

ECONOMIC STEWARDSHIP AND SCORECARD

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Introduction

Kenyans are in a season when two important events are occurring at the same time. The first is the preparations for the general elections on August 8th, 2017, and the second is the preparation for the budget to be presented to Parliament in July this year. Both processes require public involvement, understanding and input, not only because this is a constitutional requirement but more because it is in the **interest** of the people that they be governed well and **that the** budgetary resources **be** used to serve and improve their livelihood. But this has not always been the case. The scorecard of the various regimes that have ruled since independence vary from time to time. **But the differences and** correlations on how much say people have on the way they are governed and the extent to which the budget is used to serve their livelihood is an issue worth researching into.

In an article in the Star newspaper on Saturday February 11, 2017, entitled "Kenya's Toxic Triumvirate: Debt Corruption and Authoritarian Governance," I argued that ~~competitive~~ and largely semi-~~competitive~~ elections that have been held every five years since independence (except in the 1967/69 period) have always been preceded by large doses of bureaucratic corruption. In the end, such corruption which finances elections end up adversely affecting the budget. Money needed to construct infrastructure projects is inflated, not because these projects require that inflated figure, but more because the machinery of state bureaucracy "must be oiled" through kickbacks and other corrupt practices for "deals to be finalised."

I therefore want to discuss the subject you have given me, "Economic Stewardship and Scorecard" from the point of departure of how various governments have delivered on the economic front since independence as a measure of their stewardship. I will try to argue that the less participatory the political system is under a particular regime the more the tendency for the government to be profligate, corrupt and irresponsible in using the public funds (through skewed budgetary allocations): all signs of bad stewardship. And when this happens the scorecard on economic performance, i.e. socio-economic development, is likely to be low and disappointing. I will also argue that a government which is a bad or poor steward does not feel obligated to account for the use of public funds if it feels it has total or near total control of public opinion through outright autocratic rule--as was typical of the last years of Kenyatta and the regime of Moi from 1983 to 1997--or through "segmental authoritarianism" under a more competitive political system since 1997. I have defined "segmental authoritarianism" as the control of public opinion and attitudes through ethnic, racial or clan loyalty, essentially the politics of exclusion.

A BIRD'S EYE VIEW OF KENYA'S ECONOMIC STEWARDSHIP, 1963-2016

If we scan the graph of Kenya's economic growth since independence, and particularly the growth of public-oriented programs and development projects, we shall observe a very interesting trend. Between 1963 and 1968, Parliament enacted some of the most progressive legislations oriented to serve the public good. This is the time when parastatals like Kenya Industrial Estates (KIE), Industrial and Commercial Development Corporation (ICDC), the National Housing Corporation (NHC), the Agricultural Finance Corporation (AFC), the National Hospital Insurance Fund (NHIF), e.t.c., were established. Their mission, in general, was to use the state machinery to intervene in the Kenyan political economy so as to support and enable ordinary Kenyans to have access to housing, farming, small scale industries, and in-patient care in hospitals at a low premium.

Those five years after independence were heralded by a very free and fair election in June 1963 which the Kenya African National Union (KANU) won. Indeed the first four years of independence were the

most vibrant years in Kenya's history, both in terms of political freedoms and economic prosperity. The publication of "Sessional Paper No. 10 on African Socialism and its Application to Planning in Kenya, " (1965) and the debates that accompanied, still remains one of the finest moments in the evolution of democracy in this country. However, by 1966, profound differences had emerged within KANU based on ideological currents within the party, and the two major factions--one more radical/populist and the other more conservative/capitalist--parted ways, leading to the emergence of the Kenya People's Union (KPU), an avowedly socialist oriented party. Reluctant to accommodate pluralist politics, the Kenyatta presidency started to progressively erode democratic freedoms and to undermine accountability institutions preference for authoritarian rule.

Thus multi-party competitive politics lasted in Kenya for only three short years after the establishment of the KPU. Following the assassination of KANU's Secretary General, Tom Mboya, in July 1969, the KPU was banned and Kenya became a one-party state.

Subsequent elections held in 1969, 1974, 1979, 1983, and 1988 were all games of chairs within the KANU regime. The presidential and authoritarian one-party state grew even stronger between 1969 and 1974. Any attempt to shake it or bring it under a serious public scrutiny was answered, crudely and decisively, by the assassination of the radical and populist politician, J.M. Kariuki, on March 2nd, 1975. The Kikuyu oath taking in 1968-69, administered by the President himself--as has now been documented by the Reverend John Gatu--is clear evidence that the ideological and political basis of Kenyatta's presidency was based on segmental authoritarianism. And that is why J.M. was assassinated. Being a Kikuyu himself, he could not dare to be disloyal to the cause of the House of Mumbi irrespective of whatever law was broken by the state itself or whatever crimes state agents committed against the people of Kenya.

Thus the graph of economic growth and of public-oriented programs changes negatively the more entrenched the presidential authoritarian regime was between 1969 and 2002. Between 1963 and 1973, the GDP grew at an annual average of 6.6%; this is the period during which the public-oriented initiatives mentioned above were blooming and maturing. As it has been argued elsewhere by my friend, the late Apollo Njonjo, this is when the frontier of private property, in agriculture, commerce and

industry, was open to a wide range of Kenyans. The blossoming Market economy was no doubt pushed by pluralist politics which was initially inimical to oligarchical tendencies that tend to limit entrepreneurship to an unproductive and quite often profligate elite. In most of the seventies, as more multinationals came into Kenya, the GDP grew, and the rate of growth was impressive. But the key factor accounting for this growth, as several political economists pointed out at that time, was investments from multinational corporations in manufacture and industry capitalising on low wages and a politically controlled trade union movement. At the same time, with the Ndegwa Commission of 1972 allowing public servants to do business, the use of state power to support private property and wealth accumulation by civil servants, created gross distortions in the market. That was the time when the state controlled access to foreign exchange, and dished it out selectively to the the political "who is who", making business the preserve of the politically powerful. It meant that even inefficient import-substitution industries, established by the state-driven expansionist policies of the 1960s, were irrationally protected by the state. The result was jobless growth, and the pervasive phenomenon of growing inequalities in wages, wealth and standards of living; what J.M. Kariuki figuratively called "a nation of ten millionaires and ten million beggars".

Thus when Moi succeeded Kenyatta in 1978, he inherited an economy already in decline, complicated, of course, by the oil crisis in 1973. A new political elite demanding rewards from the state shifted segmental authoritarian rule from its epicentre in Central Province to the Rift Valley. A cold war over access to, and control of, state power ensued between elites from these two centres of political power; one centre in decline and the other on the rise. This struggle dominated Moi's 24 years in power during which no new frontiers of economic growth were opened as struggles over what was already existing as the so-called "national cake" intensified by the day. Between 1974 and 1990 Kenya's economic performance declined significantly, with GDP growth averaging 4.2% per year in the 1980s and 2.2% per year in the 1990s. By the time the reform government of the National Rainbow Coalition (NARC) won the December 2002 elections, the rate of growth had actually declined below zero.

The Goldenberg saga of the early nineties, a phoney scheme where a young Kenya-Asian fronted for big time politicians to be paid by the treasury excessive compensation for exporting fictitious gold and diamond, left a big hole in the economy by running away with more than 10% of Kenya's annual GDP.

More careful research revealed that the Goldenberg saga was prompted by the desire of Moi's political potentates to build a financial war chest to fight the insurgent opposition following the advent of multi-party politics in November 1991. It eventually took a life of its own even after Moi survived the December 1992 elections. Suffice it to say, however, that the financing of that election by KANU bigwigs was supported largely by the proceeds of the Goldenberg initiative as well as other bureaucratic corrupt deals by state functionaries. Arranging for highly inflated or fake tenders from which those engaged are expected to support the ruling elite in financing elections was quickly inherited by the NARC government under Kibaki when yet another kindred saga, the Anglo Leasing scandal, was revealed by John Githongo, then charged as a Permanent Secretary in charge of ethics in the NARC government. The Jubilee government eventually designed similar schemes to march its predecessors: the NYS scandal, the Eurobond affair and unparalleled increase in foreign debt whose justification has continued to be elusive.

From 2002 to 2007, notwithstanding a brief impasse in 2005 which was occasioned by the 2005 referendum, the NARC government carried out far reaching economic reforms and popular oriented development programs reminiscent of the early 1960s. It is justifiably argued that this was as a result of the popular and national mandate that the NARC received in the December 2002 elections, very much akin to the one that KANU received in June 1963. It is therefore logical to conclude that the wider the popular base of a government the more likely it is to be forced to be accountable to the national popular base, and the less likely it will be able to misuse public resources through bureaucratic corruption, rent seeking, primitive accumulation and kleptocracy.

One can discern a marked difference in degree and extent of corruption, kleptocracy and rent seeking between the NARC/Coalition Government on the one hand, and Jubilee on the other. The latter has outdistanced the previous two governments in terms of the audacity in bureaucratic corruption. This is largely because Jubilee legitimacy is derived from segmental authoritarianism. In other words, the government gets its support largely from two ethnic communities and expects automatic support, approval and defence from this segment of the Kenyan population irrespective of its performance in office. Both NARC and the Coalition government, on the other hand, were constrained by their more popular national base, thereby having competing interests within government as breaks to wanton

bureaucratic corruption. That is not to say corruption was not there; the degree and extent however made a big difference in terms of economic stewardship and scorecard between NARC/Coalition Government and Jubilee.

WHAT GENERAL CONCLUSIONS DO WE MAKE FROM THIS DISCOURSE?

First, that in our context democracy is good for our development. The more democratic our society is the more likely we are to develop much faster.

Two, that accountability of public officials is more enhanced when people have more access to know and question what public officials do while in office. When people are gagged from questioning what public officials are doing, public resources are likely to be misused through rent seeking, corruption and kleptocracy. Segmental authoritarian regimes protect civil servants and politicians from being accountable to the people because the people are gagged and made to believe that the government is theirs, hence that which is their own must be protected even when it goes against your concrete material interest. Political sociologists call this "false consciousness". The false consciousness of Kenyan people through the politics of tribalism has been the foundation of the authoritarian misrule of the people, and the unwarranted underdevelopment of the Kenyan political economy.

Three, I have elsewhere defined Kenya as a nation of great potential but a disappointing under achiever. Notwithstanding our chequered history of development, we have nonetheless built a promising middle class and a literate work force; we have a class of entrepreneurs which has emerged relatively independent of state patronage. We also have a peasantry steeped in struggles of agricultural and pastoral subsistence just waiting to emerge as significant participators in the open market under an appropriate economic enabling environment. The 2010 constitution has the potential, when fully implemented, to break loose the shackles of political authoritarianism and to make devolution, in particular, to play a significant role in enhancing Kenya's potential for development.

But one albatross still hangs around our neck: the albatross of a presidential system of government. It will constantly draw us back to the backward politics of segmental authoritarianism. The reform

process to unleash our potential for development needs to finally slay the dragon of this potential for authoritarian rule. Let us embrace a pure parliamentary system and the democratic state will prove a better steward of our public resources with much more rewarding scorecards for socio-economic development in the future.

Where we going



- ① leaders from parties and "make" us join them. We have with them.
- ② Citizens don't own and participate in political parties. Leaders appointed (not elected). No accountability for moneys collected in the name of the political party. It's just a gang.
- ③ We don't support the parties, we expect the parties to support us. We are not able to hold the party and the party leaders to account.

USA Process

- ① Coalition govt / Major experiment has failed
- ② New parties to emerge from the populace and develop over time before they take political office.