Economic History of Empire – The American War of Independence to the First World War

Interview with Leigh Gardner

Transcript

Patrick	Okay, So, hello and welcome to the History Ledger, the Economic History Society's podcast. I'm your host, Patrick Wallace of the London School of Economics, and I'm joined today by Lee Gardner, who's also, of the LSE, to talk about the economic history of empire. So, Lee, welcome. Could you maybe start by giving us a sense of how it is you actually came to work on this topic, on the economic history of empire yourself?
Leigh	A little bit by accident. I was interested in states and what happens when you try to build a centralized state. And I got particularly interested in what happens when you try to ... impose your idea of a state on somewhere else. What then happens locally? How do you fund that state? How does it structure? How does it interact with the political institutions that are there already? And so, a case study I came to look at was British Empire in colonial Africa, and I've kept going from there.
Patrick	Oh, thank you. I mean, you're all very much an African specialist, aren't you, in that sense? So, many books on Africa now, it's brilliant. This is a great basis for us because we're going to concentrate in this series on the long 19th century, which is when So, much of the Empire in Africa was built out. And we're really talking about the period from the end of the American War of Independence to the First World War.
Patrick	And you are American, aren't you?
Leigh	I am, yes.
Patrick	You are. You're like the bit where the Americans left, we're thinking about the rest. So, this is the period that sees the high point of the British Empire. It's when it reaches its biggest geographical extent, and that is simply huge. So, what we're going to try and do, particularly in this episode, is really just get a handle on the way that historians, economic historians particularly, have thought about this, to understand what are the big debates, the big questions about the economic history of the British Empire? A lot's been published on this, a lot of different things to read, and we're going to have some guides to further reading in the program notes if you want to take this further, but what we're going to get through, I think, is just some of the big issues. So, let's start with the why, the motivation. What is it that's actually driving this expansion of Empire. Is it economic reasons? Is it political reasons? Religious reasons? I don't know. And what is it that historians have thought about this?

Leigh	So, I'm going to give the horrible academic answer to this question, that there is no one story you can tell about this. There's lots of different things interacting. One of the things to remember is that the expansion of the British Empire, if we take the whole thing, happened over many centuries. So, obviously the motivations and all of that and the structures of it will have changed a lot over that time. Even if you just look at the 19th century, when you have this big expansion of the Empire following the American Revolution, trade is really important in some places. In other places, political or military or strategic motivations might be more important. In other places, you still have movements of settlers. This is not as big as it was in the early modern period, but it's still there as an influence. So, I think there really isn't one answer, because it's not really a sort of coherent project that anyone dreams up, right? It's a sort of set of factors that come together. In 1883, there's a historian called John Seeley who publishes a famous book on the expansion of Empire.[1] Seeley was a defender of Empire, So, he's not very popular today. But he has a famous line about how Britain, in other words, has conquered people half the world in a fit of absence of mind. Basically, this has sort of all happened by accident. I'm not sure I'd go that far.[2] But it was a sort of confluence of different factors that played out differently in different regions. So, often if you ask somebody who's a specialist in one region or another, then you might get a slightly different answer about what the driving factors were.
Leigh	So, I mean, I don't want to downplay the role of trade, but lots of trade happened outside the Empire. So, you don't need an empire to trade. So, in the 19th century, the only a couple of Britain's really important imports, things like wool and sugar and timber, those came from Empire, but the rest often came mostly from outside the Empire, So, you didn't require an empire to trade. But trade competition could play a role, So, there's some nice work on the scramble for Africa, about how it wasn't so much Britain but France. So, you also have to think about this as a dynamic situation with more than one empire interacting with each other. And Britain could, as the industrial leader at the time, could dominate markets a lot of times without territorial expansion. But other players, like France, might try to acquire territory or try to keep British interests out. And that drives a self-fulfilling process by which territorial claims were made.
Patrick	So, we shouldn't think then in any way about a single reason, right? We should think about a mix of different reasons. We should think about where we're studying and expect things to change. I thought it was really interesting what you said though that this might be driven by the actions of other nations and a sense of competition. Is that particularly a story for Africa you think?
Leigh	I don't think it's exclusively a story for Africa. I mean, I think it's about the strength of claims being made, right? So, if you imagine you're interested in a particular commodity, you want to guarantee a supply of that. If you, you know, you might have a set of interest in that region So, you could have things coming from a variety of places, right, So, you could have pressures coming from a power that's influential in a neighbouring region and you worry they might come try to take it over, you might also, have . . . commercial . . . this happened a lot as well commercial interests of British commercial interest merchant firms, whatever, that are involved in that region that somehow get into trouble. This happened quite often. That sort of then call on the British state for help and try to lobby them to send a military resources that also, could be a driver, So, the driver doesn't necessarily have to be someone within the state. It could be the state responding to other things that are going on.
Patrick	Okay. I mean, is there a place where some of this happens most really clearly? I like that idea of businessmen getting trouble, they call for the Navy. Is that the thing we're talking about?

[1] Seeley, John Robert. "The Expansion of England" Edited by John Gross. Chicago: University of Chicago Press (1971).

[2] "We seem, as it were, to have conquered and peopled half the world in a fit of absence of mind." Seeley, *The Expansion of England*)

Leigh	Yes, I mean West Africa is a good example, right? So, you have across the scope of the 19th century, the end of the slave trade [that] comes with a lot of political upheaval within West Africa, So, you have a lot by that point. States that had built themselves up and developed a lot of coercive capacity to involve themselves in the slave trade and slave trade ends. There's a lot of upheaval in those states. European merchant firms at that point sort of exports of commodities from West Africa. West Africa is not yet under formal colonial rule, but exports of particular commodities have accelerated quite rapidly. So, you have people getting involved. And they try, merchants and things, try to develop local alliances with people. Sometimes they get the politics of it wrong. And they do send in calls for, you know, sometimes successfully, sometimes not, for the British military to come in. So, the Ashanti Wars, for example, are one example of where this starts to happen.
Patrick	Okay, and the Ashanti Wars, that's now in the area which is now the country of Ghana, is that right?
Leigh	Yes, correct.
Patrick	So, at that time, it's the kingdom of Ashanti.
Leigh	Yes, I mean, there's still an Ashanti Kingdom within the country.
Patrick	Oh, is there really?
Leigh	Yes.
Patrick	Okay. There's no big theory, there's no big debate about Empire as a total program of British expansion. And it's a really interesting idea that this might be seen as just accident, as different initiatives with no guiding mind, no guiding agenda.
Leigh	Yes, I think that is the case that there really isn't one. I mean, I think people have often tried to reconstruct a story in retrospect, So, you get various arguments about this, but if you look at the arguments of the time, there's really a lot of different things going on, and it's notable that it's not, you know, there's incentives facing all the sort of European powers, right? There were those that started in the sort of empire game, if you like, early, and then there were newer places like Germany, like Italy, that only unified a bit later. But they also, thought, right, everyone else has colonies, I need to get on board with this too. So, it's not, you know, I think we shouldn't look for specifically British reasons for something that's a sort of pan-European thing.
Patrick	And I think that's a really important point, that we are joining Empire and we join it in the late 18th century. A couple of hundred years, more perhaps even, after the European Imperial program has started. So, this is very much a world where...Quite a lot is already fixed, isn't it? Quite a lot of dominion has been established particularly in the Americas, but also, in India. Okay, if we're thinking all right, this is an accidental process. I think there's probably a bit more debate on this question about who actually benefits. And I think this is something where I think there's obviously a lot of politics around this in different countries in Britain, but also, in former colonies, former parts of the British Empire. What are the different viewpoints on how much of a payoff there is from Empire for the British economy?
Leigh	This is one of the lingering questions. I mean, it was a question, very active question at the time, right? I mean, it's important to remember people weren't, this wasn't a universally popular . . . with voters at the time, and either in London or any other European capital. And most of the debate at that time came around those questions, right? What is this going to cost us as a country, as a government, if you're sending the Royal Navy off to somewhere? And what are we going to get back as an economy? And usually that was the subject of these very active debates in parliament, in the press, pretty much everywhere. Since then, there have been attempts to try to do this a bit more systematically. So, in the 1980s and 1990s, when computers were first starting to come into economic history research, people tried to do an accounting process of the cost and benefits of Empire. And these were really big research efforts. They look pretty basic now in terms of technology, but they were really big efforts at the time. The findings were pretty inconclusive, partly

	because to do this, you have to try to figure out a counterfactual world in which the Empire didn't exist, right? So, to try to figure out what costs and what benefits should be attributed to Empire, you have to develop some assumptions about what would have happened in the absence of Empire. So, for example, there are popular estimates recently that talk about all of trade with India as a cost to India and a benefit to the British Empire. But we really think that entrepreneurs anywhere in India would not have traded at all with Britain in the absence of Empire. So, you can talk about whether the terms of that trade would have been different, but then you have to figure out numbers to assign to that, and it's very, very tricky to do all of that In any very convincing way. So, most of the time they don't come to any very definite conclusion. A lot of the times it's sort of like, well, there were some benefits and there were some costs. And came out about even, just about, we think, maybe. But it's all very uncertain, and it depends a lot on what assumptions you make about what the world would have looked like without the Empire. Because the Empire was So, big and So, complicated, it's really hard to imagine it away, because it affects a lot of different things, right?
Patrick	So, this is really interesting. There's a couple of things in what you've said that maybe we can go back to. I mean firstly there's a methodological point about how on earth we try and measure something as big and unclear as big, as all-encompassing as Empire and you talked about counterfactuals there and counterfactuals are a really important method in economic history where as you said, we imagine what might happen in a different version of the world where something, in this case, Empire, hadn't occurred. And as you say, it's not like we'd have carried on doing the same things anyway. We'd have traded some form of exchange in production. So, it's really hard to measure. And those counterfactuals, they take a lot of estimates, right? They need a lot of different things to go into them. And when people are thinking, have been thinking about these early estimates, what things did they put on the cost and the benefit side? Just let's dive a little bit deeper in if we can.
Leigh	Yes, sure. So, on the benefit side, it would be things like . . . often this is measured by, you know, returns earned by profits earned by companies operating in the Empire, right, were they more profitable because you had policies put in place in the Empire that benefited British companies. This empirically turns out to be complicated. You can get records, but there's an issue with any business history called survivor bias, right? You only have records from the companies that are still around. Usually, the ones that fail don't leave papers around for us to find. The other thing is that 19th century accounting practices were not always what we would consider the best in the world. So, you know, there's an issue of if you find a record of profit and loss, can you, do you believe it, can you reconstruct it, etc. There are things like that. But the survivor bias issue is a really big one, right? How many companies tried to enter Empire and failed? We don't really know. And I think a lot of the business history accounts suggest it was a sort of very high-risk, high return, but the risk comes with the risk of failure, too. On the cost side, this again becomes a little bit of an issue of categorization. Now, you get a progressive process during the 19th century where they try increasingly to separate colonial costs from the sort of main British budget for various reasons, right. But particularly, you know, in the 19th century, this is still ongoing and if you take something like the cost of the Royal Navy, it's a really big item of expenditure in the annual budget. The Royal Navy goes around the world, and it protects, plays a big role in protecting British trade with Empire, but also, with places that are outside the Empire. So, how much of that do you put down to the Empire being there versus how much of it do you put down to just wanting to be a militarily dominant power and sending ships everywhere? Again, people have made assumptions to try to do that, but those are assumptions you can always argue with and there's no definite accounting from the period that says this is what we're spending because we have an empire and this is what we would have spent anyway. We don't know. So, we have to reverse-engineer the process, which is difficult.
Patrick	Okay. So, I mean, in the things you've been talking about there, you've been talking about the profits that businesses make and the costs that states bear, particularly the military costs and I guess the government costs of running a country after or running a region after you've made it part of your empire. What about any direct transfers in the form of taxes or Impositions of any kind imposed upon countries that are now part of the Empire that they wouldn't have paid otherwise. That they're now taken to London and then fed back into whatever coffers in Britain are then available for the

	state that wouldn't have always been the case. Or is this a myth? Is this an idea that doesn't really happen?
Leigh	So, this is an idea that doesn't really happen. So, not in a very direct way, the way you propose, and there are other empires where it does happen, right? There are examples. They are usually, you know, I think the Dutch cultivation system, this forced cultivation of rubber, right, that involved pretty massive transfers to the Dutch treasury. But these tend to be pretty short-lived. The Belgian Congo is another one, right? But these tend to be pretty short-lived because they tend to come with the long-term costs that people tend to protest. And anytime you have to put down a protest, it's massively expensive, right? So, they did a lot to try to avoid promoting or anything that would trigger a lot of violence within the colonies themselves. So, part of this process I talked about where finances are separated is that you would have taxes raised within the colonies, but they were essentially spent within the colonies, and they were there to fund the annual expenditure of each colony. Now some of that you can argue is not exactly, I mean, one example is they went to pay the salaries of colonial officials. So, British officials sent to the colonies. They were paid a lot of money in local terms, right? Their salaries are set according to British civil service salaries, not according to local per capita incomes, which are usually much lower. So, that, in a way, is a thing that people wouldn't have paid for that sort of level of official salary, if not for Empire. But it's not a direct transfer to London itself.
Patrick	So, it's like an expensive local government.
Leigh	Yes, exactly.
Patrick	We've got these foreigners, they've come in, they're demanding a bit more money, but I guess in the grand scheme of things, it's pretty small in terms of the differences of tax.
Leigh	I think that the evidence we have on comparative levels of taxations is pretty low, right? Which is what you'd expect given low per capita incomes in colonies anyway, right? Just the available surplus to be taxed isn't huge. But also, this wariness. These are very understaffed administrations. They don't have a lot of people. They don't have a lot of knowledge of the people they're governing, including what their incomes are, how to tax them. In most colonies, these are agricultural producers, a very hard group to tax, even today, because we don't really have a good idea of what their surplus is. It's not always in cash, that kind of thing. So, you know, the amount of tax they could get out and again, they had this issue of trying to avoid promoting tax revolts, which did happen when they overstepped, and did cost a lot more than they could possibly collect in return.
Patrick	Yes, So, I guess in my mind I had this vision of almost the Spanish Empire and flotillas of silver crossing the Atlantic. But so, by the 19th century, at least in the British Empire, there's not really an equivalent of that resource extraction or rent extraction from what you're saying. And I guess that makes sense. These are relatively poor parts of the world. which is one reason why Britain's able to bring them into its Imperial network, Imperial state. So, we've got maybe an expensive state. We haven't got big transfers. And we got some profits of business people, but we're just not really sure if they're much bigger than they would have been otherwise. It's a pretty boring ledger, isn't it?

Leigh	Yes, and we're subject to a lot of interpretation and a lot of assumption. The other place where you can see that people talk about with a ledger is Britain becomes a very big exporter of capital right foreign investment is a big thing, and a lot of that, not the majority but a large chunk of the foreign investment goes to the Empire. The Empire is pretty dependent on London being a big financial capital, So, the governance of the Empire builds itself around that in a lot of ways. And so, they put in a lot of institutional incentives for investment to go to the colonies. And the problem with the rates of return on colonial investments were lower than you might get if you invested in, say, Argentina or something.
	So, there's some argument that actually those things, there's a sort of misallocation of capital into things with lower rates of return than you might have done in the absence of Empire. People might have said, okay, well, that's a that's a much more efficient way of using my money is to send it somewhere else.
Patrick	So, some of these investments are literally just not as good as you could have got in the absence of Empire. But you say safer. Again, they're safer.
Leigh	Yes, exactly. But there might have been higher return ways you could have used the money or, than in investing in a particular colony. So, there's some, you know, again, this is hard to prove because you don't know what people would have done in the absence of Empire if they would have invested as much abroad. You don't know the counterfactual again.
Patrick	All right. So, I mean, I'm going to carry on building out this cave of my own ignorance, I suppose. But, I mean, we talked there about direct transfers. I've heard people arguing that this is about accessing markets that business people wouldn't have been able to access before. Maybe even protecting those markets against other competitors. So, okay, you know, we've got a lot of cotton shirts to sell. Where are we going to sell them? Well, this is what the Empire's for. It's a way to provide protective markets for the things that we're making in Britain by the 19th century and ever larger quantities as the result of the Industrial Revolution. Is there any mileage in that type of argument that this gives British exporters a special protected place where they can sell for a better profit, perhaps, than they would have otherwise.
Leigh	Potentially. This is something that changes over time. This is the case with a lot of things when you talk about Empire, because it's over such a long span of history. There's not one answer over the space. Earlier in the 19th century, when Britain's undisputed industrial leader, it doesn't necessarily need the Empire. This is why it trades quite a lot with people outside Imperial walls and why you have this theory of informal Imperialism that's really about the fact that it's just the dominant producer and dominant source of capital that is used to influence us anyway, right? Once you start to get to a point where, Britain is sort of not as competitive, once you start to get the later 19th century into the 20th century, particularly in the interwar period, then this becomes a bit more salient. The access to Empire and Empire's markets. Potentially they do try to strengthen the relationship with the Empire to try to safeguard those markets. Now, other people's, you know, I mentioned the example of France earlier, right, other less competitive countries' efforts to keep the British out might have also, driven the expansion of the British Empire, So, there's a dynamic process here. It did shape the access of British manufacturers to markets. Again, there's some argument that that might have, in the long run, been a bad thing, in the sense that... If you have this sort of easy access to markets that you know are protected from other people, you don't engage in the competition and therefore don't innovate as much, which may have contributed to exacerbating the relative decline, right? Why innovate if you can just sell things under a sort of tariff wall and not worry about it?
Patrick	That's really interesting So, I mean, I guess this goes back to the earlier discussion we were having about whether it's worth it or not, but it wasn't necessary when Britain was highly competitive and when it became useful, in some ways it was perhaps a problematic set of incentives because it

	allowed British manufacturers to remain less productive, less competitive than they might have otherwise have been forced to be by the disciplines of the market itself.
Leigh	Exactly, Yes.
Patrick	Okay, So, I mean we're not finding a very strong case for the benefits of the economic payoff from Empire here, right? A motivation payoff. In that sense, how do we think about this in terms of British economic growth? I mean, is this essentially marginal? I'm getting the sense that it's not going to be super important from what you're saying. Does it contribute much to British economic growth of the 19th century? Is it a problem maybe?
Leigh	This is again really hard to say because of the counterfactual question. And because you can't, it's very hard sometimes to see exactly what's coming from Empire and what isn't. I mean, certainly British economic growth facilitates the expansion of the Empire. This is the other difficulty, right? The relationship goes both directions. You have, economic leadership, which allows Britain to acquire the Empire than it does in the first place. And then what role that Empire plays afterwards, then it does reflect changing fates of the British economy. So, you can point to periods where it is really important, right, where access to those resources, again, during periods of downturn, particularly during the two world wars, and it's getting beyond the 19th century. In those periods, then, having access to the sort of personnel and sort of resources of the Empire was pretty crucial, right, to the British war effort, both in terms of raw material and just manpower and all the rest of it. So, I think it's difficult to tell a causal story about Empire and British economic growth. There are things on both sides of the ledger that might contradict each other and things that changed over the long period we're talking about.
Patrick	At the very least, it'll be really hard to say in the 19th century that there's a strong case for seeing Empire as a major driver of growth. I mean, I think the point is really interesting that in the First World War, maybe later in the 20th century, it becomes really important as a source of resources at a time when you're constrained because of warfare. But that point about the difficulty of distinguishing between Empire and other markets being just deeply, deeply problematic in the 19th century makes a lot of sense to me. We have other markets that are closer than India or Africa to British ports, Europe particularly. Let's turn to the consequences for countries that are within an empire. You mentioned obviously the some of the burdens of having these states. Potentially we've talked about some of the limits that we have in trying to estimate how much trade or exchange they might have done. They might have carried out with you with Britain or other ports already. But I mean, there are at least a set of views that suggest that economic development in terms of expanding manufacturing or maybe even losing manufacturing in the case of India might have been a consequence of being part of the Empire and you know people talk about systems where there's a core country and then various colonial or Imperial subject states that are essentially sources of raw materials, sources of cheap agricultural labour and not really allowed to develop. Do you think that's got much support nowadays, that type of position?
Leigh	I think the, you know, certainly the economic policies of the Empire definitely prioritized the sort of rapid expansion of commodity exports and nothing else, right? Like that's very clear. This was part of the financial structure in the sense that the colonial states had to build a tax base relatively quickly. The easiest way to do that was to try to promote foreign trade because that's the easiest thing to tax in a way. And the usual way of doing that was to try to promote the production of some export to invest in the infrastructure or whatever...
Patrick	What things are we talking about here when we're talking about Imperial commodity exports?
Leigh	So, a variety of things. So, if I go back to the West Africa example again, palm oil was a big one in the 19th century. Some of it was used, palm oil, it's literally the oil that comes from a seed from a palm tree. And it can be used as food, it still is eaten in a large part of the world, if you look at any processed item you have, you'll see it usually contains palm oil.

Patrick	It's controversial at the moment, right? Because we're clearing plantations for palm oil cultivation.
Leigh	Exactly. But it's used indigenously as well. So, if you go to markets in West Africa, you see it used quite a lot in food production. But it's also, in the 19th century becomes increasingly in demand as an industrial lubricant, as an ingredient in soap. Same thing can be said for groundnuts, otherwise known as peanuts. You also, have new commodities coming on stream. The big success story in West Africa is cocoa, which is actually a plant indigenous to the Americas, but gets imported first to the islands off the West African coast early in the 19th century into Nigeria and Ghana, sort of that region. A little bit later on, Ghana, within about a decade, becomes the world's largest producer of cocoa. So, it grows very, very quickly, in part due to some of these investments, right? So, you have the expansion of some of these commodity exports prior to Empire. It's not entirely down to Empire. Indigenous entrepreneurs are very ready to jump on opportunities that are there. But transport costs in West Africa are very high. And what you need to overcome that in the 19th century is a railway. Essentially, railways require a lot of capital and that's where the Empire comes in. Right. So, colonial governments were very had better access to capital than independent governments, they were able to construct these things and that's allowed export production to spread into new regions where it hadn't really been viable before.
Patrick	So, is it mainly internal communications then that are being improved in these West African states to make this possible?
Leigh	Yes, So, it's the construction of the railways. So, we have quite good research on this now that shows that the railways had a really big impact on the economic geography of the regions because they had just such a big impact on transport costs. You have a lot of, well, West Africa as well as other parts of Africa, you have sleeping sickness is endemic, you can't have transport, you can't have, like, transport by animals because they die of sleeping sickness. So, these are alternatives if you don't have railways or road or human transport – people literally carry things on their heads.
Patrick	This doesn't sound hugely efficient relative to railways
Leigh	Humans are good at many things but carrying things is not one of them. We are not very strong, and we can't do very much.
Patrick	I feel that every day! So, we've got this shift to commodities. Who's producing this stuff though, right? Is this indigenous farmers? These aren't giant plantations being created?
Leigh	So, these are not European plantations. They are indigenous-run plantations, particularly for palm oil. There are some quite large ones that are indigenous-owned and indigenous-established or African-run. And, yes, So, the cocoa farms, I mean, it's known as a smallholder crop and it's a little bit misleading because some of those farms could be quite large. But it was not European production. It was entirely indigenous led.
Patrick	OK, So, this is quite an interesting example then of the types of opportunity that in this case Imperial capital investment could bring into a country.
Leigh	Yes, and people were very ready to respond to that if they were in the right region and set up the right way. Now, the benefits to this were very unevenly distributed, which is another issue we could talk about, but there were definitely winners from this process within colonies as well.
Patrick	Okay, and that's within the indigenous population, the local Ghanaian, African Ashanti, whatever where we're talking about is identified as at the time. In this case, So, I'm there, I'm farming cocoa, putting it on this new railway that's appeared. Is there then still a fully competitive market at the port? Am I able to sell it for the best price? There's no Imperial attempt to control the exports?

Leigh	There are some. I mean, there's two things that you can look at. And again, it's very hard to measure the impacts of this, but there are... the export of cocoa is dominated by British merchant firms. So, once you get to the port, internally, it's primarily an indigenous enterprise in terms of both growing it, but also, aggregate again, moving it to the port. Once you get to the port, this is dominated by British merchant firms. There were a lot of arguments among cocoa producers at the time that those merchant firms colluded to keep prices down. These often came at a time when cocoa prices globally were down anyway, So, it's a little bit hard to know how much of this was the firms and how much of it was just the fact that prices were declining. But it did result in some pretty...well organized protests and sort of cocoa holdups where people would withhold their crop to try to get the prices to go back up. And some interesting attempts to take an end run around the British merchant firms by selling directly to the U.S. or to somewhere else to get out of that system. The other thing that comes in, we're getting beyond the 19th century now, but the other thing that comes in in the interwar period is they start to introduce marketing boards. So, these are a response initially to...is a sort of official place that's run by the government where you have to sell your cocoa to the marketing board. The idea here is that you can stabilize the price that way, So, this is a period during World War I and during the interwar period, you have a lot of price volatility, which is very difficult for farmers to cope with. Cocoa is a tree crop. It takes three years for a cocoa tree to actually produce anything. So, you have to do a lot of advanced planning, which is very hard when the prices are fluctuating. So, the idea is you have an official price. You can use the proceeds when the global price is higher than that official price to compensate when the price is lower, right? That's the idea. But you can see it's very easy for people to then use the official price to make it a sort of de facto tax, which eventually becomes the case later in the colonial period, in the post-independence periods, Kwame Nkrumah, the president of Ghana, newly independent Ghana, used that quite to tax the cocoa farmers quite aggressively. So, there are some government controls in there, but for the most part, yes, they were able to export.
Patrick	And this is one, I guess, one of the big differences between countries that are linked into the Empire or regions that are subject to Imperial control and settler colonies such as South Africa or North America, parts of North America, Canada, Australia, where it's a really different economy.
Leigh	Yes, now certainly if you look at settler economies where the emphasis, you know, where you have a certain, you know, very influential group usually politically, it was very possible for state policy to favour the interest of those, usually by depressing labour prices, right? So, depressing wages, either by coercing people in some ways or restricting their outside options. That is what happened in South Africa, for sure.
Patrick	Okay, but in the non-settler colonies in Africa, this is something that's just not really viable, I guess, by the sound of it.
Leigh	I mean, there are various attempts to coerce people into producing things or coerce them into producing more of them. But they didn't tend to either last very long or work very well, partly because colonial states, again, are very understaffed, they're quite under-resourced, they're quite reliant on Indigenous intermediaries to do a lot of the on-the-ground governing for them. So, it's very hard in that context to force people to do things like grow cotton. There's a lot of attempts to have to have people grow cotton, but cotton is actually very hard to produce. It's a lot of labour. It doesn't grow well alongside other things, So, you can't crop it alongside food in a lot of places that easily. It's very demanding on the soil, etc. So, people didn't like it, and So, they often just wouldn't do it.
Patrick	So, I mean, the vision here, the sense we're getting here is of actually a really thin empire that's just not able to do that much to reshape the economies of the regions and countries it's absorbed, unless there are settlers who are more, providing a like takeover manpower, essentially, to who seeking to exploit different settings and So, there's a mix of there's a real mix of outcomes in that sense that investment in railways investment and connectivity can be a boon for the people of the

	area in providing greater access, but there can also, be some problems with this as well. Yes, for some people.
Leigh	It's worth saying that particularly this is , it's pretty true everywhere, but particularly in Africa, the railway networks are really thin. Ralph Austin, who is a legendary African economic historian, describes them as being dendritic, it's a bit like the lines on a leaf, you know, you have one line going up and then maybe a couple of them, but like a lot of people wouldn't really have been within reach of the railway. So, it's really infrastructure that serves one particular purpose. So, the broad-based development impacts you often get with infrastructure aren't really there because it's really just there to get the commodities out and get stuff in rather than the other way around.
Patrick	Okay, So, in that sense it's about linking them to ports, isn't it, really?
Leigh	Yes. So, it's linking export areas to ports. Or sometimes, I mean, you sometimes get unintended consequences. So, in northern Nigeria, they built a set of railways primarily for military reasons. They weren't really for... Suddenly, people discovered, oh, you can grow groundnuts here and export them, and this is where Africans making this discovery. This was not a project to the colonial state, but African farmers thought, oh, this is great. So, it ends up being one of the Nigeria's leading exports, by accident.
Patrick	That's a really interesting example. So, in this sense, like, the economic history of Empire is, it's a really complicated... picture as I see it from what you said. It's the process of building an empire is really accidental. There's not really a governing plan, there's not a project, there's a lot of different reasons, different places. It's really hard to know who it pays off for, whether it pays off for Britain at all, because of this difficulty of estimating costs and benefits. And it’s also... quite difficult to see whether or not this is actually something that drives change and economic growth in Britain or not. It could be as much a cost as it could be a benefit. Particularly in providing access to more protected markets and allow you to remain competitive. There is also, something a little bit optimistic there in terms of ways in which we think about Empire playing out in some of the countries and regions that get drawn within Empire, and we've talked a little bit there about Ghana. It's like a core area that we love. And it's got quite an interesting mix there of benefits being shared in parts, as I take your story, between local farmers and imperial merchants
Leigh	Yes, I mean you certainly get indigenous producers who benefit and that that happens across the board even in settler colonies, you do get this you also, though I mean it's worth bearing in mind the sort of other side of the balance sheet in the colony’s perspective. It's only certain regions, what I mean about the networks being thin, right? If you're near a railway, if you're near a railway in an area where it's good for producing exports, then you probably do gain. Export production is a source of upward mobility for a lot of producers. But there’s also, the flip side to that is there are areas that are outside that. So, if you talk about northern Ghana, which is outside the reach of the railway, it isn't really good for growing cocoa. It becomes a labour reserve economy, a labour reserve for the cocoa farms. And there you do see a decline in living standards as far as you see an increase in the Cocoa area. So, the places where we can get an update on this, one of the things you see through the colonial period is rising inequality within the indigenous population. And that has, depending on how it’s, how it develops, often has some political implications after independence or sort of how politically coherent it's possible to make these new countries and things like that. So, there's negative sides to as well and I think also, the focus on that sort of commodity growth. I mean you mentioned earlier the difference between growth and development. You have growth here for sure and you have some people who benefit from the growth. But colonial states did not do anything to sort of promote development of human capital or, you know, there was some provision of schooling, mostly by missionaries and things like that, but it wasn't really much of an emphasis by the colonial state across any of the Empire. And they didn't tend to invest much in economic diversification, the kinds of things that lead you historically to sustained improvements in per capita income. It is a pattern of boom and bust that follows the commodity price. These sorts of economies are very much oriented around a small number of exports which can be a very unstable and precarious place to be.

Patrick	Yes, So, these are really important points to bring into the discussion, aren't they? I mean, if we think about this as we've been talking about it, it's very much a focus on trade, it's a focus on commodities, but if we think about education, if we think about the build-out of manufacturing, of services, that's left out of this discussion So, far, right? Can you explain, can we just take you back a moment? Phrase Labor reserve you talked about labour reserve. Can you just explain what a labour reserve area is?
Leigh	So, labour reserves prior is a place where the primary economic activity sort of beyond subsistence is sending labour somewhere else, right? Like the labour, the value of that labour is greater if you send them to a different area. So, usually this comes in the form of migration, right? And this can be, this can just happen based on factor endowments in northern Ghana, for example. I mean, it's pretty arid in northern Ghana. And then the Gold Coast and the sort of labour demands of cocoa, you know, implies much more profit from going and working for wages there than staying home and producing for subsistence. It can also, be done artificially, right, in settler economies where there was an effort to supply cheap labour to settler enterprises, mines in South Africa or farms or whatever else. Then you can do this by essentially restricting the amount of land available to Indigenous producers. People had to go find waged employment elsewhere because there wasn't enough opportunity deliberately So, within where they were living.
Patrick	I'm just holding it clear in my mind. So, where there is not really enough work for the population and they have therefore to go and work in areas that are more distant where they're in this case part of the cocoa farms or the plantations or whatever.
Leigh	Yes. And this can have a lot of implications for how domestic farming is organized, a lot of implications for gender and women's roles. So, women become, you know, whereas previously, if you imagine a subsistence farming household, you would have a gender split of agricultural tasks. If the man is then going off to work in a cocoa farm for six months of the year, going off to work in a mine for six months of the year, or more than that even, then more of that burden falls on to the remaining household members who are there, which affects other things. So, there's really interesting work about, you know, how this plays out is very different locally in every place, but there's some really interesting work on how that impacts different parts of our different people.
Patrick	It's really interesting to think about how these economies are transformed by these developments that are made possible in part through Empire. And they can have these quite different effects on the regions that are thriving, maybe regions that are left behind. And the idea that this then generates new patterns of inequality creates groups who are relatively well off, who previously were not So, well off, and then that's politically challenging as you say. And obviously, in this ledger, this list of the pros and cons, economically, of empire for both Britain and the countries within Empire. We aren't really talking about political rights. We aren't talking about other kinds of freedoms that may also, be suppressed within this, So, we're deliberately limiting the bounds of the conversation to the economics. Well, that's our job, right? And I think that makes it really interesting to think that this then is a system where, economically, it can look okay. But it's not necessarily laying the groundwork for future development, because it's not building out the education. It's not laying the ground for what you might think of as a modern economy where much more work is done in manufacturing and services. And obviously it can be creating problems for the political structures of those countries as they become independent later on. Brilliant. Okay, I think we've covered our four main areas of discussion today, which is great. So, thank you, Leigh, that's been really interesting. I think we've got a real sense now of some of the complexities of Empire and the economic history of empire. And we're going to talk a lot more about this over the rest of the series. So, thank you very much for joining me here today. It's been really great to get your insights into how the Empire works. Thank you.
Leigh	Thank you.