

The Diplomacy of Democratization:

Kenya's Negotiations with Brettonwood Institutions 1989 - 2002 //

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DECLARATION

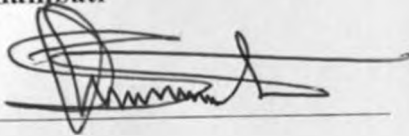
Students Declaration

I declare that this research thesis proposal is my original work and that it has not been presented to any other institution for academic credit.

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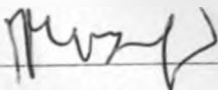
Supervisor's declaration

This research project proposal is submitted for examination with my approval as
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DEDICATION

I dedicate this research to my loving husband Peter Kiambati, Son Francis Kanyora

Kiambati and daughter Susan Muthoni Kiambati

ACKNOWLEDGEMENT

I got an opportunity to finalize this thesis from IDIS in 2012 having not completed it as I ought to have in 2007. I am grateful to IDIS for the six months extension to finalize this work.

The determination to finalize the work came perhaps from appreciation of the circumstance that caused the delay. The years following the 2007 post elections were difficult for all Kenyans. For myself and my family there were chain of painful situations culminating in the passing away of our lovely daughter Evelyn Mumbi Kiambati in March 2011 at the age of 24 yrs.

Gratitude goes to my husband Peter Kiambati, Son Francis Kanyora Kiambati and daughter susan Muthoni Kiambati for being there through the dark hours.

I am very grateful to them for encouraging me to pick up my life again and work towards completion of this work.

My gratitude goes to Professor Mwagiru for being patient with me and Dr. Rev Geoffrey Njuguna for standing by my family through it all.

To all who participated in the smallest way. I acknowledge with gratitude all your effort.

ABSTRACT

Sub-Saharan Africa has at least since 2nd World War; been highly integrated into the world economy. On the face of it, this integration should have lead to a higher sustained growth. It however has not but instead African Populations have continued to dwell in abject poverty. Debt and aid dependence have also exposed every African country, including Kenya to the multi-lateral lending programmers of the IMF and WB.

The lending programmers focused on a standard set of macro-economic issues; public service reforms which included reduction in Public expenditure, the wage bill, liberalization of trade, domestic commodity prices and exchange rates, Privatization and other reforms. Policy reforms were first pursued by the BWI through SAPS. Since the early 1980s, bilateral and multilateral donor agencies jointly exerted pressure on recipient governments like Kenya to implement major changes in the way they managed their economies. BWI have sought to influence the government policy towards poverty reduction and democratization. Through the SAPs programmers, BWI often sought ownership of these programmers by government.

The way to do this is often through diplomacy which is at the core of the business of IR. Diplomacy is the exercise by governments of power in the international component of national life. It includes management of IR through negotiation.

This study examines the diplomatic process between Kenya and BWI in the period 1989 – 2002. It looks into how this process was influenced by the inter - play of both international and domestic politics; the negotiations that took place and its impact on the democratization process in Kenya. The study in conclusion, gives its own findings on whether democratization was part of the diplomatic process.

LIST OF ABBREVIATION

IR	-	International Relations
BWI	-	Bretton Woods institution
IBRD	-	International Bank for Reconstruction and Development
USA	-	United States of America
IMF	-	International Monetary Fund
WB	-	World Bank
IFRA	-	Institute Francais de Recherche en Afrique
SAC	-	Structural Adjustment Credit
ESAF	-	Enhanced Structural Adjustment Facility
PRGF	-	Poverty Reduction and Growth Facility
OECD	-	Economic Cooperation and Development
NGOs	-	Non Governmental Organisations
UN	-	United Nations

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CHAPTER ONE

Introduction to the Study

An international monetary system is a means for adjusting imbalances in international payments. Effective adjustment of these imbalances can be promoted by international cooperation but it requires above all the alteration of domestic policies to achieve international solutions, a politically difficult task.

In July 1944, representatives of forty four states met to create a new international monetary order. Foremost in their minds was the collapse of the international system in the 1930s. In those years, economic rate devaluations, the formation of competing monetary blocs and the absence of international cooperation contributed greatly to economic breakdown, domestic instability and war. The goal at the Bretton Woods meeting was to establish an international economic system that would prevent another economic and political collapse and military conflict. It was the international consensus that previous monetary systems that relied primarily on market forces had proved inadequate.¹ The officials at Bretton Woods meeting were prepared to establish a publicly managed international monetary order.

After the Bretton Woods consensus, it was agreed that the international system be based on frequent exchange rate changes supplemented by financing and changes in national economic policies. These national economic policy changes often resulted and still result in tension between international adjustment needs and domestic political requirements in international monetary relations.

¹ For earlier systems of management, see Robert Triffin, The Evolution of the International Monetary Fund System: Historical Reappraisal and Future Perspectives, (Princeton, N. J. International Finance Section, Department of Economics, Princeton University, 1964); Stephen V. O. Clarke, Central Bank Cooperation, 1924-1931 (New York: Federal Reserve Bank of New York, 1967).

Membership to the Bretton Woods institutions is made up of all states developed industrialized and newly industrialized and the less developed countries. Most of the least developed countries welcomed the idea of belonging to the Bretton Woods system because of the foreign aid that they could access in terms of loans and grants. At the Washington consensus² meeting, it was decided by members of the international financial systems that economic crises facing developed countries would be approached in the same way through liberalization, fiscal austerity and prescribed measures which according to the institution, if applied consistently as recommended would result in healthy growth rates and eventually transform into viable democracies.

The states that were willing to adopt this standard program then entered into negotiations with the World Bank. Kenya was one of the states that accepted and was consequently placed under the structural adjustment program in 1986 through a series of negotiations. Kenya's negotiation with Bretton Woods during this period was part of the diplomatic process that this study looks into. The diplomacy engaged at the time was concerned with negotiations about Bretton Wood rules to democratize. This study examines the process of that diplomacy and its outcome.

1.1 Statement of Research Problem

The end of the Cold War gave the United States of America and other western countries the freedom to support genuine struggles for freedom in Africa and elsewhere. It brought about a shift in US foreign policy to support democratization. This shift in foreign policy which happened soon after the collapse of the Soviet Union was as a result of a bitter disillusionment on the part of western aid donors. They had independently come to the conclusion that economic development could not be pursued

²Washington consensus meeting: Refers to market fundamentalism, the neo-liberal doctrines or market fundamental American Adjustment, Washington Institute of international Economics 1989.

in isolation from accountable and responsive governance. It had finally dawned on donors that development assistance to dictatorships in Africa had generally proved disastrous and had not had the desired impact on development in the countries where such aid had been pumped into. As a result, by the late 1980s western aid agencies and foreign ministries were beginning to rethink their policies and strategies fundamentally.

The perfect illustration of the link between domestic and international politics is best illustrated by the political situation in Kenya since independence. In its path to democracy Kenya has gone through internationalization of issues by the media, ethnicity, human rights, and governance, transparency and accountability issues. All these have often turned Kenya's domestic politics into international issues. The impact of diplomacy in international relations and domestic politics has had such a close interaction that it is difficult to divorce the one from the other.

The emergence of developing states in articulating their interests in the international system through both bilateral and multilateral agreements saw the rise of commercial and economic diplomacy. The newly emerging states started to desire to sustain improvement in the quality of life of their peoples. In Kenya this began to bring into sharp focus Kenya's foreign policy that had hitherto never been confronted. The social, political and economic challenges that were emerging at the domestic level were a reflection of the need for a new brand of diplomacy.

It is this interaction between diplomacy and domestic politics and how they were played out through the Bretton Wood institutions that informs this study. The research sets out to study the relationship between Kenya and its donor partners, namely the Bretton Woods's institutions, the diplomatic process that took place, and the negotiations that were undertaken. The study sets out to examine whether the diplomatic process involved had any impact on the democratic process in Kenya in the period 1989 - 2002.

1.2 Objectives of the Study

The aim of this research study is to examine the:

- (a) diplomatic process between Kenya and Bretton Wood Institutions (1989 – 2002) was influenced by the intermesticity of international versus domestic politics,
- (b) The negotiation that took place and analyze their impact on the outcome of democratization in Kenya,
- (c) Democratization as part of the diplomatic process.

1.3 Literature Review

The fields of diplomacy, democratization, international systems, International politics and many others is the field of IR and can be defined as the study of relationships between countries, the role of states, intergovernmental organizations, inter-non-governmental organizations, multinationals and much more. The actors in IR include entities such as international organizations, multi-National Corporations, environmental organizations and even terrorist groups which are all part of what could more correctly be termed as world politics.³ The study of international relations ranges from balance of power politics and economic structures at the international level to the ideological and conceptual predispositions of individual leaders. Over the years IR adopted theories, paradigms and images that attempt to explain how or why some things happen, but within specific tenants. Diplomacy a field of study within IR, is the study of relations between actors in the system. It is the study of the mechanisms, processes and rules by which these relations are rendered functional. These definitions recognize that diplomacy is a

³ Allyn and Bacon, Theory, Images and International Relations

child of its times and that the manner in which nations deal with one another is an uncertain amalgamation of responses to current pressures and opportunities.

The state which evolved from the Westphalia Treaty is among the many actors of diplomacy. This is because interstate relations are characterized by both conflict and co-operation. Each state therefore seeks to maximize on its advantages while minimizing on disadvantages within the system. There is nothing at the international system to bind the state actors amongst each other, there is no control over the territorial state and as a result it makes diplomacy somewhat more complicated. This is perhaps the reason why diplomacy developed over the years as the state look for ways of fulfilling their many interests.

The beginning of the most rudimentary diplomacy then was the signing of simple treaties. As the state actors started to enjoy equally the benefits deriving from treaties, customs and other sources of law it was free to enter into treaty relationships that were binding unless or until circumstances changed to such an extent that the original treaty became irrelevant.

Despite these complications the state actor concept developed and slowly started to emerge with unique characteristics such as the principle of sovereignty.⁴This sovereignty established the exclusive domestic authority of a government. It was based on a monopoly over the legitimate use of force and the principle that no state had the right to interfere with the domestic affairs of another state. The underlying assumption was that all states are legally equal. Regardless of size, age type of government, natural resources and all other things that distinguish states from each other.

How states act in the international arena depends in large measure on their geographical resources and historical backgrounds and the environment in which they

⁴ The principle that underlies the relations between all states of legal jurisdiction or political authority.

co-exist with other states.⁵ In the state system, each member—especially the great powers and its principle actors – is prone to a high degree of insecurity. In the absence of a world government able to safeguard it, each state must depend on itself for its self preservation and safety. National leaders therefore tend to regard their counterparts as potential adversaries, threats to their country’s territorial integrity and political independence. Indeed the very nature of the state system breeds insecurity, distrust, suspicion, and fear. In view of this “security dilemma⁶,” and in the absence of a world government, a balance of power among the strongest states is required to keep this volatile system from breaking down. As the balance of power among states shifts at both the regional and global levels, it alters the strategic environment, defines the options available to states, and informs their policy choices.⁷ This is the environment that has always informed politics in the international arena.

This study pointed out those international relations may refer to all forms of interactions between the members of separate societies whether government sponsored or not. It includes the analysis of foreign policies or political processes between states. This is because politics is a purposeful activity. Political parties and candidates seek office not just for prestige and titles but also to govern. They do so to preserve, change or overthrow past practices and socioeconomic conditions in the country. So in the same way is foreign policy is purposeful in its actions. A foreign policy is designed to sustain or alter a current object, condition, or practice in the external environment. How states act in the international arena depends in large measure on their geographical resources and historical backgrounds and the environment in which they co-exist with other states.⁸ In

⁵ Hook, W. Steven & Spanier, John, American Foreign Policy Since World War 11, pp5

⁶ Security dilemma -

⁷ Op cit pp 6

⁸ Hook, W. Steven & Spanier, John, American Foreign Policy Since World War 11, pp5

the state system, each member—especially the great powers and its principle actors – is prone to a high degree of insecurity.

One of the greatest philosophical products of the European-Enlighten Era that has sought to bring understanding to the international system is liberalism, a school of thought that has had profound impact on the shape of all modern industrial societies. Liberalism has championed political freedom, democracy and constitutionally guaranteed rights, and privileged the liberty of the individual and equality before the law. Liberalism has argued for individual competition in civil society and claimed that market capitalism best promotes the welfare of all by most efficiently allocating scarce resources within society.⁹ It was liberal thought especially after the Cold War that informs the influence of economic liberalism and proposes preconditions for a peaceful world order.

For Liberals, peace can be perpetual as it is fundamentally a question of establishing legitimate domestic orders throughout the world. This argument introduces the dual themes of domestic legitimacy and the extent to which liberal democratic states exercise restraints and peaceful intentions in their foreign policy. Kant argues that the laws of nature dictate harmony and cooperation between peoples.¹⁰ The establishments of republican forms of government in which rulers are accountable and individual rights are respected leads to peaceful international relations because the ultimate consent for war rests with the citizens of the state (Kant 1970: 100).

Democracy is a term used widely by the proponents of the Liberal school of thought. It is a concept that originated from the Greeks and implies a form of government in which all eligible citizens have equal say in the decisions that affect their lives. Democracy allows eligible citizens to participate equally or through elected

⁹ Scott Burchill, Andrew Linklater, Richard Devetak, Jack Donnelly, Matthew Paterson, Christian Reus-Smit and Jacqui True, Theories of International Relations, published 2005 by Palgrave Macmillan, pp55.

¹⁰ Scott Burchill, Theories of International Relations, third edition, published 2005 by Palgrave Macmillan, pp 59

representatives. It encompasses social, economic and cultural conditions. There are several variants of democracy but two main ones; firstly, direct democracy where eligible citizens have a direct and active participation in the decision – making process of their government; secondly, is where the whole body of eligible citizens remains the sovereign power but political power is exercised indirectly through elected representatives.

In the absence of a world government able to safeguard it, each state ultimately must depend on itself for its self preservation and safety. National leaders therefore tend to regard their counterparts as potential adversaries, threats to their country's territorial integrity and political independence. Indeed the very nature of the state system breeds insecurity, distrust, suspicion, and fear. In view of this "security dilemma"¹¹, and in the absence of a world government, a balance of power among the strongest states is required to keep this volatile system from breaking down. As the balance of power among states shifts at both the regional and global levels, it alters the strategic environment, defines the options available to states, and informs their policy choices.¹² This is the environment that has always informed politics in the international arena.

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Doyle 1986:1161 argues that the republican government's commitment to the rule of law, individual rights and equality before the law and representative government based on popular consent means liberal democracies hence little interest in conflict with each other and has no grounds on which to contest each other's legitimacy. They have constructed a separate peace. This explanation is supposed to strengthen the argument that liberal democratic states do not resolve their differences violently.¹⁵

There exists in IR a discipline known as the global political economy or also known as international political economy. It is a discipline that analyses IR in combination with political economy. It is concerned with the way political forces (states, institutions, individuals and actors and others) shape the systems through which economic interactions are expressed and the effect of that interaction. This

¹³ Scott Burchill, Andrew Linklater, Richard Devetak, Jack Donnelly, Matthew Paterson, Christian Reus-Smit and Jacqui True, Theories of International Relations, published 2005 by Palgrave Macmillan, pp55.

¹⁴ Scott Burchill, Theories of International Relations, third edition, published 2005 by Palgrave Macmillan, pp 59

¹⁵ Op cit, pp 60

includes the power of collective markets and individuals acting both within and outside them and their interaction upon the political structures and outcomes.

It was within this political economic system that an International Monetary System known as the Bretton Woods institution (BWI) was formed. IBRD is now a part of World Bank and was responsible for making speedy post war recovery and promotion of economic development.¹⁶

BWI is therefore a management system established with rules for commercial and financial relations among the world's major industrial states. BWI is the first example of fully negotiated monetary order intended to govern relations among independent nation states. It is a system of rules, institutions and procedures that regulate the international monetary system.

Just as any national economy needs accepted money, so the international economy requires an accepted vehicle for investment of trade and payments. Unlike national economies, however the international system lacks a central government that can issue currency and manage its use. Historically, this problem has been solved through the use of gold and national currencies. In the 19th and first half of the 20th centuries, gold played a key role in international monetary transactions. Gold was used to back currencies, the international value of currency was determined by its fixed relationship to gold, and gold was used to settle international accounts. The British pound was a supplement to gold.

Based on the dominant British economy, it became the reserve, transaction and intervention currency. After World War II the US dollar became the key international currency. Dollars were held as reserves by central banks; the dollar became the unit for international trade, investment and finance and was used to intervene in exchange

¹⁶ Edward S. Mason and Robert E. Asher, The World Bank since Bretton Woods (Washington, D. C. Brookings Institutions, 1973), PP. 34.

markets to maintain fixed exchange rates. The use of the dollar however eventually became a central problem for managing the system, efforts to replace it, including the creation of international money failed.

Thus after two years of bilateral negotiation, the United States and the United Kingdom, the world's leading economic and political powers drew up a plan for a new system of international monetary management.¹⁷ The Anglo-American plan, approved at Bretton Woods became the first publicly managed international monetary fund. For a quarter of a century, international monetary relations were stable and provided a basis for growing international trade, economic growth and political harmony among the developed market economies.

In the period between 1815 to World War one, the structural models of the state in Europe were characterized by the balance of power principles, accumulation of power (Imperialism), and entering alliances with western European states. The tight Bi- polar model emerged after the Second World War and was described as tight because there were only two states that were balancing power by virtue of being the only two states that had the Atomic bomb.

Between 1955 and mid 1960s, the Soviet allies started to lose confidence in allies such as Eastern Europe and the allies started to get dissatisfied with the Soviet Union. Khrushchev was at this stage trying to tone down communism while the United States of America was starting to lose their grip on their satellite states in Latin America and Africa. With the collapse of the Soviet Union and thereby end of the cold war, it was assumed that power would be distributed equally within the international system such as to Europe, China, Japan, Soviet Union and USA to form a Multi- Polar balance of power.

¹⁷ See Richard N Gardener, Sterling-Dollar Diplomacy in Current Perspective. The Origins and Prospects The interactions of these units constitute what is known as the world systems of our International Economic Order, (New York: Columbia University Press, 1980) Chs 1 and 2.

This was however not to take place but was instead taken over by a Uni - polar system where the USA took over as the hegemony of international system.

After the First and Second World Wars, USA, showed a global economic ideology which clearly shaped its national interests. USA's hegemonic leadership is characterized by positive propagation of its ideology and a negative propagation of other ideologies in an attempt to influence policies of other foreign states. A hegemonic power normally wants to dictate which path foreign countries should follow and often uses its ability to influence the price of specific goods to alter the incentives and political influence of societal actors in foreign countries. The hegemony also uses ideas and ideology to structure public opinion and political agenda in other countries so as to determine what forms legitimate and illegitimate behavior of foreign governments.

The Second World War brought with it an injection of Cold War diplomacy due to the bipolar politics that were at play between the US and the Soviet Union. During these two periods the United States of America pursued markedly different foreign policies towards Africa. The Cold War period of (1960–1970s) saw Kenya and most of the African states just gaining their independence.

This period which coincided with the Cold War era saw Kenya considered of strategic importance to the United States of America due to the existing tension between the United States of America and the Soviet Union. Like most of the other African countries, Kenya had become a battle ground for the superpower influence. The relationship between Bretton wood institutions in Kenya should be analyzed in the context of the Cold War and the post Cold War period.

Up to 1980, US foreign policy to Kenya and Africa was geared towards preventing the Soviet Union from having any influence on the African continent. Foreign aid and assistance was pegged to the ideology that a state adopted. The relationship

between Kenya and USA at this time was good as Kenya's policy aimed at providing an environment that would permit it to build a mixed economy through a capitalist system.¹⁸ America's diplomacy during the Cold War on the other hand was seeking to manipulate her political reality according to its superpower position and its need to contain the Soviet Union after World War II.

1.4 Justification of the Study

The United States and other major bilateral and multilateral donors are likely to continue conditioning aid to Africa on their terms and values such as, democracy, human rights, accountability good governance and whatever other agenda they may desire to promote in the international arena in the future. Indeed as inter-state interactions become more compounded by forces of globalization, there is every likely hood of increased diplomatic pressure on state actors. The age of globalization promises to be terribly complex, being democratic and prosperous for some but worse, bringing more conflict and poverty to others. Economic, military and political power will be diffused among a greater number of states and non state actors. All these are likely to occur in a world with few rules. As Kenya makes its journey through international politics and enters into the arena of world politics, there is a need to enhance and strengthen its tools of intervention.

Among the most important of these tools will be the instruments of diplomacy. That is why a study of how diplomacy was conducted at a most crucial period in Kenya's history is of great relevance. Berridge (2002) points out that diplomacy as a political activity and a major ingredient of power.¹⁹ It follows therefore that the discipline needs to be nurtured and developed to serve the country to deliver its diplomatic and foreign policy commitments. One way of doing this is through careful study of the discipline.

¹⁸ G. Arnorld, Modern Kenya (London: Longman Group Limited, 1981), pp 94.

¹⁹ Berridge, G R. (2002). Diplomacy, Theory and Practice, 2nd Ed, Palgrave, 2002 pp.

Furthermore, whereas there is a wealth of scholarly literature on the IMF, World Bank and structural adjustment policies from a social–political and economic perspective, there is very little data available on Kenya’s diplomacy, Kenya’s diplomatic process and negotiations. This study hopes to bridge the literature gap that exists in this area and to examine both the process and the outcome of the Bretton Woods-Kenya diplomacy. The study will therefore add not only to academic knowledge in the field of Kenya’s diplomacy but will be useful to the practitioners of diplomacy in Kenya.

1.5 Theoretical Framework

In order for a state to protect its national interests and to survive in an increasingly chaotic international environment, it must pay attention to its national security. In the traditional understanding, national security was external and focused on the outside. This approach was based on the Westphalia model of a state and the balance of power principal.²⁰

For the third world countries however this model is inappropriate as most of the security problems facing these countries are internal rather than international. In looking at issues of security in these countries, a more contemporary approach is required.

Barry Buzan in his book, “People, States and Fear” argues on four security arenas that need to be addressed in a country’s national security; namely: Individual, People, the regime in power and the security of the state. Buzan argues that in the third world countries there are situations where the citizen needs protection from the state itself. In order to conceptualize these rather complicated issues of national security, the traditional approach looks at national security from the “three legged African stool” imagery. The

²⁰ Westphalia Treaty of 1857 that created the beginning of the modern state. Signaled the acceptance of a New World Order not only in Europe but also in Africa.

architectural basis of this model formulates national security on three tangible pillars, namely; economic, military and diplomacy.

Despite the conceptual richness of this approach however, it bears very major shortcomings such as not taking into account the emerging security concerns of the third world. Such important domains as the socio – cultural, psychological and co-ordination aspects of national security are down played as opposed to the legal concepts. These shortcomings of the three legged African stool model therefore, suggests the need for re-conceptualization in order to take into account all the issues raised.

This is the re-conceptualization behind the bar stool model. This model introduces the fourth leg of the stool which takes on board other aspects of security especially in the third world. The four legged stool adds a new source of national power composed of the society that does not feature in the traditional model of national security. The concept builds directly into the aspect of the need for a co-ordination mechanism that joins the military leg, the economic, and the diplomatic and the societal thereby tying them and relating one to the other in a cohesive manner. The four legged stool recognizes the importance of threats and vulnerabilities.²¹

1.6 Hypotheses

In order to achieve the objectives of this study, three hypotheses will be tested;

(a) That diplomacy and negotiations between Kenya and the Bretton Wood Institutions (1989 – 2002) was influenced to a very great extent by events that took place at the international system. Kenya had a very little control over these events despite the fact that they facilitated initiation of process of democratization in Kenya and elsewhere in Africa.

²¹ Barry Buzan, *people states and fear: an agenda for international security studies in the post cold war Era* (London: Harvester wheatcsheny. 1991) P 112

(b) The diplomacy and negotiations between Bretton Wood and Kenya did not impact the democratization Process in Kenya and the diplomatic style applied did not safeguard Kenya's national interest. The national security issues facing Kenya continued to inform the domestic politics and ensured internal conflicts that hindered full maturation of the democratic process in Kenya.

1.7 Research Methodology

This study was conducted using the document analysis method. Document analysis is the systematic examination of instructional documents. It describe the act of reviewing the existing documentation of comparable process or systems in order to extract pieces of information that are relevant to this study. The method there considered the project requirements of this research project. The focus of the analysis is critical examination rather than on description of the document.²²

The method involved reading lots of written material. A document here refers to something that can be read and which relates to some aspects of the social world. Some of the documents analyzed included published books. Government documents international reports newspapers, research papers, journals and internet sources.

1.8 Chapter Outline

The study is divided into five chapters. Chapter one is the introduction which includes a literature review of the whole study and touches on the themes of the study such as the membership, the relationships between member states and the rules of the Bretton Woods Institution in the period prior to 1989 up to 2002. Chapter two discusses the relationship between Kenya and the Bretton Wood Institutions. Chapter three looks at the concept of diplomacy and Kenya's negotiations Woods Institutions. Chapter four critically analyses

²² Chism,NVN (1999) Peer review of teaching: a source book Belton MA: Anchor Publishing

the main themes of the study democratization, diplomacy, negotiating the relationship between Kenya and the Bretton wood Institutions. Chapter five will wind up the study by way of summary a critical analysis, conclusions and recommendations.

Kenya and Bretton Wood Institutions

Introduction

The main theme of the study is the relationship between Kenya and Bretton Wood Institutions. The study will look at the history of Bretton Wood Institutions, their role and functions and relationship between the two.

In the second part, we look at the Kenyan state or nation and its roots to the encounter between the Western and African worlds and dates back to the 15th century. It also excludes Kenya's encounter which can be traced to the back partition of Africa. Partitioning of Africa was as result of the European mercantilism. Since then the World system has slowly evolved into the European global expansion and the industrial revolution which eventually led to colonization of African civilizations. The impact of these international trends on both the African continent and third World countries are commensurate with the process of state formation in the 21st century.

The imposition of a state system in Africa created a political development process that was different from the European one, because in two key respects. First, African states were not primarily the construct of a single hegemonic ethnic group, as was the case in Western Europe or the United States. Several African countries contained groups that could assert legitimacy on equal terms, but state institutions did not grow out of self-indigenous political processes of their making.

CHAPTER TWO

Kenya and Bretton Wood Institutions

2.1 Introduction

This chapter looks at the relationship between Kenya and Bretton Wood Institutions. It gives a brief background of Kenyan history in the first section and continues to define Bretton Woods Institutions, their roles and functions and relationship between the two.

In the second part, we look at the Kenyan state or nation and its roots in the encounter between the Western and African worlds and dates back to the 15th century. It also excludes Kenya; encounter which can be traced to the back partition of Africa. Partitioning of Africa was as result of the European mercantilism. Since then the World system has slowly evolved into the European global expansion and the industrial revolution which eventually led to colonization of African civilizations. The impact of these International trends on both the African continent and third World countries sits uncomfortably with the process of state formation in the 21st century.

The imposition of a state system in Africa created a political development process that was different from the European experience in two key respects. First, African states were not primarily the construct of a single hegemonic ethnic group, as was the case in Western Europe or the United States.¹ Several African countries contained groups that could assert hegemony on independence, but state institutions did not grow out of any indigenous political processes of their making.

¹ Antony D. Smith, "*The Ethnic Origins Of Nations.*" (Oxford : Blackwell, 1986)

The entity called the Kenyan state therefore is a post - colonial construction that was created over the years under conditions of colonial oppression and exploitation. Colonialism was a dictatorial, violent and an insensitive penetration of the African lifestyle, economies, politics and social life. The forceful imposition of this western administration over the indigenous people over time produced a nationalist initiative that would eventually lead to the political independence and the granting of self - government to the Kenyan state.

For many people political independence was viewed as the path to the end of the economic and social injustices of the colonial era. Economically colonialism had linked Kenya tightly to the world's capitalist system which was dominated initially by Europe and later by United States of America. In this system African countries and Kenya included were to produce raw materials and import selected manufactured goods – each largely determined by colonial capitalism². Many African countries including Kenya did not effect any major ideological or structural break with the former colonial state's administrative and economic infrastructures. To date there appears to be a crucial linkage between the former colonial inherited institutions and the political leadership which took over government as the elite of the period of independence.

2.2 The Politics

During this period one of the key aims in the desire for political independence was not only the transfer of political power but also the hope for a better life. For most of the Kenyan people and indeed Africans, the attainment of political independence represented a struggle to regain dignity and respect. Frantz Fanon reminds us that under

² Anthony D Smith "the Ethnic Origins Of Nations"Oxford: Blackwell, 1986

colonialism, “the native was insensible to ethics; he was actually represented as the enemy of values, and in this sense he is the absolute evil.”³

In the transfer of power during independence the national political elite assumed the administrative responsibilities and duties previously discharged by the colonial authorities. The newly formed Kenyan government therefore administered a sovereign nation. In Kenya the position of attaining political power was reached through an armed struggle and a forcible ouster of the colonizer.

Political independence was therefore expected to bring not only political and economic emancipation from European control but perhaps the much more overlooked emotional side of freedom and dignity. This included a cultural renewal and reassertion. The current political, economic and social upheavals facing most African countries (including Kenya) has perhaps proved that political independence alone if not accompanied by economic independence, a cultural renewal and social integration of values is not enough to bring about the desired change. The nationalistic objective of bringing about improvement in the standard of lives for Kenyans therefore continued to be an illusion for the greater majority of the population.

It soon become an acceptable fact for the greater number of the population a few people especially the few in positions of power exploited the institutions that were inherited to enrich themselves and left the rest of the population poor and stagnant. It came obvious that most of the opulent living seen amongst the wealthy was “derived “in large measure from patronage and manipulation of political authority.”⁴

³ Frantz Fanon, ” *The Wretched Of The Earth.*” (New York, Grove Press, 1963), p41

⁴ Carter and O'meara, “*Introduction.*” pxiii

The end of the twentieth century and the beginning of the twenty first centuries therefore were marked by a growing division across the vast continent of Africa. Most of the countries including Kenya seemed caught up in a downward spiral of authoritarian, ethnic chauvinism, war – lords and collapsing state institutions.

2.3 The Economy

One of the key factors that fuelled nationalism and a driver towards political independence was a desire of the African people for “better lives” and improved living conditions for the native peoples. Imperialism in contrast was economic exploitation. It was done without regard to Kenya’s and Africa’s development. All economic structures and infrastructure were developed with Europe in mind. Agriculture for example was done through selection of Agricultural crops. Manufacturing was introduced at a minimal level and was not intended to enrich the majority of the Africans but the colonial powers. The political economic system that was established deliberately entrenched Kenya to a phenomenon of under development.⁵ From the beginning there Kenya’s economic development faced two key challenges; the inherited economic institutions that were established had no capacity to lead to a sustained growth and development. The other issue that has persisted as a challenge at this period and even now is the issue of leadership.

2.4 Kenya during the Cold War Period - (1960 – 1980s)

After independence therefore Kenyans who had come from a period of nationalism sought to transform her inherited colonial institutions. The majority of the

⁵ Rodney, *“How Europe Underdeveloped Africa.”*

citizens longed for a total transformation that would bring about new institutions that would serve the culture, the needs and the aspirations of the newly independent society. This transformation is what the people of Kenya identified as nation building. This would however require men of vision and men of public affairs to be at the helm in order to define immediate and finite ends and to devise the means to that end.⁶

Consequently, on Independence Day the first president of the Republic of Kenya – Mzee Jomo Kenyatta promised that his government would build a democratic African socialist state. The idea was that the benefits of economic and social development would be distributed equitably, that the differential treatment based on tribe, race, belief or class would be abandoned and that every national would be given equal opportunity to improve his lot. Many people hoped that that the new government needed to stimulate development to meet the people's needs. These needs included land shortage, scarcity of capital, resources and skilled manpower, industrialization and that the economy which was heavily in the hands expatriates would be moved to the Africans.

The new government however chose to an authoritarian leadership style that preserved most of the colonial institutions such as the provincial administration, the police and the law and order aspect. Right from the very beginning of the making of the nation of Kenya therefore there emerged a disagreement between two groups of leaders with differing schools of thought. One this groups was pushing for a transfer of power and an expansion of services; they wanted those services immediately; and wanted the

⁶ W. R. Ochieng, "*A History Of Kenya*" (London, Macmillan, 1985), p144.

government to respond to the need for capacity to various popular demands recognized. The government in response refused to respond in a populist manner.⁷

All above notwithstanding the first two decades after independence, brought about a healthy growth rate to the Kenyan economy. There were considerable improvements in the social indicators such as household incomes, health, education, life expectancy and others. This growth of the 70's and early 80's served a neo-colonial purpose. Kenya was presented as a good model of what adoption of a capitalist development path heralded.

At the international system the Second World War had brought about a bi-polar system. The two super powers of the East and the West were busy establishing spheres of influence both in Africa and Asia. The United Kingdom having been the hegemony was relenting its leadership position and the United States of America was beginning to emerge as the world leader. For the USA therefore, Kenya's status as a bastion of capitalism made it a useful bulwark against communism in the region, especially because the US wished to keep a watchful eye on communist infiltration into the country. To bolster their interests and cordon off Kenya, the US guaranteed foreign assistance to Kenya for as long as the local leadership maintained their support for the West and kept a capitalist outlook.⁸

By the mid-1980s, Kenya was still being lauded as a model economy that was "compatible with an improvement in the living standards of the mass of people"⁹ As to whether the rates of growth were compatible with improvement in the living standards of

⁷ William R. Ochieng, *"Structural And Political Changes – The Kenyatta Era, 1963 - 1978"* Eastern African Studies, James Currey. E.A.E.P. Ohio University Press.

⁸ Attwood, W. (1967). *The Reds and The Blacks: A Personal Adventure*. New York, NY: Hutchinson.

⁹ Mosely, P (1982) " *Kenya In The 1970s: A review Article*". African Affairs, Vol. 81, No.323.

the masses it was debatable. What however was not in doubt was that the growth record achieved at the time was spurred through state interventionism. The logic of the state – led model of accumulation was to enable the state to correct previous imbalances and begin an era of nation building based on local needs. This involved government control of the development process through the entrenchment of parastatals and marketing boards to oversee the management of agriculture and industry, the strengthening of district and provincial offices to ensure state oversight over policy design and the implementation processes.

It also included state provision and subsidy in the health, education, energy, infrastructure and water services. In the early years after independence therefore it was the state that regulated the licensing of businesses and trade, controlled Agriculture, regulated taxes and controlled foreign exchange systems and prices. In other words the success of the 1960s and 1970s was as a result of state intervention. At a political level however it was interpreted to mean a virtual monopoly of dos and don'ts.¹⁰

The economic problems that affected Kenya's economic performance in the 1980s must be located in above history of the personalized rule initiated by Kenyatta and inherited by the Moi regime. The system during their tenure of office concentrated power in the presidency at the expense of the countervailing institutions. Kenyatta put in place a domineering network of loyal provincial and district officials who represented him at various local levels. What emerged was a presidential authoritarianism over the state finances which were exercised with little or no accountability.

¹⁰ Atienon – Odhiambo, E.S. (1987) “Democracy And The Ideology Of Order In Kenya.” in M.G. Schatzberg (ed.), The Political Economy Of Kenya. New York, NY: Praeger.

By the end of Kenyatta's rule, Kenya faced serious political and economic problems. As economic performance worsened the political leadership was unable or unwilling to create stability in the economy or to institute measures to ensure growth, and to guarantee democracy and basic rights to citizens. Instead the leadership chose to legitimately blame the world economic crises of the 1970s. This inability to address the real reasons for the political and economic crises that affected the new state ensured that fundamental crevice that hindered development continued.

It was therefore not possible to birth the dream state that would deliver on the nationalist's dream of a coherent state whose objectives included political equity, social justice, and human dignity, including freedom of conscience, freedom from want, disease and ignorance. In the early years of state building the actual challenge was political authority and nation building which required creating unity amongst heterogeneous ethnic groups and providing them with avenues for political participation and distributing scarce resources equitably.

2.5 Kenya during the Post Cold War Period. (1980 – 2002)

The late 1980s was characterized by major fluctuations in the GDP growth rates, macro-economic instability, declining foreign investment, rising public indebtedness, and deteriorating relations with donors.¹¹ Deterioration in the economic, performance continued into the 1990s despite the fact that there was more serious implementation of Structural Adjustment policies, especially after the donors suspended aid to Kenya in November 1991, citing poor implementation of economic and political reforms.

¹¹ Republic of Kenya, Official Handbook 1983, Chapter 5, For, "The current Performance, The Kenya Economy" See "The Economic Survey 1993" (Nairobi, Government Printer, 1993.)

As Kenya's economic performance worsened markedly in the 1990s due to inefficient use of Public Resources, the cost of doing business soared up, conditions of security deteriorated and a significant fall in external capital inflows was evidenced. Poor governance practices led to a tense relationship between Kenya and the World Bank group. For several years, assistance was generally limited to social development and emergency operations.

In 1991, in an exercise designed to force the Moi regime to curb corruption and initiate economic and political reforms, the donor government suspended their annual practice of pledging aid to Kenya. Instead of the earlier harmonious relationship between the two parties the World Bank called for a series of structural adjustments. This included reduction of the civil service and privatization of the largely ineffective parastatals sector. The Donor Community maintained that the Kenya government had not made enough progress in implementation of the Structural Adjustments.¹² The government though in an acute need of aid, was unwilling to undertake the reforms demanded by its traditional donor supporters. With this tug of push and pull between donor partners and Kenya, it was beginning to look like the so called Kenyan economic miracle was no more, the once "Prosperous Paradise amid the chaos of the Horn of Africa" was fast becoming "a shambles."¹³

In response to these crises, the Kenya government blamed "a neo-colonial conspiracy" and other hostile external factors. It is true especially in the 1980s and 1990s that other domestic issues and interests were at play on Kenya's political landscape. The Moi administration at this time was riddled with appalling corruption, administrative

¹² For the Resulting Confrontation between Kenya government and its international backers. See Agence France Presse, Renter Europe Business Report and Horace Awori Report, "Airlines".

¹³ Economist, 24th April, 1993.

ineptitude and economic mismanagement. In addition there was a prevailing environment of intellectual repression which provided little or no opportunity for sensible debate of the crisis and therefore effectively precluded any alternative analysis of the role played by internal factors¹⁴ to the crises.

By the 1990s Kenya's image as one of the most corrupt states had become well known and the World Bank being at the forefront suspended aid to Kenya government in 1993 despite the introduction of multiparty democracy in 1992. The World Bank maintained that Kenya had not made enough progress in the implementation of all the conditionality's required by the structural Adjustments. In 1997 Dr. Richard Leakey and a group of young Turks were appointed by the World Bank to head a "clean up" campaign of the government. This appointment marked a new shift in the relationship between the Bretton Wood Institution and not only Kenya but Africa in general. From this point onwards the stream of development funds flowing into Kenya had dried up and the World Bank had taken firm control thereby sending a clear message that non accountability of donor funds would no longer be tolerated. More importantly, was the clear signaling that donor funding would only follow the growth of democracy.

The Bank and its associated agencies and donor countries had stepped directly into Kenya's political arena in order to preserve their financial interests. Such an unprecedented move was to have far-reaching implications for the future governance of Kenya and other East African Regions at large. The message of the World Bank was loud and clear, "that unabated corruption and mismanagement would no longer be tolerated by the world's top financial institutions - (Bretton Wood, any longer).

¹⁴Africa Betrayed, George B. N. Ayittey, 1992, St. Martin's Press, New York, pp. xv, xvi.

In order to rein home this fact to the Kenya Government, Dr. Leakey was appointed to two of perhaps the most vital administrative positions in the country – the Head of Civil Service and Secretary to the Cabinet. Four days later he was appointed Director of the Central Bank of Kenya. He and his team could now mention all the avenues through which corruption flowed since their salaries were being paid by the World Bank. Bretton Wood had flexed its muscles in its plan of directly taking charge of all the country's financial management in the region's future recovery plans. The World Bank and her related institutions had from this point taken charge of Kenya's political and fiscal management.¹⁵ Perhaps what the Bretton Wood institutions had done by so doing was to start to bring the problem of democratization greater focus and thereby created an entry point for various groups such as the Kenyan citizens, non- governmental organizations, and even the Government to pay greater attention to the problem.

The shock therapies administered by Bretton wood Institutions were collectively called SAPS. These were designed by Bretton Wood and were a set of policy and fiscal austerity measures designed to stabilize African economies in the short term, reverse their declining economic performance and in the long run, re- engineer and ensure economic sustained economic development.

That there was a governance problem in the centralization of power in the presidency, there is no argument. The centralized power encouraged forms of state intervention in the economy that benefitted a few political actors while slowly eroding political and economic competition. While it was true that the Kenyan leadership failed in

¹⁵ Ibid.

their governance responsibility, donors also failed to consider the impact of SAPS on state legitimacy. Their policies led to endless alteration between the Kenya government and the BWI that constituted the politics of adjustment in Kenya¹⁶. Ideally, political decision should seek to attain a balance between efficient management for sustained development and effectiveness of reform. This can only be judged on the basis of the rewards that are an outcome and are released to the citizens in general.

The relationship between the Kenya government and the donors during this period therefore can only best be described as one of double standards on both sides. There appeared to be a recognizable trend on the part of Bretton Wood Institutions to have what appeared like meaningless altercations. The local power barons responded by what could only be described at best as expediency. Neither of the two groups appears to have identified clear goals on which they could be judged. On the contrary the reforms that were introduced appeared to have worked at cross purposes.

The reform package called SAPS only managed to elicit resistance from within because it was authoritarian and went against the core principle of participation in policy design and implementation. It also excluded the participation of a key institution named parliament. By not involving parliamentarians who are the major representatives of the people, not only did it miss out on popular support needed to drive the reform agenda but was weakened by absence of goodwill.

With the disappearance of the cold war and the east – west ideological battle, the donors' ideological inclination appeared to have shifted focus from ideology to a more development discourse. The domestic and political arrangements of the Kenyan state began to occupy a central place on Bretton Wood institution's agenda. As the United

¹⁶ Herbst, J (1990) "the structural adjustment of politics in Africa" World development, Vol 18, no 7

States of America suddenly started to exalt the virtues of rapid democratization so the BWI institutions pushed the same ideology in the SAPS conditionalities. It also did not escape the eyes of African countries and Kenyans in particular that the same donors turned a blind eye to authoritarianism. Where they held strategic reasons on account of trade they were quick to turn a blind eye, weakly enforced aid sanctions or in some cases failed to apply them altogether. The countries that were tied to political conditionalities were usually less important commercial partners or military allies of donor countries.

So the relationship between Kenya and Brettonwood can be traced back to the imperial legacy inherited by the Kenyan state at independence. The relationship was dictated by the western ideology operating at any particular period, the domestic politics at play in Kenya being influenced by the dictates of the hegemony of the international systems. It is important to note that the crucial desire to transform the whole landscape and to increase the democratic space to guarantee better lives for the majority of Kenyans has continued to be an illusion for the majority of the Kenyan population. The nationalist's dream of a coherent state whose objectives include; political equity, social justice, human dignity, including freedom of conscience, freedom from want, disease and ignorance continues to be just that - a dream.

CHAPTER THREE

The Diplomacy of Negotiations

3.1 Introduction

The chapter is divided into two parts. The first part seeks to give an overview of the concept of diplomacy, its origin, types of diplomacy, actors of diplomacy, and the functions of diplomacy. The chapter also traces the evolution of diplomacy in Kenya, the nature and types of diplomatic negotiations and the negotiations that took place in Kenya between BWI and Kenya government during the period of implementation of SAPS (1980 – 2002). It also discusses the process of the country

Diplomacy in the broadest sense may be defined as the conduct of international relations by non - violent means. It connotes not only relations between sovereign states but also relations between and involving international and supranational organizations.¹ In a slightly more restrictive sense, diplomacy can be defined as the conduct of international relations by official agents of states, international organizations and other actors. Diplomacy is therefore the study of international society in all its dimensions; it tries to understand the society where it plays its game and can be viewed as many things. This explains why it has sometimes been referred to as international history, international law, foreign policy analysis and many other things. It may hence be comfortably defined as the center of competing disciplines.

Diplomacy is an essentially political activity and if properly resourced and skillfully applied can become a major ingredient of power. The purpose of diplomacy is

¹ Watson, A” Diplomacy, the dialogue between states” Rontledge, “New Fetter Lane, London ECAP 4EE.”

to enable states to secure the objectives of their foreign policies without resort to force, propaganda or law. It consists of communication between officials and is designed to promote foreign policy either by formal agreement or by tacit adjustment. Diplomacy includes activities such as gathering information, clarifying intentions and engendering goodwill.

3.2 The Old and New Diplomacy

Diplomacy only functions where there are human communities which exist independently of each other. The communities had to rely on designated representatives for communication rather than the use of force. Over a period of time such communication became increasingly necessary due to numerous human populations growth². The communities soon discovered that they could no longer avoid constant contacts. It became apparent that these entities had to increasingly compete for the same freely available but increasingly scarce resources. The competition for scarce resources often led to clashes further added to the need for communication. This type of communication was the earliest form of ancient diplomacy. It often involved the arrangement of truces to allow for minimum negotiations after violence. This kind of rudimentary diplomacy existed everywhere in the world.

As human societies became more and more settled in organized societies, they set up complex structures and laid claim to more or less defined territories, diplomacy became proportionately sophisticated. It began to be characterized by treaties of peace, friendships, alliances and even commerce. The signing of such treaties became increasingly important as communities evolved more and more towards the institution of

² Harold Nicolson, *Diplomacy*, 3rd edn (Oxford University Press, 1963)

the modern state. Since the modern state found itself interacting with more or less as equals with other states in chaotic environment diplomacy had no choice but to develop into a framework that could meet the interests of the various actors.

With time diplomacy became an important institution in every state to be used to harness the power of other states into coalitions that could promote a state's own interests. It began to be used to shape the perceptions and actions of other states and peoples, contain rivalries between states, harmonize states' interests and build co-operation between them. As the state system became more ingrained internationally, diplomacy became a state's framework for political, economic, cultural and military interaction with foreigners. Through it international trade, investment and cultural activity exchanges are undertaken.³The tasks of diplomacy can therefore be seen as non-violent advancement of the political, economic, cultural and military interests of a state and its people. It nurtures relations with foreign states that are intended to evoke cooperation or neutrality.

The actors of diplomacy usually hope to conduct the passage from protest to menace, from dialogue to negotiation from ultimatum to reprisal, from war to settlement and reconciliation with other states. Diplomacy is therefore of vital importance to the wealth power and well-being of a nation. It is important to note that although many types of diplomacy have emerged over the years, there are some types that are so distinctive that they cannot go without mention. Two of these key ones are Track one and Track two diplomacies. Track one diplomacy is the type, that is conducted between states through their organs by the agents of diplomats. In other words, Track one diplomacy is the

³Chas, W. Freeman, Jr., "Art Of Power, StatesCraft and Diplomacy" United States Institute Of Peace Press, Washington, D.C. p4

official diplomacy. It implies that conflict or agreements are dealt by states or state agencies⁴. The state in this type of diplomacy is the key actor. Track two type is the unofficial type which involves mainly non – state actors. It contends that individuals are at the center of all international interactions. It holds a contrary view to the state –centric view and implies that state actors and non - state actors alone cannot be used alone or successfully in diplomacy.

The other two types of diplomacy that are distinct and need to be mentioned are bilateral and multilateral diplomacy. Three hundred years from the end of the thirty years of war, there evolved what can be described as the “old diplomacy” which was distinct from the “New Diplomacy.” The latter was greatly associated with president Woodrow Wilson of the united States and had five chief characteristics; the prime importance of Europe; the leading influence of the great powers; the common responsibility of the Great Powers for the conduct of the Small powers; the existence in every European country of a professional diplomatic Service; and the rule that sound negotiation must be continuous and confidential.⁵

The new diplomacy on the other hand goes far beyond the bounds of European hegemony. It is rather dominated by economic concerns and their social implications. Modern diplomacy is absorbed in democracy and human rights, both individual and collective. It is more populist than elitist and is a matter of intense public interest and debate. This brand of diplomacy is more a response to development of the issues facing the modern world. Some of the issues can be listed as economic where government responsibility for the economic management dominates the content of international

⁴ Makumi Mwagiru notes, NDC,2007

⁵Sir Harold Nicolson, “ The Evolution of Diplomatic Method. Constable.” 1954, pp73 -6

affairs; public concern and public involvement become a key concern in the conduct of foreign policy; self - determination and decolonization whereby concepts of democracy and autonomy find logical extension to the subject peoples of former empires; human rights concerns; social concerns; giving prominence to economic development as a means to a better standard of living, poverty, unemployment, poor health, inadequate education, disadvantages suffered by women, particular problems of children, young people, the handicapped and the aged.

The challenge of modern day diplomacy and policy making is that it has to increasingly respond to a series of interdependent invasions. Diplomacy and public policy are driven more and more by the interaction of public interest and awareness and a revolution in communications at the political foreground and the non – political front. They have to take account of a far wider and more rapid change of phenomena, and operate in the full glare of publicity.⁶

Furthermore modern diplomacy operates in the context of an international system. This international system or what is geographically known as the globe is organized around continents which are further split into sovereign units known as nations and states. The interactions of these global units constitute what is known as the world systems. The world systems which can be referred to as geographical settings have implications on representations, topographical realities, resources, access to these resources and their use by various actors.

⁶ Peter Marshall” Positive diplomacy:’ Palgrave

3.3 Negotiations

Diplomatic negotiation is bargaining between states and other actors. It sets the context and rules for international bargains between non-governmental institutions and individuals. The citizens and corporate entities of a nation are bound by the laws passed by its legislature, the decisions of its courts and the policies of its executive organs. They negotiate within the context of the social contract they represent. Their agreements are set out in terms standardized by domestic law, legal precedent.

Diplomatic negotiation strives to bridge differences between competing sovereignties of independent states. Sovereign states legislate, make judicial decisions and execute policies for themselves. Often they choose to resolve their differences through dialogue and negotiation occasionally they may refer their controversies to a regulatory or arbitral process on which they have agreed.

The purpose of diplomatic negotiation is to obtain the acquiescence of another state (or states) in adjustments in relations that advance national interests and address national concerns.⁷ A refusal to negotiate is also a form of negotiation. It may prolong a relatively favourable status quo and delay concessions that will ultimately have to be made. It may permit the problem to be resolved by the evolution of other forces. It may induce the other side to improve its offer. It may buy time to create facts or otherwise strengthen or consolidate a position of advantage. Delay may allow a favourable shift in the balance of perceived power between the parties to emerge. It may gain an interval in which to make a show of resolve, gain allies or prepare for war.

⁷ Chas W Freeman, JR "Arts of powwere Statecraft and diplomacy" United States institute of peace press, Washington, DC

An offer to negotiate need not imply willingness – stillness – eagerness – to settle a matter in dispute. Sometimes it may serve to silence a government’s critics while building domestic and international political support for its bargaining position. It may give the politically useful appearance of doing something about a problem without actually having to address it.

This may be the reason why negotiation has for a long been regarded by many as the most substantive function of the diplomatic mission. Indeed much of the work of the diplomatic mission is centered on negotiations of one kind or another, and with different players in the receiving states. Although negotiations pervade multilateral diplomacy and may be its whole rationale, they are also an important function of bilateral diplomacy.

Negotiation touches on diverse interests of the sending state. It involves negotiations on many things as alluded earlier. Originally it was contemplated that negotiations would be carried out primarily with the receiving state. However, modern diplomacy has expanded to encompass many areas and interests with other actors, including non-state actors⁸. A lot of negotiations are carried out with commercial and trade actors in the receiving state, and even with individuals with interests in the sending state. Good and effective diplomacy therefore requires an ability to negotiate with these different sectors.

In diplomacy negotiations can be defined as a process where parties sit down themselves and try to work out the conflict as opposed to having a third party (mediation.) coming in. Negotiation is a non – coercive in nature and does not give rise to the zero – sum results of the judicial system. It can be divided into; pre – negotiation and

⁸ Makumi Mwangi” Diplomacy: Documents, Methods and Practice”IDIS publication on international studies.

post negotiation. The traditional negotiation theory focused on getting As much as possible from the other party. The dilemma then would be how to please the adversary but at the same time not antagonize the constituent. The modern negotiation theory on the other hand gives a win – win situation that is possible to sustain. The tenants of a successful negotiation include; the ability to compromise to reach an outcome that is a minimally acceptable position, agree on an agenda and have periodic meetings / probing. Very often the negotiations have not looked at the interests and possibilities of satisfying in more than one way; problem solving approach through appropriate communication rather than guiding interests; allowing many options , interests and outcomes before selecting the appropriate one, analyze the conflict very well , diagnose it and give attention to alternatives.

Negotiations also require that the cultural context of the parties be observed as opposed to the western culture. Finally, at the ratification stage the agreements need to be domesticated and mechanisms for implantation be put in place. Diplomatic negotiations is based on the idea that there are appropriate stages, sequences, behavior and tactic that can be identified and used to improve the conduct of negotiations and better the chances of success. Much of the work on diplomatic missions is centered on negotiations of one kind or another and with different players in the receiving state. Negotiations are an important function of both bi- lateral and multi – lateral diplomacy and involve many things both minor and major. Modern diplomacy has however combined and expanded the term to encompass many areas and interests with other actors and non - state actors.⁹

⁹ Makumi Mwangi, *“Diplomacy, Documents, Methods and Practice.”* IDIS Publication On International Studies, p57.

There are two types of diplomatic negotiations, bi-lateral negotiations which takes place between two parties under international law. They are diplomatic because they are conducted on the basis of strict diplomatic procedures and processes. There are three main types of bi – lateral diplomatic negotiations - institutional bi – lateral diplomatic negotiations that takes place between states -ad hoc; which are convened by states whenever the need arises and their subject matter is usually technical and specialized; and - heads of states summits which are a special type of bi – lateral diplomatic negotiations that involve the heads of states of two countries.

3.4 Bi- Lateral Diplomatic Negotiations

In bilateral diplomacy each state has the choice of acting through its nation or foreign ministry. In the olden days each state had a resident mission while most contemporary international organizations have a legal personality of their own who are normally competent to interact independently with member states. Missions of international organizations sometimes deal with states within the contexts of their bilateral relations, or in an advisory capacity. Examples of these are, The World Bank, IMF, World Health Organization, United Nations High Commissioner For Refugees and others. Many times, these international organizations set up their own missions directly within the state administration with which they have to deal with. One of the major functions of diplomatic agents and of missions (like World Bank and IMF) is to conduct negotiations on behalf of the sending state or agency.

Bilateral diplomatic negotiations are concerned with issues relating to the official relations between two states. They may be concerned with a variety of topics such as SAPS, reforms, trade, labour and others. In the practical conduct of bilateral diplomatic

negotiations there are key practical steps that must be adhered to; these include the process of pre-negotiations; negotiation; and post- negotiations (implementation processes.)

3.5 Pre-negotiations stage

In bilateral negotiations one side takes the initiative. In Kenya for example the Kenya Government took the initiative to hold negotiations with the Bretton Wood Institutions because of the economic hardships that Kenya experienced from 1990 to 2002. Although the subject of the negotiation applied to most third world countries to help these Governments to go back on track on balance of payments, liberisation, interest rates and other issues, the agenda was not proposed by either Kenya or other African countries that had agreed to implement SAP's.

3.6 Composition of Delegations to Bilateral Negotiations

Ordinarily the composition of delegations to both bilateral and multilateral negotiations should be formed of competent delegates from several departments whose advice and expertise can be drawn during negotiations. The delegation should consist of people with expertise on the subject matter to be negotiated this is so is to enhance the efficiency of the negotiation process in order to contribute to a better outcome. In Kenya however this has not always being the case. Indeed part of the reason for failure of the reform process may be attributed to some extent to the absence of both expertise and political will.

The other important aspect of composition of the delegation is the inclusion of a leader. In the past such a person was from the ministry of foreign affairs. This arrangement of a delegate of the leader of the delegation coming from the ministry of foreign affairs has

been rendered not feasible due to the complexity of the growing agenda of modern diplomacy.¹⁰ The important point to be noted here is that there should be a chairman to the delegation, a designated secretary and competent delegates with diplomatic experience from other departments.

3.7 The Negotiation Stage

The negotiation stage is the main reason for the elaborate preparations towards the bilateral/ multilateral diplomacy. It is at this stage that agreements obtaining to the working hours, official functions, transport arrangements and visiting delegations are reached. In general, in bilateral negotiations each side takes its own minutes and keeps them confidential¹¹. If during the negotiations issues arise about which one or the other delegation wishes to consult or obtain further instructions from home, the leader should ask for an adjournment to facilitate the consultation. Negotiations are not just about the conduct of technical matters but also about cultivating human relationships. Participants in the negotiations should therefore be conscience of the need to respect the integrity of the other parties. They should be sensitive to the dignity of all persons concerned. Delegates from both sides should therefore be treated with outmost courtesy.

3.8 The post-negotiation stage

This is a very important part of diplomatic negotiations. It is during this stage that what was agreed on can either be consolidated or broken. At this stage, stock should be taken of what was agreed on during the negotiations. A list of the things to be implemented as a result of the negotiations should be drawn up. Responsibility should be

¹⁰ Dietrick K, Makumi Mwangiru, Odera J “ Diplomacy Concept Outers, organs, process and rules “ on IDIS Publication on international Studies.6

¹¹ Ibid

taken to ensure that the overall implementation of the programme proceeds smoothly. The delegation must also produce a report of the negotiations. This report is a very important part of the negotiation process because it provides a record of what was discussed and agreed on during the negotiations. It forms the official memory of diplomatic negotiation.

3.9 Multi- Lateral Diplomatic Negotiations

Multi lateral diplomatic negotiation is a much more elaborate legal frame work than is the case for bilateral negotiations. All multilateral negotiations take place within an organ either set up for the specific purpose (ad hoc) or on the basis of a conference, or a permanent nature as a part of international institution. The bulk of present day multilateral negotiations take place within the set institutional frame work of an international organization¹². An example is the United Nations General Assembly which has six standing committees. Multilateral relations are governed by rules of procedure and in most cases the negotiations involve only states.

Multi-lateral conferences held out the prospect of making agreements stick. They do this by solemnizing the conferences through signing ceremonies that display consensus achieved in the most visible manner. They are also partly able to use their reflexive disposition to provide monitoring and follow-up machinery. It is important to note that multilateral diplomacy was mostly encouraged in the era of liberal thought which emphasized the importance of popular consent in sustaining governmental authority. If governments were to be democratically accountable in the domestic sphere,

¹² Ibid

it followed that they should be similarly accountable in the international sphere. (Keenssoper, pp. 76-77).

3.10 Kenya's Negotiations with Brettonwood

States are committed to diplomacy by nature of the world in which they exist. They cannot function in a vacuum of isolation with each community considering only how to manage its internal affairs. Each state is obliged by the desire to control its own destiny. States have to take account of the neighbours who impeach on their interest and those of its citizens. In other words, members of a group of independent states are obliged to manage the consequences of the fact that they enjoy their independences not absolutely and not in isolation but in a setting of interdependence¹³. When a group of states form a closely neat system, the involvement of many self willed political actors impose upon each state a continuous awareness that the others have interest and they have purposes distinct from its own. That the things other states do or may do limit and partly determine its policies.

Therefore, states which are aware that their domestic policies are affected by everything that happens outside are not content merely to observe one another at a distance. They feel the need to enter into a dialogue with one another. This dialogue (machinery) by which their governments conduct its business, the networks of promises, the institutions and the codes of conduct which develop out of it, all this is the substance of diplomacy. This is the situation that Kenya found herself in the 1980s and was therefore forced to enter negotiations with Brettonwood institutions.

¹³ Watson A" Diplomacy, the Dialogue Between states" Rountledge , "New Fetter Lane London ECAP, 4EE

Up until this time many developing states had desired to elevate the issue of economic development to the top of the international agenda. They had hoped to give a better voice to the southern states in order to reduce developed countries dominance in the decision making international institutions such as the World Bank and the IMF. Embracing of economic reforms initiatives was supposed to increase the economic sovereignty of those developing states that adhered to the Bretton Wood institutions conditionalities. Kenya and other developing states had hoped that implementation of the reforms would increase their state's national power over their natural resource, get increased access to technology attain the ability to regulate multinational corporations, get preferential trade policies and ensure greater access to markets of developed states. This initiative however remained largely and incomplete due to lack of implementation.

As Kenya's economy worsened markedly in the 1990s, IMF and World Bank gradually entered into lending developing states such as Kenya on a short term basis. This short term loans were to provide temporary financing for the state with balance of payment difficulties. In the long run however, Brettonwood institutions entered into long term lending particularly in the advent of the structural adjustment programmes.

Diplomatic negotiations, whether bilateral or multilateral is the art of bargaining between states and other actors. The negotiations set the context and the rules for international bargaining between non - governmental institutions, international organizations (Brettonwood) and individual states. The citizens and corporate entities are bound by the laws passed by the state's legislature, the decisions of the courts and the policy of its executive organs. The agreements thereby reached are standardized by

domestic law and legal precedent.¹⁴ Perhaps one of the reasons for the poor performance of the reform agenda in Kenya, was not just the half hearted implementation of the reforms but also the lack of support by these most critical institutions.

By the 1990s despite the fact that there was more serious implementation of SAPS Bretton Wood suspended aid to Kenya in November 1991; citing poor implementation of economic and political reforms.¹⁵ The government of Kenya generally undertook two sets of reforms - one on macro – economic stabilization¹⁶ to create a stable environment for economic growth by focusing on structural policies related to trade, tax and sectoral reforms. This set of reforms aimed at creating incentives for accumulation by firms and households. The second – generation set of reforms targeted management of public sector institutions with the objective of causing them to provide service delivery complementary to private sector. The essence of these reforms was to be the rule of law and improvement of service delivery of the public sector.

Although the reform agenda as dictated by Brettonwood had virtually been fully implemented in connection with interest rate deregulation, domestic price decontrol, cereal market liberalization, decontrol of agricultural inputs and outputs for example meat, dairy products, cotton and sugar by the 1990s, the goals set out in the early 1980s of promoting export oriented growth, control on access to foreign exchange, a flexible exchange rates, and a scheme of incentives to exporters, had not been achieved.

¹⁴ Chas W. Freeman, JR. "Arts of power states craft and Diplomacy", United States Institute of Peace Press, Washington, DC, P 87

¹⁵ Institute Francais de Recherche en Afrique, (IFRA), Kenyan studies, "The Kenyan Economy at crossroads" Gerrishon K. Ikiara; Nairobi, April – June 2005.

¹⁶ O' Brien and Ryan, 1999 "Aid and Reform in Africa"; World Bank Research Draft ; 16 the case of Kenya

A decade after implementation of SAPS it was obvious that the reform agenda did not produce the intended outcome of a stable environment that would attract foreign investment. Instead the 1990s ushered in radically different global economic and political conditions.¹⁷ Most of the sub Saharan countries including Kenya experienced unprecedented challenges characterized by years of steady economic and social decline. Poverty, hunger, disease, civil wars and the refugee problem were pervasive. These difficulties were as a result of a constellation of international, internal and natural factors that combined to negatively affect the process of development. The genesis of this process however, can be tied to the global changes following the collapse of the Berlin wall in 1989. This signaled the end of the cold war and the subsequent change in the balance of power.¹⁸

In the case of Kenya, the end of the cold war immediately led to new conditions in implementation of the second generation reforms. Unlike the earlier immediately after independence when the hegemony had turned a deaf ear to the human rights agenda, corruption and authoritarianism the reform agenda now centered on good governance, human rights, political freedoms and elimination of corruption. The negotiations with Brettonwood and other donors now demanded that a multiparty democracy was a major condition to be fulfilled. In addition, there had to be fundamental changes in the public sector institutions, the civil service had to be reformed, privatization of state – owned enterprises completed and the budget efficiently managed.

In November 1991, the Bretton Woods institutions led the rest of the donor community in suspending balance of payments support assistance to Kenya. They alleged

¹⁷ Ibid 14

¹⁸ Devarajan et al. 1999 " Aid and Reform in Africa", World Bank Research Draft 16

that there were delays in the implementation of government commitments to adjustment. This freeze lasted till early 1994. In mid-1997, the donor community once more suspended lending for adjustment because of a “slackening” of the reform efforts and a failure to meet World Bank Structural Adjustment Credit (SAC) conditions. These conditions (SAC) aimed at reducing protection in the manufacturing sector and promoting manufactured exports. The suspension was lifted briefly in 2001 then quickly reinstated. According to World Bank and IMF, Kenya was a pariah nation and reluctant reformer.

The worst phase of the depression of the Kenyan economy came with the IMF suspension of the Enhanced Structural Adjustment Facility (ESAF) in 1997.¹⁹ The government had failed to sufficiently address structural problems related to the budget, reform in the Civil Service, Privatization of State Enterprises, and full liberalization of the agricultural sector. The facility had given a semblance of stability before it was suspended in 1997. This resulted in a fresh cycle of economic deterioration, which culminated in negative 0.3 percent growth in the 2000/01 financial years. Prior to this, in January 2000, in expectation of the IMF team, the government had undertaken quite a number of reforms. When the IMF team came they declared that the conditions set had not been adequately met

The IMF replaced the ESAF concessional facility with a new one altogether - the Poverty Reduction and Growth Facility (PRGF) strategy.²⁰ The government was called upon to devise a poverty reduction strategy, which would be vetted at a later date, before the possibility of scheduling discussion for resumption of Aid. These new conditions

¹⁹ Ibid 16

²⁰ Republic of Kenya, (2001). Economic Survey 2001;8

combined with internal factors, resulted in the most dismal performance of the economy ever. The political stake involved in these reforms combined with the colonial legacy of state control, the international politics at play and the domestic politics around this time made the reforms particularly complex affairs.

The question of ownership of the reforms also added complications to the reforms because negotiations were limited to a few technocrats and the donors. The donors wanted to depoliticize the reform process by ignoring the wider public. This was ignoring the very constituency that needed to legitimize the reforms. There was very little consideration that the public had a stake in the reform process and outcome since they were affected by the adjustment conditions. The donors preferred an undemocratic process in which negotiations with technocrats foreclosed public debate regarding the appropriate policy priorities needed to revitalize the economy.

For this reason, negotiations with Bretton Wood institutions can be considered to have been made “secret” policy decisions that they wished to implement unimpeded.²¹ The WB/ IMF made their policy positions come across as sacrosanct and right. They arranged the negotiations in such a way as to appear as if they only required the approval of the technocrats and the president for implementation.

The approach of using the technocrats to depoliticize the reform process by shielding negotiation from potential dissenters contradicted donor rhetoric about participatory development, democracy and good governance. It prevented popular discussion of policies before they were enacted; yet the same people who were denied access to the decision – making process were expected to implement them or bear the

²¹ Mkandawire, T (1999) “ Crisis Management and the making of “Cheileless democracies in R Joseph (ed) State conflict and democracy in Africa, Boulder Co ; Lynne Reinner

cost and consequences of implementation. This gradually caused the reforms to begin to appear more as a transaction between the technocrats and the donors. The WB and IMF put up several conditions and used the next loan tranche negotiations to induce implementation. Line ministries were sidelined even though they were required to successfully implement the reforms. The process of ownership of the reform process was simply compounded by the process.

By relying on the technocrats rather than working for broad consensus, the donors allowed an intolerable level of uncertainty that depended on the political fortunes of each technocrat. It is not surprising therefore that the level of commitment to the reforms depended on how favourable the technocrat was - for example the agenda was higher during the Ndegwa era, similar bold moves were made between 1993 and 1995 when Musalia Mudavadi (Moi's nephew) was Finance Minister, with Benjamin Kipkulei as Permanent Secretary and Micah Chescrem as Central Bank Governor Mudavadi was able to affect some level of fiscal discipline and implement some reforms. However, this guaranteed only temporary reform gains that would be reversed once the key players in the ministry lost their political clout.

The painful but correct summary of this relationship between Kenya and the Brettonwood institutions can aptly be expressed in the following words; "In terms of the full extent of reforms introduced since 1980, Kenya is currently experiencing a sharp curtailment to the total donor aid, and a virtual cessation of structural adjustment lending, due in part to the weak economic effort, but more to donor perception about political and governance issues."²²

²² O' Brien and Ryan Op.Cit.36

Kenya, like other countries in Africa, badly needs the donor community as partners in development. The Bretton Woods institution should in fact take stock of their own policies and determine how truly efficacious they are in the ultimate goal of assisting weak economies. They should also be clear in their minds of their goals so that they avoid constant change of goal posts.

Thus the linking of aid funds to political and longer – term structural reforms, especially in the case of Kenya, urgently needs to be re – examined. The fact that, for the better part of the decade of the 1990s, Kenya did without aid for mainly non – economic reasons has definitely contributed substantially to the recession that the country suffered. Kenya’s situation is particularly uncomfortable, in that, for reforms to be complete, financial resources are needed to sustain them. It needs to be emphasized that if reforms were abandoned mid – stream, socio – economic conditions could worsen. The fact is that lending has its conditionalities for purposes of proper management and accountability. In the case of Kenya, the donor conditionalities should be toward complementing government measures of transforming the economy.

CHAPTER FOUR

Analysis of Themes

4.1 Introduction

This chapter analyses the themes that across the various chapters of the study. It discusses the relationship between the state, non-state, inter-governmental organizations, non-inter governmental organizations and multi-national actors at the global system. It looks at the the question of balance of power and sovereignty, legitimacy of the state in world system; foreign policy and the place of ideology diplomacy.

What is geographically known as the globe is organized around continents which are further split into sovereign units known as Nation States. The interaction of these units constitutes what is known as the world system. A system is defined by the interactions of its constituent elements which is determined by the numbers, the size and the linkages or interactions within the systems. In this same sense a system can be conceptualized as an autonomous unit capable of adoptive behaviour of International systems¹. Each system has a set of elements (in this case of the international system). These elements are living and dynamic and are presumed to exist in one environment. What make them dynamic are their demands and interests. The pursuit of these interests constitutes interaction among elements and between systems. Individual units and the environmental units of interactions in the international system include nation states, international organizations and individual actors.

There exists therefore an international system that can be defined as any collection of independent political entities – tribes, city states, nations, empires that interact with

¹ Gold Smith, E (1970), societies and Ecosystems, Ecologist 1 (16)

considerable frequency and according to regularized processes². The system is made up of international structures and political processes. It is normally characterized by boundaries that form political units which all interact in an environment referred to as inter-national or world system.

The entities in the system have different types of government and administrations that have developed unique political systems. These political entities have a role to play in the average citizen's life. The unit also has external relations with other units and has methods by which resources of the unit are mobilized to achieve external objectives. Further, an international system has a definable structure, a characteristic configuration of power and influence or persisting forms of dominant and subordinate relationships. Kenya and other African countries have therefore been incorporated into the international system. Sometimes a system's structure is typified by concentration of power in one state which then dominates others.

During the first part of Kenya's history there was a bi-polar arrangement in the system. In other times, power may be diffused equally among a large number of states so that none is capable of dominating or leading the others for any period of time. The structure may be at times polar while other times it becomes multi-polar. In this kind of arrangement two or more antagonistic blocks of states, each led by states of superior strength array against each other.

This was the case in Kenya immediately after independence and the scramble for Africa. The balance of power at the time was bi-polar and the ideology that prevailed at the international system was one of deterrence. Today there is a global system where all political and social units of the world are inter connected. There is no longer any region that is thoroughly isolated from the rest. Without much exception, all societies in the

² Ibid

world have been organized politically into states of one kind or another. Those all states interact though not on a symmetrical manner.

Another theme that runs through the study is the one of balance of power. Power in this case may be seen as when an actor does what another actor wants because of the consequences that the first actor may face. Power goes hand in hand with influence and authority. Balance of power does not pre-suppose that every state is working at building power³. It is however, concerned with states that threatens neighbours and states therefore find a way to them. The balance of power concept is about the capability of a state. It is characterized by like-minded states entering into alliances, with for example western European states. Balances of power have been demonstrated throughout history. Kenya has in some cases been a beneficiary of the power while at other times the balance has tipped to Kenya's disadvantage. For example, Kenya benefited immediately after independence for western government's donor aid as they tried to prove to the world that capitalism worked.

The structural models of balance of power structures included the tight bi-Polar (cold war) and the loose bio-polar. These two models characterized the concert of Europe both before the cold war and after the cold war period.

The other theme that comes out of the study is what the realist calls "the reason of the State" that is, the reason why the state exists. This "reason da' stat" is espoused within the foreign policy of a state⁴. According to some scholars the reason for the existence of a state existence are; state survival, state sovereignty and state security. To James Rossenau, Foreign Policy also called national interest is the bridging of discipline that takes as its focus the study of all systems called national states. National interest can

³ See Waltz, "Man the state and war" p 209

⁴ Holsti K J et al" why nations realign : Foreign Policy restruction since World War II London allen and Union, 1082.

be defined as a compromise of all conflicting interests and a product of constant international competition.

Other reasons of a State's existence include protection of a state belief system from changes. That is, the protection of a political and economic system from external changes. For example, Kenya adopted a capitalist economy that the state still protects. It is believed that small elite continues to benefit from positions in government and the reason for seeking political office is to protect these interests. The reasons can be both objective and subjective. Kenya's objectives of national interest have been guided since independence by certain norms and values that are internationally recognized. These values include respect for sovereignty and territorial integrity; good neighbourliness, peaceful co-existence, peaceful settlement of disputes and non-interference in the internal affairs of other states.

Since national interest is what a state considers to be its reason for existence, it follows then that a state must have the power to back up what it declares as its national interest. In developing countries however, national interest is often ad hoc and is usually tied to the national interest of the hegemony. This is because national interest cannot be achieved without the pre-requisite transformation of the structures or institutional frameworks. Unlike the developed world, developing countries lack networks, lobby groups interest groups and even a strong public opinion. This translates into a weakness that thereby allows domination of foreign policy by one leader. The result is normally that it reflects the personal interests of the leader. Political instability in most of the regimes of the least developed countries is usually characterized by a high divisive nature which usually leads to lack of clarity in the national interest. This was very clear during the negotiations between Kenya and Bretton Wood.

Every state has factors that influence or drive its national interest. In Kenya these have been: security, political interest, peace and stability. These are the key factors in Kenya's national interest. They have however, been elusive to the government of Kenya since independence. It is paramount for the government of Kenya to guarantee the security of its citizens, preserve the national integrity and sovereignty, secure the country's borders and generally provide a secure political environment for development. This cannot be achieved without interactions between external actors, individual and other states actors in the international system.

Economic advancement or development is a key driver of Kenya's foreign policy. Since 1965 Kenya undertook development through a public/private sector approach and therefore recognizes the need for foreign direct investment or overseas development assistance. Recently government has been engaged in private, public partnership with a view of improving the economic standards of the Kenya peoples. With the advent of globalization and liberalization, the state's external relations are governed more and more by the need to promote a favorable environment for trade and investment. This calls for promotion of diplomacy in all the states.

The other theme that runs through the study is the National power. In IR the concept of National power is propagated by the realist school of thought which falls into two main groups – classical realists like Hans Morgenthau and structural realists with people like Kenneth Waltz were of the view that power is the basis of a states strength while the structural realists held the view the system the basis of the theory.⁵ The proponents of structural, the two positions are interesting because a state needs to be

⁵ Ikiara G. K et.al(1995) " the cereal chain in kenya: Actors Reformers and politics, "in P. Gibbon (ed) Markets, Civil society and democracy in Kenya, Uppsala; Nordiska Afrikainstitute.

strong to defend its national interest but the same state needs to operate a strong balance of power system.

Hans Morgenthau then isolated the attributes of national power as: Geography, the physical features of a particular country; Natural resources like raw materials that a country possess - oil, agriculture, industrial capacity and availability of appropriate technology for Industrial growth and existence of an industrial infra-structure; for use by the population give potential to grow into a world power creating a national character also gives a nation a sense of power and can contribute to the defense of the country. All these attributes need to be developed if a state is to develop the pre-requisite power that would enhance a state's position during diplomatic negotiations.

Diplomacy is key pillar in the study of IR. It is a source of national power and every state must strengthen and improve the quality of its diplomacy. This requires availability of seasoned diplomats who understand the politics of the world in general, the politics of the individual country, and the national interest. During the negotiations between BWI and the Kenya government, there was a clear demonstration of weakness in the negotiation process on the Kenyan part.

4.2 Foreign Policy/National Interest

The vital interests of a state include on the other hand securing frontiers, strategic advantage and a states denial to potential enemies, access to resources, population attributes, and type of political, economic and social system and immunity to

intimidation.⁶ The process and practice of diplomacy is governed by very detailed rules for bargaining between institutions as illustrated during the World Bank, IMF negotiations for SAPs. Diplomatic negotiation therefore demands that a state clearly defines and ranks its national interest. Failure to do so may leave vital tasks to the actions of adversaries. The ability of a nation to direct its strategy and actions to acquire national strength and advance national interest produces power. Power is the capacity to control the course of events, including the decisions and actions of others especially during diplomatic negotiations.

4.3 The Conduct of Diplomatic Relations

Kenya was incorporated into the European states' into the diplomatic dialogue after 1945. Like many of the Africa states that acquired independence as a result of the dissolution of former empires, Kenya differs in her capacity to conduct foreign relations and like many other African states, Kenya has little experience (compared to European Westaphalian states) in the degree of internal control which is usually considered a minimum requirement for statehood. This is because the whole concept of a modern state and modern government was imported along with the whole range of modern technology. Kenya and most of the African countries therefore achieved political independence before acquiring the capacities and skills to end their economic and administrative dependence on the outside world. Since independence the government of Kenya has been confronted not only with a rapidly rising expectations of the people but also with a population explosion. Most of the developing states have a mixture of different tribes,

⁶ Chas. W. Freeman Jr, "Arts Of Power, States and Diplomacy" United States Institute Of Peace Press, Washington, D.C.

languages and people. This diversity in ethnically, culture, values and beliefs poses a great challenge to Kenya and most African states.

4.4 Democracy and Human Rights

Kenya and other African countries came to the conclusion that in order to sustain governmental authority, government needed to be democratically accountable not just in the domestic sphere but also in the international sphere. An important way of achieving this level of democracy was through open diplomacy which was conducted under the glare of a public scrutiny.

Democracy as defined in this study is a central component of the United States policy. For the USA supporting democracy not only promotes such fundamental American values such as religious rights and workers rights but also aims at creating a more secure, stable and prosperous global arena, in which the USA can advance its national interest. one of USA national interest is to establish legitimate domestic orders throughout the world. According to the Liberal school peace can be perpetual because it is a establishing legitimate democratic domestic orders⁷. This was then fundamental objective of the BWI sponsored SAPS restructuring programme. SAPs policies reflected the neo-liberal ideology that drives globalization commonly known as human rights and freedoms and understood as the inalienable fundamental rights to which a person is inherently entitled simply because he or she is a human being.

One such way is through the diplomacy of development. After post cold war, issues that had previously not been considered as issues of diplomacy started to be articulated especially at the United Nations. For the first time third world countries started to express their interests at the international system through both bilateral and

⁷ Schumpeter J 1950 " Capitalism Socialism and democracy" Newyork Herper Touchbook

multilateral diplomacy. Recognizing that the fundamental goal of development is to create sustainable improvements in the quality of life for all people, developing countries voiced the issues of poverty, expansion of health services, educational levels more and more in these international forms. Developing countries also recognized that it was not possible for them to individually exert any significant influence on the international system and its institutions and therefore started to attempt to promote a collective identify, particularly from the southern developing region of the south.

4.5 Governance

The release of aid (for Kenya) came to be pegged to certain conditionalities. This was partly to ensure achieving transparency and accountability in utilization of not only external assistance but domestic resources as well. It was also in part an excuse for the western donors, as a result of “compassion – fatigue” and a growing sense of indifference to the endless cycle of African disasters, which demanded emergency measures. Again not surprisingly this fatigue coincided with the end of the cold war, when Africa’s geo - political importance and for that matter, Kenya’s was no longer significant. The organization of Economic Cooperation and Development (OECD) countries drastically reduced their aid packages. The range of donor conditionalities widened and sometimes became ambiguous.⁸

West’s interest in Africa began to wane. This could have been associated with the demise of socialism and the implanting of a free market economy in the former Soviet Union and her erstwhile eastern European satellites. These regions now began to receive massive and sustained aid while Africa was neglected. Such aid included generous grants, long term loans, debt relief, debt – forgiveness, debt – rescheduling, foreign direct

⁸ Rasheed 1995 Development Last frontier: what prospects.

investment, market access to the West and transfer of technology. Conversely, these reduced significantly in the case of Africa. The question of donor assistance even from like Institutions, need to be addressed.

While it may be important to secure credit ratings and access international capital for investment, it is equally important for the government to be clear on its national interest in order to be in a position to advance negotiations that benefit the citizens of this nation. The ability to balance sovereignty of the state while at the same time ensuring good governance, transparency and accountability, is a key challenge to the government. For example, the IMF demanded that the Kenyan parliament pass the anti-corruption bill (2002) before securing any lending.

These bills on anti-corruption and good governance are good although, this may have appeared to be intrusive on our sovereignty yet, it is important in assisting the state to come to the level of sustainable development in the long run. Enacting some of the bills may have helped in Kenya's reconstruction process.

Although the diplomatic negotiations between Kenya and BWI had short coming, in both the government side and BWI side, we should not be ashamed to own up to the fact that we have made mistakes and so that Kenya can start to tidying up her house. In order to chart the way forward for long-term economic growth and development Kenya needs to explore and come up with the discipline and policies that can set the state on the road towards borrowing minimum and targeted aid in the future.

It is prudent to conclude therefore that the diplomacy of negotiation between Kenya and BWI (1989 -2002) was influenced to a very great extent by events that took place at the international system. Although there was a change of guard and hegemony at the international system it did not affect the evolution of mercantilism but it changed the

ideology of the hegemony from time to time. The diplomacy that was applied during cold war period was one of deterrence. Democracy Human, Rights, Transparency and reforms was a phenomenon of post- cold war. The diplomacy of the hegemony had changed and all other organizations including the international organizations like BWI pushed the ideology of the USA.

The policy and Institutional reforms that Africa pursued under the global guidance of BWI did not sufficiently focus on state capacity despite the lip service that words like capacity building implied. Kenya continues to experience ethnic fragmentation, political upheavals, poverty and inequality. Although Kenya embraced multi- party democracy, Kenyans have yet to begin to enjoy the fruit of efficient service delivery, security and high level of state formation to ensure equity and justice as enshrined in the bill of Rights. There is also room for improvement in the way diplomacy is conducted in order to enhance Kenya's national interest.

It is true that all governments have four things in common; firstly security; secondly, autonomy, thirdly; welfare, and fourthly; status or prestige⁹. Those who make foreign policy (an aspect of diplomacy) therefore may need to maximize on all of the four areas.

Whereas it may not always be possible to do this all the time, policy makers must nonetheless decide what sort of priorities among these common values they want to emphasize and how they shall pay for them. These goals must be very clear in the minds of all concerned.

⁹ Holsti, K.J. International Politics; "*A Framework For Analysis*"p84, University of British Columbia.

CHAPTER 5

Conclusion

This study set out to examine how the diplomatic process between Kenya and Bretton wood Institution (1989 – 2002) was influenced by the inter-play of the international politics that played out during the cold war period of 1960 – 1980 and was driven by the ideology of deterrence by the two super powers of the United States and the Soviet union. The diplomacy at the international system during this period was the old diplomacy of the resident ambassador.

The newly independent states were not required to have a particularly impressive human rights record. The post- cold war period of 1980 -2002 was different after the

collapse of the Berlin wall. The international politics had changed with the United Kingdom bowing out as a super power and being replaced by USA as the new hegemony. It is important to note that one of the key features of the US foreign policy during the post - cold war era was democracy and a good human rights record. This is the key national value that was being propagated by the USA.

The BWI being an institution that is highly influenced by the west and America particularly played as vehicle carried USA's national values. It is true also that during the period under reference an increase in the number domestic states had increased considerably while creating also a growing interdependence of the world. As the world continues to "shrink" and to grow more and more inter – dependent, what happens inside one state increasingly crosses the frontiers and influences what happens elsewhere.

Objective number two set out to examine the negotiations that took place and to analyze its impact on the outcome of democratization in Kenya. The research found out that the negotiations that took place between the Bretton wood Institution were not conducted professionally. Both Bretton wood institution and Kenya governments did not set out clear goals and objectives. As a result, both Bretton wood Institution and the government of Kenya kept changing their goals. Bretton wood Institution and the local leaders could at best only be described as being elusive and halfhearted towards the reforms.

Secondly, the study found out that due to the heavy reliance on technocrats, the negotiations lacked a broad consensus, the negotiation were highly depoliticized. These caused them conspicuously lacked the participation of possible dissenters. This fact in essence contradicted the donor rhetoric about participatory development, democracy and

good governance. The process preferred by the Bretton wood Institution of “secrecy” prevented popular discussion of policies before they were enacted.

Finally the study set out to examine whether democratization was part of the diplomatic process and found that after the end of the cold war, the international scene had inevitably changed. The Soviet Union and Western Germany no longer existed. After the collapse of the Berlin wall, the hegemony’s ideology of deterrence had ceased. The international society had changed and so had the theoretical assumptions that had underpinned all the system. First, the shift in the nature of the international system from bi – polar to a uni –polar hegemony did not lessen the diplomacy’s intensity nor the scope.

Secondly, there was now a loose hegemony of the USA with its attendant discontents. This was therefore hardly a recipe of democratization but rather a response to what was appearing as signs of an emerging collective authority of the world’s strongest powers. The third change was that the scope of actors in diplomacy had increased and now included NGOs, UN, IMF and many others.

The outcomes of democratization in Kenya were that BWI negotiations helped to focus all eyes and energy on the process. Perhaps that in it may have speeded the process. As to whether the process was part of the democratization, one must look and review the reform agenda and interrogate whether the conditionality’s imposed would have an impact of increasing the democratic space in the country.

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