

## **Pragmatic History of Economic Thought: Explaining Trade Practices and Policies in Kenya**

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### **Abstract**

*This study explains trade regimes and practices in Kenya from a history of economic thought (HET) perspective using secondary materials. We find that the trade landscape in Kenya is divided into three periods: pre-colonial (before 1895), colonial (1895-1962), and post-colonial (1963 to date). The first two eras did not have a clear trade policy. The pre-colonial era had a mixture of classical doctrines and mercantilism whereby long-distance and barter trade between communities were practiced. Nonetheless, certain communities restricted trade. Classical economic thought was practiced in the colonial period (1895-1962), whereby agricultural produce was exported and less expensive consumables were imported. The post-colonial period started with a mercantilism approach (import-substitution) but successive regimes have promoted classical doctrines of trade by reducing import and export barriers, and creating trade-promotion institutions. Trade in services, which is topical in international trade, has also been promoted in this regime.*

**Key words:** *history of economic thought, trade reforms, Kenya*

**JEL Codes:** *B10, B17, B20, B27*

### **1. Introduction**

This study traces trade reforms in Kenya from the *history of economic thought* (henceforth HET) perspective. HET is a critical account of the development of economic ideas, ranging from their origin, interrelations, and results (Landreth & Colander, 2002; Bögenhold, 2020). It differs from *economic history* which is about past economic aspects of societies (ibid.). Nonetheless, economic history helps in understanding the economic thought as done in this study.

The subject of HET has evolved from the mediaeval period, when economics was founded on religion, philosophy, and politics; to the present day where it is based on concrete economic theories. The subject is generally classified into six schools of thought: Pre-classical school (scholasticism, mercantilism, and physiocracy); classical school; Marxism; neo-classical school; institutional, historical and Austrian schools; and modern schools (Keynesian, monetarist, new classical macroeconomics, real business cycle macroeconomics, new Keynesian macroeconomics, behavioural new Keynesian macroeconomics, and cliometrics) (Landreth & Colander, 2002). An account of contemporary scholarship in HET can be found in Bianchi (2016), Duarte and Giraud (2016), Lange et al. (2017), Beal et al. (2019), and Guizzo (2020).

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Of interest to this study is the ongoing debate on the relevance of HET in economics. A strand of literature supports the inclusion of HET in the curriculum of economics departments and courses (Kurz, 2006; Kates, 2013; Aspromourgos, 2017; Lapidus, 2019), while studies such as Blaug (2001) are opposed to it. Nevertheless, it has remained canonical (Lapidus, 2019). What follows is a proof that HET is not abstract and teleological, but very much alive in real-life. This is the main objective of this study.

We undertake this exercise by tracing the development of trade reforms in Kenya. Kenya is used as a case study for several reasons. Foremost, the country has undergone several episodes of trade policies as will be seen in the forthcoming sections. The episodes are varied, at some point autarky was practiced, and lately liberalization is pursued. Autarky restricts international trade through high-handed government policies. With regards to economic thought, autarky is demystified through the mercantilist, the older Historical, and the Marxian schools.

Mercantilism was active between 1500 and 1750. It advocated for trade protectionism through import restriction and export promotion to create a favourable balance of trade (Landreth & Colander, 2002). This would in turn increase the stock of bullions (gold, silver, and other precious metals). Influential scholars of this school were Thomas Mun, William Petty, David Hume, Richard Cantillon and Bernard Mandeville (Landreth & Colander, 2002).

The *older historical school* of economic thought, which was active in the 1840s, supported state-led protectionism to curb imports and in turn protect infant industries of underdeveloped countries. This is manifested in Friedrich List's writing, *The National System of Political Economy*, of 1841. Karl Marx (1818-1881), of the Marxian school, is associated with many doctrines in economics, but his dominant philosophy is that capitalism is bad since it is exploitative. According to Marx, capitalism makes the rich, who are a minority, richer; while labourers, who are the majority, become poor by offering surplus value (Landreth & Colander, 2002). Juxtaposing this to international trade, Marxism is against free trade because it causes global economic inequality. Accordingly, opening economies attracts rent-seeking multinational corporations, especially from developed countries, which exploit resources of less developed countries (Strange, 2020). They then grow their home economies while less developed countries remain poor as finances are channelled abroad (Driskill, 2012; Rodrik, 2018; Strange, 2020). Therefore, governments must intervene through protectionists policies to escape this win-lose scenario.

The opposite, which neither has government involvement nor trade restrictions, is called free trade, trade liberalization, or openness. In this framework, markets are believed to be perfect and more optimal compared to operating under autarky. This creed is associated with scholars of the classical school of economic thought that has span for over two centuries. Through his book, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Adam Smith (1776) states that countries should export commodities with which they have absolute advantage, and import those in which they have absolute disadvantage. Absolute advantage means that a country can

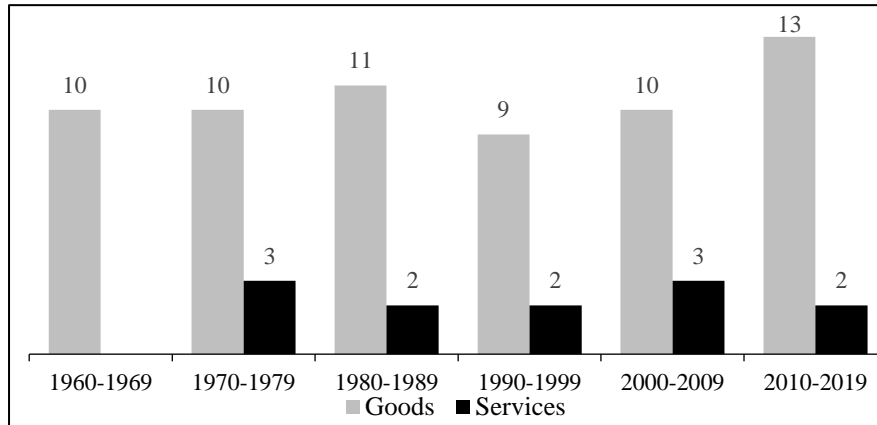
produce a commodity with less labour costs compared to another country. David Ricardo (1817) amended this theory to explain how countries trade irrespective of one of them possessing absolute advantage in production of several commodities vis-à-vis their partner. He developed the principle of comparative advantage in which countries trade considering their respective opportunity costs (comparative production costs). Several indices have so far been developed to measure a country's comparative advantage as illustrated by Leromain and Orefice (2014).

With the realization that free trade is untenable because the real world is full of trade barriers, new theories have supplanted Smith and Ricardo's doctrines to explain how countries trade under some government restrictions (Krugman, 1987; Driskill, 2012; Rodrik, 2018). The Heckscher-Ohlin theorem (developed in 1919 and 1933, respectively) presumes that trade between countries is driven by their differences in relative factor endowments (Geda, 2012). New Trade Theories (NTT) emerged between the 1960s and early 1990s to explain trade through technological gaps (Posner, 1961; Vernon, 1966; Gruber et al., 1967), and imperfect competition and product differentiation (Lancaster, 1966; Dixit & Stiglitz, 1977; Krugman, 1979; Lancaster, 1980; Krugman, 1980; Falvey, 1981; Helpman, 1981; Ethier, 1982; Brander & Krugman, 1983; Krugman, 1991).

New New Trade Theories (NNTT) started in 1995 with the seminal work of Bernard and Jensen (1995), and later advanced by Bernard and Jensen (1999), Melitz (2003), and Yeaple (2005). These theories explain international trade using firm-level data, hence forming stylized facts at a micro level. A concise illustration of the development of firm-level trade theories can be found in Neary (2010), Redding (2011), Melitz and Redding (2014), Head and Spencer (2017), Bernard and Moxnes (2018), and Castellani et al. (2020). Bernard et al. (2012) and Wagner (2016) provide a summary of empirical evidence on firms in international trade. Aistleitner and Puehringer (2020) describes the trajectory of trade discourse in elite journals of economics in the past two decades.

The second reason for basing this study on Kenya is because it is among the top exporters of both goods and services in Sub-Saharan Africa (SSA). According to Fig. 1, Kenya's rank in exports of goods in SSA has oscillated between position 9 and 13 from 1960 to 2019. The performance has been stellar for services where Kenya has ranked among the top 3 in the region. Based on these statistics, we conjecture that Kenya is one of the trade superstars within SSA. Adding to its strategic position as the largest economy in the East African Community (EAC), and among the top ten economies in Sub-Saharan Africa (Mold & Mveyange, 2020), understanding Kenya's economic thought of trade policies is likely to provide an excellent example in the SSA region.

Thirdly, this study advances literature on the history of economics that is beneficial to HET practitioners; and especially to students who crave for the practical side of the subject. Similarly, practitioners in SSA stand to benefit since most literature in the region is on economic history (Moradi, 2018). Generally, this study enriches HET discussions by incorporating heterodoxies of international trade theory such as trade in services and firm-level trade theory.



**Figure 1: Ranking of Kenya's Exports of Goods and Services in Sub-Saharan Africa from 1960 to 2019**

**Source:** Author's computation using WITS (for goods) and WDI (for services) databases

In brief, Kenya's trade reform has undergone three epochs: pre-colonial era, colonial era, and the post-colonial era. The next sections of this paper explain the economic thought of each period, and wind up with a conclusion.

## 2. Pre-colonial Era (Before 1895)

Like most African countries, trade in pre-colonial Kenya was mainly through barter and long-distance trade. Communities exploited their diversities in agricultural products, processed commodities (such as metals and salt), and natural resource to trade among themselves and Arabian and Asian traders (Geda, 2012, 2019). For instance, long-distance trade was practiced among the Mijikenda, Kamba, Taita and Waata with the Swahili, Arabs, and the Waata across the coastal line of Indian Ocean (Van Zwanenberg & King, 1975; Ndege, 1992a;1992b).

No formal trade policy existed at the time due to the decentralization nature of the communities, and the lack of a sovereign rule that could impose one overall policy. Rather, communities existed cohesively and trade took place through barter trade. This system flourished seemingly founded on the classical economic thought of Adam Smith's absolute advantage, and David Ricardo's comparative advantage. In line with the classical theory, regions exchanged their goods for others that they did not have, thereby gaining an absolute advantage in the sense that goods were supplied less expensively than they could possibly produce themselves (Schumacher, 2012).

For example, coconut and coconut products were exchanged by the Mijikenda for vegetables, livestock, and grains from the Kamba, Taita and Waata; while the Swahili, Arab, and Indian traders brought salt, cotton cloth, jewellery, and other manufactured goods (Herlehy, 1984). Similarly, trade took place because of the varying different levels of comparative advantage of communities and regions.

Areas that were relatively more productive in certain goods compared to others had a rationale for exchanging these goods to obtain those in which they were relatively less productive in. Clearly, these activities show that the classical school of thought was in Kenya's pre-colonial trade landscape.

The mercantilist ideal of wealth accumulation was also present among the East African communities as trade was a key source of wealth. Simply put, there was profit gained from trade, even among non-stratified communities like the Kikuyu and Maasai that had an indirect system of exchanging agricultural produce for cattle. Localized trade was fuelled by the variations in economic activities in the different regions, creating an economic symbiosis. This is exemplified by the Gusii-Luo trade, where the latter exchanged grain for meat. On the other hand, foreign trade along coastal Kenya primarily involved Akamba traders who hunted for ivory to obtain international goods like salt and metals (Van Zwanenberg & King, 1975).

The African economy began to be shaped by European demands during the 16<sup>th</sup> and 17<sup>th</sup> centuries just before the industrial revolution. A surge in the demand for gold in Europe led to the rummage of gold around Africa, while the need for labour in American plantations contributed to the institution of the slave trade (Rodney, 1972). With the industrial revolution taking place in Europe, Africa suffered the loss of its highly coveted autonomy and largely became a slave trade supplier.

The continent fuelled the mix of the mercantilist and classicist notions of European nations. The mercantilist ideas were aimed at building a strong nation with an increase of the stock of wealth of the nations by obtaining precious silver, gold, and other metals from African nations. Increasing capital accumulation and the wealth of nations that was hinged upon labour productivity were classical notions that were pursued through the slave trade, in which Africa was the major supplier of slaves (Landreth & Colander, 2002). Moreover, the scramble for Africa at the Berlin Conference of 1884-1885 was a well calculated opportunistic move since African commodity prices drastically rose, and there was a great advancement in the terms of trade for Africa (Frankema et al., 2018).

### **3. Colonial Era (1895-1962)**

Nzula et al. (1979) and Amin (1972) demarcated Africa into three regions depending on the structure of colonialism: *Africa of the labour reserves* as Eastern and Southern Africa; *Africa of the colonial economy*, as British and French West Africa; and *Africa of the concession-owning companies*, as the Belgian Congo and French Equatorial Africa. Kenya fell in the first category. During the colonial era, export of primary goods from white settler farmers, and minerals from the European-controlled ores formed much of the trade. A commodity exporting economy and a dominion over both African exports and imports by the colonial powers was the aftermath of a cruel colonial period. This helped build the strength of the colonial powers since they had a huge resource base—both human and capital resources, including natural capital such as trees, minerals, and precious metals—at their disposal.

Van Zwanenberg and King (1975) noted that as the dominance of the colonial government grew, so did African trade. This could be attributed to the central direct rule that facilitated easier and safer movement of both goods and traders owed to the developing railway. This drastically changed the emphasis of Kenyan trade from domestic to international trade where local agricultural produce would be exported, and less expensive consumables imported. However, African traders were side-lined in this new wave of trade, while Indian traders took advantage of the railway line to set up '*dukas*' (shops) in central trading locations such as Voi, Machakos, and Kibwezis; and in most—if not all—military posts.

Whereas the colonial government encouraged the growth of African enterprises in the early 1930s, these enterprises did not spread out due to European and Asian dominance. Africans also lacked credit and credible experience, thus managing only to trade mostly on smaller scales. In the mid-1930s the colonial government put restrictions such as licenses to limit and regulate the multitude of traders, as well as decrease competition between traders. Hurdles that kept Africans aloof from trade and the profits thereof persisted even in the 1950s. This led to a rise in the level of agitation among Africans, and Europeans began to support African traders. This was arduous since Indians had already monopolized not only the local trade, but also the international trade of exports and imports. As a result of the support by the British colonial authorities, trade attracted many since it was deemed gainful. Nevertheless, the ratio of small-scale African traders to the number of people increased, and the dominance of the Asian traders in the major towns—even in the wake of independence—prevailed (*ibid.*).

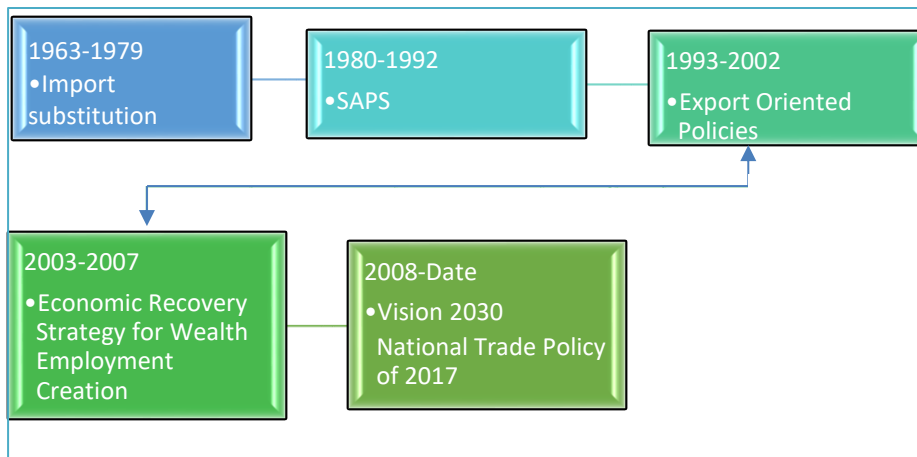
To sum up, the discrimination of Africans in the participation of trade is in line with mercantilism, while the entire quest of participating in international trade adheres to the classical doctrines.

#### **4. Post-colonial Era: Kenya as a Republic (1963 to date)**

Kenya has undergone five major trade regimes since attaining independence in 1963 (see Fig. 2). First, the country practiced import substitution between 1963 and 1979 in accordance with the Sessional Paper No. 10 of 1965 (Gitonga, 2015). This entailed suppressing the amount of imports in the country, mainly in the manufacturing sector, through tariffs. The country also signed a few trade agreements: the General Agreement on Tariffs and Trade (GATT) in 1964; and the East African Community (EAC) in 1967, although it collapsed in 1977.

Generally, this trade regime was highly protectionist and encouraged the growth of infant industries with the aim of growing to match global standards. This could have been highly motivated by the idea that holding the right of control over economic forces as a way to economic independence will further assure the country of its political independence that had just been gained from the British colonial government. This notion of nationalism and protectionism dates back to the pre-classical era of mercantilism that fuelled colonialism. It is interesting to note that the same economic thought that supported economic nationalism

during colonialism was now a double-edged sword being used as a rationale to build and protect the young Republic of Kenya. At this point in time, the country was concerned about gaining a positive balance of payment, fostering nationalism, having a strict regulation of imports, and attaching the central role of governing economic opportunities to the state: all which heavily hinge on the mercantilist economic thought. David Hume, one of the key influential mercantilists, noted that industry “... would not emerge spontaneously, it would have to be induced by legislation” This is precisely what the young Kenyan government was considering in establishing and facilitating state corporations and infant industries with the *laissez-faire* notion being thrown in the basket (Skinner, 1993).



**Figure 2: Flow of Trade Regimes Under the Post-Colonial Era in Kenya**

As illustrated in Fig. 2, the second export regime pursued by Kenya was the structural adjustment policies (SAPs), which lasted between 1980 and 1992. This was guided by the Session Paper No.1 of 1986 on Economic Management for Renewed Growth, which advocated for export promotion. SAPs were necessitated by the persistent economic instability arising from economic shocks such as increases in oil prices, the fall in commodity prices and the disintegration of the then budding EAC. Breton Woods institutions, the World Bank, and the International Monetary Fund (IMF) were the key architects of this policy.

SAPs supported the privatization of public agencies and liberalization of trade across borders (Gertz, 2008). The concept of *laissez faire* that dates back to Physiocrats (Landreth & Colander, 2002) aimed at doing away with government regulations or any other forms of government interference in the economy. It was based on the conviction that devoid of the government, natural order yields common good for all. Whether the *laissez faire* argument—as presented by Adam Smith—was ‘soft’ or ‘hard’ as espoused by the neoclassicists remains to be contentious (Henry, 2008). It is possibly based on the *laissez faire* argument that

the IMF and the World Bank advocated for minimum state regulation, and this saw the beginning of the era of trade liberalization. Trade liberalization ensures that there is free flow of both goods as well as services from one country to another by abolishing bans and other barriers to trade (Omolo, 2011).

SAPS incorporated import liberalization policies such as replacing import tariffs by quotas, reducing tariff levels, and relaxing foreign exchange restrictions. Exports were promoted through the reduction of tariff rates and duties on final products and industrial inputs, introduction of Manufacturing Under Bond (MUB) in 1988, establishment of Export Processing Zones (EPZs) in 1990, establishment of Export Promotion Council (EPC) in 1992, revival of the Kenya Export Trade Authority, introduction of export guarantee and credit scheme, and duty and Value Added Tax (VAT) exemption scheme for exporters (Were et al., 2002; Nyaga, 2015). Kenya also joined the Preferential Trade Area (PTA) in 1981, and the Intergovernmental Authority on Drought and Development (IGADD) in 1986.

The above policies are mainly based on the role of trade as explained by Smith and Ricardo in their absolute and comparative advantage theories. The creation of trade promotion institutions such as EPZs is linked to the Heckscher-Ohlin (H-O) theorem. This theorem predicts that trade between countries is promoted by differences in their factor endowments. Intuitively, this can be real factor endowments, quality of domestic institutions or domestic labour market institutions (Sauvé & Roy, 2016). Hence, the establishment of strategic institutions like EPZs was meant to make Kenya competitive by having better-functioning institutions. The NNTT was also advanced under this regime, whereby policies were formed targeting trading firms. For instance, firms that participated in the EPZs were offered tax holidays, tariff waivers for their imports, and were treated as exceptions regarding many business regulations. The Export Promotion Programmes Office (EPPO) that was established in 1993 was open to both firms producing wholly and partially for export, and provided refunds for taxes paid on imports for inputs necessary for production (Gertz, 2008).

The third regime was a period of openness that lasted between 1993 and 2002. The guiding policy document for this regime was the Sixth Development Plan (1989-1993). According to Wacziarg and Welch (2008), Kenya liberalized in 1993. Therefore, during this regime, trade was promoted through the formation of the National Export Credit Guarantee Corporation, cancelation of export duties, introduction of export retention schemes, restructuring and reduction of tariffs, and 100% retention of foreign exchange earnings by exporters in 1993 (Gertz, 2008). In addition, EAC was revived in 1999, PTA was replaced by the Common Market for Eastern and Southern Africa (COMESA) in 1994, and Kenya joined the African Growth and Opportunity Act (AGOA), and the Indian Ocean RIM Association (IORA) in 2001 and 1997, respectively. IGADD was also replaced by Intergovernmental Authority on Development (IGAD) in 1996, and Kenya joined the World Trade Organization (WTO) in 1995, thereby replacing GATT.



The fourth export regime is linked to the economic recovery strategy for Wealth and Employment Creation (ERS) (2003-2007). Through this regime, Kenya established a national export strategy in 2004, and was among the signatories of the EAC Customs Union in 2005. Therein, it benefited from a common external tariff (CET) that was established by the EAC members.

The fifth export regime, from 2008 to date, is guided by Vision 2030 and the National Trade Policy of 2017. Vision 2030 is Kenya's development plan that aims at transforming the country to a middle-income status by 2030 (ROK, 2007). Conversely, the National Trade Policy was launched in 2017 to guide Kenya's trade strategy at a domestic and international level (ROK, 2017). Through this period, Kenya has promoted international trade in three ways. First, Kenya joined several regional trade agreements. For instance, Economic Partnership Agreements (EPAs) in 2016, COMESA-EAC-SADC Tripartite Free Trade Area (TFTA) in 2015 and the African Continental Free Trade Area (AfCFTA) in 2018 (ROK, 2017; Abrego, et al., 2020). AfCFTA is the largest Free Trade Area (FTA) in the world after the creation of WTO (Obeng-Odoom, 2020). Kenya was also a signatory to the EAC Common Market Protocol in 2010. Second, Kenya has established bilateral trade agreements with several partners. So far Kenya has thirty-six bilateral trade agreements of which ten have been ratified after 2005 (ROK, 2017).

Lastly, Kenya has adopted concrete policy making process through launching, implementing, and assessing key trade-enhancing strategic plans besides involving more stakeholders in promotion of international trade. Along with the National Trade Policy, other key policy documents have been launched and implemented after 2008. For instance, both the 2009-2013 and 2014-2019 Strategic Plans of the EPZs suggested the establishment of a one stop border post with neighbours to enhance trade facilitation. Several one stop border posts have been established with Uganda and Tanzania between 2016 and 2018. The 2013-2017 Strategic Plan of the Ministry of Industrialization and Enterprise Development has also suggested ways to enhance the private sector especially the Small and Medium Enterprises (SMEs) for their contribution to international trade.

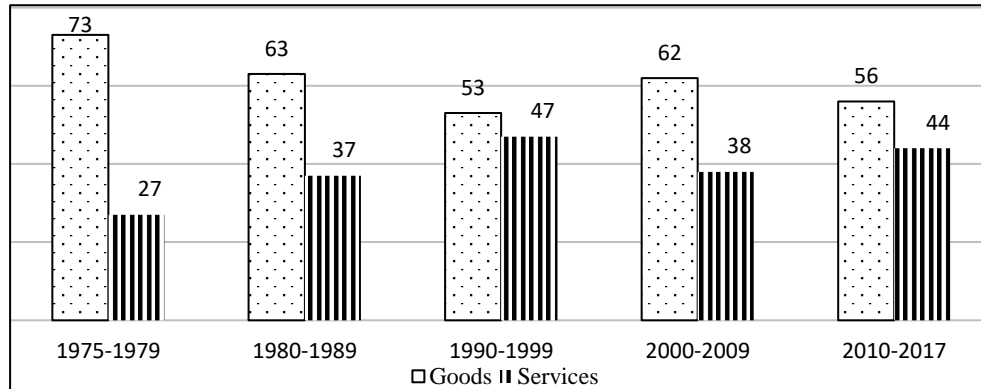
The advent of liberalization in the third regime and subsequent ratification of trade agreements, together with adoption of strategic trade-promotion policies in the fourth regime, suggests that the two regimes abided by classical creeds of the Smith and Ricardo and subsequent trade theories. However, the fifth regime has been more concrete in policies that promote and hinder trade. That is joining trade agreements, development of trade-enhancing policies that also target firms, and enforcement of tariff and non-tariff barriers (ROK, 2017; Balistreri et al, 2009, 2015). Thus, the fifth regime has mixed pre-classical, classical, and post-classical doctrines. We reckon that the fifth regime also targets the promotion of trade in services through the national trade policy of 2017, and respective trade agreements.

Services first featured in international trade through the General Agreement on Trade in Services (GATS) of 1995. Due to their nature of intangibility and non-storability, services have been considered non-tradable for a long time. Hence the

reason the theory of trade in services is underdeveloped. However, the role of services in international trade has grown and they currently account for about 25% of global exports (Loungani et al., 2017). This incidence is higher in countries like Kenya where services currently account for about 44% of overall exports (see Figure 3). Furthermore, Kenya is the second highest second highest exporter of services in Sub-Saharan Africa (SSA) after South Africa (Ayoki, 2018).

It is now unanimous that services are tradable and attempts have been made to define them. Services are defined by their mode of supply (Adlung & Mattoo, 2008). That is, cross-border services (Mode 1), consumption abroad (Mode 2), commercial presence (Mode 3), and temporary movement of natural persons (Mode 4). A new mode on intermediate service inputs is under consideration (Cernat & Kutlina-Dimitrova, 2014).

A raft of theoretical and empirical studies has also emerged by adjusting assumptions of goods-specific trade theories (such as Classical theories). Reference can be made to Bhagwati, (1984), Hindley and Smith (1984), Deardorff (1985), Francois (1990), Sapir and Winter (1994), Kimura and Lee (2006), Adlung and Mattoo (2008), Francois and Hoekman (2010), Goswami et al. (2012), van der Marel and Shepherd (2013), Hoekman (2018) and Simo (2020). Discussions on trade in services often miss in HET discussions but it is imperative to introduce them as we have done in this study.



**Figure 3: Share of Goods and Services in Kenya's Total Exports (1975-2017)**

Source: Own computation from World Bank (2019) data

## 5. Conclusion

This study sought to show the pragmatic side of the HET by tracking trade reforms and practices in Kenya from the pre-colonial to the post-colonial period. This question was answered by analysing secondary sources on trade policies and practices in Kenya, as well as materials on HET. We find that the trade landscape in Kenya is divided into three periods: pre-colonial (before 1895), colonial (1895-1962), and post-colonial (1963 to date). No explicit trade policies existed in the pre-

colonial and colonial periods. Instead, barter and long-distance trade among communities—African, Arabs, and Asians—existed in the pre-colonial period. From a HET perspective, the classical doctrines of Smith and Ricardo were followed in this era as communities exchanged commodities by considering their absolute advantage or comparative advantage. Mercantilism was also practiced where communities acquired wealth from trading at the expense of other communities. Local agricultural produce was exported, and less expensive consumables were imported during the colonial period. This was in line with the classical sentiments of Smith and Ricardo. However, snippets of mercantilism were observed, whereby Africans were discriminated from participating in international trade.

The post-independence period has had clear trade policies. First, import substitution policy was adopted between 1963 and 1979. This policy was mercantilist and Marxist in nature as it restricted imports and encouraged nationalism. Nevertheless, a little international trade was allowed through joining two trade agreements: GATT and EAC. This regime was followed by SAPS that lasted between 1980 and 1992. SAPS advocated for privatization, which can be likened to the physiocratic and classical doctrines of the *laissez faire*. Both imports and exports were promoted under this policy.

The third regime coincided with the liberalization of Kenya's economy in 1993 (Wacziarg & Welch, 2008). This policy lasted between 1993 and 2002. Under this policy, key institutions were formed to promote trade. The country also joined more trade agreements such as the WTO in 1995. This trend continued to the fourth regime that lasted between 2003-2007, which was guided by the ERS—the classical doctrines.

The latest trade policy has lasted from 2008 to date. It is guided by two documents: Vision 2030, and the national trade policy of 2017. Under this regime, trade has been barred and promoted concurrently. This implies that both pre-classical and classical measures have been applied. The regime has also contributed towards trade in services, a topic that often misses in HET. Yet, services continue to play a key role in the export basket of countries worldwide. In Kenya, services accounted for 44% of total exports between 2010 and 2017 (see Fig. 3), and they are expected to be more important with the country's declining export growth rates (Majune, et al., 2020).

Having shown the pragmatism of HET, we recommend that more researchers be motivated by this work to explain contemporary global challenges from a HET perspective. For instance, structural transformation (Rodrik, 2016), and the general economic thought of less researched regions such as Africa, Asia, and Latin America. The economic thought of women is also less studied besides attempts by Madden and Dimand (2019).

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