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'The integration of West Africa in the global economy, 1842-1938'

Africa's development and economic well-being are heavily dependent on the export of primary products (Deaton, 1999; Jerven, 2011). Still, despite the essential role that external trade played for African economies especially during the nineteenth-century commodity export boom, little is known about trade costs and about the process of integration of African export markets into the world economy. From the large literature on commodity market integration in the nineteenth and twentieth-century, we have a good knowledge of international trade costs between Europe, the Americas, and Asia (Jacks, 2005 and 2006; Jacks, Meissner and Novy, 2011; Federico, 2012, Hynes, Jacks, and O'Rourke, 2012; Chilosi and Federico, 2015, among others), yet Africa is still a blank spot. Was Africa different compared to the rest of the world? Did Africa suffer from higher international trade costs than other world regions?

In this article, we contribute to fill this gap by analyzing the integration of Africa with the international markets from the mid-nineteenth century to the eve of World War II. To do so, we provide estimates of international trade costs, by applying threshold autoregressions (Jacks, 2005; Hynes, Jacks and O'Rourke, 2012) to a representative sample of West African export prices and corresponding European import prices. In particular, we focus on palm oil and cocoa exports from the Gold Coast (roughly correspondent to modern-day Ghana), Nigeria, and Sierra Leone. Palm oil and cocoa were in fact the two most important commodities exported from West Africa to Great Britain in the nineteenth and early twentieth centuries respectively, while the Gold Coast, Nigeria, and Sierra Leone accounted for a major part of West African trade.

Our results show that international trade costs for West Africa decreased considerably during the time of the "commercial transition" from the early 1840s to around 1880, with similar decline being also observed in other world regions due to the introduction of new shipping technologies and the liberalization of commercial policies. After the 1880s, however, trade costs continued to decline in the rest of the world, but not in West Africa, as a consequence of the Long Depression of 1873-1896 and the increase in monopsony power of colonial trading companies after the Scramble for Africa. In the twentieth century, until World War I, trade costs were on the decline again across the globe. Yet since the 1920s, and in particular during the Great Depression, West African trade costs became more volatile and rose more rapidly than in other world regions. Overall, since the late nineteenth-century trade for West Africa became relatively more expensive than for the rest of the world.

To the best of our knowledge, this paper provides the first systematic estimates of West African trade costs from the mid-nineteenth century to World War II, allowing us to compare the process of integration in the global economy of Africa to those experienced by the other world regions.