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IMPERIALISM, GLOBALIZATION AND ECONOMIC DEVELOPMENT: THE EXPERIENCE OF BRITISH WEST AFRICA, c.1891-c.1960[1]

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In 1926 Alan McPhee's *The Economic Revolution in British West Africa* (1926), a pioneering work of contemporary economic history, associated progress in the region squarely with its becoming 'more and more one cog in the world economic machine'. McPhee saw a causal relationship from British colonial rule to economic development of the territories concerned, via their progressively tighter incorporation in the global economy.[2] But in this case the link from colonial rule to globalization was complicated by the fact that, by the 1920s, senior colonial officials as well as academic observers regarded British West Africa as a distinctive kind of colonial project, summarised by McPhee as 'the development of native resources for the natives by the natives, under English supervision.'[3] There was a potential contradiction here, which I think makes this regional case of particular interest for the theme of this workshop. On the one hand it was considered axiomatic that British rule ('English supervision') brought peace and impartial justice, both of them important facilitators of market transactions. To this could be added mechanised transport (which had been introduced in the form of that British invention, the railway) and - still by 1926 - free trade: both of which reduced the costs of international trade and thereby helped to integrate markets on a global as well as domestic scale. On the other hand, the commitment to 'the development of native resources for the natives by the natives' entailed a fundamental restriction on the market and on international flows of capital and entrepreneurship: the land and most of at least the agricultural enterprises had to be reserved to indigenous owners.

McPhee's propositions may be regarded both as interim conclusions and as predictions, made as they were at what turned out to be about half way through the period of British rule in most of the territory concerned. This paper will focus on the era of formal colonial rule in the two large British colonies in the region, Nigeria and what is now Ghana. Together they accounted for nearly 94% of the population of British West Africa.[4] All of Nigeria except Lagos (which had been annexed in 1861) was conquered between 1891 and 1903. Roughly two-thirds of Ghana (Asante [or Ashanti], and the Northern Territories) was seized in 1896 (the southern part, the Gold Coast Colony, had been colonized in 1874). Parts of the German colonies of Cameroon and

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[1]An earlier version of this paper was presented to a workshop at Oxford University in May 2005. I am grateful for the comments received then.

[2]Alan McPhee, *The Economic Revolution in British West Africa* (London, 2nd ed. 1971, with an introduction by A. G. Hopkins: 1st edn, 1926), quotation at p. 69.

[3]McPhee, *Economic Revolution*, 7.

[4]According to the estimates for 1959 in H. W. Singer, 'Demographic factors in Subsaharan economic development', in Melville J. Herskovits and Mitchell Harwitz (eds), *Economic Transition in Africa* (London, 1964), 253.

Togoland were added to Nigeria and Ghana respectively, for administrative purposes, after they were conquered by Britain and France during the First World War, becoming League of Nations mandated territories in 1919. Ghana and Nigeria became independent in 1957 and 1960 respectively.[5]

Because my concern here is with formal colonial rule, the paper will concentrate on the period c.1891-c.1960. But it should be emphasised that in key respects the major political and economic changes of the colonial era continued trends established in the preceding decades. In particular, first, the British decision to withdraw from the Atlantic slave trade, with effect from the beginning of 1808, obliged Britain to reconfigure her commercial relationship with West Africa, a process which ultimately led to an impasse from which territorial annexations seemed to offer a solution.[6] Second, the 'cash crop revolution' of the colonial era actually began much earlier and more slowly, with the emergence of palm oil exports as the West African coastal economies made the transition from the export of captives.[7] We will return to this latter point.

Helped by hindsight and what is by now a considerable historiography, the purpose of this paper is to consider the questions raised by McPhee's dicta, specifically (1) How far the British empire was a 'globalizing' force in West Africa, in the sense of integrating the British colonies in the region ever more deeply into the world economy, and (2) The relationship between that policy and the economic development of the countries concerned. Before addressing each question in turn, it will be useful to set them in the context of the accumulated literature.

Historiographical and theoretical perspectives

Much of the literature on British West Africa can be divided into optimistic and pessimistic assessments of the effects of colonial rule on economic development. Within each of those 'camps', it is possible to draw a further distinction according to their view of the significance of 'globalization' in this context.

Perhaps the most bullish of the optimistic approaches is that which sees colonial rule as economically progressive and indeed revolutionary, the means by which societies previously off the path which Western capitalism had blazed to the conquest of nature were pulled onto it. The

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[5]The former British-mandated part of Togoland remained in Ghana, the equivalent part of Cameroon joined the republic of Cameroon rather than the Federation of Nigeria.

[6]A. G. Hopkins, *An Economic History of West Africa* (London, 1973), ch. 4; compare Gareth Austin, 'Between abolition and jihad, from abolition to civil war and colonisation: the response of the Asante state and economy to the ending of the Atlantic slave trade, 1807-1896', in Robin Law (ed.), *From Slave Trade to 'Legitimate' Commerce: the Commercial Transition in Nineteenth-Century West Africa* (Cambridge, 1995), 93-118; A. G. Hopkins, 'Asante and the Victorians: transition and partition on the Gold Coast', in Roy Bridges (ed.), *Imperialism, Decolonization and Africa* (London, 2000), 25-64.

[7]Hopkins, *Economic History*; Law (ed.), *From Slave Trade to 'Legitimate' Commerce*; Martin Lynn, *Commerce and Economic Change in West Africa: The Palm Oil Trade in the Nineteenth Century* (Cambridge, 1997).

left-wing version or (in John Sender's phrase) 'tragic optimist' version of this tradition,[8] descends from Karl Marx's writings on British India, via the late Bill Warren (1980) and John Sender and Sheila Smith (1986).[9] The right-wing or paternalist version of this was most powerfully championed by McPhee; much the same analysis, usually in more cautious language, can be found in some more recent writing.[10] The two versions differ not only in that the marxists emphasise the self-interest of colonial motivation and the brutality of colonial methods, but also in that they regard the world market per se as a secondary effect of the projection and implantation of capitalist social relations of production and of the advanced productive forces associated with them. However, both versions agree that colonial rule decisively and ever more firmly incorporated the conquered territories within the international capitalist economy, including its commodity and capital markets, and generated pressures leading towards the buying and selling of land and labour time.

An alternative form of optimism underlines the economic achievements of the colonial period in British West Africa, but gives the main credit not to colonial rule but to African agency. In this light, the main contribution of British colonialism to economic development was not the promotion of world markets per se, but rather in having the sense not to obstruct the African responses to those markets. The theme was put best at the time by Sir Hugh Clifford, former governor of the Gold Coast and now Governor-General of Nigeria, in 1920:

> Agricultural interests in tropical countries which are mainly or exclusively in the hands of the native peasantry ... are incomparably the cheapest instrument for the production of agricultural produce on a larger (*sic*) scale that has yet been devised; and ... are capable of a rapidity of expansion and a progressive increase of output that beggar every record of the past, and are altogether unparalleled in all the long history of European agricultural enterprise in the tropics.[11]

This theme was greatly elaborated by Polly Hill and her successors, from their research on indigenous entrepreneurship in the take-off of cocoa farming in Ghana (how the Gold Coast went from its first exports of cocoa beans in 1891 to overtaking Brazil as the world's largest producer in 1911, and going on to quintuple output by 1923) and southwest Nigeria, of groundnuts (peanuts) in northern Nigeria, and - more gradually - the further expansion of palm oil and palm

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[8]John Sender, 'Africa's economic performance: limitations of the current consensus', *Journal of Economic Perspectives* 13 (1999), 89-114.

[9]Bill Warren, *Imperialism: Pioneer of Capitalism*, ed. John Sender (London, 1980); John Sender and Sheila Smith, *The Development of Capitalism in Africa* (London, 1986).

[10]E.g. Peter Duignan and L. H. Gann, 'Introduction' to their (eds), *Colonialism in Africa 1870-1960*, IV, *The Economics of Colonialism* (Cambridge, 1975), 1-30 [and N. Ferguson].

[11]Quoted in Anne Phillips, *The Enigma of Colonialism: British Policy in West Africa* (London, 1989), 89.

kernel production in southeast Nigeria.[12] African initiative also had a pioneering - though not monopolising - hand in the development of lorry transport in both Ghana and Nigeria.[13]

The pessimistic tendency is to see the rule of the British (at least) in West Africa (at least), as socially conservative and economically straight-jacketed, the result being to brake or even block development in the local economies. It is important to distinguish different strands within this pessimism.

One version of it is argues, in effect, that the trouble with British rule was precisely that it exposed the economies to globalization, in the form of the world market, and then did not act to shift the comparative advantage of Ghana and Nigeria from agriculture to manufacturing. Ralph Austen has commented that in the liberal economic historiography 'tended to concentrate on early periods of colonial economic development while either ignoring the stagnation of later phases or explaining it in terms of vague, essentially exogenous factors.'[14] The implication is that development based on specialisation in the production of cash crops, plus some minerals, for the world market offered few opportunities for productive diversification. That proposition is a premise of what might be called the 'late development' critique, by which the colonial government is seen to have failed to take responsibility for promoting industrialisation. In the later 1950s and early 1960s, when West Africa was decolonising, leading economists (such as Albert Hirschman) and economic historians (above all, Alexander Gerschenkron) were arguing that economic development in economies which lacked the conditions for market-based industrialisation required that other agencies, usually the state, intervene to act not merely as the referee, but as the major investor and entrepreneur. In other words, the state was seen as having a responsibility not to facilitate the economy in making the most of its existing comparative advantage in primary product exporting, but rather to intervene to shift the economy into acquiring a comparative advantage in the higher value-added activities associated with industrialisation.[15] This approach was indeed advocated for West Africa by some influential economists of the time, and found a receptive ear from some African politicians (most notably Kwame Nkrumah in his later years, 1961-66) facing political and economic pressures to try to accelerate development. Certainly, the rulers of British West Africa can readily be convicted of declining to act as a 'developmental state' in this sense. Despite considering possible steps to promote manufacturing as part of the

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[12]Polly Hill, *The Migrant Cocoa-Farmers of Southern Ghana* (Cambridge, 1963: 2nd ed. LIT and James Currey with International African Institute: Hamburg and Oxford, 1997); Jan S. Hogendorn, *Nigerian Groundnut Exports: Origins and Early Development* (Zaria, 1978); Sara S. Berry, *Cocoa, Custom and Socio-Economic Change in Rural Western Nigeria* (Oxford, 1975); Susan M. Martin, *Palm Oil and Protest: An Economic History of the Ngwa Region, South-Eastern Nigeria, 1800-1980* (Cambridge, 1988).

[13]Simon Heap, 'The development of motor transport in the Gold Coast, 1900-39', *Journal of Transport History* 11 (1990), 19-37; P. Drummond-Thompson, 'The rise of entrepreneurs in Nigerian motor transport: a study in indigenous enterprise', *Journal of Transport History* 14 (1993), 46-63.

[14]Ralph Austen, 'Capitalism, class, and African colonial agriculture: the mating of marxism and empiricism', *Journal of Economic History* 41 (1981), 658.

[15]Tony Killick, *Development Economics in Action: A Study of Economic Policies in Ghana* (London, 1978).

postwar ‘development’ push that was formally inaugurated by the Colonial Development Act of 1945, the British government ultimately decided that most measures of this kind would cost a lot more than they were likely to deliver.[16]

Whereas the kinds of government intervention envisaged by Gerschenkron and Hirschman were precisely opposed to the integration of developing-country markets into the world market that is a defining feature of what we now call ‘globalization’, the common complaint among the other pessimistic commentaries on British rule and economic development is not that the colonial authorities ‘globalized’ Nigeria and Ghana too much, but rather that the commitment to ‘development of native resources for the natives by the natives’ raised institutional barriers to the development and integration of markets, both domestically and internationally. A particular historical reason for applying this line of argument to British West Africa is the well-known ‘West Africa Policy’, by which the administrations of Nigeria and the other colonies in British West Africa supported continued African ownership of the land, and indeed African ownership of the agricultural production which was the basis of these cash-crop economies. In marxist terms Geoffrey Kay argued that in Ghana the British authorities acted to cut short the emergence of an indigenous capitalist class.[17] Further, Mike Cowen and Robert Shenton have argued that what they called ‘Fabian colonialism’, the propensity of the Colonial Office to prefer regulation and the state to the market and private enterprise, hindered the development of capitalist institutions and thereby obstructed the expansion of the economy. In particular, they documented the Bank of British West Africa wanting to extend credit to African farmers, but being frustrated by the refusal of the colonial administration in British West Africa to establish clear legal titles on African lands.[18] From the perspective of rational-choice political economy (‘new institutionalist’ political science), Kathryn Firmin-Sellers argued for the Gold Coast Colony (i.e. colonial Ghana south of Ashanti) that, even in this richest (per head) of cash-crop economies, the British failed to provide investors with the kinds of local political arrangements which would guarantee security of property in land,[19] thus failing to deliver what Douglass North (or, in different language, Marx) would have considered the basic requirement of further economic development.[20] Finally, in the context of a very broad comparative study of British and French colonialism in the tropics, Ralph Austen has interpreted ‘peasant-based’ land policies as a step back from the market ambitions of

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[16] L. J. Butler, *Industrialisation and the British Colonial State: West Africa 1939-1951* (London, 1997).

[17] Geoffrey Kay, introduction his *The Political Economy of Colonialism in Ghana: a Collection of Documents and Statistics 1900-1960* (London, 1972).

[18] M. P. Cowen and R. W. Shenton, ‘Bankers, peasants, and land in British West Africa 1905-37’, *Journal of Peasant Studies* 19:1 (1991), 26-58.

[19] Kathryn Firmin-Sellers, *The Transformation of Property Rights in the Gold Coast* (Cambridge, 1996).

[20] Douglass C. North and Robert Paul Thomas, *The Rise of the Western World* (Cambridge, 1973); North, *Institutions, Institutional Change and Economic Performance* (Cambridge, 1990).

early modern British imperialism in the tropics, based on plantations not territory.[21]

To these critiques of the conservatism of the British approach to lands policy can be added the criticisms of the statutory state monopolies of the export of cash crops, that were introduced as a wartime expedient in 1939, and renewed to independence and thereafter (until Structural Adjustment in the case of Nigeria; in the other cases, to the present). Their renewal was intended ostensibly to protect the farmers from the see-saw of the world commodity markets, but was in fact for fiscal reasons:[22] because the invention of the marketing board system had seemed, fortuitously, to overcome the great historic hindrance to state-building in Africa: the difficulty of extracting large revenues regularly from underpopulated agricultural economies.[23] The original academic critic of the marketing board system, Peter Bauer (and his followers over the next 30 years), lambasted the boards' disincentive effects on investment in the renewal and further expansion of the one sector in which West Africa had a comparative advantage in the world market, cash crops. In Bauer's view, British colonial rule had assisted economic development in West Africa for as long as it promoted free and competitive markets; conversely, by substituting administrative for market mechanisms in the allocation of resources, the marketing board system obstructed economic development.[24] Thus he would presumably have agreed with McPhee's statement about British West Africa becoming 'more and more one cog in the world economic machine' as a description of what had happened by 1926, but would have found it wanting as a prediction, for the protectionist era of the 1930s and, above all, for the Second World War onwards.

Combining the criticisms of colonial lands policy and of the marketing boards, we obtain a picture of the colonial state in British West Africa as actively hindering the spread of market relations which is the basis of capitalist economic development. This generalisation recalls the Dependency theory position, associated in West Africa with Walter Rodney, Samir Amin and others.[25] But in my view it is the writers noted in the two paragraphs above, criticising on specific points from various theoretical perspectives, who in combination present the most persuasive body of evidence for the proposition that, contrary to McPhee's belief and expectation, the

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[21]Ralph Austen, 'Colonial peasantries in Africa, India and the Caribbean: political economy, moral economy, postcolonial consequences', paper presented at Comparative Economic History Seminar, London School of Economics, May 2001 [now published in revised form?]

[22]On the origins of the system see Jan-Georg Deutsch, *Educating the Middlemen: a Political and Economic History of Statutory Cocoa Marketing in Nigeria, 1936-1947* (Berlin, 1995); Rod Alence, 'Colonial government, social conflict and state intervention in Africa's open economies: the origins of the Ghana Cocoa Marketing Board, 1939-46', *Journal of African History* 43 (2002), 397-416.

[23]On that historic hindrance, see Jeffrey Herbst, *States and Power in Africa* (Princeton, 2000).

[24]P. T. Bauer, *West African Trade* (Cambridge, 1954), and his later *Dissent on Development* (various editions).

[25]Walter Rodney, *How Europe Underdeveloped Africa* (London, 1972); Samir Amin, *Neo-Colonialism in West Africa* (Harmondsworth, 1973); on Ghana, Rhoda Howard, *Colonialism and Underdevelopment in Ghana* (London, 1978); on Nigeria, Toyin Falola (ed.), *Britain and Nigeria: Exploitation and Development* (London, 1986).

colonial state did as much or more to obstruct as to promote domestic market integration and - by the same measures - 'globalization' in West African economies.

The immediate losers from that would be Africans seeking to expand their market activity: the Lands Policy denied them individual title to land, and the opportunities for cheaper credit that came with it, while the marketing board system enabled late-colonial and especially post-colonial governments to impose unprecedentedly high rates of implicit taxation on them, thereby curtailing their scope for private accumulation. If this is true, it invites the question why indigenous capitalism should apparently have been the subject of such sustained obstruction by colonial governments. The literature offers two hypotheses. Geoffrey Kay's account (for southern Ghana) suggests that it was a fear that an African capitalist class would challenge both the dominance of British capitalists and the authority of the colonial state.[26] Robert Bates's 'new institutionalist' theory of pressure group politics would suggest that the African producers and traders were too numerous to be able to overcome the free-rider problem and thereby organise effectively to defend or assert their interests to or against government.[27]

Let us now consider a range of policy areas in which colonial governments could in principle have acted to bring West Africa more fully into 'the world economic machine'. The next two sections will consider, in turn, policies relevant to reducing the general costs of doing business, and policies relevant to the integration of West Africa into international markets for factors of production (labour, land and capital). Finally, a 'balance sheet' section will reflect on the consequences of colonial market integration, or the limits of it, for economic development; in which context we will return to the argument for more active state intervention.

Reducing the costs of doing business in West Africa?

I am referring here both to the costs of making and enforcing contracts (transactions costs), and to the costs of related services such as transport, and of levies on markets (or specific kinds of transactions) such as tariffs. Clearly, reductions in any of these would facilitate trade and the convergence of prices across space - the latter being for neoclassical economists the major criterion for the globalization of markets.[28] In this section we will consider various ways in which the colonial period saw the costs of doing business fall. When considering ease of access to markets, however, it is necessary always to ask how competitive those markets were; which we will do at the end of the section.

A starting point, in the costs of doing business, is security of the person. Once the violence of the actual colonial conquests themselves was over there was some truth in the notion of a 'pax Britannica'.Within West Africa the half century that followed the completion of the colonial conquest of what became Nigeria, in 1903, was overwhelmingly more peaceful, in terms of the

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[26]Kay, *The Political Economy of Colonialism*.

[27]Robert H. Bates, *Essays on the Political Economy of Rural Africa* (Cambridge, 1983).

[28]E.g. Jeffrey Williamson, 'Land, labor, and globalization in the Third World, 1870-1940', *Journal of Economic History* 62: 1 (2002), 55-85.

level of collective violence, than any of the previous several half-centuries: and that is not entirely because of the absence of further European invasions (the complication of the First World War in West Africa apart) and the by now familiar absence of a European/American market for African slaves. The abolition of the internal slave trade itself contributed to a decline in inter-group violence, including at a micro level. Though the British often tolerated slave holding well into the colonial period, as we shall see, they appear to have been serious and effective about suppressing slave raiding, from the moment of conquest onwards.[29] Impressionistically, Nigeria and Ghana appear to have had relatively low levels of inter-personal violence in that period, compared to either before or after. The colonial legal system also probably provided wider access to more reliably impartial justice than had been available in either the centralised or the decentralised polities of the later precolonial era. However, the colonial system added layers of British courts, and the possibility of appeal to them, on top of chiefs' or emirs' courts. So it was not all new, and what was new could be expensive. Access to the higher levels of the system was extremely expensive, and landed many chieftaincies in debt.[30]

West Africa certainly experienced progressive and massive reductions in transport costs during the later nineteenth and early twentieth centuries.[31] The introduction of regular steamer services in 1852 had already cut freight costs from the west coast to other parts of the Atlantic economy. The construction of railways was followed, especially from the later 1910s, by a proliferation of motor lorries (often African-owned) and road-building. The combination massively reduced freight costs within West Africa, except (usually) from farm to local market. The introduction of mechanized transport was even more revolutionary in tropical Africa than it was in more northern latitudes because in the African forests, and in much of the savannas, animal haulage was not possible because of endemic sleeping sickness. For example, the sudden take-off of groundnut (peanut) exports from northern Nigeria was made possible by the railway. Exports of groundnuts from Kano (commercial capital of northern Nigeria) rose from zero in 1911 to 16,500 in 1913, following the opening of the line from Kano to Lagos during the intervening year.[32]

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[29]E.g. Austin, *Labour, Land and Capital*, 220-23. In West Africa the British were indeed more rigorous in suppressing slave trading than their colonial neighbours, to judge from the diary of a regular slave raider. Hamman Yaji, ruler of a small Muslim territory in Adamawa, led raids which according to his diary, netted a total of 2,000 'pagan' captives during 1912-20. During this period he was under German and then French rule. The diary records no more captures after the British took over in 1920. See James H. Vaughan and Anthony H. M. Kirk-Greene (eds), *The Diary of Hamman Yaji: Chronicle of a West African Ruler* (Bloomingon, 1995).

[30]This has been most fully studied for Asante: A. A. Y. Kyerematen, *Inter-state Boundary Litigation in Ashanti* (Leiden, n.d. [1971?]); Kwame Arhin, 'The pressure of cash and its political consequences in Asante in the colonial period', *Journal of African Studies* 3: 4 (1976-7), 453-68; Gareth Austin, 'Capitalists and chiefs in the cocoa hold-ups in South Asante, 1927-1938', *International Journal of African Historical Studies* 21, 1 (1988), 63-95.; Sara S. Berry, 'Unsettled accounts: stool debts, chieftaincy disputes and the question of Asante constitutionalism', *Journal of African History* 39 (1998), 39-62.

[31]Hopkins, *Economic History*, 149-52, 190-98.

[32]Hogendorn, *Nigerian Groundnut Exports.*

Besides the *pax*, British courts, and railways, another major instrument of market-orientation was said to be the introduction of British metal and (later) paper currency. A considerable body of research has qualified the importance of this. In no sense did it mean the 'monetization' of the societies concerned; simply the introduction of a more convenient currency.[33] The cost was the de-monetization of imported commodity currencies, though that was initially delayed by lobbying from established British merchants in Nigeria, who apparently saw the complexity of the commodity currencies as a welcome barrier against the entry of potential competitors,[34] and was not fully implemented in southeast Nigeria until after the Second World War.[35] In some cases there was a cost, which was borne by Africans: savings kept in old moneys lost value, except where the old currency had intrinsic worth, as with the gold dust currency of southern Ghana.[36] It should also be added that, as Herbst as emphasised, in a sense the adoption of colonial currencies in Africa was a step away from globalization: because, unlike the new colonial currencies within their respective territorial borders, nineteenth-century commodity currencies had been freely traded and used across political and cultural frontiers.[37]

The provision of a stable, non-inflationary monetary system was a colonial innovation. Its anchor was the refusal of the (in the case of the territories discussed in this paper) UK treasury to allow colonial administrations in Africa to print money.[38] This facilitated implementation of the doctrine that each colony should be fiscally self-sufficient, effectively precluding 'Keynesian' policies. This was one of the reasons why colonial administrations were not free to act as 'developmental states', had they so wished. The positive side was that confidence in the currency presumably encouraged investment, other things being equal.

Turning to tariffs and import controls, the imposition of colonial frontiers disrupted - though did not destroy - trade routes within West Africa that happened to cross the new lines.[39]

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[33]On precolonial currencies see Hopkins, *Economic History*; Paul E. Lovejoy, 'Interregional money flows in the precolonial trade of Nigeria', *Journal of African History* 15 (1974), 563-85; Jan Hogendorn and Marion Johnson, *The Shell Money of the Slave Trade* (Cambridge, 1986); Timothy F. Garrard, *Akan Weights and the Gold Trade* (London, 1980).

[34]Hopkins, *Economic History*; Chibuike Ugochukwu Uche, 'Foreign banks, Africans, and credit in colonial Nigeria, c.1890-1912', *Economic History Review* 52: 4 (1999), 669-91.

[35]W. I. Ofonagoro, 'From traditional to British currency in southern Nigeria: analysis of a currency revolution, 1880-1948', *Journal of Economic History* 39 (1979), 623-54; Ben Naanen, 'Economy within an economy: the manilla currency, exchange rate instability and social conditions in south eastern Nigeria, 1900-48', *Journal of African History* 34 (1993), 425-46.

[36]Gareth Austin, 'Indigenous credit institutions in West Africa, c.1750-1960', in Austin and Kaoru Sugihara (eds), *Local Suppliers of Credit in the Third World, 1750-1960* (Basingstoke, 1993), 93-159.

[37]Herbst, *States*.

[38]Ibid.

[39]See, e.g. Paul Nugent, *Smugglers, Secessionist and Loyal Citizens on the Ghana-Togo Frontier* (Oxford, 2002).

On the other hand, consumers in British West Africa benefited from the initial absence of protective tariffs, though import (and occasionally export duties too) were the basis of the fiscal system of Ghana and southern Nigeria. French, German, Swiss and occasional American firms competed in the British colonial markets as did products from Europe, North America and Asia - notably, in the interwar period, Japanese cotton textiles. Such access continued in the Depression, with the major qualification that the introduction of imperial tariffs raised the costs of imports from outside the British empire. In this respect, a few years after McPhee wrote, it was decided that the principle of the free market could not be followed in trade within the empire.

On the colonial reduction of transactions costs, two more items can be added. One is the spread within West Africa of what was increasingly becoming the major language of international trade, English - even if the implementation was left as much to missionaries as to the state. The other is ideological: the fact that the kinds of state bequeathed by colonial rule were at least nominally modern nation-states should have made them more 'eligible' in the perception of foreign investors, making it easier to attract foreign enterprise and capital, if they wanted to do so. Here it is worth mentioning a debate about the reasons for the annexation of the kingdom of Asante, now part of Ghana. Carolyn Warner argues that Asante had at least some serious credentials for offering what foreign partners might accept as 'credible commitments', whereas Tony Hopkins disagrees.[40] To the extent that Hopkins is right, then the bequest of 'nation-state status' by the departing colonial administrations, over half a century later, was that much more important.

Thus in several important ways the colonial period, in large part because of specifically of the colonial state, saw reductions in transactions costs, and major moves in the integration of markets: within Nigeria and Ghana, and especially between West Africa and the world economy. An important caveat should be added: access to markets in colonial West Africa was generally asymmetric.[41] The markets dominated by European companies were characterised by either frequent or prolonged collusion, at times reaching monopoly: in shipping, banking, and in the export-import trade itself.[42] Conversely, the markets in which Africans operated were generally highly competitive, with very low entry thresholds. There were exceptions: there were moments when African cocoa brokers were able to exploit information advantages to extract economic rents from European cocoa-buyers.[43] Moreover, when Ghanaian farmers and brokers organised themselves in to combat the successive European cocoa-buyers' 'pools', they were increasingly

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[40]Carolyn M. Warner, 'The political economy of "quasi-statehood" and the demise of 19th century African polities', *Review of International Studies* 25 (1999), 233-55; Hopkins, 'Quasi-states, weak states and the partition of Africa' and Warner's reply, in ibid., 26 (2000).

[41]As Tony Hopkins has pointed out [but where?]

[42]On shipping see Howard, *Colonialism and Underdevelopment*, 116-27. Chibuike Uche (University of Nigeria, Enugu Campus) and I have just written a paper on collusion in banking, which I would be happy to forward to conference participants. On trading companies there is a large literature, of which the most telling was a contemporary official inquiry: the Nowell report (*Report of the Commission on the Marketing of West African Cocoa* ([London, 1938]).

[43]Austin, *Labour, Land and Capital*, 366-73.

effective in ‘holding up’ the cocoa crop. Bates’ argument that their large numbers and small average size rendered them unable to discipline themselves sufficiently to sustain their protests works for the 1930 hold-up which he discussed, but not for the much longer and broader 1937-8 one.[44] But the more common pattern in British West Africa was African competition and European collusion.

In a sense this is surprising, because - contrary to the stereotype - the British government, at the levels both of the Colonial Office in London and the administrations in the colonies themselves, was pretty consistent in declining to give priority (or even much concern at all) to the profitability of British private enterprise in the region. Despite the importance of merchants’ lobbying in influencing the timing and geographical direction of the British participation in the Scramble for Africa,[45] the interests of those merchants were not always remembered by the authorities. When, in 1874, having defeated the kingdom of Asante, the British government had the opportunity to impose on it the British merchants’ demand for free trade through the territory of the kingdom, this somehow slipped from the negotiators’ attention, and was not included in the peace treaty.[46] Much later, in the great cocoa hold-up of 1937-38, the administration of colonial Ghana infuriated the British merchants and chocolate manufacturers by failing to fulfill what they considered its elementary duty, to support them and suppress the hold-up.[47] Finally, post-1945 colonialism was characterized to a remarkable degree by a low or absence of interest in the future of British business in West Africa after independence.[48] In this context, why did the colonial government allow British firms to enjoy such market power? Partly, it may be suggested, because this was an era of cartels and other forms of collusion in the UK economy itself.[49]

The colonial period saw the costs of doing business fall; but the proverbial playing field became less rather than more level.

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[44]Bates, *Essays*; compare Gareth Austin, ‘Capitalists and chiefs in the cocoa hold-ups in South Asante, 1927-1938’, *International Journal of African Historical Studies* 21: 1 (1988), 63-95.

[45]Hopkins, *Economic History*.

[46]Gareth Austin, ‘Between abolition and jihad’.

[47]See the Nowell report: Great Britain, *Report of the Commission on the Marketing of West African Cocoa*.

[48]Robert Tignor, *Capitalism and Nationalism at the End of Empire: State and Business in Decolonizing Egypt, Nigeria and Kenya , 1945-1963* (Princeton, 1998); Sarah Stockwell, *The Business of Decolonization: British Business Strategies in the Gold Coast* (Oxford, 2000).

[49]Discussed further in the Austin and Uche paper on banking, mentioned above.

Globalizing factor markets in West Africa?[50]

Any discussion of factor market integration during the colonial period needs to set in the context of the factor ratios, and property relations, of c.1890. Land was abundant in the strict sense that access to it was not (or very rarely) a constraint on the expansion of output; whereas labour and capital were scarce. Accordingly, use rights in land rarely had a market price, whereas capital and labour were expensive. Interest rates were high, and in Asante, for example, it was only profitable to recruit for workers for regular (seasonal or longer) work when their supply price was reduced by coercion, which took the form of slavery, pawning and in some cases *corvée*. Meanwhile, interest rates were very high.[51] As the colonial period went on, population growth shifted the land-labour ratio: the populations of Ghana and Nigeria multiplied from (certainly underestimated) official figures of 1.5 and 13.6 millions respectively in 1901 to 6.9 and 35.8 millions in 1960.[52] The expansion of agricultural production for export (Table 1) and, especially in the later decades, urban markets likewise reduced the land surplus. At the beginning of the period the vicinity of Kano (commercial capital of northern Nigeria) was highly exceptional in being characterised by permanent cultivation; whereas with the extension of tree-crop farming in the Ghanaian and southwest Nigerian forest zones, and the general rise of population and commercial agriculture, land was beginning to be scarce in certain - still not frequent - localities by the 1940s, and more so by the later 1950s.[53] Capital formation occurred most extensively in the form of tree-planting by cocoa farmers; while European mining companies invested in the extraction of gold and diamonds in Ghana, and coal and tin in Nigeria.[54] European trading companies, and later government-inspired cooperatives, offered advances to African cash-crop brokers (and, thereby, to producers). In this changing setting, colonial policies sought to resist or end certain kinds of markets, and to regulate others. Let us take land, capital and labour in turn.

[50]I plan a fuller discussion of the subject-matter of this section, for Ghana, in a paper for the International Economic History Congress in Helsinki, August 2006. The paper is provisionally entitled 'Labour and land in Ghana, 1870-1940: A shifting ratio and an institutional revolution'.

[51]See Austin, *Labour, Land and Capital*. Cf. Hopkins, *Economic History*.

[52]David K. Fieldhouse, 'The economic exploitation of Africa: some British and French comparisons', in Prosser Gifford and William Roger Louis (eds), *France and Britain in Africa: Imperial Rivalry and Colonial Rule* (New Haven, 1971), 661.

[53]Austin, *Labour, Land and Capital*.

[54]E.g. Raymond E. Dumett, *El Dorado in West Africa: the Gold-Mining Frontier, African Labor, and Colonial Capitalism in the Gold Coast, 1875-1900* (Athens OH, 1998).

Table 1. Growth of Agricultural Exports in Nigeria and Ghana, 1900-1960: By Volume (Average per year, in 000 tons)

Years	Nigeria: palm products	Nigeria: cocoa beans	Nigeria: groundnuts	Ghana: cocoa beans
1900-04	174.5	0.3	0.5	2.3
1920-24	203.0	27.3	44.3	168.2
1940-44	320.6	102.4	181.9	191.4
1960-62	445.3	175.2	566.9	302.8*

*1960 only.

Sources: Calculated from R. Ekundare, *Economic History of Nigeria* (London, 1973); Douglas Rimmer, *The Economies of West Africa* (London, 1984); Geoffrey Kay and Stephen Hymer, 'Statistical Abstract', in Kay, *The Political Economy of Colonialism in Ghana: a Collection of Documents and Statistics 1900-1960* (London, 1972), 336-7.

It is necessary to distinguish two aspects of British land market policies in West Africa: the issue of sales and leases of land to Europeans, and between Africans. From MacPhee's account one would think that the above-mentioned 'West Africa Policy' on land saved the colonies concerned from widespread alienation of land to Europeans. It is now well established that this was not so.[55] The policy was not in place from the beginning, at least not in Ghana, where colonial legislation permitted foreign concessions, both in the Gold Coast Colony and in Ashanti. A policy against such alienation of land emerged only gradually, in response to economic changes on the ground, and could be said to have been institutionalised only after the indigenous 'cash-crop revolution' was well under way.[56] The key to the process was that African producers responded positively, indeed with entrepreneurial dynamism, to the opportunities presented by the emergence of new export markets for products that were or could be grown on their soils (notably groundnuts, palm oil and kernels, and cocoa). As Hill emphasised, these responses extended, where it paid to do so, far beyond peasants planting an acre or two more with crops that they were already cultivating. Rather, there was widespread risk-taking (notably in the adoption of an exotic crop, cocoa, in southern Ghana and southwest Nigeria) and large-scale capital formation to raise productive capacity for the medium and long-term (primarily in the form of tree-planting).[57] The result was that by the 1910s the British West African colonies were

[55]The post-colonial research on this has built on the more contemporary insights of W. K. Hancock, W. K., *Survey of British Commonwealth Affairs*, Vol. 2, *Problems of Economic Policy 1918-1939*, Part 2 (London, 1942), 173-200.

[56]For a case-study see Austin, *Labour, Land and Capital*, 253-7.

[57]Hill, *Migrant Cocoa-Farmers*; Austin, *Labour, Land and Capital.*

increasingly firmly established as economic successes within the empire: exporting increasing quantities of raw materials (see Table 1) and, as a result, able to import correspondingly large volumes of imports, mostly of British manufacture; and, also as a result, yielding customs revenues sufficient to meet most of the costs of colonial administration. Whatever the relative importance of these three criteria, the policy conclusion was clear: it was in Britain's interests to uphold African control of agriculture, because it was working. This logic was given political underpinning by the British export-import firms, who had a vested interest in the West African Lands Policy, which they defended against W. H. Lever's prolonged campaign to win a large land concession in Nigeria, in order to establish a giant oil palm plantation there. Despite Lever's purchase of one of his opponents, Lever was consistently rebuffed; he had to resort to the Belgian Congo to get his plantation concession, while the West African Lands Policy survived its biggest political test. What increasingly tipped in the internal colonial policy dispute in favour of the likes of Clifford was the demonstrable success of the indigenous cash-croppers, coupled with the commercial failure of European plantations (some had been permitted in Ghana), who stuck to intensive methods of production ill-suited to the prevailing relative factor prices and ecological conditions.[58] In this fundamental sense, the British lands policy in West Africa was the result of African agency; while the latter continued and escalated the trend towards increasing production for the world market by African farmers that had begun with palm oil in the early nineteenth century.[59] Given the low returns on European agricultural investment in Ghana, it is unlikely that the modest levels of foreign capital investment in British West Africa would have been significantly higher by 1936 - when Sally Frankel estimated the grand total, for 1870-1936, as £4.80[60] - or indeed by 1960, had the lands policy been more welcoming.

If the colonial administration eventually came down firmly against the 'globalization' of West African lands, it also came to resist the domestic, inter-African, land market. Indigenous land tenure systems varied, but often distinguished between property in the land itself and property in what stood on the land, such as crops. Before colonial rule it was very unusual for either land itself or land use rights to be sold. However, it was not impossible under indigenous customs, if the economic conditions made it profitable for such a market to emerge. This happened in Lagos by the 1850s, and the British annexation of the port was partly a response to pressure from European and African merchants who had lobbied for a government that would make it easier for real estate to be mortgaged in support of commercial credit.[61] Again, the original Ghanaian cocoa-farming boom of the 1890s, focussed on the Akyem Abuakwa district in

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[58]Hancock, *Survey*; Phillips, *Enigma of Colonialism*; Gareth Austin, 'Mode of production or mode of cultivation: explaining the failure of European cocoa planters in competition with African farmers in colonial Ghana', in W. G. Clarence-Smith (ed.), *Cocoa Pioneer Fronts Since 1800: the Role of Smallholders, Planters and Merchants* (Basingstoke, 1996), 154-75.

[59]Hopkins, *Economic History*.

[60]S. H. Frankel, *Capital Investment in Africa* (Oxford, 1938), 170 (cf. 158-60). This venerable classic remains the only comprehensive attempt to count capital investment in British West Africa.

[61]A. G. Hopkins, 'Property rights and empire building: Britain's annexation of Lagos, 1861', *Journal of Economic History* 40 (1980), 777-98.

what is now the Eastern Region, was achieved mainly by migrant 'stranger' farmers who bought the lands outright from Akyem chiefs and sub-chiefs.[62] By the twentieth century, however, the colonial administration in British West Africa had decided that it did not want further alienations of land. To the north of Akyem Abuakwa, for example, the government made it clear to the Ashanti (Asante) chiefs that land should not be sold to non-Asantes. While a high proportion of the cocoa trees planted in Ashanti was indeed planted by people who were strangers to the district concerned, they were nevertheless Asantes, and they hired the use of the land, rather than buying the land itself. Meanwhile many individual farmers sought legal papers confirming their title to their farms.[63] Within the colonial administration, in Ghana and in Nigeria, there was long-running controversy over whether the government ought to register titles itself, perhaps compulsorily.[64] The advocates of property rights reform were ultimately frustrated. This was partly because senior administrators were unwilling to take actions which might accelerate social change, with the possibility of destabilising rural society, and partly because they feared protests from people who feared that a free market in land would be followed by the arrival of European settlers. Most basically, however, there was no economic imperative to promote individual ownership of the soil itself: the huge cash-crop booms within the existing land tenure regime proved that. So the colonial administrations, in the eyes of their critics, fudged the issue of individual title in the countryside; but it is hard to see that this damaged the economy, at least during the colonial period itself.[65] Thus, the colonial governments can be said to have switched from a mid-nineteenth century policy of promoting an English-style land law system in order to facilitate trade, to a twentieth-century policy - now that they ruled large territories and populations - of trying to minimise transfers of land ownership.

Yet it would be wrong to conclude that the administrations completely refused to act as Marx and North might have expected, by defining and extending individual property rights. Though the British government in Asante resisted the alienation of land itself, officials consistently upheld and protected the claims of anyone who had created a cocoa farm to continued ownership of it. Thus, where a court decided that a certain group of farmers had planted cocoa trees on land that did not belong to their own chief, it meant that they would now have to pay rent for the lease of the usufruct; but they could not be evicted. In this fundamental respect, contrary to the general positions of Kay and Firmin-Sellers, the colonial administration supported indigenous capitalism.[66]

By far the commonest means by which cocoa farms were alienated was not sale but debt. Cocoa trees were often transferred to creditors as collateral, and sometimes also so that the harvest represented interest on the debt. Large numbers of farms were not redeemed, and either

[62] Hill, *Migrant Cocoa-Farmers*.

[63] Austin, *Labour, Land and Capital*.

[64] Phillips, *Enigma of Colonialism*.

[65] Austin, *Labour, Land and Capital*.

[66] Ibid.

stayed with the creditor by default, or were sold at auction.[67] The colonial administration, both in Nigeria and Ghana, discouraged rural indebtedness and promoted cooperatives as an alternative to borrowing from individual farmers or the occasional professional moneylender. It also imposed legal limits on interest rates - which were widely evaded.[68]

Where the colonial regimes discouraged the growth of land markets, they actually prohibited two of the specific kinds of factor markets that they met: those in slaves and pawns. We have already noted the prompt action against slave raiding and trading. Slave-holding itself was prohibited in the Gold Coast Colony (i.e. the south of Ghana) within months of its colonization in 1874.[69] In southern Nigeria local action was taken against slavery while the conquest was underway: partly in an attempt to divide the opposition (in the campaign against Benin city in 1897, the British commander announced that slaves would be freed if they surrendered before their masters did).[70] Such precipitate action created economic problems, however, in an economy in which Nieboer/Domar conditions prevailed: labour scarcity, and the easy availability of land to what otherwise would be potential employees, meant few if any workers could be profitably hired for anything more longer than casual work.[71] In this context, the subsequent conquests were not accompanied or swiftly followed by emancipation decrees. In Ashanti slavery was not prohibited until 1908, more than 12 years after the beginning of British rule. In Nigeria the legal status of slavery was abolished in 1900, making masters' claims of ownership unenforceable in court, but in the north (conquered in 1903) slave holding as such was not actually prohibited until 1936. At that time there were still an estimated 200,000 people, mostly women 'married' in a kind of formal concubinage, still in a state of slavery.[72] Meanwhile in the south, the government had soon become worried about labour supply in the absence of slavery. To stem the 'damage' done by the hasty emancipation, severe 'masters and servants' legislation was introduced to strengthen control over labour (the Native House Rules Ordinance

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[67]Ibid.

[68]Austin, 'Indigenous credit institutions' and *Labour, Land and Capital*, 300-202. Toyin Falola, '"My friend the Shylock": money-lenders and their clients in south-western Nigeria', *Journal of African History* 34 (1993), 403-23. Cf. Polly Hill, *Development Economics on Trial: the Anthropological Case for a Prosecution* (Cambridge, 1986).

[69]Raymond E. Dumett, 'Pressure group, bureaucracy, and the decision-making process: the case of slavery abolition and colonial expansion in the Gold Coast, 1874', *Journal of Imperial and Commonwealth History* 9 (1981), 193-215.

[70]P. Igbafe, 'Slavery and emancipation in Benin', *Journal of African History* 16 (1975), 409-25. See further Ann O'Hear, *Power Relations in Nigeria: Illorin Slaves and their Successors* (Rochester NY, 1997), 62ff.

[71]For a Nigerian case, see Don C. Ohadike, '"When slaves left, owners wept": entrepreneurs and emancipation among the Igbo people', in Suzanne Miers and Martin A. Klein (eds), *Slavery and Colonial Rule in Africa* (London, 1999), 189-207. For an elaboration of the argument, see Austin, *Labour, Land and Capital*, esp. 237-42.

[72]Paul E. Lovejoy and Jan S. Hogendorn, *Slow Death for Slavery: the Course of Abolition in Northern Nigeria, 1897-1936* (Cambridge, 1993).

of 1901, which was abolished only in 1915) .[73] However, once again indigenous agency made a major difference to the outcome. In southern Nigeria, unlike elsewhere, pawning was not been banned at the same time as slavery. African cocoa farmers, who in the early twentieth century were rapidly expanding their operations, used large numbers of pawns on their farms, in the absence of slaves.[74] In British West Africa generally, the creation of cocoa farms especially, but also the expansion of other kinds of export agriculture, ultimately made it possible for masters to make the transition to becoming employers. In the case of cocoa trees specifically, it also made it possible for debt bondage to be superseded by the pledging of farms.[75]

In this context, it is important to add that the colonial government's opposition to the alienation of land to strangers contributed to the inability (in the vast majority of cases) of migrants from outside the cash-crop belt to acquire farms of their own within it. In effect, the British government defended the existing regional inequalities in the ownership of, and control over, the commercially-useful land. The effect was a striking continuity in labour flows: free migrant labourers were recruited from largely the same areas that had previously been the unfortunate suppliers of most of the slaves captured in the precolonial nineteenth century; and they went to work in the same areas which had previously imported slave labourers.[76]

Thus colonial interventions in the markets for labour and long-term loans disrupted and ultimately banned the established forms of those markets; while the relative smoothness of the transition to free labour and farm pledging was made possible by African responses to international commodity markets. Yet the colonial regimes can be said to have made a significant ideological contribution to the international integration of labour markets in the long term, by prohibiting forms of market that were no longer acceptable overseas. An early and important example of this was Cadbury's decision to move its cocoa-buying operations from the Portuguese colony of San Thomé to Ghana, which it entered in 1907. This relocation was motivated in large part precisely by a desire to escape bad publicity in the UK which had stemmed from the company's involvement in a colony still said to be dependent on slave labour; by moving to the Gold Coast Colony, the part of Ghana in which slavery had been illegal since 1874.[77] The colonial governments themselves faced continual pressure from humanitarian lobbies at home and, after the First World War, in Geneva - especially the International Labour Office. Fred Cooper has

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[73]Igbafe, 'Slavery and emancipation'.

[74]E. A. Oroge, '*Iwofa*: an historical survey of the Yoruba institution of indenture' (originally in *African Econ. Hist*., 14 [1985]) reprinted in P. E. Lovejoy and T. E. Falola (eds), *Pawnship, Slavery, and Colonialism in Africa* (Trenton and Asmara, 2003), pp. 325-56.

[75]An argument detailed for Asante in Austin, *Labour, Land and Capital*, 236-49.

[76]Austin, *Labour, Land and Capital*; and Gareth Austin, 'The political economy of the natural environment in West African history: Asante and its savanna neighbors in the nineteenth and twentieth centuries', in Carola Lentz and Richard Kuba (eds), *Land and the Politics of Belonging in West Africa* (Leiden, 2005 [forthcoming]).

[77]Roger J. Southall, 'Cadbury on the Gold Coast, 1907-38: the Dilemma of a "Model Firm" in a Colonial Economy', Ph. D. thesis, University of Birmingham, 1975, 39-49.

shown how the British (and French) colonial regimes found themselves obliged increasingly to ensure that African workers were considered precisely as workers, rather than peasants, and with the rights that were associated with the status of worker by mid-twentieth Western societies.[78] There was a price to be paid for this: the formal abolition of forced labour (used in British West Africa mainly on roads, through chiefs) could be handled reasonably smoothly,[79] but the cost implications of further concessions to, and provision for, career workers was one of the reasons why Britain (and France) decided not to prolong their rule in West Africa in the 1950s.[80]

Overall, the British government's contribution to factor markets in West Africa was an evolving story. In the early part of the period the administrations attacked certain kinds of existing property rights in factors of production; and were partly fortunate that a combination of the world commodity market and African supply response, coupled over large territories with its own tolerance of slavery and pawning during a transition period, enabled the offending institutions to be superseded by more 'modern' ones without severe economic disruption. On land tenure, the administration in these specific colonies acquired a reputation for resisting markets, both international and domestic. However, the government defended the property rights of African producers, and its pragmatic approach to the issue of land titling proved compatible with dramatic expansions of cash-crop output. In the long term, though the results were modest during the period itself in terms of encouraging investment and stimulating growth, it may be that the most innovative contributions of colonialism to African factor markets was the creation (by private and public enterprise) of the formal sector in the capital market, and the conversion of the labour and capital markets into forms that were ideologically acceptable in the international environment of the mid-twentieth century.

Colonial 'globalization' as a source of economic development?

By the time Ghana and Nigeria became independent, national income accounting had barely begun in the region, and even now figures in current US dollars tend to be a fraction of those in 'purchasing power parity' dollars.[81] More important still, GDP figures are generally thought seriously to underestimate African output, because of the under-reporting not only of own-account production, but also of local and informal markets. It is with these major caveats that I mention that GDP per head in current US dollars was supposedly about $177 for Ghana and $88 for Nigeria - surely a major underestimate of their real total output.[82] Life expectancy at birth was

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[78]Frederick Cooper, *Decolonization and African Society: the Labor Question in French and British Africa* (Cambridge, 1996).

[79]E.g. Austin, *Labour, Land and Capital*, 212-14, 217-20, 246-8.

[80]Cooper, *Decolonization*.

[81]As a glance at the World Bank reports or website will confirm.

[82]Taking the figures for aggregate GDP from the World Bank (Ghana $1,220m, Nigeria $3,150m) and dividing them by the population figures quoted earlier (World Bank, *Accelerated Development in Sub-Saharan*

40 in Ghana and 39 in Nigeria, while the death rate among children aged 1-4 was 36 per thousand in both cases.[83] Though very much 'low-income economies', Ghana and Nigeria were clearly among the wealthier colonies at the end of the colonial period; as they were at the beginning of it, which had been why they rather than their neighbours were sought out by Britain during the Scamble for Africa.

The basic path of economic development followed by both colonies is not in dispute: specialisation in agricultural export and to a lesser extent in mineral extraction, in both cases taking advantage of their comparative advantage within the world economy. Monetary and fiscal policies were tightly conservative, with only a modest relaxation of spending constraints under political pressure for 'development' after the Second World War.[84] Within this policy framework, both economies achieved considerable success as primary producers. In part, this continued a pattern established during the era of 'legitimate commerce', between the beginning of the end of the Atlantic slave trade and colonisation. Even so, colonial rule made a major facilitating contribution by reducing the costs of exporting produce and importing incentive goods. This contribution, it should be underlined, was primarily through investment in transport infrastructure, rather than through innovation in property rights. On the contrary, in the early colonial period slavery and pawning - rather than free labour - did much to assist the dramatic growth, especially in cocoa farming in southwest Nigeria and in Asante. If there was another major contribution by the colonial government, it would have been the 'anti-globalization' lands policy; but that itself, as we have seen, to a large extent made a virtue of what was already the accomplished fact of indigenous cash-crop success. The gradualist approach to the emergence of unfettered individual ownership of land also worked domestically, at least during the colonial period itself. Overall, the combination of colonial policies, working in different directions in terms of globalization, permitted and actively facilitated these economies as they specialised even more effectively in primary production for export to Western markets. The table below summarises some features of this.

Africa: An Agenda for Action [Washington DC, 1981], 145).

[83]Ibid., 176.

[84]Hopkins, *Economic History*.

Table 2. Establishing Export-Oriented Economies

	Ghana	Nigeria
Railways (thousands of track miles, 1959)	750	2,230
Motor vehicles in circulation (thousands, 1959)		
commercial vehicles	16	23
all vehicles	34	53
Trade with other African countries as % of all foreign trade (by value), 1950-57	4.2	1.0

Sources: on transport, A. M. Kamarck, 'The development of the economic infrastructure', in Melville J. Herskovits and Mitchell Harwitz (eds), *Economic Transition in Africa* (London, 1964), 265, 267; on trade, Mitchell Harwitz, 'Subsaharan Africa as a growing economic system', in ibid., 39.

The question, as it was in the 1950s, is whether colonial rule had adequately prepared these economies to diversify around and beyond primary exports. It is by no means sure that the opportunities for successful diversification were there: in the short term at least, the problem may have been a lack of profitable projects.[85] In this context, the colonial government could be criticised for not investing more in public services that might have facilitated profitable industrial projects, such as education and electrification. The government had taken action on both, but the scale remained very low at the end of the colonial period (Table 3). It should be noted, though, that it was precisely because the colonial period was nearly over that the British government cancelled its ambitious scheme to dam the River Volta in Ghana in order to generate hydroelectricity (the scheme was later revived by Kwame Nkrumah's government, with an American investor).

[85]Sayre P. Schatz, *Nigerian Capitalism* (Berkeley, 1977).

Table 3. Onwards to Industrialisation?

	Ghana	**Nigeria**
Industrial development by 1960		
Manufacturing as % of GDP	2	5
Industry as % of GDP	5	6
Electricity output, 1956 (millions of kw)	67	273
School enrollment (% of age group) (Ghana 1959, Nigeria 1958)		
primary school enrollment	67	43
secondary school enrollment	29	3

Sources: on industry, John Sender and Sheila Smith, *The Development of Capitalism in Africa* (London, 1986), 96 (citing World Bank source); on electricity and schooling respectively, Kamarck, 'Development of the economic infrastructure', 271, 273.

There were also actual or potential obstacles to the supply of investable funds. Tony Killick, blaming the British banks's cautious lending policies as well as the practices of the West African Currency Board, criticised the pattern of 'creating monetary tightness whenever the relative importance of the "internal exchange" sector tended to grow',[86] [as it did in the 1930s], thereby impeding 'the diversification of the economy'.[87] For that and other reasons it would have been hard to emulate the model of Sao Paulo's early industrial growth, before 1914, which was based in part on the transfer of coffee barons' profits into investment in textile plants.[88] African farmers had high savings ratios,[89] but the relatively small-scale of even the labour-hiring capitalists amongst them, and the limited development of impersonal intermediaries, made it unlikely that a similar story would unfold in Ibadan or Kumasi.[90]

[86]Tony Killick, 'The monetary and financial system', in W. Birmingham, I. Neustadt and E. N. Omaboe (eds), *A Study of Contemporary Ghana*, Vol. I, *The Economy of Ghana* (London, 1966), 308.

[87]Ibid., 310.

[88]Warren Dean, 'The planter as entrepreneur: the case of Sao Paulo', *Hispanic American Historical Review* 36:2 (1966), 138-52. I thank Colin Lewis for this reference.

[89]Hill, *Migrant Cocoa-Farmers*; Barbara Ingham, 'Ghana cocoa farmers - income, expenditure relationships', *Journal of Development Studies* 9:3 (1972), 365-72.

[90]Cf. Gareth Austin, 'African rural capitalism, cocoa farming and economic growth in colonial Ghana', in Toyin Falola (ed.), *Ghana in Africa and the World: Essays in Honor of Adu Boahen* (Trenton NJ and Asmara, 2003), 437-53.

Conclusions

Taken as a whole, colonial rule did contribute to incorporating British West Africa more fully into the world economy, as MacPhee enthused. But three qualifications should be entered. First, West Africa, and especially (and by no coincidence) those parts of the region that Britain chose to annex, already had important and strengthening economic relations with the world economy. Second, British officials did not pursue market integration consistently. One reason for this, ironically, was the very fact that Africans responded speedily and resourcefully to the price signals from the world market. That was what determined that British West Africa would not become planters' country, but would 'remain under "African ownership"' as far as land and agriculture were concerned. Moreover, African farmers made these responses using and adapting their established land tenure institutions so successfully that agricultural investment soared when commodity market conditions permitted, apparently unconstrained by the absence of the full individual title to land which would be a prerequisite for the international integration of land markets. Third, much of the convergence in factor markets that occurred during the colonial period was also a function of African agency, continued from the precolonial period, especially from the era of 'legitimate' commerce, and often benefiting from access to indigenous institutions of labour recruitment and land acquisition. Thus, overall, the contribution of colonial rule to 'globalizing' West Africa, and the limits of that contribution, should both be understood in the context of African agency, and therefore of the research that has been done on indigenous economic (and political) behaviour during the period.

Did this globalizing dimension of colonial rule contribute to economic development? To consumer wealth and economic growth, yes, primarily through the receipts from export agriculture. This applies even though poorer regions, covering most of the savannas, benefited much less than the cash-crop producing areas, especially those in the forest zones. By the criteria of Dasgupta and Sen's Human Development Index, there was clear progress over the period, despite the low absolute figures at the end of it: in per capita incomes, literacy, and life expectancy and infant mortality. On the other hand, did colonial rule create the conditions for a further level of economic development? On the evidence summarised here, the answer is: not to any great extent. Moroever, the achievement of such conditions required more activity from the state, rather than deeper integration in world markets per se. Still, the generally sad experience of state interventionism in the years between independence and Structural Adjustment in these two countries suggests that greater exposure to overseas markets could have been a helpful discipline on inefficient state behaviour: a balance needed to be struck.[91]

[91] In my view the difference between economically useful and counter-productive state intervention in post-colonial, pre-Structural Adjustment West Africa revolves around the difference between the marketing board system per se and non-convertible, grossly-overvalued exchange rates. Despite Bauer's criticisms, The former proved compatible with further dramatic expansions in cash-crop output, for instance in 1950s-early 1960s Ghana. The latter proved the route to economic decline, often in absolute terms, as in 1970s Ghana. This argument is made in Gareth Austin, 'National poverty and the "vampire state" in Ghana: a review article', *Journal of International Development* 8 (1996), 553-73.