The aim of this paper is to clarify some of the issues that have been posed in the theoretical debate about "dependency" and to reconsider the evidence from Kenya in the light of this clarification—if possible, carrying the discussion a small step further in the process.'

1. Theoretical questions

The most important question of all those which are at stake in the debate about "dependency" is whether or not there are theoretical reasons for thinking that the ex-colonies cannot (as Marx put it) "adopt the bourgeois mode of production" and develop their productive forces within it. The underdevelopment or dependency school in general argues that the patterns of subordinate development established at the periphery of imperialism before and during the colonial phase are self-perpetuating. Frank, for instance, identified a historical sequence of mechanisms (the "contradiction of continuity in change") through which metropolitan capital secured monopolies enabling it to appropriate the surplus generated at the periphery and largely transfer it to the metropoles, the latest and apparently most invulnerable mechanism being the monopoly of technology possessed by the leading multinational corporations. Warren, in his well-known critique of the underdevelopment school, argued that the patterns of underdevelopment are self-eliminating because decolonisation gives rise to regimes in the ex-colonies which need, and have some power to obtain, a measure of industrial development. Admittedly this development is carried out by multinational industrial companies within the framework of imperialism but the multinationals as such, and the imperialist states, put no obstacles in the way of this development leading to further stages of industrialisation and hence to a general process of capitalist development; and as a result, Warren argues, the industrialisation of the Third World, and the spread of capitalist relations of production there, has in fact been going ahead rapidly.

Against Warren, Emmanuel argued that underdevelopment is indeed self-perpetuating, but not because it is the nature of multinational manufacturing capital to operate in the periphery precisely for the purpose of
plundering the locally-generated surpluses for the benefit of its owners in the metropoles, as the underdevelopment theorists proposed; but because its very presence at the periphery is always exceptional, all capital being drawn in general not to the periphery but to the areas of its greatest existing concentration, where demand is highest. And Emmanuel, supported by Petras and others, rather convincingly challenged Warren's general evidence for holding that industrialisation and capitalist relations of production had actually spread rapidly at the periphery. On the contrary. Emmanuel showed that much of the statistical evidence related to the growth of very small-scale craft production, with very low levels of productivity, and largely pre-capitalist or non-capitalist in character; that industrialisation had not been accompanied by a rise of agricultural productivity, which is essential for sustaining any long-term development of capitalist industry; and that, in consequence, industrial output per head of population in the Third World had risen much more slowly than in the metropoles, so that the prospects of capital being drawn towards the periphery on an increasing scale, as Warren expected, were not increasing but diminishing.

The bearing of this debate on the case of Kenya, and vice versa, can be approached in a preliminary way by looking at an aspect of the debate that was treated by the participants—mistakenly, I think—as a side-issue. Warren illustrated part of his case by citing data from twenty-two countries identified by Chenery as having the fastest-growing economies in the Third World. Petras and his colleagues criticised this on the grounds that all of these countries were in different ways exceptional. Five had specially heavy inflows of foreign capital "for reasons that are largely political" (Taiwan, Jordan, Puerto Rico, South Korea, Panama) and all of these except Taiwan were small. Nine others had enjoyed exceptionally rapid growth of primary exports and "no marxist scholar with whom we are familiar has ever argued that underdeveloped countries with rapidly developing primary export sectors cannot industrialise at least through the stage of light import substitution." The remaining eight also enjoyed unusually high levels of capital inflow and most of them also exhibited certain specially favourable features—Singapore and Costa Rica were "tiny" countries and their industries, and those of the Phillipines, were based on assembly operations so that their growth depended on low wages. Mexico had "extraordinary" advantages derived from its tourist attractions and its proximity to the USA. Brazil's and Turkey's growth depended on a repressive redistribution of income from the poor to the rich.

The conclusion which Warren's critics drew from all this was that the manufacturing growth rates of these countries were not evidence of "autonomous industrial growth" in the Third World, as Warren believed. But this is a case of too much zeal. Britain, too, was once an "exceptional" case. This is an important part of the burden of the eighth section of
Volume I of Capital. On the one hand, domestically,

"The money capital formed by means of usury and commerce was prevented from turning into industrial capital by the feudal organization of the countryside and the guild association of the towns. These fetters vanished with the dissolution of the feudal bonds of retainen, and the expropriation and partial eviction of the rural population."

On the other, there was primitive accumulation abroad:

"The discovery of gold and silver in America, the extirpation, enslavement and entombment of mines of the indigenous population of that continent, the beginnings of the conquest and plunder of India, and the conversion of Africa into a preserve for the commercial hunting of blacksins, are all things which characterise the dawn of the era of capitalist production. These idyllic proceedings are the chief moments of primitive accumulation. Hard on their heels follows the commercial war of the European nations, which has the globe as its battlefield..."

For the transition to the capitalist mode of production to occur, however, all these developments had to come together somewhere:

"The different moments of primitive accumulation can be assigned in particular to Spain. Portugal, Holland, France and England, more or less in chronological order. These different moments are systematically combined together at the end of the seventeenth century in England; the combination embraces the colonies, the national debt, the modern tax system, and the system of protection. These methods depend in part on brute force, for instance the colonial system. But they all employ the power of the State."

How else, but through such "systematically combined moments" occurring in some particular place, could capitalist development—the progressive transformation of relations of production into capitalist ones through the expanded reproduction of industrial capital—ever occur? This is not to say that such "combinations" can and eventually must occur everywhere, as Marx's earlier writings sometimes implied. But it does suggest the curiousness of the argument of Petras and his colleagues in this instance, which proceeds by "removing" and "subtracting" from Warren's list of rapidly industrialising countries in the Third World any which can be shown to have "special" reasons for rapid industrialisation. Behind this mode of reasoning one detects the straw man of a utopian conception of capitalist development, similar to the one which Warren rightly discerned as underlying much "left" discussion of these questions: this time, a conception of capitalism developing evenly and universally throughout the Third World, without help from low wages based on repression, imperialist military expenditure, etc.

Even Emmanuel dismisses the rather complex issues involved here with
the remark that "certain marginal movements of capital, concentrated for various reasons in some small country, such as Greece, Taiwan, or the Ivory Coast, may enable such a country to cross the threshold of development", adding—not altogether plausibly, it seems to me—that "it is because the other countries do not follow this path of ultra-liberal opening to international capital, that the few countries that do follow it have a chance, however, slight, of succeeding with it."** Apart from anything else, it is not obvious why movements of capital, even marginal ones, should be considered decisive, unless what is meant is that most of the capital formed at the periphery presently flows to the metropoles; on this assumption, capitalist production relations certainly cannot develop at the periphery, and what is needed is to stop the movements of capital that are generally occurring (though on Emmanuel's own data, the evidence actually suggests a modest net flow of capital to the periphery considered as a whole). Rut then, we cannot lightly dismiss the "various reasons" why, in a significant number of cases, the flow of capital from the centre to the periphery has actually been sufficiently large to sustain capitalist development there.

To summarise: the debate about dependency and underdevelopment has not shown either that capitalist development cannot occur at the periphery (or "in the Third World"), or that it is eventually bound to. What it demonstrates is, rather, the need to study and theorise the conditions under which other periphery countries have, and others have not, experienced significant measures of such growth. Broadly speaking, there seem to be three principal levels at which this work needs to be conducted: the level of the "logic of capital", the level of capitalist geopolitics (imperialism), and the level of class relations and class struggles in particular social formations, each level determining and being determined by the others. By the "logic of capital" I am referring both to the international logic of capital in general—so-called "capital-logic"—and to its implications for the investment decisions of particular capitals in particular sectors in particular countries. The level of "capitalist geopolitics" refers to the forces which determine that, for instance, exceptionally large flows of "official" capital (bilateral or multilateral) occur for certain countries, materially affecting the logic of "private" capital flows, while comparable efforts of "technical assistance", civil and military, and corresponding ideological and cultural efforts, equally determine the conditions for the reproduction of capital in those countries.

The rest of this paper, however, will be concerned only with the last of the three levels, that of class relations and class struggles in a particular social formation, and furthermore, it will be largely concerned with the process of domestic capital accumulation which has formed the basis for the constitution of one particular class, rather than with classes and class
struggles in general. This is doubly one-sided, and the result has at most the status of a working paper, subject to correction in the light of work at other levels, and on other aspects of the level of class relations and class struggles, which mostly remains to be done. Some justification for these limitations can be found, perhaps, in the fact that a focus on relations between classes constituted out of the pre-existing relations of production has been conspicuously missing from much of the previous discussion of the problem of development, and notably from the discussion of the idea of the "articulation of modes of production" by means of which several influential writers have attempted to theorise the issues involved."

This is a point forcibly made by Robert Brenner in his recent critique of Frank, Wallerstein and other "neo-Smithian" theorists who—to oversimplify—have conceived of capitalist production relations developing in particular places, or not, according to the dictates of market forces, neglecting the particular presuppositions about the social structure which underlay the role assigned to the market by Smith in his account of the development of capitalism. Brenner, correctly in my view, stresses instead the centrality of the class relations which Smith took as given. On this view, what is decisive for the development of capitalist production relations is the prior configuration and character of classes—for instance, the availability or otherwise of "free" labour, the respective political power of non-landed and landed classes affecting the possibility of capital investment in land, and so on. The dependentistas failed to focus centrally on the productivity of labour as the essence and key to economic development. They did not see the degree to which the latter was, in turn, centrally bound up with historically specific class structures of production and surplus extraction, themselves the product of determinations beyond the market. Hence, they did not see the degree to which patterns of development or underdevelopment for an entire epoch might hinge upon the outcome of specific processes of class formation, of class struggle.

What produces underdevelopment is not the "transfer of surplus" appropriated by metropolitan capital from the periphery of the metropole, significant though this may be. Rather, such a transfer should be seen as an effect of structures at the periphery which militate against the productive investment of the surplus at the periphery. Speaking generally, these are class structures which permit absolute surplus labour to be appropriated, but prevent the realisation of relative surplus value:

"in other words, the development of underdevelopment was rooted in the class structure of production based on the extension of absolute surplus labour, which determined a sharp disjuncture between the requirements for the development of the productive forces (productivity of labour) and the structure of profitability of the economy as a whole."
Brenner's discussion may be open to the criticism that the class structures of the periphery tend to figure in it as determined by *pust* struggles but appear relatively immune to determination by class struggles initiated by imperialism itself—thus tending to avoid the question which is central to theorists of the "articulation of modes of production" (notably Rey), namely: what prevents capitalists, once capitalism has become dominant on a world scale, from removing such obstacles to its valorisation as inhospitable or recalcitrant class structures in particular countries or regions? Brenner's answer would seem to be that nothing prevents this in general: it is a historical and conjunctural question whether the interests of the bourgeoisie require these *obstacles* to be overcome in a given case; and secondly, whether this is outweighed by the relative strength or weight of the class interests opposed to this. While this seems to me correct, analysing the general nature of these relationships does seem to be an important task which needs to be undertaken, on the basis of a range of studies of which the Kenyan case reviewed here is at most a suggestive example.

11. *Precolonial and colonial indigenous accumulation in Kenya*

The chief way in which the Kenyan experience is relevant to the theoretical questions discussed above may be simply stated. While several aspects of Kenya's development may at first sight seem to be illuminated by means of the concepts of underdevelopment and dependency, the process of domestic capital accumulation since the early 1940s does not lend itself so easily to analysis from this perspective.

This is particularly apparent in the period since independence. Once the uncertainties of the transition had been resolved, the high overall growth rate of the 1940s and '50s was resumed (an absolute annual average rate of growth of $6\frac{1}{2}\%$, or about $3\%$ per annum per capita in real terms), with an all round increase in productivity, a steady decline in the non-monetary share of output, (from $25\%$ of GNP in 1964 to 1996 in 1973) and some growth—its true extent is not known—in the share of wage and salary employment in total employment. In other words, the relatively high and sustained level of capital accumulation was accompanied by an extension of capitalist relations of production. A growing proportion of households came to depend on wage labour, and the reproduction of labour power was increasingly commercialised. By 1974-75 $64\%$ of the median small farm's household consumption was purchased for cash and $19\%$ of its income was derived from wage labour (small farms accounted for approximately $75\%$ of all Kenyan *households*, the remainder being more or less wholly dependent on wage employment or on income from *capital*). In manufacturing, labour productivity rose (in large scale firms the gross product per employee rose just under $20\%$ between 1969 and 1973, and in relation to total labour costs, the gross product rose just under $23\%$),
though in agriculture productivity appeared to stagnate in the 1970s, after rising in the 1960s.17

These developments attracted and were in turn reinforced by a net inflow of capital from abroad. Private capital inflows began to exceed profit outflows after 1970 and while the various measures taken after 1970 to curb hidden transfers to surplus (via overinvoicing, management and patent fee payments, etc.) could only be partially successful, covert outflows seem rather unlikely to have equalled, let alone exceeded the real rate of total net capital inflows, which ran at an annual average of K£42m for the period 1968-75.18 In any case, as Emmanuel has pointed out, the historic cost of the technology transferred to Kenya under management contracts and patent fees was far higher than the cost of these arrangements to Kenya.19 Meanwhile the level of foreign indebtedness remained low, and was still further reduced in real terms by inflation.20

At this stage in the discussion, the general theoretical implications of all this for underdevelopment and dependency as explanatory concepts may be put to one side, permitting us to focus instead on the question: what is the explanation of the Kenyan growth process, and what significance does the explanation have for the prospects of capitalist development in Kenya in the future?

Kenya has not been in receipt of exceptionally large flows of official capital or technical assistance, nor has it had any exceptional growth of primary commodity exports or, in general, any major advantage in terms of endowment or location over neighbouring countries.31 Nor, on the other hand, has its overall rate of growth been due to exceptional growth rates in one or two "enclave" sectors unrelated to the rest of the economy. While some marked geographic and sectoral imbalances exist, growth has been more or less equally pronounced both in agriculture and outside it, in small and large scale farming, in manufacturing and in commerce, in the private and the public sectors, etc.

A more plausible explanation of Kenyan economic growth since the 1940s lies, rather, in the specific social relations of production developed before, during and since the colonial period, and particularly—but in no sense exclusively, as will be seen—in the key role of the class formed out of the process of indigenous capital accumulation.

This process has been the subject of a highly original and complex analysis by M.P. Cowen, of which only a few central themes are essential here.22 Cowen established that before the colonisation of East Africa the relations of production existing in what is now Central Province—the most populous, productive and economically strategic area of Kenya—determined the formation of a class of accumulators of the principal means of production—land and livestock—through migration onto new land, raiding, and long-distance trade. The tendency of this accumulation, which was in large measure "primitive", was to concentrate the means of production
more and more in a few hands, excluding others from access to them, a tendency which those threatened with exclusion could overcome, by and large, only through migrating themselves (usually as labourers clearing land for others in return for stock and a share of the new land). Colonial settlement closed off further migration, by alienating land to white settlers. On the other hand the colonial state launched some, at least, of the pre-colonial accumulators on a fresh path of accumulation by appointing them "chiefs" who were enabled to loot their new "subjects" by means of unregulated taxes and fines, and to further accumulate land within the now restricted African land areas by engaging in costly litigation.

The transformation of this class into a class of agrarian capitalists (appropriating surplus value through wage labour proper) was, however, thwarted by (a) the settler farmers' monopoly, enforced by the colonial state, over most of the available African surplus labour; (b) parallel settler monopolies over the production of most of the agricultural commodities (notably coffee) or over markets (e.g. for maize), on which capitalist agriculture could be based; (c) the intervention of international capital—as opposed to small and medium settler capital—in commodity production, either through plantation production (in the case of wattle), or through permitting the still existing mass of smallholders to produce commodities under the supervision of large scale foreign capital. This permitted the smallholdings to survive as units of production (a situation confirmed by the universal issue of freehold land titles from 1955 onwards) and deprived the indigenous class of capital of the opportunity to further enlarge their landholdings and exploit the labour of those who became proletarianised.

Meanwhile, the route of entry to the "accumulator" class, and the basis of further accumulation for the individual agents within it, had necessarily shifted from the old forms of primitive accumulation to wage income, increasingly based on education; and to the sphere of commerce, the avenues for which were gradually widened by political pressure brought to bear on the colonial state by new organisations such as the Kikuyu Central Association and the Kavirondo Taxpayers Welfare Association—whose ascendancy also signified the displacement of the older, "primitive" accumulating element within the indigenous class of capital, by the "modern", educated element. Although these efforts preserved and even permitted some enlargement of the accumulated capital of this class, it was wholly confined to the sphere of circulation and hence to the limited share of surplus value to be obtained there, in face of unremitting pressure both from Asian merchant capital and from the growing weight of international productive capital.

By the end of World War II a direct challenge to this limitation was finally articulated by the militant wing of the Kenya African Union,
leading in 1952 to the declaration of emergency. Meanwhile international capital had moved into Kenya on a much larger scale, and in the context of Britain's interest in expanding colonial commodity production as a contribution to the solution of the dollar shortage, the colonial state also began to dismantle the barriers to indigenous capital accumulation. African exclusion from the "white highlands", the ban on African-grown coffee, restriction on credit for Africans and opposition to the issue of individual land titles all disappeared. Finally, white settler capital was largely removed from the configuration of class forces by the independence settlement agreed in outline in 1961.

Cowen’s object in tracing these developments is precisely to establish the specificity of the transition from precapitalist to capitalist relations of production, a transition seen as governed by the complex interaction of the forms and "periods" of indigenous and foreign capital over the past 100 years—a question central to the theme of this paper. For the moment, however, let us focus on the more limited question of the light which this perspective throws on the current role of indigenous capital accumulation in Kenya.

III. Contemporary indigenous capital accumulation

When negotiations for independence were begun in 1960, the economic and political weight of the indigenous owners of capital was already decisive.

The often-cited expansion of smallholder farm output that occurred in the decade 1955 to 1964, for example—from K£5.2m to K£14.0m per annum—is remarkable not least for the capital investment it implies, especially when we consider that down to 1964 the cumulative total of government and bank lending to smallholders was only K£1.7m.\(^{33}\) The size distribution of the output tells the same story. In Murang’a in 1970-71 14% of the members of one coffee cooperative studied by Lamb (i.e. all the growers of a given area in Kikuyu country) supplied 64% of the crop, and in the same season in two tea-growing locations of the neighbouring Nyeri District, studied by Cowen, 20% of the growers supplied 55% of the crop (in 1965 20% had supplied 64% of the total\(^{24}\) in other words, the initial impetus came even more markedly from those with the capital to make the necessary investment and pay the necessary wages). Similar reflections are prompted by the fact that from 1959, when Africans became eligible to buy land in the former white highlands, down to 1970, at least K£7m and perhaps as much as K£10m of privately-owned capital, mostly from Central Province, was invested in large-farm purchase. Bearing in mind the degree of concentration involved in both the expansion of smallholder production, and the purchase of large farms from white settlers, these figures serve as useful if very rough indicators of the scale of accumulation which had been achieved during the colonial period by the
indigenous class of capital, in spite of massive competition from foreign capital of all kinds, and with very little support from the colonial state.

Besides the scale of their capital, the indigenous class of capital—which after the reforms of the 1950s we can increasingly term an indigenous capitalist class—had a further highly significant asset. It was heavily concentrated in not only the largest ethnic group—composing with closely related neighbouring people about 25% of the total population, but also in the economic and political centre of the country. Combined with its strong representation in the state apparatus (due to its heavy investment in education) the indigenous bourgeoisie was exceptionally well placed to convert its natural dominance in the nationalist movement into a position of strategic control over the post-colonial political re-alignments needed for the next phase of accumulation. By mid-1966—2s years after independence—these realignments had been completed and the framework of an effective "power bloc" under the hegemony of the Kikuyu bourgeoisie was clearly established.

From this time onward the state apparatus superintended a series of measures which rapidly enlarged the sphere and the rate of indigenous capital accumulation. The principle measures used were trade licensing, state monopolies, state finance capital, state direction of private credit, and state capitalist enterprise.

These measures have been discussed elsewhere and need not be recapitulated here. Their effects may be seen in a broadly sequential pattern whereby in one sector after another, according to the relative difficulties posed for indigenous capital by varying technical and capital requirements, African capital became first significant, and then preponderant. The movement into the former white highlands began in 1959. By 1977 it was estimated that only 5% of the mixed farm area within the former "white highlands" remained in expatriate hands. The transfer to African owners of expatriate-owned ranches and coffee plantations was well advanced and the transfer of the much more concentrated tea estates was no longer impossible to envisage. By 1974 the Development Plan claimed that most "small commercial firms have already been transferred to citizen ownership" and that "larger and more intricate" firms still in foreign hands would be Kenyanised by 1978. By 1977 the evidence suggested that this target would be substantially met. The transfer to African capital of urban real estate, already well advanced by 1976, received a fresh impetus from the sudden rise in liquidity due to the exceptional coffee sales of that year, and led to a rush to purchase the remaining foreign owned large office blocks in central Nairobi, suggesting that the complete African occupation of this sector was no longer a distant prospect.

Information on the diverse range of activities comprised under "services" is largely insufficient to disclose the rate of penetration by African capital. Passenger road transportation was largely in African hands by 1977 as
were tour companies, laundries and dry cleaning, and a rapidly growing share of the hotel and restaurant sectors. Sectors still substantially in foreign or at least non-African hands were those still protected against African entry by a combination of technical and capital barriers, often reinforced by a degree of monopoly: e.g. construction, financial services, insurance, mining, and manufacturing. But in each of these fields a significant degree of penetration had already begun, and in manufacturing, the most important of all, a new phase of African entry seemed to be beginning by 1977.

Except for 1975 and 1976, the rate of growth in each of the sectors progressively occupied by African capital remained high, and a conservative estimate suggests that the share of the total operating surplus accruing to African private capital by 1975 was of the order of a third, or about K£180m, sufficient to permit very substantial further movement into new sectors and subsectors (especially when one takes into consideration the limitations of the data, which tend to understate the output of African enterprise).27 (Table 1) The essential function of the state was to displace monopolies enjoyed by foreign capital and substitute monopolies for African capital, and also to supplement individual African capitals with state-finance capital and state-secured technology, to enable them to occupy the space created for them in the newly-accessible economic sectors.

In noting the important role of the state in facilitating this movement of African capital out of circulation and into production, we must avoid the mistake of attributing to it an independent role. Its initiatives reflected the existing class power of the indigenous bourgeoisie, based on the accumulation of capital they had already achieved.

This is not a merely academic point. Unless the exercise of state power after 1963 is grasped as a manifestation of the class power already achieved by the indigenous bourgeoisie, it can lead to serious mystification. The most common form of this is to see the state's economic role as expressing the "modernising" vision of the state bureaucracy (the "elite"). On this view the whole process of the appropriation of surplus value by the exploiting classes disappears behind an ideological conception of "development" in the interests of "the people of Kenya." Alternatively, one version of the dependency school sees the state as a more or less independent mediator between foreign capital and local capital according to some conception of a "balance" which, since foreign capital is evidently much stronger, can only provide minor gains and compensations for local ("dependent") capital.

Some such conception was at times implicit if not explicit in my own earlier work on Kenya. Instead of seeing the strength of the historical tendency lying behind the emergence of the African bourgeoisie I tended to see only the relatively small size and technical weakness of African
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Provisional figures (Statistical Abstract 1976). The Economic Survey 1977 shows a revised total of KZ257.17m. The provisional total for 1976 was KZ482.22m. Since a large part of this increase was coffee revenues, its effect would be to raise the African share of the total substantially for 1976.

(Sources: Development Plan 1974-78, Statistical Abstract 1976, Kkoaam, Survey 1977)
capital in face of international capital, and to envisage the state as little more than a register of this general imbalance; rather than seeing the barriers of capital scale and technology as relative, and the state as the register of the leading edge of indigenous capital in its assault on those barriers.

The general theoretical error involved here needs no further emphasis, but it is worth while illustrating one of its many effects from another, related angle—the significance of contemporary forms of "primitive" accumulation in countries like Kenya.

In Kenya the spectacular phase of accumulation through modern forms of plunder was probably the years from 1971 to 1975, commemorated in a celebrated series of pseudonymous articles in the Sunday Times in August 1975. However, such practices as the commandeering of state-owned land and livestock or the semi-forcible take-over of expatriate farms or businesses, were not unknown earlier, and liberal observers were apt to be very preoccupied with these on moral grounds. But what needs to be considered about such practices, however, is not only their distributive effects, but their effects on production, inasmuch as they may contribute significantly to a concentration of capital in indigenous hands sufficient to overcome specific barriers of scale. The part played by primitive accumulation in the development of European capitalism is so well known that we should at least be ready to recognize its possible significance in a periphery country like Kenya today. Some forms of such accumulation have probably been pursued on quite a broad scale, moreover, such as the importation or export of goods whose import or export is supposed to be banned. A spectacular special case which occurred in 1976-77 reinforces the general point. When the world price of coffee had risen to ten times the average price for 1975 it was estimated that between 10% and 30% of the entire Ugandan coffee crop, worth between K£20m and K£60m, was being smuggled through Kenya rather than sold to the Ugandan Coffee Board. So valuable was coffee at this time that two "robberies" of Ugandan coffee in transit on Kenya Railways in one week of August 1977 accounted for coffee worth K£400,000.

Clearly, the scale of capital concentration which may be achieved through these forms of modern "primitive" accumulation does not guarantee that such capital will be invested productively. Much of the capital accumulated in African hands in the last ten years will have been unproductively invested and much of what has been productively invested has involved the acquisition of existing assets, resulting in the transfer of capital into other sectors or out of the country. Nonetheless the significance of these transactions for the long-run potential for further accumulation by indigenous capital remains profound. A striking example comes from the expatriate-owned coffee plantations. In 1974 the capital
value of plantations, and also foreign-owned ranches, was still considered a major barrier to their purchase by Africans. But starting in 1973 and developing into a rush by 1975, about half of the total hectarage of foreign-owned coffee was bought by Africans; by the end of 1977, 57.3% of the total had changed hands, i.e. nearly 18,000 hectares, worth about K£18m at 1975 prices. Most of this undoubtedly came from various sources of finance capital, but the funds in question were also largely the result of the previous phase of accumulation by Africans. And the process was already well advanced when the coffee boom began. By 1977 a high proportion of the new owners had paid off their loans and were actively searching for new investment opportunities. Speaking generally, and bearing in mind the concentration of coffee output in a few hands within the small-holder areas, rising from the earlier phases of capital accumulation, the effects of the coffee boom would be to put a large part of the K£200m realised from coffee sales in 1976-77 alone (the equivalent figure for 1974-75 was K£33m) into the hands of the indigenous capitalist class. (It must be borne in mind that the coffee estates which changed hands in 1973-77 rarely afforded the new purchasers much land for household cultivation of other crops. They belonged to the realm of capitalist, not pre-capitalist relations of production.)

These reflections are relevant to the highly significant contemporary movement of African capital into manufacturing production. In commerce, returns are quick and the capital outlay is relatively small, but in the long run profits are liable to be forced down by competition from other commercial capitals and by industrial capital, in relation to a share of surplus value the total of which is determined at the point of production. In Kenya, this was experienced by the leading African capitalists as a rapidly narrowing scope for further displacement of foreign capital from the sphere of circulation, coupled with a growing awareness of the limitations of that sphere. These themes recurred in discussions with those concerned with industrial investment, such as the following:

In 15 years, if the political climate of Kenya and the world economy stay stable, 90% of manufacturing will be Kenyan owned. Where else is there for people to go? Agricultural land is finished—all the big farms are sold and divided up. Distribution is all taken up. Africans don't want to go into tourism, it is too risky—politically. And very tight [sc. competitive]. So they will go into manufacturing. As the market is narrow, this means they will buy into existing businesses. The public ones will go quietly by purchase. The price will rise till foreign owners, considering the risk, sell. Private ones will take longer but will gradually go. New ones will start with parastatal or local control.

This analysis (not all of it indisputable) reflected the viewpoint of a state official. The (African) manager of a major multinational conglomerate,
himself also an active independent capitalist, said:

In the early independence years, people lacked capital. Smallholdings under consolidation [the pooling of land fragments carried out in the 1950s when freehold titles were issued] generated a bit, then people moved into the Rift Valley schemes [in the former white highlands] and most of them did quite well. Then the Africanisation of trade generated more—if you had the Breweries franchise at 3½% it was a monopoly and people came to you [i.e., you didn't have to work to get customers]. In general, retail trade isn't hard and people learned to do it well. Now a point has been reached where people have some capital and want to know how to preserve it against inflation. Also they are starting to come into the income tax net and above a certain income, they realise income is not so important. What they want is to secure the future for their families and so on; and this means you must own productive assets—that is the only way you can make capital grow... 

It was also interesting to note how the shift from the sphere of circulation to that of production was reflected in a shift of class imagery, as evidenced in several interviews:

People think they must be a manufacturer to be someone. If you have a beer distributorship, that's nothing to be.

The challenge of industrial investment is that you must wait for a return, but when it comes, it is higher.

Local people don't want just to put their money in; they want control.

It would be misleading to say that by 1977 African capital was moving primarily into manufacturing production. There was still considerable scope for movement in the sphere of distribution and services. But the movement into manufacturing was under way, with the following specific features:

a) Capital was being concentrated in sufficient volume and in appropriate forms for industrial investment. Five specific forms were in evidence. Most common (especially in new investments), and perhaps in the long run most significant, there were syndicates, usually of 4 or 5 individual capitalists, formed to make one or sometimes several investments in manufacture, usually taking 25%-30% of the equity together with a state investment corporation and a foreign manufacturer, but sometimes with a controlling interest. Recent new projects involving such groups were plants to manufacture drugs, tea, shoes, soap, furfural, pipe-fitting, plastic sacks for agriculture, etc., etc. Secondly, cooperatives of various types had begun investing in manufacturing; usually these were agricultural (producer) cooperatives, moving into a project connected with farming (e.g., to produce fertiliser) but other types of cooperative were also increasingly moving along the now familiar path from agricultural through commercial to
manufacturing investment. This was particularly likely to happen to some land-purchase cooperatives which had invested in coffee plantations. Third, there were mass investment companies, of which the prototype was Gema Holdings Corporation, an offshoot of the Gikuyu, Embu and Meru Association, formed in 1971. Gema Holdings, formed in 1973, went public in 1976. It was controlled by a group of leading Kikuyu capitalists, with an original issued capital of K£1m. In August 1977 it offered GEMA members K£2½m in new K£5 shares, an issue which was quickly taken up. Its non-agricultural investments already included a roofing tile factory and a new truck assembly plant, co-owned with Fiat. Other "ethnic" investment companies were planning to follow this example. An earlier example, with different origins, was the ICDC Investment Company, an offshoot of the state-owned Industrial and Commercial Development Corporation. Set up in 1967 with initial funding and continuing management provided by the parent ICDC, its shares were sold to Africans. By 1970 its total capital value was K£100,000. By 1976 this had risen to K£700,000, with investments valued at K£1m. Fourth, a variety of state economic institutions had begun to act as industrial investment companies, in addition to the longer-established investment corporations (the ICDC and the Development Finance Company of Kenya, in which the state was a minority shareholder). This was particularly true of some of the large number of agricultural parastatals, which were beginning to invest in the processing of agricultural commodities: cashew nuts, vegetable dehydration, maize cob by-products, etc. The Agricultural Development Corporation (originally a state-farm management organisation) alone had invested in the manufacture of sugar, processed fruit, cattle feed, vegetable oils and the factory production of poultry, often in association with a private investor or syndicate. Finally, there had been a notable growth of merchant and industrial banks, some of them tapping new sources of foreign capital. This was true of the state-owned Industrial Development Bank, established in 1973, which by 1976 had increased its original capital by about 200% by drawing on World Bank funds.

b) Skills and knowhow had been accumulated. One of the most striking changes in Kenya since 1971 was the coming "on stream" of a new generation of technically trained state economic functionaries. The Industrial Development Bank staff were a leading example of this, combining advanced technical (economic and accounting) qualifications with considerable specialised experience, but the pattern was being repeated in other organisations. Some of these new economic functionaries were themselves spearheading the entry of private African capital into manufacturing, under the freedom given to officials in 1971 to engage in private enterprise. The financial controller of one large parastatal had, thus, also established three manufacturing companies in which he had a controlling interest, the largest of which had assets worth K£1.7m.
A very important skill is that of taking over an established company. In the late 1960s a land-purchase cooperative wishing to buy a farm from a white settler was almost wholly dependent on advice from political patrons. By the late 1970s such organisations generally knew most of what was needed in order to buy, manage or subdivide a large farm, and some of them were learning how to buy and manage other kinds of asset. An extreme case of the acquisition of take-over skills was the takeover in 1975 of Mackenzie (Kenya) Ltd., a foreign trading conglomerate with assets of some K£2.7m., by a syndicate, one of whose two shareholders was the African chairman of the company, appointed three years previously. According to Swainson, this was only the first and so far most important of a number of similar takeovers which obviously depended largely on the inside knowledge of the leading figures involved.

Swainson, the leading authority on corporate development in Kenya, considers that African advance into the manufacturing sector will be slow, and given the capital requirements of much manufacturing industry, this judgment seems reasonable. Nonetheless the rate of return in this sector is relatively high (Langdon found that 20% on assets employed was the norm for foreign-owned subsidiaries) and there seems to be no obvious reason why the initial rate of African penetration achieved by 1977 should not gradually accelerate in the following decade.

IV. Formation of an indigenous bourgeoisie

To examine properly the process of class formation associated with indigenous capital accumulation—a process occurring at several levels (social, political and ideological as well as economic) and involving complex interactions between the events in the distinct "historical times" of the different levels—would be a separate study in itself, far beyond the scope of this paper. Here we can simply note certain rather obvious indicators of this process, which do little more than testify to its existence (even that little, however, has some bearing on the theoretical significance of the Kenyan case to which we must return in the final section):

a) An increasingly evident differentiation during the decade in which the accumulators had spread out of their original base in circulation. Distinct fractions of African capital—primarily merchant, agricultural and industrial, but also financial (e.g. stockbroking) and rentier (e.g. real estate), and within the first two of these, large-scale/modern and small or medium scale/archaic—had begun to crystallise around various recurrent issues: for instance, the scope and level of protection afforded to manufacturing (merchant capital favouring more limited protection), wage controls (more important for smaller, more archaic forms of capital, with lower levels of productivity), and so on. Besides the formation of these class fractions the formation of certain significant strata (determined by political and ideological practices) could also be discerned: in particular,
a small, older political stratum, heavily involved in the various forms of modern primitive accumulation, increasingly giving way to a younger generation more equipped to dispense with primitive forms of accumulation and oriented strongly towards fully capitalist valorisation of the inherited family capital: the higher-level "straddlers", i.e. holders of salaried positions, state, parastatal and corporate, using their salaries and their privileged access to credit to create independent basis of accumulation: and a stratum of low-profile entrepreneurs, in the classical mould, with sometimes surprisingly large capitals invested in relatively advanced fields of production, a stratum destined to assume greater importance through the long run growth and deepening of its investments.

b) A notable development of adjutant, auxiliary ranks immediately subordinate to and serving the African bourgeoisie: lawyers, accountants, stockbrokers, insurers, heart specialists and psychiatrists, as well as a layer of ideologists, including academics and journalists.

c) A parallel development of bourgeois culture: increasing resort to private schooling, followed by university education at the family's expense in Britain or the USA (bourgeois parents increasingly regarded the University of Nairobi as intellectually and socially inferior, as well as unsafe, given its periodic encounters with the paramilitary police); a distinctive bourgeois life-style in terms of housing, entertainment, etc.; a bourgeois marriage circuit with a manifestly dynastic aspect; the growth of a weekly and monthly magazine culture which reflected these tastes and interests, but also some of the more political concerns of its younger, more sophisticated elements for institutional reform and for the establishment of civil rights seen as essential in creating stable and reliable conditions for economic life.

d) A progressive development of bourgeois class consciousness through a series of struggles with other classes and fractions. The decisive years here were 1965-69, during which the political challenge of the petty-bourgeois/urban trade union/rural landless alliance led by Odinga and Kaggia was outmanoeuvred and finally destroyed in the banning of the Kenya Peoples Union in 1969. In the course of these struggles, the unionised working class was brought effectively under control of the state, first through a state-controlled union central organisation, and subsequently by a ban on strike action and an effective system of wage controls. The petty-bourgeoisie was also decisively neutralised as an independent political force. The populist tendency maintained, after the breakup of the KPU, by a group of parliamentary backbenchers, was ultimately curbed through the murder of J.M. Kariuki and the subsequent detention (or exemplary jailing on conviction for offences) of his most effective successors; while the middle and poor peasants were as far as possible organised as clients under the patronage of the bourgeoisie through a comprehensive system of ethnic organisations with their associated “self-help” movements, rival
ethnic colleges of technology, ethnic investment holding companies, etc. These organisations and their offshoots, ostensibly trans-class, must be understood as class organisations of the bourgeoisie in its relations with the peasantry, just as much as the Federation of Kenyan Employers was the principal class organisation of the bourgeoisie in relation to the organised working class; and as KANU—through its very lack of organisation and effectiveness—was the class organisation of the bourgeoisie in relation to all other classes, perpetuating their disorganisation, their under-determined condition, vis-à-vis the bourgeoisie which "led" it (superintending its endless factional struggles, and the repeated campaigns for party revitalisation and reorganisation, apparently preparing for an exercise in mass democracy which never came).

V. Kenya and the dependency debate

The role of the indigenous bourgeoisie has been stressed virtually to the exclusion of that of any other class, partly to redress an obvious shortcoming in my own earlier work. The decolonisation process in Kenya, lasting roughly from the mid-1950s to the mid-1960s, was governed primarily by the neo-colonial "class project" of international capital, but the subsequent period was determined primarily by the class project of the indigenous bourgeoisie, and the failure to grasp and interpret the nature of this dialectical shift was a serious one, due mainly to an inadequate historical analysis of the material bases of the different fractions of capital in Kenya.

But besides the need for historical reparation, it is equally important to put the indigenous bourgeoisie at the centre of any discussion of the bearing of the Kenyan case on the theoretical issues discussed at the beginning of this paper. Put in its most general terms, the point seems to be that there were two distinctive (and indeed exceptional) circumstances affecting the development of the relations of production in Kenya. First, the existence of an indigenous process of capital accumulation in central Kenya which was sufficiently advanced at the moment of colonisation for the accumulated capital, and the class places formed in the process of its accumulation, to be transmitted—albeit transformed in various ways—through the colonial period into the moment of decolonisation: and second, the installation under colonialism of a foreign but resident bourgeoisie (the settler fraction) which, through the colonial state, appropriated a large part of the means of production (land and livestock) and secured the partial proletarianisation of most of the population (and the complete proletarianisation of a significant minority) while at the same time establishing (again largely by means of state intervention) the infrastructural and other conditions for the domestic accumulation of capital.

International capital played a part, too, intervening in particular to
reduce the value of labour power by raising productivity in the staple food-producing sector, \textit{(i.e.} reducing the exchange value of maize), advancing the large amounts of capital needed to extend commodity production \textit{(e.g.} tea, tourism), etc. But in a typical "colonial trade economy" international capital (merchant, industrial or state) appropriates surplus value partly through unequal exchange, and partly through direct controls over household commodity production, in ways which, broadly speaking, leave largely intact the forms and much of the substance of pre-capitalist relations of production (in particular the household ownership of the means of production and often limited dependence on commodity production for reproduction of the household as a productive unit); whereas in Kenya, this relationship between international capital and peasant households was established relatively late in the colonial period, and not before settler capital had made considerable inroads into the economic independence of the peasant household throughout large parts of the country. Moreover, the hegemony of settler capital created other conditions \textbf{favourable} to the local valorisation of capital. The colonial state, in the era of settler hegemony, secured access to the whole East African market, which together with a common currency facilitated the realisation of productive capital in Kenya and so opened the way to relatively early industrialisation initiatives, simultaneously enabling merchant and finance capital located in Kenya to appropriate a significant share of the surplus value generated in Uganda and Tanganyika.

The dialectics of capital accumulation in Kenya thus involved (a) the subordination of indigenous capital to settler capital, but not its destruction; (b) the assertion by settler capital of claims on labour power and the means of production which greatly limited the scope for international capital to enter into direct relations of exploitation with peasant commodity producers, and undermined much more radically than in most African countries the precapitalist relations of production: and (c) the ability of the indigenous class of capital not only to substitute itself effectively for the settler. fraction of capital at \textit{independence--i.e.} as an internal bourgeois, not a petty-bourgeois, class— but also to set about recovering from international capital a good part of the field of accumulation which it had succeeded in occupying. In effect, the indigenous capitalist class assumed the hegemonic place in a new "power bloc" \textit{(i.e.} alongside international capital and elements of non-indigenous local capital), in the context of an economy which was already capitalist in more than the usual sense: \textit{i.e.} not merely one in which the still preponderant precapitalist relations of production (peasant household commodity production in particular) were subjected to the laws of the capitalist mode of production, in both direct and indirect ways; but also one in which for some important sectors, and to some extent for the "economy as a whole", the "structure of profitability" no longer depended
simply on extending relations of exploitation based on absolute surplus labour (intensifying labour in various ways) but increasingly on raising labour productivity.

In less abstract terms, Kenya appears, from this analysis, as a modest example of a "systematical combination of moments" conducive to the transition to the capitalist mode of production. This does not imply that no further obstacles remain in Kenya to the uninterrupted domestic accumulation of capital, i.e., the uninterrupted development of the productive forces through the extension of capitalist production relations progressively throughout the entire economy. Nor does it imply that the indigenous bourgeoisie is "progressive" in the anti-imperialist sense ascribed to it by the theorists of the Comintern, still less that it is preparing a bourgeois-democratic revolution for Kenya, in the nineteenth century sense of that term. Nor, finally, does it imply a "menshevik" political position of support for capitalism in Kenya as the necessary preliminary to communism. What it says is that capitalist production relations may be considerably extended in a periphery social formation, and the productive forces may be considerably expanded within and through them, for reasons having primarily to do with the configuration of class forces preceding and during the colonial period: and that the limits of such development cannot be determined from the sort of general considerations advanced by underdevelopment and dependency theory.

In the case of Kenya, while the extension of capitalist production relations has been extremely rapid since independence, the process is threatened by multiple contradictions. One is the well-known limitation of the internal market, which presses Kenyan industrial capital both towards the search for export markets—in which it has had some success, especially in 1977 after the loss of the Tanzanian market following the border closure—and towards foreign policies aimed at re-establishing a new internal market within the East African region. These initiatives, which probably hold considerably more promise than the apparently more "radical" alternative, proposed by the ILO, of internal income redistribution (in addition to being politically more acceptable to the bourgeoisie), should not be underestimated. However, the limitation remains a critical one for any economy not capable of producing, ultimately, for the world market: the question of how and in what terms a country such as Kenya may be enabled to transcend that limitation is all-important, even though it still lies somewhat in the future as far as Kenya is concerned, and certainly cannot be usefully speculated about here.

A more immediate and severe contradiction lies, I think, in the powerful place of "middle" peasant household production in agriculture, which may be approaching the limits of its expansion. Current policy thinking within the Kenyan state bureaucracy favours the extension of this form of production, based on high labour inputs per hectare, even though with
apparently declining labour productivity (agricultural output per head of population seems to have declined steadily since 1970). While this would serve the interests of international capital which appropriates surplus value more or less directly from such production, it would hardly serve the interests of the indigenous bourgeoisie who, however, would confront a major political problem in any attempt to raise the productivity of labour and their own appropriation of surplus value by trying to extend capitalist relations of production in agriculture (e.g. by policies designed to polarise the smallholder areas towards kulak and capitalist farming on the one hand, and proletarianisation on the other). Yet without an increase in agricultural productivity, it seems doubtful if the momentum of capitalist production can be maintained in industry in the longer run. Here again, the limitations of the analysis of this paper do not permit useful speculations about the development of this contradiction: though it too should not be attributed any absolute character.

As for the political character of the indigenous bourgeoisie, its interests are partly coincident with those of the international bourgeoisie, and partly in contradiction with them. If it is "progressive", it is progressive in relation to the petty-bourgeoisie which seeks to defend, in general, relations of production—especially smallholding and petty trade—in which the exploitation of the workers does not expand the forces of production (however much that defence is couched in the rhetoric of populism and petty-bourgeois socialism). In relation to the workers, the indigenous bourgeoisie is exploitative and oppressive, and the bourgeois freedoms which a section of it increasingly desires—such as freedom from the disruption of production by unrestrained and unpredictable forms of primitive accumulation, freedom from political threats to the security of personal fortunes, freedom from low-quality and politically dependent judicial officials—are for itself, not for workers; furthermore this wish is in contradiction with the equally strong wish for a state capable of repressing both worker and petty-bourgeois attempts to organise industrial and political class struggle. To recognise the important role of the indigenous bourgeoisie in the combination of "moments" giving rise to the development of capitalism in Kenya is, therefore, not to succumb to ideological illusions about its historic mission or its current political character.

In conclusion, the foregoing discussion can perhaps be linked to the broad theoretical issues raised at the beginning of this paper, in the following way: the Kenya case seems to lend useful support to the general position adopted by Hrenner, and may even help to put in somewhat clearer perspective the question which is at issue in the debate between Frank, Warren and Emmanuel. Frank, following Baran, located the primary mechanism of underdevelopment in processes of "surplus transfer" ("loot", in Baran's paradigm case of India) from periphery to
metropole by individual capitals. Warren, seeing no theoretical reason for attributing to individual capitals (at least after the decolonisation process had ended in independence) any general motive to transfer surplus in this way, concluded that it would henceforward not do so, and so that capital formed at the periphery would not be accumulated there too. Emmanuel, rejecting the alleged evidence that this was happening, proposed instead that capital is drawn towards the poles of its own existing accumulation.

The point of view suggested by this paper is that all of these positions are mistaken insofar as they propose tendencies inherent in "capitalism in general"; whereas that each of them may, on the other hand, be correcr and illuminating considered as an explanation of the movement of capital, and its consequences for the development of capitalist production relations and capital accumulation, in particular historical circumstances. Thus Baran's paradigm case of India had two significant features. One was the nature of the pre-existing relations of production in India, let us call them quasi-feudal, which, as Marx eventually noted, proved highly resistant to displacement by capitalist ones. The other was the character of British capital at the period in question—still largely family capitals, still competitive, focussed strongly on the necessity to expand constant capital within the existing production unit in order to maintain market shares. In these circumstances it was understandable that the original process of looting India in order to establish capitalist production in Britain should continue as a process of repatriation of profits earned from sales in India in order to expand capitalist production in Britain. The capitals which primarily figure in the work of Warren and Emmanuel, however, are corporate monopoly capitals, with the organisational capacity and political freedom to select their points of accumulation according to a global rationality. In this very different situation, the total combination of "moments" at any given place in the "periphery" (even this term must be increasingly questioned) becomes decisive, in relation to the corresponding combinations at the relevant places in the "centre." This of course is an excessively mechanical formulation. However, it is evident that—precisely in certain "exceptional" instances—capital has flowed to, or simply been rapidly accumulated at, strategic points in the so-called periphery, where the relations of production and the balance of class forces have produced conditions permitting the realisation of "surplus profits"; while at the same time—precisely in certain similarly "exceptional" countries in the so-called centre—there have been parallel processes of declining rates of accumulation, where the balance of class forces has given rise to conditions which have seemed hostile to the interests of capital, e.g. Britain.
NOTES

1. This paper is based on a short visit to Kenya in the summer of 1977 financed by the Canada Council, and generously assisted by Dr. David Court. Its intellectual debts, especially to Mike Cowen, should be obvious.


7. McMichael et. al., op. cit., p. 96.

8. Ibid.


12. See note 3 above.


15. See Brenner, pp. 91-2 where he speculates on the possibility that industrial capital in the metropoles, eager for new markets and cheaper labour, may now lend new strength to the class interests behind industrialisation at the periphery, enabling them to "force the class structural shifts that would open the way to profitable investment." By contrast Emmanuel, writing in 1974, considered the advanced countries "nowadays too rich not to be able to absorb themselves, without difficulty, all the new capital that is formed in them", (Emmanuel, op. cit., p. 77).


17. Calculated from Statistical Abstract 1976, Government Printer, Nairobi, 1977, Tables 109(a) and (b), 235 and 82(d). While these are very crude indicators, the tendencies seem large enough to be accepted as broadly valid for present purposes.

18. The real rate of net capital inflows is taken to be the inverse of the trade balance. Emmanuel (op. cit., pp. 75-7) argues convincingly that this is the best measure. The main measures taken against hidden transfers were withholding tax on licence, patent and management fee payments, and a system of inspection of all imports in the country of origin.


21. Kenya's receipts of official capital aid per capita have been approximately equal to the average level for the continent as a whole. Moreover, a third of the largest
single component of bilateral aid (the British) has been payments for land purchase from British nationals who repatriated about 60% of it to Britain again.


24. The data from Lamb and Cowen are cited in J. Heyer, et. al., Agricultural Development in Kenya, Oxford University Press, Nairobi 1976, pp. 195-97. Heyer notes (p. 18) that the controls applied to new growers of such crops in the 1950s were such that only the relatively rich could comply with them.


26. Development Plan 1974-78, Government Printer, Nairobi, 1974, p. 366. "Citizens" includes non-Africans, mainly Asians. However the takeover by African capital of "larger and more intricate firms", was well advanced by 1977, with 1500 quit notices issued to Asian traders in 1973 alone (Economist Intelligence Unit report on Kenya, Uganda, Ethiopia and Somalia, No. 3, 1973). In 1974 69 large trading companies in Nairobi, including at least one major one owned by non-African Kenyan citizens, were accused of illegal importation and closed down until such times as, in practice, they agreed to sell the businesses to Africans (see Swainson, op. cit.).

27. In Table I the estimated African share of "wholesale and retail trade" is set at 70% because this item in the national accounts includes hotels and restaurants where international and non-African domestic capital is still relatively strongly entrenched. "Operating surplus" represents the value of total output less the cost of intermediate inputs and labour but includes consumption of fixed capital (i.e. depreciation) and is not equivalent to profits.


30. E. Mandel concluded from the historical evidence for Britain that "for the period 1760-1780 the profits from India and the West Indies alone [i.e. from plunder and slavery] more than doubled the accumulation of money available from rising industry alone" (Marxist Economic Theory, Merlin Press, London 1968, p. 445).

31. Six licences for supposedly banned imports of basmati rice in 1971 were worth approximately KL3 million (see Underdevelopment in Kenya, p. 158). At the end of 1977 one of Kenya's biggest textile companies failed, apparently because of competition from illegal imports.

For comparison, total GNP in current prices was K£1,253 million in 1976. In Nairobi in mid-1977 one heard many stories recounting the amazing windfalls of the new coffee estate owners, all of which had essentially the same features: an estate containing 100 acres of coffee trees was purchased for K£50,000 in 1974 with a down payment of K£10,000, the balance being borrowed from the Agricultural Finance Corporation. In 1976-77 the average price of a ton of coffee was about K£2.000, so the value of the crop at a ton per acre would be about K£220,000. Even if, as was common, the estate was fully managed for the owners after tax would still be at least K£100,000 for the season.

The following extracts are from interviews with state, parastatal and private company officials in Nairobi in 1977.

In identifying these fractions and their mutual relations, it is more than ever necessary to distinguish between "places" in the relations of production, which are determined by the historical processes of development, and the agents who occupy the places, some of them occupying more places than one.

I owe this point to M.P. Cowen. It was strikingly borne out in interviews. The middle and poor peasantry thus constituted a typical "supporting" class for the bloc of classes in power, a class kept "underdetermined" through the ideology of tribalism, in particular. The real significance of the often intense factional struggles within local branches of the party, a party without a real function, would seem to be to serve as partly ritual periodic indicators of the relative strengths of bourgeois and petty bourgeois class fractions. It should perhaps be added that the state apparatus also served as the class organisation of the indigenous bourgeoisie in relation to the international bourgeoisie, and the Presidency, with its surrounding apparatus, also served as the class organisation of the indigenous bourgeoisie in relation to the non-indigenous domestic bourgeoisie.

In 1976 Kenyan exports to Tanzania were worth K£33m, or roughly 13% of all Kenyan exports, offset by imports from Tanzania worth K£12m. The loss of this market through Tanzania's closure of the border in February 1977 was serious but was offset by the domestic market expansion resulting from the coffee boom, and to a lesser extent by expanding exports to other regional markets. Kenya's handling of relations with Tanzania, which contributed to the border closure, is difficult to explain in terms of the interests of Kenyan capital, and an explanation should perhaps be sought in the excessively confident pursuit of those interests by the Kenyan state apparatus.

"Now, within the contemporary period of expanded household production, the reproduction of households out of produced commodities is reaching the limits of existing commodity forms of production" (Cowen, "Some Problems of Income Distribution in Kenya", op. cit., Section 3, p. 36).

The quantity index of monetary sector agriculture rose from 100 in 1972 to 101.8 in 1975, and monetary agricultural GDP rose from K£94.3m to K£95.2m in the same period. This was before the impact of the better weather and prices of 1976-77, but suggests that per capita agricultural output is tending to decline in the medium run.

In the sense proposed by Ernest Mandel in Late Capitalism, New Left Books. London 1976. Ch. 3.