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Introduction

1.1 SCOPE AND METHODS

'Settler colonialism',[1] as practised in this century in countries such as Kenya, Southern Rhodesia, Algeria and South Africa, is a rather odd phenomenon: it throws out a challenge, by its very existence, to both the apologist for colonialism and to the 'underdevelopment theorist'. The former must come to terms with the restrictions placed on many parts of the indigenous economy in spite of the presence of a colonial administration nominally exercising 'trusteeship'; the latter must face the fact that settler economies quickly develop an economic nationalism of their own and to that extent fail to fit the classical-imperialist model of underdeveloped countries whose economic policy and development are dictated by the needs of the European metropolis.[2] In the last ten years, a large quantity of archive-based work has vastly increased our knowledge of such 'settler economies', in particular the two studied here.[3] But in fact most of this work consists of studies by historians of policy-making, since this is what the archives give most information about. By their very nature, such studies cannot shed any light on the development of the economy; this is often left to be inferred from a description of policy measures, rather than explicitly examined. Only the labour market has been at all intensively studied by economists on a time-series basis, and even there, the data base before 1945 is alarmingly weak.[4] As a result, our knowledge of the actual operation of the economy in settler states is at best based on questionable data and at worst on stereotypes, most of them falling within the general ambit of 'underdevelopment theory': the regression of the peasant economy, the stagnant real wage, the inefficient white farmer, the constraint imposed on industrial expansion by the peasant economy's decline. The research which produced these stereotypes has, at least, performed the service of driving out the more ancient colonial myth that underdevelopment in Africa was due to the absence of an economic spirit among Africans.[5] But it has not, as yet, provided a strong body of data concerning the operation of settler economies against which the stereotypes can be tested. The first task of this study, therefore, is to build up the existing data base. We can then proceed to trace certain elements in the economic history of a couple of 'settler economies', Kenya and Southern Rhodesia. We do this over the entire colonial period from 1900 on, for reasons stated below: it follows that the number of elements we can choose is severely limited. We consider four here (African agriculture, European agriculture, the labour market, and secondary industry), but even within these headings specialisation has to be practised, so that the agricultural chapters are heavily biased towards cattle and maize. In addition, both the historical approach adopted and the character of the data available constrain the type of model that can be tested. For example, micro-economic models of motivation and factor allocation in African agriculture, such as those on which much of the literature on agricultural underdevelopment has focused,[6] cannot be tested against the time-series data on which we rely here, and models of labour stabilisation cannot be tested without information on the breakdown of the labour force by earnings groups, which we lack. In both cases we have to fall back on cruder models and very limited methods of evaluating them, especially since the data are often so bad. However, even the limited evidence we are able to assemble is of such a type as to cast doubt on the four neo-orthodox stereotypes listed above. An important factor in the argument is that whereas the sources discussed above rely largely, in order to make such inferences as they do about the behaviour of the economy, on verbal evidence, e.g. the testimony of District or Native Commissioners, our own inferences are made largely from statistical evidence, much of it from archival material not previously explored for this purpose.

This study, therefore, is weighted towards the analysis of economic behaviour rather than policy-making, but the four chapters on economic behaviour are prefaced with a long chapter on the evolution of three facets of economic policy: land, railways and agricultural marketing. The purpose of this is to define the constraints within which economic behaviour operated. These constraints stemmed from past experience of policy and its influence on expectations as well as from present restrictions on economic activity. Much of this material must be explicitly developed within Chapter 2 from original sources since the existing literature (for example, that cited in note 3 above) frequently gives an inadequate picture. In particular, the element of conflict *within* the settler-producer group (Arrighi's 'white rural bourgeoisie')[7] and the influence which this conflict exercised over the eventual policy outcome have, with certain distinguished exceptions,[8] been glossed over, with the result that the making of economic policy is too often represented as a straightforward contest between European and African producer interests subject to intervention by the metropolitan power. This is to understate the influence of internal constraints on the policy-making process.

The historical development of the settler economies must, indeed, be seen as a process of mutual interaction between the economy and the political system, with the state of the economy (or its perceived state)[9] playing a part in determining policy and simultaneously being so much influenced by policy variables that a theoretical model which omits them often gives a picture which is the reverse of the truth.[10] For simplicity we may divide up this process of simultaneous causation into two 'legs':

$$\text{political system} \; \underset{2}{\overset{1}{\rightleftarrows}} \; \text{economy}$$

Relationships of type 1 – in which the state of the economy and other variables determine the evolution of policy variables – are dealt with mainly in Chapter 2 below, and relationships of type 2 – in which policy variables *inter alia* determine the evolution of the economy – are dealt with mainly in Chapters 3 to 6 below. The order of the chapters is designed, so far as is possible, to present a sequential argument: thus variables which are endogenous in Chapter 2 (land prices, railway rates, and marketing policies) are exogenous to Chapters 3 and 5, on African and European agriculture respectively; the productivity of African agriculture, which is endogenous to Chapter 3, is exogenous to Chapter 4 on the labour market; and the distribution of personal income, which is endogenous to Chapter 4, is exogenous to Chapter 6 on industrial development. A long period – practically the whole colonial period, in fact[11] – is examined, partly because the theories from the 'underdevelopment' stable which are reviewed – for instance, in the field of agricultural evolution and the development of the real wage level – are themselves long-period in character, and partly also in order to illustrate that matters which have been portrayed as static throughout the colonial period – for example, the response of economic policy to crisis in the economy and the inefficiency of European agriculture – in fact varied considerably through time. This implies, sadly, a large sacrifice of descriptive detail.

The function of this study is largely to analyse certain economic and political relationships for themselves rather than to serve as an essay in comparative economic systems. However, the analysis of Chapters 2 to 6 inevitably throws up the question of whether 'the settler economy' is sufficiently distinctive, either in terms of institutions or in terms of behaviour, to deserve classification as a species on its own. We consider this question in the concluding Chapter 7, largely on the basis of comparisons in the body of the text between the two 'settler economies' discussed here and other less developed economies of the kind most often presented as a contrasting ideal type, namely 'peasant export economies'.[12] Our conclusions are tentative; this study makes no pretence at a comprehensive coverage of the economy, and the data it uses are frequently not good enough for firm conclusions to be drawn from them. The validity of the data series presented is discussed in Appendices 2, 3 and 6, which consider the sources for the chapters which use archival material to supplement existing published series. On some occasions regression analysis is conducted between variables whose basis of measurement is far from ideal, on the grounds that the relationship in question is sufficiently interesting to warrant our saying whatever can validly be said on the strength of the available information. Where this is done, the fact is advertised and analysis is confined to an inspection of the size and significance of the regression coefficient, plus in some cases a search for factors systematically associated with the residuals from the regression. But it is possible that in some cases the errors in the data may be such as to invalidate the standard significance tests.

The orientation of the study is positivistic, in the sense that it searches for conclusions about the economies under discussion which hold good regardless of the investigator's value position, and also in the sense that it generally attempts to proceed by testing specified hypotheses. The conclusions it arrives at by this method frequently, as we have already indicated, challenge the conclusions reached on certain aspects of Kenyan and Southern Rhodesian economic history by members of the 'underdevelopment' school of historical and social science writing. It is therefore particularly important to acknowledge the influence of that school on the present work: most of the research reported on in this study owes its original stimulus to ideas formulated by its members, and in particular the practice of treating government policy as an endogenous variable, adopted in Chapter 2, owes much of its inspiration to the methodological introduction to Arrighi's *The political economy of Rhodesia* (1967 (D2)). More generally, in an essay originally published three years after *The political economy of Rhodesia*, Arrighi wrote the following words, in criticism of the earlier study of Barber (1961 (D2)) which had used a modified Lewis model to analyse the Central African labour market:

> Causal relations ... are not derived from historical analysis, but are imposed from within, that is, through *a priori* analysis; and a set of assumptions which yields the 'stylised facts' is held to have explanatory value, irrespective of its historical relevance. But since there will normally be many such sets, this methodology leaves room for considerable arbitrariness of choice and therefore for mystifications of all kinds. In view of this, the low scientific standards attained by modern 'development economics' and, for that matter, by economics in general should surprise nobody.[13]

It was a desire to respond to this challenge, more than anything, which prompted the present study.

1.2 BACKGROUND DATA

This section provides the bare minimum of background information as the main function of the study is analytical rather than descriptive and many good descriptive summaries of colonial Kenya and Southern Rhodesia already exist. But it will be useful to provide some brief comparative material here under the three headings: distribution of land and people; agro-climatic; and constitutional. It will be useful to read the first two subsections in conjunction with Map 1.1.

Distribution of land and people

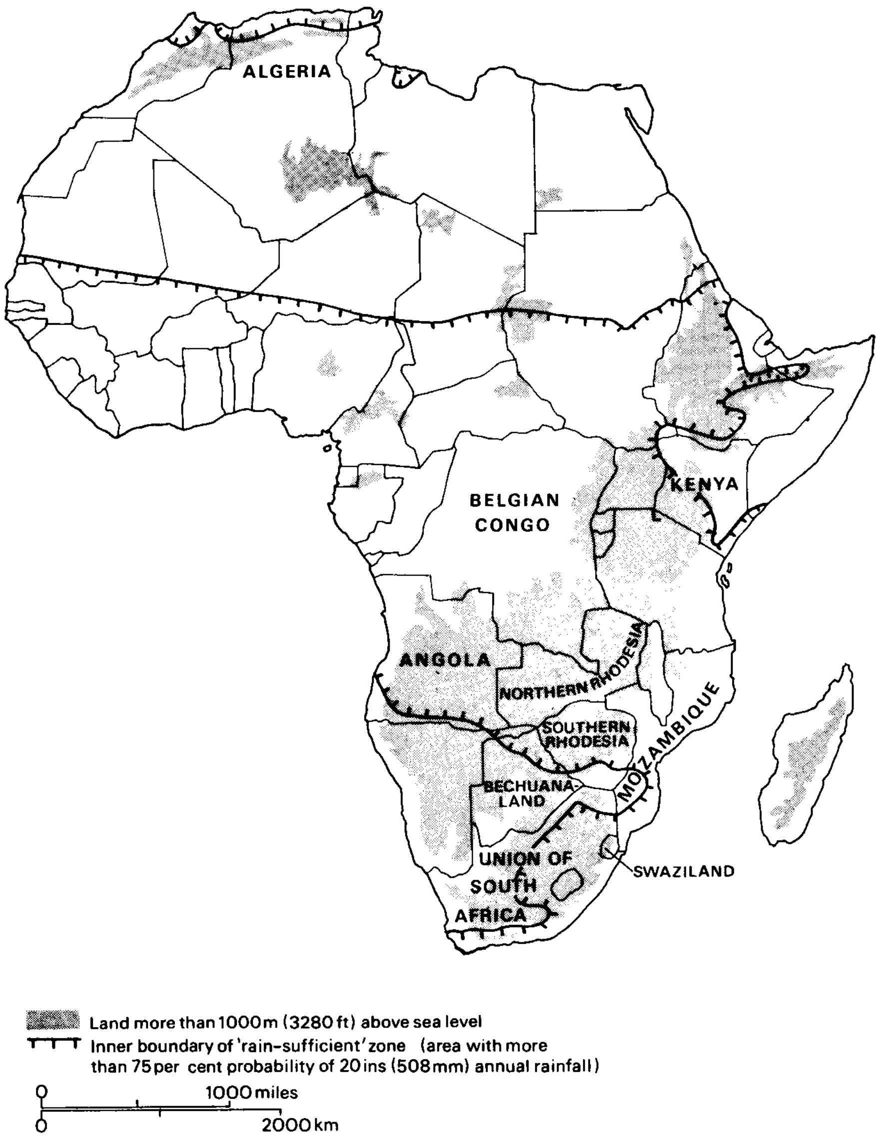
We have taken as our working definition of a settler society a country partly settled by European landowner-producers, who have a share in government, but who nonetheless remain a minority of the population and who in particular remain dependent, at least for labour, on the indigenous population (see note 1). This definition produces the following representative short-list of 'settler' societies in Africa and Asia. The current designation for the country, if different from its colonial name, follows in parentheses.

South Africa
Kenya
Southern Rhodesia (Zimbabwe)
Angola
Belgian Congo (Zaïre)
Ceylon (Sri Lanka)
Swaziland
Bechuanaland (Botswana)
Northern Rhodesia (Zambia)
Mozambique
Algeria
Malaya (Malaysia)[14]

This short-list forms the basis for Table 1.1, which compares these twelve countries by ethnic breakdown and share of whites in landownership and legislation. It is at once apparent that a feature of all settler societies was the ability of the immigrant group to obtain for themselves a disproportionate share in landownership. Kenya is near the bottom end of the list in terms of proportion of white population to the total; Southern Rhodesia is near the middle on this criterion, but exceeded only by South Africa in acreage of European-reserved land per head of white population.[15]

Agro-climatic data

As will be seen from Map 1.1, all the African 'settler economies' listed in the table satisfy the following conditions: a large part of the country is more than 3000 feet above sea level, and enjoys annual rainfall of more than twenty inches. These indices are highly correlated with one another and with a third precondition for large-scale European settlement, namely freedom from tsetse fly.[16] These were considered to be minimum conditions for successful agricultural settlement by white farmers. But at this point it is worth making a distinction between those colonies in Table 1.1 which enjoyed for the most part an average annual rainfall of more than forty inches, i.e. the Belgian Congo, Ceylon, and Malaya, and the others. For the first group was suitable essentially for plantation agriculture of crops such as tea, rubber and palm oil, and not for the pursuit of 'temperate farming' activities – cereal growing and cattle raising by Europeans. The second group, which



Map 1.1 Africa: 'settler economies', rain-sufficient regions, and land over 3000 feet above sea level. *Source*: Bennett 1962 (D3).

was not suitable for plantation agriculture, exhibits a distinctive pattern of economic policy; for whereas in plantation economies the production of food was an activity entrusted purely to indigenous producers,[17] in the others it was an activity in which competition between indigenous and white

Table 1.1. *'Settler economies' 1960: population, land and European representation on legislative body*

Country	Population				Landownership			Representation on legislative body			
		Percentages of total				Percentages of total			Percentages of total		
	Total (thousands)	European	Indigenous	Other	Total (thousands of square miles)	Alienated or reserved for Europeans	Other	Total membership	European unofficials	European officials	Non-Europeans
Kenya	6 587	1.0	95.6	3.3	225	7	93	32	34	38	28
S. Rhodesia	3 070	7.1	92.2	0.5	150	49	51	30	100	0	0
Republic of South Africa	15 841	19.4	68.2	12.4	472	87	13	164	96	4[a]	0
Swaziland	252	2.8	96.4	0.8	7	51	49	no legislature	0	0	0
Bechuanaland	298	1.0	99.0	0	220	6	94	no legislature	0	0	0
N. Rhodesia	2 420	3.0	96.7	0.4	290	3	97	26	50	42[a]	8
Angola	4 550	3.5	96.5		481	–	–	26	69	31[a]	0
Mozambique	6 300	1.3	98.7		297	–	–	31	52	48	0
Algeria (*excluding Saharan territories*)	8 500	11.8	88.2		128	14	86	–	–	–	–
Belgian Congo (1958)	13 000	0.8	99.2		902	9	91	41	53	27	20
Ceylon	9 000	0.9	86.0	13.1	25	14[b]	86	95	3	0	97
Malaya	6 909	0.5	50.1	49.4	51	7[b]	93	52	0	0	100

– not available

Notes:

[a] In Northern Rhodesia and Angola two of the European officials in the legislature were nominated to represent African interests. In South Africa three European officials were nominated to represent African and four to represent Coloured interests.

[b] The entire area under plantation crops in Malaya and Ceylon, i.e. rubber, oil-palm, coconut, pineapple and tea, is taken to be under the ownership of European individuals or companies in 1960: this is a slight but not a gross over-estimate.

Sources: Population and landownership, African territories: Yudelman 1964 (D3), Tables 1 (p. 5) and 2 (p. 19); Gann and Duignan 1962 (D3), Appendix.

Representation on legislative body, African territories: Hailey 1957 (D3), Chapter 6.
Algeria, all data: Andrews, 1962 (D3); Saint-Germès 1950 (D3).

Ceylon, all data: Oliver 1957 (D3); World Bank 1961 (D3).
Malaya, all data: Silcock and Fisk 1963 (D3).

settler-producers was always present to some degree. Since indigenous producers could nearly always produce at lower cost, and immigrant producers were subject to diseases and climatic uncertainties not known in Europe, the immigrants' competitive position was weak; pressure for discriminatory action in restraint of such competition, at any rate in times of depression, was therefore also always present to some degree. To be sure, temperate farming activities never monopolised economic activity in the settler economies; parts of Kenya and Southern Rhodesia, to say nothing of the rest of the 'settler economy' group, were perfectly suitable for the growing of 'plantation crops' which were generally export-oriented and too capital-intensive for indigenous Africans to be able to get much of a competitive foothold.[18] Southern Rhodesia additionally supported mining activity which shared the same characteristics. But it is the existence of an economically insecure temperate foodstuff-growing white agricultural producer group, and of state action to protect it, rather than the much more frequently publicised intervention in the labour market[19] which marks off the true settler economy, as we shall henceforth call the first nine countries in Table 1.1, from the plantation economy.

Systems of government

All of the territories listed in Table 1.1 were, for the larger part of our period, parts of the empire of a European country. But this general statement masks enormous differences in the degree of self-determination which they possessed. The whole of South Africa from 1910 on, Ceylon from 1947 on, and Malaya from 1957 on enjoyed Dominion status within the British empire, i.e. effective internal self-government. At the opposite pole, the 'High Commission territories', Bechuanaland and Swaziland, had no internal legislative body at all for the whole country; rather, tax collection, public works and law and order were administered by a colonial bureaucracy under a Resident Commissioner subject to the direction of the High Commissioner for the United Kingdom in South Africa; this, incidentally, excludes them from that definition of 'settler societies' which is based on the representation of European producers in the legislative system.

All the other territories occupy an intermediate position, i.e. throughout the period 1900–60 they were governed by a legislative council with some non-official representation on it, but its legislation was subject to some sort of metropolitan veto. The composition of these bodies changed frequently during the colonial period;[20] the position in 1960 is given in the right-hand column of Table 1.1. But within this intermediate group Southern Rhodesia stands on its own, since although nominally a colony it enjoyed after 1923, as Lord Hailey's survey puts it, 'so much the aspect of a Dominion that it is treated as lying within the sphere of interests dealt with by the Commonwealth Relations Office (the old Dominions Office) in the United Kingdom'.[21] Specifically, after that date it was governed by a thirty-member

Legislative Council elected by a franchise, the income and property qualifications for which excluded almost all Africans throughout our period.[22] Any legislation passed by this Council which had the effect of discriminating between the races was by an Order in Council of 1898, which remained in force in the 1923 constitution, subject to the approval of the Secretary of State for the Colonies. But this veto was never meaningfully invoked.

In all the other colonies in the 'intermediate' group, unlike Southern Rhodesia, there was additional metropolitan restraint on the actions of the legislature mediated through official representation on that body. But the influence on economic policy, at any rate, of this restraint can be exaggerated. The differences in policy, for example, between Southern Rhodesia with a white unofficial monopoly on the legislature after 1923, and Kenya with no white unofficial majority, were much watered down by white unofficial majorities in Kenya on critical executive bodies such as the Board of Agriculture and Land Settlement Board, and white unofficial parity on the Inter-Colonial Railway Advisory Committee.[23] In Chapter 2 these specific differences in policy will be explored in detail, although the emphasis will be on the policy out-turn rather than on the political and administrative machinery by which it came into being. It will be noted from Table 1.1 that, in general, the white unofficial element in the legislature was less in the 'plantation economies' than in the 'true settler economies'.[24]

To summarise, it is possible to whittle down our original short-list of 'settler economies', set up on the intuitive definition of territories where European producers owned land and were dependent on the labour of indigenous people, in either of two ways to make the definition of the species more precise. The requirement that the white producers in question should have representation on a legislative body excludes Bechuanaland and Swaziland. The more contentious, but more meaningful, requirement that they should to some extent be in economic competition with indigenous food producers excludes also Ceylon and Malaya, and arguably the Belgian Congo. This second definition leaves Bechuanaland, Swaziland, South Africa, Algeria, Angola, Mozambique, and Northern Rhodesia, in addition to Southern Rhodesia and Kenya, as examples of 'settler economies' proper. The expression 'settler economies' is intended, where used later in this book, to refer to this group. The expression '*the* settler economies' will in future be applied to statements intended to be true specifically for the two countries, a case study of which takes up the whole of the rest of the book: Kenya and Southern Rhodesia.

2

The political constraints on economic behaviour

2.1 INTRODUCTION: THE CONCEPT OF 'EXTRA-MARKET OPERATIONS'

In this chapter, by contrast with those that follow it, our focus is on the influence of economic factors on political variables. The dependent variables in question are three areas of economic policy – land policy, railway policy and marketing policy – which had important influences on the pattern of economic development, examined in Chapters 3 to 6 below. Each of these 'areas of policy' consisted essentially of intervention in the market for a critical factor of production. What kind of intervention materialises in any given historical case is, of course, a question of which groups have power to intervene in the market and what kind of intervention they perceive as being in their best economic interests. On these matters, however, as Rothschild has reminded us, conventional economic theory is silent:

> If we look at the main run of economic theory over the past hundred years we find that it is characterised by a strange lack of power considerations. More or less homogeneous units – firms and households – move in more or less given technological and market conditions and try to improve their economic lot within the constraints of these conditions. But that people will use power to alter the mechanism itself; that uneven power may greatly influence the outcome of market operations; that people may strive for economic power as much as for economic wealth: these facts have been largely neglected.[1]

This theoretical gap is particularly unfortunate in the context of societies in which, as Murray has noted in the Southern Rhodesian case, 'the administrative system favoured political agitation rather than more efficient production as the means for earning a bigger income'.[2] In what follows, no attempt is made to fill the hole in a formal sense. What is offered in this chapter, rather, is first, an elementary typology of 'extra-market operations', i.e. non-market means used to achieve economic ends;[3] secondly, three case studies in the use of such extra-market operations in the settler economies (section 2.2), and thirdly an attempt to search out 'reaction functions' or systematic response patterns of extra-market operations to economic