



Life as a Fellow: Dr Vincent Cable MP, Liberal Democrat Treasury Spokesperson

The Treasury, Kenya, 1966–1968

From a speech presented at the ODI Fellowship Scheme 40th Anniversary: 15 July 2003

This text was originally published in the Fellowship 40th Anniversary Publication, 2003

This should have been the easiest and probably the most enjoyable brief speech that I have ever had to make. I have every reason to be grateful to the ODI for sending me to Kenya, in the mid 1960s, albeit for personal reasons as well as professional fulfilment. I was married during my stay in Nairobi and subsequently enjoyed, with Olympia, over thirty years of loving, happy family life until she died recently. Eventful though my time was in the Kenya Treasury, it was overshadowed in my recollections by romantic trysts under the African night sky and the emotional dramas surrounding her break with a traditional Indian father and with my no less conservative British parents.

Nonetheless, when I returned this summer to Nairobi to visit Olympia's family, history was being replayed. The young Kenyans with whom I had worked – Mwai Kibaki then acting Finance Minister; John Michuki, Permanent Secretary and Joe Kibe my immediate boss – had resurfaced in key positions in a new, fairly elected, administration trying to reverse a quarter century of economic decline caused by bad government and systematic looting of public assets. They are all now quite old men. But the optimism, professionalism and energy that they brought to post-independence Kenya, under Kenyatta, are enjoying a renaissance.

As an early ODIN¹ I was recruited by ODI's founder, William Clark. He was easily caricatured: a larger than life character whose conviviality was punctuated by shameless name-dropping and snobbery. But he was a genuinely outstanding man of vision and idealism who had an important insight: that by harnessing the 'brightest and the best' (as he saw us) of young British economics graduates to the manpower needs of newly independent countries, he could create a generation of British decision makers committed to development.

I have, however, always been conscious, and slightly guilty, that Kenya gave me for more than I contributed, as a raw, inexperienced graduate armed with half-understood Keynesian economics from the Cambridge Tripos and an armful of books about aid, African development and planning by Ian Little, Arthur Lewis, René Dumont, Alec Cairncross, and Gunnar Myrdal. My sense of uselessness was heightened after my first interministerial meeting – as I recall, an interminable discussion on the financing of agricultural extension services – when I was sent out at regular intervals to feed the parking meters for my colleagues. But I gradually realised that an understanding of key economic concepts like opportunity cost and the basic techniques of project appraisal combined with energy, enthusiasm and a bit of common sense went a very long way. Before long I was entrusted with preparing applications to aid agencies for major infrastructure projects and, working with a very able and inspirational Swedish economist Kurt Savosnick, developed a critique of the import substituting industrialisation projects then – disastrously – in vogue.

The context in which I and other ODINs operated was different from today in several key respects. The first is that the administrative constraint on development – the 'absorptive capacity' for development finance – was assumed to be temporary. The real constraint on development was believed to be capital – ie savings – not people. I was encouraged to 'Kenyanise' my job and did so (and take no pride from the fact that my successor later proved to be one of the biggest crooks in the Moi regime). The underlying conviction was that the ODIN scheme would be self-liquidating as nationals seamlessly replaced us. In most countries this has not happened and the number of ODINs has grown, not contracted, as it has become clear that there is a semi permanent shortage of people with internationally marketable qualifications in economic disciplines. It is not clear how the dependency will be ended: a major challenge for today's ODI.

Second, the context in which many of us operated was one where there was a premium on 'good projects' that fitted within a five year Development Plan. Different donors would pick among, and sometimes fight over, the best projects and provide the equipment and expatriate staff. There were, of



course, successful projects particularly those that tapped the potential of Kenya's smallholder farmers. And some bad projects were stopped. But, many others, would founder: new roads which disintegrated because of poor maintenance; hospitals which lacked staff and medicines once the donor disengaged; irrigation schemes which saw falling yields because they were not properly managed. My own pet project was a road to Lake Rudolf² to encourage fishing amongst the nomadic pastoralists, the Turkana. The project had President Kenyatta's enthusiastic support – he had been detained by the British in a camp amongst the Turkana – and I thought I showed considerable entrepreneurial skill in getting it off the ground and funded (by the Norwegians). I now discover it is in the manuals of development disasters. The Turkana used the proceeds of fishing to buy more cattle, which overgrazed the semi desert; the fishing industry collapsed; the road was washed away. My one consolation was that we stopped Vice-President Oginga Odinga's alternative project – to build an oil refinery in the middle of the semi desert; hundreds of miles from raw material supplies and from the market.

There were many factors behind the failure of aid-driven projects: corruption; lack of local 'ownership'; poor public sector management; lack of risk transfer to private contractors; and complete insensitivity to ecological concerns. Hopefully, some of these lessons have been learnt.

Third, and most worrying, there has been a total collapse in confidence in African development. In the mid 1960s the world's truly hopeless 'basket case' was Bangladesh, then East Pakistan, closely followed by India and most of Asia. The conventional wisdom expressed in Myrdal's magisterial tome, the Asian Drama, was that Asia was hopelessly retarded by values inimical to development. By contrast, resource-rich Africa had the potential, if capital flowed in, for rapid development. In retrospect, the conventional wisdom proved embarrassingly wide of the mark and it is difficult to be optimistic about today's Africa. Kenya never suffered from 'African Socialism' – like Tanzania, Ghana and Zambia – civil conflict or military rule but its development potential has been squandered nonetheless by a long period of corrupt and inefficient government. Now that a decent administration has at last been voted in, those of us who have, thanks to ODI, been part of the Kenya story, can help by ensuring that it gets the external support it deserves.

¹ ODIN – ODI Nuffield Fellows – original version of the Scheme

² Now Lake Turkana