

# Colonialism and the Transition to Modernity in Africa

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Economic Impact of Colonialism in Africa:  
A Study of Nigeria, 1900-1960

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## Introduction

Colonial activities in Africa from 1900 to independence are still very fresh in the minds of historians, political scientists and others who appreciate their fatherland - Africa. The impact of colonialism is usually not pleasant for discussion since it usually provokes ugly memories of African past. However, some economic and non-economic historians such as Hopkins (1973), Ekundare (1973), Hallet (1980), Dumont (1988), Rodney (1972), Anene (1999), Boahen (1976), Akintoye (1980), Fage (1969), Ake (1996), Crowder (1968), Ajayi (1976) and Ogunremi (1966) among others see European enterprise in Africa and indeed Nigeria at the time as exploitative - that it laid the foundation for the underdevelopment of African economies. On the contrary, however, Europeans see their enterprise in Africa at the time as being very rewarding - that which assisted in the development of African states (Helleiner, 1966). Indeed, the colonial masters in various states such as Nigeria constructed harbours, railways, roads, economic and financial institutions such as banks, insurance; built research institutes, introduced light currency to replace metal, cowries, and linked Africa to the super-international economic market. For instance the French from the 1880s started construction of railways and by 1906 had constructed about 320 miles of railways in West Africa. This was the Kayes-Bamako line; and another running from Conakry, Abidjan, Cotonou intended

to link Sudan in North East Africa. For the British, she started railways in Sierra Leone and Nigeria in 1896 and in Ghana in 1898. Thus Nigeria records 1,905 miles, Ghana 510 miles, and Sierra Leone 311 miles of rail-lines (Anene, 1999). The question is, to what extent did the building of these economic structures assist in developing Africa and indeed Nigeria positively? It is against this background that this chapter is assessing.

European colonial masters made some positive in-roads in the areas of provision of infrastructures - roads, harbours, railways, waterways, establishment of agricultural research institutes, industries, financial institutions and so on.

British colonial authority was up and doing in the area of cash crop economy. The cash crop economy was a change over from subsistence economy. This change meant very many things - the expansion and improvement of the crop cultivation of major agricultural crops as cash earners. It also meant organized farming methods. Foreign private firms such as Messrs Miller Brothers & Co. Ltd were on hand to introduce foreign plantation agriculture. However, the British policy did not favour the establishment of foreign owned plantation agriculture in Nigeria. The reason was that Britain feared interference with the local land tenure system, as such interference might spark-off political unrest which the British government thought they could not afford, both financially and in terms of international politics (Ekundare, 1973). In spite of this, the British for the purpose of introducing new crops and for the improvement of existing ones established Nigerian-owned plantations, nurseries and experimental farms, in respect of each major crop. Besides, government also established a number of institutions for general advancement of agricultural production. Thus, between 1912 and 1916 Moore Plantation at Ibadan was developed and upgraded to an agricultural experimental station. In 1923 more experimental stations were established in Zaria, Umuahia and Benin. In 1925 an Agricultural Research Station was also established at Vom, and in 1927, an agricultural school was opened in Ibadan. Also, by 1934 the Samaru Agricultural station and Veterinary school in Kano came into being. In 1942

a Veterinary school was established in Vom (Ekundare, 1973; Helleiner, 1966).

The agricultural institutions established performed quite a number of functions - the plantations and agricultural stations provided the basic agricultural research centres for Nigeria; they also provided training programmes for a number of people who later qualified as agricultural officers of various grades; the institutions injected new ideas on agricultural techniques and methods (Ekundare, 1973). It was these institutes and stations that later served as research institutes for the future. In all there were no research institutes established to research on how to improve on the staple crops of the indigenous people - yams, cocoyam, plantain, beans, rice, millet or sorghum.

Having effectively put structures in place for improved cash crops production, infrastructural facilities such as roads, harbours, railways, waterways and airports were created for the evacuation of the proceeds to the ports for exports (Helleiner, 1966; Akintoye, 1980). By 1900 and 1915 road transport services had come to stay. The following roads for example were established: Ibadan-Oyo, Oyo-Iseyin, Oshogbo-Ogbomosho, Bukuru-Ropp, Zaria-Maska Zungeru-Zaria, Zaria-Kano, Loko-Keffi; Also established were Benin-Agbor, Uwet-Itue, Warri-Benin, Adukpani-Uwet etc. Initially, these roads were not tarred (Ekundare, 1973; Olukoju, 1996).

In shipping, the first modern wharves were built in Apapa, Lagos and Port Harcourt in 1926. Before World War II, the following shipping companies were very active in Nigeria - the Elder Dempster Lines Limited, American West African Line, Compagnie Fabre et Fressinet, Holland West Afrika Liju and allied companies (Ekundare, 1973, Olukoyi 1996). Railway development in Nigeria was of immense value to the British colonialists - for easy evacuation of raw materials for exports to the metropolitan state. Railways construction began from Lagos to the hinterland in 1896. By 1901, it has been extended to Minna and Baro in 1910, and by 1930 Port Harcourt, Kafanchan, Makurdi, Enugu, Kaura Namoda, and Nguru were connected among others. The railway not only acted as modern transport system but also assisted in conveying the processed

cocoa, cotton, palm oil and kernels from place of production to the ports for export to Europe (Ekundare, 1973; Olukoju, 1996; Njoku, 2001).

Nigeria's speedy economic integration with the international community especially Britain was as a result of these infrastructures established. In this connection, there was increased trade and introduction of new imports and this led to the expansion of the people's economic desires and demands. European imports became articles of trade within Nigeria and they promoted internal trade and in the process generated employment, and improved the standard of living of the people. For economic organization to have meaning and produced desired colonial aims, European education was promoted and health services introduced - all of which improved the economic performance of large sections of Nigerian people. It should not be forgotten that government hospitals and other health centres, and government schools were few - where they existed were in the urban centres.

As a colonial policy the British colonial masters were not prepared to establish any meaningful industries in colonial Nigeria. The attitude was to make sure the territory remained as the source of raw materials and market for their finished goods (Akintoye, 1980).

Nearly all the import trade, and most of the export trade was controlled by a few giant European companies. The companies include United Africa Company (UAC), Compagnie Francaise de l'Afrique Occidentale (CFAO), and Societe Commerciale de l'Quest Africain (SCOA), which controlled most of Nigeria's commerce (Akintoye, 1976). The rest was in the hands of the Syrians and Lebanese.

However, there were very few manufacturing industries during the colonial era. Lever Brothers (now Unilever) the largest British soap manufacturing firm, started production in Nigeria in 1923 - and thus began to promote the production of palm kernels. Confectionery manufacturers and some cocoa processing firms also stimulated cocoa production and made it attractive. In the 1930s the tobacco industry was established in Ibadan. Others were processing plants - vehicle, bicycle,

radio, sewing machine assembly, steel and other metal products, flour, pharmaceuticals, oil blending, singlets, etc. These plants were established in Port Harcourt and Lagos because they were seaports and possessed large populations. Agricultural stations were set up in areas such as Ibadan, Oyo, Kano, etc., that facilitated the study of cash crops needed by European industries - cocoa, cotton, groundnut, palm trees, rubber. Improved seeds and seedlings were produced and distributed to farmers in areas suitable for each crop (Helleneir, 1966). In the process the industries and farm stations created employment either directly or indirectly for Nigerians and to a large extent improved the standard of living of many Nigerians (Helleneir, 1966).

#### **Currency, Banking and Insurance**

By 1900 Nigeria had no generally accepted currency. What was in circulation for exchange relations were foreign coins - gold and silver sterling, American doubloons, French franc pieces, cowries, manillas and gold dust. In some areas hot drink (gin) was employed as substitute for currency and large quantities were stored as accumulated wealth. In most areas within the interior of Nigeria, British coins were outrightly rejected, while in some areas most exchanges were through barter (Ekundare, 1973). The exchange rate brought about complexities in the use of commodity-currencies, hence in 1902 a government proclamation fixed prices in sterling for manillas and Maria Theresa dollars, and prohibited their further importation. It was easier to control the use of commodity-currencies and foreign coins on the coastal areas than the interior. The coastal areas were used to the British and other Europeans since the middle of the nineteenth century. Further measures and new forms of currencies were introduced but the problem was still not solved. The first step towards introducing paper money for British territories in West Africa was in 1907. Various boards such as West African Currency Board and various coins denominations were introduced, none was generally accepted (Ekundare, 1973).

Indeed, in 1916, notes of the denominations of £5, £1, 10s, 2s, and 1s were introduced. These notes were made unlimited legal tender in all the West African countries. The problems of hoarding and melting of coins for ornaments, however, was prevalent. In this connection in 1931, £5, 2s, and 1s was withdrawn from circulation. Despite the issue of coins and currency notes by the currency board, commodity currencies, and foreign coins continued to circulate in some parts of Nigeria. Manilla that was abolished since 1911 was still a legal tender in the thickly forested palm belt region of south-east Nigeria. It was not until the 1930s, that British coins and currency notes became rooted within the Nigerian economy (Ekundare, 1973).

The use of a convenient currency facilitated the buying and selling of farm products. Besides, labour was paid for, hence the sell of "farm products" and the amount realized from wage labour was transformed into liquid assets (Oyemakinde, 1996).

According to Ekundare, by 1900 there were only two commercial banks in what is today Nigeria - British Bank of West Africa (BBWA) established in 1894, and the Bank of Nigeria, whose commercial business began in 1899. The British bank was stronger than the Nigerian bank and exercised a great deal of banking in that sector of the economy. The near banking monopoly of the BBWA came to an end in 1917, when the Colonial Bank established a branch in Nigeria. The Colonial Bank was incorporated in 1836, to operate in the West Indies and the British Guyana and later in 1917 was granted the charter to carry its business to any part of the world. Following that, the Colonial Bank later adopted the name Barclays Bank. However, by 1917 the BBWA had over fourteen branch offices in Nigeria. The BBWA and Barclays were the only banks that did business in Nigeria up till 1930s. Between 1931 and 1933 two Nigeria indigenous banks were established - the Nigerian Mercantile Bank and the National Bank of Nigeria Limited. These banks offered financial services within the economy (Ekundare, 1973).

The perception of foreign banks contributed to the development of indigenous banks. Ekundare (1973) notes thus:

The few Nigerian businessmen who were rich enough took the initiative to venture into banking business... some of these businessmen saw the establishment of indigenous banks as a direct challenge to the banking monopoly of the expatriate banks, which, it was alleged, were discriminating in granting credit facilities to indigenous businessmen...

The West African Currency Board did not regulate these banks because it did not act as central bank. Other banks and security houses emerged and did business in Nigeria unchallenged. It was not until 1959 that the Central Bank of Nigeria was established - it then assumed the functions of an apex bank - regulating and issuing currency (Helleiner, 1966; Barkindo, 2004).

With colonization and the establishment of British trading firms in Nigeria, such as the Royal Niger Company and Elder Dempster in 1879, it brought increased activities in shipping and banking. In line with the development of commerce, it became necessary for the trading companies to bring to bear some aspects of their insurance business locally. In this connection, trading companies were granted insurance agency licences by United Kingdom based insurance companies to issue covers and assist in claims and supervision, especially in marine insurance. For example, in 1919, the Africa and East Trade Companies introduced the Royal Exchange Assurance Agency, the first insurance agency company in Nigeria, which later upgraded to a branch office in 1920. Other agencies established were Patterson Zochonis (PZ), Liverpool Insurance Agency, London and Globe Insurance Agencies, BEWAC'S Legal and General Assurance, the Law Union and Rock Assurance agencies. The Law Union and Rock became the first agency of a British company to be given to a Nigerian, Sir Mobolaji Bank Anthony (Osoka, 1992).

In 1921, the Royal Exchange Assurance was established as a full insurance company. Later, three other companies - the Norwich Union Fire Insurance Society, Tobacco Insurance Company Ltd., and the Legal General Assurance Society were

also established. All of these companies were wholly owned by the British, and established for the principal purpose of providing insurance for their trading activities. Thus, the first indigenous company, African Insurance Company Limited, was established in 1958 (Osoka, 1992). It should be noted that these companies employed many Nigerians, mainly the unskilled.

At independence in 1960, there were twenty-five insurance companies in the country and out of these four were indigenous - African Insurance Co, Nigerian General Insurance Co., Great Nigeria Insurance Co., and Universal Insurance Co. The establishment of insurance companies by the British laid the foundation for the upsurge of hundreds of insurance companies existing in Nigeria today. These have added value to individuals and the Nigerian economy in the area of employment creation and service delivery.

Before 1960, the industrial sector of the economy depended solely on foreign technicians in order to execute the major development projects. By 1960 there were only four main technical institutions in Nigeria - the Yaba Technical Institute, Enugu Technical Institute, Kaduna Technical Institute and the College of Technology, Ibadan. However, there were trade centres in some important towns in Nigeria. Indeed, it was these technical institutes and trade centres that provided training over a wide field - civil and electrical engineers, motor mechanics, machinists, fitters, bricklayers, sheet-metal workers, carpenters, electricians, cabinet workers, painters, wood machinists and blacksmiths. It is from this crop of trainers that the informal sectors of the economy were built. Those who were not opportune to attend a formal technical or trade school learnt from the graduates of these technical institute and trade centres through apprenticeship. In the process skills were acquired, today they form the bulk of artisans found all over the country (Ekundare, 1973).

Besides, Nigerians were connected to the international market through goods and services brought by the Europeans - bicycles, motor cars, textiles, metal rods, shoes, watches, medicine, food (cod fish, mackerel) zinc, kerosene etc.

Individuals, therefore, could decide to specialize in handling one merchandise, which in turn sustains employment and created wealth. Since then till date those merchandise have assisted in diversification of the economy. In the same corollary certain varieties of crops introduced during the colonial era such as rice, cocoa, are traded articles which provide food security and articles of trade.

Indeed, the economic structures put in place by the colonial masters became the foundation in which the Nigerian economy propelled itself after independence. However, it would be discovered that after independence economic performance has not been very impressive. It was expected that economic performance would make Nigeria one of the biggest economies in the world. Indeed, since Nigeria attained independence, poor management of the economy has remained the bane of the country. It is agreed that the colonial masters put in place a lot of economic structures for the development of Nigeria such as banks, insurance, ports, etc. And that after independence, Nigeria improved on the structures put in place by the colonial rulers, and also established new ones such as iron and steel, petrochemicals, roads, new seaports and airports.

### Conclusion

The chapter examined the economic impact of colonialism on the Nigerian economy. The colonial master (British) put in place sustaining economic structures upon which the Nigerian economy is being propelled today. After independence and even now Nigeria is still putting in a great deal in areas of economic structures such as roads, sea and airports, banks, insurance companies, dams, research institutes and so on. However, some scholars are of the opinion that the British were exploitative in their colonial territories. To a large extent it may be true or not, for what we see today in terms of exploitation is worse than what the British did. Whatever exploitative methods of the British in Nigeria, it is worthy of note that they did much to put in place economic structures from which the new independent Nigeria started from. Their limitation was their unwillingness to develop indigenous food crops through

research as they did in commodity or staple crops. The colonial economy was exploitative, but in spite of that Nigeria's economic growth and development was (is) based on the economic foundation laid by the British at various stages of their enterprise in Nigeria.

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