DO SMALL TOWNS HAVE THE POTENTIAL FOR GENERATING DEVELOPMENT?

THE SITUATION IN KENYA

BY

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The growth of large, primate cities in Africa has continued to widen regional imbalances. In the process, rural areas remain relatively unaffected by this growth. This thesis examines why small and intermediate towns, which lie between major cities and rural areas, should be developed to generate growth to rural areas. Theories of growth are examined to find their relevance in explaining small town development in Africa. Given that current literature supporting small town development does not adequately address the efficiency issues, attempts are made to explain growth patterns in Kenya in an effort to justify the political as well as social objectives of national development.
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SECTION I
BACKGROUND AND INTRODUCTION

In most African nations it is the rural agricultural sector that provides foreign exchange, investment resources, and labor to other sectors of the economy in addition to the food and raw materials that sustain a growing urban population and manufacturing sector. The development process is characterized by dischords in most parts of Africa. The majority of population is still rural in character and, as urban areas continue to grow and develop, the rural areas remain isolated, geographically and economically as well as politically, and do not benefit from the urban-based growth. Differences between the two sectors widen in many respects. For example, the income gap increases because the high wage employment is concentrated in urban areas while the rural agricultural sector remains low paid.

Efforts to synchronize the development process have often addressed each of the two sectors in their isolated states without considering the manner in which they interact. The assumptions of diffusion models as implied in location theory, growth-pole theory, and central-place theory, among others, (that technology, capital, and "progress" will filter down from developed areas to the countryside), have become illusory. Heavy external borrowing to develop the necessary infrastructure that provides incentives to foreign investors in addition to injecting motivation into local entrepreneurs has not sufficed. This exacerbates the growing disparity between urban and rural places. Wealth becomes
concentrated in urban areas at the expense of the rural areas. Virtually all investments take place in the already developed areas because these places offer the most congenial environment for profit-oriented industries. This investment helps pull an unprecedented flow of migrants from the countryside to the cities. Beside the pressures of housing shortages and overcrowding, there are not enough jobs for even half of the rural migrants to the cities. The consequences are political and social tensions that are prevalent in most of these nations.

"Trickle down" mechanisms, when applied to many third world nations, tend to benefit a few people at the expense of the majority. Wealth is concentrated in a few segments of the society. Such alienation, by a handful of citizens, can be dehumanizing and politically dangerous. In the modern world, impoverished masses are rarely willing to accept income inequalities or distribution of development facilities over long periods of time without exploding. Even achieving high growth rates does not guarantee development if its associated benefits are not adequately distributed. Neither does waging a violent revolution guarantee sound development or lessen human suffering. Kampuchea's destiny under Pol Pot's fanatics urges us to tone down our skepticism!

In an effort to alter the inequities, planners are currently advocating the development of small and intermediate towns; these are urban places (of varying population levels) which lie between major cities and their rural hinterlands. By virtue of their location, small and intermediate towns (henceforth, small towns) are strategic places that link
the disjointed national space in many developing countries. Their development, it is hoped, will aid in redressing the ever escalating disparities between town and countryside. Advocates of small towns contend that developing and strengthening smaller places could facilitate the diffusion of growth throughout the rural areas: as basic services are provided and income earning opportunities are created, the pressure on urban resources will lessen, employment will be generated, agricultural production will also increase, migration into large towns will be discouraged and, most importantly, the country's economy will be diversified. The rural economy will begin to experience benefits as the provision of basic services, the transportation network, and the commercialization of agriculture all contribute to growth (Rondinelli & Evans, 1983).

Proponents of small town development base some arguments on the assumptions that large cities are beyond an "optimal size" and hence, economically inefficient: per unit costs of providing infrastructure and basic services are believed to increase substantially once a city attains a certain population level. Under such considerations, smaller towns which have lower per unit costs provide the alternative option for development. In addition, equity considerations call for an even or more balanced distribution of population, economic activities, and decision making. The idea is thus furthered that small towns are attractive alternative locations that could be used to spark development.

The current literature does not provide a well-articulated argument
in favor of small town development, perhaps because the subject is laden with complex issues: large city cost increases may have negative consequences only if the benefits associated with such cost increases are increasing less (Alonso, 1971). Small town arguments overlook the benefits of agglomeration economies that prevail in large cities. While the objectives of decentralization policies may be political or social, they may not necessarily imply greater efficiency in the economic sense. To successfully argue for the development of small urban places requires a careful understanding of any trade-offs that have to be made between social, political and economic objectives of a given country.

This paper examines whether small towns have the potential capability needed to generate growth throughout the countryside. The task here is to define the "potential" in an attempt to articulate the arguments in favor of small towns. To do this, an analysis of population growth, wage sector increments and the prevalence of unregistered employment in a few towns in Kenya will be given.

The first section is background and introduction. In section two the general ideas and rationale in favor of small town development are discussed. In this section, we examine why policies in Africa favor the dispersion of economic activities, urban populations or government administrative functions to small towns. In the third section, theoretical aspects of growth will be contrasted with African realities. An attempt is made to show what the theoretical implications of growth are as far as small towns are concerned. The fourth section is an analysis of small towns' performance in African development. Data on ten of the
largest towns (with population of 20,000 or more) in Kenya examine the argument in favor of small towns. In the final section we explore the alternative actions that government could pursue in stimulating small town development. The appendix is a hypothetical case drawn from the Kenyan example; it illustrates the complex issues involved in investment decisions within a decentralized environment.
SECTION II.
RATIONALE FOR SMALL TOWN DEVELOPMENT

The agglomerative nature of economic activities tends to influence the concentration of population into specific areas. The cumulative effect of this concentration has had extensive repercussions in most developing areas and has resulted in primacy, the dominance of one (or two) large city over others. In effect, as the city expands its economic base, it lures both investment resources and attracts rural migrants.

Primacy

In most of Africa, primacy was influenced by past patterns of colonial economic growth policies; development was concentrated into a few areas. This pattern was so well established that post-independence governments have not been able to alter it. As in most other nations, it is not unusual to find large sections of countries bypassed by development.

For example, in Kenya, the two largest cities, Nairobi and Mombasa, have continued to benefit because of their functional roles since the colonial era. Nairobi's role has always been that of the capital city in addition to being the major industrial location. Mombasa was at one time the main port of entry; it is still the major seaport and the second most important industrial center in Kenya. Together, these two cities are the most developed areas in the country.
Current development strategies concentrate on finding alternative means that seek to correct regional inequalities. A number of African nations have considered a strategy of decentralization in an effort to lessen the dominance of the largest or primate city (Andrade 1982; Rondinelli; 1983).

Decentralization

In decentralizing, the assumption is that the primate city is powerful and influential; it often functions as the seat of government, economic hub and cultural center. These functions render the city indispensable so that substantial expenditures are required to maintain it. In this capacity, the city continues to develop although probably at a substantial resource cost to the rest of the country. The objective of decentralization is to diffuse the influence and large city dominance by relegating some of its functions to other, smaller towns. In so doing it is hoped that these smaller places will be able to generate local growth and diffuse development throughout the rural areas.

Although there are benefits of large cities, the cities have been criticised for being inefficient: there are high costs involved in maintaining them (Prakash, 1977). The provision of basic services becomes more costly as city size increases. For instance, in the development plan of 1974/1978, the Kenya government allocated 71% of the national infrastructural expenditures to the two primary cities (Development Plan, 1974/78). At the time, total urban population was
less than 20%. Such biases have made available to the city a sound infrastructural network that attracts other investments so that, eventually, increased employment opportunities have made the city far more attractive to the potential rural migrant.

As the number of in-migrants increase, it has been argued, the consumption rates of the city increase faster than for production (El-Shahks and Obudho, 1974). In 1979, the city of Nairobi, Kenya, had the largest net inflow of migrants; 68% of its total population in that year were born outside Nairobi (Beskok, 1981). Although attempts to provide basic housing, educational facilities, and social services for a growing urban population impinge upon the fiscal capacity of the nation and cities, governments have, in the past, given preference to urban rather than rural development. Biases such as these favor the preservation of inequities between rural and urban areas; growth is encouraged in major urban areas and does not spread easily into rural areas. In this manner, the growth of large cities perpetuates itself (Mathur, 1982).

In most parts of Africa, rural development efforts have not been effective (partly) because the population is sparsely distributed. Settlements are unevenly spaced because of environmental and cultural norms; traditional areas vary in size and, in certain areas, settlements are not large enough to support services and facilities needed for rural development. Diffusion of growth cannot occur easily unless there is a conscious effort toward changing the spatial population distribution. Growth has been confined to large urban areas largely because most African nations lack a system of urban settlements that could capture
The need to develop and strengthen small and intermediate towns, perhaps, is all the more apparent if these important considerations are taken into account. Furthermore, the filtering down of growth has not occurred because the existing institutional framework does not permit it to do so. For instance, in many African nations, central government macro-policies and administrative operations (especially after independence) were structured to promote national unity and a political cohesion of the numerous tribal groups. In the process, the microspatial units were overlooked. These smaller units—the village or tribal settlements—were considered to be of secondary or of even negative importance; earlier attempts to channel growth into these areas would have created political factions: large cities symbolized the ideal national places, therefore, investing in them was much less threatening than investing in rural areas. Rural development, unless conducted simultaneously throughout the nation, was a much more sensitive issue: which areas were to be developed first? What choice criteria were to be applied? It is not surprising that development lagged in rural areas. Where a unified, national (political) identity is emerging (as in the case of Kenya) small town development now seems an appropriate strategy that could stimulate rural development.

There has been an increasing concern with the importance of small towns (Taylor, 1972; Richardson, 1980; Wescott & Obudho, 1982; Rondinelli, 1983). Arguments in favor of strengthening these places are
based on their strategic location in relation to the productive resources, especially agriculture, of individual nations. These places are strategic because they are located between urban and rural areas, and in a sense, connect two important sectors of an economy in a significant way.

Functions of Small Towns

Most of the less developed economies are agricultural in nature. The rural sector is a significant component that provides urban areas with basic food products as well as raw materials required for the export market. Major markets for agricultural products are in urban areas where inputs for the agricultural sector also come from. The urban sector also provides employment for the surplus labor force that is released from the agricultural sector (Obudho, 1982; Rondinelli, 1983). Thus the relationship between these two sectors is reciprocal and could be strengthened to stimulate rural growth.

The promotion of small towns may also be justified on the grounds of equity: they will help provide more equitable growth throughout a nation (Andrade, 1983): they will assist in the dispersion of urban amenities to surrounding areas and thereby help decrease inequalities that exist in a nation. Such towns will also provide rural places with much needed basic services, education and health facilities, and income earning opportunities. Eventually those towns with locational advantages may develop enough and become capable of providing an infrastructure that would support growth mechanisms, e.g. industrial activity.
For quite some time Kenya has had a number of secondary places ranging in size from 20,000 to 100,000 people (Kenya Census, 1979). These towns play significant roles in the nation's economy, facilitating agricultural, marketing, and processing activities. Between 1969-1979, the population in these towns increased from 7% to 31% of total urban population while the percentage of Nairobi and Mombasa, the two largest cities, fell from 70% to 51%. Whatever the causes of population increase in small towns, the changes could indicate a number of things: that economic "pull" factors exist, or alternatively, it could be no more than a spill over of the rapid increase in the growth of rural population. In considering the potential utility of small towns in national development, however, the desired outcome is "growth" and its distributational impact on the rural poor. Whether or not small towns in Kenya are actually growing economically is an issue to be discussed later in the thesis.

Summary

The ideas associated with the development of secondary towns become attractive when one considers the extent to which development is skewed in most countries. Smaller towns may enable the nation to diversify the economy as growth elements are channelled into these places.

Most African nations have been unable to provide the majority of the population with the "fruits of independence"; benefits have either been concentrated in specific places and or limited to specific people
or they have been non-existent altogether. The decentralization strategy, as adopted by many nations, attempts to restructure the unequal distribution of population, economic activities and government administrative functions and thereby, promote spatial balances throughout a country. Small towns, located between large urban places and rural hinterlands, seemingly possess the capability or potential to generate growth in rural areas. Where small town population is increasing, the likelihood is that growth mechanisms exist, as will be discussed in a later section.

There is, however, a need to examine the reinforcing factors that contribute to growth in small towns. These places have not been given adequate attention and thus there is a lack of knowledge about their functions, characteristics, and reasons for emergence. Factors that contributed to their initial development must be understood if these towns are to become useful channels of/for growth and development. Given the peculiar historical, political and social conditions of African nations, growth, especially of small towns, is an elusive phenomenon.

The argument that this thesis makes is that small towns have important advantages: these places are intermediate locations that provide links between larger cities with the countryside, and could facilitate the reduction of costs of inputs and/or expand the range of services to rural areas. By virtue of their size and location, these towns have relatively lower costs of living and hence, are able to support certain types of lower labor cost - labor intensive economic activities. When
small town growth is rapid (as in the case of Kenya, Section 4), chances are that there is potential for continuing growth and ultimately for increase in labor production.

In the next section, we examine growth perspectives, contrasting theoretical assumptions with African realities in order to understand what theoretical assumptions imply for the development of small towns.
Urban growth is a complex phenomenon, a function of various dynamic forces: migration, natural population increases, agglomeration of economic activities, political influences and other issues that interact with one another. In many parts of Africa, urban growth was due to the development of natural resources during the colonial era. As a result, most places operated as enclaves without necessarily developing strong links with the rest of the country. Colonial trading patterns thus influenced the distribution and location of economic activities throughout the continent: e.g. rural agricultural areas provided raw materials that were processed in urban areas. These two sectors functioned almost separately and, to a large extent continue to do so. The development of small towns would mediate the relationship between urban and rural areas by strengthening the frail links that exist now. This section examines the applicability of theories on the growth and development of small towns.

The classic theory of location (Losch, Weber) explains growth in terms of transport costs, an assumption that firms will locate at a point where such costs will be minimized. It is assumed that there may be advantages of agglomeration; the benefits of interdependencies will generate linkages that could support the existence of a larger market.
Such an assumption is abstract in the sense that it overlooks particular spatial ramifications of a firm's location (Alonso, 1968; Rodwin, 1970; Hansen, 1971). The theory assumes that all things are equal, in a typical neo-classical sense, and therefore fails to acknowledge the variety and complexity of non-economic relationships that influence location. For instance, the initial development of Kenya's urban system was largely conditioned by the transportation network. British penetration into the East African interior at the end of the last century required the construction of a railway, linking Mombasa to Kampala, on the shores of Lake Victoria.

Roughly mid-way between the two places, before the ascent into Kenya's areas of higher elevation, the Railway Administration created a resting point. The site, named Nairobi (a Masai term meaning "place of cool waters") after the river that flowed through it, eventually developed as a transportation node that was linked to all agriculturally productive areas of the country. Later on, the colonial government moved its base of operations (in administering the East African Protectorate) from Machakos to Nairobi. In time, it became more efficient for firms to locate in the City of Nairobi because it was the node of transportation, not only in Kenya but for the entire East African region.

This initial condition was important but can no longer be used to justify the location of economic activities in Kenya: other reasons must be considered. In so far as the development of small towns will facilitate the reduction of transport costs (for agricultural products) to processing firms in Nairobi, then location theory is relevant. How-
ever, location theory is limited to "economic space" where the *ceteris paribus* assumption prevails. Economic space is abstract and it overlooks the physical, regional (or bounded), national space that is complex in nature (Richardson, 1978).

Location theory suggests a certain logic that leads to the concentration of industries in certain parts of a region. In the colonial era, public policy reinforced industrial location. Current regional economic growth disparities result from this historical situation. The differences between rural and urban areas are distinct: the urban area is the "modern", developed, economic hub of the nation while the other is the "backward" section. In Kenya, over half of all manufacturing industries are located in the two largest cities of Nairobi and Mombasa.

By virtue of their industrial concentration and, hence, economic development, these two cities have grown disproportionately in comparison to the rest of the country. Growth has not filtered down to rural areas and unless a conscious effort is made to alter current industrial location (thereby diffuse urban concentration) patterns, large cities will continue to grow disproportionately.

Economic analyses as incorporated in the *export base method*, for instance, have not been able to explain the causes of growth adequately. In the *export base method*, the total economic activity of an area is assumed to be a function of the area's exports to other regions. It is assumed that the marginal propensity to import is stable and that exports are independently determined. These assumptions are limited
because they do not define the economic base well enough (Hansen, 1971); in addition, they do not take into consideration the changes that occur in a region's economy. Further, the nature of exports in African countries is complex so that relying on such commodities, given the adverse impacts of external forces on local production, does not ensure sustained growth.

African countries specialize in the export of primary products to the world market so that a region, within a nation, may not necessarily produce for the national market. Most of these exportable commodities are agricultural products and are highly sensitive to fluctuations in world prices. Such fluctuations affect economic stability in many countries. One of the main arguments against developing countries relying heavily on agricultural exports is that these goods encounter declining terms of trade. That is, export prices decline relative to import prices. Declining terms of trade impinge on the ability to maintain a positive balance of payments and, as a result, countries are forced to borrow from external sources to finance their deficits. (Emmanuel, 1974).

If the agricultural export sector could be strengthened, however, it may be able to contribute to overall economic growth. An enivigoration of the agricultural sector implicitly suggests assisting the development of small towns to facilitate the efficient interaction between the urban and rural sectors; both sectors complement one another in a number of ways.
For instance, if transportation, marketing, the service sector, and governmental activities needed by the agricultural sector are improved, the structure of agricultural production can also be expected to improve. This may mean that there will be an expansion of agriculture that will facilitate a change in the occupational structure of the country. More people will be employed in this sector and, if productivity is increased, income levels will also rise. The complementarity between the rural agricultural sectors and the urban manufacturing sector will, therefore, generate growth in a desirable way.

Although as already indicated, developing nations are believed by many to face negative long-term terms of trade in the export market, an improvement of the agricultural sector will work towards improving the terms of trade. For instance, increasing farm efficiency through the provision of services required by the sector is one way in which the rural areas could be fully integrated into the development process. By "efficiency", reference is made to those activities that will, in a cumulative manner, generate labor intensive employment to absorb the excess supply of labor in the countryside; in the process, the demand for farm inputs will be expected to expand thereby generating local manufacturing of inputs such as fertilizers or farm implements. In the long run, as growth occurs and local markets expand, reliance on external foreign markets will decline and as a consequence, the term of trade will shift.

In attempting to understand the growth and demise of industrial firms in the French economy after the Second World War, Perroux (1950)
formulated the growth-pole theory. His intentions were to analyze the process by which economic activities and industries grow over time in abstract economic space.

The growth-pole concept that has been adopted by various developing nations attempts to explain growth by emphasizing the effects of inducement and attraction of a dominant stimulating pole often associated with a particular geographic locality. It is within the pole that structures of economic and social interactions are created and, through the multiplier effect, spread throughout an entire area (Hermansen, 1972). This concept focuses on the effects of backward and forward linkages that help generate the growth of other industries.

By setting up a textile industry in a specific area, for example, cotton farming, dye-stuff manufacturing, and all other industries that provide inputs to textile manufacturing may develop; these are backward links. Forward links are created by the demand for textiles, for example, by the garment industry. In the process, various employment and income generating opportunities are created. Thus the growth-pole concept is attractive because the spread effects are considered progressive enough to lessen regional, economic, and social differences. The multiplier effect is expected to generate change in a systematic, desirable manner.

Hirschman's (1958) unbalanced growth theory also contributed to the later growth center concept. His argument was that development should be concentrated in a few key sectors whose backward and forward linkages
were high. This would enable growth to be channeled to other sectors. The model leaves enough scope to induce investment decisions so that, in the long run, equity considerations will be upheld and public investments would thus be promoted in lagging regions in order to reduce disparities (Hansen, 1971).

It has been argued, however, that the theory lacks theoretical clarity or appropriate definitions and cannot be adequately placed into the context of developing nations (Polenske, 1983). This argument is based on the fact that Perroux's propulsive industries, in the developing countries, may be hard to distinguish from multi-national corporations which merely repatriate profits to their home bases without re-investing in these nations.

Given the nature of regional disparities in most developing nations, the application of growth-pole concepts to modern-world, geographical space is limited. In contrast to economic space, geographical space is bounded and is subject to political, social, as well as other influences. No consideration or guidelines have been given for the location of growth-poles within regions and, therefore, it is questionable whether an honest, unbiased consensus could be reached when selecting designated places as "poles".

Alternatively, small towns have certain advantages that could qualify their designation as poles of growth, namely the location between city and hinterland that could be expanded to benefit an entire region. It has been argued by Mathur (1983) that most developing
nations lack a well developed (distributed) system of urban places because population is sparsely distributed either because of climatic factors or because of traditional tribal settlement patterns which isolated groups from one another. This makes it difficult to establish economic activities which require high population thresholds and, as such, investors have no alternative but to locate in major cities.

Friedmann's (1966) core-periphery model maintains that development begins from a few centers which are located at the apex of interaction within a communication field. There are "core" and "peripheral" regions where the former are major centers of change upon which all others depend. Core regions are located in a hierarchy of spatial systems, ranging from the region to the world. Such a system exists when a core dominates the vital decisions of populations in other areas. The core region's growth will determine the development of the entire spatial system. Eventually, social and political tensions between regions will develop, necessitating the adoption of changes in the power relationships between the core and periphery.

Friedmann's theory is acceptable for acknowledging the importance of power relations; it takes into account the patterns of authority and their influences on society. This theory is well suited to explaining the development of most African cities because a large number of them evolved as traditional market centers and, through colonial control, attained their current status either as major cities, ports, or small towns (Obudho and El-Shahks, 1974).
The Central Place Theory (Christaller-1966) is perhaps the most comprehensive of all. This theory suggests that cities of various sizes perform different functions because it is more efficient for some services and goods to be produced in smaller towns as opposed to large ones. An implicit assumption here is that a city has one main function, that of servicing its rural hinterland. All goods and services are ranked in order of importance from high to low, depending on the demand threshold (a minimum population/income level needed to sustain the activity) and the range, or market limit, of each commodity.

Since different goods have varying thresholds and ranges, the size and location of an urban place will depend on each of these two limits. Beckman (1958) developed the main model relating central place hierarchies to the distribution of city size. He made assumptions that related city size to the population it serves, maintaining that each city was related to a fixed number of lower order towns. Beckman found that city size increased exponentially with the level of the city in the hierarchy, that is, as the city increased its functional importance, its position in the hierarchy improved proportionately.

Beckman's assumption is much too simple because it does not explain reality well enough; not every city needs to grow proportionately because various functions require different rates of growth. For example, the growth of a small town such as Kakamega, on the Western part of Kenya, will be dependent on the growth of Kisumu, the closest large town. As the latter's functional importance increases there is no guarantee that Kakamega will grow at the same rate because there are
various interacting factors that affect individual places. Nevertheless, Central Place Theory is a viable start for understanding and justifying the value of developing small towns.

Conclusions

Perhaps the inadequacies of growth theory arise from the complex issues that collectively generate growth. Theory is embedded within simplistic assumptions that do not necessarily relate all components involved in the whole process. Location theory and growth-pole concepts explain growth within economic space as opposed to regional space. Differences between the two spaces are so distinct that any assumptions that ignore the importance of intervening variables (e.g., politics, society, geographical composition, ecology, etc.) in regional space invalidate the applicability of theory to explaining growth.

As explained earlier in this section, theoretical assumptions are valid in economic space, a boundless region. Alternatively, if we are to infer that small towns are within the overall national economic space, these places have existing qualities and could provide the impetus of growth-poles or growth-centers. Thus, with some modification theory maybe made more applicable to the growth of small towns. To do so, theory will have to reflect the inter-temporal relationships among the micro- and macro-social, political, and economic systems of individual nations.
Friedmann's core-periphery model is perhaps the only one that acknowledges real issues in the physical, regional space. It takes into account the power relationships that exist in the modern world. To an extent, it explains the manner in which small towns could be developed: given that political authority exists in the core, growth in the periphery will be subject to that at the center. It could be argued that the effort to decentralize is based on this explanation: without the central government's authority, decentralization would not occur.

As is shown in the following sub-section, the peculiar nature of African nations does not easily allow for the applications of theoretical assumptions.

African Conditions

In Africa, urban population is estimated to be increasing at an annual rate of 5.8%, while that of the rural sector grows at 1.5%. According to World Bank (World Development Report, 1984) it is estimated that by the year 2000, 35% of the total population will be in urban areas in contrast to 19% at the present time. To date, the major share of the population, 80%, is still rural in character. African cities are growing considerably faster than the total population.

As indicated in the following table of selected countries, urbanization trends show that there is an increasing concentration of population in the largest city, where "largest" is defined as that with a population of over 100,000. In absolute terms, most nations more than
doubled their urban population between 1960 and 1982. However, the average growth rates of urban population declined in some nations, as for example in Chad, Ethiopia, Uganda, and Sierra Leone. These declines may be explained by acute changes in climatic conditions as well as political instabilities.

In 1982, countries such as Kenya, Uganda, and Tanzania had over 50% of their urban population in the major cities. This contrasts with 40%, 34%, and 38%, respectively for the same nations in 1960. Between 1960 and 1982, the percentage of total population in urban areas more than doubled in almost every country.

| TABLE 1. |
| URBANIZATION INDICES FOR SELECTED AFRICAN COUNTRIES |

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<th>URBAN POPULATION</th>
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<td>Avg. Growth Rates</td>
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*Large: City with population of 100,000 or more.

The high urban growth in many African nations stems from a common strand in that most nations have legacies of colonial rule. These legacies pose challenges today because desired patterns of development cannot occur without the alteration of past patterns. During the colonial era, economic and spatial development was concentrated in colonial settlements. Most parts of the continent were outside immediate colonial attention and remained undeveloped. In addition, the extent to which each nation as a whole developed was largely a function of its economic importance to the colonial government.

For instance, where there were rich natural resources the infrastructural system was well developed, linking the major city to the rural hinterland. Such regions also developed a relatively well distributed urban system (Abu-Lughod and Hay, 1977). This is because colonial governments established administrative bases in the interior to ensure the efficient control of colonies and to enhance and protect European settlements as well.

In most instances, colonial settlements were designated in certain areas thereby implicitly restricting the immigration of indigenous people. African labor was considered short-term and migratory in nature so that few housing provisions were made to accommodate workers. For example, in Kenya the colonial government allocated land "reserves" for use by the indigenous population; these were areas where Africans were allowed to farm and live permanently. After independence, these restrictions were removed: self governance, which occurred in the late 1950's and early 1960's, gave people freedom of movement—an opportunity that
was denied them during the colonial era. Because towns are the reservoirs of economic activities, post independence Africa experienced a high outflow of migrants from rural areas seeking employment in cities. This explains why there was such a rapid growth of population in urban areas after 1960.

De Cola (1983) formulated three types of urban systems in Africa: National, Primate and Peripheral. A National system is characterized by the existence of a relatively developed urban system consisting of several large cities in a country. Examples of countries with such a system include Ghana, Kenya, Nigeria, Zaire, Zambia, Zimbabwe, and most countries in northern Africa. These nations are also among the wealthier ones, better endowed with natural resources.

Unlike the National system, the Primate is characterized by the existence of one large city. Primate countries include Ivory Coast, Sudan, and Ethiopia. These nations are relatively less wealthy than the previous ones; an exception is the Ivory Coast which has had a relatively good development record. The Peripheral System is explained by the existence of an undeveloped urban system and, as a consequence, there is very little concentration of population in one city. Countries that fall in this category are Niger, Chad, Liberia, and Tanzania, among others. In the past few years however, Dar-es-Salaam, Tanzania's major city has had large increases in its population. This is why Tanzania adopted the growth-pole strategy in the hope of generating development elsewhere in the nation; she has yet to be successful. Attempts to relocate the capital city of Dar-es-Salaam to Dodoma, further inland, have
also stagnated. De Cola's formulation explains similarities on the macro-regional level; the pattern in most sub-Saharan countries, however, remains one in which primate cities dominate.

Summary

In addition to being one of the least urbanized areas in the world, in Africa as elsewhere in the world, urban population growth rates are increasing faster than national growth rates. The largest cities have the highest population concentration. Adverse regional, economic and social differences add further constraints on the already low levels of national output. To solve these problems, African nations will have to alter development patterns that are legacies of colonial overrule.

Rondinelli (1983) listed among the initial factors that influenced the growth of secondary cities in less developing countries the following: favorable physical location and natural resources, defensive positions and military bases, selection as administrative and political centers, colonial status, and foreign investment, as well as the influence of transport and technology, growth of commerce, trade and services. A combination of these influences stimulated the growth of secondary cities; none of these factors could possibly have managed to stimulate growth on their own.

As von Boventer (1973) maintains, the manner in which urban places are distributed in space is complex and cannot be adequately explained
by theories. The growth and development of small towns will very much depend on individual governmental objectives and initiatives.

We now examine patterns of development in Kenyan towns.
SECTION IV.
KENYA

Background

Upon independence, the Kenyan government made its official objectives (in Sessional Paper No. 10, in 1965, African Socialism and its Application to Planning in Kenya) to continue expanding the economy, to expand the sharing of the benefits of growth, and called for the need to educate Kenyans on social and economic imbalances. There was an awareness and desire to improve income distribution and reduce regional differences.

Imbalances in Kenya, as stressed by an International Labor Organization Study (ILO; 1972), are of three main types: (1) that between urban and rural (center-periphery), especially between Nairobi and the rest of the nation; (2) that between the rate of population growth and technological change; and (3) that between the formal (wage) and informal (unregistered) employment sectors.

As a Kenyan government reply to the ILO mission, the 1974-1978 Development Plan gave considerable stress to employment and equity issues; income distribution and increased employment were the main objectives. These goals were in line with the 1970-1974 regional policy objectives that called for the dispersion of the benefits of growth and industrialization. Regional equalization policies have been initiated to lessen regional disparities. An example is the small industrial
scheme that was operated by the Industrial and Commercial Development Corporation (ICDC) that covered loans and management advice to rural areas. Another, the Rural Industrial Development Program (RIDP) was also initiated to create labor intensive, local, small scale industries in rural areas.

The current 1984-1988 Development Plan stresses the need to develop smaller outlying towns that serve vast areas of the county that are not yet developed. The extent to which the government is committed to striking a balance between regions has been evident through post independent Kenya. Such a task, however, is complex given the nature of regional disparities in the country.

The physical geographical areas found in Kenya include the Highlands, Coastal Plain, an Arid and Semi-arid Plateau, and the Lake region. Almost the entire Uplands areas has an adequate rainfall and fertile soils and a pleasant climate. The Coastal Plain is very hot and wet, while the Arid and Semi-arid areas are mostly desert, suitable for pastoral agriculture. The Lake region is warm and wet and is very densely populated (Bigsten, 1980).

As indicated later in this section, the patterns of urbanization and economic development in Kenya reveal that regional disparities have been extenuated by urban bias. Climatic conditions and historical factors have also contributed towards these imbalances. High population concentrations are found largely within regions with adequate rainfall; these are also the most productive agricultural areas. Colonial migra-
tion into these parts influenced the distribution of urban settlements.

There are seven regions, or provinces, in the country. These were delineated during the colonial era for administrative purposes. Each province was further sub-divided into districts. Although these smaller units had the benefits of unifying tribal groups, the unit of analysis was formally the province with principal emphasis on developing European settlements. African areas, designated as "reserves" were left administratively intact. Development was minimal in these reserves, thus contributing to the prevalence of rural neglect today. In an effort to equalize the country's growth patterns, development planning in Kenya now focuses on these smaller district units. (Although the provincial boundaries are still maintained with minimal uses.)

In 1979, the national population density was 27 people per square kilometer (Kenya Bureau of Statistics, 1979). Regions with the highest densities were Nairobi (1,210), Western (222), Nyanza (211) and Central (178) provinces. Lower densities were in the Coast (16), Eastern (17), Rift Valley (19), and northeastern (2) provinces.

**National Trends**

As will be explained clearly in the following paragraphs, Kenya's growth record has been commendable in certain respects while in others, progress has yet to be made. Whereas the population is increasing rapidly, wage employment is not; in employment, a majority of people work in rural areas yet very few of these are in wage jobs. Most
important, a crucial policy issue, is that employment in the informal sector (to be discussed later) is growing at a very rapid rate: in the 1976-81 period the urban informal sector is believed to have grown at an annual rate of 4.7% while the modern sector experienced a 3.5% annual growth rate (Kenya Development Plan, 1984-1988). It should be stated that in trying to relate the analyses of employment and population in Kenya, a crucial problem arises because of the lack of data. Gaps occur because of the existence of non-wage activities that include a large percentage of the total population, and it is therefore difficult to make a complete analysis of what is happening to total employment. Growth of wage employment only accounts for a certain portion of the total employment and very little is known about the spatial distribution of those "missing" in the overall employment picture ("missing" include those in the non-wage and informal activities as well as the unemployed). An attempt was made to fill in the gaps with some degree of precision through interpolating and extrapolating data on employment, population and labor force participation rates. Urban population was interpolated under the assumption that the overall (ILO) estimates are distributed proportionately to total population in small towns. Although this is a crude first-time approximation, the results, in terms of absolute magnitudes and rapid rate of growth, are quite impressive.*

* Rough calculations indicate that Nairobi and Mombasa accounted for about one-fifth of total employment as compared to one-fourth in the small towns in 1966. By 1981, small towns had increased their share to almost three quarters while the two large cities' retained their one-fifth share. Annual growth rates for the 1966-1981 period were 5.2% and 16.5% for the large cities and small towns respectively. Thus, even if we were to assume an error of 25-50% in apportioning figures between the urban areas, the size and growth of the non-wage sector overshadows that of the wage sector.
Since independence, the government's aim has been to reduce inequalities in the distribution of incomes throughout the nation. This has not been an easy task, partially because the rate of population growth has been higher than the economy's per capita rate of growth. Between 1964 and 1981, per capita income grew at a rate of 1.5% while the population increased at 3.6% annually. Moreover, the country is still rural in character with 80% of the population in this sector a majority of whom are in agriculture.

The agricultural sector, as shown in Table 2, had a 1964-72 growth rate (4.7%) which was significantly lower than for other sectors; between 1972-1981 its annual rate of growth dropped to 2.9%. The government and industrial sectors are shown in Table 2 to have had the highest growth. In the 1964-1972 period, government increased by 10.2% while industry had a rate of 8.8%. In the following period, government declined to 6.3% while industry went to a rate of 5.9%.

Despite drawbacks in pursuing its development objectives, the government continues to advocate its Kenyanization policy (the process by which the government has been increasing African, especially Kenyan-African participation in the entire economy). Through this strategy the effect of the economy's growth on income distribution has been positive in certain respects.
KENYA: CITIES OF 20,000 OR MORE INHABITANTS, 1979 CENSUS.
TABLE 2

GROWTH OF GDP AT FACTOR COST IN CONSTANT (1976) PRICES

<table>
<thead>
<tr>
<th>Sector</th>
<th>1964-81</th>
<th>1964-72</th>
<th>1972-81</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>5.2</td>
<td>6.2</td>
<td>4.4</td>
</tr>
<tr>
<td>Monetary</td>
<td>5.3</td>
<td>6.3</td>
<td>4.5</td>
</tr>
<tr>
<td>Agriculture</td>
<td>3.7</td>
<td>4.7</td>
<td>2.9</td>
</tr>
<tr>
<td>Industry</td>
<td>7.2</td>
<td>8.8</td>
<td>5.9</td>
</tr>
<tr>
<td>Gov. Services</td>
<td>8.1</td>
<td>10.2</td>
<td>6.3</td>
</tr>
<tr>
<td>Others</td>
<td>5.3</td>
<td>5.9</td>
<td>4.8</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>1.5</td>
<td>2.7</td>
<td>0.6</td>
</tr>
</tbody>
</table>

1. Includes forestry and fishing

2. Comprising the four sectors, mining and quarrying, manufacturing, building and construction, and electricity and water


For example, Kenyanization programs have been established to encourage and speed up the transfer of businesses to citizen ownership, to create new businesses, and to reorganize others. In agriculture, transfers of land ownership of former European farms to Kenyans have been made. Land subdivision has also allowed small-scale, family-owned farms to participate in the economy. Such farms have been very productive and have successfully expanded their contribution to the agricultural sector. In 1981, about 51% of the total labor force in Kenya was in the small farm sector. This sector contributes a major share in the country's total agricultural output (Kenya, 1982).
Wage employment gains, however, have been largely confined to the urban sector and, to a lesser extent, to the agricultural wage sector. In 1978, 78% of total national employment was represented by private workers working in rural areas. These were in the non-wage, small farm sectors. Of total wage employment in 1981, only 20% was in the agricultural sector. It should be pointed out that total national employment includes all employment - wage and non-wage earners, formal and informal sector activities. In comparing the wage sector to the national employment data, the rural, agricultural sector is not gaining: despite providing 78% of total employment in Kenya, only 20% of the sector was wage employed. In contrast, the largest proportion (74.6%) of wage employment was in Nairobi and Mombasa.

The indication is that despite the fact that the rural sector supports the major share of Kenya's population, most of the unemployed people are attracted to the high wage sector that is concentrated in major towns. The earnings differences between the two sectors are substantial, and thus it is not surprising that most school graduates are reluctant to consider employment in the rural sector.

For instance, in 1981, the annual flow of primary and secondary school graduates was 340,000, and it was expected to increase to 460,000 by 1985 (Kenya, 1981). These youngsters cannot be absorbed into the urban wage sector; alternative employment opportunities must therefore be created in rural areas as well as in urban informal activities. Because the distribution of industrial activities is skewed towards the major cities, incentives will be required to redistribute such
activities into smaller towns.

According to the 1978 Informal Sector Survey, there were a total of 113,937 unregistered employed in Kenya. Unregistered employment, or that in the informal sector, is that sector of the economy that is not recognized, formally, by the government. Of these, 63.33% were in the small towns and rural areas. Estimation of unregistered employment as conducted by the government is a head-count survey of informal sector activities throughout the nation's towns and rural places. Since there are difficulties in defining and locating unregistered employment, these figures may have been underestimated (Wescott and Obudho, 1982). Nevertheless, this sector does seem to provide smaller towns with some useful sustenance.

Urban Growth Patterns

Kenya's small towns evolved as a result of their respective positions within the colonial system of government. Nairobi's initial development had a great deal of impact on the distribution of smaller towns in the country. Nairobi served as the main processing center for agricultural produce, and it was also the communication and administrative center since the early colonial periods. Linkages that were established with colonial settlements influenced the development of many of the smaller towns in the agriculturally productive areas. This is why there is a skewed distribution of urban places in Kenya; most small towns lie along the Central-Rift Valley-Nyanza corridor, with few towns outside this stretch.
According to the first census of population, in 1948, Kenya had a total of 17 towns which made up 5.1% of the total population. Of these towns, only one, Nairobi, had a population of more than 100,000; the majority of these towns had populations between 2,000 and 4,999. As indicated in Table 3, by 1962, the number of towns with 2,000 and more inhabitants had increased to 34.

By 1979, there were a total of 90 towns in Kenya; three had populations of over 100,000, 13 were in the 20,000 and 99,999 range and the majority, 37 of them were between 2,000 and 4,999. The increase in the number of towns, especially after 1962, could be explained by the removal of restrictions on the movement of Africans. During the colonial era, migration into towns was curtailed by the various restrictions imposed, directly or indirectly, by the government. For instance, as already mentioned, the provision of housing for African workers was discouraged because their labor was considered transitory; males were encouraged to migrate into towns without their families, and thus, there was constant movement between rural areas and towns.

Towns that attained the highest growth rate were those in the 20,000 to 99,999 range. These towns increased at an annual rate of 13.9% while those in the 10,000 to 19,999 range grew at 7.1% per year. As shown in Table 4, increases in the number of small towns has been accompanied by the declining share of total urban population in the two largest cities.
TABLE 3
TOWN DISTRIBUTION AND SIZE IN EACH GROUP

<table>
<thead>
<tr>
<th>Size</th>
<th>1948</th>
<th>1962</th>
<th>1969</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>Over 100,000</td>
<td>1</td>
<td>2.88%</td>
<td>2</td>
<td>5.88%</td>
</tr>
<tr>
<td>20,000-99,999</td>
<td>1</td>
<td>5.88</td>
<td>2</td>
<td>5.88</td>
</tr>
<tr>
<td>10,000-19,999</td>
<td>2</td>
<td>11.78</td>
<td>3</td>
<td>8.82</td>
</tr>
<tr>
<td>5,000-9,999</td>
<td>3</td>
<td>17.65</td>
<td>11</td>
<td>32.35</td>
</tr>
<tr>
<td>2,000-4,999</td>
<td>10</td>
<td>58.82</td>
<td>16</td>
<td>47.07</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100.00%</td>
<td>34</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Urban Population
as a % of Total
Population

<table>
<thead>
<tr>
<th>1948</th>
<th>1962</th>
<th>1969</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1%</td>
<td>7.8%</td>
<td>9.9%</td>
<td>15.1%</td>
</tr>
</tbody>
</table>

Source: Wescott and Obudho, 1982. p.34

Nairobi and Mombasa made up 73.9% of total urban population in 1948, but by 1962 this share had declined to 66.6%. By 1969 the share had increased slightly to 70%, but by 1979 had decreased to 49.3%. This decline could perhaps be explained by the expansion or redefinition of town boundaries.

The highest annual growth rates between 1969 and 1979 were recorded in Kisumu (16.8%), Eldoret (10.7%) and Kericho (11.4% Table 4). Small towns increased their share of urban population tremendously. In 1948, the small towns share was only 17%, it was 33.4% in 1962, and by 1979 it was 49.3%.
TABLE 4
KENYA: ANNUAL GROWTH RATES AND PERCENTAGE OF URBAN POPULATION OF SELECTED CENTERS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nairobi</td>
<td>5.9%</td>
<td>9.7%</td>
<td>4.0%</td>
<td>43.2%</td>
<td>39.8%</td>
<td>47.1%</td>
<td>35.9%</td>
</tr>
<tr>
<td>Mombasa</td>
<td>5.5%</td>
<td>4.5%</td>
<td>3.3%</td>
<td>30.7%</td>
<td>26.8%</td>
<td>22.8%</td>
<td>14.8%</td>
</tr>
<tr>
<td>Nakuru</td>
<td>5.7%</td>
<td>3.1%</td>
<td>7.0%</td>
<td>6.4%</td>
<td>5.7%</td>
<td>4.4%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Kisumu</td>
<td>5.6%</td>
<td>4.7%</td>
<td>16.8%</td>
<td>4.0%</td>
<td>3.5%</td>
<td>3.0%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Thika</td>
<td>8.7%</td>
<td>4.1%</td>
<td>8.4%</td>
<td>1.6%</td>
<td>2.1%</td>
<td>1.7%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Eldoret</td>
<td>6.4%</td>
<td>1.1%</td>
<td>10.7%</td>
<td>3.0%</td>
<td>2.9%</td>
<td>1.7%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Nanyuki</td>
<td>6.9%</td>
<td>1.6%</td>
<td>5.1%</td>
<td>1.5%</td>
<td>1.6%</td>
<td>1.1%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Kitale</td>
<td>2.8%</td>
<td>3.2%</td>
<td>9.3%</td>
<td>2.3%</td>
<td>1.4%</td>
<td>1.1%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Malindi</td>
<td>N/A</td>
<td>9.3%</td>
<td>7.8%</td>
<td>N/A</td>
<td>9.0%</td>
<td>1.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Kericho</td>
<td>6.5%</td>
<td>4.0%</td>
<td>11.4%</td>
<td>1.2%</td>
<td>1.2%</td>
<td>0.9%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Nyeri</td>
<td>8.0%</td>
<td>3.4%</td>
<td>13.6%</td>
<td>1.0%</td>
<td>1.2%</td>
<td>0.9%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Other towns</td>
<td>13.7%</td>
<td>76.6%</td>
<td>15.7%</td>
<td>5.3%</td>
<td>13.2%</td>
<td>14.4%</td>
<td>28.9%</td>
</tr>
</tbody>
</table>

Total Urban Population 6.6% 7.1 7.9 100.0% 100.0 100.0 100.0

<table>
<thead>
<tr>
<th>Small towns as percent of Urban Population</th>
<th>17.0%</th>
<th>33.4%</th>
<th>30.0%</th>
<th>49.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1948</td>
<td>1962</td>
<td>1969</td>
<td>1979</td>
</tr>
</tbody>
</table>


The annual growth of the two largest cities is shown to have declined between 1969 and 1979. At the same time, Nairobi's share of urban population went down from 47.1% in 1969 to 35.9% in 1979. Mombasa's is shown to have undergone a steady decline from 1948 to 1979. Together, these two cities accounted for about 50% of the total urban population in 1979.

Wescott and Obudho (1982) explained that factors that contributed to these patterns include the improvement of the transportation network,
the reduction in the income gap between rural and urban areas in addition to the increasing costs of living in Nairobi and Mombasa. However, data on the distribution of wage employment suggest that absolute gains in this sector have been marginal in small towns.

### Wage Employment

In 1966, Nairobi had 49.6% of total wage employment in Kenya, followed by Mombasa, with a total of 20% (see Table 4). While the latter declined (19.5%) in 1977, the former increased its share to 56.8%. The two cities had a combined share of 76.3% in 1977, an increase from 69.6% in 1966. However, by 1981, Nairobi's share had declined slightly to 55.5%.

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nairobi</td>
<td>139800</td>
<td>235405</td>
<td>284534</td>
<td>49.61%</td>
<td>56.85%</td>
<td>55.52</td>
</tr>
<tr>
<td>Mombasa</td>
<td>56400</td>
<td>80631</td>
<td>94796</td>
<td>20.01</td>
<td>19.47</td>
<td>18.50</td>
</tr>
<tr>
<td>Kisumu</td>
<td>14200</td>
<td>17820</td>
<td>16699</td>
<td>5.04</td>
<td>4.30</td>
<td>3.26</td>
</tr>
<tr>
<td>Thika</td>
<td>5500</td>
<td>12038</td>
<td>14513</td>
<td>1.95</td>
<td>2.91</td>
<td>2.83</td>
</tr>
<tr>
<td>Nakuru</td>
<td>13400</td>
<td>16225</td>
<td>19682</td>
<td>4.76</td>
<td>3.92</td>
<td>3.84</td>
</tr>
<tr>
<td>Nyeri</td>
<td>5300</td>
<td>5755</td>
<td>8514</td>
<td>1.88</td>
<td>1.39</td>
<td>1.66</td>
</tr>
<tr>
<td>Eldoret</td>
<td>8900</td>
<td>8745</td>
<td>15878</td>
<td>3.16</td>
<td>2.11</td>
<td>3.10</td>
</tr>
<tr>
<td>Kericho</td>
<td>2100</td>
<td>2570</td>
<td>6365</td>
<td>0.75</td>
<td>0.62</td>
<td>1.24</td>
</tr>
<tr>
<td>Malindi</td>
<td>1100</td>
<td>3077</td>
<td>4041</td>
<td>0.39</td>
<td>0.74</td>
<td>0.79</td>
</tr>
<tr>
<td>Kitale</td>
<td>3100</td>
<td>4479</td>
<td>6454</td>
<td>1.10</td>
<td>1.08</td>
<td>1.26</td>
</tr>
<tr>
<td>Others</td>
<td>32000</td>
<td>27311</td>
<td>41012</td>
<td>11.36</td>
<td>6.60</td>
<td>8.00</td>
</tr>
<tr>
<td>Kenya?</td>
<td>281800</td>
<td>414056</td>
<td>512488</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>STTs</td>
<td>85600</td>
<td>98020</td>
<td>133158</td>
<td>30.62</td>
<td>23.67</td>
<td>25.98</td>
</tr>
<tr>
<td>Nbi+Msa</td>
<td>196200</td>
<td>316036</td>
<td>379330</td>
<td>69.62</td>
<td>76.33</td>
<td>74.02</td>
</tr>
</tbody>
</table>

In the small towns, the performance of wage employment has been fluctuating. In 1966, these towns' share of wage employment was 30.4%, but in 1977, the concentration had declined to 23.7% and by 1981, this share increased slightly to 26%, a gain of two percentage points. In comparison to the population percent share where small towns accounted for about 50% of the total in 1979, wage employment in small towns was only 26% of national total in 1981. This difference maybe explained by the possible unemployment, by the non-wage sector possibly by a disproportionately large number of children in small towns in contrast to Nairobi and Mombasa. If the latter possibility is correct, then previous changes cannot account for the gaps.

As shown in Tables 6 and 7, the rate of change in wage employment within various places indicates that, although the small towns' share did not increase dramatically, some of these places made significant improvements.

Between 1966 and 1977, small towns had a 14.5% overall (11 year) increase while Nairobi and Mombasa had 61.1%. In the following period, 1977-1981, the latter's rate overall (4 year) increase was shown to be 20.0% while that of small towns was 35.8%. Overall, between 1966 and 1981 the larger cities are shown to have had a higher rate of increase, 93.3%, of wage employment than did the small ones, 55.6%.

As shown on Tables 6, small towns like Thika, Nyeri, Nakuru, Eldoret, and Kericho have had significant changes since independence.
Between 1966 and 1977, the highest rate of increase was recorded by Malindi, on the coast, with a 179.8%. This high rate of increase is attributed to the growth of the tourist industry in the country. Thika recorded the second highest increase 118.9% in the same period. Part of this is due to the expansion of the manufacturing industry. This town is in close proximity to the city of Nairobi and has been one of the most expansive of the smaller towns in Kenya.

In comparison to the two large cities of Nairobi and Mombasa, small towns had an increase of 14.5% while the former had 61% increase between 1966 and 1977. However, in the following period between 1977 and 1981, small towns had a much higher rate of 35.8% as opposed to 20% in Nairobi and Mombasa. There were significant changes in towns within the Rift Valley province, for example, Kericho, Eldoret, and Kitale, which recorded percent increase of 148%, 82%, and 44% respectively. These trends are due to the improvement in the production of tea and textiles in the region. Another significant increase was in the 'others' category with a growth rate of 10.16% in the same time period. This category is made up of other smaller towns (and rural centers) with a population of less than 20,000 in the 1979 census. This latter group of towns is not included in this discussion.

Overall, wage employment in Kenya had a percent increase of 23.8% between 1977 to 1981 and, although the small towns increased their share to 35.9% in the same period, the two large towns of Nairobi and Mombasa combined have had a higher level of increase (93.3%) since independence.
TABLE 6

RATE OF PERCENT INCREASE IN WAGE EMPLOYMENT

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percent Increase</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nairobi</td>
<td>68.39%</td>
<td>20.87</td>
<td>103.53%</td>
</tr>
<tr>
<td>Mombasa</td>
<td>42.96</td>
<td>17.57</td>
<td>68.08</td>
</tr>
<tr>
<td>Kisumu</td>
<td>25.49</td>
<td>-6.29</td>
<td>17.60</td>
</tr>
<tr>
<td>Thika</td>
<td>118.87</td>
<td>20.56</td>
<td>163.87</td>
</tr>
<tr>
<td>Nakuru</td>
<td>21.08</td>
<td>21.31</td>
<td>46.88</td>
</tr>
<tr>
<td>Nyeri</td>
<td>8.58</td>
<td>47.94</td>
<td>60.64</td>
</tr>
<tr>
<td>Eldoret</td>
<td>-1.74</td>
<td>81.57</td>
<td>78.40</td>
</tr>
<tr>
<td>Kericho</td>
<td>22.38</td>
<td>147.67</td>
<td>203.10</td>
</tr>
<tr>
<td>Malindi</td>
<td>179.73</td>
<td>31.33</td>
<td>267.36</td>
</tr>
<tr>
<td>Kitale</td>
<td>44.48</td>
<td>44.09</td>
<td>108.19</td>
</tr>
<tr>
<td>others</td>
<td>-14.65</td>
<td>50.17</td>
<td>28.16</td>
</tr>
<tr>
<td>SITs</td>
<td>14.51</td>
<td>35.85</td>
<td>55.56</td>
</tr>
<tr>
<td>Nbi+Msa</td>
<td>61.93</td>
<td>20.03</td>
<td>93.34</td>
</tr>
<tr>
<td>KENYA</td>
<td>46.93</td>
<td>23.77</td>
<td>81.86</td>
</tr>
</tbody>
</table>

Source: Calculations from statistical abstracts, 1979, 1982.

The reasoning here is that although these small towns are shown to have increased their shares of wage employment, a further expansion would have been possible if the shares in Nairobi and Mombasa had not increased as substantially as they did between 1966 and 1977. Marginal additions to an already existing (large) wage sector subsume absolute increases that would otherwise accrue to smaller towns. Nevertheless, not only were overall percent increases in small towns greater in 1977 to 1981, annual growth rates between 1973 to 1978 in wage employment, sector by sector, reveals that smaller towns had higher levels of growth than large ones (Table 7).
### TABLE 7

**WAGE EMPLOYMENT BY MAJOR TOWNS AND SELECTED INDUSTRY**

Annual Growth rates 1973 - 1978

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nairobi</td>
<td>16.8%</td>
<td>6.3</td>
<td>4.8</td>
<td>2.9</td>
<td>8.6</td>
<td>1.3</td>
<td>3.6</td>
</tr>
<tr>
<td>Mombasa</td>
<td>4.7</td>
<td>8.5</td>
<td>7.4</td>
<td>2.6</td>
<td>13 %</td>
<td>7.5</td>
<td>5.8</td>
</tr>
<tr>
<td>Kisumu</td>
<td>6.9</td>
<td>13.8</td>
<td>2.6</td>
<td>0</td>
<td>5.7</td>
<td>5.1</td>
<td>4.9</td>
</tr>
<tr>
<td>Nakuru</td>
<td>9.2</td>
<td>3.0</td>
<td>3.3</td>
<td>-11 %</td>
<td>16</td>
<td>0</td>
<td>3.0</td>
</tr>
<tr>
<td>Thika</td>
<td>10.7</td>
<td>-18 %</td>
<td>3.6</td>
<td>0</td>
<td>27 %</td>
<td>1.8</td>
<td>1.0</td>
</tr>
<tr>
<td>Eldoret</td>
<td>16.5</td>
<td>27 %</td>
<td>6.3</td>
<td>-10 %</td>
<td>0</td>
<td>6.4</td>
<td>9.1</td>
</tr>
<tr>
<td>Others</td>
<td>18.0</td>
<td>9.3</td>
<td>15 %</td>
<td>20 %</td>
<td>14.8</td>
<td>10.6</td>
<td>1.3</td>
</tr>
<tr>
<td>Total</td>
<td>6.3</td>
<td>6.9</td>
<td>6.5</td>
<td>3 %</td>
<td>9.8</td>
<td>4.3</td>
<td>5.4</td>
</tr>
<tr>
<td>STs *</td>
<td>12.7</td>
<td>8.2</td>
<td>10.2</td>
<td>4.3</td>
<td>12.5</td>
<td>8.4</td>
<td>9.5</td>
</tr>
<tr>
<td>NBI/MSA</td>
<td>3.7</td>
<td>6.6</td>
<td>5.4</td>
<td>2.7</td>
<td>9.4</td>
<td>2.6</td>
<td>4.1</td>
</tr>
</tbody>
</table>

* Small Towns.

Source: Calculations based on 1978 Economics Survey

In small towns the highest growth was in manufacturing, with 12.7%, followed by business services, 12.5% and trades, 10.2%. Nationwide, the highest growth was in the business service sector with a 9.8% annual rate. The town with the highest rate of growth was Eldoret, with a rate of 9.1% of growth annually. This growth rate is attributable to the expansion of the textile industry in the Rift Valley province. In manufacturing, Nairobi and Eldoret had the highest annual growth rates of 16.8% and 16.5% respectively.
Unregistered Employment

As mentioned earlier, unregistered employment is increasing rapidly. There is a prevalence of unregistered employment, namely, that referred to as the informal sector, in most small towns. According to government estimates, there were 113,937 unregistered economic activities in 1978 (Kenya, Informal Sector Survey, 1978). Because the sector is not registered or accounted for, these government estimates may be biased downward in light of the nature of the informal sector. In a study conducted by the ILO Mission to Kenya in 1972, it was shown how informal sector activities - petty trading, shoe shining, tailoring, street hawking, etc.- are far from being marginally productive. These activities are economically efficient despite their small sizes, use of simple technologies, and low incomes.

The prevalence of these activities in smaller towns (see Table 8) is due to the ease in which individuals are able to enter into production. Furthermore, the reliance on family resources, ownership, small scale of operation, and emphasis on skills (rather than formal education) makes these activities attractive to a large section of the population.

As indicated in the table, about 70% or 80,727 of these activities in 1978 were in urban areas. Rather than remain unemployed, a large group of people in small towns enter the informal sector. Given the low incomes in the rural areas, unregistered employment is a better alternative, and there is potential for increasing income through these
activities. These 1978 statistics show the magnitude of this sector on three levels: Nairobi and Mombasa, the smaller urban places, and the rural centers had almost equal shares. In manufacturing, the highest share of 41.1% was concentrated in the two large cities while small towns and rural trading centers had 30.6% and 28.2% of the total respectively. (See Table 9.) These two groups, combined, had over 60% of total shares of unregistered employment.

Important issues that surface here are related to the manner in which unregistered employment is classified. It was mentioned earlier that there was no reliable classification method, therefore, it could be speculated that underestimation may have occurred throughout, especially in the larger towns where these activities are more numerous given the large population and hence, the difficulty in maintaining a proper count. Wescott (1980) argued that the combination of all informal and formal businesses employing less than twenty persons account for over half of all total non-farm employment in Kenya. As further pointed out by Wescott and Obudho (1982), if indeed this is correct, assuming there was a uniform underestimation of the informal sector in all urban places, then it could be possible that the growth of informal sector and small scale employment may have grown in proportion to the labor force. To qualify this statement, if wage employment growth rate is higher than that of labor force and if informal plus formal employment (with less than twenty persons in each enterprise) accounts for over half of all non-farm labor force, the growth rate of informal sector must be less than that of the total labor force. In addition, with a rapidly increasing population growth rate, labor force rate is probably below that
This qualification therefore helps in explaining the growth of the informal sector: if wage employment is not expanding, certainly the informal sector is able to absorb part of the total labor force.

### TABLE 8

**UNREGISTERED EMPLOYMENT BY TOWN - 1978**

<table>
<thead>
<tr>
<th>TOWN</th>
<th>Mfg.</th>
<th>Trade</th>
<th>Services</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nairobi</td>
<td>4271</td>
<td>22398</td>
<td>4997</td>
<td>31908</td>
<td>28.00</td>
</tr>
<tr>
<td>Mombasa</td>
<td>2725</td>
<td>6373</td>
<td>747</td>
<td>9872</td>
<td>8.66</td>
</tr>
<tr>
<td>Kisumu</td>
<td>670</td>
<td>4352</td>
<td>758</td>
<td>5920</td>
<td>5.20</td>
</tr>
<tr>
<td>Thika</td>
<td>419</td>
<td>1645</td>
<td>442</td>
<td>2584</td>
<td>2.27</td>
</tr>
<tr>
<td>Embu</td>
<td>282</td>
<td>1333</td>
<td>253</td>
<td>1876</td>
<td>1.65</td>
</tr>
<tr>
<td>Karatina</td>
<td>270</td>
<td>995</td>
<td>240</td>
<td>1533</td>
<td>1.35</td>
</tr>
<tr>
<td>Nakuru</td>
<td>270</td>
<td>1636</td>
<td>595</td>
<td>2592</td>
<td>2.27</td>
</tr>
<tr>
<td>Nyeri</td>
<td>247</td>
<td>838</td>
<td>313</td>
<td>1405</td>
<td>1.23</td>
</tr>
<tr>
<td>Eldoret</td>
<td>202</td>
<td>1076</td>
<td>322</td>
<td>1630</td>
<td>1.43</td>
</tr>
<tr>
<td>Meru</td>
<td>194</td>
<td>1254</td>
<td>320</td>
<td>1783</td>
<td>1.56</td>
</tr>
<tr>
<td>Machakos</td>
<td>190</td>
<td>742</td>
<td>268</td>
<td>1207</td>
<td>1.06</td>
</tr>
<tr>
<td>Kisii</td>
<td>182</td>
<td>818</td>
<td>186</td>
<td>1215</td>
<td>1.07</td>
</tr>
<tr>
<td>Kericho</td>
<td>156</td>
<td>911</td>
<td>137</td>
<td>1220</td>
<td>1.07</td>
</tr>
<tr>
<td>Webuye</td>
<td>152</td>
<td>557</td>
<td>123</td>
<td>832</td>
<td>0.73</td>
</tr>
<tr>
<td>28 others</td>
<td>1979</td>
<td>11153</td>
<td>1823</td>
<td>15150</td>
<td>13.30</td>
</tr>
<tr>
<td>Total Urb</td>
<td>12210</td>
<td>56081</td>
<td>11524</td>
<td>80727</td>
<td>70.85</td>
</tr>
<tr>
<td>Rural Ctr</td>
<td>4806</td>
<td>23956</td>
<td>4178</td>
<td>33210</td>
<td>29.15</td>
</tr>
<tr>
<td>G/Total</td>
<td>17016</td>
<td>80037</td>
<td>15702</td>
<td>113937</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Informal Sector Survey, 1978
### TABLE 9

**UNREGISTERED EMPLOYMENT BY SECTOR - 1978**

Percentage Shares

<table>
<thead>
<tr>
<th>Category</th>
<th>Manufact.</th>
<th>Trades</th>
<th>Services</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nbi+Msa</td>
<td>41.11%</td>
<td>35.95%</td>
<td>36.58%</td>
<td>36.67%</td>
</tr>
<tr>
<td>SITs</td>
<td>30.64</td>
<td>34.12</td>
<td>36.81</td>
<td>34.18</td>
</tr>
<tr>
<td>Rural Centers</td>
<td>28.24</td>
<td>29.93</td>
<td>26.61</td>
<td>29.15</td>
</tr>
<tr>
<td>G/Total</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>STs* and Rural Centers</td>
<td>58.89</td>
<td>64.05</td>
<td>63.42</td>
<td>63.33</td>
</tr>
</tbody>
</table>

* Small Towns

Source: Based on data from the Informal Sector Survey, 1978

If indeed migrants are attracted by employment opportunities in urban areas (Harris and Todaro, 1970), then population in small towns is increasing consistent with this argument: these towns are the closest areas to rural places, they seem to provide alternatives to rural poverty and, although incomes are lower than those in Nairobi or Mombasa, costs of living are lower than those in urban areas. Rempel's (1975) study on migration trends in Kenya showed that a majority of migrants into Kenya's towns were males between 15 to 25 years with a relatively good education. Factors that influence migration include the perceived 'better' urban conditions as opposed to rural poverty. Thus, efforts to eliminate rural poverty need to consider the manner in which small towns could make a positive contribution to the development process.
Analysis and Conclusions

The high population growth rates observed in Kenyan towns are an indication that smaller towns are sharing in the overall changes taking place in the Kenyan economy. Most important is the fact that the nation is experiencing a high population growth rate which is currently estimated to be at 4% annually (World Bank, World Development Report, 1984). Coupled with this phenomenon is the reality that the wage employment sector is not growing fast enough to keep up with the growing labor force.

In 1981 the dependency ratio was 40:60, that is, 40% of the population supported 60% of the population. This latter group was made up of those under 20 years old (Kenya, Development Plan 1984-1988). If the nation's current population growth rate is sustained, development efforts will be dampened. In addition, employment within the wage sector has been growing at an average of 3% annually. As shown in Table 10, between 1976 and 1981 employment in the urban informal sector was growing at a rate of 4.7% while that of the modern sector grew at 3.5%. Other sectors such as agriculture and the rural non-farm employment grew at rates of 2.7% and 3.6% respectively. The residual shown in the table is an estimate of the underemployment as well as open unemployment, which is shown to have been growing at 12.2% between 1976-1981. It should be noted that because of the nature of agricultural production - where most production is of a subsistence form, conducted by small, family operations - it is difficult to use the concept of unemployment freely. This is because those in the rural agricultural sector are
engaged in productive work part of the year.

TABLE 10

EMPLOYMENT AND IMPUTED UNEMPLOYMENT

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor force</td>
<td>5.473</td>
<td>6.598</td>
<td>3.8</td>
</tr>
<tr>
<td>Employment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Scale Agriculture</td>
<td>2.665</td>
<td>3.040</td>
<td>2.7</td>
</tr>
<tr>
<td>Pastoralists</td>
<td>0.390</td>
<td>0.445</td>
<td>2.7</td>
</tr>
<tr>
<td>Modern Sector</td>
<td>0.915</td>
<td>1.086</td>
<td>3.5</td>
</tr>
<tr>
<td>Rural Non-farm</td>
<td>0.990</td>
<td>1.180</td>
<td>3.6</td>
</tr>
<tr>
<td>Urban Informal</td>
<td>0.125</td>
<td>0.157</td>
<td>4.7</td>
</tr>
<tr>
<td>Total Employment</td>
<td>5.085</td>
<td>5.908</td>
<td>3.0</td>
</tr>
<tr>
<td>Residual</td>
<td>0.388</td>
<td>0.690</td>
<td>12.2</td>
</tr>
</tbody>
</table>


Given that formal employment has not been growing enough to absorb the growing labor force, the informal sector has grown because it provides an alternative solution to the employment problem. The increasing population pressure in rural areas means that less land per capita is available for cultivation, and it therefore becomes important for rural society to pursue alternative employment opportunities. Small towns provide these opportunities closer to the rural environment.

In light of these conditions, smaller towns are increasingly providing the "easier" options that are sought by the rural population. The informal sector, characterized by ease of entry, its small scale
production, and its high labor intensity, serves the bulk of the population. Following the 1972 ILO report, the Kenya government relaxed its restrictions on the sector in most urban areas. As a result, unregistered employment expanded significantly.

Does the role of the informal sector in increasing population in Kenyan small towns indicate that these places have the potential needed to generate further development? In the next section, we examine this question in an effort to defend the argument in favor of small town development.

Considering an Alternative Strategy

Arguments in favor of the development of small towns essentially suggest the adoption of different planning strategies. These are strategies that differ from those currently in use in many countries of the third world. A majority of current and traditional strategies have been influenced by theories of growth that advocate the diffusion of development from the center.

Hirschman's (1958) unbalanced growth concept argued that economic development should be concentrated in a few sectors at first, and hence regional inequalities in the initial stages of development were inevitable. In time, as diffusion occurs, these inequalities may disappear. Like Perroux's (1955) growth-pole theory and Myrdal's (1957) balanced growth theories, all stressed the need to select a few dynamic sectors as the crucial elements in achieving equitable spatial develop-
In this category of theories Friedman's (1966) core-periphery tried to formulate the most comprehensive model of development in the less developed areas, maintaining that development is a discontinuous, cumulative process of innovation originating in the core and diffused to the peripheral regions (Friedman, 1973). The common theme that runs through these theories is that development should be centrally administered, a "top-down" systems approach that, in Africa, has been criticized for failing to link the urban and rural spatial systems (Stohr and Taylor, 1981; Obudho, 1982), most strategies in African countries are urban oriented and only attempt to improve the conditions in the urban subsystem; the result is an increase in the rural-urban migration.

Infrastructural development in rural and smaller urban areas has not been proportional to that of larger urban areas because each of these sectors is viewed in isolation despite their inter-relatedness. Because the trickle-down effects have been minimal or non-existent altogether, the alternative would be to invest in small towns and rural areas directly. This typifies the "bottom-up" or planning from below approach (Taylor, 1979; Stohr and Taylor, 1981), a concept that seeks to reorient development policies towards the issues of poverty. Strategies in this approach are basic-needs oriented, labor intensive, small-scale, rural centered, and call for the use of appropriate technology.

The bottom-up approach seeks to alleviate rural poverty through the creation of agro-urban, small-scale development units within smaller
towns and thereby aid in reducing the regional inequities that exist in most nations. Once the infrastructure within these small central places has been established, the spatial organization will consist of a network of a balanced system that will eventually be able to link and stimulate the commercialization of agriculture, savings, and investment activities. It is argued that this will encourage increased productivity, employment, and demand in the rural areas, thereby consolidating the rural population into the larger economic centers (Rondinelli and Ruddle, 1978).

To recapitulate, proponents of small town development base their arguments on the 'primacy' issue, a pattern to be discouraged as it is responsible for skewing the benefits of growth. Despite meaningful attempts to separate the advantages and disadvantages of small town and large city growth, the available literature lacks clarity in articulating the real issues concerned. In contrast, the argument in favor of changing the approach or overall strategy of development that will, in the process, transform these smaller places is fairly well articulated. Direct investment in these towns, agricultural development, and decentralization are ideas that suggest central government control/direction of planning activities be altered; that smaller places should be given more autonomy. This type of approach, as explained earlier, will enable smaller towns to become more closely tied to the rural hinterlands. While this rationale is basically sound, it also means that a big 'push' will be required before any of these smaller places develop further (Hansen, 1982).
The push would presumably have to be undertaken by the central government because investments are much too large to be undertaken by private enterprise or the small towns themselves. Therefore, while we concur that small towns are indeed essential to the development of rural areas, it is not clear whether adopting bottom-up approaches will bring about the necessary changes as efficiently as suggested by the literature. To move towards a 'bottom-up' approach, the central government, through typical top-down methods, will have to administer the required social and economic overhead capital that is lacking in most small towns. This is why Hansen argued (1982) that small town development may occur much more efficiently not by the sole use of bottom-up approaches but through the combination of both bottom-up and top-down strategies.

Regional differentiation, country size, nature of the economy, among other issues, will greatly determine the rate at which small towns in a given place will develop (See the Appendix for an illustration). The successful development of a given small town, say in Kenya, will depend on the method of implementation used in carrying out investment decisions.

The next sub-section gives a summary recommendation for action in Kenya's small towns development.

Summary Recommendations

Regional differentiation issues: The need to determine target towns in each region is important; here, we are concerned over the location and growth potential of town(s) in relation to the large(st)
city in the area; impact on region/nation.

Town functions: These are viewed in relation to the overall economic structure of the country; we need to know the main industrial (if any) configurations; their performance viz-a-viz others in the economy. Those to be developed should be consistent with regional economic characteristics, e.g. agriculture or mining. The fastest growing sectors of the economy should be targeted for development. (See for example, those specified in Table 7.)

Acknowledgement of the growth and contribution of unregistered employment: Identify those activities that are most prevalent (under the premise that there is a market for such activities); co-ordinate possible co-operative groups in these activities under the direction of the Ministry of Co-operatives; expand these activities and integrate them into the mainstream (e.g. kiosks or eating canteens to be extended to become small-to-medium restaurants under a co-operative managment).

Implementation: Coordination of development by the various parties and ministries under the supervision of the Ministry of Finance and Planning; the town council/government role is critical here.

Where this may seem a simplistic approach to a complex issue, it is worth noting that it is, nevertheless, the start of a meaningful articulation of events that are critical to small town expansion and growth. The appendix presents a hypothetical case that further serves to illustrate the issues involved in small town development in Kenya.
APPENDIX

THE IMPACTS OF AN INVESTMENT DECISION

Efforts to develop small towns need to make a thorough review of existing inter-sectoral relationships and how these will be affected by any investment decisions. This appendix presents a hypothetical case to illustrate how backward and forward linkage concepts may further complicate decision making with a decentralized environment.

In 1984, the Kenya government decided to decentralize planning activities in the country. This decision has given each district, of which there are forty, a certain amount of input in plan formulation that was previously not provided. My (hypothetical) case draws upon the current situation in one of the most undeveloped areas in the country, the district of Kilifi, in the coastal region of Kenya.

Kilifi district is basically a dry region, nevertheless, some of its areas harbor potential for increases in agricultural production. In the past five years, cotton production has steadily risen, partially due to the introduction of an irrigation project. At the moment, the district Development Committee, composed of government officers, local leaders and several citizens, is contemplating an expansion of the small textile mill, Kilitex, located in the town of Malindi, the largest urban center in Kilifi.
The consensus is that expanding the existing mill should provide employment to the large "residual" labor force estimated to be about 90 percent of the total labor force in the district (Kenya, 1983). At the moment, most of the cotton produced in the area is shipped to the Rift Valley region where a number of the major textile manufacturers in Kenya are located. Before presenting its proposal to the national government, the District Development Committee needs to find out what impacts an increased investment to Kilitex will have on the region. The data available will be obtained from the national input-output tables; it should be noted that the inter-industrial relationships or inter-urban relationships are not well-articulated in these data. Regional data are still scanty. In addition, no specifications on the magnitude of the investment increase are given.

This case is complex because it is embedded within the overall, national economy. The national development strategy requires that all investments should comply with the growth-center policy that has been adopted. Malindi has been identified as a growth-center as have been others in the Rift Valley area. Increasing investment in Kilitex may be problematic: it could induce a decrease in textile production in the Rift Valley, it might also require the government to augment cotton farming in Kilifi or elsewhere in the country. Whatever approach is taken, the problem poses several local and national political conflicts.

In order to analyze the impact of the anticipated investment increase, therefore, we need to examine the regional as well as the national impact because Kenya is a small country that relies heavily on
the export sector. In addition, agricultural production is one of the most important sectors in the country's economy. In this analysis, we are interested in knowing what the impacts will be on both the regional as well as the national level; we also need to determine which sectors of the economy will be most affected. Because of the great variations in the regional structure, or even the socio-economic issues, the sectoral impact will be important, especially where agriculture is concerned: most of the poor are located in rural areas and subsist on small-scale farming.

We will need to define the magnitude of the investment in terms of jobs to be created, income and output to be augmented. Also, we need to define the nature of the inter-relationships of productive activities that will develop. For instance, we will want to know how this investment will affect employment patterns in the whole of Kilifi as opposed to those of an alternative location in the Town of Malindi and how Kilifi district's increased output will, directly as well as indirectly, affect the textile production in the Rift Valley region, or even the economy of Mombasa, Kenya's second largest city situated close to the district. Such an examination could well be examined through input-output analysis, a technique that will allow us to disaggregate the given information in order to measure the total multiplier effect of the investment.

In input-output theory, each sector's inputs are considered another sector's output so that each is a producer as well as a purchaser and, consequently, each sector is dependent on others: the agricultural
sector purchases insecticide from the manufacturing sector which, in turn, purchases pyrethrum from the agricultural sector, and so on.

The disaggregation should be able to explain where the inputs will come from. The extent to which other inputs are supplied locally will depend on the existing economic structure and, for example, given that cotton production in Rift Valley is partially dependent on Kilifi cotton production, we will have to know by how much each of the regions (and sectors involved) must grow to keep up with the new investment.

This illustration supports an earlier comment: however attractive 'bottom-up' strategies may be, their success and applicability will depend on central government development priorities given certain constraints. Even though small town development may indeed facilitate the reduction of imbalances, important political, social and economic tradeoffs must be made.
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