

Nigeria and the Global Economy
Since 1900

Essays in Honour of
Professor Olutayo C. Adesina

Edited by
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Second, our appreciation goes to Dr. Oluwakemi A. Adesina, whose commitment and support we have found inestimable since we told her about our intention to present a surprise gift, so to say, to our Teacher and Mentor, Professor Olutayo Charles Adesina. Her words of encouragement and support are indeed, invaluable.

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Foreword

In the rich tapestry of contemporary Nigerian historiography, few names resonate with such significance and scholarly rigour as that of Professor Olutayo Charles Adesina, FNAL. This festschrift, dedicated to the esteemed Professor Olutayo Charles Adesina, FNAL, is a compendium of unique scholarly insights on Nigeria's socioeconomic history from the colonial era to contemporary times. Representing diverse perspectives, it serves as a significant addition to the historiography of Nigeria in particular, enriching our understanding of the country's narrative and contributing to the broader discourse on African history.

Assembled to celebrate Adesina's academic and historical scholarship, this collection of essays, curated from the minds of scholars both within and beyond Nigeria, delves into key areas of his research interests, including the Economic and Social History of Nigeria, Development Studies, Regional Integration, and African History. Adesina's indelible contributions in these fields not only establish him as a distinguished African scholar but they also underscore his global academic eminence, exemplified by his recent accolade—the United Kingdom's Global Professorship Award for 2023–2024 bestowed by the British Academy.

The essays contained within this festschrift delve into myriad aspects of Nigeria's economic and social history, spanning the colonial era to the postcolonial period. Organised into four principal sections, they offer a comprehensive examination of Nigeria's socioeconomic landscape. The inaugural section meticulously dissects various dimensions of colonial economic history, shedding light on pivotal topics such as British colonial economic policy, taxation systems, migration dynamics, urbanisation trends, labour movements, trade and commerce, nationalist movements, and the industrialisation process.

Transitioning to the second section, the focus shifts to Nigeria's engagement with the global economy. Here, contributors explore Nigeria's economic interdependence with the global community, offering nuanced analyses of key initiatives and partnerships. For example, one chapter scrutinises the dynamic interplay between the United Africa Company (UAC) and local entrepreneurs, critically evaluating their participation in the colonial economy. Additionally, while one chapter examines the impacts of Structural Adjustment Programmes on Nigeria's economy from 1980 to 2000, another explores the ramifications of foreign aid on Nigeria's development trajectory since 1999.

The third section of this festschrift turns its gaze towards the Nigerian economy since independence, offering a comprehensive analysis of the country's economic trajectory under successive governments, both civilian and military, since 1960. These essays provide valuable insights into post-independence economic policies and their implications for Nigeria's development journey. In addition to economic

policies, the discourse in this section is punctuated by a range of pertinent issues, including Nigeria–Russia relations, the pervasive challenges of poverty and inequality, and the socio-economic impact of contemporary phenomena such as the COVID-19 pandemic.

Concluding the festschrift, the fourth section delves into profound socioeconomic reflections on Nigeria. Here, scholars delve into indigenous African economic paradigms, examining intriguing topics such as the role of indigenous economic thought among the Benin people of Southern Nigeria, the complexities of childhood dynamics embodied in the Almajirai phenomenon in Northern Nigeria, and the vibrant social networks and commercial dynamics of markets exemplified by the Ladipo Market mosaic. Additionally, essays reflect on the intersection of nation-building, economy, and religion in Nigeria from 1914 to 2010, offering insightful perspectives on the country's socioeconomic landscape.

Considering the richness of its content, this book comes highly recommended to historians, aspiring historians, scholars, and general readers alike. Through meticulous analysis and scholarly inquiry, it offers invaluable insights into the socio-economic history of Nigeria, enriching our understanding of the country's past and present. In essence, this festschrift stands as a testament to the enduring legacy of Professor Olutayo Adesina, FNAL, whose over three decades of academic engagement and knowledge production have left an indelible mark on the landscape of historical scholarship in Nigeria and Africa at large. It is a fitting tribute to a scholar whose contributions have earned him global academic recognition, underscoring the significance of his intellectual pursuits and the enduring impact of his scholarship.

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CHAPTER NINE

Roles and Conditions of African Middlemen During Colonial Rule, 1930-1960

Rosemary Akpan

Introduction

Commerce distribution can be broadly divided into two types: domestic trade and foreign trade. Domestic trade is the exchange of products and services among the inhabitants of a country. While external trade is the trade between the peoples of the area that became Africa and the rest of the globe.¹

It is significant to remember that both internal and international trade existed during the pre-colonial and colonial periods. Trade was a key component of Nigeria's colonial economy. Farmers produced food for their own use as well as for the local and global markets. The focus of this paper is on the colonial era's diverse external trade. Njoku points out that the African trader handled both domestic and international trade products and therefore played a crucial role in colonial Nigeria's external trade.²

From the 1930s until the time of independence in the 1960s, conflicts within the commercial system – between African traders and European enterprises were frequent including colonial economic policy issues played a significant part in the economic and political history of Africa. Between 1930 and 1960, the situation for African traders and businesspeople was different.

The role that the indigenous traders performed and the environments in which they operated would be looked at to explain the contribution of African merchants in the import-export trade. This paper examines the political and economic concerns that came up between European and British businesses and African middlemen and dealers during the import-export trade from the middle of the 1930s until 1960 into a broader context.

¹ O. N. Njoku, *Economic History of Nigeria, 19th -21st Centuries (Second Edition)*.
Nsukka: Great AP Express Publishers Ltd. 2014, 118.

² Njoku, *Economic History of Nigeria, 19th -21st Centuries . . .*, 273.

Role played by African Middlemen in the Import-Export Trade in the Colonial Period

The majority of African countries attained independence during the colonial period, which lasted from 1900 to 1960. Indigenous traders had a crucial role in the trade between Africa and Europe before the coastal middlemen were eliminated in the late 19th century. The people living along the coast had acted as a middleman in trade between the European businesses that were then active there and the Nigerian exporters and consumers of European imports on the mainland. The British government utilised its military and naval power to undermine the influence of these coastal intermediaries at the beginning of the 20th century. Although their role as middlemen was eliminated, they continued to play a crucial role in the import-export trade arrangements' delivery chain, even though their capacity to control trade and advance their own interests had been destroyed.³

With the territorial expansion after 1880, the spread of European commercial presence beyond the African coast had started. It substantially altered the highly differentiated pre-colonial African internal and coastal commerce systems, particularly with reference to the palm product industry.⁴ The availability of new types of export crops, such as forest products (rubber, timber, and cocoa), as well as the sheer quantitative growth in trading volume (which corresponded to a dramatic rise in imports), allowed for the emergence of new types of traders and trading systems, and as a result, the colonial opening of the hinterland led to a completely new stage of development.

To interpret the effects of the opening as a straightforward replacement of African traders by European businesses would be too simplistic. A position of authority like that possessed by Jaja of Opobo, who had dominated the hinterland trade commercially, politically, and militarily, was undoubtedly broken by the process of colonial expansion. The trading establishments in the coastal cities of the "Oil Rivers Protectorate" were significantly impacted. In addition to losing their former monopoly on access to the hinterland, they also lost the social control they held over their members, dependents, and slaves, which allowed African traders to advance in the sphere of domestic trade relative to

³ Njoku, *Economic History of Nigeria, 19th -21st Centuries . . .*, pp 282-283.

⁴ Axel Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy: Southern Nigeria, 1935-1954." *African Economic History*, no. 24 (1996): 25-68. <https://doi.org/10.2307/3601844>.

European commercial businesses.⁵

Because of the structure and character of colonial West Africa's external trade, foreign companies were unable to operate without the assistance and participation of African intermediaries. The function of the African middlemen in the trade between Britain and Africa was essential. According to Njoku, the three essential tasks that the African intermediaries carried out can be regarded as having been accomplished. They played the role of frontiersmen by exploring and creating new markets in the interior; they bulked produce and broke import bulk. There were two types of intermediaries in operation: urban middlemen and country middlemen. Sorting, blending, grading, and bulking produce in adequate numbers for sale to European trading companies were among the duties performed by urban middlemen. Due to Nigeria's domestic trade's cyclical market cycle, urban middlemen supplemented the roles of rural middlemen who travelled from market to market searching interior markets for produce.⁶

The work done by these middlemen prevented the trading firms from having to deal with the issue of everyone having to bring their own small amount of produce to the trading firm, as well as the issues of sorting, testing, grading, and bulking the produce. The role of the middlemen frequently involved them in the purchase of goods. The majority of middlemen operated a credit agreement with one of the trading firms or another. The items the middlemen got from the trading firms' shops were almost always in larger units than the typical Nigerian would buy. Because of this, the middlemen had to divide the items into incredibly small quantities that the customers could afford.

According to Bayart, African middlemen and elites became clients of colonial or foreign states both during the period of colonial control and since. By doing this, they established relationships that, despite being unequal, benefited both themselves and the foreigners. Bayart insists that African elites were instrumental in creating the "extraverted" form of African political economy.⁷

⁵ Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 26.

⁶ O. N. Njoku, "Trading with the Metropolis: An Unequal Exchange" in Toyin Falola (ed.) *Britain and Nigeria: Exploitation or Development?* London: Zed Book Ltd. 1987, p. 132. See also O. N. Njoku, *Economic History of Nigeria, 19th - 21st Centuries (Second Edition)*. Nsukka: Great AP Express Publishers Ltd. 2014, 287.

⁷ Bayart, J. F. "Africa in the world: A history of extraversion". *African Affairs*, 99 No. 395 (2000): 219. doi:10.1093/afraf/99.395.217

The growth of Africa's international trade was significantly aided by foreign commercial corporations, particularly the British. Most of the indigenous trader's duties consisted of distributing imported items and gathering export goods from the interior to be transported to coastal locations where they were sold to European traders and exporting firms. However, a small number of Africans such as Ajayi Crowther, engaged in direct trade with England. Early mission schools trained some Africans who organised direct importation from Europe through parcel posts. Such trading efforts were not to be contrasted with those of the seasoned European merchants, who possessed more practical business knowledge. Many Nigerians focused on retail and worked as brokers or agents to buy local goods for export.⁸

Many of the large businesses engaged in both wholesale and retail operations prior to 1946. After 1946, when local business people began to emerge, many of these companies, including the United African Company (UAC) and John Holt, stopped collecting export produce from farmers and stopped engaging in retail sales. The rise in the number of indigenous licensed buying agents of the marketing boards, however, clearly demonstrates the growing involvement of indigenous firms in international trade. For instance, in Western Nigeria, the number of indigenous agents rose from 13 in 1950 to 37 in 1960.⁹

Increasingly important primary goods that were required in Europe were produced by African farmers for export. Examples include rubber, cotton, and cacao. Farmers started to understand commercial farming and were heavily affected by the desire to maximise profits.¹⁰ This implies that farmers would focus on export output in many places when export prices increased above local food prices and focus on domestic production when the opposite was true. As a result, farmers viewed the main agricultural products as "cash crops," or crops that had to be grown for financial gain only.

The persistent presence of numerous indigenous dealers, according to the expatriate merchants, represented a wasted allocation of human resources. Hopkins, however, made it obvious that the so-called middlemen were fiercely competitive and generally effective conduits of collection and distribution in his book *Economic History of West Africa*. Although enticing at a time when

⁸ Ekundare, R. Olufemi. *An Economic History of Nigeria 1860-1960*. London: Methuen and Co Ltd. 1973, op 89-90.

⁹ Ekundare, *An Economic History of Nigeria . . .*, p. 345.

¹⁰ Ekundare, *An Economic History of Nigeria . . .*, p. 198.

foreign corporations were looking to minimise costs, direct commerce with farmers was an economic fantasy. Eliminating the middlemen would have meant a smaller market in a situation where producers and customers were both many and dispersed.¹¹

The African Traders' Working Conditions during the Colonial Period

Early colonial trends in the internal commerce system's growth and transformation revolved around three main themes: dependency, seizing chances, and conflict.¹² The colonial assault caused the large-scale political and commercial organisations that had characterised the coast before colonisation to collapse, but commerce itself grew as former members of the house were able to trade independently. Traders who were either utilising their current networks or infiltrating the recently "opened up" areas during a pioneering period proved more adaptable and were in a better position than the Europeans.¹³ European businesses only seriously began developing hinterland outposts until the colonial state expanded its infrastructure (railway, creek clearance).¹⁴

They did in fact, took over a large portion of the traffic between the coast and the interior that had previously been controlled by African middlemen. The intermediaries lost their previously held monopoly on access to the hinterland as well as the social influence they had over the slaves and dependents of their members, which led to a gradual collapse of the "houses" themselves.¹⁵

Even with the trading stations and stores constructed in what used to be the hinterland, according to Axel, European trading houses only positioned themselves at the top of the multi-layered commercial pyramid of purchase and resale, with African traders occupying the intermediate and lower levels. A much bigger and more varied internal trading system than the previous one

¹¹ A.G. Hopkins, *Economic History of West Africa*. London: Longman Group Ltd. 1973, pp. 205-206.

¹² Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 26.

¹³ A.I. Nwabughuogo, From Wealthy Entrepreneurs to Petty Trader: The Decline of African Middlemen in Eastern Nigeria, 1900-1950," *Journal of African History* 23, 3 (1982): 365-367.

¹⁴ W. I. Ofonagoro, *Trade and Imperialism in Southern Nigeria, 1881-1929* (New York, 1979).

¹⁵ Ofonagoro, *Trade and Imperialism in Southern Nigeria*.

was growing for the import and export of goods.¹⁶ For instance, the creation of the European trading station in Oguta resulted in trade growing and diversifying, and the town became a hub of interest for African traders to conduct business there.¹⁷ Members of communities with a rich pre-colonial trading history took advantage of their contacts and expertise to thrive in domestic intermediary trade during colonial times.

A.G. Hopkins demonstrates that, contrary to popular belief, the situation of African businesspeople during colonialism was not as straightforward. Additionally, he claimed that as many Europeans and Africans discovered they lacked the necessary resources and abilities to succeed, the commercial environment started to favour huge enterprises and numerous smaller businesses starting in the 1880s. African businessmen were not easily discouraged, either, or by the 1920s they were also experimenting with company formation in an effort to raise additional money. But by this time, the huge foreign companies had completely taken control, and small businesses of any nationality found the entry restrictions to be nearly insurmountable.¹⁸ At the end of the 19th century, the Nigerian middlemen that connected producers and customers with import and export businesses were eliminated.

African traders of the twentieth century were reliant in that they worked at the base of the commercial pyramid (albeit there were a few outliers). They made direct or indirect purchases from or sales to European companies as supplementary traders. They were forced to expand their meager finances by obtaining loans or advances from European produce trading companies.¹⁹

Despite the indigenous traders' crucial role, they had at best limited bargaining power with the foreign enterprise. From the 1930s, no businessperson from Nigeria had the resources, experience, or connections to compete successfully against the foreign companies that were already vertically and horizontally positioned. When it came to the awarding of loans, foreign banks, which had a complete monopoly on the financial industry until 1950 discriminated against local businessmen and women. Additionally, the majority

¹⁶ Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 26.

¹⁷ F. K. Ekechi, "Aspects of Palm Oil Trade at Oguta (Eastern Nigeria), 1900-1950, *African Economic History*, 10.

¹⁸ Hopkins, *Economic History of West Africa . . .*, 203-294.

¹⁹ Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 27.

of the indigenous traders relied on loans from European companies, for which they served as agents.²⁰ The foreign companies frequently banded together against African rivals who tried to forge their own distinct lines. Some local traders sent their produce directly to Britain in 1918. Some foreign businesses were outraged by this conduct, and as a result, they established the Association of West African Merchants (AWAM) to regulate and set the prices of both imported commodities and exported produce. For all their productive efforts, the farmers who grew the export crops had little to show. This is due to some colonial conditions that they had to work in. Trading companies' schemes had a negative impact on farmers' living conditions and had negative effects on middlemen. Due to their substantial reliance on trading firms for finance, they were inevitably drawn into the firms' grasp.²¹

They were required to sell their produce to these businesses, and the indebted middlemen frequently discovered that they had to offer their creditors more produce than they had originally anticipated. Space aboard ships was not provided for local produce traders who attempted to operate independently by shipping items directly to Europe rather than selling to trading companies. The companies conspired to allot spaces aboard ships in a discriminatory manner, leaving no room for the native exporters.²²

Most African traders had limited access to finance, which rendered them particularly vulnerable to economic crises, especially when prices fell sharply following brief booms like in 1920-1921 and 1937-1938. Most traders were reliant, but some were independent actors who seized several possibilities.²³ Commercial opportunities were principally found in the export and import of goods as well as their ancillary industries, such as the trucking industry, which in the 1930s received co-financing from European cocoa buying firms and was tightly tied to changes in export produce prices.²⁴

The resulting, highly varied African trade system, for which cocoa has been particularly well documented, had nothing in common with the prevalent perception of intermediaries or minor traders as an unequally distributed mass.²⁵

²⁰ Njoku, *Trading with the Metropolis: An Unequal Exchange*, 134.

²¹ Njoku, "Trading with the Metropolis: An Unequal Exchange" . . . , p. 134.

²² Njoku, *Economic History of Nigeria, 19th -21st Centuries* . . . , pp. 288-289.

²³ NAE File No. 1/85/5447. EP 11016, West African Currency Board: Report of 1935-44.

²⁴ Interim Report of the Road-Rail Competition Committee (Lagos, 1936), 4-7.

²⁵ K.D.S. Baldwin, *The Making of Cocoa in Western Nigeria* (Oxford, 1945) See

The bulk of traders saw their businesses as a means of securing a living, but a select number also saw an opportunity to build up trading capital and expand their operations. For shopkeepers working for European companies, a certain level of education and experience was already beneficial for a successful business career during the interwar period.²⁶

Most of the pre-colonial trade, particularly along the coast of West Africa, was built on "trust." Early colonial times saw the spread of the deposit system. Any African trader who could deposit with a European firm as security a particular amount of start-up capital in the form of cash would then have a credit from the European side, increasing his or her own trading capital.²⁷

In the mid twentieth century, smaller African dealers were able to conduct direct business with European trading businesses thanks to this deposit method, which significantly lowered the barrier to entry.²⁸ The newly implemented deposit system might be seen as a form of dependency, but it can also be seen as a form of competition between European businesses for market share in the export and import trades, which is a competition for ancillary traders who would sell to and buy from the businesses since they rarely dealt directly with the primary producer or final consumers. Because it created a competitive market for African credit buyers and credit customers, the terms of credit and rates supplied to the African traders were a crucial component of this rivalry. African traders took advantage of the chance presented by this circumstance.²⁹

This trade method prevented conflict. The first competition was among African traders themselves. There were several trade associations, which to some extent lowered competition. The Produce Traders Union in Western Nigeria, for instance, Second, unlike the north of Nigeria, where the Lebanese appeared to have been active in trade, they were initially only present in Lagos and Ibadan in the south. In the latter half of the 1930s, they grew to include additional Yoruba towns.³⁰ They faced competition from the few independent European traders still operating in the city. This frequently sparks arguments

also, R. Galletti, K.D.S. Baldwin and I.O. Dina, *Nigerian Cocoa Farmers* (London, 1956).

²⁶ D.Y. Peel, *Ijeshas and the Nigerians: The Incorporation of Yoruba Kingdom 1890s-1970s*, Cambridge, 1983.

²⁷ Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 88.

²⁸ Ofonagoro, Trade and Imperialism in Southern Nigeria, 97-108.

²⁹ Ofonagoro, Trade and Imperialism in Southern Nigeria, 1010.

³⁰ NAI Oyo PROF 1/2064 and Vol. II.

and open conflict.³¹ Additionally, many Lebanese engaged in wholesale transactions with and sales to Europeans, competing in the same market as the larger African merchants. The African press expressed a great deal of hostility toward Lebanese people in general. For instance, between 1933 and 1938, there was debate in Ilesha.³²

This offers a fair illustration of the lines of conflict and competing African interests present. While some Africans perceived the Lebanese as a threat, others, like the Ilesha chiefs, small traders, and landowners, believed they might benefit from the Lebanese's limited presence if they stayed out of the territory of market vendors and hawkers. However, in 1938, when they attempted to stray too far into local commerce by hiring textile hawkers in Ibadan, the Lebanese came under fire from the long-established African business community.³³ Thirdly, there was friction between European commercial companies and African traders, who served as both suppliers and clients. At this time, European companies started to spread their stores and outposts into what was formerly referred to as the hinterland and switched from wholesale to retail trade at the top of the industrial pyramid. The idea of having direct access to the primary producers and final customers, which served as the impetus for the colonial expansion of the 1880s and 1890s, was something they aspired to. Though the African traders resisted and objected to this approach.

It is impossible to ignore the small economic contribution that African traders make to import and export trade. For many years, Africans contributed in some way to direct imports from and exports to Europe. This was more apparent in Lagos and, to a lesser degree, in Calabar. For African traders, the AWAM's distribution of freight space caused serious issues. Following the conflict, African traders were eager to take part. In a 1919 official handbook, nearly 50 African companies were identified as exporting cocoa and palm kernels, with many of them having headquarters in Lagos, Ibadan, and Sapele.³⁴ The 1920s and 1930s crises not only forced postwar new businesses out of business but also put major African exporters like P. J. C. Thomas, who had been well established since the late 19th century, out of business.³⁵

³¹ NAI CSO 26/21526/1.

³² Axel, "African Business, 'Economic Nationalism,' and British Colonial Policy", 89.

³³ NAE File No. 1/4/496 740/3.1, Market Reports, 1943-1951.

³⁴ Njoku, *Trading with the Metropolis: An Unequal Exchange*, 135.

³⁵ Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 66.

Small European businesses also suffered as a result of the steep decline in their number, but they managed to join cartels and partnerships or merge. This trend started in the 1990s, but it quickly gained momentum with the establishment of the African and Eastern Trade Corporation in 1919. It reached its zenith in 1929 with the establishment of the United African Company (UAC), which controlled 50 percent of the entire West African trade during the 1930s.³⁶

The growth of the import trade diverged somewhat from that of product exports. Except for a few specialised companies, the larger importers in this situation were confined by a new class of small-scale African import traders.³⁷ These merchants imported modest amounts of goods, and they partially relied on the well-known British services of specialist mail order businesses. Some traders paid for their orders in full in advance, while others placed deposits of 25 percent or 50 percent with Nigerian banks and paid the balance upon delivery.³⁸

Most often, these traders merely used to import as a secondary income source. In contrast, they were focusing on the internal distribution of the commodities they had purchased from European firms. The import trade, with its wide variety of items, allowed many more niches to small traders during the colonial period, which is an essential distinction from the sector of produce exports, where economies of scale favoured the great European enterprises. The "entry level" into this commerce has been significantly decreased by the advancement of links between Europe and West Africa.³⁹

One of the effects of colonialism was the virtually complete extinction of what was perceived as the independent African merchant who could compete with the European companies on an equal footing. The attempt to form a trading organisation to sell the products of British West African cooperatives directly on US markets was made in 1928–1929 as a result of the experience of African farmers and traders being overpowered by the market power of European corporations.⁴⁰

³⁶ Ofonagoro, *Trade and Imperialism in Southern Nigeria*, 97–108.

³⁷ Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 99.

³⁸ Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 99.

³⁹ Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 66.

⁴⁰ NAE File No.1/85/11290, EP. 23679, Market and Export Department: Quarterly Report of 1935–44.

O. A. Alakija and Peter Eket Inyang Udoh (Prince Eket) founded the Ibibio Farmers Association, a trading company in south-east Nigeria, around 1940. However, the trade control measures implemented during the war stifled this association.⁴¹ Ten years later, this company made a comeback as one of the first approved African buyers for the newly established Palm Produce Marketing Board. The African Development Corporation was established in 1948 by Mbonu Ojike which attempted to create a sizable African conglomerate around the idea of independence⁴² but the strict raid policies also stifled his initiative. There were also efforts to prove that Africa owed the bank. This occurred because of British colonial banks' reluctance to extend commercial loans to African businesspeople. The National Bank of Nigeria (NBN) was created by a group of Africans in 1933. It had lost hope. Following World War I, other African banks were established, with the Agbonmagbe Bank being the first in 1945.⁴³

The cocoa pool crisis played a part in the prehistoric marketing boards' role in creating a difficult relationship between African businesses and the colonial authorities. Business and commercial issues started to become somewhat politicised. The period between 1935 and 1937 was characterised by significant spread variations for African traders. Through the European firms, this gave the credit-dependent African purchasers a position of strength.⁴⁴

Along with the increase in cocoa prices, they significantly increased the number of advances they provided to African traders to help pre-finance the purchase of cocoa. African traders used this to play businesses off one another by threatening to sell businesses other than the ones from which they had obtained credit. At John Holt and Company, the second-largest cocoa buyer, fear was starting to spread by the end of 1936. The manager there believed that if the world cocoa market price fell soon, credit advances totaling many tens of thousands of pounds would be lost.⁴⁵

⁴¹ NAE File No. 3076/1-3/1/2743, Exchange Control in Nigeria, 1941-57.

⁴² Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 99.

⁴³ I. Duffield, "The Business Activities of Duse Mohammed Ali: An Example of the Economic Dimension of Pan-Africanism, 1912-1945", *Journal of Historical Society of Nigeria* 4, 4 (1969), 571-600.

⁴⁴ A. Olurunfemi, "Background to the Establishment of the Nigerian Cocoa Marketing Board", (1947)-48, *ODU* 19 (1979), 58-77.

⁴⁵ Sessional Paper No 1 of 1930 Address by His Excellency the Governor of Nigeria Sir Graeme Thomson (President of the Council) Paper laid on the Table of the Legislative Council of Nigeria on 30th January, 1930.

This did not occur during the 1936-37 session, and in order to prevent it from occurring during the following season, the ten most significant firms reached a buying agreement with Nigeria and the Gold Coast, which became effective on October 1, 1937. The agreement's goals were to end unfair competition and cocoa-buying abuses.⁴⁶ The opening of the pool corresponded with the anticipated reduction in cocoa prices, and many people in West Africa, including Africans and colonial administrators, blamed the companies for it. All African cocoa dealers experienced a significant reduction in their flexibility because of the pool, and those who had made advance payments months before the season were forced into bankruptcy. The businesses were acting quickly against defaulting African debtors. Only a few of the biggest African companies had enough capital to take advantage of the pool's opportunity, which was the current, especially wide trading spread between Lagos and London pricing. They started preparing to sell cocoa directly to Europe in late 1937. These businesses were United Development Trading Company (UDTC), controlled by R.O. Makanjuola, A. Giwa, and others, and Oduola Bros., who were at the time John Holt and Co.'s single-largest customer in Lagos, Ijebu neighbourhood, Nigeria.⁴⁷

The legendary cocoa hold-up against the European corporations on the Gold Coast caused the economy to grind to a halt for several weeks, giving the pool dispute significant political significance. Although the Nigerian Youth Movement (NYM) and the Nigerian Produce Traders' Union (NPTU) attempted to organise comparable campaigns in Nigeria, they may have failed due to the groups' relative youth. However, it was noted elsewhere that the boycott movement against the cocoa pool in Nigeria largely failed, in part because it began too late in the growing season and in part because the organisers do not appear to have had direct access to either the producers (through the chiefs) or those among the smaller traders who sold directly to the European firms. However, indignation and outrage against the European trading giants were broad, even reaching regions and sectors of the economy that the protest's organisers had not originally targeted.⁴⁸

⁴⁶ Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 36.

⁴⁷ Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 36.

⁴⁸ Report of Commission of Enquiry on the Marketing of West African Cocoa (Chairman w. Nowell). 5845 (London, 1938).

The pool conflict's turmoil signaled the start of a time when business matters in British West Africa became increasingly politicised. Prior to this, the colonial authorities had largely avoided direct commercial system intervention, except for produce inspection and customs issues. The European companies that African producers and dealers had to deal with were left to handle trade disputes.⁴⁹ The pool crisis caused everything to change because the political conflict required official government intervention. As a result, in the middle of February 1938, the colonial office decided to create a commission of inquiry, later known as the Nowell Commission, to diffuse the potentially explosive mix of political and economic unrest.⁵⁰

The pool was formally shut down as a result in April. Some colonial officials and representatives of the European trade organisations launched a fierce attack on what they referred to as the African "middleman" in order to publicly defend the pool at the commission's sessions.⁵¹ The debt of the cocoa farmers, a problem that had previously gotten little attention but has now unexpectedly emerged as a significant issue, was to be blamed on the middleman in order to hold him accountable for all forms of abuse. This implied that farmers should be able to cover all of their annual expenses out of the proceeds of the prior year's sales without turning to borrowing. To malign the middlemen, this was done. A new cocoa marketing system with producer cooperatives as its foundation and an export agency for the goal of price stabilisation at the top was recommended by the Nowells Commission in 1938. This was done to finally stop the trading between intermediaries.⁵²

Despite a severe and ongoing economic crisis, particularly the sharp decline in agricultural export prices, the Empire mobilised the Nigerian economy as a supply of agricultural raw materials for the war effort. Although the colonial administration kept the price of agricultural exports stable for most of the war years at a fairly low level, supply shortages of imported items were so severe that too much purchasing power resulted in severe inflation.⁵³

⁴⁹ Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 36.

⁵⁰ Report of Commission of Enquiry on the Marketing of West African Cocoa (Chairman w. Nowell). 5845 (London, 1938).

⁵¹ Report of Commission of Enquiry on the Marketing of West African Cocoa

⁵² Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 36.

⁵³ NAE. File No. 4196-7/1/2034, Trade Currency Fluctuations in the Colonies.

Less than a third of the import volume from the boom years of 1937 existed in 1941. The goal of the African is to obtain money with which to purchase goods, and if goods on which to spend his money are not available, he will flag in his efforts. In 1942, official import policy changed from restriction to essentials to a policy of non-dollar import maximisation in the interest of the "production drive".⁵⁴ That is the object of the African's efforts: to obtain money with which to purchase goods, and if goods on which to spend his money is not available, he will flag in his efforts.⁵⁵ This slightly helped the supply situation, although imports were still much below pre-war levels.⁵⁶ Even though export produce prices were sharply rising and on their way to unheard-of boom figures in 1948, hard currency was still scarce, and supply shortages remained a significant issue. The war economy and its policies remained in effect until the late 1940s.⁵⁷ The government bought a sizable quantity of export goods. The large-scale, fixed-price purchase of cocoa made in response to a political exigency between 1939 and 1940 culminated in the founding of the West African Produce Control Board (WAPCB) in 1942. There were also licenses for other exports. Early in 1942, the West African Supply Centre (WASC) in Lagos oversaw imports.⁵⁸ Even the selling, pricing, and marketing of locally produced food items were attempted to be under control. Government regulations focused on setting import items that had to be purchased from the stores of European companies as well as export produce prices. Governmental interference in economic operations through control measures peaked during the conflict and started to have an impact on Africans' day-to-day existence as producers, consumers, and merchants. This led to a new way of seeing the colonial state and what it did. As the government set export produce prices, and it was similar for the African commercial sector, which was impacted by import licensing and price control, the state came to bear some of the blame for the wartime economy.⁵⁹

⁵⁴ NAE. File No 3/1/2743 CP.3076 Exchange Control in Nigeria, 1941-57.

⁵⁵ NAE 4196-7/1/2034.

⁵⁶ K.K. Helleiner, *Peasant Agriculture, Government and Economic Growth in Nigeria* (Homewood, Ill., 1966).

⁵⁷ Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 36.

⁵⁸ Sessional Paper No 1 of 1930.

⁵⁹ Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 36.

Many dealers in the import trade sector created new imports mainly cement from South Africa, without obtaining full authorisation. Up until the AWAM, businesses asked that the past performance concept be applied to the import trade in order to reduce pirate competition from non-prewar importers who currently can import freely from South Africa under the open license. This attempt got official support.⁶⁰

Njoku made an observation that "a honeymoon was already developing between the European firms on the one hand and the producers and African middlemen on the other" when commenting on the role of export farmers and the middlemen in the external trade with specific reference to what they did and their rewards. He continued by stating that, like his counterparts in other spheres of the colonial economy, the Nigerian export producer never earned a just price for his exacting business. This arose from the colonial setting. The only thing the European businesses did was maximise their profits, even at the expense of the growers of export crops. They achieved this by, essentially, conspiring to fix the prices they paid for produce, coming to market-sharing agreements among themselves, and minimising.⁶¹ For instance, a pooling agreement for trade in the Niger Valley was struck in 1904-5 by the Royal Niger Company, the African Association, Alexander Miller Brothers & Co., and the Company of African Merchants (to restrict those outside firms from extending into other places).

Instead of being invested in Africa, a sizable amount of trading profits, spare capital, and expatriate salaries were transferred outside.⁶² Njoku reiterated this, saying that the enormous profits that these European companies made were never converted into capital projects. Whatever innovations the businesses made, they did so because they believed they were a prerequisite for achieving their objective.⁶³

Nigerian producers have no viable counter-offer to the encirclement imposed on them by the trading companies. On the other hand, middlemen, despite playing a crucial role in international trade, were not known for preying on farmers' inexperience and frailty for their own personal gain.⁶⁴ However,

⁶⁰ Harneit-Sievers, "African Business, 'Economic Nationalism,' and British Colonial Policy", 40.

⁶¹ Njoku, *Trading with the Metropolis: An Unequal Exchange* . . . , pp. 125-126.

⁶² Hopkins, *Economic History of West Africa* . . . , p. 203.

⁶³ Njoku, "Trading with the Metropolis: An Unequal Exchange", 128.

⁶⁴ Njoku, "Trading with the Metropolis: An Unequal Exchange" . . . , p. 128.

the farmers were able to find a way to express their suppressed resentments. Consider the 1929 Aba Women's Protests in Eastern Nigeria.⁶⁵

The difficulty that local dealers had connecting with international producers was a significant barrier to their advancement. Many African dealers lacked the capital necessary to participate in the import trade, which is characterised by maintaining substantial supplies for extended periods of time. In Nigeria, there were only three commercial banks from which traders could borrow money. The Bank of British West Africa, which was the first, and Barclays Bank, which joined it later, both wanted to work with reputable companies that could offer creditworthy collateral for loans. The only indigenous bank and the youngest of the three, the National Bank of Nigeria, could not afford to run a generous credit system at a time when it was struggling to survive.⁶⁶

However, several educated Nigerians, especially in Lagos, worked as importers and exporters of products. They included the Adigun Brothers, Hon. Samuel Herbert Pearse, and Thomas & Co. Nearly all the well-known indigenous traders had at some point worked as clerks or agents for foreign trading companies, where they gained experience in contemporary business before going out on their own. Many other wealthy and educated Africans imported items as well, partially for their own consumption and partly to sell to consumers via parcel post. Nigerians' efforts in the export trade were mostly focused on purchasing commodities and transporting them to shipping hubs.⁶⁷

The colonial government's hefty customs duties were another issue that the farmers faced. As a result, the farmers had to pay for imports at greatly inflated costs at a time when the price of their produce was steadily declining. However, in most cases, the farmers' and indigenous middlemen's responses to their hardship were trade boycotts or cocoa farmer hold-ups, like in Western Nigeria between 1921 and 1937. Due to the farmers' and middlemen's extremely low or non-existent financial resilience, however, these delays rarely had a significant impact.⁶⁸ The export farmers thought the trading system was unfair (unequal), therefore they shifted over to producing for domestic consumption whenever they could.

⁶⁵ NAE File No. 2/1/43 AW.69 Attitude of Producers with regards to the slump in the produce market, 1921-25.

⁶⁶ Ekundare, *An Economic History of Nigeria 1860-1960* . . . , p. 219.

⁶⁷ Ekundare, *An Economic History of Nigeria 1860-1960* . . . , p. 221.

⁶⁸ Njoku, "Trading with the Metropolis: An Unequal Exchange" . . . , p. 136.

Monopolistic rivalry persisted in Africa's import and export markets. A small number of foreign corporations handled much of the trade. However, following World War II, there was a rise in the involvement of African-owned businesses in international trade, particularly in Nigeria. The Nigerian traders had little idea how a market economy or exchange worked. The type of rivalry present in the market affects a potential trader's optimism regarding profit. However, the situation is different in an oligopoly. Fewer firms benefit from oligopoly because it allows them to make a specific profit margin, which is typically bigger than the profit found in ideal competition. If we assume that he is correct, he will be enticed to join the company, but he will need to contribute the appropriate resources and expertise. It is easy to comprehend more clearly the nature of competition between these traders and foreign enterprises during the colonial period if one places the indigenous traders of Nigeria in the aforementioned circumstances.⁶⁹

The tiny amounts of personal capital that the African traders relied on because of trading activities were limited, making these native traders more susceptible to price cuts and economic downturns. A large company with ample capital resources would be better able to resist the effects of a pricing war than a small one. Some trading companies cheated customers. This resulted from the unsatisfactory competition in the import trade. Indigenous traders lacked the necessary capital resources to enter the market and raise its level of competition. The appointment of specific special agencies to market imported goods was another indicator of imperfect competition in the import trade. Pricing was set by suppliers.⁷⁰ This indicates that the businesses had devoted clients, which allowed them to set any price or at the very least one that would guarantee a reasonable sale and profit.

Colonial administrations found themselves (for a variety of reasons) entering the postwar era with a new public commitment to be seen to actively promote the development of the economies over which they presided. This commitment followed retrenchment during the 1930s Depression and especially during World War II. Greater spending helped to partially redeem the "developmental" phrase. In theory, some of this money comes from city taxpayers. Patrick Manning determined that in the French situation, the government continued to receive more in taxes from Africa than it spent in Africa.⁷¹

⁶⁹ Ekundare, *An Economic History of Nigeria 1860-1960* . . . , pp 343-344.

⁷⁰ Ekundare, *An Economic History of Nigeria 1860-1960* . . . , p. 345.

⁷¹ Patrick Manning, *Francophone Sub-Saharan Africa*. 2nd edition. (Cambridge: Cambridge University Press, 1998), 123-125.

The new statutory export marketing boards in British West Africa accumulated significant surpluses by maintaining a wide margin between the price given to producers and the price the boards earned for the crop on the international market. Farmers in Africa were required to save the surpluses in British government bonds, which helped the British metropolitan economy, recover from the post-war currency scarcity.⁷²

It has been highlighted that Africa had already demonstrated an increasing comparative advantage in export agriculture by the time the continent was divided by the Europeans. This was in the common interest of the populace, European traders, and colonial governments, particularly in West Africa. British planters were initially permitted to enter Ghana to cultivate cocoa beans. However, without the government's discriminating backing that their counterparts in Kenya and southern Africa had, they struggled to compete successfully with African producers in the market, just as French planters in Côte d'Ivoire would subsequently be replaced by African ones after *Corvée* was abolished.⁷³ With more than a 20-fold increase in the real value of international trade between 1897 and 1960, colonial reliance on African small capitalists and peasants' labour in the growing and local marketing of export crops paid off in what became Ghana and Nigeria, benefiting both British commercial interests and (via customs duties) the colonial treasury.⁷⁴

From 1906 to 1925, the soap manufacturer W. H. Lever made numerous attempts to convince the government to allow the establishment of large oil palm plantations in Nigeria as well as the necessary coercive support, but his efforts were consistently rejected in favour of the continued African occupation of almost all agricultural land.⁷⁵ When colonial agricultural officers' recommendations clashed with those necessary for effective adaptation, they disregarded them.⁷⁶

⁷² Douglas Rimmer, *Staying poor: Ghana's political economy, 1950-1990*. (Oxford: Pergamon Press and the World Bank, 1992), 41-42.

⁷³ 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, UK: Macmillan, 1996a), 154-75.

⁷⁴ Austin, "Mode of production or mode of cultivation: Explaining", 612.

⁷⁵ Hopkins, *An economic history of West Africa.*, 209-214.

⁷⁶ Austin, "Mode of production or mode of cultivation: Explaining", 612.

In Ghana, for example, the colonial administration upheld indigenous customary rights of farmers to ownership of trees they had planted; regardless of the outcome of any subsequent litigation regarding the ownership of the land the trees stood on, even though it never really established a system of land titling. As a result, African farmers had enough tenure security to feel comfortable investing in tree crops on a big enough scale to, in Ghana's case, lead to the development of the greatest cocoa economy in the world for over 70 years.⁷⁷

In a variety of circumstances before, during, and after colonial authority, African entrepreneurship has been a driving force behind changes in the products chosen as well as in the methods and organisation of production. This is especially evident in West Africa, where the pre-colonial economies of the 19th century were generally thought to be more market-oriented than those of the other major regions of Sub-Saharan Africa. Once again, whether there were extensive land allocations for the benefit of Europeans, whether they were individual settlers or businesses, they had a significant impact on African entrepreneurship and the markets in which they functioned.

African farmers in South Africa, Southern Rhodesia, and Kenya reacted rapidly to chances to grow more grain to meet their own needs. However, the governments reacted by reserving land for Europeans while either prohibiting Africans from leasing it back or (as in inter-war Kenya) limiting the time that African "squatters" could work for themselves instead of their European landlords. This was an attempt to drive Africans out of the produce market and into the labour market. African market production, however, proved to be durable, and governments finally recognised this and switched to enacting agricultural sales restrictions that favored European producers rather than attempting to replace African producers. Only during the Mau Mau uprising in the middle of the 1950s did the government in Kenya remove prohibitions on African production of high-value cash crops.⁷⁸

Insofar as African production for the market in the late 19th century was higher in what came to be known as the "peasant" agricultural export economies

⁷⁷ Austin, Gareth, "Labour and land in Ghana, 1879-1939: A shifting ratio and an institutional revolution". *Australian Economic History Review* 47, no. 1 (2007): 95-120.

⁷⁸ Paul Mosley, *The settler economies: Kenya and Southern Rhodesia, 1900-1963*. Cambridge: Cambridge University Press, 1983. DOI : 10.1017/CBO9780511759895

than in what came to be known as the "settler" economies, that contrast was subsequently emphasised by government actions in the latter over the ensuing decades. The export-import trade, like shipping, had a strong trend toward cartelisation in colonial West Africa.⁷⁹ Intra-African networks of commerce were already disturbed by the first imposition of colonial control and limits, and the expanding presence of European traders in the interior pushed many African traders farther down the chain of intermediary positions between shippers and farmers.⁸⁰

Given the history of cocoa "hold-ups," with which African farmers and brokers resisted succeeding European merchant cartels in Ghana and the indigenous banking movement in Nigeria, organised resistance to European cartels mainly came later and was largely confined to certain colonies.⁸¹ In the "peasant" colonies, cartelistic marketplaces dominated by Europeans persisted until the dawn of independence, whereas markets filled by Africans were characterised by fierce competition.⁸² African businesspeople were at least far more able to operate in the export-import and local exchange sectors than in the "settler" colonies. They benefited from the overall rise of the economies, particularly in West Africa, despite being mostly limited to the lower levels of the commercial pyramids.⁸³ Decolonisation slightly shook the monopolistic

⁷⁹ A. Olukoju, "Getting too great a grip": "European shipping lines and British West African lighter age services in the 1930s". *Afrika Zamani*, 9 & 10 (2001-2002): 19-40.

⁸⁰ Odile Goerg, "La destruction d'un réseau d'échange précolonial: L'exemple de la Guinée". *Journal of African History* 21, no. 4 (1980): 467-84. DOI:10.1017/S0021853700018697 See also, Anthony I. Nwabughuogu, "From wealthy entrepreneurs to petty traders: The decline of African middlemen in eastern Nigeria, 1900-1950". *Journal of African History* 23, no. 3 (1982): 365-79. DOI: 10.1017/S0021853700020971

⁸¹ John Miles, "Rural protest in the Gold Coast: The cocoa hold-ups, 1908-1938". In Clive Dewey and A. G. Hopkins, eds, *The imperial impact: Studies in the economic history of Africa and India*. (London: Athlone Press, 1978), 152-70, 353-7. See also, A.G. Hopkins, "Economic aspects of political movements in Nigeria and the Gold Coast, 1918-39". *Journal of African History* 7 no. 1 (1966): 133-152.

⁸² A.G. Hopkins, 1978. Innovation in a colonial context: African origins of the Nigerian cocoa-farming industry, 1880-1920. In *The Imperial Impact: Studies in the economic history of Africa and India*, ed. Clive Dewey and A. G. Hopkins, 83-96, 341-2. London: Athlone Press.

⁸³ Hopkins, "Innovation in a colonial context: African origins of the Nigerian cocoa-farming".

arrangements, but the old African sector became the "informal" sector and the old European sector the "formal."⁸⁴ At the time of independence, new governments encountered the well-known issues caused by this financial dualism, most notably a shortage of affordable formal sector credit for informal businesses.

Some African traders managed to amass a sizable amount of wealth and power despite the constrained environment in which they operated. Examples have been offered to demonstrate that middlemen and even women profited greatly from their business ventures. The Merchant Queen of Ossomari, Omu Okwei (1872-1943), began her produce and import trading with the Niger Company at the start of the 20th century with hardly any significant capital. She left behind a modest estate in the form of 24 Onitsha homes as well as £5,000 in the bank when she passed away in 1943.⁸⁵

Chief J. A. Obisesan, a successful Nigerian businessman, began his enterprise in 1914 in western Nigeria with the intention of using some of his cash to purchase cocoa estates where he would pay workers. Agent for John Holt, Ojukwu He quickly accumulated a fleet of more than 50 trucks. Later, he shifted his business focus to purchasing stock in corporations and real estate, primarily in Lagos. One of Ojukwu's sons, Chief Emeka Odumegwu-Ojukwu, and the Lagos State Government engaged in legal disputes over some of the land. Sir Ojukwu was the chairman of a number of significant firms and public entities at the time of his death in 1966. The aforementioned instances show that Nigerian middlemen profited greatly from their businesses.⁸⁶

Conclusion

The paper evaluates how various European colonisation affected African middlemen's entrepreneurship and the institutions that support, obstruct, or direct African participation in markets. The African traders served as middlemen

⁸⁴ Gareth Austin, "Indigenous credit institutions in West Africa, c.1750-1960". In Gareth Austin and Kaoru Sugihara, eds, *Local Suppliers of Credit in the Third World, 1750-1960*, 93-159. (London: Macmillan, 1993). See also, Gareth Austin, and Chibuike U. Uche, "Collusion and competition in colonial economies: Banking in British West Africa, 1916-1960". *Business History Review* 81 no. 1 (2007): 1-26.

⁸⁵ Njoku, "Trading with the Metropolis: An Unequal Exchange" . . . , p. 133.

⁸⁶ Njoku, *Economic History of Nigeria, 19th -21st Centuries* . . . , p. 290.

in the trade that took place between the Europeans and the native population. They played the role of frontiersmen by exploring and creating new markets in the interior; they bulked produce and broke import bulk. Additionally, Nigerian farmers were dedicated to raising crops that would be transported to Europe. Despite the responsibilities they performed, a few unfavorable circumstances hindered their ability to compete in the import-export market.

Economic depressions, price swings, imperfect or monopolistic competition, a lack of capital resources to fund import trade, the dominance of expatriates, and Nigerians on the periphery of trade were some of the unstable conditions they traded in. The trading relationship between Nigeria and the United Kingdom was characterised by an unequal exchange. The idea that colonisation, after erasing some of the great figures of the 19th century, helped to generate new chances for at least some segment of the indigenous population, is illustrated by African middlemen and traders who continued to operate despite the restrictive environment.

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