Economic Aspects of British Colonialism in Kenya, 1895 to 1930

This dissertation has two parts. The intent of the first is to establish the importance of the economic benefits which accrued to the British economy by virtue of Britain's relationship with certain territories in her empire. The intent of the second and major part is to analyze one of these territories, Kenya, in terms of the implications and consequences for its economic development of its colonial status.

Kenya's colonial period, particularly its first twenty-five years as a British territory—1895 to 1930—was the period when the basic outlines of the modern Kenyan economy were conceived and then implemented by imperial officials. The latter totally transformed the patterns of economic behavior among the African populations, orienting African life thereafter toward economic objectives derived from London's perception of the needs of her imperial economy. This dissertation seeks to ascertain why, how, and with what consequences this economic transformation was effected.

Contrary to the assertions of some scholars in the field, by the end of the nineteenth century, Britain had developed a coordinated set of significantly beneficial economic relationships with her colonial possessions, including those rapidly acquired after 1870.[1] The latter, often called "the new empire," comprised chiefly territories in Asia and Africa. Britain developed them into important suppliers of food and raw materials and usually, to a lesser degree, into absorbers of British capital and manufactured exports.[2] In these exports, Britain confronted growing, world-wide competition, chiefly from Germany and the United States. She also faced, internally, the advanced stages of the decline of her agriculture alongside a steady concentration of productive assets. Consequently, the pressure for secure sources of food and raw materials mounted with the search for secure outlets for exports and capital.

Between 1870 and 1913 the British manufacturing industry sharply increased its dependence on imports of raw materials. Before World War I almost 50 percent of British pig iron production used imported ores, while between 80 and 100 percent of tin, copper, lead, and zinc consumed was imported. All raw cotton and an increasing share of raw wool consumed had to be imported as well. By 1910 the share of imports

[1] Cf. the remark of D. K. Fieldhouse that the tropical empire "had absolutely no unity of character and no necessary imperial function," in *The Colonial Empires* (New York: Delacorte Press, 1967), p. 289. In the same vein, see also W. W. Rostow, *The Stages of Economic Growth* (Cambridge: Cambridge University Press, 1960), p. 110.

[2] The "old empire" denotes Canada, Newfoundland, Australia, New Zealand, and the Union of South Africa. India is usually treated independently.

in consumption among foods had risen as follows: wheat and cheese, 81 percent; fruit, 64 percent; and meat, 42 percent.[3]

Between 1870 and 1913 the empire provided a growing share of these important imports. Among Britain's food imports the share from imperial sources rose from 19.8 percent in 1870 to 30.3 percent in 1913. Empire sources of raw materials never provided less than one-third of Britain's raw material imports during these years.[4]

Finally, the data for 1870-1914 indicate that within empire imports, the newer colonial acquisitions in Africa and Asia did provide an increasing share. To take but one of many similar examples, Britain's acquisition and control over Malaya permitted the successful experiments with rubber that freed British industry from the damaging competitive effects of an American corner on world rubber supplies at the turn of the century.[5]

The argument for the importance of the new empire runs counter to a long-standing impression. This impression, articulated by J. A. Hobson in 1902, admits the importance of India and the old empire to Britain's economic well-being from 1870 to 1914, but finds the newer acquisitions of negligible significance.[6] We have sought to correct this impression in the discussion of Britain's imports.

Treating Britain's export statistics much as we did her import data over this period, we can both confirm and modify Walther Hoffman's argument which emphasized the critical and positive effects of exports on domestic prosperity.[7] Our modification focuses on the rapidly increasing importance of the "new empire" as an outlet for British exports. We make a comparable argument regarding British capital exports from 1870 to 1914. As one suggestive example, data indicate that from 1907 to 1914, the most intensive period of capital outflow before the war, placements in the "new empire" far exceeded Britain's combined placements in China and Japan.[8]

Of course, only a far longer, more disaggregated study (complete with estimates, if feasible, of the relevant cost curves, levels of British investors' expectations, etc.) could claim to *prove* such a point as the finally "critical" importance on the margin of "new empire" markets for British

[3] A. D. Hall, *Agriculture After the War* (London: J. Murray, 1916), p. 12, and W. Page, *Commerce and Industry*, II (London: Constable and Co., Ltd., 1919), 200-2.

[4] See W. Schlote, *British Overseas Trade from 1700 to the 1930's*, translated by W. O. Henderson and W. H. Chaloner (Oxford: Basil Blackwell, 1952), pp. 164-5.

[5] Cf. J. C. Lawrence, *The World's Struggle With Rubber, 1905-1931* (New York: Harper and Brothers, 1931), pp. 12 ff.

[6] J. A. Hobson, *Imperialism: A Study*, revised ed. (London: George Allen and Unwin, Ltd., 1905), pp. 36-40. For a recent reaffirmation, see Fieldhouse, "Imperialism: An Historiographical Revision," *Economic History Review*, second series, XIV, No. 2 (1961), p. 203.

[7] W. G. Hoffmann, *British Industry, 1700-1950*, translated by W. O. Henderson and W. H. Chaloner (Oxford: Basil Blackwell, 1955), p. 83.

[8] G. Paish, "The Export of Capital and the Cost of Living," *The Statist*. February 14, 1914, p. v.

exports and investible funds.[9] Certainly no such study exists to support the assertions and impressions criticized in this dissertation. In sum, then, the first quarter of this dissertation, in reviewing and reworking some of the basic statistics of British international economic relations 1870-1914, finds little support for the notion of the "new empire's" economic insignificance. Rather, making some general and plausible assumptions, their economic importance for British prosperity is established.[10]

Out of concerns for the security and maintenance of her prosperity after 1870, Britain developed an imperial economy which allocated a specific set of functions to new colonial acquisitions. One of these was the East Africa Protectorate,[11] established in 1895 as Britain moved to safeguard her trade routes to India by controlling the headwaters of the Nile in Uganda and limiting German colonialism in the area.[12] To establish her presence firmly, Britain built a modern railway from Mombasa on the East African coast to Lake Victoria in the interior.[13]

Besides the basic task of fitting the new Protectorate into the imperial economy, British officials who were sent there immediately confronted an urgent problem: how to shift the costs of railway maintenance, military pacification, and general administration from the London Treasury to revenue collected from within the Protectorate. In some new colonies, such as Uganda, British officials successfully developed cash crop African peasant farming. In such cases, agricultural exports and peasant taxation eventually removed any need for Treasury subsidy. In other colonial areas, such as the East Africa Protectorate, officials moved instead to solve the immediate financial problem through the induced immigration of European settlers. Officials in the Protectorate failed to develop successfully any African peasant agriculture. Then, having made a commitment to European settlement, they proceeded to create an economic structure around the immigrant settlers. They sought a pattern of economic activities that would minimize Treasury support as soon as possible, as well as fulfill the imperial role generally assigned to such colonial territories, namely, sources of food and/or raw materials.

In the broadest sense, since European settlers brought capital and some managerial skills, Protectorate officials saw as their task to provide the land and the labor. Land for the Europeans had to be removed from its traditional availability to Africans. Between 1895 and 1930, officials acquired land for Europeans through military pressure, occasionally by

9 The dissertation devotes some brief discussion to efforts in this direction.

10 This dissertation does not seek to reach conclusions on the related but different questions of whether, in some sense, colonies returned more than they cost the colonizers, or whether Britain might conceivably have developed similar economic ties with these territories had they not been her colonies.

11 The East Africa Protectorate was renamed the Protectorate and Colony of Kenya in 1920.

12 Cf. R. Robinson, J. Gallagher, and A. Denny, *Africa and the Victorians* (New York: St. Martin's Press, 1961), where this argument is broadly elaborated.

13 Completed in 1902, the capital for this major investment project was raised in London under a Treasury guarantee of interest payments.

the physical movement of whole tribes, and by the eventual assignment of nearly all Africans to strictly limited reserved areas. British courts declared all Protectorate land to be the property of the Crown and all Africans, therefore tenants-at-will, subject to legal eviction. Most Europeans settled in the central highlands where temperature, rainfall, and soil conditions were among the best in the Protectorate. Negligible rents and 999-year leases were granted to support the settlers.

Cooperating with imperial agencies in England, officials experimented with several agricultural products whose cultivation *inside the empire* was strongly urged at the time, notably cotton, rubber, coffee, and fiber plants. No progress resulted with rubber plantings. Authorities in Great Britain clearly articulated their desire for such cultivation as security against market fluctuations inimical to their position as an importer nation. Cotton became the major crop in Uganda, but failed in the Protectorate. However, coffee and fibers and, later, maize were introduced successfully and became the three staple products and exports in the Kenyan economy. Over 90 percent of these exports came from European plantations.[14]

The small size of the immigrant settler community, the settlers' expectations of becoming a leisured class, the nature of the crops chosen for cultivation, and the general preferences of the officials all combined to determine a plantation form of agricultural production. The Protectorate administration had, therefore, to procure a labor force to complete the prerequisites for their plan of economic development in Kenya.

To make wage laborers out of African tribesmen, Kenyan officials developed a complex set of laws and institutions which forced the vast majority of African males between the ages of fifteen and forty to seek work on European plantations. The chief means to this end included Kenya's tax system, the pass system, and the suppression of African peasant agriculture. As in other African colonies, the tax system in Kenya operated to confront each African male with the legal requirement of making a sizable cash payment to the government each year. The easiest and often the only way to acquire this cash was through wage labor for Europeans. The value of a pass, or registration certificate, issued to each African male was convincingly demonstrated during World War I when the vast majority of African males was mobilized, moved, and supplied in the campaign against the Germans in East Africa. After the war, officials and settlers regarded the pass system as an invaluable means to control the size, movements, and quality of the labor force.

Finally, the Protectorate restricted Africans to especially demarcated Reserves whose conditions effectively denied Africans any chance of competing with European agriculture and/or obtaining the cash for taxes without wage labor. The expertise at the disposal of the Kenya

[14] The share of total domestic exports provided by these three staples rose from 47 percent in 1920 to 72 percent in 1930; cf. *Report of the Commission on the Financial Position and System of Taxation in Kenya*, Colonial No. 116, London, 1936, p. 8 and Appendix II, pp. 254-5.

Department of Agriculture went almost exclusively to European farms. Special laws prohibited Africans from growing the single most lucrative crop in Kenya, *arabica* coffee. Export and import taxes and differential freight-rates on the railway favored European over African agriculture. By the 1920's, officials had essentially "solved" the labor problem.

The economics of British colonialism in Kenya succeeded in removing the need for significant treasury subsidies by 1910 and for further developing, *inside the empire,* cash crops important to Britain. For the settlers, the colonial Kenyan economy provided land and labor at uniquely low cost. One commercially interested observer remarked: "While the Protectorate can be assured of its present cheap labour—probably the cheapest in the world—the advantages over other countries . . . are enormous."[15] The settler community could thus include many whose life style revolved more around leisurely graces than efficient investment projects.

While certain important economic interests of Europeans in London and in Kenya were well served to 1930, the colonial economy neglected and suppressed African economic interests. African patterns of land usage and labor were totally transformed and their control of these resources sharply curtailed. The results were the destruction of African peasant agriculture, an apparent decline in the African population to 1924, and the squalor attending a remarkably low-paid labor force without the minimum provisions of food, housing, or medical attention.

In Kenya, the impact of the European depression introduced a crisis so severe as to call into question—even among the British—the validity and also the mere possibility of preserving the colonial economy that British officials had developed.[16] However, the basic outlines of that economy have endured. Today, they still confront policy-makers in an independent Kenya committed to rapid economic growth.

RICHARD D. WOLFF, *Yale University* and *The City College of New York*

[15] T. Sleith, *Report on Trade Conditions in British East Africa, Uganda and Zanzibar* (Cape Town, South Africa: Department of Lands and Mines, 1919). It is not without significance that a South African made this observation.

[16] Three studies have found that European agriculture in Kenya during the 1920's was generally precariously based, artificially protected, and, in strict accounting terms, an inefficient use of resources. See S. H. Frankel, *Capital Investment in Africa* (London: Oxford Univ. Press, 1938), p. 269; J. R. Schott, *The European Community of Kenya,* Harvard Ph.D. Dissertation, 1964, pp. 86 ff; and C. C. Wrigley, "Kenya, The Pattern of Economic Life, 1902-1945," in V. Harlow, E. M. Chilver, and A. Smith, eds., *History of East Africa, 2,* (Oxford: Clarendon Press, 1966), pp. 209-64.