Editors' Introduction

Money *for* Africa and Money *in* Africa: Colonial Currencies and the Making of Economies and States, 1860s–1960s

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Topics surrounding money, currency, and finance often evoke ideas of intricate economic management confined to a specialist discourse. Yet transnational currency and monetary relationships are also closely entwined with the politics of economic agency. Case studies from colonial Africa provide ample evidence for the ways in which currency policies and economic practices formed across countries and continents between the late nineteenth and mid-twentieth centuries. Analyses of the assemblages of colonial economies and state institutions uncover complex processes of negotiation, adaptation, and confrontation in Africa, as well as the wider dynamics of imperial economy-building.

In the decades after the formal independence of African states in the mid-twentieth century, debates about economic development among academics and community activists have involved two contrasting perspectives. On the one hand, there has been a tendency to see postcolonial Africa in light of the destructive power of colonial rule. On the other hand, some have argued that this assumption removes agency from Africans. This forum issue historicizes agency, and is thus positioned to inform wider debates about European colonialism and economic development in Africa that are relevant to the present day. In this introduction to the issue, we will introduce readers to the historical processes in which colonial money in Africa was implicated, examining its connections to the formation of economies and states. We will also clarify the issue's investigative objectives and approaches, and set out how the analyses cover new ground.

From the late nineteenth century onward, boundaries of money in Africa shifted markedly. These shifts happened initially during colonial monetization, and later with respect to imperial-colonial currency areas. The introduction of colonial currencies and demonetization of indigenous moneys raise questions around the uses of money (Guyer & Pallaver 2019; Pallaver 2015; Mew 2016). Colonial monetization occurred in relation to a growing external demand for Africa's natural commodities, so that money in Africa became increasingly embedded in a system of coordinated relations in the wider world (Gardner 2015). These relations are particularly apparent in the story of silver and its long-term depreciation as the world adopted gold as an international currency standard. Against this backdrop, the West African Currency Board, established in 1912, aligned British colonial currency policy with its imperial management by linking the supply of money to colonial export earnings (Hopkins 1970, 1973; Narsey 2016). In German East Africa, too, officials made conscious attempts to regulate colonial economies as an adjunct to Germany's national economy (Krozewski 2022).

African economic actors played no part in formulating the designs of colonial currency policies. In fact, imperial-colonial policymakers conceived of colonial monetization as the creation of "modern money" as opposed to "traditional" "African" money. Yet policy practices in Africa differed considerably from the European blueprints. Historical evidence from the period between the 1860s and 1930s shows how colonial monetization was compelled to engage with local circumstances, which involved degrees of acceptance and rejection. Losses caused by money exchanges during demonetization led to complaints about money "swindles." Impracticable and frequently changing colonial monetary regulations prompted debates about money "muddles" (Pallaver 2019). African agency manifested itself indirectly in the form of coping strategies within a changing colonial economic environment. Even then, leverage for money users in regional economies was constrained by colonial policies that affected choices of produce and their marketing. In some regions, indigenous African currencies were quickly sidelined, whereas in others they continued to be widely used. Here, differences between British and French colonies are instructive; in some regions of French West Africa the rejection of the French franc by African traders was particularly effective (Şaul 2004).

Indigenous and older "foreign" moneys in Africa—such as the demonetized silver coin from France and the Maria Theresa thaler—did not correspond to territorially-defined economic spaces (Kuroda 2007, 2020; Hermann 2011:394). Moreover, currencies issued by expatriate companies under licenses from the imperial state in late nineteenth-century British Africa and German East Africa defined economic sectors rather than territory. In East Africa, company money and subsequent state-led colonial monetization initially mirrored the legacy of the British Indian rupee in the regional economy of the Indian Ocean as the new currencies retained the name rupee. The case studies in this issue reflect the geographical fluidity of currency use up until the First World War, whether in French Senegal, British Gambia, and British colonies in South-Central Africa, or in British and German East Africa. All these cases involved currencies that transcended political borders.

Yet a more pronounced spatial delineation of economies and societies took shape in Africa as colonial currencies competed with established currencies or other newly introduced ones in specific locations. Colonial monetization and institution-building initiated a move toward fragmentation and parallel community-based economies, mainly separating "African" from "European" economic activity. Difficulties accessing company money and colonial currency in the required denominations often put small African traders at a disadvantage. The territorialization of currency was one of the main objectives of colonial "modernization" from the 1880s, but it was during the inter-war period that "territorial money" consolidated in colonies (Helleiner 2003:ch.8). The example of East Africa shows how colonial monetary management became, after the First World War, tied to the creation of a distinct colonial economy; the East African Currency Board, established in 1919, aimed to facilitate the economic interests of British settlers in organizing trade with Europe in opposition to the territory's traditional trade relations with India (Mwangi 2001:87–8; Maxon 1989).

Between the 1940s and 1960s, imperial-colonial currency areas countered the tendency toward economic fragmentation. In the cases of Britain and Portugal, this was done in concurrence with the goal of empire-building. Especially in the sterling area in the 1940s and early 1950s, "African" production acquired a role in settling the balance of payments of the metropolitan economy (Cowen & Westcott 1986; Krozewski 2001:ch. 4–5).

In the 1950s, however, designs of national economies in Africa increasingly challenged imperial economic management. Political activists in British West Africa, for example, opposed the colonial currency board. The relevant controversies have received scholarly attention, with a focus on the lobbying for central banks (Newlyn & Rowan 1954; Uche 1997, 2003). Nonetheless, the ways that economic actors in Africa engaged with colonial monetary policies resist easy generalization. The Rhodesian settler state in the 1950s and 1960s followed its own conceptions of relations with the pound sterling and the dollar (Nyamunda 2023; Mseba 2016). Portugal formalized the escudo zone at a time when other European countries were decolonizing (Mata 2020). And Sudanese independence saw a rupture with the Egyptian economy while relations with the sterling area continued (Young 2018a, 2018b).

The articles in this forum issue study different regions of Africa, but they all pursue analytical objectives at the intersection of currencies, economies, and states. This research focus merits further comment. First, the case studies contextualize colonial policy practices in addition to presenting accounts of policy designs. The analyses also address the repercussions of colonial currency policies for money users and the formation of economic spaces. The ensuing historical narrative offers alternative angles to one-dimensional accounts of the diffusion of colonial money as "modern money" in "traditional Africa." Colonial monetary policy was situational and often messy, based on particular assumptions, and reacting to developments in the international economy outside the control of the policymakers.

Second, the volume's focus on economic agency requires clarification in light of different economic research paradigms. Analyzing how agency formed and morphed contextually is not the same as relating policy to an economic doctrine. It is particularly important to stress this fact with regard to Africa because, here, the narrative of colonial money was closely associated with colonial claims to "modernization." Differences between studies of policy practice, economic doctrine, and policy outcomes have been debated in other areas of economic history, the operation of the gold standard providing one example. More generally, some researchers have emphasized the role of extra-economic factors in economic agency (Flandreau 1997, 2016). Even in the post-1945 colonial currency areas—the sterling area, franc zone, and escudo zone—policy did not flow consistently from a theory-based doctrine. What is more, historicizing policy practices and their aims differs epistemologically from assessing the validity of a particular economic theory, like determining, for instance, whether colonial currency zones met the criteria for an "optimum currency area."

Third, the above issues require a conceptual clarification regarding the role of politics in economic agency. Theory-based research in economics and economic history tends to view "political" factors in terms of a binary, contrasting economic rationality with politics, where the latter is conceived of as an ideological distortion of postulated outcomes of rational agency. To be sure, economic policy can indeed be ideology-driven; moreover, the techniques and norms of economic policy can be objectivized in terms of economic theory. Yet economic agency always involves choices and is, in this sense, inherently political. Real world policy leads to outcomes that affect social groups differently, regardless of the theoretical foundations of policy. Studying economic agency sheds light on choices and their rationale.

These conceptual observations are particularly relevant to the study of colonial relationships in Africa. When imperial-colonial discourses contrasted money in "non-Western" societies with "modern currency" in Europe, they did so according to an economic rationality void of politics. Paul Bohannan's (1958) oft-quoted research on West Africa mirrored colonial assumptions, though historians of Africa have long since qualified his argument (Hogendorn & Gemery 1988; Webb 1982; Hopkins 1973:149–51). Recent analysis of colonial money generally has suggested that the dichotomy between economic rationality and politics in Europe's imperial discourses had deep historical roots. Europe exported "rational money" to the "non-Western" world because European modernity operated on a concept of "universal money" confined to a technical, theoretical realm removed from political relationships (Balachandran 2019, 2022). However, it is also worth emphasizing that studying economic agency does not require adopting a binary view that contrasts qualitative and quantitative analysis. In fact, a quantitative analysis can offer an assessment of policy outcomes that complements investigations of agency.

The case studies in this volume have been arranged in chronological order. Toyomu Masaki combines an account of the socioeconomic relations involved in the creation of the Bank of Senegal in the second half of the nineteenth century with an assessment of the bank's performance. She argues that the bank's management did not serve French merchants. Rather, for much of its existence, the bank was managed successfully in the interest of *métis* traders and their African kin in inland regions, often in opposition to French colonialism. The situation changed in the mid-1890s when shareholders with ties to the colonial authorities began to dominate the bank.

Tinashe Nyamunda and Admire Mseba's analysis of British South-Central Africa between the 1890s and 1930s focuses on the experiences of African money users and their difficulties accessing the scarce colonial currency and expatriate banking services. Colonial monetary policy, they argue, responded to the requirements of imperial sterling policy, which engaged the white settlers and the mining companies in the formation of economies in South-Central Africa. In this setting, Africans were pushed aside. However, the authors' analysis also shows that colonial monetization was erratic and circumstantial for all money users in the region, far removed from the official discourse of colonial "modernization."

Karin Pallaver's article on German East Africa discusses the connections between colonial currency policies, the experiences of money users, and shifting economic spaces in East Africa. The transregional British Indian rupee initially influenced approaches to colonial monetization. Yet in the early twentieth century, colonial currencies became progressively territorial, delineated by colonial empires, and associated with hierarchies of communities — "European," "Indian," and "African"—and their economic activities. Thus, in the 1920s, Britain aimed to establish a new monetary cohesion within its East African territories.

Focusing on the interwar period, Leigh Gardner sheds light on the significant relationships between international monetary relations and colonial economies in Africa. Her comparative analysis of the British colonies, Gambia and Kenya, and of independent Liberia examines the effects of the demise of the gold standard on African economies and money users.

Maria Eugénia Mata's contribution discusses relations in one of the imperial-colonial currency areas after 1945, offering an account of the official policies and workings of the Portuguese escudo zone monetary union in the 1960s. The zone was designed to assist Portugal in adjusting to the liberalizing economies of Western Europe. However, in practice, steering an imperial economy and currency proved to be elusive during a colonial war that opposed decolonization.

This forum issue aims to provide insights into the relationship between colonial money and economy-building in Africa, notably in hitherto little-studied regions. While the issue's contributions have merit as self-contained historical studies, their focus on economic agency is particularly relevant to ongoing debates. Viewing economic development in Africa through the lens of both economic diffusion and the overpowering legacy of colonial rule requires qualification and nuance. To be sure, colonial currency policies aimed to shape imperial-colonial economies. Yet money *in* Africa differed from European designs of money *for* Africa. Moreover, the complex ways that economic structures, monetary agency, and the formation of states and economies are entwined in the investigated cases prompt conceptual considerations in similar subject areas beyond the volume's historical confines.

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