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The Economics of Colonialism in Africa

Gareth Austin

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Abstract and Keywords

A perennial debate casts European rule as either modernizing previously largely static African economies or, in contrast, as retarding their development both at the time and, via institutional path dependence, ever since. Both approaches understate the continuities in factor endowment before and during colonial rule; the importance of the differences between types of colony; and the significance of African responses to the constraints and opportunities of what proved to be the relatively short period of alien rule. This chapter examines colonial interventions in relation to long-term trajectories of economic development in Africa. Specifically, after reviewing the evolution of the literature, it asks how far colonial interventions, and African responses during the colonial period, altered or accelerated pre-existing patterns or paths of economic change in the continent, paths defined by Africans' technical and institutional responses to the constraints and opportunities of their resource endowments, in the context of regional and trans-regional markets.

Keywords: economic history, colonialism, development, factor ratios, institutions, property rights, resource endowments

1 Introduction

A perennial debate casts European rule as either modernizing previously largely static African economies or, in contrast, as retarding their development both at the time and, via institutional path dependence, ever since (Gann and Duignan 1975; Rodney 1972; Acemoglu, Johnson, and Robinson 2001). Both approaches, arguably, understate the continuities in factor endowment before and during colonial rule; the importance of the differences between types of colony; and the significance of African responses to the constraints and opportunities of what proved to be the relatively short period of alien rule (Austin 2008b). This chapter examines colonial interventions in relation to long-term trajectories of economic development in Africa. Specifically, it asks how far colonial interventions, and African responses during the colonial period, altered or accelerated pre-existing patterns or paths of economic change in the continent, paths defined by Africans' technical and institutional responses to the constraints and opportunities of their resource endowments, in the context of regional and trans-regional markets. The focus is sub-Saharan, though occasional comparisons will be drawn with North Africa.

2 Reinterpretations

Since *c.* 1960, which has become the stylized date for African independence—it was the year most French colonies south of the Sahara achieved at least formal independence, along with the Belgian Congo and the largest British colony, Nigeria—the economics and political economy of the colonial period have been approached by a host of scholars from different disciplines but with often interlocking perspectives.

In the late 1950s and early 1960s the dominant tone was optimistic, about the future and about changes set in

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motion under colonial rule. The economic history of the white minority regimes of southern Africa was interpreted in terms of Lewis's model of "economic development with unlimited supplies of labour", contrary to Lewis's own insistence that Sub-Saharan Africa was labor-scarce (Barber 1961; Lewis 1953). The rapid expansion of export agriculture in parts of early colonial West Africa helped inspire Myint's "vent-for-surplus" model of growth achieved by the mobilization of previously "surplus" reserves of land and labor (Myint 1958). Whereas Myint envisaged peasants simply reacting rationally to market opportunities, Hill's fieldwork (1963) represented the pioneers of Ghanaian cocoa farming as risk-taking entrepreneurs. Economic historians began to integrate resource endowments, markets, and political economy into fuller and more nuanced syntheses (Hopkins 1973).

During the 1970s, disappointments with the immediate fruits of independence stimulated much more critical reappraisals of the colonial record, often formulated in terms of dependency theory (Amin 1972; Rodney 1972). Historical evidence as well as perspectives from both market economics and dependency theory led Arrighi and others to refute the application of the Lewis model to the settler economies. They showed that the "subsistence-level" wages of the mid-twentieth century were the result not of a static traditional agriculture but of state interventions to replace surplus-producing, price-responsive peasants with a coercively constructed system of migrant labor (Arrighi 1970; Palmer and Parsons 1977). More recently, rational-choice political economists have interpreted the political influence of settler lobbies in public choice terms and argued that colonial governments failed to establish individual property rights in land, thereby discouraging investment (Bates 1981; Firmin-Sellers 1996). Acemoglu, Johnson, and Robinson—albeit partly conflating colonial rule with the external slave trades of the pre-colonial era—saw colonial regimes as essentially extractive (Acemoglu, Johnson, and Robinson 2001; Acemoglu and Johnson 2010).

A basic constraint in researching colonial economies is our ignorance of per capita gross domestic product (GDP). On the numerator, we have relatively good data on exports and the public sector, but face conceptual as well as data gaps in estimating the output of the most labor-consuming activities, food production, and internal trade. On the denominator, the colonial governments introduced censuses, but the early results were often based on estimation rather than counting. Though their coverage gradually improved, it was restricted by modest administrative capacity and the incentive to people to evade enumeration in the hope of avoiding taxation (Manning 2010). In this context, as we will see, studies of welfare outcomes have focused on real wages and, increasingly, anthropometrics. Meanwhile the progressive opening of the archives of governments and firms has revealed more about colonial perceptions and motives, and court records have illuminated how property rights worked in practice (e.g., Austin 2005; Fenske 2012).

3 Structure and Change in Pre-colonial Economies

Until well into the colonial period, and often beyond, most of Sub-Saharan Africa, most of the time, was characterized by an abundance of cultivable and graze-able land in relation to the labor available to exploit it. This did not mean "resource abundance": much of Africa's mineral endowment was either unknown or inaccessible with pre-industrial technology, or was not yet valuable even in overseas markets. Worse, thin soils made it costly or difficult to pursue intensive cultivation, especially where animal manure was absent. Sleeping sickness prevented the use of large animals, whether for plowing or transport, in the forest zones and much of the savannas. Over wide areas the extreme seasonality of the annual distribution of rainfall rendered the core of the dry season effectively unavailable for farm work. The consequent low opportunity cost of dry-season labor reduced the incentive to raise labor productivity in craft production. Conversely, the characteristic choices of farming techniques were land-extensive and labor-saving; but the thinness of the soils constrained the returns on labor. All this helps explain why the productivity of African labor was apparently higher outside Africa, over several centuries—the underlying economic logic of the external slave trades, which in turn aggravated the scarcity of labor within sub-Saharan Africa itself. Meanwhile, the major source of innovation to improve productivity and food security was the selective adoption of exotic cultigens (including plantains, maize and cassava) imported from Asia or the Americas to supplement what, except in Ethiopia, was a relatively meager range of endemic cultivable plants (Austin 2008a).

The structure of incentives encouraged a high degree of self-sufficiency. By the mid-twentieth century social scientists tended to assume that pre-colonial economies had necessarily been overwhelmingly subsistence oriented and, further, that "traditional" African culture and governance rejected the logic of optimizing under

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scarcity. The latter view took its most sophisticated form in Polanyi's Substantivism (Polanyi 1966). The last 50–60 years of research has progressively changed these assessments. Polanyi's proposition that prices in pre-colonial economies were set by custom or command rather than by the interaction of supply and demand, has been falsified even for his chosen case, the kingdom of Dahomey (Law 1992). Again, research has uncovered strong tendencies towards extra-subsistence production, most notably in West Africa. For example, the currency materials (cowries, etc.) imported via Saharan caravans and European ships were not used to lubricate external trade; rather, they were used as currencies only in intra-African trade (Inikori 2007). The external slave trades bid resources into the generation and export of captives and directly damaged peaceful economic activities. But with the effective beginning of the abolition of the largest of these trades, the Atlantic, in 1807, West African production of agricultural and forestry products expanded, for internal as well as overseas markets (Hopkins 1973; Inikori 2009). Because of the relative scarcity of labor, and in the absence (generally) of significant economies of scale in production, it was rare for the reservation wage (the minimum wage rate sufficient to persuade someone to sell their labor rather than work for themselves) to be low enough for a would-be employer to afford to pay it. Hence pre-colonial labor markets (except for casual work) mainly took the form of slave trading, not least in West Africa (Hopkins 1973; Austin 2005).

In sub-Saharan Africa relative abundance of land made political centralization difficult to achieve and sustain (Herbst 2000). Political fragmentation created a free-rider problem which facilitated the external slave trades, in that larger states would have had stronger incentives and capacities for rejecting participation (Inikori 2003). This fragmentation also later facilitated the European conquest. Ethiopia was the exception that proved the rule: its fertile central provinces and large agricultural surplus supported a long-established and modernizing state with an economic base sufficient to defeat the Italian invasion during the late-nineteenth-century European partition of Africa. Emperor Menelik II of Ethiopia can be likened to Mehmet Ali Pasha in post-Napoleonic Egypt. The latter had used an even larger, more labor-abundant, agricultural base to promote modernization, in his case including manufacturing, in the face of political and economic pressure from France and Britain and from his nominal Ottoman overlords.

By no coincidence, most of the sub-continent was colonized at a time when the industrialization of Europe was creating or expanding markets for various commodities that could profitably be produced in Africa. The land–labor ratio, the environmental constraints on intensive agriculture, and also the specific qualities of particular kinds of land in various parts of the continent, gave Africa at least a potential comparative advantage in land-extensive export agriculture (Austin 2013). By the time of colonization, especially in Western Africa, indigenous populations were increasingly taking advantage of the combination of these supply-side features and of access to expanding overseas markets. From Senegal to Cameroon, thousands of tonnes of groundnuts and palm oil, and from the 1880s rubber, were being produced for sale to European merchants (Law 1995).

4 Colonial states

Historians distinguish three main categories of colony in Africa: "settler" (more precisely, settler-elite colonies) in which most of the cultivable land was appropriated for European use; "peasant" colonies in which the land remained overwhelmingly in the hands of Africans, partly producing crops for export; and "concession" colonies in which much of the land was reserved for Europeans, but mainly for mining or plantation companies rather than individual settler-farmers. We will see that these distinctions had major implications for markets, indigenous entrepreneurship, manufacturing and income distribution. Despite early starts by the Portuguese and Dutch on the fringes of southern Africa, as well as by the French in Algeria, most of the continent was conquered only late in the history of European empires, in the Scramble for Africa, 1879 to *c.* 1905. Facilitated by the adoption of quinine against malaria, and prompted partly by merchant and mining interests, it was intended to cost European taxpayers little.

Like pre-colonial governments, colonial administrations found their revenues constrained by the often modest size of marketed output, high costs of collecting taxes from often scattered populations, and the risk of revolt. Responding to the last two constraints, they preferred customs duties to direct taxes. But, while this option was seized upon in the wealthier of the "peasant" colonies, such as the Gold Coast (Ghana) and Nigeria, its applicability was restricted in colonies that generated fewer exports per capita, such as French West Africa and Tanganyika (mainland Tanzania). In Kenya, direct taxation of Africans was preferred also because of the influence

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of white settlers. The most systematic investigation so far is Frankema's study of eight British African colonies, including both "peasant" and "settler" colonies (Table 1).

Table 1 Number of working days required of an unskilled urban African to equal average annual per capita revenue in British African colonies, 1910–1938

Year	1910/13	1925	193
Kenya	6.9 (5)	16.1 (9)	23.3 (13)
Nigeria	3.9 (1)	3.7 (1)	4.7 (1)
Unweighted average of 8 colonies	7.1	10.8	14.6

Source: Frankema 2011, 139–42) Figures in parentheses exclude customs duties.

(*) Gambia, Sierra Leone, Gold Coast, Nigeria, Nyasaland (Malawi), Kenya, Uganda, Mauritius

Thus, measured by the time required to pay it, the tax burden was relatively light; which does not mean that it was not painful for the poor, especially where its distribution was regressive, as in settler economies. Frankema found, across his sample, that as per capita government revenue rose, so did the share of government expenditure on health and education, whereas spending on the police and army remained roughly constant (Frankema 2011).

Colonial administrations entered the post-1945 era with a new public commitment to actively promote the development of the economies over which they presided. "Developmental" language was partly redeemed by greater spending. In principle this came partly from the metropolitan taxpayer. However, in the French case, Manning (1988: 123–125) has calculated that the government continued to receive more in tax from Africa than it spent there. In British West Africa, the new statutory export marketing boards accrued substantial surpluses by keeping a large margin between the price paid to producers and the price that the boards received for the crop on the world market. The surpluses were kept in London, in British government bonds: forced savings from African farmers, which assisted the British metropolitan economy to recover from its postwar dollar shortage (Rimmer 1992: 41–42).

Reflecting and perpetuating their low revenues, colonial administrations could afford relatively few European personnel, including in the "native reserves" of settler economies. In the 1930s, the ratio of white administrative officials to the African population was 1:19 000 in Kenya, 1:27 000 in French West Africa and 1:54 000 in Nigeria. In *c.* 1939 the supposedly 43 114 000 (actually many more) inhabitants of British tropical Africa were presided over by a total of 938 white police and army personnel, 1223 administrators, and 178 judges: an overall ratio of 1:18 432 (Kirk-Greene 1980: 35, 38, 39). Indeed, the ratios were actually lower, given that the censuses under-counted. Given the paucity of their financial and human resources, colonial regimes relied on African intermediaries, such as chiefs, as the front line of government: to save money, and in the hope that chiefs possessed greater legitimacy with the population. It was a compromise: chiefs were considered legitimate by the population only to the extent that occasionally they were allowed to influence colonial actions, and in colonies such as the Gold Coast individual chiefs were not infrequently deposed by pressure from their subjects. Expect perhaps for the Belgian Congo, neither chiefs nor European governors were as powerful in everyday rule as has often been depicted (by Young 1994; Mamdani 1996; compare Berman and Lonsdale 1979).

This capacity constraint was one reason for the caution with which the colonial authorities generally approached social engineering. Britain and France entered the partition of Africa having banned slavery in their existing colonies. Yet in many of the new colonies in Africa, slave-holding, though usually not slave trading, was tolerated for years or decades, partly because a rapid emancipation would undermine the economic and social position of chiefs, and exacerbate the labor shortages faced by enterprises beyond the scale of the family (Miers and Klein 1999). Whereas in the mid-nineteenth century, when they annexed Lagos, the British were enthused by the notion of individual property as the universal key to economic advance (Hopkins 1980, 1995). After the Scramble,

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however they and their counterparts preferred to maintain family and communal land rights under the supervision of the rural chiefs, to avoid the risk that the poorer farmers would sell up and become proletarians or, worse, lumpen-proletarians in the towns. In the peasant—or, in part, rural capitalist—colonies of British West Africa, another reason for maintaining the existing land tenure systems was that they proved consistent with massive investment in the expansion of tree-crop cultivation. This was spectacularly true in the Gold Coast, which rapidly became the world's largest cocoa producer: benefiting the African farmers, but also government customs revenue and the profits of European merchants. The Akan land tenure system, upheld in this respect in the colonial courts, protected the right of someone who planted a tree to ownership of it and its fruits, at least during his lifetime (Austin 2005, 2008b).

5 Economic specialization and dynamics

The European partition of Africa occurred during a major expansion, pre-1914, of overseas markets for the actual or potential products of tropical agriculture. The single most successful response, pioneered in Nigeria and the Gold Coast by Africans, was the adoption of a South American crop, cocoa beans. This can be viewed as a further step on the long-established African path of raising incomes by increasing returns to labor through the selective adoption of exotic cultigens. Again, though the adoption of a permanent crop entailed a new production function, the most economically successful methods of cultivating it were land-extensive. In the Gold Coast, the devotion of European planters to a more capital and labor-intensive approach explains their commercial failure in competition with African growers (Austin 1996). Crucially, this was in the setting of a "peasant" colony in which the European producers did not enjoy the advantage of a supply of directly or indirectly coerced labor, as in the settler colonies.

Where the physical environment did not suit the more lucrative cash crop, and food security remained farmers' overwhelming priority, there were no breakthroughs comparable to the adoption of cocoa in the West African forests. In the Niger Valley, and later in Tanganyika, the French and British launched grand agricultural projects: with results, respectively, modest and derisory (Roberts 1996; Van Beusekom 2002; Hogendorn and Scott 1981). These projects confirmed the inefficiency of agricultural intensification in the circumstances. It was only when colonial rule was half a century old in most of Africa that scientific agriculture, state or private, began to contribute significantly to raising productivity in African export-crop farming, still less food-cropping (Richards 1985). Meanwhile handloom weavers survived, at least in West Africa, often using imported, machine-made yarn, and selling their produce to the more prosperous cash-crop farmers (Austin 2013). We will return to manufacturing below. Where European technology made a great difference was in introducing deep-mining methods, to spectacular effect in the diamond and gold industries of South Africa, plus mechanized transport—the latter all the more important where sleeping sickness was endemic.

In principle, Africa's longstanding shortage of investment could have been remedied through colonization by countries which were not only themselves industrialized, but major exporters of capital. A 1938 study by Frankel remains the only attempt at a comprehensive count of foreign investment in colonial sub-Saharan Africa. The per capita figures are surely exaggerated because, again, of the census underestimations of population (Table 2).

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Table 2 Foreign Investment in sub-Saharan Africa, 1870–1936

	Aggregate	**Per Head of Population**
Union of South Africa	554 681	55.8
Southern & Northern Rhodesia (Zimbabwe & Zambia)	102 403	38.4
Angola and Mozambique (Portuguese)	66 732	9.8
Belgian Africa (Congo and Rwanda-Burundi)	143 337	13.0
French Africa south of the Sahara	70 310	3.3
British Eastern Africa (Kenya, Uganda, Tanganyika, Nyasaland)	110 189	8.1
British West Africa (Nigeria, Gold Coast, Gambia, Sierra Leone)	116 730	4.8
All colonial sub-Saharan Africa (including Sudan, Zanzibar, but excluding Portuguese Guinea)	1 221 686	<12.7

Source: Frankel 1938: 158–159, 169–170). In nominal British pounds.

The fact that nearly 45 percent of the total was public investment (grants and loans from the imperial metropoles) underlines the paucity of foreign private investment outside the mining industries of South Africa, what is now Zimbabwe, and the copperbelt of Central Africa (Zambia and the Belgian Congo). While colonial administrations were generally reluctant to register individual land titles in agriculture, exceptions were made for foreign investors in many colonies (but, notably, not in Nigeria), and expropriation risk was negligible. Thus the lack of foreign investment in agricultural Africa cannot be sufficiently explained in institutional terms. Rather, some key environmental obstacles to the profitable embodiment of capital, such as the precariousness of soil fertility in a setting in which supplies of water and fertilizer were unreliable or costly, remained severe to the end of colonial rule and beyond (Austin 2008a).

The colonial occupation also confronted foreign rulers and investors with another structural problem: the scarcity of labor in relation to the availability of agricultural land. The new governments responded in three ways. One, already mentioned, was their gradual approach to the elimination of slavery. While they usually suppressed slave raiding and trading pretty rapidly, in many African colonies they initially tolerated the continued use of slave labor. In West Africa, the growth of export agriculture enabled former slaves to become free peasants in some cases, and migrant wage laborers in others (Austin 2009). The second colonial approach was use of coercion by governments to recruit labor, for themselves or for private European employers, or to direct peasants to grow specific crops, usually cotton, in areas where this entailed planting less food, because of a short planting season (Fall 1993; Likaka 1997; Tosh 1980). Forced labor was generally fairly ineffective, partly for lack of government capacity. But it was only slowly and unevenly phased out, persisting in the French empire until abolished by law in 1945 (Cooper 1996), and lasting longer still in the Portuguese empire. The third government strategy characterized the settler economies, in contrast to the peasant colonies. This was the attempt to force Africans to quit the produce market and sell their labor instead, to European agriculturalists or mine owners. The archetypal expression of this policy (though it was not entirely enforced) was the Natives Land Act of 1913 in South Africa. This not only reserved most of the land for European use, but banned Africans from renting European-owned land, obliging them to become wage laborers. Similar policies were adopted in Southern Rhodesia and Kenya, though they were gradually modified in the inter-world-war period, when governments decided that it was better to tax African production for the market rather than to continue to try to eliminate it altogether (Mosley 1983).

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A trans-Saharan difference may be noted. The settler-elite colony in North Africa, Algeria, was more densely populated than those in the south, reducing the "need" for the colonial state to apply coercion, direct or indirect, to coerce the indigenous labor force into working for Europeans. Partly as a result, land appropriations there were more incremental and piecemeal than in South Africa (Lützelschwab 2013).

Overall, in the "peasant" colonies European capital helped consolidate Africa's comparative advantage in land-extensive agriculture, albeit mainly through investments in marketing networks and mechanized transport. Elsewhere, European technology and capital, plus the state's coercive interventions to appropriate land and enlarge the supply of migrant labor, made possible the development of deep mining. By 1960 manufacturing had begun to emerge south of the Sahara, quite widely but generally on a small scale (Table 3).

Table 3 Manufacturing in selected African countries, 1960 (Kilby 1975: 472)

Country	Population (millions)	Per capita income ($)	Manufacturing as percent 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

This industrial growth owed much to locational advantage, notably with cement and beer. A mining base and a relatively large European population (including in the capital of French West Africa, Dakar) also helped. Strikingly, the largest manufacturing industries were created in South Africa and Southern Rhodesia, where the white populations controlled the government: South Africa became effectively independent within the British empire in 1910, while Southern Rhodesia became autonomous under a parliament largely elected by settlers, in 1923. Both adopted policies of import-substituting industrialization, with the state subsidizing and protecting infant industries.

6 African Agency and Welfare

A combination of African responsiveness to market opportunities and the resource constraints on colonial governments meant that the patterns of economic change in colonial Africa owed much to African initiatives. Even the form of colonization was partly endogenous in these terms: it was the rapid development of African export production in West Africa that decided the internal British policy debate in favor of the Gold Coast and Nigeria being "peasant" rather than concession colonies. In the settler colonies, Africans seized the initial opportunities to grow grain for the urbanizing centers of mining and administration. When the state tried to force Africans out of the produce and into the labor markets, peasant production for sale proved resilient enough in Kenya and Rhodesia to induce a revision of policy. Even so, opportunities for African entrepreneurship remained most available in the "peasant" colonies, especially in British West Africa. But there African merchants confronted European cartels in the export–import trade and banking (Nwabughuogu 1982; Austin and Uche 2007). They fought back, notably in the form of the independent banking movement in Nigeria, and the series of cocoa 'hold-ups' in the Gold Coast

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(Hopkins 1966, 1978; Miles 1978). Meanwhile, colonial governments—and the missionaries—can be credited with raising the availability of Western education from the very low levels of the late nineteenth century. However, when African politicians gained control of government domestic spending, as they did in Nigeria and the Gold Coast before independence, they dramatically increased public investment in education.

Current research is attempting to quantify the evolution of human welfare under colonialism. Anthropometric research has the benefit of large samples, from army recruitment records, especially during the world wars. Average heights of Africans rose during the colonial period both in the Gold Coast and in Kenya, suggesting better nutrition (Moradi 2008; Moradi, Austin, and Baten 2013). It remains to be seen whether this was also true in the poorest colonies, including Tanganyika (Table 4).

Table 4 Real wages as ratios of “family subsistence basket” in the capital cities of British colonies, 1900s to 1950s (peacetime decades)

Decade	1900s	1920s	1930s	1950s
Dar es Salaam	n.a.	1.9	1.4	1.6
Nairobi	1.3	1.6	1.4	1.8
Kampala	1.2	1.7	1.7	1.7.
Lagos	3.3	2.3	3.2	n.a.
Accra	2.4	2.6	3.4	4.1

Source: Frankema and Van Waijenburg 2012: 908–910).“Family subsistence basket” = 1.

On real wages, so far the most thorough comparative study is Frankema and Van Waijenburg’s for British tropical Africa. Their wages data are for unskilled laborers employed by the government. They converted them into multiples of their estimates of the cost of keeping a family of five alive at a minimum subsistence level, using the prices of foodstuffs in the capital cities (Frankema and Van Waijenburg 2012). They found that the laborers in the peasant and “rural capitalist” societies of Nigeria and the Gold Coast had much higher real wages than their counterparts in East Africa. Meanwhile, for South Africa a series calculated in the traditional way shows that the real wages of black gold miners were higher in 1911 (even after more than a decade of decline) than they were to be again until the 1970s (Lipton 1986). The general point is reinforced by Bowden, Chiripanhura, and Mosley (2008), for example on infant mortality. In the “peasant” colonies in their sample, African living standards rose earlier and more consistently than in even the richest of the settler economies (Table 5).

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Table 5 Infant mortality in selected African countries

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

Source: Bowden, Chiripanhura and Mosley 2008, 1061).

Deaths at < 1 year per 1000 live births.

7 Final thoughts

This chapter has emphasized has set the interactions of European rulers and African subjects in the context of the path of development characteristic of much of pre-colonial Africa, in which capital was scarce but opportunities to embody capital profitably were also severely restricted, and land was abundant relative to labor, but very costly to cultivate intensively. In purely economic terms, the most successful episodes were when African farmers were free to continue their pattern of selective adoption of exotic crops, achieving a major (if discontinuous) productivity change with cocoa in Ghana (Austin 2014); and when European miners were able to apply a new technology to tap the deeper-laying natural resources. Peasant—especially “rural capitalist”—colonies were better for human welfare, with continued possession of the land putting a floor under real wages. But settler governments, relatively free from imperial control, could pursue industrialization.

The most fundamental resource change initiated during the colonial era was one for which colonial governments had some responsibility, though it is hard to know how much (Iliffe 1989): the beginning, sometime after the 1918 influenza pandemic, of the population take-off that has moved sub-Saharan Africa towards labor abundance. The equivalent institutional change of the colonial period was the replacement of slave by wage-labor markets, gradual as it was (Sender and Smith 1986). Colonialism increased the capacity of states: for example, despite the common charge of “balkanized” and artificial boundaries, the states of 1960 were usually larger than those the Europeans had overthrown, and the borders have become socially embedded. But colonial states remained weak, and their rulers tended to regard them as “territories” comprising discrete “tribes” (themselves partly of colonial creation) (Spear 2003). Forging national identities was hardly on the agenda of alien rulers.

Finally, it is necessary to underline the importance of viewing trends continuously and in context. Important and valuable as long-term comparative statics are (Acemoglu, Johnson, and Robinson 2001), they compress history, thereby overlooking the likelihood that causal relationships have altered between the moments they observe. This chapter has touched on the first half of two instances. Without the lowering of the supply cost of unskilled labor that was achieved by labor repression, South Africa’s mineral revolution would have been all but still-born, to judge from the calculations of Feinstein (2005). Yet, as technology advanced and as manufacturing expanded, the policy that had begun South African “industrialization” became the major obstacle to its continuation, by restricting the supply of skilled labor (Nattras 1991). Again, the Akan land tenure system, which secured the property rights of the farmer in the trees he planted, while leaving the ownership of the soil beneath open to challenge, proved compatible with the massive waves of investment that made Ghana the world’s biggest cocoa producer during the colonial era. But the growth of population has now made land scarce. Local elites have responded by undermining the rights of immigrant farmers, however long they have been there. So the system that worked well enough during the colonial period became a constraint on further agricultural advance (Goldstein and Udry 2008).

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Gareth Austin

Gareth Austin, The Graduate Institute of International and Development Studies, Geneva.

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