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Unemployment

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UNEMPLOYMENT

To assist the Government in its task of dealing with the problem of unemployment the Temporary Minister for Labour and Lands in February, 1960, appointed Mr. A. G. Dalglish to carry out a Survey of Unemployment with the following terms of reference:—

“To investigate and report on—

- (a) the extent of unemployment and underemployment in Kenya;
- (b) where they occur;
- (c) why they occur;
- (d) the factors likely to influence their incidence in the future.”

(Gazette Notice No. 701 of 9th February, 1960)

Mr. Dalglish's report was submitted in August and, having been considered by the Government, has now been published as a separate document.

2. Recognizing the need to ensure that its existing and future plans for dealing with unemployment are soundly based the Government has prior to, during and since the period of Mr. Dalglish's work, been making its own study and analysis of the unemployment problem. This paper is given to setting out the results of this work. It is thought right to present in some detail the Government's analysis of the problem in that it will be used as a general guide in formulating action against unemployment. It is also right to record that Mr. Dalglish's helpful investigation and conclusions have been taken fully into account in the Government's analysis as have discussions in the Advisory Committee on Unemployment.

3. During recent years there has been considerable public comment on the subject of unemployment in Kenya. Much of this comment has tended to suggest that the problem of unemployment amongst Africans is new, that it is basically a problem of the settled areas (or of the wage-earning sector of the economy), and that it can be resolved, or at least be substantially alleviated, by special relief measures designed to increase temporarily the numbers in wage-earning employment.

4. In the following paragraphs, arguments are presented to show that this assessment of the nature of Kenya's unemployment problem is fundamentally incorrect; that the problem is not new, although some of its present manifestations are; that its root cause lies in the undeveloped state of the economy as a whole; and that, generally speaking, it is not amenable to short-term measures of the type adopted from time to time in more advanced economies.

THE NATURE OF AFRICAN UNEMPLOYMENT

5. The last population census in Kenya took place in 1948 and no up-to-date figures of population are, therefore, available. However, the 1960 Economic Survey estimated the total population at approximately 6½ million, of whom some 6¼ million (or 96 per cent) were Africans. There are no reliable statistics of distribution of the African population but it seems unlikely, on the basis of the employment and other information available, that their number in the settled areas of the Colony at any time exceeds 1½ million. The balance, i.e. approximately 4¾ million, live in the African land units.

6. There are no geographical or other barriers restricting the movement of population between the African land units and the settled areas and it is obvious, therefore, that unemployment in either sector cannot be considered in isolation. The problem may have different facets, and manifest itself in different ways in the two sectors, *but essentially it is a problem of Kenya as a whole and not merely one part of it.*

7. It appears reasonable to suppose that, since the great bulk of the African population is to be found in the African land units, it is to those areas, rather than to the settled areas, that we must look for the main causes of African unemployment.

The African Land Units

8. Despite the progress made in recent years towards the more intensified development of African agriculture, the economy of the African land units is still largely based on peasant subsistence farming. In this, Kenya resembles most other African countries and, indeed, many territories outside Africa. A feature common to most such agricultural subsistence economies is the widespread *underemployment* which they generate among the so-called economically active sector of the population.

9. This underemployment, which is in effect "concealed unemployment", is due to a combination of circumstances, viz.: the seasonal nature of agricultural work in the subsistence environment; population pressure, which requires the sharing of available resources, including employment opportunities, among the greatest number; and the traditional division of labour between males and females, which adds still further to the numbers available for employment. Other factors which have in the past conduced to this situation of widespread underemployment are the disinclination of many Africans for sustained manual labour and the lack of incentive to accumulate wealth or improve living standards.

10. For an appreciation of the problem of underemployment, not only in Kenya, but in underdeveloped territories generally, one can hardly do better than refer to the following extract from the I.L.O. publication "Action Against Unemployment" (1950):—

"In the less developed countries the major problem of employment is quite different from that of the mass unemployment which has occurred from time to time in the industrial countries; essentially it is a problem not of instability but of underemployment. A basic characteristic of the employment situation in the less developed countries is that although most of the working population are engaged in productive pursuits, the total amount of work done, measured in man-hours, is far below what the population is potentially capable of doing. In contrast to the situation in the advanced industrial countries, the problem is one of underemployment rather than mass unemployment; it is primarily agricultural rather than industrial; the phenomenon is chronic rather than cyclical; and, moreover, the incidence of underemployment spreads widely over the bulk of the population instead of being concentrated among a relatively limited number of workers. Not only does the situation call for different remedies, but the remedies themselves are even more difficult to apply than the remedies for cyclical industrial unemployment. The fiscal, monetary and trade policies, for example, which may be effective against the latter can do little to eliminate underemployment in agriculture. To remove such underemployment, the countries concerned will have to alter their economic structure, to revolutionize their techniques of production and, above all, to achieve a sufficiently rapid increase in capital accumulation to counteract the depressing effects of a rapidly growing population. The problem is, therefore, much more difficult of treatment. In

proportion to the difficulty of its treatment is the gravity of the social consequences which underemployment entails. It spells mass poverty and misery. As in the case of cyclical industrial unemployment, the forces making for agricultural underemployment are cumulative; there is danger that if left unchecked the situation will steadily deteriorate, with increasing population, as time goes on. But in contrast to the case of cyclical unemployment, there are no forces inherent in the process producing agricultural underemployment which may be counted upon eventually to bring about a reversal of the trend. From a social point of view, therefore, the need for action to eliminate underemployment may be regarded as even greater and more urgent than the prevention of cyclical industrial unemployment.

Analysed briefly, the phenomenon of underemployment in the less developed countries consists of two major elements. The first and the most obvious is the long period of seasonal unemployment peculiar to agricultural production in these countries. The second element is the redundancy of labour on the land—redundance in the sense that the present supply of agricultural labour exceeds the supply required to produce the existing volume of agricultural output with the existing methods of production and organization. Both elements of underemployment have developed in an acute form in Asia and the Far East, in the Middle East, and in parts of eastern Europe and of Latin America.”

11. There are two qualifications which it seems desirable to make to this assessment, viz.:—

(a) A state of widespread underemployment is objectionable only to the extent that it fails to meet the economic, social and other needs and aspirations of the people associated with it. Were this not the case, and were full employment accepted as an end in itself, there would be little merit in the trend, now evident in most western economies, towards shorter working hours and greater leisure to enjoy the fruits of labour. The position in Kenya is that whereas in the past underemployment, and its associated low living standards, have been accepted as the norm by the great mass of the African population, this is no longer the case today. For many Africans the economic and social horizons have broadened to an extent where they are no longer attainable by underemployment in a subsistence economy.

(b) A second point which needs emphasis is that, for the individual worker, it takes little to change underemployment into full unemployment—no more, for example, than that a smallholder should decide to farm his land by his own and his womenfolk’s efforts rather than rely, as in the past, on the assistance of other male members of his family or tribe.

12. Summarizing the position, therefore, as it exists today in the African land units, one may say *that there is, in these areas, chronic and widespread underemployment*; that, unless remedial action is taken, the problem is likely to grow as a result of population increase; and that, with the growing desire of many Africans for improved living standards, there is also a very real danger of much of this underemployment developing into manifested full unemployment. This last trend—from underemployment to full unemployment—is already in evidence and is one cause of the mounting demand for wage-earning employment in the settled areas.

The Settled Areas

13. The unemployment situation in the Colony’s settled areas shows marked differences from that of the African land units. In the settled areas, African

employment is almost exclusively wage-earning and there is little underemployment of the type prevalent in the land units. There is, however, a substantial amount of revealed unemployment, i.e. a substantial number of persons without employment of any description. In order to understand how this situation has arisen, it is necessary to refer briefly to the way in which wage-earning employment developed in Kenya.

14. The concept of wage-earning employment was introduced by the immigrant races, and the wage-earning sector of the economy was built up largely on the basis of a migrant African labour force, retaining its ties with the land units and returning there at frequent intervals, and for varying periods, in order to cultivate the land and preserve continuity within the tribal society. In effect, the land units constituted a reservoir of labour and, generally speaking, only yielded up their labour as demand made itself felt. The economy was expanding and labour was cheap, and the combination of circumstances led to a position where, by and large, there was always work for the African who genuinely sought work.

15. This position, of labour supply more or less equating itself to demand, held until comparatively recent times. Nevertheless, there has always been present the potentiality of a surplus of African labour for wage-earning employment. It was also inevitable that this surplus would, sooner or later, make itself felt in the settled areas under such influences as population pressure in the land units, educational advance, and the desire for improved living standards. In the event, the manifestation of labour surplus in the settled areas has come sooner, and with greater impact, than expected, due very largely to the long drawn out Emergency.

16. The Emergency affected the situation in a number of ways, viz. :—

- (a) With its exceptionally heavy but temporary manpower demands from non-Kikuyu, Embu and Meru areas, it disturbed the balance of labour between the settled areas and the African land units.
- (b) The pattern of employment was once more radically upset with the removal of movement restrictions and the return to the employment market of members of the Kikuyu, Embu and Meru tribes.
- (c) Labour economies introduced during the Emergency, when labour was scarce and employers had to make do with reduced labour forces, have largely been maintained in the post-Emergency period.

17. The African population in the settled areas is still predominantly migrant in nature. Because of this, the level of unemployment at any time is determined more by influences originating outside these areas than by the strength of the employment market within them. There is, in fact, a constant movement of population in and out of the settled areas, determined by such factors as the seasonal demands of agriculture (in the land units), the state of the harvest, the need to acquire cash assets, or merely the desire for a change of scene.

18. It is necessary to stress the point that the adult male surplus in the settled areas (i.e. that part of the adult male population which is surplus to the requirements of the wage-earning economy) does not consist only of workseekers. Many Africans in these areas are there as visitors while others, though resident and perfectly able to work, are content to be without work and to depend on families or friends, or perhaps anti-social activities, for the means of subsistence. This latter category—the voluntarily unemployed—are a feature of most towns in Africa; their presence has little relationship to the state of the employment market.

19. *The problem of unemployment, as it affects the genuine workseeker in the settled areas, is basically due to the failure of economic development to keep pace with the recently increasing demand for wage-earning employment. This demand must inevitably grow, can obviously not be met by economic development in the settled areas alone, and requires the full mobilization of the country's resources and employing potential.*

20. The African land units provide both the reason for, and the answer to, Kenya's unemployment problem. It is in these areas that the bulk of the population live, and where there is chronic and widespread underemployment; it is largely as a result of pressures from these areas that underemployment manifests itself in the wage-earning sector of the economy; *and it is only by the full economic development of these areas, which contain most of the Colony's fertile land, that the employment demands of an expanding population, becoming fast more sophisticated and more exacting in its demands, can be met.*

THE STATISTICAL ASSESSMENT OF UNEMPLOYMENT

21. It may be argued that the statistical assessment of unemployment is essential to full economic planning. However, in the case of Kenya, such an assessment, even in approximate form, is found to be so beset with difficulties that one may well question its practicability. An estimate of unemployment is clearly without significance unless it relates to the country as a whole; equally clearly, it must take account of the underemployment in the African land units which, as already noted, is by far the largest single factor in the unemployment situation.

22. Given reliable population statistics (which are not available at present), the assessment of *full unemployment*, i.e. of those without any employment, could probably be done reasonably accurately by means of statistical surveys, using sampling techniques. However, the assessment of *underemployment in agriculture* is a far more formidable task. Labour requirements in agriculture are so variable—depending, for example, on the intensity of production, soil fertility, and the type of farming practised—that it is improbable that a statistical survey, however comprehensive and well conducted, could do more than produce a very rough estimate of the excess of population on the land in relation to *existing* labour needs.

23. For the purposes of economic planning, it would seem that a more realistic approach would be to assess the size of the country's manpower resources, and their rate of growth due to population increase, and to relate these figures to estimated employing potential. In the case of the African land units, an attempt to estimate employing potential in agriculture has already been made by the Ministry of Agriculture. There is need for further work in this direction, covering employment in commerce and industry as well as agriculture and taking in also the settled areas. A further pressing need is for reliable information as to the size, distribution and rate of natural increase of the population. This information will be best obtainable through the medium of a population census.

24. As an exercise in itself, and in the absence of any intention to afford direct financial or other unemployment relief, the assessment of unemployment and underemployment is likely to have few practical advantages. It is known that the problem is mainly one of underemployment and that this is widespread; and it is at least doubtful whether much is to be gained by diverting energies and money in attempts to put an exact figure to it.

25. Suggestions have been made from time to time that, with a view to providing more reliable data on unemployment, it should be made compulsory for all engagements of labour to take place through the Ministry of Labour's

Employment Offices or, alternatively, that employers should be permitted to engage only persons registered at Employment Offices. The Government has consistently opposed such suggestions, being influenced in doing so by the following considerations:—

- (a) The Employment Service is operated in accordance with an International Labour Convention which calls for use by employers and employees on a voluntary basis. Its purpose, stated simply, is to assist employers to obtain suitable employees and workseekers to obtain suitable jobs.
- (b) Statistics are produced monthly showing the numbers of vacancies notified, new applicants and placings, together with the numbers of vacancies outstanding and workers unplaced at the month end. These statistics summarize the work of the Employment Service. They do not, nor do they purport to, assess unemployment. The most one would claim for them in this regard is that they reflect unemployment *trends* in the areas in which the offices are situated.
- (c) The suggestion that, in order to obtain more reliable data on unemployment, the use of the Employment Service should be made compulsory (either by workseekers or employers, or both) has to be viewed in relation to the factors of desirability and practicability—and, of course, usefulness.

There is no doubt that a compulsory system of registration would entail inconvenience, and at times frustration, for both employers and workseekers. The Service operates through a network of Employment Offices. There are now 26 of these, as against 14 in 1952, and more offices are opened as and when there is seen to be a demand—on the basis of voluntary use. In order to provide the necessary area coverage for a compulsory system, even for the settled areas, the Service itself would need to be greatly and expensively expanded. Moreover, the system would not, and could not, make any significant contribution to the assessment of the unemployment problem. As has already been noted, unemployment (in the sense of being without any work) is but one facet, and by no means the most important, of the problem as a whole and, in the case of the settled areas, bears but limited relationship to the state of the employment market.

Other shortcomings of a system of compulsory registration are: firstly, that, because of its inconvenience it would almost certainly be abused—with little hope of redress without the employment of a large inspecting staff; secondly, that it would give no indication of the large numbers of voluntarily unemployed at present circulating in the settled areas.

The position, in short is that the Employment Service is not designed to provide statistics of unemployment and cannot in Kenya's circumstances be adapted to that end in any useful sense. (An indication of the manner in which the Employment Service can help in the present unemployment situation is given later in this paper.)

ECONOMIC AND SOCIAL ASPECTS OF AFRICAN UNEMPLOYMENT

26. Opinions differ greatly as to the extent of the hardship caused to the African people as a whole through the lack of opportunities for full employment. Undoubtedly, the standard of living of the great mass of the African population is still distressingly low. Individual cases must occur also where real hardship is caused through the inability to obtain employment. However, there are certain features of the present situation which, while not giving grounds for complacency,

at least suggest that the problem (of unemployment and underemployment) has not the same grave social effects which it undoubtedly would have if existing in a more advanced society, viz. :—

- (a) Life in the African land units has hitherto been characterized by relatively low standards of living, lack of any great desire for social or economic advancement, a disinclination for sustained work, the pooling of labour resources, and acceptance of the obligation to give help, when needed, to members of the same family or tribe. The system has ensured and, by and large, still ensures that, except in cases of unforeseen disaster (such as famine), each member of the community has at least the means of subsistence.
- (b) The tradition of communal help also extends to the settled areas. Employment in these areas has been built up on the basis of migrant labour retaining its ties with the land units. While various influences are now operating to break down the migrant labour system and produce a more stabilized working population, it is nevertheless true to say that the great majority of wage earners still regard themselves as part of a tribal community, with claims on that community in time of need.
- (c) The present large turnover of labour in wage-earning employment ensures that the total of wage payments is distributed widely over a large section of the African population. The extent of this turnover can be gauged from the fact that reported wage-earning employment amongst African adult males over the last three years has averaged approximately 435,000, and that during the same period some 870,000 engagements have been notified.

Much of this labour turnover can be attributed to voluntary withdrawal of Africans from wage-earning employment in order to return to their land units. In this connexion, it is to be noted that in July, 1960, only 40 per cent of the total applicants at Employment Offices had a record of employment within the preceding month; 26 per cent had applied after a month, but within a period of 12 months, of their previous employment; while the remaining 34 per cent were either new applicants for wage-earning employment or had had no such employment during the preceding 12 months. This position is one which, generally speaking, has obtained over the last few years (i.e. ever since the enquiries were instituted), and emphasizes the part still played by migrant labour in the wage-earning sector of the economy.

- (d) In considering the hardship aspect of unemployment, it is especially relevant to note the attitude of many Africans, particularly the unskilled, towards the obtaining and retention of employment. Relatively few unskilled workers in Kenya place the same value on keeping their jobs as do their counterparts in more advanced economies. Moreover, when it comes to seeking work, they show a selectivity as regards both the nature of the work and its location which is, to say the least, unexpected in a labour force largely migrant in nature, often without family ties in the wage-earning environment, and without any long tradition of wage-earning employment. This selectivity extends even to agricultural employment in which the African might be expected, from his upbringing, to have a special interest, and has led to the incongruous position arising of jobs in agriculture remaining unfilled in the midst of a substantial labour surplus.

Africans also display selectivity as regards their employers. For example, it is not unusual for a man to prefer to remain unemployed rather than offer his services to an employer of the same tribe.

Yet another indication of the African's independent attitude towards employment is the use made of the Ministry's Employment Service. Only a proportion of workseekers make use of the Service, the majority preferring to rely on their own efforts.

27. The African workseeker, like any other, is, of course, perfectly entitled to exercise selectivity in obtaining employment. However, it is difficult to reconcile such an attitude with the suggestion that unemployment in the wage-earning sector of the economy is responsible for widespread and acute hardship.

28. There can be little doubt that, as time passes the hardship aspect of unemployment amongst Africans will become more pronounced. The development of the African lands and increasing recourse to wage-earning employment can be expected to produce a position where fewer and fewer Africans can fall back on land in the reserves to provide them with the means of subsistence, where tribal ties count for far less than they do at the present time, and where labour is for the most part stabilized within the working environment. When that time is reached, the African unskilled labourer can be expected to look upon unemployment in much the same way as his western counterpart, i.e. as something harsh, even cruel, in its implications, and to be avoided at all costs. The time will then have come also for the Government to apply itself to the question of providing financial or other special relief for the unemployed.

29. While the problem of maintaining the unemployed may not yet have arisen in critical form, other social problems have—notably those of the overcrowding of housing accommodation and the maintenance of law and order in the larger urban centres. These problems, however, while perhaps having their origins in the state of unemployment and underemployment in the country as a whole, have little relationship to the level of employment in the areas in which they occur. In Nairobi, for instance, reported employment of adult males was 70,906 in June, 1959, as against 70,268 in June, 1958. This increase is not sufficient to account for the reported large increase in overcrowding of housing accommodation, nor is it consistent with the suggestion that the deterioration of law and order is due to a deterioration in Nairobi's own *employment* situation.

30. The provision of more opportunities for employment in Nairobi itself would almost certainly attract into the City many more Africans than would be absorbed into the new employment, and would add to, rather than diminish, the problems of the Police Department. It would likewise increase, rather than diminish, the Local Authority's housing predicament.

ACTION AGAINST UNEMPLOYMENT

31. From the analysis of the unemployment problem given in the preceding paragraphs, certain major conclusions emerge:—

- (a) The main feature of unemployment in Kenya is the widespread underemployment existing in the African land units.
- (b) The unemployment currently manifested in the towns and settled areas is essentially a projection of this larger problem (i.e. of underemployment and low living standards in the land units) and arises, in the main, from the growing desire of Africans to enter the wage-earning economy.
- (c) At the present time the social and economic impact of unemployment upon the African population is softened by traditional habits and customs—in particular, by the system of land tenure and sense of communal responsibility which, in most cases, guarantee at least the means of subsistence. However, various influences are operating to upset this pattern and, unless the problem is tackled with purpose and

expedition, the social and economic consequences of unemployment amongst Africans are likely to become very serious.

- (d) The ultimate and only real solution to Kenya's unemployment problem lies in the full economic development of the African land units.

Development of the African Land Units

32. It must be emphasized that by the term "economic development of the African land units" is meant, first and foremost, their planned *agricultural* development. Industrial and commercial enterprise cannot be *directed* into these areas, and will only go there if the conditions for industrial and commercial development are favourable; and conditions are unlikely to be favourable except in the context of a flourishing agriculture, providing its employees with a reasonable standard of living and purchasing power.

33. The suggestion that economic advance and the raising of living standards depend on the accelerated development of agricultural potential is not, of course, new. The East Africa Royal Commission (1953-55) commented upon the subject at some length and the following extract from page 317 of the Commission's report is especially relevant:—

"It is clear . . . that we do not consider that either industry or irrigation will be able, in any short period of time, to absorb many people on an economic basis, and that the real need in East Africa is the economic development of the fertile land. We have shown that the payment of wages which will support a family in urban life, even without any old age and unemployment security plans, cannot economically be introduced without that increased momentum of productivity which can alone come from more economic use of the fertile land. Both as a solution to displacement, and thereby to the rehabilitation of currently overcrowded areas and, in general, as a means of raising the standard of living, it is to that quarter, rather than to settlement of remoter areas or to costly capital works, that attention must be paid. The more this issue is postponed the greater is the risk of a large landless proletariat with little to live on. But, just as access to unused fertile land must be made easier, so also the usage of such land must be started on an economic and stable agricultural basis. The community cannot afford any further extension of the problem by permitting unused fertile land to be used today in the old ways."

34. The Government has shown its own awareness of the nature of the economic problem by its adoption of the Swynnerton Plan "to intensify the development of African agriculture". The Plan envisages that, given certain conditions (i.e. a satisfactory system of land tenure, an adequate agricultural advisory service, good marketing organization, and the necessary financial provision by way of loan funds), it should be possible *within 15-20 years* (from 1954) to develop the high potential African lands to a point where they are capable of supporting 600,000 families at a reasonable standard of living, excluding those in derivative occupations.

35. It is to be noted that this estimate of the employee-carrying capacity of the land (of high production potential) relates only to agriculture *and does not take account of secondary development in commerce and industry*. This secondary development can be expected to take two forms; firstly, development of services incidental to agriculture, such as transport, marketing, and the processing of agricultural produce; and, secondly, the starting up of new industries and services to meet consumer demands arising from increases in purchasing power. The employing potential of secondary development is difficult to assess, even approximately, at this stage but is obviously large—possibly, as much as one-third of the number employed in agriculture itself.

36. The Swynnerton Plan not only aims at developing the African lands of high potential, but also envisages more economic use of the semi-arid pastoral areas as well as developments in land reclamation and settlement. All these activities will, of course, increase the opportunities for employment among Africans. However, their overall effect on the employment situation is likely to be small in relation to what can be achieved, more easily by the intensive development of the high potential areas.

37. On the information available, it appears reasonable to conclude that, *given favourable marketing conditions*, Kenya's present problem of unemployment and underemployment, as it affects Africans, can largely be resolved by the full economic development of the African land units. What can be said with confidence is that no other solution offers itself and that, without such development, the prospect is, to say the least, bleak.

38. As development proceeds, and living standards rise, in the African areas, conditions there can be expected to approximate more and more to those obtaining in the settled areas—with a substantial part of the population engaged in wage-earning pursuits, and with bigger townships, better housing and improved educational institutions and recreational and other amenities. The pattern of society and the African's attitudes towards employment can also be expected to change. What we shall, in effect, be witnessing is a movement towards a single integrated society and a single integrated wage-earning economy—with, it is reasonable to assume, a labour force largely stabilized within its areas of employment.

39. *The biggest danger inherent in the present situation is that the raising of living standards and the provision of employment opportunities in the African land units will not keep pace with the demands of a population rapidly becoming more educated, more socially and politically conscious, and more impatient of the tempo of advance.* Education poses special problems in this regard. With increasing education, Africans will not be content with the standard, or way, of living at present open to them in their land units; yet, even today, wage-earning employment is not available for all those school-leavers who are not absorbed into farming life in their own areas. The economy must, therefore, be expanded to provide worthwhile employment for the products of education both on the land and in that wider economic life that accompanies a more developed agriculture. Unless this is done, real danger must exist of producing a large number of frustrated and embittered persons posing social problems far bigger than any experienced to date.

40. Viewing economic development and planning against this background not only is the vital importance of the Swynnerton Plan to Kenya's well-being heavily re-emphasized, but the necessity to accelerate substantially fulfilment of the Plan's aims also stands out sharply. The wisdom of giving priority in the Government's Development Programme to the Swynnerton Plan is thus underlined, while the importance is also emphasized of the steps which the Government is taking further to intensify its efforts (*see* paragraph 60) towards the fullest development of the Colony's agricultural resources.

Action in the Settled Areas

41. The arguments for proceeding as quickly as possible with economic development apply equally, of course, to the settled areas. However, in these areas the scope for further development is, by comparison, small and the contribution which it can make towards reducing unemployment correspondingly limited. It seems likely that the future trend in the settled areas will lie more towards efficient

labour usage, and the extension of working hours in agriculture, than towards any early substantial increase in the overall level of employment. There is already evidence of such a trend, and it can be expected to gather strength from the vigorous campaign now being waged by the trade unions for higher wages and improved conditions of service.

42. It has been shown that the unemployment at present manifested in the settled areas is primarily a problem of labour displacement, and that this displacement has been brought about by the low living standards and the lack of opportunities for economic and social advancement in the African land units. It has also been shown that the real solution to the problem is to develop the land units to a point where they themselves afford, in their economic structure and social pattern, an outlet for the natural aspirations of the African people.

43. Some amelioration of the situation in the settled areas would be achieved if workseekers could be made to realize that employment opportunities are limited, if they could be persuaded to show less selectivity towards employment, and if all vacancies could be filled as and when they occurred. The Government is fully conscious of these needs and has already taken steps, and is considering others, to meet them. Measures which have already been, or are about to be, taken include the following:—

- (a) With a view to discouraging the influx of workseekers into Nairobi and Mombasa, the Employment Service is about to introduce a system of "Priority Workseeker's Report Cards". The issue of these cards will be confined to persons normally resident or employed in the locality, and employers will be encouraged to give priority, in allocating employment, to card holders.

It is to be noted that this measure will not debar the out-of-town workseeker from registering at the Nairobi and Mombasa Employment Offices; but such a person will be told, at the time of registering, that his chances of obtaining employment are slight, and will be strongly advised to return to, and seek employment in, his district of normal domicile.

The practice of giving priority to local workseekers has been in general use for some time at all Employment Offices. However, in the case of Nairobi and Mombasa, where differentiation is made difficult by the numbers involved, it is considered that the time has now come to put the arrangement on a more formal footing and to enlist the active support of employers in making it effective.

- (b) It is the practice, when new projects of large employing potential are under consideration, for the labour requirements to be worked out with, and arranged through, the Labour Department and Provincial Administration. The practice ensures that labour is as far as possible obtained from local Employment Offices or, if not available there, from the supplying areas most in need of relief.
- (c) For several years past regular talks have been given, over the African broadcasting network, featuring employment topics and publicising employment vacancies. These talks are currently being broadened in scope and being supplemented by discussions and other short features designed to stress, *inter alia*, the absence of employment opportunities in the towns and the advantages of rural, as opposed to urban, employment.

- (d) Labour Officers maintain regular contact with the larger undertakings in their areas, in an endeavour to ensure that vacancies are notified and filled as quickly as possible. Steps have also been taken to speed up the exchange of information between Employment Offices so as to facilitate the filling of vacancies, particularly in the skilled and semi-skilled categories.

44. Measures such as the above properly fall within the functions of an Employment Service, and their effect on the unemployment situation cannot be other than beneficial. However, it must be emphasized that the part which the Employment Service can play in reducing unemployment is strictly limited. It can, and does, assist in the filling of vacancies, and can also to some extent influence the geographical distribution of workseekers. What it cannot do is create employment opportunities!

45. At present by far the greater proportion of cash crops, both for export and for internal use, comes from the settled areas. It is the proceeds of these crops which pay for the greater part of the Colony's imports, and which provide much of the revenue for the financing of Government services throughout the Colony. It is therefore imperative that the economic production of the settled areas should be fully maintained, and that no changes should be made which will result in reducing their return. To do so would both increase unemployment in the settled areas and make it more difficult to develop the rest of the country, and thus to provide further employment elsewhere. For this reason, the Government's approach to resettlement is designed to ensure that the economics of settlement schemes will be such as to increase—and not to reduce—the country's economic potential. In pursuance of this policy, priority will be given to schemes in areas which are at present undeveloped or capable of further development.

Short-Term Measures for Unemployment Relief

46. Questions of the efficacy or desirability of short-term measures for the relief of unemployment have to be viewed against the nature of the problem itself. Since unemployment is chronic rather than temporary, and is basically due to economic underdevelopment (or lack of employing potential), it is clear that short-term measures can make no lasting contribution unless they are themselves designed to assist economic development.

47. In general, short-term or emergency projects for the relief of unemployment would appear to be justified only in the following circumstances:—

- (a) where they contribute to the major need of developing the African land units;
- (b) where, in the case of projects in the settled areas, they are likely to lead to a significant and permanent increase in employing potential; or
- (c) where they have as their object the alleviation of serious hardship, i.e. hardship on a scale more serious than that associated with the African's normal standards of living. Such a situation would arise, for example, where serious drought or other unforeseen circumstance deprived a section of the community of its means of livelihood.

Of the three categories of project, the last (i.e. that directed to alleviating serious hardship) is clearly by far the most important from the social aspect. The desirability of projects falling within categories "(a)" and "(b)" can only be assessed in relation to the planned development programme and the availability of funds for carrying it out.

48. The taking of decisions on the need for, or desirability of, short-term relief projects is likely to be especially difficult in the case of the settled areas. Generally speaking, the starting of new projects in these areas is more likely to swell, rather than diminish, the number of workseekers; nor can it be overlooked that there are still jobs available in these areas for those who really want work and are prepared to travel in search of it. Probably the only circumstances in which special projects, aimed specifically at relieving hardship, could be justified in the settled areas would be where it was established that there was, in a particular locality, fairly extensive unemployment amongst workers stabilized (i.e. permanently domiciled) within the locality and where it was intended to give priority to such workers in allocating employment.

49. Considerations somewhat similar to the above arise in connexion with proposals to use manpower, in preference to machine power, as a means of increasing employment opportunities. A contractor, with no problems of labour supply, will normally be guided in his recourse to machinery by the factors of cost, efficiency and the time set for the completion of the contract. He is unlikely to be influenced in his choice by the social problems arising from unemployment, unless specifically requested; and such requests can well place the authority making them in a serious dilemma, not least from the virtual impossibility in most cases of assessing the contribution, if any, which the preferential use of manpower can make to the solution of the unemployment problem.

50. The bringing to bear of pressures to influence the maximum use of manpower poses special problems when dealing with developing projects. A realistic approach in the case of such projects would appear to be as follows:—

- (a) A primary reason for development projects is to increase employing potential. That being so, it is desirable that they should be completed as quickly as possible within the resources available.
- (b) The public interest is best served by insisting that projects are carried out in the most efficient and most economical manner.
- (c) Departures from these principles (i.e. of maximum speed, efficiency and economy in the completion of projects), for the sake of providing more employment opportunities, should be made only in the most exceptional circumstances—for example, where they have as their object the alleviation of known serious hardship among persons domiciled in the area in which the project is to be carried out.

The above arguments would, perhaps, apply with less force were we dealing with a temporary incidence of unemployment as is experienced from time to time in more advanced economies. However, Kenya's unemployment problem is *not* temporary—nor can it be resolved, to any significant extent, by resort to short-term expedients.

51. In future proposals for short-term relief projects (including proposals for the use of manpower instead of machines) will be considered by the Development Committee, which already deals with the Development Programme, and which is best appraised of the Colony's economic position. The Development Committee will weigh the merits of a proposal against its weaknesses. In doing so it will have regard to the warnings in this paper that an employment scheme can be self-defeating if it compels the diversion of money from projects of superior economic potential and thus retards true development.

UNEMPLOYMENT AMONGST ASIANS AND EUROPEANS

52. The latest population estimates give the size of the Asian population as approximately 169,900 and that of the European population as approximately 66,400. These figures are to be compared with a total African population of roughly 6½ million. Reported wage-earning employment among the three races as at 30th June, 1959, was as follows:—

| | Adult Males | Adult Females | Children | Total |
|----------------------|----------------|---------------|---------------|-----------------------|
| Africans | 435,221 | 74,709 | 27,469 | 537,399 (90%) |
| Asians | 33,734 | 2,911 | 96 | 36,741 (6%) |
| Europeans | 15,089 | 7,660 | 8 | 22,757 (4%) |
| TOTAL | 484,044 | 85,280 | 27,573 | 596,897 (100%) |

(Note.—The figures do not include self-employed persons; nor do they include the large numbers of Africans engaged in agriculture and associated occupations in the African land units, notwithstanding that the employment of some of these may be of a wage-earning nature.)

It will be seen that of the total of 596,897 persons reported in wage-earning employment, 90 per cent were Africans, 6 per cent were Asians and 4 per cent Europeans. A further point worthy of note is the proportion of women in the labour forces of the three racial groups. In the case of Africans, women comprised 14 per cent of the labour force; in the case of Asians, 7 per cent and, in the case of Europeans, 33 per cent.

53. The industrial distribution of three races is of interest, not only in itself but also because of its relevance to the future prospects of employment of Asians and Europeans. The following table gives this distribution, by percentage, as at 30th June, 1959.

| INDUSTRIAL DIVISION | Percentage of Labour Force Employed | | | |
|--------------------------------------|-------------------------------------|-------|----------|-----------|
| | African | Asian | European | All Races |
| | % | % | % | % |
| <i>Private Industry</i> | | | | |
| Agriculture, Forestry and Fishing .. | 46.4 | 1.5 | 7.7 | 42.2 |
| Manufacturing and Repairs .. | 8.2 | 18.6 | 11.9 | 9.0 |
| Building and Construction .. | 3.0 | 6.5 | 2.0 | 3.1 |
| Commerce | 4.3 | 28.4 | 17.7 | 6.3 |
| Transport and Communications .. | 2.1 | 5.5 | 4.5 | 2.4 |
| Other Services | 10.0 | 9.2 | 16.8 | 10.2 |
| <i>Public Services</i> | | | | |
| E.A. Railways and Harbours .. | 4.2 | 8.6 | 5.3 | 4.5 |
| Other Public Services | 21.8 | 21.7 | 34.1 | 22.3 |
| | 100.0 | 100.0 | 100.0 | 100.0 |

54. In considering employment and unemployment amongst Asians and Europeans, it is necessary to draw attention to a feature which distinguishes their case from that of the great majority of Africans. This is that Asian and European employees are tied irrevocably to the wage-earning sector of the economy and, in general, have no land or other source of income (in cash or kind) to fall back upon in the event of employment being denied them. It follows that when unemployment comes to the Asian or European adult male worker, it affects him in much the same way as it would a worker in a western economy. In short, it spells serious hardship and, in many cases, a distinct lowering of living standards.

Asian Unemployment

55. During the last four years reported employment amongst Asians has remained fairly constant. The actual figures were: 1956—35,504; 1957—37,166; 1958—35,849; 1959—36,741. Since the number of Asians available for employment must have increased significantly during the four-year period, there is an inference in these figures of a growing unemployment problem amongst Asians. That there is such a problem is borne out by the observations of the Labour Department's field officers and also by Employment Service returns. The latter indicate not only an increasing use of the Service by Asians, but also a falling-off in reported vacancies and greater speed in the filling of vacancies. Yet a further indication of the depressed condition of the Asian employment market is the attitude now displayed by workseekers towards employment; this is far less selective and uncompromising than hitherto, especially among new entrants into the employment field.

56. A feature of the Asian employment pattern, which must be considered somewhat significant in relation to future employment prospects, is that the types of employment to which the Asian now gravitates—namely, clerical work, the retail and distributive trades, and the skilled and semi-skilled jobs in industry—are precisely those to which the African is himself drawn, and to which he will increasingly be drawn as he becomes better educated, more technically competent and more socially ambitious. It may be expected, therefore, that competition in the Asian employment field will increase. Whether this will lead eventually to greater Asian unemployment, or merely to a more representative (including downward) spread of the Asian's position in the employment field remains to be seen.

European Unemployment

57. The level of European employment has shown a slight upward movement during the past four years, the actual figures being as follows: 1956—21,095; 1957—22,431; 1958—22,588; 1959—22,757. Unemployment during the same period has also increased slightly, but has at no time shown signs of becoming a major problem.

58. There can be little doubt that in the future the European, in common with the Asian, will come under increasing pressure from the African in regard to his employment status. However, as in the case of Asians, it is quite impossible at present to forecast how this pressure will develop or what its final results will be. A circumstance appearing to make the European male's position somewhat less vulnerable is the fact that, to a considerable extent, the posts which he occupies in commerce, industry and the public services are those which, in any underdeveloped region, tend to be filled by expatriate or immigrant personnel, pending fuller development of local educational and training services.

59. The main hope for the future of both European and Asian employment, as of African employment, lies in the expansion of the country's economy to a point where it can support in worthwhile jobs all the products of the educational system. As has been shown, a primary condition for such expansion is the planned accelerated development of the agricultural resources of the African land units.

General

60. From the foregoing analysis the follow-up to the Swynnerton Plan and the substantial acceleration of development in the African lands units emerge as the vital action to combat unemployment. The Government accepts the need for such action, and will strive to meet it with such resources as can be obtained. The original Swynnerton Plan has already been supplemented and, in particular, land consolidation has proceeded at a faster rate than was originally envisaged. Energetic measures have been, and are being, taken to find additional financial and technical resources to enable agricultural development to proceed even more rapidly. During the current year, for example, the Government has negotiated a loan of £2 million with the International Bank for Reconstruction and Development for loans to African farmers, and for feeder roads in the areas of high potential. The £4 million road scheme will provide further valuable access to these areas. A £2 million African tea-growing project is in course of preparation. Negotiations are proceeding for the further participation of the International Bank, the Colonial Development Corporation and Her Majesty's Government in the financing of additional large-scale agricultural development. The Ministers for Agriculture and for Local Government and Lands, with the active encouragement of the Colonial Office, have recently completed a tour of European countries whose Governments are now preparing to send out missions to see what assistance they can give in both the financial and the technical assistance fields. These initiatives will be urgently pursued. The Government is constantly reviewing the Development Programme. In doing so, it always attempts to give priority to economic projects, particularly those with an agricultural bias. In future it will pay special attention to the important points on this subject which are made in this unemployment analysis.

61. The Government takes this opportunity of recording its thanks to Mr. Dalglish for his very helpful report. Thanks are also extended to the members of the Advisory Committee on Unemployment for their useful participation in examining the unemployment problem. The major contribution of the staff of the Ministry of Labour is also gratefully acknowledged as is the assistance of officers of various other ministries.

SUMMARY

- (1) The Government, taking account of Mr. Dalglish's report and having made its own study, presents its analysis of the unemployment problem in Kenya which it will follow in dealing with the problem. (Paragraphs 1-2.)
- (2) The main feature of unemployment amongst Africans is the chronic and widespread underemployment existing in the African land units. This underemployment is due to the generally backward state of the economy of these areas and the subsistence nature of most agricultural activity. (Paragraphs 8-12.)
- (3) The unemployment currently manifested amongst Africans in the towns and settled areas is essentially a projection of this larger problem of underemployment (and low living standards) in the African land units and arises, in the main, from the growing desire of Africans to take up employment in, or be associated with, the wage-earning sector of the economy. (Paragraphs 13-20.)

- (4) The statistical assessment of unemployment and, more especially, under-employment is extremely difficult and is, moreover, of limited practical value. From the viewpoint of economic planning, it would be more worthwhile to assess the size of the country's manpower resources, and their rate of growth due to population increase, and to relate these to estimated employing potential. (Paragraphs 21-25.)
- (5) At the present time the social and economic impact of unemployment upon the African population is softened by traditional habits and customs—in particular, by the system of land tenure and sense of communal responsibility which, in most cases, guarantee at least the means of subsistence. However, this situation is unlikely to last and, unless the problem of unemployment is tackled with purpose and speed, its social and economic consequences are likely to become serious. (Paragraphs 26-28, 31.)
- (6) The ultimate and only real solution to Kenya's unemployment problem lies in the full economic development of the African land units. This requires, as a first step, their planned agricultural development. (Paragraphs 20, 32-38.)
- (7) A danger inherent in the present situation is that economic advance—and the raising of living standards and provision of employment opportunities—may not keep pace with the demands of a population rapidly becoming more educated and more socially and politically conscious. A substantial acceleration of the Swynnerton Plan is needed. (Paragraphs 39-40.)
- (8) There is a need also for further economic development in the settled areas. However, the scope for such development is, relatively speaking, limited and it is therefore unlikely to contribute greatly to a solution of the unemployment problem. Future employing trends in the settled areas will probably lie more towards efficient labour usage, and the extension of working hours in agriculture, than towards any large increase in the overall level of employment. (Paragraph 41.)
- (9) It is desirable that the flow of workseekers into the settled areas should, as far as possible, be discouraged. Ways in which the Employment Service can assist in this are discussed. (Paragraphs 42-44.)
- (10) The nature of the unemployment problem is such as to make it, generally speaking, unamenable to solution by short-term measures. Proposals for unemployment relief projects, or for the use of manpower, in preference to machines, in the carrying out of projects, are to be considered by the Development Committee. (Paragraphs 46-50.)
- (11) There is evidence of growing unemployment amongst the Asian community, and it can be expected that both Asians and Europeans will find it increasingly difficult to maintain their employment status. The main hope for the future—for Asians and Europeans, as for Africans—lies in developing the country's economy to a point where it can absorb into worthwhile jobs the products of the educational system. (Paragraphs 55-59.)
- (12) The Government accepts the need for accelerated development of the agricultural resources of the African land units and points to action already being taken. (Paragraph 60.)

Ministry of Labour, Social Security and Adult Education,
Nairobi.
November, 1960.

