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KENYA: POLITICAL ENVIRONMENT ASSESSMENT

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The Recent Election

The national elections on September 26 produced some major changes in the political balance of power in Kenya, but press reports of a Moi mandate are exaggerated. Voter turnout was 48 per cent, significantly below the 68 per cent level in 1979. The low turnout probably indicates some voter apathy (since President Moi's re-election was assured), some voter protest, and a lack of real issues that would crystallize political factions. KANU (the Kenyan African National Union), the single legal political party, approved all candidates contesting the parliamentary elections. Resulting competition was fierce, with over 700 candidates vieing for the 158 parliamentary seats. One third of the MPs were defeated, including five ministers and 12 deputy ministers. The three top KANU officials lost their seats as well.

Moi called the elections one year early in the hope that the electorate would "clean out" Parliament for him, but that did not occur to the extent he wished. (Over 60 per cent of the parliament was turned out in the 1979 elections.) In fact, the results were mixed for Moi. Several of his key political allies were defeated and several politicians out of favor with the government were returned. The poor turnout indicates less popular support than he might have hoped for. Yet some "targeted" officials were defeated, and the general shake-up has allowed Moi to shape a cabinet in his own image. Specifically, he has been able to further weaken the Kenyatta family faction (of former President Jomo Kenyatta) and the other major power base, that of now-disgraced former minister Charles Njonjo. KANU elections scheduled for early 1984 should provide further indications of power shifts in the country.

The Government

Kenya currently follows a path of clear mediocrity. The political system needs far-ranging reforms but manages to function and to survive regular elections. The government makes serious mistakes and hosts regular scandals but maintains a very able bureaucracy and holds the country together. The economy suffers from acute balance of payments problems and structural deficiencies but adjusted well to the oil shocks and progresses steadily if unevenly.

The Top Leadership

The Kenyan political systems functions as a centralized bureaucracy of political-economic patronage. Since independence, a small class of politician-entrepreneurs has dominated the national power structure. This class inherited a British state apparatus that was unusually effective and extensive. Patronage was transferred directly from a system centered on the British Governor to one centered on the Kenyan President. Regular elections since independence have given politicians incentive to organize and run patronage systems effectively and provided voters opportunity to pass judgment on their patrons. A prime example of the system's operation is the story of GEMA, a tribal organization formed to promote minority tribal interests. This organization grew to include several million members from all tribes. It became part of the "network" tied into Kenyatta's family, providing opportunities for citizens to "buy into the system" for a nominal membership fee. The organization gained enough power so that directors were able to distribute land holdings. Moi disbanded GEMA soon after he took office, but its connections--and the reasons for its existence--remain.

President Daniel arap Moi has survived long enough, and despite enough predictions, so that most observers now credit him with "political cunning" and "staying power." He was described by his most vocal opponent, former MP Oginga Odinga, as "like a giraffe: he could see trouble coming a long way off." Moi's style appears lackluster after the charismatic leadership of his predecessor, and he lacks the decisive air of a natural leader. Yet he maintains a common touch very like Nyerere's and has proved an astute decision maker. Much of his personal strength derives from his membership in a small, politically weak ethnic group: he belongs to an ethnic agglomeration from which others feel they have little to fear. Moi also has taken care to build a broad political base within the government system, and to purge opposition strongholds in the military and police. Finally, Moi has inherited a powerful office and position. Though the opposite of Kenyatta in many ways, he has still been able to use the presidency effectively to control Kenyan politics, using the same office to the same ends.

Moi's national motto of "nyayo" or "footsteps" has become more than a slogan. It is a symbol of the contrast between Kenyatta's "harambee" or "let us pull together" and Moi's own philosophy of leadership. Nyayo is becoming a national way of life. Recent government moves indicate that Moi would like people to follow him more closely and obediently; the question is just how much more control he is willing or able to force. Moi increasingly emphasizes obedience and loyalty from officials, a good indication that he feels insecure.

Moi's advisors and cabinet are generally well-educated and competent. One legacy of an unusually effective British colonial administration is a large class of trained administrators and politicians available for government service. Moi has trimmed his new cabinet from 27 to 23 in an effort to trim some political fat, but the effort will have little practical effect.

Competence does not ensure honesty, however, and the government has been rocked by several major scandals. The most recent scandal involved the "hyena hunt" of the past summer that disgraced Njonjo. Veiled allegations in parliament about a group of saboteurs and "thieves and hyenas" escalated to Moi's charge that some foreign country was promoting a plot against him and grooming a top Kenyan official to take his place. Accusations flew, and speculation centered on a "man in the three-piece suit." Anglophile Njonjo probably knew he was doomed from the start. Moi finally suspended him for "serious irregularities." A special investigation is currently under way. While it is certainly likely that Njonjo has outside and "irregular" interests, the real cause of the purge most likely stems from Moi's efforts to consolidate his own power. The largest ethnic group in Kenya, the Kikuyu, also maintains a powerful political organization, begun and fed by Kenyatta (a Kikuyu). Njonjo and a current Vice-President Kibaki, both Kikuyu, represent the pinnacles of the Kikuyu power base, The Kikuyu organization failed to unseat Moi before and after Kenyatta's death, due partly to Njonjo's strong support of Moi. A power struggle then ensued, however, between Njonjo and Kibaki for the number two position (and perhaps, later, the presidency). At this point, observers differ in their interpretations, but it seems evident that Moi feared Njonjo was becoming too strong. Moi played the two against each other and finally decided to keep Kibaki in the cabinet and purge Njonjo.

Another scandal early this year resulted in the dismissal of Attorney-General Joseph Kamere, who had become "too much of an embarrassment" to the government for his ostentatious wealth and obvious corrupt dealings. The centers of corruption lie in the party itself, so as long as KANU remains the only legal party it is unlikely that corruption will diminish. The recent elections shuffled personalities but did not change the basic underpinnings of patronage. The current economic crisis only fuels the system.

The Institutional Base

Several institutions serve key roles in Kenya. As the sole legal political party, KANU has broad influence. KANU has been the de facto single political party in Kenya for almost 20 years, but it has been given new life under Moi. This has resulted partly from opposition threats to form a coalition socialist party (effectively ended by de jure recognition of KANU). All elections take place under KANU's banner, and the party has allowed almost unlimited numbers of candidates to contend for positions (KANU has tightened this allowance for the next election and will approve only three candidates per position in the future). The Party is a bastion of patronage; with effective KANU control of the government, government and Party patronage meld. KANU maintains a broad political base of support; most other political movements during the 1960s and 1970s eventually joined KANU.

The new Parliament is derived from the same class as the cabinet, the young, wealthy, educated politicians who joined the civil service at independence after returning from overseas. Parlimament is not completely a rubber-stamp for presidential policy but does not hold any significant power.

The other major institution is the military. Some observers feel the military holds the balance of power in Kenya. The Kenyan military has been permanently politicized by the August 1982 coup attempt and its aftermath. The army maintains a "colonels committee" that meets regularly to discuss government policy, including economic and development issues. Moi attempted to restrict military autonomy by completely disbanding the air force, where the coup plot began, and purging known opposition elements. but the military remains a major power broker in Kenya. The military generally supports the government; Moi makes sure the military is well-provided for--at a significant cost to the economy.

Finally, the labor unions are an amalgamated part of KANU and remain "docile."

The Mass Base

About 80 per cent of the Kenyan population remains in the rural sector, but the British colonial legacy and effective government social programs have provided relatively high levels of education and social infrastructure. Economic health and rapid growth over the past twenty years have spawned a dynamic middle class, still emerging and probably the most important social group in the country. The middle class is the mainstay of the government's economic program. but recent problems and scarcities have threatened this base of support. The government must balance efforts to tame growing middle class dissent with measures to appease the class and maintain its backing.

Tribal loyalties are central to Kenyan politics. Politicians appeal to ethnic loyalties and rivalries to gain support or to topple adversaries. Ethnic prejudices flow with the political currents. Under Kenyatta, the dominant Kikuyu realized an advantage throughout the society. Now that Moi is attempting to diminish Kenyatta/Kikuyu power, Kenyans discriminate against the Kikuyu. National figures rest directly on specific ethnic power bases (Moi is the anomaly here). A sense of Kenyan nationality has not succeeded in diminishing significantly the power of ethnic loyalties. A crucial additional ethnic problem is the presence of a large Asian community which (predictably) controls a majority of the nation's economy. Economic difficulties are compounding anti-Asian sentiments, and the government is attempting to play these feelings without jeopardizing the economy.

Other groups in the mass base generally support the government though there is no general enthusiasm. Recent steep hikes in most farmgate prices have helped farmers. Economic problems have produced growing unemployment, but there appears to be no significant labor movement against the government.

The Kenyan population faces problems, however, which will pose serious difficulties over the next few years and could undermine support for the government and for KANU. By far the most important of these difficulties is a population growth rate of 4.1 per cent per annum, the highest in the world. The government has pushed a birth control program but with little success. Another problem is education. Only 10 per cent of Kenyan jobs are in the modern sector, but the educational program is geared toward training for this sector. Also, almost all available arable land in the country is already being cultivated, increasing population per hectare and general tensions. Finally, the usual high disparities of income exist in Kenya. Such a "semi-educated, semi-employed, disenchanted" population demands increasingly effective government action to provide for their needs.

The Opposition

Thanks to relatively benign British colonial rule and a relatively smooth transition to nationhood, Kenya has no real history of major political opposition. Increasing centralization of control, declining economic health, rising income disparities, and rampant corruption are fueling discontent, however. The government has tolerated a broad range of political activities (for Africa), but this tolerance has narrowed markedly over the last decade. An outspoken MP was assassinated under "strange circumstances" in 1975. Certain opposition figures have beem imprisoned for being too critical of the government. Veteran opposition leader Odinga, leader of the Luo tribal faction, was continually harrassed, barred from politics, and finally shut out of the system by the formation of a de jure single party state. Opposition groups include the Luo and Odinga, academics and students, journalists, some younger KANU officials and MPs, the Kenyatta family power structure, and various groups of local politicans. Charles Njonjo and his power base have also been effectively moved into the opposition, though defections and resignations from his camp have considerably diminished his power.

The 1982 coup attempt sparked much of the current tightening of government control. Besides politicizing the military, the coup and its aftermath have caused greater dissent abroad, particularly in Britain, where growing numbers of exiles have become more vocal in lambasting Moi and the KANU system.

Moi's response to opposition efforts has included closing the national university (following a long history of government struggle with students and university staff), attacking exiled dissidents, attempting to control the press, harassing lawyers, and detaining some opponents without charges. Moi released some 8,000 prisoners on June 1 but none of them included the 12 currently held without trial on political grounds. Also, the government recently announced that public sector contracts will not be awarded to "anti-government" businesses, indicating a new tack in the government campaign against dissent.

If Njonjo moves into opposition, Moi will face both Odinga and Njonjo, formidable adversaries. Yet they are crippled by the ethnic composition of political power in Kenya--each derives his power from specific tribal bases. The potential exists, however, for both men to gain national followings if economic trouble continues and mass opposition grows. Any opposition also possesses the institutional structures of the Kikuyu political system. Certain parts of the military would be ready to join in toppling KANU. Yet, at present, the opposition is fragmented, and no clear consensus exists on any issue that could unify the various strands. And, though tribal loyalties are strong, it is not clear tha Odinga of Njonjo command enough authority to elicit mass support for organized, perhaps violent, opposition against the government.

Economic Management

The Kenyan economy faces a balance of payments squeeze that is likely to continue for the next two or three years. The squeeze results from excessive government borrowing and spending, a bloated parastatal sector, commodity price dives, major devaluations over the past two years, and various structural dependences making Kenya highly vulnerable to world price fluctuations. Only 15 per cent of foreign exchange earnings will be available after debt service commitments and oil import bills are paid, and net foreign assets of the domestic banking system stand at negative $125 million. Nevertheless, the economy improved in 1983, with foreign exchange reserves expanding, agricultural exports up 72 per cent over the previous year, and tourism revenues doubled over the same period. Inflation has dropped.

Kenya has a solid history of economic management. The economy performed admirably through the 1950s and 1960s. In response to the first oil shock, the government instituted a structural adjustment program calling for a shift to labor-intensive manufacturing, a new emphasis on agriculture, an incomes policy designed to overcome inflation, and export subsidies. The government succeeded in narrowing the current account deficit before the beverage boom hit. Public sector spending then exploded. Price stabilizations after the first oil shock were not allowed to work through the system; the second oil shock turned the terms of trade sharply negative. The beverage boom coupled with the second oil shock prevented government policies from shifting the economy away from its anti-trade bias and from diversifying the export sector.

Kenya still possesses its trained managers and economists, as well as a capable expatriate class. Management practices build on sound British traditions. Yet the confluence of external shocks and growing government ossification (because of corruption, bloated size, and political infighting) have caused a noticeable decline in management capabilities. Examples from the agricultural sector indicate the seriousness of the decline: late arrival and poor distribution of fertilizers, fuel, and spare products, and a disparity in rising costs of inputs and producer prices. Another indicator is the situation in Kenya's petroleum sector. The East African Oil Refinery in Mombasa currently operates at 50 per cent capacity while oil companies import more and more refined products into Kenya. The refinery charges "more than double" the highest average processing fee, and nearly half of Kenya's imported crude oil is resold as residuals to refineries in Singapore at "depressed prices." The government continues to buy on contract and sell on the spot market, losing money consistently. Oil imports took almost 60 percent of export revenues last year.

Economic policy is basically rational and decisive. The government budget for 1983-1984 calls for an increase in nominal spending of nine percent after three consecutive years of sharp real spending cuts. The budget imposes limits on domestic borrowing by the government and parastatals and restraints on expenditures. Import duties are reduced, particularly benefitting manufacturers, sales taxes increased from 15 to 17 percent, license fees on banks and financial institutions increased 50 percent, and incentives increased for exporters. Some tax loopholes have been closed, but without significant revenue implications. Interest rates are higher. Farmgate prices for maize and wheat were raised 17 and 29 percent, lowered from 60 to 55, and civil servants have been put on a five-day work week. Though most government spending is frozen, government hiring is not.

Kenya's relationship with the IMF and the IBRD are cordial but still touch-and-go. The country has failed to meet IMF targets more than once but continues to keep trying. The economy is highly dependent on financing from both institutions for balance of payments support and project financing. Hence, both institutions play powerful roles in economic policy making, both directly and indirectly. An example of the unusually strong influence of the these institutions is World Bank insistence on government adoption of a grain marketing system, proposed in 1983 but still making the rounds of government committees. The Bank may have tied disbursement of the second tranche of the current structural adjustment loan to decisions about the proposal.

The International Environment

Kenya remains unambiguously pro-West. Most of its trade is with the West; the British retain strong influence in the country; 90 percent of Kenya's foreign aid originates in the West; and the country is increasingly dependent on Western military assistance.

Kenya has become a strategic interest of the United States and is becoming an increasingly important element in the East-West power struggle over the Middle East and the Indian Ocean. Kenya's alliance with the U.S. has brought significant economic benefits: American use of Mombasa for the Rapid Deployment Force brought a tripling of American aid to the country. 125 American companies have provided over $300 million in investment in Kenya. Perhaps most importantly, Kenya can rely on American assistance in the event of major economic--or political--crises, stabilizing the long-run investment environment.

Kenya's regional relationships remain strained. The break-up of the East African Community deprived Kenya of very profitable regional markets in Uganda and Tanzania. Since Njonjo was the principal ringleader of anti-Tanzanian sentiment, further thawing of Kenyan-Tanzanian relations is likely (Tanzania also would like to receive any assistace Kenya might be willing to give). No significant overtures have been made toward Uganda. Moi distrusts the Ethiopian government, and relations with Somalia remain difficult. However, none of these problems appears to represent a severe threat of war or economic disruption.

Finally, Kenya's dependence on imported oil and commodity exports make it highly dependent on global markets and trends. Any major crises affecting oil supplies or prices or other commodity prices, particularly coffee and tea, would have significant economic effects on the country.

Pressures for Change~~: Actors and Variables~~

Kenya's course over the next three to five years depends on five principal variables: (1) its population growth rate; (2) government spending and borrowing policies; (3) the stability of Moi's power base; (4) the combined effects of agricultural and industrial restructuring policies; and, (5) the global economy.

By far the most critical problem facing Kenya is its population growth rate. Merely to stay even, the country must attain what is usually termed a "healthy" growth rate of over 4 percent per year. The population problem is having effects now, and they will continue to get worse if the growth rate is not brought down, ~~immediately.~~

Several years of efforts to limit government spending and borrowing have succeeded in reducing the public sector deficit, but these moves must continue. The moderate budget increase this year is probably essential politically, since a good portion of the economy depends in one way or another on government spending, but the deficit is up again. The government must continue to exercise austerity in order to keep borrowing under control.

The question of Moi's political stahbility has not been answered by the election. While he certainly increased his power base at the expense of the Kikuyu and Luo factions, he nevertheless must continue to balance these groups as well as placate the military and business sectors. His political control is not absolute; compromise is still vital to his survival. A major issue for Moi is how he is to ensure political stability if both of the largest ethnic groups, the Kikuyu and the Luo, remain outside the political mainstream. Yet the economy demands firm action that will continue to cause stresses for various sectors. Signals to watch will be cabinet reshuffles, increases in government repression, increased opposition activities, and the results of the KANU elections.

Government policies to promote food crops and diversity industrial production away from dependency on imported materials are inextricably tied with efforts to lower the balance of payments deficits. Important steps have been taken in the agricultural sector, but progress in industrial restructring is slow. Signals to watch are agricultural and industrial output figures and diversification of both the agricultural and industrial export base.

Scenarios for the Future

The most likely scenario for the next three to five years sees Kenya muddling through on the basis of its many strengths: a capable (if corrupt) leadership and bureaucracy, a growing sense of national identity, a relatively diversified economy, a strong central government, a pro-Western foreign stance, and a head start in constructing an efficient national infrastructure. Moi remains in power by continuing to play off rival factions and by keeping the country from economic collapse. He faces growing domestic unrest (sparked by the factors noted above), however, that could culminate in strikes and urban riots. The military and police take an expanded role, and increased government repression results. Some progress takes place in economic restructuring, and agricultural exports and diversification increase. Kenya will face continuing foreign exchange shortfalls and rising debt service commitments and will remain dependent on the IMF and World Bank for several years. Single international shocks (e.g. a Middle East war, or a minor OECD recession) are likely, but predicted generally stable commodity prices and oil prices should help the country.

Thus, Kenya remains somewhat vulnerable to shocks, and has some deep-rooted social problems, but it possesses more stability, more effective management, and more ability to adjust than most African countries.