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FORMATION OF AN INDUSTRIAL LABOUR FORCE IN KENYA.
PARTICIPATION OF STATE AND CAPITAL IN TRAINING LABOUR
FOR METAL MANUFACTURING INDUSTRIES

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ABSTRACT

The paper discusses the first stage of a research project which addresses itself to the perspectives for metal manufacturing in Kenya. It relates the issue to mechanisms of industrialization in developing countries, referring to theories of internationalization of capital on the one hand and to theories of establishment of 'attraction moments' for industrial capital in peripheral societies, on the other. The role of the state in industrialization is emphasised, and the paper relates to an ongoing debate about the role of the national bourgeoisie and the Kenyan State for expanded capitalist production.

The availability and creation of skilled labour is seen as a vital condition particularly for expansion of metal manufacturing.

The study will analyse how state and capital supplement each other in training labour in metal manufacturing trades. It will investigate how training may contribute to segmentation and competition in the industrial labour market. From the point of view of the individual worker it will be asked in the second stage of the study, how work- and training experiences influence his/her level of reproduction.

I. THE PROBLEM: FROM LIGHT TO HEAVIER FORMS OF INDUSTRY
AND LABOUR IMPLICATIONS.

The manufacturing sector has made a major contribution to Kenya's national income since Independence, with an annual average growth rate of 9.5 per cent compared to 6.0 per cent per year for total GDP. Manufacturing output has increased $3\frac{1}{2}$ times since Independence and manufacturing employment has risen about $2\frac{1}{2}$ times. This remarkable performance by the sector was based on import substitution. Today the most profitable consumer goods investments have already been made and imported consumer goods now account for only 15 per cent of the import bill. (1)

Based on the observation that the easy options in Kenya's industrialization are now over, Sessional Paper no. 4 on Economic Prospects and Policies discusses industrial policy changes that are necessary to sustain industrial growth. These are first of all export promotion policies and standardization and reduction of protection for domestic industry.

Based on the same observation - the end to easy options, - J.G. Karuga takes up another central and desired change in Kenya's manufacturing sector, in saying, "Kenya must move into an industrialisation phase which involves manufacture of more intermediate inputs as well as capital goods." (2). Together with the necessity to expand industrial production which is resource based as well as production for exports the necessity to develop the capacity for heavier forms of industrial production is repeatedly emphasised in industrial policy documents.

What makes the manufacture of capital goods and intermediate input industries 'heavier' are among other characteristics their larger capital-investment requirements, their heavy demand for raw materials such as iron/steel and other metals not locally available as well as their requirements for better trained labour which can cope with more complex production processes of these industries.

State, capital and labour training.

When industry reaches a certain level of development of its productive forces and production relations the provision of its labour force tends increasingly to involve the state machinery. This was for example obvious in the colonial period where the colonial government was utilized to enforce the provision of agricultural labour for settler farming. (3)

Through measures less direct than such forced labour policies the state influences the structuring of the labour force through its educational policies. For it is in general education that the future labour force acquires the foundation from which more specific labour market qualifications are to be developed.

While the primary task of creating an industrial labour force shaped to the specific needs of individual firms, still lies with capital, the state has a complementary function.

What regards our particular problem, - the formation of an adequate labour force in metal manufacturing industries - we can observe what looks like a growing participation of the Kenyan state in the 1970s. In metal trades and other manufacturing trades a number of state sponsored institutional training programmes were set up to supplement private industry's and public enterprises' efforts in training their labour.

Pressures originating not from large-scale modern industries but from the need to create employment possibilities through self-employment generated industrial training programmes such as Village Polytechnics and Harambee Institutes for Technology with objectives aiming at self-employment. But given the constraints of setting up own business, the result of these training programmes may still be a double function, i.e. they tend to train also for modern large-scale enterprises. (4).

Issues of the study.

On this background the study addresses itself to three

sets of questions:

(1) The first set of questions asks in which ways the Kenyan state versus industrial capital engage in developing metal-manufacturing industries and a qualified labour force to go with it. Among the measures envisaged, technical training is the main focus of this study, and it will be asked whether the measures that are applied are successful in meeting the demand for skilled and semi-skilled labour in metal manufacturing industries.

(2) The second set of questions is concerned with the social consequences for labour of acquiring training- and work experiences in manufacturing. How, for example, does acquisition of industrial skills influence a worker's wage level and fringe benefits, working hours and intensity of work, specific job-tasks and promotion and change of job possibilities?

From an aggregated labour force perspective, does the formation of a more permanent industrial labour force contribute to segmentation and competition in the labour market? In other words, is a "labour aristocracy" (5) developing at one end while the "labour reserve army" is expanding at the other end? Or - what would be more desirable - does the development of a trained labour force contribute to raising the level of living for the actual as well as for the potential metal manufacturing labour force? (6)

(3) A third problematique of the study relates to an ongoing debate about Kenya's post-colonial economic growth. This debate has recently been summarised by S.Langdon. (7) In this debate certain analysts have interpreted the country's performance in terms of a "dependency" framework, stressing widening inequalities and structural segmentation, and relating these to the growing links with foreign capital that have marked post-colonial Kenya. (8) Others, have challenged this view, stressing the role in Kenya of an increasingly powerful indigenous capitalist class, in effective control of the Kenyan state, and leading a relatively dynamic capitalist transformation in the country. (9).

Three basic issues are the focus of the debate regarding Kenya: 1. The nature of the emerging Kenyan bourgeoisie,

2. the relations within the political economy that shape the state role in Kenya, and 3. the current pace and future prospects of capital accumulation in the country. (10)

Seen in relation to our study this debate is significant because of its relevance to more general theoretical and strategic concerns regarding the economic prospects of "periphery capitalism" and the usefulness of a "dependency" framework, (11) as Langdon points out. It is moreover, a debate particularly relevant to assessing industrialization patterns, in that the industrial sector has been the focus of much of the research and analysis that has shaped differing interpretations. (12) The relevance of the debate to our study of metal manufacturing industry is therefore obvious.

In this working paper I will primarily address myself to the problematiques of (1) and (3) above and leave a discussion of social implications of training to another working paper.

II. THEORETICAL AND HISTORICAL CONTEXT OF THE PROBLEM UNDER STUDY.

Mechanisms of industrialisation in developing countries: (a) internationalization of capital.

The subject of our study being the development of metal-manufacturing and its labour force, must be seen in the theoretical framework of industrialization in developing countries. In our conception the dynamics and the mechanisms of industrialization in 'peripheral' societies are of two types: (1) On the one hand industrial development in the 'periphery' can be explained as a consequence of 'center' capital's need to expand its accumulation basis. The tendency of capital to relocate production to 'peripheral' areas is spurred off by changes in production relations. They express themselves in higher wages/labour-costs to capital and decreasing profit-margins. This contributes to internationalization of capital in search of

low-cost labour, resources and new markets. (13)

This tendency for capital to relocate production from the 'centre' to the 'periphery' is further facilitated by technological development in the fields of transport (containers, airfreight), communication (telecommunication systems), information and organization (data-processing). And technological changes, which split up complex production processes into simple moments, for which unskilled labour can easily be trained, make possible relocation of industry. (14).

These relocated industries tend to be dominated by foreign capital and to be geared to the world market. And they tend to make such industries in developing countries and extension of the reproduction structure in the centre countries.

(b) Establishment of 'attraction moments' for industrial capital.

(2) The second mechanism of industrialization in developing countries to which we now turn, entails the possibility to reduce foreign domination and to redirect the result of production towards local capital accumulation and reproduction. From this perspective industrialization in developing countries is explained as a consequence of efforts by particular states to build up their own reproduction structures or to establish 'attraction moments', on which the individual state will build its industrialization strategy. These 'attraction moments' which function as localization incentives for industrial capital can be categorized in the following broad categories: 1. natural resources, 2. labour, 3. internal market, and 4. infrastructure, or as a combination of some of these. (15)

To explain Kenya's specific industrialization history we think that both of these perspectives are relevant. From the post-war period there has been a steady growth of investment by transnational corporations in Kenya, an important part of it being relocated capital. These investments have been supported by Kenyan policies to establish

localization incentives for industrial capital (foreign and local) such as access to natural resources (agricultural products) infrastructure and a reasonably large market.

While labour (cheap and fast-trainable) has not been a particular 'attraction moment' in Kenya as for example in some far East Asian countries, one may ask, however, as we do in this study, whether Kenya is building up a skilled manpower basis which in future may act as an 'attraction moment' for industrial capital. This would seem to be an important pre-condition for expanding production of capital-goods and intermediate goods.

Sectoral links and complexities of national production-systems.

In addition to the dynamics of internationalization of capital and state participation in establishing 'attraction moments' for industrial capital we will bring in another theoretical tool from Palloix, namely the sector-analysis. (16). Palloix's sector analysis builds on Marx' model of simple reproduction between sector I, the means of production sector, and sector II, the consumption goods sector. By further sub-dividing these sectors, Palloix derives an 8-sector model, by which it is possible to analyse links within and complexities of national production systems, as well as their position in the international hierarchy of reproduction.

The ultimate aim of any contry's industrialization strategy, according to Palloix, should be to reach as wide a control as possible over product- and process development. This is best established by controlling the sector of means of production, more specifically, the subsector which produces means of production for production of other means of production, (e.g. machines, machine tools and other production equipment).

The significance of Palloix's emphasis on the importance of controlling means of production manufacturing lies in the fact that he relates this both to the forces of the

political economy of the country in question and to the international hierarchy of reproduction.

We are back to the topic of the quotation from Karuga, by which we introduced this paper, to Karuga's point, that Kenya must now start producing capital goods and intermediate inputs. (17)

The above exposition should also explain why we focus on metal manufacturing industries in the study. All metal manufacturing industries are not concentrated on production of capital goods and other means of production, though a number of them can be identified already in Kenya. (18) Their significance lie also in their potential contribution to developing relevant labour skills for manufacturing of capital-goods and intermediate inputs, even if they are engaged in other types of metal manufacturing.

Tentative observations of dynamics in Kenya's manufacturing history. Participation of the state.

Where does Kenya stand in relation to the outlined framework? It is not possible to go into any detailed analysis at this stage of the research of Kenya's position in the international reproduction hierarchy nor of the dynamics in Kenya's political economy and of its manufacturing sector. However, some tentative observations can be made.

International capital has played a vital role in Kenya's industrial development from its early beginnings in the interwar period. International firms invested in estate agriculture, in primary processing, trading and mineral exploitation. Manufacturing was limited to the processing of natural resources (soda ash) and agricultural products, and to infrastructural activities like installation of power. An import-substitution exercise and an intermediate industrial process in the form of a cement-grinding mill was established in 1933. The extent of interest in manufacturing was limited, however, as the scale of primitive accumulation restricted the demand for consumer goods until after the second World War. (19) Investment in industry after 1945 was strongly encouraged by the metropolitan administration, in contrast with the pre-war bias towards

colonial primary processing. In the 1950s the local administration played a more active role in promoting the interests of British capital in the Colony. The threat of competition to British capital in overseas markets caused many British industrial firms to move into production in those areas, under protected conditions.

British industrial firms went into Kenya after 1945 to manufacture goods previously imported, a process that was strongly encouraged by the state. (20) Investments in East Africa were believed to be of greater economic importance to East Africa than to external capital, "and a policy was enacted for creating a network of inducements to foreign capital in order to stimulate industrial enterprises in the Colony.

Referring to N. Swainson's analysis, "One of the biggest perceived obstacles to the encouragement of productive investments in the colonies was the low standard of labour productivity. The labour force had to be shaped according to the needs of capital and the state was to assist in this process. Therefore, a considerable proportion of aid... was directed into training a skilled labour force to service industry as well as agriculture." (21)

During the 1950s, trade and technical schools were established in addition to an increase in government aided secondary schools. Four trade and technical schools were established in addition to an increase in government aided 'social development' programmes. All of these programmes were designed to shape a more highly skilled workforce which could service the expanding capitalist enterprises in the Colony.

The formation of indigenous capital which formed the background to the larger-scale moves into production in the 1960s and 1970s began in the African trading class before Independence. The measures taken to Africanize the commercial sector after 1967, using state coercion to enforce the take-over of businesses mostly owned by non-citizens, served to advance the African bourgeois class as a whole. The preconditions for a future expansion of indigenous capitalism were laid down. (22)

Asian and foreign domination of engineering industries.

By 1974 a breakdown into sectoral activities of a sample of 485 private firms showed, that African firms predominated in the areas of agricultural production, wholesale and retail trade, real estate and property, and import/export. Asian firms in the sample made by Swainson remained in the wholesale/retail sectors, the next in order of significance being manufacturing and engineering combined. The European/foreign group of firms predominated in three main sectors: investment and finance, general engineering and import/export/managing agents.(23)

As the breakdown shows the engineering industries have almost totally been dominated by "Asian" and "European/foreign" firms. These firms have totally dominated the 'choice' of production technologies and organisation of work. Their ethnical groups tended to fill the positions of engineers and technicians and training of labour at lower levels for skilled and semi-skilled work was modelled after the specific set-ups of the two categories of firms. (24) We shall investigate in the study how this pattern may be changing and to which degree it still affects the building up of local engineering-manufacturing skills.

Expanded domestic accumulation of capital.

The expansion of capitalism in the postwar period in general is related to the world economy and this corresponded with an expanded level of domestic accumulation of capital. By 1963 indigenous capital was set for a move into production (first agriculture, then industrial).(25)

The state already played a major role in 'localizing' some of the country's major industries under foreign control, such as East African Oil Refinery, Cement manufacture, the power industry and Kenya Commercial Bank. Parallel to the expansion of state capital into foreign-owned sectors, there has been a movement of private domestic capital into production. Individual capitalists have encroached on areas of production previously dominated by foreign capital (examples are tea, shoes, tanning, soap, bricks

and ceramics) with assistance from the state. By 1977 a number of industrial enterprises that employ quite a large number of people were owned by African capitalists. They covered a range of activities such as iron and steel manufacturing, pharmaceuticals, oil and air-filters, leather shoes, soap, radios and food-manufacturing.(26)

III. WORKING HYPOTHESIS, OBJECTIVES AND STAGES OF RESEARCH

Dynamic or dependent indigenous bourgeoisie and economic development?

We have reached a point in our exposition which ties up with the abovementioned debate about capitalism in Kenya. One view, which N. Swainson represents, suggests that the indigenous bourgeoisie is dynamic and autonomous, in control of the Kenyan state, and consequently leading relatively successful capitalist development in the country. The other argues, that the indigenous bourgeoisie is dependent on foreign capital, therefore unable to carry forward a broad transformation to capitalist social relations. They may see a symbiotic relationship between foreign capital, the Kenyan state and the national bourgeoisie, as Langdon does, which has kept the Kenyan political economy in a state of balance. But the present development pattern in Kenya is also seen to be subject to growing limitations and blockages, and to be dependent increasingly on external economic events.

It is too early at this stage of research to come out in wholehearted support of one of these arguments against the other. We tend to agree with the argument, that the dynamics of development in Kenya are heavily dependent on external economic trends and events. At the same time we observe that historical events have proved - as the Leys/Swainson arguments maintain - that the emerging national bourgeoisie has been able to establish itself quite firmly in control of the state apparatus and has moved into all sectors of the economy including manufacturing.

It is tempting to raise the hypothesis, however simplistic, that there is a large and deepening potential dynamic within the national bourgeoisie, but its ability to use its position to carry forward a broad transformation to capitalist social relations is guarded by many external economic trends on which this bourgeoisie has little influence. These include the escalation of energy prices, declining prices for Kenya's export commodities and escalating prices on imported intermediate goods and capital goods, worsened conditions for getting access to foreign capital, to mention some, such as loans and foreign aid.

The Leys/Swainson side of the debate seems to lend its relevance to Kenya's development in periods of economic progress, while the Kaplinsky/Langdon side tends to better explain development trends in Kenya in times of recession. What is still missing is a theoretical framework which encompasses periods of stagnation, recession and crisis as well as upward economic trends.

Prospects for metal manufacturing in Kenya?

Observations of present structure of Kenya's manufacturing sector.

Leaving control of capital in the different industrial sectors aside for a moment to look at the structure of industry in Kenya, it is well known that Kenya's manufacturing sector is characterised by a preponderance of food-processing and the manufacture of simple consumer goods. However, Kenya's industrial manufacturing sector is relatively diversified with chemicals and metal manufacturing industries contributing nearly 15 per cent each to the total manufacturing output. (27) A sectoral breakdown into basic metal industries, manufacture of handtools and general hardware, manufacture of steel furniture and fabricated metal products, manufacture of non-electrical machinery, shipbuilding and repairing of ships and aircraft, assembly of motor vehicles and manufacture of railroad equipment gives the following employment figures in metal manufacturing industries:

Table 1. Wage employment in metal manufacturing and all manufacturing industries, 1974-1978

	1974	1975	1976	1977	1978
Metal industry	25.901	24.448	25.290	27.925	28.411
all manufacturing	101.332	100.731	108.776	117.949	130.056

Source: Republic of Kenya, Statistical Abstract 1979, table 243.

These figures do, however, include other categories of labour than those directly engaged in metal manufacturing, for example clerks, administrative personnel etc. But since the figures also exclude a number of employees who are classified in other industrial branches although their main task may be in metal manufacturing, (28) the figures may still give a rough indication of an increasing - however - slowly labour force engaged in metal manufacturing industries. A more precise figure on the weight of metal manufacturing output and employment would also have to include a number of metal manufacturing enterprises, such as general engineering workshops of the so-called "informal" sector. For the production of relevant labour skills these enterprises inevitably have to be taken into consideration.

It is our aim to pose the question and try to document it, what prospects there are for metal manufacturing industries. Are their present position a sign of "heavier" import substitution and a sign of structural transformation of the industrial sector? Are the limits of this trend reached for the time being or is there scope for further expansion ?

As we said above we tend to accept the hypothesis, that Kenya's industrial expansion perspectives to a large degree are set by external conditions. However, we want to investigate to which degree other conditions for the development of metal-manufacturing industries contribute favorably or negatively. Among these we shall analyse the particular impact of technical training and formation of a skilled metal manufacturing labour force.

We assume, as we discussed above, that low cost/relatively high productive labour has been an essential 'attraction moment' for industrial capital in a number of newly industrializing countries, primarily countries in Far East Asia. It is our hypothesis, however, that low cost/unskilled labour can only attract a limited range of manufacturing branches, - branches such as textiles manufacture which use a relatively simple technology or electronics for which complex technological processes by their fragmentation can be applied to a largely untrained labour force.

When we look to metal manufacturing industries, specifically those which produce capital goods - machines, machine tools and production equipment, the technologies involved tend to be more complex and to require a better qualified labour force. This is underscored by the fact, that developing countries such as for example South Korea and Algeria, which have managed to bridge part of the gap between the "easier" and the "heavier" forms of import-substitution (other political and social "gaps" unmentioned) have put much emphasis on education and training of labour .

We hypothesise - and we refer to figures which show that nearly 50 per cent of the Kenyan import bill is accounted for by capital- and intermediate goods - that there is scope for further substitution of intermediate and capital goods. Newly financed projects of the Industrial Development Bank and projects in IDBs and ICDC's pipelines support this hypothesis. But the immediate hardships of foreign exchange deficits and balance of payments problems adversely affect the rate at which new projects in these lines can be implemented. Thus two vital projects, a mini steel-works and a machine tools factory have been postponed for the time being.

Since building up of capital-goods manufacturing is itself dependent on import of machinery and equipment, substitution in this area is particularly sensitive to external economic trends. We shall turn now to the other envisaged vital condition for expansion of metal manufacturing, -its access to skilled labour.

Complementarity between state and industrial capital
in metal manufacturing trades training.

In continuation of the above hypothesis we further hypothesise: The level of stability of the labour market in metal manufacturing is low, - characterised by frequent job-changes. (29). This may or may not influence the ratio between supply and demand for specific labour qualifications, the result depending on direction of job changes.

The Kenyan state is offering a wide range of training programmes in metal manufacturing trades, in Village Polytechnics, in Harambee institutes of Technology, in Secondary Technical Schools of which there are now ten and in industrial education in 25 secondary schools, in apprentice training and in skill-improvement courses, - At Kenya Industrial Training Institute, at Kenya Technical Teachers' College, in technician training courses at the Polytechnics and in engineering education. But early drop-outs from training, maybe into industrial employment, and job changes to other trades in addition to limited intakes in the different courses, has the effect that government aided training far from meets metal manufacturing industry's requirement for skilled manpower. Although government aided training programmes supplement the efforts of private industry to train labour on-the-job for its specific needs, the main responsibility for training labour still rests with industry. This obviously varies from one industrial branch to another, as the differential use of the industrial training levy fund indicates. Similarly, the tendency of certain establishments to set up its own training facilities, underlines the difference between industrial branches. As we have said before, the relative complexity of metal- manufacturing technology also underlines these industries' demands for qualified labour, relative to other branches of less complexity.

First stage of research.

It is our objective at the first (ongoing) stage of the

study to provide documentation in support of the above set of hypothesis regarding the development prospects for metal manufacturing industry, taking into account the possible constraints of access to skilled and qualified labour. It is the aim to uncover points around which problems and conflicts crystallize in the formation process of a metal manufacturing labour force.

Our main sources of information at this stage are the Ministry for Economic Planning, Ministry of Industry - in particular the Industrial Survey and Promotion Centre and the New Projects Committee, the Industrial Development Bank, the ICDC and Kenya Industrial Estates. For information of training offered at government aided institutions the primary sources are the Directorate of industrial Training, Ministry of Labour and Ministry of Higher Education.

Since the collection of data has just begun the material needs screening before it is presented as even tentative conclusions.

Second stage of research.

The second stage of the study addresses itself to two sets of questions: (1) The actual process of training in metal manufacturing trades, i.e. on-the-job and in formal institutional training situations, (2) the social implications of training and work experiences for labour. The hypothesis and theoretical framework on which the second stage of the study is based will be elaborated in another working paper. Suffice it to say, that the second stage will be based on in-depth studies of training sequences and training/work histories.

The selection of firms to be surveyed will be based on indications of the first stage of the research, taking into account: type of products made (capital goods, production equipment and maintenance), ownership (foreign control, joint-venture or private local) and size of firms (employment, investment). It will be attempted also to select firms with different organization of work and different types of technology.

Since this second part of the study addresses itself to analysis of technical aspects of training and division of labour in the production process technical assistance may have to be applied at this stage. (30).

The actual data-collection is planned to take place from April-July 1981.

Re. (2), - Information on the consequences of training and work experiences for the level of reproduction of labour, for conditions of work and employment possibilities, will be collected during stage two through interviews with a sample of workers in the establishments chosen for the survey. This information will be supplemented by information about labour legislation and industrial relations from sources such as Ministry of Labour, Federation of Kenyan Employers and COTU.

The final write-up of the study will be completed early 1982.

Conclusion.

The study aims at reaching a measure of the perspectives for metal manufacturing industry in Kenya, with particular regard to the significance of the formation of a qualified labour force. We will ask how the metal manufacturing industries' development trend may contribute to further deepening of capitalist social relations and industrial growth in Kenya.

Ongoing training in metal trades, on-the-job and institutionalized, will be analysed and related to labour productivity measures.

Finally the study will address itself to individual workers' training and work histories with the aim of tracing the influence of these experiences on workers' levels of reproduction.

The ultimate aim of the study is to identify points around which problems crystallize in the formation process of a skilled metal manufacturing labour force, hopefully to be of use in industrial development- and manpower/training planning.

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23. N.Swainson, op.cit. p. 198-199.
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25. N.Swainson, op.cit. p. 208-209.
26. *ibid.*
27. Republic of Kenya, National Development Plan 1979-83, table, p. 327.
28. To this category belong for example employees of maintenance units in all plantation industries, such as large-scale sugar factories, tea- and coffee factories, etc.
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