What did independence mean during the age of empires? How did independent governments balance different interests when they made policies about trade, money, and access to foreign capital? *Sovereignty without Power* tells the story of Liberia, one of the few African countries to maintain independence through the colonial period. Established in 1822 as a colony for freed slaves from the United States, Liberia’s history illustrates how the government’s efforts to exercise its economic sovereignty and engage with the global economy shaped Liberia’s economic and political development over the nineteenth and twentieth centuries. Drawing together a wide range of archival sources, Leigh A. Gardner presents the first annual estimates of Liberia’s economic performance and uses these to compare it to its colonized neighbors and other independent countries. Liberia’s history anticipated challenges still faced by developing countries today and offers a new perspective on the role of power and power relationships in shaping Africa’s economic history.

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Sovereignty without Power

Liberia in the Age of Empires, 1822–1980

Leigh Gardner

London School of Economics and Political Science and Stellenbosch University
For Steve
Contents

List of Figures
List of Maps
List of Tables
Preface
Acknowledgments

1 Reconstructing the Fragments: Liberia’s Economic History, 1847–1980

Part I: Foundations
2 Before the Dragons Came
3 Black Americans in West Africa

Part II: The Art of Survival
4 Trade, Globalization, and Sovereignty
5 From Paper to Gold
6 The Costs of Foreign Capital
7 Financial Controls and Forced Labor

Part III: Sovereignty for Sale?
8 An African Marshall Plan
9 Concessions and Growth
10 Selling the Flag
11 Sovereignty beyond the Age of Empires
Contents

Appendix 1: Data on Liberian Economic History 283

Appendix 2: Calculating Liberian GDP Per Capita, 1845–1964 296

References 307

Index 335
Figures

1.1 Alternative historical population estimates for Liberia  page 9
1.2 Crude birth rates per 1,000, 1960–2015  12
1.3 Recalculcation of Liberia’s population statistics  13
1.4 Real government revenue, 1845–1980  16
1.5 Real government spending, 1845–1980  16
1.6 Liberia’s budget balance, 1845–1980  18
1.7 Interpolated estimates of Liberian trade, 1870–1914  20
1.8 Sierra Leone exports, 1850–1913  20
1.9 Real exports, 1845–1980  21
1.10 Export value shares by decade, 1850–1980  22
1.11 Real imports, 1845–1980  23
2.1 Numbers of enslaved people exported by region  56
3.1 Annual migrants to Liberia, 1820–1904  66
3.2 Migrants by status, 1820–1862  68
3.3 Regional origins of migrants by decade, 1820–1900  68
3.4 Age distribution of migrants  70
3.5 Literacy rates of migrants by decade of departure  72
3.6 Migrant literacy by birth decade compared with the 1850 census  74
3.7 Migrant literacy from the 1843 Liberia census  75
3.8 African-American literacy rates by destination  77
3.9 Skilled and semiskilled adult male migrants  78
3.10 Share of migrants going to Monrovia  84
3.11 Literacy rates of adults in 1843  86
4.1 Estimated number of ships in Liberian fleet, 1828–1872  100
4.2 Decline of the Liberian fleet, 1828–1900  106
4.3 Value of imports by Ports (%)  106
4.4 Ad valorem tariff rates in Liberia, 1848–1940  110
4.5 Average tariff rates, 1870–1948  111
5.1 Kissi penny  119
5.2 Colonization society tokens and notes  120
5.3 First Liberian dollar coin  121
List of Figures

5.4 Imports of sterling coins into West Africa 127
6.1 Liberian bond spreads in comparative view 147
6.2 Budget balance of West African governments, 1880–1913 158
7.1 Revenue and expenditure 167
7.2 Customs revenue as a share of total 173
8.1 Per capita US aid, 1946–1961 194
8.2 US foreign development assistance to Liberia, 1946–1970 196
8.3 US and total foreign aid as a share of Liberian government expenditure 197
9.1 Concessions by industry 227
9.2 Revenue by source, 1946–1970 236
9.3 Number of schools and enrolled students, 1944–1974 238
9.4 Literacy rates by birth cohort 239
9.5 Urban and rural literacy rates by birth cohort 240
9.6 Average annual rice imports by decade, 1900–1980 241
9.7 Estimated rice production, 1960–1975 242
10.1 Major fleets by gross tonnage, 1949–1999 257
10.2 Major fleets by number of ships, 1949–1999 258
10.3 Age of tonnage in Liberian fleet by decade, 1950s–1980s 260
10.4 Tonnage lost by major fleet 261
10.5 Maritime revenue compared with other sources, 1945–1983 266
A2.1 Alternative estimates of GDP per capita 297
A2.2 Population of Liberia 299
A2.3 Real government expenditure and government expenditure per capita 300
A2.4 Real export values and export values per capita 301
A2.5 Liberia’s major exports, 1930–1964 (1964 = 100) 302
A2.6 Export volumes compared to real values 302
A2.7 Liberia’s real GDP by sector, 1845–1964 304
A2.8 Liberian GDP, population and GDP per capita, 1845–1964 305
A2.9 GDP per capita in Liberia and African economies 305
A2.10 GDP per capita in Liberia and other global economies 305
Maps

2.1 The Grain Coast in West Africa, 1730  page 35
2.2 Ethnic groups in Liberia  43
2.3 Water holding capacity of the soil  46
2.4 Centralization of indigenous states in West Africa  51
3.1 Americo-Liberian settlements, c. 1830  85
4.1 Major Liberian ports  107
### Tables

1.1 Population estimates for Liberia  
1.2 Estimates of revenue and expenditure  
1.3 Sectoral shares from Liberian national accounts, 1964  
1.4 GDP per capita in Liberia, Ghana, and Japan, 1850–1980  
2.1 Population densities, 1850  
2.2 Water holding capacity of the soil in West Africa  
3.1 Gender balance of migrants by decade, 1820–1900  
3.2 Causes of death for migrants to Liberia, 1820–1843  
10.1 Percentage of US securities held by non-Americans  
A1.1 Liberian population estimates, 1845–1979  
A1.2 Annual migration from the United States, 1820–1904  
A1.3 Total public revenue  
A1.4 Total public spending  
A1.5 Foreign government debt  
A1.6 Total exports  
A1.7 Total imports  
A1.8 Estimates of US aid to Liberia  
A1.9 Concessions granted by the Liberian government  
A1.10 Ships registered under the Liberian flag  
A1.11 GDP per capita (1990 international dollars)  
A2.1 Sectoral weights  

_page 8_  
_15_  
_26_  
_27_  
_41_  
_47_  
_69_  
_81_  
_264_  
_283_  
_284_  
_285_  
_286_  
_287_  
_288_  
_289_  
_291_  
_292_  
_293_  
_294_  
_303_
Preface

“We’ve had independence since 1847. We should have something much better than this.” Jimmy Korkollie said this as we walked along Broad Street in Monrovia on a Saturday in April 2017. The sidewalks on either side of the wide grassy median were busy, lined with small businesses selling clothes, airtime for mobile phones, or household goods. Interspersed between the shops were empty buildings, gutted shells left at the end of the civil wars that ravaged Liberia from 1989 until 2003.

Jimmy had worked as a tour guide for the past four years, part of a small group of Liberians attempting to revive a tourist industry which had been one of many economic casualties of the conflict. When he was growing up in Monrovia, his father had worked as a waiter in the Ducor Palace Hotel. In the 1970s, it was one of the only five-star hotels in sub-Saharan Africa. Postcards from the time show guests relaxing by the pool and enjoying the view from the top of Ducor Hill over the Atlantic Ocean. The views are still there, but the hotel became home to squatters displaced by the war and stands today as another shell, the building stripped down to concrete foundations which still frame the outlines of hotel rooms and elevator shafts.

I had arrived in Liberia for a research trip a few days before, in part to try to answer Jimmy’s question about how political independence had shaped Liberia’s economic development over the long run. My previous work had focused on the legacies of European colonial rule. In the twenty-first century “renaissance” of African economic history, this has been a key focus for historians and economists attempting to understand the historical roots of Africa’s continued poverty.1 My own research had

focused on the finances of colonial states and the ways in which European officials had built a tax base and then used the resources of the state to shape patterns of economic development.  

A key part of this work was understanding how colonial governments mediated relationships between indigenous producers and the global economy through policies relating to trade and money. This research showed that colonial governments drew on the resources of metropolitan states to build infrastructure and promote economic growth in the short run but at the same time invested little in human capital or broad-based economic development.

Like most economic historians of Africa, I had never really given Liberia much thought before. Liberia has a rich historiography of its own, including excellent economic histories, but it rarely, if ever, appears in comparative work on Africa’s economic history. It was an accidental discovery in the UK National Archives in 2011 which started me on the road that would lead me to walk down Broad Street with Jimmy six years later. I was reviewing the archival records of the West African Currency Board, the institution that issued the colonial currency of British West Africa. The West African shilling, as it was called, was tied to the British pound and most research on colonial currencies has argued that while this suited the needs of British officials and merchants transacting between Britain and its colonies, it was not particularly good for colonized countries. Within these records, I stumbled on a file of correspondence about the use of British colonial currency as the primary medium of exchange in Liberia.

Reading this file raised many questions for me. The first and most obvious was why Liberia, an independent country, would choose to...
adopts a colonial currency. Why didn’t it have its own currency? By the 1920s, when the correspondence in this file was written, having a national currency had become a key signal of sovereignty in addition to an important tool of fiscal management. The answer, which appears in Chapter 5, was that Liberia had established its own currency – the Liberian dollar – after independence but that the limited resources of the Liberian government combined with the need to service foreign debt denominated in pounds made it expedient to adopt the West African shilling instead. The story of Liberia’s monetary history led to a set of wider questions about how states not under formal colonial rule managed the same relationships with the global economy that I had already investigated for colonial states. How similar or different was the experience of independent states? Did interventions by more powerful states linked to money and debt simply replicate the conditions of formal colonial rule as theories of neocolonialism would suggest? Or did formal recognition of sovereignty – even in the context of relative poverty – change the story in some way that might help answer Jimmy’s question? What did sovereignty mean in the age of empires?

Liberia has a complicated and unique history. Its origins as a political unit date to 1820, when a ship called the Elizabeth set sail from New York to West Africa carrying a group of eighty-six freeborn African Americans. The voyage was organized and sponsored by the Society for the Colonization of the Free People of the United States (more commonly known as the American Colonization Society or ACS). The ACS was a private organization led primarily by white slave owners who feared that the presence of freeborn African Americans would threaten the stability of the system of slavery in the United States, but it built on a diverse array of calls for emigration coming from both white and black voices during the eighteenth and nineteenth centuries. The migrants on the Elizabeth and subsequent ships had a difficult start, as discussed in Chapter 3, and for the next two decades occupied a tenuous position in communities along what was historically known to Europeans as the Malagueta or Grain Coast, after a type of pepper prized by Portuguese traders. During the 1840s, disputes over the power of the ACS administration to impose tax on British merchants ultimately led a group of African-American migrants to declare Liberia an independent country in 1847. It has remained an independent state, recognized as such by other governments, ever since.

From 1847 until 1980, a government dominated by those same migrants and their descendants – known as Americo-Liberians – would expand its reach over the indigenous population of the interior but allowed that population little say in how it was governed. They maintained a distinct and exclusive political culture which looked to the United States and Europe rather than West Africa for its inspiration. In 1980, a group of indigenous soldiers led by Samuel Doe overthrew and killed President William Tolbert. After a period of brutal repressive rule, Doe himself was killed in 1989, and battles between competing factions in the fourteen years that followed resulted in the death of around 10 percent of the population and the displacement of many more. This unusual history has made it difficult for historians to classify Liberia, which may be one of the reasons it does not appear often in comparative work. Some, like Nigerian historian Monday B. Akpan, describe it as essentially a settler colony; others as a de facto (if not formally recognized) colony of the United States. However, this book argues that Liberia had more in common with other independent states than it did with countries under formal colonial rule. It was, for example, hardly alone in being ruled by a narrow elite, particularly during the nineteenth century when representative institutions were few and far between in all regions of the world. Historically, limited government has been the exception, not the rule, and in all periods of history, most of the world’s population has been governed by what Douglass North, John Wallis, and Barry Weingast call “natural states,” in which coalitions of elites cooperate in limiting violence in exchange for rents derived from exclusive control over trade or other resources. Nor was it unusual for that elite being foreign in its outlook; the same could be said of much of Latin America, for example, or the United States. Even independent countries under indigenous leadership laid claim to territory not traditionally under their rule, often under pressure from colonial governments to justify their spheres of influence. Under Yohannes and Menelik, for

7 This phrase is not universally accepted in histories of Liberia. See, for example, Robtel Pailey, Development, (Dual) Citizenship and Its Discontents in Africa: The Political Economy of Belonging to Liberia (Cambridge: Cambridge University Press, 2021). For consistency with earlier historiography, I have retained it here.
example, what became Ethiopia expanded from its traditional highland center to incorporate the region of Tigray and other territories to the south and east.\textsuperscript{11} The centralization and extension of the authority of Siam (Thailand) over previously autonomous provinces like Chiang Mai occurred in similar circumstances.\textsuperscript{12}

These nuances make colonialism – and also sovereignty – difficult to define precisely. Given the different forms foreign intervention could take, does it make sense to talk about sovereignty in the cases of Liberia, Siam, or Ethiopia at all? Both terms are multidimensional, and any definition of either must leave room for numerous shades of gray. Standard approaches to the concept of sovereignty in political science divide it into several dimensions, reflecting its both internal and external features. Stephen Krasner, for example, provides four separate ways of using the term: international legal sovereignty; Westphalian sovereignty, or freedom from external intervention in internal systems of governance; domestic sovereignty, or internal control over those governed; and interdependence sovereignty, or the role of the state in regulating flows of information, goods, capital, and so on.\textsuperscript{13} It is not necessary for all of these to be equally present; states in possession of international recognition may still endure foreign intervention in internal systems of governance and may not have full domestic legitimacy. Drawing on these dimensions of sovereignty, this book defines formal colonialism as (1) international recognition of foreign control and (2) foreign control over internal administration, which is sufficiently extensive to create what Mancur Olson calls an “encompassing interest.”\textsuperscript{14} As Chapters 6 and 7 show, the establishment of an encompassing interest had real material consequences for patterns of economic development when compared to more limited forms of foreign administrative control. This definition still leaves considerable room for variation and questions about how particular places should be defined. However, the history of Liberia and other countries explored in this book shows that even when constrained by limited

resources and more powerful states, sovereignty did matter in shaping the long-run development of political and economic institutions.

African economic history’s neglect of Liberia – and also Ethiopia, which remained independent apart from a brief period under Italian rule – means that it has little to offer in answer to the questions I began to ask after reading about Liberia’s use of British colonial currency. Histories of other regions had more to say about the exercise of sovereignty by independent countries in what is now the developing world during the nineteenth and early twentieth centuries when much of that world was still under the control of European empires.15 In Asia and Latin America, the economic development of independent countries was often stifled by a lack of resources. Borrowing abroad was more expensive for independent countries than for colonies, which made the construction of the infrastructure needed for economic expansion costly. They also faced external pressures from expanding empires, and the process of economic development and state-building in independent states was shaped by the interaction between these external pressures and the structure of internal politics. Internally, they had to manage debates about how they responded to changes in the world around them through policies on trade, currencies, debt, taxation, and investment, among other areas, and these policies helped determine how fast their economies grew and how the proceeds of that growth were distributed.

This book uses a case study of Liberia during the nineteenth and twentieth centuries to investigate these questions in an African context. While it is not the first book on the economic history of Liberia, it is the first to provide annual measures of Liberia’s economic performance over this period, which can be compared with data from other countries. Taking an explicitly comparative perspective makes it possible to tell a new story of Liberia’s economic history, which looks beyond local specificities to place Liberia in the wider context of independent states during the imperial age. While Liberia is just one small country, case studies like this one have several uses in evaluating causal explanations.16

Mary Morgan proposes two ways in which case studies are used in social


Preface

Science. Exemplary cases “are known, used and re-used because the case itself stands out as unique in some way.” Other cases may be ordinary in and of themselves but may prompt new questions or new approaches to a question.17 Perhaps greedily, this book hopes to be both, in both bringing a new perspective to Liberia’s unique history and by using Liberia to prompt new questions about the link between sovereignty, power, and economic development in African (and global) economic history.

Chapter 1 presents new quantitative data and gives an overview of Liberia’s economic history from 1847 to 1980. Part I examines the economic, political, and social foundations of what became Liberia. Chapter 2 assesses what we know about the indigenous economies of the region, drawing on anthropological records and historical accounts to examine the structure of markets and states before the arrival of the first African-American migrants. Chapter 3 focuses on the African-American migrants who would eventually become the Americo-Liberian elite, using new data on both the migrants and those who remained behind in the United States to examine the characteristics of that elite and the origins of cleavages that would later shape Liberia’s economic policies.

The remainder of the book focuses on the Liberian government’s exercise of economic sovereignty and the impact of its policies on different parts of the population. Part II begins with Liberia’s declaration of independence in 1847 and examines the challenges the Liberian government faced in exercising its newly acquired sovereignty. Chapters 4–7 focus on areas in which tensions emerged between national sovereignty and elite prosperity: trade, money, sovereign debt, and foreign financial controls. Part III focuses on the ways in which Liberian elites used the external recognition of Liberia’s sovereignty as a source of rent, beginning in the 1920s until the civil war in the 1990s. Chapters 8–10 examine foreign aid, concessions to foreign investors, and the creation of the Liberian “flag of convenience” in 1948. The book concludes by reflecting on lessons which might be drawn from the Liberian case for understanding the economic history of African countries after their own independence in c. 1960.

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Like most book projects, this one has developed over a long time and would not have been possible without the support of numerous people and institutions. My trip to Monrovia in April 2017 was intended primarily to visit the Center for National Documents and Records Agency (CNDRA), where the then-Director General P. Bloh Sayeh provided both material support and enlightening conversation. I also visited the archives of the *Daily Observer*, where I received invaluable guidance from Bai Best and Satta Sonie. Outside the archive, I learned a great deal from conversations with Bill Allen, Nakomo Duche, Felix Gerdes, Nyda Mukhtar, Molley Shaffa, Lu Tolbert, and Moses Wreh.

Like much else in Monrovia, Liberia’s national archives bear the scars of the civil war, and to write this book required the use of records in a number of other archives and libraries around the world. The Liberia collection at Indiana University was particularly valuable for material from the nineteenth century, and without the assistance of Verlon Stone, Megan Starr, and Mireille Djenno, this project would not have been possible. Archivists at the United Nations archives, particularly Colin Wells and Jacques Oberson, the UK National Archives (TNA), the US National Archives and Records Administration (NARA), the Library of Congress, the Herskovits Library at Northwestern University, and the Schomburg Center for Research in Black Culture at the New York Public Library also provided valuable assistance. Electronic resources were kindly provided by the Seeley G. Mudd Manuscript Library at Princeton University and the Pan-Am Historical Foundation. One archive that would be of great benefit to studies of Liberian economic history is the archive of the Firestone Rubber Company. Unfortunately, neither Firestone nor the Bridgestone Corporation, which acquired Firestone in 1990, has made this material available to researchers.

Travels to this diverse array of archives also required significant material support. The initial research into Liberia’s monetary history was part of a Leverhulme-funded research project (Money in Africa, Grant #F/00 xx
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xxii Acknowledgments

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