COLONIAL ECONOMIC STRUCTURES IN AFRICA: THEIR PURPOSE AND LEGACY

1. INTRODUCTION

• Is there a good enough reason for us to think about pre-colonial and colonial economic activities and structures?

• Yes, this is important for understanding the regular debates and arguments about “who is to blame for the current poor state of development in Africa?”. Most writings on the development history of Africa can be classified along a broad spectrum, on the extreme left those that place responsibility entirely on colonial powers (Walter Rodney) and on the extreme right those that seek to ascribe it simply to the ineptitude of African peoples (before independence) and of African governments (post-independence). Most current writings are somewhere in between, with their own biases. (Chazan et.al)

2. THE ORIGINS OF THE COLONIAL ECONOMY

• Colonization was simply an extension of the trading ties that existed for over 400 years between Africa and Europe. Peasant agriculture characterized most parts of the region and there was no money economy. Production patterns were conditioned by land availability.

• Trade involved slaves, gold, ivory, salt, and other commodities. Trade in slaves is argued to have deprived the region of enormous human capital.
The trade in different items continued until the middle of the 19th century, when European governments decided to take administrative control of the regions they traded with (Berlin Conference of 1884).

The decision to colonize large parts of Africa was driven by (1) a need to support the industrial revolution with undisrupted flows of raw materials in large quantities, cheap labor, and the need for new markets for industrial goods (2) strategic competition among European powers, both politically and militarily, and (3) individual hot heads (adventurers) that sought to achieve fame.

3. THE STRUCTURE OF THE COLONIAL ECONOMY

There were basically three types of colonial economies in Africa:

(a) “peasant-statist” regimes known all over West Africa and parts of East Africa
(b) The settler economies that developed plantations using huge labor reserves in eastern and southern Africa
(c) Economy organized around chartered companies as in Congo.

The peasant-statist regimes were basically primary commodity export enclaves. The colonial government provided the minimum of infrastructure to ensure that export crops would be produced by peasant farmers and shipped to Europe. Taxation was intended to make the administration self-sufficient, and social services were minimal (largely coming from missionaries). The state (colonial government) determined what should be produced for exports, in
what quantities, and also determined producer prices. There was minimal private participation outside agriculture, and hardly any processing took place.

- In the settler economy, plantation agriculture was controlled by European settlers that confiscated land and marginalized indigenous people. Investment was much more significant as the owners of the capital also lived in those colonies. While exporting mainly primary commodities also, the role of the government was minimal, hence influencing largely the incentive structure.

- In the chartered economies, the main characteristic was the involvement in mining by those chartered companies, the little regard for agriculture and associated labor, and infrastructure only to support mining and related activities. There was little attempt to develop domestic governance structures and no investment in human capital development and social services.

- In many economies there were reforms in some colonies, largely in response to growing nationalist agitation. Reforms brought in greater participation by the indigenous people in the running of the colonies and hence greater attention paid to social services. The structures of the economies remained the same.

4. THE LEGACY OF THE COLONIAL ECONOMY

Hardly any industrial production; MVA was 5% in Ghana at time of independence.
• The monetized economy could be found in only select regions of the country;
• Hence there were hardly any domestic markets for land, labor and capital.
• Entrepreneurship was quite absent in most societies
• International trade in primary commodity exports and manufactured consumer imports were mostly with the dominant colonial power (trade concentration)
• There was significant social inequality
• Ethnic and regional inequalities became pronounced
• Fragile class systems emerged