

COLONIAL ECONOMIES AND INSTITUTIONS

Course: African Economic History (Frankema & Austin)
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Tentative Agenda

- Introduction: the terms, the general debate, the basic facts
- Types of colony within Africa
- Colonialism, pioneer of capitalism?
- African enterprise under colonial rule: the 'peasant colonies'
- 'Rise and Fall of African peasantries' in settler and concession colonies
- Welfare and developmental outcomes
- De-colonization

Ambiguous terms

- Need to be aware of the ambiguous, even problematic nature of the title
- ‘colonial economies’: but not all the important things that happened within them were done by either the colonial government or European firms
- ‘colonial institutions’: but some institutions of the colonial period were inherited from before, and some that the Europeans introduced were eventually appropriated by African communities

Debates about Colonial Rule

- Was colonialism a force for the diffusion of technology, capital and institutions favourable to long-term economic development (Gann & Duignan, Ferguson)?
- Or was it extractive, establishing relations that were not only exploitative but self-perpetuatingly so (Rodney and dependency theory; Acemoglu, Johnson and Robinson)?
- The issue can be expressed in terms of the effect of colonialism on the type of capitalism in Africa
- All this, in turn, part of the even longer-term over-arching debate about internal vs. external causes of SSA's relative poverty

What colonial impact on the development of capitalism in Africa?

- ‘Peripheral’ capitalism; Africa a net exporter of surplus (Dependency theory; also, in different language, AJR)
 - E.g. proliferation of migrant labour, not full proletarianization
- ‘Colonialism, pioneer of capitalism’ (Warren, Sender & Smith):
 - E.g. there was hardly any wage labour at the beginning of colonial rule, whereas wage labourers were numerous (though still a minority even of able-bodied males) at the end

Historians' perspective

- Whatever the aims of colonial rule, many (not all) historians tend to emphasize the weakness of colonial states, their limited capacity to change institutions or transform the economy

Political economy of increasing trade

- Colonial officials shared with European merchants and mining companies a belief in the principle of 'opening up the country' to export-import trade
- Though officials and firms were to clash from time to time
- Different possible explanations for initial growth of trade with metropolitan economies:

SSA's Share in British Trade

(%) from Ralph Austen, *African Economic History*, 1987

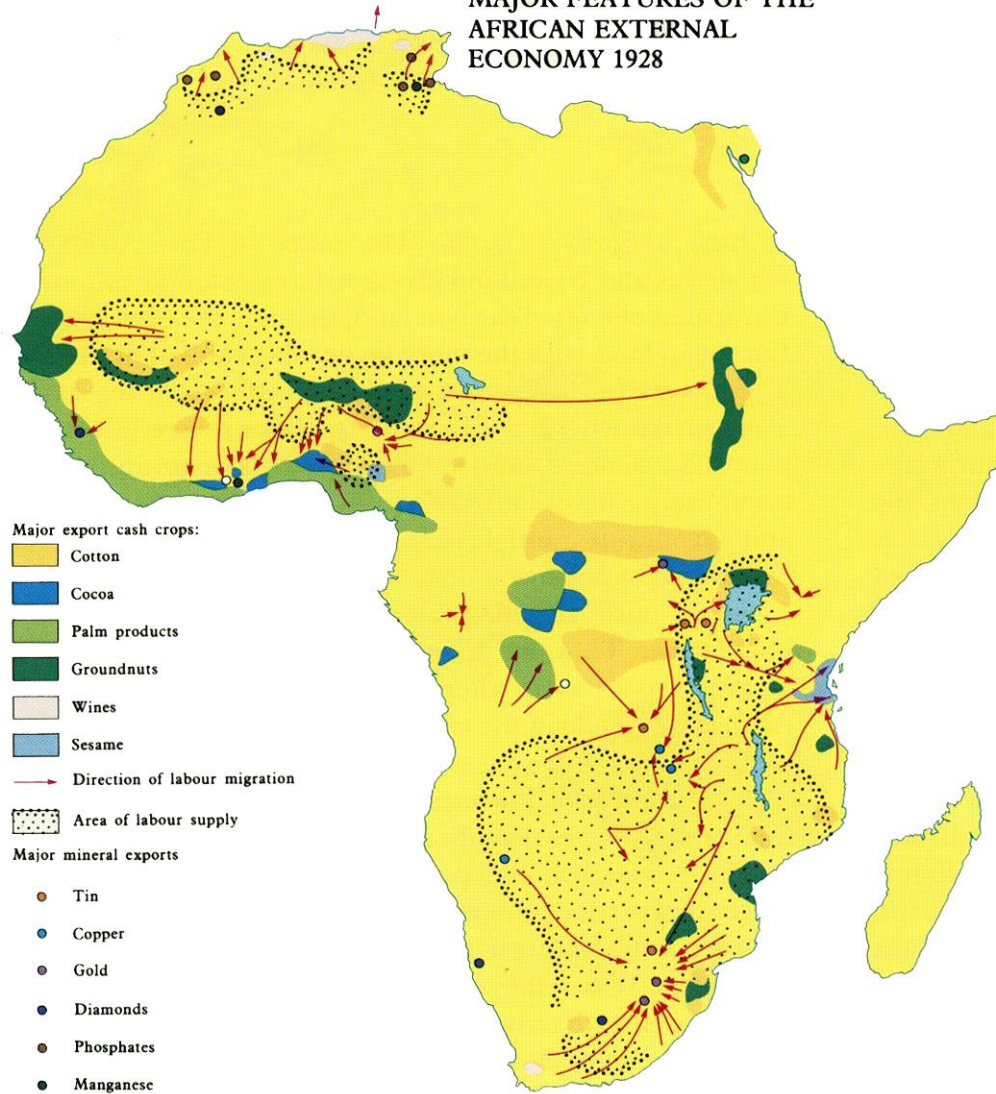
(figures in brackets exclude South Africa)

	imports	exports
1875	2.6 (1.2)	2.9 (1.0)
1906	6.9 (1.1)	8.3 (4.7)
1920	6.6 (3.2)	6.7 (4.3)

Periods

- Colonial era in most of SSA was late and brief: c.1879-c.1905 to 1957-65 or so
- Historians distinguish:
 - Conquest/establishment of state, completed by 1910 or so, while agricultural and/or mineral exports generally rising
 - Middle colonial period, often economically fluctuating and at times depressed, but with few challenges to colonial rule as such: 1910s-e1940s
 - ‘Late Colonialism’ after 1945 (top-down ‘developmentalism’), giving way to rapid transfer of power (a scramble out of Africa by Belgium, France and Britain)

MAJOR FEATURES OF THE AFRICAN EXTERNAL ECONOMY 1928



TYPES OF COLONY IN AFRICA: SETTLER, PLANTATION & 'PEASANT' COLONIES

- The differences and why they mattered
- Defined by land differences in land ownership & use
- Nature of a particular colony could change: not fixed but contested
 - Cases of Gold Coast, Ivory Coast, Kenya
- Type of colonial economy affected welfare, politics, & prospects of industrial growth
 - We will return to this later

Contrasting Outcomes continued

- Mode of decolonization: threat or reality of armed revolt in the settler economies
 - not in the 'peasant' (or even plantation) colonies
- Scope for African entrepreneurship: repressed in settler/plantation colonies
 - though partly constrained (by colonial government tolerance of European business cartels) in peasant ones too
- Land tenure: individual land ownership on former settler lands, e.g. in Kenya
 - Bates, *Beyond the Miracle of the Market* (1989)

COLONIAL STATES: 'STRONG' OR 'WEAK'?

- Strong enough to drive social (institutional) change, e.g. establishing free land and labour markets?
- Original context: economic case for annexation had often been fairly weak: was it worth investing much in them?
- Doctrine of fiscal self-sufficiency until 1945 at least
 - Hence 'the thin white line' (less so in the Congo?)

'thin white line' (Kirk-Greene 1980)

- Ratio of Europeans employed by colonial government to subject populations, 1930s:
 - French West Africa 1: 27,000
 - Belgian Congo 1: 35,000
 - Kenya (settler colony) 1:19,000
 - Nigeria (non-settler colony) 1: 54,000
- 43 million (actually probably more) inhabitants of British tropical Africa were presided over by 938 white police and army personnel, and 1,223 administrators

Weak colonial states ...

- Lacked political support and administrative capacity to tax heavily
- 'Building and caretaking' as colonial policy
- Officials' reluctant to fight for European private enterprise
e.g. 1937-38 Ghanaian cocoa hold-up

COLONIALISM, PIONEER OF CAPITALISM?

**Labour, Land and Capital
Globalization?**

Labour: Colonial Rule and the Nieboer-Domar Problem

- Problem: how to recruit labour from beyond the family when land was available to all?
 - Domar case: no wage which it was profitable for *both* prospective employer to offer and prospective worker to accept
- Responses differed by type of colony:
- Peasant colonies: gradualist approach to ending slavery
- Concession colonies, poorer peasant colonies: forced labour particularly important, especially at first
- Settler colonies: large-scale land grab aimed at forcing Africans to sell labour not produce (so, indirect coercion of labour)

So in peasant colonies: slow to abolish slavery & pawning; reluctant to introduce compulsory land titling

Logic of colonial gradualism

- political: avoid provoking resistance from elites; avoid undermining the resource base of chiefs, on whom indirect rule depended
- economic: minimize costs to government

But did seek to secure individuals' investments

- e.g. protecting ownership of cocoa trees in Ghana, without which the widespread investment in cocoa would surely not have happened
- But note: here the British merely upheld an indigenous custom, that while the land itself belonged to the chieftaincy, anything planted or built on it belonged to the person who did it

Settler and plantation economies: stronger government promotion of wage labour

- In South Africa, anyway, negligible slavery as of 1890 (nature of pastoralist economies such as Zulu kingdom, plus earlier abolition in European territory)
- Settler regimes try to force Africans onto labour market, whereas administrations of peasant colonies did that much more reluctantly
- But governments still mostly committed to avoiding land markets on African reserves

Labour supply: most important change of colonial period?

- Population take-off, after 1918 'flu & esp after 1945
- Population of SSA estimated to have doubled 1900-60, to about 200 million
- Causes of change: how far to do with colonial rule??

What about private foreign investment?

- Not very interested outside mining and export-import trade

Foreign Investment per head, public + private (£), 1870-1938 (gross, nominal; Frankel 1938)

South Africa	55.8
British West Africa (relatively prosperous 'peasant-rural capitalist')	4.8
French Africa	3.3
Average for white-ruled SSA	12.7

'PEASANT' COLONIES and African Entrepreneurship under Colonial Rule

- *Primarily possible only where Africans retained control of land ('peasant colonies') and were not subjected to sustained forced labour (as in French colonies)*
- *So mainly possible in British West Africa (Nigeria, Ghana, Sierra Leone, Gambia) and Uganda:*
 - *but even there, subject to constraint of European cartels*

4 examples of African entrepreneurship, from Nigeria and Ghana

- *Creole merchants-turned-planters* who pioneered Lagos cocoa farming in late C19th century (Davies, Coker)
- *Akwapim and Krobo migrant cocoa-farmers* who were primarily responsible for the original Ghanaian cocoa boom (1890s+)
- *Hausa merchants* (Alhassan dan Tata et al) who *orchestrated and financed* the the sudden creation of a groundnut export industry around Kano, 1912
- Africans pioneered lorry ownership, and running lorry services, in Nigeria and Ghana (1910s+)

African institutions facilitating entrepreneurship

The flexibility of indigenous social relations of production, facilitating rather than obstructing investment

- Krobo (patrilineal) and Akwapim (matrilineal) systems of group purchase of land
- Sale of land by Akyem sub-chiefs to the Krobo and Akwapim migrants
- Akan distinction between ownership of land and ownership of property created on the land: permitted security of tenure for investors (tree-planters) in Ghana (Gold Coast Colony and Asante)

Advantages of African over European Rural Capitalism:
Ghanaian and Ivorian Cocoa Exports 1901-1939
(000 tonnes, selected years) (Gunnarsson 1978)

	Ghana	Ivory Coast
1901	1.0	1.0
1914	56.8	0
1924	204.0	4.3
1930	235.7	22.3
1939	302.8	55.2

Observations from Uganda

- Conditional specialisation in cotton (Lango, W. Uganda) (Tosh)
- Food crops as cash crops (Carswell)

Institutional dimension of 'cash crop revolution' in West Africa

- (a) Freedom of African farmers to compete for labour
 - as with Ghana/Ivory Coast comparison
- (b) Prohibition of slavery
 - Essential for wide social & regional diffusion of cash-crop income (contrary to expectations of Dependency theory)

THE 'RISE AND FALL' OF AFRICAN PEASANTRIES IN SETTLER AND CONCESSIONAIRE COLONIES?

Central and Southern Africa?

Rise of the African peasantry: rational supply response to market incentives

- From 'subsistence' farmers to part-subsistence, part-market producers (i.e. 'peasants')
- Starting with the Cape in 1850s (adoption of ox-plough, & donkey cart), followed by other parts of south Africa in later C19th
- Pattern followed (with or without plough, depending on soils and on opportunities for capital formation) in southern Africa, & Kenya
- Parallel with 'formalist' literature on West African responsiveness to market incentives in precolonial and early colonial periods

But economic logic countered by political economy:

- action by colonial states to favour white employers by trying to drive Africans out of the produce market and into the labour market

Legislation on the model of the Native Lands Act in South Africa, 1913:

- e.g. 1930 Land Apportionment Act in Southern Rhodesia

2 crucial elements in this legislation:

- land grab
- *and* ban on African tenancy on European-owned land
 - ban on share-tenancy in NLA;
 - Kenya 1918 Resident Natives Ordinance banned Africans from living on European-owned land except in return for 180+ days' labour per year

According to the R&F thesis, these colonial policies largely succeeded

- Africans were pushed out of the produce market, forced to sell labour instead, hence:
- Supply price of labour squeezed down to 'Lewis' levels
- General immiseration on increasingly over-crowded, eroding, labour reserves + among workers/squatters on white farms

Revisionist work (Mosley et al) shows

- Peasant production for market survived
- Governments in S Rhodesia and Kenya eventually accepted this, decided (from late 1920s or early 1930s) to tax African market production instead of trying to eliminate it

Contrasting Outcomes of Different Types of Colony within Africa

- 'Peasant' (or rural capitalist) economies better for African real wages and welfare
- Settler and plantation economies better for growth of manufacturing
 - Southern Rhodesia, Belgian Congo as well as South Africa
 - Not least, for political reasons

Infant Mortality in Selected African Countries

Deaths at < 1 year per 1000 live births

(Bowden, Chiripanhura and Mosley 2008)

Decade	1910-20	1920-30	1930-40	1940-50	1950-60
South Africa (African population only)	254	281	302	n.a.	n.a.
Southern Rhodesia	220	246	267	264	178
Kenya	n.a.	300-500	287	182	145
Uganda	n.a.	245	171	126	126
Gold Coast	295	206	110	106	115

Manufacturing in Selected African Countries, 1960 (Kilby 1975, 472)

Country	Population (millions)	Per capita income (\$)	Manufacturing as % of GDP
Southern Rhodesia	3.6	206	16.0
Belgian Congo	14.1	58	14.0
Tanganyika	9.6	67	3.0
Kenya	8.1	79	9.5
Uganda	6.7	87	6.5
Nigeria	40.0	88	4.5
Ghana	6.8	222	6.3
Senegal	3.1	218	9.5

DECOLONIZATION

- Why so sudden?
- Impulse from below (nationalism) or outside (Cold War) or above (changing metropolitan interests)?
- 1950s cost/benefit analysis convinces both France and Britain to pull out
- Violence mainly in settler colonies, where decolonization politically difficult for imperial powers
- Independence, or neo-colonialism?

SUMMARY ON COLONIAL PERIOD

- Colonial rule: late, low-budget, brief
- Big changes during period, partly due to African responses to market opportunities
 - Whether export markets (West Africa) or internal ones (Southern Africa)
- Origins, nature & consequences of those changes varied with type of colony
 - Politics mattered