Length of Urban Residence in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than (\frac{1}{2})</td>
</tr>
<tr>
<td>Yes</td>
<td>63.6%</td>
</tr>
<tr>
<td>No</td>
<td>18.2%</td>
</tr>
<tr>
<td>Don't know</td>
<td>18.2%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td>(33)</td>
</tr>
</tbody>
</table>
Table B.33: Most Important Factor for Improving Neighbourhood Conditions Given by Migrants in the Informal Sector

<table>
<thead>
<tr>
<th>Most Important Factor</th>
<th>Length of Urban Residence in Years</th>
<th>Less than 1/2</th>
<th>1/2-1</th>
<th>1-2</th>
<th>2-5</th>
<th>5-10</th>
<th>Over 10</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard work of residents</td>
<td></td>
<td>27.3%</td>
<td>33.3%</td>
<td>16.7%</td>
<td>16.0%</td>
<td>17.5%</td>
<td>17.9%</td>
<td>20.9%</td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td>9.1</td>
<td>14.3</td>
<td>12.5</td>
<td>20.0</td>
<td>7.5</td>
<td>2.6</td>
<td>9.9</td>
</tr>
<tr>
<td>Government and Residents</td>
<td></td>
<td>21.2</td>
<td>19.0</td>
<td>33.3</td>
<td>28.0</td>
<td>40.0</td>
<td>33.3</td>
<td>30.2</td>
</tr>
<tr>
<td>God's help</td>
<td></td>
<td>30.3</td>
<td>28.6</td>
<td>25.0</td>
<td>24.0</td>
<td>30.0</td>
<td>43.6</td>
<td>31.3</td>
</tr>
<tr>
<td>Good luck</td>
<td></td>
<td>12.1</td>
<td>4.8</td>
<td>4.2</td>
<td>8.0</td>
<td>5.0</td>
<td>2.6</td>
<td>6.0</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>0</td>
<td>0</td>
<td>8.3</td>
<td>4.0</td>
<td>0</td>
<td>0</td>
<td>1.6</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td></td>
<td>(33)</td>
<td>(21)</td>
<td>(24)</td>
<td>(25)</td>
<td>(40)</td>
<td>(39)</td>
<td>(182)</td>
</tr>
</tbody>
</table>

Table B.34: Existence of Relative Deprivation and Main Factor for Improving Neighbourhood Conditions as felt by Migrants in the Informal Sector

<table>
<thead>
<tr>
<th>Measure of Deprivation</th>
<th>Authorities not Doing Enough</th>
<th>Authorities Doing Enough</th>
<th>Unable to Answer</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most Important Factor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hard work of residents</td>
<td>25.0%</td>
<td>16.8%</td>
<td>38.5%</td>
<td>20.9%</td>
</tr>
<tr>
<td>Government</td>
<td>14.3</td>
<td>7.1</td>
<td>15.4</td>
<td>9.9</td>
</tr>
<tr>
<td>Government and residents</td>
<td>23.2</td>
<td>34.5</td>
<td>23.1</td>
<td>30.2</td>
</tr>
<tr>
<td>God's help/good luck</td>
<td>35.8</td>
<td>39.8</td>
<td>23.1</td>
<td>37.3</td>
</tr>
<tr>
<td>Don't know</td>
<td>1.8</td>
<td>1.8</td>
<td>0</td>
<td>1.6</td>
</tr>
<tr>
<td>(All Migrants)</td>
<td>(30.8)</td>
<td>(62.1)</td>
<td>(7.1)</td>
<td>(100.0)</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td>(56)</td>
<td>(113)</td>
<td>(13)</td>
<td>(182)</td>
</tr>
</tbody>
</table>
Table B.35: Job Expectations among Migrants with Different Informal Occupational Status

<table>
<thead>
<tr>
<th>Job Expectations</th>
<th>Self-employed</th>
<th>Artisan</th>
<th>Unskilled</th>
<th>Unemployed</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal Sector:</td>
<td>60.4%</td>
<td>29.5%</td>
<td>10.7%</td>
<td>5.9%</td>
<td>27.5%</td>
</tr>
<tr>
<td>self-employed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>artisan</td>
<td>2.1</td>
<td>50.0%</td>
<td>10.7%</td>
<td>17.6%</td>
<td>19.2%</td>
</tr>
<tr>
<td>unskilled</td>
<td>2.1</td>
<td>0%</td>
<td>14.3%</td>
<td>8.8%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Formal Sector:</td>
<td>63.8%</td>
<td>24.1%</td>
<td>10.7%</td>
<td>5.9%</td>
<td>27.5%</td>
</tr>
<tr>
<td>highly skilled</td>
<td>2.1</td>
<td>9.8%</td>
<td>10.7%</td>
<td>17.6%</td>
<td>19.2%</td>
</tr>
<tr>
<td>office/factory</td>
<td>2.1</td>
<td>9.8%</td>
<td>10.7%</td>
<td>17.6%</td>
<td>19.2%</td>
</tr>
<tr>
<td>police/military</td>
<td>2.1</td>
<td>9.8%</td>
<td>10.7%</td>
<td>17.6%</td>
<td>19.2%</td>
</tr>
<tr>
<td>farming</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Don't know</td>
<td>25.0%</td>
<td>11.4%</td>
<td>50.0%</td>
<td>35.3%</td>
<td>31.3%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td>(48)</td>
<td>(44)</td>
<td>(56)</td>
<td>(34)</td>
<td>(182)</td>
</tr>
</tbody>
</table>

Table B.36: Anticipated Occupational Status of Sons among Migrants in the Urban Informal Sector

<table>
<thead>
<tr>
<th>Anticipated Son's Occupation</th>
<th>Self-employed</th>
<th>Artisan</th>
<th>Unskilled</th>
<th>Unemployed</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal Sector:</td>
<td>60.4%</td>
<td>29.5%</td>
<td>10.7%</td>
<td>5.9%</td>
<td>27.5%</td>
</tr>
<tr>
<td>self-employed</td>
<td>22.9%</td>
<td>4.5%</td>
<td>8.9%</td>
<td>5.9%</td>
<td>11.0%</td>
</tr>
<tr>
<td>artisan</td>
<td>2.1</td>
<td>27.3%</td>
<td>10.7%</td>
<td>8.8%</td>
<td>12.1%</td>
</tr>
<tr>
<td>unskilled</td>
<td>2.1</td>
<td>0%</td>
<td>1.8%</td>
<td>2.9%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Formal Sector:</td>
<td>63.8%</td>
<td>24.1%</td>
<td>10.7%</td>
<td>5.9%</td>
<td>27.5%</td>
</tr>
<tr>
<td>highly skilled</td>
<td>18.8%</td>
<td>18.2%</td>
<td>16.1%</td>
<td>26.5%</td>
<td>19.2%</td>
</tr>
<tr>
<td>office/factory</td>
<td>6.2%</td>
<td>9.1%</td>
<td>17.9%</td>
<td>11.8%</td>
<td>11.5%</td>
</tr>
<tr>
<td>police/military</td>
<td>2.1%</td>
<td>4.5%</td>
<td>1.8%</td>
<td>2.9%</td>
<td>2.7%</td>
</tr>
<tr>
<td>farming</td>
<td>0%</td>
<td>2.3%</td>
<td>7.1%</td>
<td>8.8%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Don't know</td>
<td>45.8%</td>
<td>34.1%</td>
<td>35.7%</td>
<td>32.4%</td>
<td>37.4%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td>(48)</td>
<td>(44)</td>
<td>(56)</td>
<td>(34)</td>
<td>(182)</td>
</tr>
</tbody>
</table>
### Table B.37: Perception of Kenya's Industrialisation According to Age of Migrants in the Informal Sector

<table>
<thead>
<tr>
<th>Perception</th>
<th>15-19</th>
<th>20-24</th>
<th>25-29</th>
<th>30-34</th>
<th>Over 35</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have benefitted</td>
<td>52.6%</td>
<td>48.1%</td>
<td>47.4%</td>
<td>63.6%</td>
<td>79.2%</td>
<td>54.4%</td>
</tr>
<tr>
<td>Have not benefitted</td>
<td>47.4%</td>
<td>51.9%</td>
<td>52.6%</td>
<td>36.4%</td>
<td>20.8%</td>
<td>45.6%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td>(19)</td>
<td>(79)</td>
<td>(38)</td>
<td>(22)</td>
<td>(24)</td>
<td>(182)</td>
</tr>
</tbody>
</table>

### Table B.38: Perception of Kenya's Industrialisation Among Migrants in Different Informal Occupational Groups

<table>
<thead>
<tr>
<th>Perception</th>
<th>Self-employed</th>
<th>Artisan</th>
<th>Unskilled</th>
<th>Unemployed</th>
<th>All Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have benefitted</td>
<td>56.3%</td>
<td>72.7%</td>
<td>44.6%</td>
<td>44.1%</td>
<td>54.4%</td>
</tr>
<tr>
<td>Have not benefitted</td>
<td>43.8%</td>
<td>27.3%</td>
<td>55.4%</td>
<td>55.9%</td>
<td>45.6%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>(N)</td>
<td>(48)</td>
<td>(44)</td>
<td>(56)</td>
<td>(34)</td>
<td>(182)</td>
</tr>
</tbody>
</table>