

## **The Colonial Economy**

By January 1, 1900, Britain had withdrawn the charter of the Royal Niger Company which the company had been granted in 1885/86 after the partition of Africa at the Berlin conference. Britain also established the Protectorate of Northern Nigeria. These developments led to formal colonisation of Nigeria, a process which had started with the annexation of Lagos colony in 1861.

As a colony, Nigeria was expected to serve two primary purposes namely as a source of cheap raw agricultural and mineral resources for British industries as well as assured and protected market for British manufactures. Agricultural produce such as palm oil and kernels, cocoa, groundnuts, forest products such as timber, and minerals such as tin were directly needed by British industry.

Just like in the pre-colonial period, in the colonial period, agriculture was the backbone of the Nigerian economy. The sector was the chief employer of labour for the overwhelming majority of Nigerians who were farmers. The sector also accounted for over 90% of the GDP and about 85% of the country's foreign exchange earnings throughout the period. The wellbeing of the sector therefore imparted directly that of the other sectors.

There were two sides to agriculture in the period under discussion that is export production and domestic production. The former aimed at external markets and the latter at the domestic market, however, no strict distinction need to be drawn between the two. Except for rubber, cocoa and coffee, the agricultural exports such as palm oil and kernels, groundnuts, beniseed and cotton had sizeable domestic markets. Export producers were most often domestic staple producers as well. For instance, expanding domestic market for some crops casts doubt on the aptness of the term 'cash crops' which is often used synonymously with export crops as farmers who produced mostly for domestic markets did not necessarily fare worse than those who produced mostly for export.

### **Export Production**

Colonial agricultural policy centred squarely on production for export. This is the basis upon which it is said that the true significance of the economic history of Nigeria in the period 1900 to 1945 lies in the growth of cash economy. While Production was in the hands of small-scale peasant farmers who employed traditional techniques and tools, only with respect to cocoa and coffee in Western Nigeria did large farmers emerge, some of them protégés of British trading firms or Leventine middlemen. The colonial authorities did very little to improve the production techniques of the peasants and paid no attention at all to domestic food production. Indeed, as Michael Crowder aptly puts it, in spite of the importance of agriculture in the colonial economy, government invested extremely little in the sector as expatriate firms were satisfied with their monopoly of the import-export trade mainly because of the proven capacity of the peasants to supply their export requirement.

### **Factors that encouraged Production of Cash Crop**

The colonial period was characterised by stupendous growth in Nigeria's agricultural exports in spite of cyclical depressions the period witnessed. This was as a result of massive investment of Nigerian farmers in land, labour and capital. The expatriate concerns i.e. government and private firms initiated various measures both direct and indirect as well as persuasive and coercive to get the peasant farmers produce more and more for export. Government and some firms such as the Niger Company and the BCGA established plant nurseries from where seedlings were distributed to farmers at subsidised prices or even free. Experimental and research stations were established for various crops and for livestock at such places as Umuahia, Zaria, Benin, Vom, Ibadan, Samaru

and Kano during the 1920s and 1930s. The centres researched into high-yielding and pest – resistant crop strains, and on the rinderpest disease in the case of the livestock industry.

Taxation was employed not only to bring revenue to government coffers but also to drive peasants to produce for the market and others to sell their labours to farmers or to toil in the mines. The railways manipulated wagon space in favour of export produce at the expense of domestic produce and thereby restricted the market for the latter. During the Second World War, administrative fiat were used to restrict domestic trade in foodstuffs while export production drive coerced peasants to produce more and more for export.

Furthermore, colonialism introduced new responsibilities to peasants such as payment of their children’s school fees while unrestricted importation of assorted European manufactured goods increased the appetites of farmers. Apparently, these factors coupled with the so-called revolution of rising expectations irresistibly drove peasants to the export sector.

The colonial authorities and expatriate firms imported mechanical devices to increase the volume and improve the quality of the exports. These included palm oil hand presses and mills and nut crackers, cotton ginning machines and hydraulic balers as well as cocoa seed dryers. Produce inspection was introduced early in the colonial era along with price differentials according to quality grades of export produce. The new modes of wheeled transport introduced in the country expanded the export-import trade frontiers, thus webbing hitherto infra-marginal agricultural areas into the emerging capitalist nexus. It should be noted as previously stated that the colonial authorities concentrated infrastructural development on areas of export production. The net result of all this was dramatic rise in the principal agricultural exports of Nigeria between the years 1900 and 1945.

### **Legitimate Commerce**

The period after the Industrial Revolution in England was characterized by the emergence of legitimate commerce. In West Africa in general and Nigeria in particular, this period was characterised by the abolition of slave trade. The abolition of slave trade and new European economic activities in Africa were in response to economic situation in Europe and not the other way round as suggested by some western writers. Slave labour had become an obstacle to the development of Industrial capitalism. The dominant motive therefore was the need for cheap source of raw materials and food and the search for lucrative markets for European goods. The above factors combined with the loss of American colonies and the improvement in overseas transportation which encouraged European importation of agricultural products and minerals rather than slaves from West Africa.

The need for commerce and trade was the major motive behind European’s incursion into Africa. The main economic activities of the Europeans in West Africa were agriculture, mining, trade, finance and shipping. Vegetable oils became Africa’s staple export to Europe in the 19<sup>th</sup> century and palm kernels and groundnuts were added in the second half of the century. The expansion of exports of palm products and groundnuts was in response to industrial growth in Europe which led to a rise in the demand for oil and fat.

Palm oil was used in the production of soap, lubricants and candles especially in Britain which became known as the world’s workshop. Soap was required for cleansing the working population in the urban centres. Lubricants were needed to oil the new machinery, especially the railway; and

candles were in demand for lighting the expanding towns and factories. Palm kernels, though jointly produced with palm oil were at first not in demand in Europe. Indeed, the Germans were the first Europeans to demand for palm kernels on a large scale. They possessed effective machinery for the extraction of the oil and developed an extensive market for the kernel products particularly as margarine and the kernel cake as cattle feed. Groundnuts were used mainly in the manufacture of cooking oil and soap. Other commodities, many of which had been shipped abroad before the 19<sup>th</sup> century continued to be exported after abolition. The most important of these were guns from Senegal; rubber, hides and skins; kolanuts; beniseeds; timber; ivory; cotton; shea butter and bananas from various parts of the forest zone. Hides and skins were used for leather and rubber for tyres and other products. Cotton was required on a large scale in textile industries in Lancashire, Britain. The British and French wanted cocoa for their chocolate confectioneries industries and coffee, tea and cocoa became essentials as beverages. Similarly, Europeans needed African mineral products. Gold, the first mineral that the Europeans sought in Africa remained the most important. It was found in the Gold Coast (now Ghana) in Northern and Southern Rhodesia (now Zambia and Zimbabwe).

The production of cash crops for export spearheaded the incorporation of the majority of Africans into the colonial economy. The vegetable oils could be produced efficiently and on a small scale by peasant producers possessing little capital, employing family labour and using traditional tools. Moreover, land was cheap and readily available. Legitimate trade therefore enabled small scale farmers and traders to play important role in the overseas exchange economy for the first time.

Trade in staple commodities was more beneficial to the Europeans, since they were the organisers and the introducers of some of the crops, such as cassava, maize and cocoyam. Not much money accrued to the Africans as the trade was monopolised by the British, French and their imperialist agents like the SCOA, UAC and John Holt. Besides, the purchase of indigenously grown agricultural crops was always in the hands of Europeans. But the fact remains, nonetheless, that it was a step forward when compared to the slave trade, the African now had a bargaining purchasing power.

Furthermore, Liverpool, Nantes, Bordeaux, Marseille and Hamburg benefited immensely from the staple export. Legitimate commerce undoubtedly favoured Britain, France and Germany more than any African states. Britain in particular, being the first industrialised nation, was in a position to cater for the mass market which was beginning to emerge in West Africa. Although, wage labour was introduced to West Africa, much greater wealth accrued to the Europeans. West Africa's raw materials entered a wide range of manufacturing processes and the price paid for them and the volume required were dictated by industrial Europe. West African producers had to accept the price paid by the imperialist because they were unable to control the volume of palm produce and groundnuts placed at the market and because the industrialised countries could buy alternative competing products from other underdeveloped regions. By 1850, staple items cost half and in some cases, only a quarter of what they had at the start of the century.

In exchange for African exports, Europeans sent mainly manufactured products especially textiles, salt and alcohols. By flooding the sub-continent with shoddy manufactures and importing such valuable raw materials as gold, ivory and palm oil, the imperialists discouraged domestic production of manufactured goods and precluded the development of the requisite domestic technology. This is due to the fact that the African so much concentrated most of his energies in producing exports for Europe that he hardly had time to produce enough salt or textiles for his own

use. He therefore, had to rely more and more on imports from Europe. Vital opportunities for technological development were thus destroyed or inhibited by the imperialists.

To further maintain their hold on Africa, the Europeans provided both social and physical infrastructure. Consequently, with the merchants came the missionaries and educated African ex-slaves. Through the Christian missions, western literacy was introduced into West Africa. This led to the emergence of a new group of elite that formed the nucleus of the new middle class. Apart from serving as intermediaries between the Europeans and the Africans, this group became useful tools in the hands of the colonists to advance their selfish political and economic advantages.

Similarly, in order to promote export trade with Africa, the imperial powers built ports and harbours. The introduction of the steamship towards the end of the 19<sup>th</sup> century made it possible to transport a wide range of perishable goods and other bulky vegetable products and enabled Europe to economise on capital. The steamship also guaranteed regularity of service, reduced the time spent in ports and so lowered running costs.

Within Africa, in their respective areas of influence, the imperialists built railways and roads. This was because the existing transport system became insufficient in moving the staples from the hinterlands to the ports and harbours for onward transmission to the metropole. Even though it appears that the railways were built more for imperial than economic reasons, nonetheless, the railways boosted the production of groundnuts in Senegal and Northern Nigeria and of cocoa in Western Nigeria. It also encouraged wage labour, though in most cases forced labour was used by the imperial powers.

However, it should be noted that the policy of constructing these physical infrastructural facilities served one major objective. Their primary aim was to advance imperialist trade and the transfer of economic surplus from the colonies to the metropole.

Meanwhile, events in Europe actually became the ultimate factor which led to the partition of the continent. The economic depression transmitted by the industrial nations caused England, France and Germany to come into conflict with each other. Their rivalry and bitter competition, which was a reflection of the shifts in the balance of economic and political power in Europe led to partition and subjugation of Africa which was completed in the 1900s.