Working Paper No. 03/04

Markets With, Without, and in Spite of States: West Africa in the Pre-colonial Nineteenth Century

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March 2004

This paper was presented at the first GEHN Conference, Bankside, London (17-20th September 2003) funded by a Leverhulme Trust Grant: “A Millennium of Material Progress”

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Markets With, Without, And In Spite Of States: West Africa In The Pre-Colonial Nineteenth Century[1]

Gareth Austin

This paper offers one Africanist's perspective on the question (to paraphrase Patrick O'Brien)[2] of how, where, when and why a sample of states encouraged or restrained economic growth from recurring. The last phrase places the focus where it belongs: the issue in Sub-Saharan economic history is not the absence of episodes of growth, for such occurred, but rather the rarity with which they recurred or were sustained.[3]

In the perspective of North's conception of the state as - ideally, though by no means always in practice - the supplier of property rights that align incentives to individuals with the interests of the economy as a whole,[4] thereby providing a frame essential for what is termed Smithian growth (growth derived from trade, from market exchange), an obvious hypothesis would be that sustained economic growth in Africa has been inhibited, often effectively prohibited, by the weakness of states - or by states acting, on the contrary, as rentiers, driving a wedge between the

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[1]This paper is exploratory: I welcome the invitation to write it because I intend to examine the evidence and issues more systematically in future work. I also apologise for having written in haste (as is illustrated, unfortunately, by some footnotes lacking page references), while finishing a book manuscript on a different, though not unrelated, theme. I am grateful to Kaoru Sugihara for e-mail conversations some time ago which proved helpful in thinking about the conceptual framework for this paper.
[2]In one of his briefing notes for this workshop.
[3]The reference is to E. L. Jones, *Growth Recurring: Economic Change in World History* (Oxford, 1988).
[4]The qualification reflects North's later work, primarily concerned with why "socially" or, more precisely, macro-economically efficient institutional change has so often not occurred, as distinct from the comparative optimism about state behaviour that characterised North and Thomas. Douglass C. North and Robert Paul Thomas, *The Rise of the Western World: A New Economic History* (Cambridge, 1973); North, *Structure and Change in Economic History* (New York, 1981); North, *Institutions, Institutional Change and Economic Performance* (Cambridge, 1990); North, "Prologue", in John N. Drobak and John V. C. Nye (eds), *The Frontiers of the New Institutional Economics* (San Diego, 1997), 1-12.

incentives to individuals and the inte

commerce” increasingly replaced the export of slaves to the Atlantic market. The other sequence of economic growth, also very important, occurred in the interior, not of West Africa as a whole, but (roughly) of its eastern half: centred on the city of Kano, evidently the largest city in the region, and more broadly on the new Sokoto Caliphate of which Kano was the commercial capital. The Caliphate, created by a jihad of 1804-8, swiftly became the largest state in the region, controlling what is now north-west and north-central Nigeria, and ultimately territory to the west and south of this. Kano was already the leading centre of craft production in West Africa, especially of cotton cloth, which was among the commodities traded over and far beyond. The handicraft industry evidently expanded further under Caliphate.[7] In the 1880s and 1890s Kano producers were actually importing across the Sahara undyed calico from Manchester, which they then dyed and sold on.[8]

It is important to add that the Caliphate economy had a mutually beneficial relationship not only with the trans-Saharan caravan trade and therefore with parts of North Africa, but also with other parts of what are now the republics of Nigeria, Niger and Benin, and, to the east, parts of what are now Chad and Camero6Pa0w3.02 0 043m02142f168.02 226.02141 3nero6Pa0

Kano and Zaria) on the eve of its conquest by the British in 1903.

In this literature, however, state effectiveness was not strongly related to the promotion of markets, or at least of private enterprise.e9866 j0.0005 74 -0.

instance, that it overlooks significant elements of capital formation.[24] The most important qualification, however, is that the notion of labour-scarcity did not apply to the agricultural off-season. For those months, on the contrary, the opportunity cost of labour was very low. This facilitated mining and craft produc desert fringe".[28] Curtin was referring to the immediately preceding period, but there is no indication that this trade diminished after the ending of the Atlantic slave trade. Salt was a staple of long-distance trade routes over much of the continent, and foodstuffs embodying various forms of protein were sold in local markets (hunted meat, fish, snails).[29] It was not unknown for towns, lacking a fertile hinterland, to be dependent on purchased imports of food, as in the case of Timbucktu, on the river Niger but otherwise surrounded by little but desert.[30] But in general the easy availability of the means of subsistence massively restricted the opportunities for markets in agricultural products. Rather, cotton textiles, salt, currency media (such as cowries and metal bars) were the basis of most goods trade; along with weapons (horses, where applicable, and guns and ammunition).[31]

Meanwhile, the prevailing factor ratio implied the absence of markets for farming rights. Again, there were exceptions to this in the rare cases where land was actually scarce, but as generalizations go, this is a strong one for the nineteenth century.[32] Capital was scarce and interest rates mostly high.[33] The abundance of land, physically and institutionally, entailed - in the absence of significant economies of scale in production - that prospective users of labour could not afford, or could barely afford, to offer wages equal to the reservation price[34] of labour. Thus labour

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[28]Philip D. Curtin, *Economic Change in Precolonial Africa: Senegambia in the Era of the Slave Trade*, 197 (see also 218). See more generally Richard L. Roberts, 'Linkages and multiplier effects in the ecologically specialized trade of precolonial West Africa', *Cahiers d'études d'africaines* 20: 1-2 (1980-81), 135-48.
[29]E.g. Lovejoy, *Salt of the Desert Sun*; Austin '"No elders were present"', 8-10.
[30]Marion Johnson, 'The economic foundations of an Islamic theocracy - the case of Masina', *Journal of African History* 17 (1976), 481-95.
[31]For a general account see Hopkins, *Economic History*, 51-60.
[32]E.g. Hopkins, *Economic History*, 38-9. For a case-study, and a brief consideration of the (net) disincentives to any attempt to make land artificially - institutionally - scarce, see Austin, *Labour, Land and Capital in Ghana*.
[33]E.g. Austin, 'Indigenous credit institutions in West Africa'.
[34]Reservation price of labour: the minimum wage/earnings at which a worker would voluntarily supply his or her labour.

markets, where they existed, took the form of trading property rights in people (slaves, pawns) rather than in their labour power.[35]

In Sub-Saharan Africa generally, land abundance and the generally small scale of agricultural markets meant that it was generally very difficult to raise significant revenue from control of land.[36] Exceptions occurred in polities where land was relatively scarce in at least major parts of the territory: above all in the ancient kingdom of Abyssinia, where revenue took the form of tribute and tithe rather than land rent, but was nevertheless founded on the ruling class=s control of the land ("obligations of taxation were tied to the land, and entailed in its use".[37] In West Africa, in the nineteenth century, I am aware of only one case - but a major one - in which access to land was sufficiently scarce that economically significant revenues could be raised through exactions on output or for access. The Sokoto Caliphate was able to apply forms of taxation drawn partly from the established Islamic repertoire in localities in which, unusually for Africa, land was relatively scarce (albeit, perhaps really only around Kano) and (more widely, not in Sokoto emirate itself but in Kano and Katsina emirates), in which agricultural output for sale was quite considerable in volume and value. These agricultural markets were for both industrial and food crops. The textile industry provided a market for raw cotton and for vegetable dyes such as indigo. Moreover, the Caliphate contained not only Kano but, by contemporary African standards, an unusually large number of towns, creating demand for food crops to support artisans, clerics and officials. In this context it is perhaps not surprising that, in addition to a grain tithe (*zakka* or *zakat*) paid mostly in kind, the state obliged free peasants in most of the emirates to pay a

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[35]Hopkins, *Economic History*,23-7. This issue is a major concern of my forthcoming book (Austin, *Labour, Land and Capital in Ghana*).

[36]Robin Law, 'Slaves, trade, and taxes: the material basis of political power in precolonial West Africa', *Research in Economic Anthropology* 1 (1978), 39.

land tax (*kurdin kasa*), and to pay it in cash (cowries). The rates varied, but were higher near towns.

exercised by individuals and groups.[42] Even by the eve of the European than the more demanding requirement that they have a monopoly of it, within a given territory.

Implications: markets in the context of absent or small states

These limits to the extent of state formation help to account for a major feature of pre-colonial markets, namely the importance of non-state institutions in permitting or facilitating trade. A variety of such institutions have been documented for pre-colonial Africa, including rotating credit societies, secret societies, and systems of bond-friendship and institutionalised feud.in4 04 cussionoa342 Tc16.07n601109; Robert H. B(is, 0271Tn8ece within which agency problems could be overcome.[52] Among the Hausa diasporas that conducted most of the long-distance trade of the eastern half of West Africa, trading caravans moved between market-places, at which the itinerants would stay with landlords from the same ethnic group, who would introduce them to local trading partners and generally assist them to make contracts. Credit would also be available between members of the same diaspora: 'moral hazard' being reduced by common membership. It was reduced also by common religion, which in the case of the Hausa diasporas, and also the Dioula ones that enjoyed an equivalent dominance in the western half of West Africa, was Islam.[53] But other belief systems worked too, though perhaps only at a more local level: the Aro community, whose itinerant traders and residents constituted the predominant commercial diaspora of southeast Nigeria, followed their own gods, as did their fellow Igbo-speaking customers and partners.[54]

The ethnic-religious diaspora was not the only non-state institution to provide a framework for market exchange. Hostage systems were important in economic life in much of the continent, not least in West Africa. In various societies, including the Yoruba-speaking ones (now southwestern Nigeria) a debtor, or members of a debtors' family or town, could be seized to enforce repayment (a practice known as 'panyarring' on the coast).

discussion of the determinants of state-building,[59] is equally relevant to its economic effects, implying as it does that states did not show a generally superior (or inferior) economic performance to stateless societies. Admittedly, there may have been a difference (one way or the other) that national income accountants could have identified had they existed at the time; but what is significant is that if such a difference existed, it was not vivid enough to be noticeable by less fine-tuned observation.

Yet agnosticism is insufficient in this context. Non-state institutions could and did permit and even facilitate market exchange, but these themselves involved serious transactions costs, internal and external. Panyarring is an obvious, perhaps monopolizing particular trade routes they also captured rents at the expense of customers.[60]

States' provision of public goods

Having emphasised the limits of such private solutions to agency problems, I will proceed to argue that West African states of the perilo 6 Tc -0.e13..02 23 protection to market-places and adjoining trade routes against banditry. Dike noted this of the Niger Delta ‘city-states’ during the Atlantic slave trade,[62] and there is no indication that it ended with that particular activity. During the first decade of the nineteenth century the Asante government evidently decided to secure and develop Salaga, a community in the savanna to the north of the Asante forest which until then was apparently an ordinary village of no exceptional commercial importance, as its designated entrepot for trade with Hausa and other savanna merchants.[63] Salaga became one of the major markets of nineteenth-century West Africa. The Asante government’s role in this has been seen as evidence of state control of trade, and in his 1970s work Wilks argued that state traders enjoyed a monopoly of the trade in certain periods.[64] It now seems clear, howe

Dioula traders. It may be assumed, therefore, that the high priority it gave to protecting trade routes stemmed more directly than in the Asante case from the interests and beliefs of its leaders and supporters. This policy was continued even though political power in Kong shifted gradually into military hands[66] (conversely, in Asante a ‘peace party’ gained political influence in the second and third quarters of the century, advocating trade rather than further military expansion or even renewed conflict with the British and their African allies on the Gold Coast south of Asante).[67]

Third, as Lonsdale noted, “One of the marks which distinguishes states from stateless societies is ths 6Tall.52026 Tm(stin)Tj13..82031 565.5262 0 0 13.02

panyarring.[70] Conversely, when the authority of central government in Asante fell into disarray in or by 1883, in between a disastrous war with Britain and its allies and an imminent civil war, panyarring revived and proliferated until central order was restored.[71] While it flourished, a newspaper published in the neighbouring British protectorate of the Gold Coast commented of Asante that 'Panyarring prevails to so great an extent that those who have the means to engage in traffic fear to invest their money in trade . . .'[72]

Fourth, enlarging the scale of political organization, whether by creating a state in an area previously without one, or by creating a super state over territory previously divided between smaller states, offered the opportunity to unify markets. Flint and McDougall comment that with the establishment of the Sokoto Caliphate, "the imposition of a single, imperial system over pre-existing Hausa states famed for their industry and trade, created the largest single market in West Africa."[73] They are surely right, in that it seems that indeed barriers were reduced under the Caliphate: as in the formation of Asante and Dahomey earlier. But this very case is a reminder of the need for caution about such judgments, because of over-lapping sovereignty and therefore the possibility of local tolls being imposed: the emirates operated underneath the Caliphate umbrella.

Fifth, some states at least took active responsibility for the physical maintenance of trade routes. The most fully documented case is Asante, where the central government fined villages who failed to maintain their

[70]Robin Law, 'Finance and credit in pre-colonial Dahomey', in Endre Stiansen and Jane I. Guyer (eds), *Credit, Currencies and Culture: African Financial Institutions in Historical Perspective* (Uppsala, 1999), 25-6; Gareth Austin, *Labour, Land and Capital in Ghana*.
[71]Austin, *ibid.*.
[72]*The Western Echo* (Cape Coast), no. 1, 18 Nov. 1885.
[73]Flint and McDougall, 'Economic change in West Africa', 392.

allocated stretch of the wide paths through which commerce (and officials and armies) passed, in the face of the eagerly encroaching forest.[74]

Sixth, certain states - not all - promoted the use of currency, and of common currencies at that. The Sokoto Caliphate's insistence on the land tax being paid in cowries is one example of this.[75] Asante went further: though the cowrie was the currency used in Salaga in the trade between the Asantes from their forest homeland and the Hausa and other merchants of the savanna, within Asante proper gold dust was the only legal currency. Moreover (something which as far as I am aware was unique in the region) the central government supplied the currency, in the sense that the gold dust was obtained by the treasury pulverising gold nuggets, which by law had to be forwarded to the capital by the finder's chief to be taxed and literally turned to dust.[76]

Seventh, it is arguable that the basic reason why European states colonized African ones was not because the latter were incapable of providing peaceful conditions for trade, or of making credible deals with foreign concession-seekers, but rather because of their very success in defending the economic interests of their own merchants and producers against foreign competition.[77]

Last but far from least, states assisted their subjects' economic activities, not only in the trade phase but also in social relations of

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[74]Wilks, *Asante in the Nineteenth Century*.
[75]Cf. Law, 'Slaves, trade, and taxes', 47, 49.
[76]Austin, *Labour, Land and Capital in Ghana*.
[77]See Carolyn M. Warner, 'Sovereign states and their prey: the New Institutionalist economics and state destruction in nineteenth-century West Africa', *Review of International Pol*

production: by securing factors of production, and doing so on relatively favourable terms. I will elaborate this point below.

perpetual mobilisation and armed conflict were a major drag on the economy, stifling its potential for growth.[81]

A more subtle cost was the jealousy of centralizing rulers towards non-state institutions. A good example of this is the rotating credit society. Examining the relatively well-documented case of the kingdom of Dahomey, Law concludes that the various forms of private cooperation that existed among the neighbouring Yoruba societies, including the *esusu* or rotating credit society, appear to have been absent in Dahomey. He comments:

> This stunting of private cooperative institutions seems to be correlated with the strength of the monarchy, and may indeed be the result of conscious policy. The rationale was, indeed, perceived by at least one contemporary observer of the eighteenth century, who noted in a different context that the kings of Dahomey wished "that there may be no . . . associations, that might be injurious to the king's unlimited power. Hence, each individual is detached, and unconnected."[82]

I would add that there seems to be no evidence of rotating credit societies existing in the nineteenth century in the other kingdom often seen as a paradigm example of a strongly centralised West African monarchy, Asante.[83]

As to foreign non-state institutions, some large states accepted foreign traders traversing their territories. Smaller polities had little option but to do so, as Terray pointed out for Gyaman, a state which spanned

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African Economic and Social History: Studies in Memory of Marion Johnson (Madison, 1990), 119-32.

[81]Bolanle Awe, 'Militarism and economic development in nineteenth century Yoruba country: the Ibadan example', *Journal of African History* 14 (1973), 65-78. For a more general case-study of the interactions of war, state 4.4603O3.0d.- of war,meu 10.98 0 -Ty see Ric4043 T

part of what is now the Ghana - Ivory Coast border. Had its ruling military aristocracy expelled or imposed heavy taxation on the Dioula trading diaspora, its members coul coercion of labour, whether through *corvée*, debt bondage and of course slavery.[87] It must be emphasised that slavery and pawning were found in many (not all)[88] stateless societies in West Africa. But states, as I have argued, had a comparative advantage in the protection of their own subjects against external predation (and a strong incentive to limit their own ‘internal’ predation, to avoid provok02 0eMC /Span /<MCID 1 j>13.1crlh959011 Tw 13 it comes to the appropriation of locational and natural resource rents. The enjoyment of such rents was not confined to the rulers. In nineteenth-century Asante, virtually every 'free' subject benefited[92] from the local monopoly, or near-monopoly, of gold and kola nut supplies which Asante military power had obtained. Using their income from gold and kola, Asante commoner households could buy captives from the savanna and put them to work in expanding their own economic activities.[93]

So the argument here is that states had a comparative advantage as suppliers of coerced labour; and indeed in the acquisition of the more valuable natural resources. The growth of the Sokoto and Asante economies, to take the two most fully documented and perhaps largest examples, was achieved by a synthesis of market exchange and coercion. The same was to be apply, on a larger scale, in the colonial era: to some extent in the cash-crop 'revolution' in West Africa and, especially, in the mining-based expansion of the South African economy.[94] Jones' celebrated dictum that 'Economic history may be thought of as a struggle between a propensity for growth and one for rent-seeking'[95] misses the point for precolonial West Africa (and, I would argue, for Sub-Saharan Africa well into the twentieth century).

Why, then, did West African states not establish an unmistakable superiority in the prosperity of th hired labour. The wars fought by slave-owning slaves were not usually specifically motivated by the pr1 Tw 0 Ts 10vi8dn313.02 0 0 13.02 200.7ning sl

Nieboer)[98] rents, made it self-limiting. This helps to account for the fact that, by the time the Europeans scrambled, the economies presided over by states had not proved themselves unambiguously wealthier than those inhabited by stateless societies.