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Economic Imperialism and Oligopolization of Trade in the Gold Coast: 1886-1939

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ECONOMIC IMPERIALISM AND OLIGOPOLIZATION OF TRADE IN THE GOLD COAST: 1886-1939 *

by

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The takeover of the economy of the Gold Coast by foreign business concerns, in conjunction with a foreign government imposed by force upon the inhabitants of that territory, provided the framework both for the integration of the Gold Coast into the world capitalist system, and for the limitations to its potential for change and growth within that system.

In general, the capitalist system encourages weaker, undeveloped countries to develop by introducing them to new markets and new products, but it also ensures that the interests of the weaker economies will be subordinate to the interests of the stronger. Competitive advantages which accrue to the older and richer capitalist states (eg. in technology, accountancy, managerial skills and labour productivity) are reinforced by a constant tendency towards monopoly of trade, and given permanence by the imposition of political as well as economic control over peripheral countries. The Ghanaian example demonstrates that even without the wholesale expropriation of their lands and resources from a colonized people, and even without the radical reorganization of indigenous society in the interests of the imperialist power, the introduction of the capitalist system into an *un*developed economy will distort future development in the direction of the interests of the more developed capitalist economies. *Under*development is concomitant with development.[1]

This article will deal with the mechanisms of the economic takeover of the Gold Coast, between approximately 1885 and 1939. Two aspects of the takeover are dealt with: the progressive oligopolization of trading, shipping, and banking in the colony, and the influence which oligopolistic British firms exerted on government policy. The oligopolization resulted in the underdevelopment of the African trading class and its inability to develop into a genuine capitalist class;

while the pursuance of a government policy dedicated to maintaining Ghana's role as a peripheral import-export economy resulted in the internal economic underdevelopment of the colony.

A. European Oligopolization of the Gold Coast Trade.

From the time of their first contacts with each other until the 1880's, African and European capitalists competed on relatively equal terms in the Gold Coast. But with the beginnings of oligopolization of trade, and the introduction of foreign political control, opportunities for Gold Coast Africans soon declined.

After the abolition of the slave trade, it was some years before a new product was found which could guarantee the Gold Coast's continued participation as a producer in the world economy. But, with developments in industrial Europe, by the end of the nineteenth century palm oil became a necessary ingredient for candles, soap, and machine oil, and cocoa found a market as a new food to feed the now comparatively wealthy working classes. A new "legitimate" role arose for the Gold Coast, as a producer no longer of slave labour but of industrial and consumer raw products. But the vast demand for these goods necessitated more rapid and organized transport, the capacity to handle large amounts of goods on a regular basis, and reliable supplies of capital and credit, as well as regular commercial contacts not only in the Gold Coast but also in Britain, on the Continent, and in America. The needs of the industrialized West could no longer be fulfilled by small traders, African or European, with their sporadic supplies. The process of sales and mergers which culminated in the formation of the United Africa Company (which by 1938 had engulfed no fewer than 145 firms) began in 1900 with the first of the many trade agreements which were to persist in the Gold Coast trade during the twentieth century.

Chart1 indicates the major firms which were integrated into the United Africa Company in 1929, as well as indicating its competitors after that date. As can be seen, the system was not a complete monolith. Several Continental firms stood outside of UAC control (although certain German firms which had had a considerable share of the Gold Coast market were eliminated from the scene during the first World War). Moreover, certain British firms remained independent of its control. Of these, the cocoa manufacturing companies, Cadbury Brothers Ltd., J. S. Fry and Sons, and J. Lyons and Co. were particularly significant in the Gold Coast context because, as they bought cocoa not for resale on the international market but for their own chocolate manufacturing, they were prepared to offer higher prices to African producers than the trading firms could offer. It was not until the 1930's that UAC was able to put sufficient pressure upon the chocolate manufacturers through price undercutting and denial of shipping space, to compel them to conform to the prices offered by the giant merchant firms.[2]

Nevertheless, from 1900 on, whatever competition existed between the individual European firms on the Gold Coast was tempered by sundry agreements to control both the buying and the selling aspects of trade. Table 1 lists only some of these agreements.

Table 1 - Trade Agreements in the Gold Coast

1. 01/10/1901. Pooling Agreement between the African Association Ltd., Alexander Millers and Co., and F. and A. Swanzy Ltd.
2. 20/02/1902. Agreement re palm kernels between the African Association Ltd., Alexander Miller, Brother and Co., and the German West African Co.

Chart 1. European Firms in the Gold Coast

A. Major Firms forming the United Africa Company.[3]

African Association (1889)(1896)*	Alex. Miller Brother and Co. (1865) (1868)	F. and A. Swanzy (1807 or before)	Niger Company (1884)

African and Eastern Trade Corporation ** (1919)

takeover by Lever Brothers in 1920 ***

United Africa Company (1929) ****

B. Principal Competitors of the United Africa Company after 1929.

British	*European*
Cadbury Brothers Ltd. (1899)(1907)	Cie. Française de l'Afrique Occidentale (c.1845) (1909)
J.S. Fry and Sons Ltd. (1896) (?) (amalgamated with Cadbury Bros.1918)	Société Commerciale de
J. Lyons and Co. (1894) (?)	

W. Bartholemew and Co.(1926)(1926)
Busi and Stephenson Ltd.(?)(c.1930)
John Holt and Co. (Liverpool) Ltd. (c. 1860) (c. 1935)
G.B. Ollivant Ltd. (c.1840) (?)
Patterson, Zochonis and Co. Ltd. (1890) (c.1933)
l'Ouest Africain (1907) (1914)
Swiss African Trading Co. (1922) (1922)
Union Trading Company(Basel Mission Trading Company) (1865) (1865)

C Principal Shipping Companies.

Elder, Dempster and Co. Ltd. (1899)

comprising African Steam Ship Co. (1952) and British and African Steam Navigation Company (1865)

Woermann Lines (1882) (1885)

Elder Dempster and Woermann Lines joined into the West African Shipping Conference 1895.

D. Banks.

Bank of British West Africa Ltd. (1894) (1896). (formed by Elder, Dempster and Co. Ltd.)
Colonial Bank (1836), entered Gold Coast 1916, name changed to Barclays Bank Dominion, Colonial and Overseas 1925.

* First brackets indicate date of incorporation, second brackets indicate date of entry into the Gold Coast (when information is available)
** Aside from those mentioned above, African and Eastern included 26 other West African companies.
*** and joined to 28 other West Africa companies previously or subsequently acquired by Lever Brothers.
**** Between 1929 and 1938 UAC acquired 29 more West Africa Companies.

3. 03/11/1903. Pooling agreement between Messrs. F. and A. Swanzy Ltd. and Millers Ltd.
4. 01/03/1904. Agreement re sharing in proportion to the capital of each party the net profits of the businesses of the parties carried on in the Gold Coast and the German Colony, between F. and A. Swanzy Ltd., Millers Ltd., and the African Association Ltd. Expired 31/12/1913.
5. 10/05/1906;11/07/1910; 22/05/1913. Agreements between F. and A. Swanzy, Millers Ltd., the African Association.
6. 1905. Accra Produce Agreement. Between F. and A. Swanzy Ltd., Millers Ltd., the African Association Ltd., J.

J. Fischer and Co., the (Basel) Mission Trading Company and the German West African Trading Company.

7. 13/02/06. Volta Produce Agreement for pooling purchases of cocoa, rubber, palm oil and palm kernels between the (Basel) Mission Trading Company, F. and A. Swanzy Ltd., Chevalier and Co., and Millers Ltd.
8. 1905, 1909, 1914. Sundry timber pool agreements between the Gold Coast Machinery and Trading Co. Ltd., F. and A. Swanzy Ltd., Millers Ltd., and the African Association Ltd.
9. 27/07/12. Agreement re staple articles between the Basel Mission Trading Co., the African Association Ltd., Millers Ltd., and F. and A. Swanzy.
10. 1925/26. Cocoa Pool Agreement. African and Eastern Trade Corporation and others.
11. 07/01/30. Agreement for the purchase and sale of palm oil and palm kernels between the UAC, John Holt and Co. (Liverpool) Ltd., G. B. Ollivant, and Patterson and Zochonis.
12. 18/05/35. Agreement re the Gold Coast Motor Business between Cie. Francaise de l'Afrique Occidentale, Societe Commerciale de l'Ouest Africain, Union Trading Co., W. Bartholemew and Co., and UAC.
13. 30/11/36. Agreements covering the sale of palm oil and palm kernels between UAC, John Holt and Co., and G. B. Ollivant Ltd.
14. 27/07/1934. Gold Coast Merchandise Agreement. (and supplement 18/06/1937).
15. 10/11/37. Agreement between W. Bartholemew and Co., UAC and eleven others for division of cocoa in the Gold Coast (The Cocoa Pool).[4]

It can be seen from the above, that the Gold Coast trade was very well organized. Agreements, which never included any African-owned firms, covered produce (including cocoa, palm products, rubber, and timber) and merchandise. It should be noted that not only exports but also imports were subject to price fixing and that strong sanctions were imposed on those partied to Agreements who did not adhere to the agreed structure. Moreover, prices charged for imported goods were geared to rise or fall with the prices paid for cocoa.

> *A comparison between cocoa and store prices shows a connection. Merchants admit that it is their practice to raise store prices when cocoa prices rise. Merchants meet once or twice per month in Saltpond and fix prices for their principal goods. An 'Approved Price List' is produced...*

> *The total trade of each district is divided amongst the firms and a firm is allowed to sell a certain percentage only of the total district sales of any of the principal goods.*[5]

The dominance of trade by European firms was reinforced by tight European control of shipping and banking in the Colony. The two predominant shipping firms, Elder Dempster and Woermann Lines, which were able to take control of the West African trade when the introduction of steam ships eliminated many of the smaller independent merchant-shippers who owned sailing boats, joined into the West African Shipping Conference in 1895. They effectively eliminated competition by instituting a system of 10% rebates to merchants who shipped exclusively on their vessels. Elder Dempster further consolidated its power by gaining control of lighterage and inland waterway facilities in West Africa. Its weaker ally, Woermann Lines, was also obliged to accept an agreement whereby Elder Dempster could call at European ports but Woermann could not call at British ports.[6] Many European traders objected to this monopoly of shipping, especially as the larger merchants were able to obtain special rates from Elder Dempster, despite that company's protestations that it promoted competition by charging the same rates to all.

The oligopolistic control of the Gold Coast economy was further reinforced in 1895 when the Elder Dempster shipping line set up the first, and until 1916 the only, bank to exist in the Gold Coast, the Bank of British West Africa. In 1916, apparently without opposition, the Colonial Bank was permitted to enter the Gold Coast. A number of interlocking directorates between these two banks, the shipping agencies, and the dominant trading firms (but excluding the chocolate manufacturing companies) strengthened the tendency for co-operation.

Table 2 - Interlocking Directorships in the West African Trade[8]

Year	*Name of Director*	*Companies Directed*
	Sir Alfred Lewis Jones	Elder Dempster Shipping Ltd. Bank of British West Africa
1905	Owen Harrison Williams	Elder Dempster Shipping Ltd. Bank of British West Africa
1915	Clifford Blackburn Edgar	Bank of British West Africa Niger Company
1915	Sir Owen C. Philipps	Elder, Dempster and Co. Ltd. Bank of British West Africa
1915	Mazzini Stuart	African Association Ltd.

		Bank of British West Africa
1915	Owen Harrison Williams	African Steamship Company
		British and African Steam Navigation Co.
		Bank of British West Africa
1925	James Henly Batty	African and Eastern Trade Co. Ltd.
		Ashanti Goldfields Corporation
1925	O. V. G. Hoare	African and Eastern Trade Co. Ltd.
		Colonial Bank
1925	Lord Kylsant	Elder, Dempster and Co. Ltd.
	(Sir Owen C. Philipps)	Bank of British West Africa Ltd.
1925	Mazzini Stuart	African and Eastern Trade Co. Ltd.
		Bank of British West Africa

From this selected list it will be noted that there were, of course, strong ties between Elder Dempster and the Bank of British West Africa. There were also ties between the Bank and the trading firms which were later to become part of UAC, as well as some ties between this group and Ashanti Goldfields, the foremost gold mine in the Colony, and the Colonial Bank. Added to these interlocking directorships were a host of external connections to banking, shipping, railway and insurance companies in Britain, to independent soap-manufacturing companies, and to international mining consortia. It was a strong network, based in the cities of Liverpool, London, and Manchester, and one which the African aspirant to trade could hardly hope to crack.

Even when the African obtained space on the Conference shipping lines, he could not hope to be charged the same preferential rates as the European bulk shippers. Nor could he hope to be able to afford, with his limited resources, to buy the kind of large steam ship necessary for the modern trade.[9] Without adequate resources, it was also difficult for him to obtain insurance. Moreover, the banks, when they entered the West Coast, catered entirely to other Europeans. All the European merchants, with the exception of the Swiss and French firms, who sometimes preferred banks of their own nationality, were financed through the Bank of British West Africa and the Colonial Bank. During the cocoa season, millions of pounds were made available by the banks to the European cocoa buyers. The African buyer could not hope to command such amounts if only because most decisions concerning large amounts of credit were made by the Banks' Head Offices in London, where would-be African borrowers did not have representatives. The bankers argued that Africans did not "understand" the banking system.

But willing as they were to accept such African deposits as were offered, it seems the banks charged higher rates for services to Africans than to Europeans.[10] It could perhaps therefore be argued that African traders understood the banking system only too well.

The banks argued that Africans were a poor credit risk. And it would indeed seem that if there were one single factor which eliminated the Gold Coast African as a significant competitor in the trading world, that factor would be credit. The indigenous Gold Coast property and credit system had been based on slave owning and pawning,[11] institutions which were destroyed in righteous anger by the British in 1874. In the absence of a system of private property in land, Africans were left with nothing but gold trinkets and buildings to offer as collateral to Europeans from whom they wished to obtain credit. The system was self-defeating, since as long as they had to invest in houses in order to have mortgagable property for credit purposes, Africans were compelled to divert their resources from more profitable investments, thus reinforcing the European view of them as spenders, not savers.

In any event, the trade after 1880 assumed large-scale international proportions. Few Africans had, or could marshal , the European and American contacts necessary to enter the export-import trade in competition with the British. A large proportion of Gold Coast produce went not to the United Kingdom but to European and American markets. Similarly many imported goods came from outside the United Kingdom. But agents hired in Britain to act for African traders were at best unreliable and at worst dishonest. The prevalent European view of the African as shiftless, unreliable, childlike and dishonest was no doubt a major cause both of the reluctance of the honest banker or shipper to deal with the indigenous tradesman, and of the alacrity with which the dishonest European cheated him.

While more than a few Africans became successful businessmen despite the difficulties elaborated above, the most common opportunity for the entrepreneurial Gold Coast African after the 1880's was to act as a middle-man for the European. There was little direct contact in the Gold Coast between the expatriate businessman and the ultimate consumer or producer of the goods in which he dealt. In a few of the larger towns,retail shops tended to be managed by Europeans. But for the most part, they were managed by African agents who not only sold imported goods but sometimes acted as cocoa buyers as well.[12] These Africans were responsible for the day-to-day running of the store, for all stocks, and often for book-keeping. However, ultimate financial control and the power to sign cheques remained in the hands of a European supervisor. African agents were bound by contracts forbidding them to engage in trade on their own or to move from one employer to the next.[13]

The African who did try to engage in trade on his own could be, and was, easily undercut by his European competitors. Should he nonetheless succeed, he was often offered a position as an independent agent for a European firm, with a guarantee of more custom than he could obtain on his own. Through the passbook system, which allowed each African retailer credit up to a certain amount (often arbitrarily decided upon by whichever European he or she happened to be dealing with) the African could easily be tied not only to the expatriate network but also to a specific expatriate firm. Because the passbook system fulfilled the function of providing credit, large African retailers were pulled into the hands of their expatriate competitors.

A second middleman role for the African entrepreneur was as a cocoa broker; one who, in return for advances from the European cocoa firm, went into the "bush" to buy cocoa from the peasant producer. This role was more lucrative than that of a store agent. For aside from receiving his commission and various perquisites (such as gifts, free bags, and rent-free cocoa storage units) from the expatriate employer who had to compete for his services with other European firms, the broker could give advances on cocoa at a low price and then sell it at a higher price at the time of the harvest. Moreover, as the price of cocoa was known to fluctuate from day to day, he could often argue that he had bought the cocoa at more than the going price. And as there was a two to four day gap before Accra prices reached the bush, he could compel his European customer to pay him extra. Brokers often branched out to become moneylenders and financially powerful members of the community. But their wealth was insecure and they could be wiped out by a fall in prices which did not repay their advances.[14]

B. European Firms and Economic Policy in the Gold Coast.

Between about 1880 and 1910 the Gold Coast entered the world capitalist system as a full-fledged peripheral nation producing raw materials for export to the rapacious factories and workers of the industrial West. Her economy boomed as both exports and imports increased phenomenally. But she paid for this boom with a stagnant economic structure. From 1910 unil the second World War, the European firms, with the help of the British government, sought to maintain the peripheral import-export monoculture which they found so profitable.

The aim of the political power in the Gold Coast was to preserve the colony's economic value for Britain. Whatever the humanitarian and "civilizing" goals of the individual members of the Colonial Service who administered that country, the Colonial Office in London,which formulated most important policies, was sensitive to an often in agreement with the desires of the dominant British firms. Government and the British business interests co-operated on several levels.[15] The most diffuse of these was that of personal contacts between business and government in Britain and the colonies, contacts often reinforced by the membership of prominent West African traders in the House of Commons. In the colony itself, close contact was inevitable as there were so few expatriates.

On a formal level, co-operation was embodied in the Joint West Africa Committee. This Committee was formed in 1905 with two members each from the Liverpool, Manchester,and London Chambers of Commerce, which regularly met with and advised the Colonial Office. In 1903 these three Chambers had also been granted the privilege of communicating directly with the Governor of the Gold Coast. Consultation with both the Colonial Office and the Governor was extensive.

Furthermore, whereas Africans rarely, almost never, were asked to testify before the various Royal Commissions concerned with the West African colonies,[16] the expatriate commercial community not only testified frequently to these committees but often had representatives acting as Commissioners.[17] African and European unofficials were however given equal representation on the Gold Coast Legislative Council. But on almost all matters of disagreement in the Legislative Council the European unofficials voted with their official counterparts (a matter hardly surprising since the official policy was formulated by the Colonial Office in consultation with the European unofficials' Head Offices in England). Thus the African had no effective voice on the only governing body to which he had access.

There were strong commercial reasons for the takeover of the Gold Coast Colony in 1874 and the final takeover of Ashanti and the Northern Territories in 1901. As the nature of trade with the Gold Coast changed at the end of the nineteenth century, unhampered capitalism devoid of political control was not sufficient to guarantee the adequate functioning of the import-export economy. The most important function of the new British colonial government, from the point of view of the European capitalists, was to establish and efficient and extensive transport system to facilitate the movement of goods. A secondary object was the maintenance of law and order, that is the "pacification" of recalcitrant tribes who were not willing to accept the new political and economic order, especially in the hinterland of Ashanti and the Northern Territories.[18] Ashanti especially was viewed as a huge potential market for cheap manufactured goods, which the coastal-based Europeans were anxious to exploit.

In the early part of the twentieth century, and again in the 1920's there were extensive railway building programs, first leading to the mines and later extending to the cocoa-producing areas. Road building was also encouraged as soon as the motor lorry was invented. Three types of roads were built. In descending order of priority, they were feeder roads to the railways, trade roads, and "political" roads built to facilitate administration.[19]

But once an adequate system of transport had been constructed and the entire territory had been opened up to European traders, pressure for expenditure on development from the commercial community diminished, and a concern for "free trade" became evident. The Gold Coast had been satisfactorily integrated into the world capitalist system as a producer of raw materials and a consumer of cheap manufactured goods, and any further expenditure by the Government, designed to lessen the Colony's dependence on this relationship to the Empire and the world, was viewed with suspicion as an unnecessary attempt to impose taxes on the expatriate firms.

Thus until 1939 the pattern of Gold Coast imports and exports was very clearly one of dependence on the "mother country" and on international market trends. Whereas until 1910 several different crops had been exported from the colony, after that date the Gold Coast became heavily monocultural.

Table 3: Major Exports - Per Cent of the Total by Value[20]

Year	*Cocoa*	*Palm Oil*	*Palm Kernels*	*Rubber*	*Timber*	*Gold*	*Diamonds*	*Manganese*
1886	---	38.33	11.79	17.20	---	18.43	---	---
1890	---	24.13	12.98	38.44	0.08	15.31	---	---
1895	0.05	26.31	10.59	36.67	3.19	10.36	---	---
1900	3.05	27.01	10.96	37.06	7.68	4.29	---	---
1905	11.36	5.35	4.68	19.68	5.10	36.21	---	---
1910	32.11	5.97	6.86	13.31	5.49	29.29	---	---
1915	61.53	0.44	0.84	0.42	1.53	29.53	---	---
1920	81.41	0.92	1.80	0.22	2.77	7.20	---	---

1925	75.50	0.40	1.06	0.31	---	7.71	0.91	6.25
1930	61.75	0.10	0.61	0.19	0.89	9.36	5.84	7.29
1935	52.19	0.07	0.43	0.14	1.10	26.43	5.48	6.14
1939	31.42	0.03	0.17	0.20	0.34	38.05	2.86	4.87

Exports of palm oil, palm kernels, rubber and timber declined drastically on a proportional basis and the colony was left almost entirely dependent for its revenues on cocoa and gold exports. The price of cocoa fluctuated violently on the world market, introducing chronic instability into the life of the African cocoa producer. Especially after the creation of the New York and London cocoa exchanges in the 1920's, cocoa became subject to speculative buying and selling.

What few feeble attempts were made by the colonial government to diversify the Gold Coast's exports and reduce its dependence on cocoa were always constrained by the structure that they must not endanger the budget. But precisely because the revenue of the colony was based upon import and export customs dues,[21] infrastructural and other developments were found to be limited by the vagaries of the international market. Thus little long-range planning to protect the economy could be implemented.

In any case, all suggestions for revitalizing the economy hinged around its open, extractive nature. As one colonial official stated:

> *A country's wealth can be increased either by manufacture, that is to say, by converting raw products into finished articles, or, alternatively, by production and exportation. Of these two, the latter is, obviously, the Gold Coast's metier.*[22]

Discussions of diversification tended to revolve around suggestions to promote new agricultural exports, and indeed projects such as a sisal plantation in the early 1920's and a copra plantation in the latter part of that decade, were undertaken, without success, to reduce the dependence on cocoa.[23] Industry was not considered at all in the many discussions of how to reduce the Gold Coast's monocultural dependence.

The underdeveloped nature of an economy dependent on agricultural and mineral exports was exacerbated by the composition of imports, about two-thirds of which, even as late as 1935, were destined for the consumer market, and less than one-third of which could be considered investment goods which would promote the expansion of the economy.

Table 4 Imports - Per Cent of the Total by Value [24]

Year	Tobacco food drink	Clothing leather textiles	Other consumer goods	Total consumer imports	Cons-truc-tion	fuel	mach-inery	trans-port	total investment goods
1900	36.86	21.21	21.95	80.02	5.67	1.91	4.88	4.66	17.12
1905	34.65	16.27	16.01	66.93	13.17	4.29	7.54	3.96	28.96
1910	28.70	14.83	19.74	63.27	11.08	3.33	6.31	11.75	32.47
1915	38.38	11.44	16.99	66.81	10.65	2.87	5.91	10.31	29.74
1920	28.88	20.95	15.20	65.03	10.70	5.67	5.04	9.08	30.49
1925	27.06	28.20	12.39	67.65	8.46	5.72	4.52	6.90	25.60
1930	26.72	27.79	12.89	67.40	8.56	5.18	5.03	8.31	27.08
1935	29.69	20.09	14.72	64.50	9.00	4.34	6.23	10.63	30.20
1939	24.32	19.74	12.66	56.72	9.06	3.26	8.51	17.75	38.58

Before 1900, guns, amunition, and liquor, unproductive goods which encouraged inter and intra-tribal warfare, were major imports. The importation of guns and ammunition was reduced after Ashanti and the Northern Territories had been "pacified", much to the chagrin of the British suppliers. But liquor continued to constitute a large proportion of imports until restrictions were imposed upon it in the early 1920's.[25] The provisions imported from abroad encouraged Africans to become dependent upon foreign foods and to neglect their own supplies; in times of prosperity earnings were spent on foreign foods instead of being invested in production. While construction goods could be considered investment goods, as already mentioned, resources were diverted to family houses when other investments might have been made. The importing of motor vehicles did, however, encourage the development of an indigenous transport business alongside the larger European transport concerns. But the transport business suffered during the 1920's and 30's from restrictions on the carriage of cocoa and imported manufactured goods on major roads, restrictions which were designed to divert the revenues of the import-export traffic away from African-owned transport businesses and toward the government-owned railways.[26]

Nor was the dearth of productive imports mitigated by direct European investment in the Gold Coast. It was only in mining that direct European control of the process of production, with consequent investment, occurred. Although Africans took out mining concessions for gold in the 1870's and 1880's, they were obliged to sell these concessions to Europeans as they could not afford the equipment necessary for modern capitalist exploitation.[27] Similarly when manganese and diamonds were discovered their production was immediately put into the hands of Europeans. But aside from mining, it was not necessary for Europeans to take over direct control to obtain the products they desired. The enterprise of the inhabitants of the Gold Coast was sufficient to produce as much as the expatriates could buy of agricultural and arboricultural goods. The companies were content to leave the land and its exploitation in African hands.[28]

Moreover, very little investment was required to maintain the European retailing establishments which were necessary to induce the Africans to buy cheap manufactured goods. The only investments made by the trading firms (aside from investments by some of the firms in their own transport businesses), were in buying and selling stations, "mucky little stores",[29] a few sheds for storage of cocoa along the docks, and bungalows for their European staff.

Table 5. Values of Properties of Various Firms in the Gold Coast, 30 September, 1923.[30]

Company	*Value of Property*
African and Eastern Trade Corporation	£ 161,483
Ashanti-Obuasi Trading Co.	£ 23,256
F. and A. Swanzy Ltd.	£ 357,905 (*all* African properties)
Gold Coast Machinery and Trading Co. Ltd.	£ 6,656
Millers Limited	£ 270,824 (*all* African properties)
Tarquah Trading Co.	£ 59,039

Whatever investment was necessary for the improvement of the Gold Coast's agricultural produce was expected to be made by the farmers themselves, not by the firms which bought the produce. Gold Coast cocoa, for example, was not subject to compulsory quality control until 1934. Government pleas to firms to institute cocoa standards and to pay farmers better prices for better quality cocoa went unheeded. But without higher prices for better cocoa, farmers had neither the income nor the incentive to invest in such improvements as cocoa storage sheds. The business community was in favour of some sort of produce inspection scheme, but one which penalized the growers for selling poor quality cocoa, not the firms for buying it. As an alternative to such penal legislation the government introduced a co-operative scheme whereby farmers would grow better quality cocoa on their own initiative and in return be granted certain privileges such as access to credit. The firms agreed to pay higher prices for the better cocoa, but they offered a maximum increase of only 6 d. a load (60 lbs.), not enough to cover the farmers' extra expenses which averaged about 11-3/4 d. extra a load.

As they argued that they should not be held responsible for investment in production, so also the European firms argued that they should not be responsible for government revenue in the Gold Coast. They resisted all attempts at taxation and reiterated constantly that in principle they were opposed to all import and export dues, the main source of revenue, since such dues, when applied to goods such as cocoa or timber, would render production too costly and prohibit competition with French or German traders. But in fact it was recognized by government, businessmen, and farmers alike that it was the African producer or consumer who actually bore the brunt of the import and export dues, and hence the burden of financing the government. Between 1886 and 1939 between 56% and 86% of the government's revenues came from import and export dues paid indirectly by African consumers and producers.

Table 6. Import and Export Dues as Per Cent of Government Revenue.[32]

Year	Import Dues %	Export Dues %	Total Import & Export Dues %
1886	84.42	---	84.42
1890	85.23	---	85.23
1895	86.05	---	86.05
1900	73.37	---	73.37
1905	57.00	---	57.00
1910	60.68	---	60.68
1915	56.87	---	56.87
1920	45.97	15.34	61.31
1925	52.60	6.66	59.26
1930	53.43	11.08	64.51
1935	56.85	16.49	73.34
1939	44.97	24.40	69.37

Whenever import duties were raised, so also prices charged to African customers were raised.Moreover, a price once raised was not lowered if the duties were removed. Similarly, after 1916 when export duties were introduced, the price paid to the cocoa producer was reduced.[33]

Africans were also responsible for financing construction and urbanization in the Gold Coast. Under the Public Lands Act of 1876 the government took for itself the privilege of expropriating,without payment,land necessary for railways and public buildings. Until 1919 the Government also used this Act to expropriate high-value land in areas such as Accra, Cape Coast, Sekondi and Kumasi and rent it out to expatriate commercial firms, the rent monies going not to the original owners but to the government.[34] Such a policy was a deterrrent to the rise of an African bourgeoisie with an income based on urban property values.

Thus, once the economy of the Gold Coast had evolved into the classic peripheral pattern providing agricultural, arboricultural and mineral products to the mother country in return for generally unproductive consumer goods, the European firms exerted their influence to frustrate government plans for diversification and development of the economy. Such plans were, in their eyes, unnecessary and likely to upset the balance of economic forces. What little development occurred was financed ultimately by the Africans themselves. Economic imperialism and the oligopolization of the Gold Coast trade ensured that this development would be limited. Indeed, *under*development became the norm as individual African traders were consistently denied the opportunity to partake in the international trading system. Ultimately, both the economy and the indigenous farmers and traders were subject to the control of an external economy and a foreign capitalist class which consistently acted to maintain the Gold Coast in a peripheral role in the world capitalist system.

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* Based on a paper presented to the Canadian Association of African Studies, February 1975. This article is abstracted from the author's forthcoming doctoral dissertation, "Expatriate Business and the African Response in Ghana, 1885-1939", Department of Sociology, McGill University, Montreal.

Footnotes

1 I use the term development to mean economic development, that is the growth of capitalism, with all its attendant ills, leaving moot the question whether development on socialist lines is possible in a society which has not yet undergone a capitalist phase. I define *under*development as the process by which a country's realistic possibilities for economic growth are thwarted and distorted, usually by contact with a more developed power. In defining underdevelopment thus, I am adopting the practice of A.G.Frank, *Capitalism and Underdevelopment in Latin America* (New York, Monthly Review Press, 1969) E. A. Brett, *Capitalism and Underdevelopment in East Africa* (London, Heinemann, 1973) and others.

2 From "*Notes on the United Africa Company Limited*", in United Africa Company Archives, London, document 1/5580, "*The History of the Company to 1938*",

3 Norman Edwards, *Cadbury on the Gold Coast* (Bournville, Publications Department, 1955, private circulation only). p. 29.

4 This table is taken from listings of the United Africa Company's archival holdings in London. Unfortunately the author did not obtain access to the actual agreements. Presumably the list is not complete.

5 Memorandum written by the Acting District Commissioner of Saltpond, 12 January 1938, file Adm. 23/1/956, Ghana National Archives, Cape Coast.

6 P.N. Davies, *The Trade Makers, Elder Dempster in West Africa, 1852-1972*. (London, George Allen and Unwin, 1973). pp. 108-09.

7 Royal Commission on Shipping Rings, Cd. 4668, 1909, testimony of George Miller, Q. 4374. In the 1930's both UAC and John Holt were able to obtain substantial concessions from Elder Dempster because of their large shares in the West African trade; the former company set up its own shipping line in defiance of Elder Dempster's ruling that merchants must ship exclusively on Conference lines. *The History of the United Africa Company Limited to 1938* (London, United Africa Company, 1939, private circulation only), pp. 117 and 143.

8 *Directory of Directors*, United Kingdom 1905, 1915, 1925.

9 Although one William Ocansey, of Ada, did instruct his Liverpool agent in 1880 to buy him a steam launch to be used in transporting goods down the Volta River. The agent absconded with the money, some £ 2,679. John Ocansey, *African Trading* (Liverpool, James Looney, 1881). p. 16 ff.

10 United Africa Company Archives, document 588, Bank of British West Africa. A sheet dated 1 February 1905 lists charges for various services including bank drafts, purchase and collection of cheques, and charges for distribution of gold and acceptance of notes. In all cases "natives" and "African trading firms" are charged more than Government employees and Europeans.

11 Pawning was a system whereby in return for a loan the debtor would "pawn" one of his relatives to work for the creditor until the debt was repaid.

12 The following section is based on interviews with African formerly employed as agents for European firms.

13 Examples of such contracts can be found in the United Africa Company Archives, files entitled "John Walkden and Co.", and "Pickering and Berthoud Native Storekeepers Agreement."

14 For a detailed description of the role of the cocoa broker, see *Report of the Commission on the Marketing of West African Cocoa* (The Nowell Commission), Cmd. 5845, 1938.

15 This section is based on the following sources. The Incorporated Chamber of Commerce of Liverpool, *Annual Reports 1886-1901* and African Trade Section, *Minutes, 1902-1925;* The London Chamber of Commerce Incorporated, *Annual Reports 1882-1903*, and West Africa Section, *Minutes, 1903-1938;* The Manchester Chamber of Commerce African Sectional Committee, *Minutes, 1892-1938;* and the Joint West Africa Committee, *Minutes, 1905-1919*.

16 Such as the Royal Commission on Shipping Rings (Cd. 4668, 1909), the West African Currency Committee (Cd. 6426,1912), and the Committee on Trade and Taxation in British West Africa (Cmd. 1600, 1921).

17 Such as Leslie Couper, who was on the West African Currency Board from 1921 to 1929, and his successor, R. Roy Wilson, on the Board from 1929 to 1938, both of whom were also Directors of the Bank of British West Africa.

West African Currency Board, *Reports, 1920 - 1938.*

18 The Proclamation announcing the takeover of the Gold Coast Colony in 1874 listed, among other purposes: "... the protection and encouragement of trade and traders, including the construction, maintenance and improvement of roads, paths, bridges, harbour works, water ways, telegraphs, and other public works which benefit trade and promote civilization", and "The maintenance of an armed police force for the preservation of internal order and the prevention of foreign aggression." Quoted in J. E. Casely Hayford, *Gold Coast Native Institutions*, (London, Frank Cass and Co., 1970), p. 366.

19 Speech by Governor Guggisberg in Gold Coast, Legislative Council *Debates*, 22 February 1926.

20 Figures for 1886, 1890 and 1895 are based on the Gold Coast *Blue Books*. For 1900 and subsequent years, the percentages are based on Table 18, "Imports, Exports, and the Balance of Visible Trade", and Table 21a, "Value of Major Exports, 1900-1960" in G. B. Kay, *The Political Economy of Colonialism in Ghana*, (Cambridge, at the University Press, 1972), pp. 325-326 and 334-335.

21 See table 6 below.

22 Quoted by Nana Ofori Atta, an unofficial African representative, in the Gold Coast Legislative Council, 19 March 1935. Unfortunately the original speaker, a former Colonial Secretary, is unnamed.

23 Also in the 1920's, one British firm offered to build up the banana export industry on condition that it be granted a monopoly of such exports. The offer was turned down. The firm involved, Elders and Fyffes, was connected to the Elder Dempster shipping line but, more immediately, was a subsidiary of United Fruit. Manchester Chamber of Commerce, Africa Section, *Minutes*, 12 February 1931.

24 Figures are based on Kay, *op. cit.*, Table 20a, "Value of Imports by Commodity Groups, 1900-1960", pp. 327-328.

25 For a description of the use of alcohol in Ghanaian society see Raymond E. Dumett, "The Social Impact of the European Liquor Trade on the Akan of Ghana (Gold Coast and Asante), 1875-1910", *Journal of Interdisciplinary History*, vol. I, summer 1974. Dumett argues that the liquor trade

was not as deleterious as others have argued. The commercial importance of the arms and ammunition trade is attested to by the numerous references thereto in the records of the Chambers of Commerce of Manchester, London, and Liverpool, as well as by the frequency with which it was discussed in the Joint West Africa Committee.

26 The problem of competition between roads and the railway is discussed in file Adm. 23/1/762 Ghana National Archives Cape Coast. See also Peter R. Gould, *The Development of the Transport Pattern in Ghana* (Evanston, Illinois, Northwestern University Press, 1960), p. 71.

27 For a description of the activities of African gold concessionaires in the late nineteenth century, see Christopher Fyfe, *Africanus Horton* (New York, Oxford University Press, 1972), pp. 128-132.

28 This is not meant to imply that the Europeans never tried to take over the land in the Gold Coast. In 1897 an attempt by the government to obtain possession of the land by passing a Crown Lands Bill had failed, owing both to opposition from the African community and to a decision by Joseph Chamberlain, Secretary of State for the Colonies, that tribal ownership customs would be flouted were the land to be declared the property of the Crown. Evidently Chamberlain realized that it was not necessary to take over the land in order to encourage production of palm oil and cocoa, both of which were already flourishing under African peasant agriculture. For details of the Drown Lands Bill, see David Kimble, *A Political History of Ghana 1850-1928*, (Oxford, at the Clarendon Press,1963), Ch.IX "The A.R.P.S. and the Lands, 1889-1900".

29 These words were used by a former European cocoa buyer when describing his company's premises in an interview.

30 From papers in the United Africa Company Archives, document 1/5580, "Notes on the United Africa Company Limited". It is possible that some of these properties were *overvalued* as the purpose of the valuation was to indicate the worth of the African and Eastern Trade Corporation upon its amalgamation with the Niger Company in 1929.

31 *Report of the Commission on the Marketing of West African Cocoa, op. cit.*, pp. 42-43.

32 Figures for 1886, 1890, 1895 are based on Gold Coast *Blue Books*. For 1900 and subsequent years, figures are based on Kay, *op.cit.*, Table 24a, "Government Revenue by

Source, 1900-1960", pp. 348-9.

33 That the government was aware that it was the African peasant producers who ultimately paid the cocoa export tax is indicated in a statement made by the Gold Coast Treasurer that "... the direct effect of this tax would be felt by the cocoa planter in as much as he would receive so much less per head load (1/3) that he would otherwise receive". Gold Coast, Legislative Council *Debates*, 26 September 1916.

34 "We have done away once and for all with the old policy of the Government taking up land and sub-letting it afterwards and holding on to the rent themselves. The natives are going to have the benefit of the land rented to merchants..." Governor Guggisberg, Gold Coast Legislative Council *Debates*. 17 November 1919, p. 213.

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