Was independence really better than colonial rule? A comparative study of Liberia and Sierra Leone

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In a growing body of literature examining the economic impacts of colonialism in Africa, the experience of countries like Liberia which remained independent through much of the twentieth century is often overlooked. This paper compares the economic development of Liberia with that of colonial Sierra Leone from the late nineteenth century through the inter-war period. Both countries were founded as colonies for freed slaves in the early nineteenth century, but while Sierra Leone became a British colony, Liberia was declared an independent republic in 1847. This comparison illustrates the changing constraints to development that faced independent countries in the periphery, and allows these to be distinguished from the impact of colonial rule, bringing new insights to the study of African economic history during the nineteenth and twentieth centuries.

1. Introduction

On March 8th, 1957, newly independent Ghana was welcomed as a member of the United Nations. U.N. delegates from around the world heralded Ghana's celebration of its independence as a momentous occasion not just for Ghana, but for Africa as a whole. The delegate from India described it as 'the rebirth of an ancient culture and an ancient state' and 'part of the process of the rebirth of Africa' (United Nations 1957: 1307). Such comments echoed a general optimism surrounding the end of European domination of Asia and Africa. Independence would pave the way for economic and political development, which would allow previously marginalised regions to, in the words of the Indian delegate, take their 'proper place in the councils of the world'.

Amidst this optimism a quiet note of caution was sounded from Liberia, Africa's oldest republic. On the same day that Ghana was being welcomed to the U.N. General Assembly in New York, Liberian President Tubman met with U.S. Vice President Richard Nixon in Monrovia. Nixon was leading the U.S. government delegation which had attended Ghana's independence celebrations on March 6th. Following the celebration, the delegation visited Liberia, and Nixon asked Tubman how he 'foresaw the evolution of dependent peoples of West Africa'. Tubman replied that 'there could be no doubt that the dependent people had a right to their own independence'. However, 'they should be conscious of the advantages which their ties with Britain and France gave them in terms of developing their economies' (U.S. State Department 1989: 401). His comments were echoed by the Liberian delegate to the United Nations, who was quoted in the *New York Times* saying that the difference between Liberia and Ghana was 'the difference between the home of a man who has had to accomplish everything by his own sweat and toil and that of a man who has enjoyed a large inheritance'. Just a few years later, Northwestern economist George Dalton (1965: 572) wrote, 'for those who are impressed by the favourite myth of African political leaders – that before European colonization Africa must have enjoyed some sort of golden age, because its present economic and social problems are the evil legacy of wicked European colonialism – an examination of Liberia is instructive'.

Understanding the legacies of colonialism for African economic performance since the 1960s has remained one of the central puzzles of African economic history. A growing literature, which Fenske (2010) refers to as the 'causal history' literature, has attempted to identify and measure the links between various aspects of colonial rule and current variations in income and development. These include the duration of colonial rule (Grier 1999), the identity of the coloniser (Bertocchi and Canova 2002), the presence of settlers (Acemoglu, Johnson and Robinson 2001), priorities in colonial public spending (Bowden, Chiripanura and Mosley 2008; Huillery 2009), among others. Though these efforts represent considerable methodological innovation in the study of African economic history, they have also struggled to disentangle the complex interactions between colonial interventions and pre-existing differences between African regions which may also continue to influence economic development efforts.

In this literature, the experience of the African countries which remained independent, namely Liberia and Ethiopia, has largely been ignored. This neglect is unfortunate, because the careful study of their histories can highlight both the opportunities and constraints of political independence in the globalizing world of the nineteenth and twentieth centuries. The trials and tribulations of independent nations in Africa in many ways foreshadowed the struggles of their neighbours after independence, which left many of the goals of nationalist leaders unmet decades after independence.

This paper uses a comparative case study of Liberia and Sierra Leone to disentangle the impacts of colonialism from broader constraints on development faced by African countries during the nineteenth and twentieth centuries. Comparative studies are a common feature of the causal history literature, used for example to examine differences between French and British colonies in Africa, e.g. Ghana and Cote d'Ivoire, (Cogneau and Rouanet 2011). Liberia and Sierra Leone share similar origins – both were founded on the coast of West Africa as settlements for freed slaves around the turn of the nineteenth century. They also share similar geography and resources (Clapham 1976: 6-16). Exports from both were dominated by agricultural produce before World War II, and by minerals in the post-war period. Sierra Leone is the smaller of the two, with a land area of around 28,000 square miles compared with Liberia's 43,000. However, its population in 1972 was 2.6 million compared with an estimated 1.5 million in Liberia (International Monetary Fund 1975). Mining and cash crop production have dominated both economies through most of the twentieth century. The key difference between them was their political status from the nineteenth century until the 1960s. Sierra Leone became a British colony in 1808, while Liberia declared its independence in 1847 (Abasiattai 1992: 107). Exploring their different experiences through this period provides a new perspective on the colonial 'inheritance', and makes it easier to distinguish between the advantages and disadvantages of being a colony.

Despite the similarities in their background, the comparative study of these two countries is complicated by extreme differences in the level of surviving documentation, particularly for the period before 1964. Sierra Leone belonged to what Jasanoff (2011: 293) has described as 'an empire obsessed with record-keeping'. The extent of colonial data collection has made possible the more quantitative approach taken by the causal history literature. This is not to suggest that British colonial data are always reliable – population statistics have been a particular problem – but the records of the colonial government provide annual data on a range of factors discussed here, including trade, public revenue, and school enrolments.

Liberia did not belong to such an empire, and thus the stock of historical documents available for Liberia was always likely to have been less than for Sierra Leone. Brown (1941:

323-6) bemoans the lack of primary documentation on Liberia's economic history, noting that 'as official sources and accredited public documents on Liberian history are far from numerous, the research problems of selectivity give way almost wholly to the more difficult task of critically assessing such documents as do exist'. He particularly observes that 'the absence of accurate and creditable records of national wealth, business surveys, investment values and production statistics, agricultural, industrial employment and population census is a serious handicap'. Brown's research was apparently conducted with the full support of the Liberian government – the London School of Economics dissertation on which the 1941 book was based thanks the Liberian president for use of the presidential yacht – suggesting that the limited documentation at his disposal was not due to lack of access. Brown's difficulties have been compounded by environmental damage due to improper storage of documents (Foley 1968) and the looting of the Liberian National Archives in the 1990s during the Liberian civil war (Osborne 2009).

As a consequence, this paper draws on a wide range of sources to build a picture of Liberia's economic development from 1847 to compare with that of Sierra Leone. Quantitative data on trade and public finances are drawn primarily from the *Statesman's Yearbook*, which contains the most complete series during this period. These have been cross-checked against more sporadic data given in Liberian government documents and diplomatic correspondence.

The paper proceeds chronologically, dividing the period studied into three sub-periods during which the implications of being a colony versus being independent varied. The next section (2) examines the similar foundations of Liberia and Sierra Leone, along with the forces which led one to become a colony and the other to independence. Section 3 assesses the extent to which colonialism influenced early economic growth, focusing particularly on the different approaches taken by the governments of Liberia and Sierra Leone to the opportunities and risks of globalization. Section 4 asks whether the rapid expansion of export production in Sierra Leone led to longer-term economic benefits, as compared with Liberia's relative stagnation. The following section (5) examines the position of both countries through World War I and the inter-war period, and asks whether colonial ties proved beneficial to Sierra Leone during a period of economic upheaval. Section 6 concludes with speculations about the broader lessons which might be drawn from this comparison.

2. Creating Liberia and Sierra Leone

The foundations of both Liberia and Sierra Leone were linked the abolition movement of the eighteenth and nineteenth centuries. In 1787, abolitionist Granville Sharp obtained funds from the Treasury enabling him to send four hundred settlers to Granville Town, which later became Freetown, capitol of Sierra Leone. The new settlement struggled with both high mortality rates related to disease and often hostile relations with both neighbouring indigenous communities and slave traders. A renewed effort began in 1791, under the leadership of a joint-stock company – the Sierra Leone Company – established by Sharp. With the backing of the Company, a community of free blacks (largely comprised of loyalists who fought for the British side during the American War of Independence) migrated from Nova Scotia (Jansanoff 2011: 283-300; Kup 1975: 115-8). Abasiattai (1992: 109) dates from 1791 the loss of the repatriates' independence. Under the Sierra Leone Company, the colony was administered by a white governor and council appointed by the company (see also Cox-George 1961: 19-20). Company rule became increasingly autocratic as relations between the Company and the settlers deteriorated into the 19th century. In 1808, after the abolition of the slave trade, the British government took over governance of Sierra Leone, which became a crown colony.

Through most of the nineteenth century, the colony of Sierra Leone played an important role in the wider territories of British West Africa. From 1821 until 1874, the Governor of Sierra Leone was responsible not only for that colony, but also for the other British colonies along the coast, including Lagos, the Gold Coast and the Gambia. After 1874, the colonial administration's remit was limited to the coastal colony of Sierra Leone. This constitutional structure failed to address the reality of European influence extending into the interior, and in 1896 a Protectorate was declared over the interior territory along the borders of Liberia and Côte d'Ivoire (Cox-George 1961: 15; Hargreaves 1956: 56). A unified governance structure was not imposed over the Colony and Protectorate until a new constitution was introduced in 1924 (Cox-George 1961).

Liberia's foundation paralleled that of Sierra Leone. In 1816, the American Society for the Colonization of Free People of Color (hereinafter the American Colonization Society or ACS) was founded for the purposes of supporting the migration of freed slaves back to Africa. As in Britain, the motives for the foundation of the ACS were mixed. Fyfe (1977: 189) describes the founding of Sierra Leone and Liberia as having been undertaken 'by sponsors who were seeking a distant receptacle for undesirables of a different skin colour'. In 1822, the first group of 80 migrants supported by the ACS arrived in West Africa. Like the settlers at Granville Town, the first 'repatriates' to Liberia struggled to maintain their new settlement. With support – both military and financial – from the ACS and the U.S government, the community of settlers slowly expanded along the coast, maintaining what remained a precarious existence (Dunn 2009; Van Sickle 2011).

Unlike Sierra Leone, however, Liberia did not become a colony of its founder. The U.S. government hesitated to declare a clear policy on Liberia, until pressed by the British government to do so when British traders asked for official support in refusing to pay Liberian customs duties. In 1843, the US government declared that it would not make Liberia a colony (Van Sickle 2011). After this point, both financial and military support waned, and Liberia declared independence in 1847. (Clapham 1976: 7)

Liberia's declaration of independence was a clear point of divergence in the history of the two freed slave territories. It, too, began to expand its territorial claims into the interior, claiming what Clapham (1976: 8) calls 'a "manifest destiny" to control and civilise the peo-ple's of the interior'. Liberia quickly achieved international recognition from several Europe-an states. Its challenge was to prove that an independent state governed by Africans could survive. Joseph J. Roberts, Liberia's first president, proclaimed in his inaugural addressed that 'we are gravely accused, fellow citizens, of acting prematurely and without due reflect-ing, in this whole matter, with regard to the probably consequences of taking into our own hands the whole work of self-government' (Guannu 1980: 1-9).

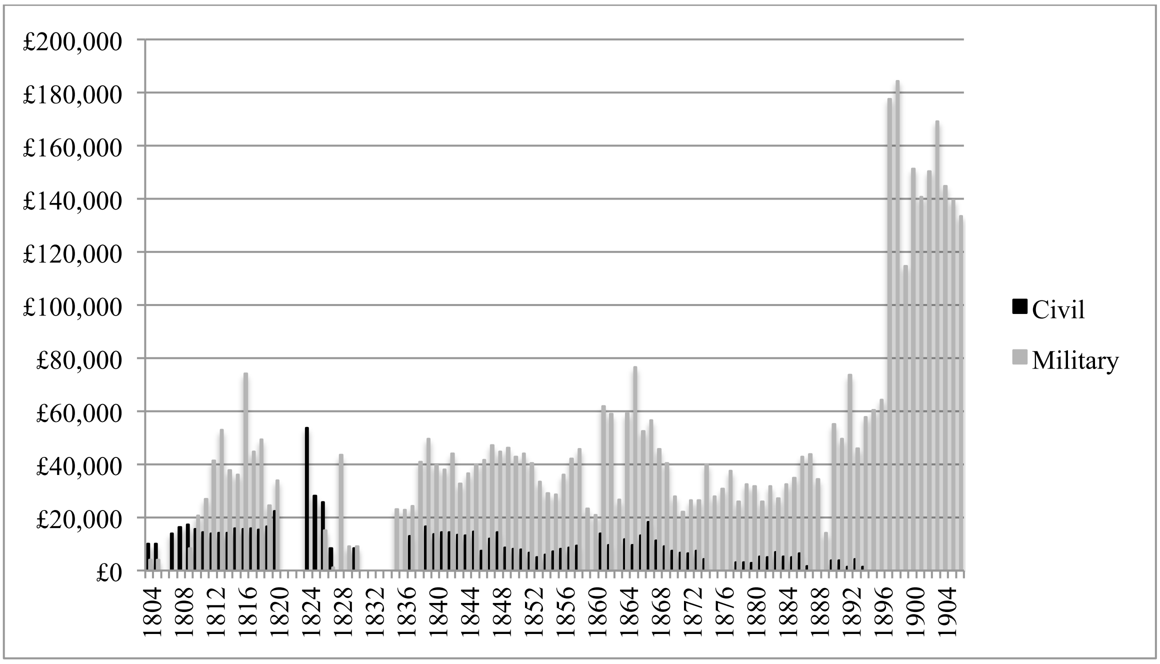
Sierra Leone remained a crown colony under British colonial rule, heavily enmeshed in the broader network of British West Africa. Sterling was the primary medium of exchange in the international trade, and Britain its most important trading partner (Cox-George 1961).[1] It also became the home of a large number of 'recaptives', or Africans removed from slave ships captured by the British Navy. The presence of the recaptives enlarged the settler com-munity (Fyfe 1977: 181-4). As a central outpost in Britain's fight against the slave trade, and the administration with responsibility for Britain's other West African territories, it received regular financial support from the British government. Figure 1 shows the civil and military grants-in-aid allocated by Parliament to Sierra Leone from 1804 until 1906. The total amount granted over this period dwarfs the funds received by Liberia from the United States from 1819-1869 – Dunn (2009: 9) estimates this to have been $2,338,000 from the U.S. Treasury and another $2,588,907 from the ACS.

Such financial interventions became increasingly necessary as expansion into the inte-rior progressed. Relationships between coastal elites and the hinterland were complex and often troubled. Coastal communities, which undertook only limited food production them-

[1] A variety of pre-colonial currencies, including iron bars and cowrie shells, also circulated. It was not until 1912 that legal tender was limited to a single currency – the West African pound, pegged to sterling.

selves, were dependent on African communities in the interior for both food and export commodities which they could trade for imported goods (McGowan 1990: 25; Fyfe 1977).

Fig. 1, Parliamentary Grants-in-Aid to Sierra Leone, 1804-1906[2]



Source: Cox-George (1961: 156-60).

However, frequent disputes between settlers and indigenous groups over rights to territory made trade relationships difficult at times. American sociologist Charles Spurgeon Johnson (1989, p. 85), writing after visiting Liberia as part of a League of Nations delegation in the 1930s, described the position as follows: 'There is something fantastic about the spectacle of 12,000 to 15,000 American Liberians, concentrated in six small towns on the coast, presuming to control an area of 43,000 square miles and an unknown native population of about 1.5 million'. Sierra Leone had a larger settler community owing to the addition of the recaptives,

[2] Cox-George notes that it is unclear what share of these funds were allocated to Lagos, the Gold Coast or the Gambia from 1821-74.

but it remained in the minority and it faced similar problems. Some have labelled the expansion of repatriate control over the interior 'black imperialism' (eg Akpan 1973).

Johnson contrasted the position of Liberia with that of neighbouring colonies, noting that 'British and French colonists have found themselves similarly disproportionate, but behind them always has been the inflexible arm of a determined and secure mother country'. This inflexibility included financial support during periods of unrest, during which military expenditures could increase rapidly (Gardner 2012). The large increase in military aid during the Hut Tax War of 1898 and the subsequent years of extending the colonial administration through the Protectorate provides one illustration. The Liberian government obtained no such support after the 1860s, when U.S. interest in West Africa waned, and therefore it had to fund the conquest of the interior from its own slender resources. It did this largely by printing paper money from the 1860s through the remainder of the nineteenth century (Gardner 2013).

Both pacification and expansion of trade required considerable financial resources, whether spent on military resources or the development of infrastructure. The following section examines the different ways in which the colonial administration of Sierra Leone and the government of Liberia coped with these financial demands, focusing particularly on the issue of trade. As this section will show, grants-in-aid were an important contribution to Sierra Leone's finances in the early years, but the most important difference came from differences in access to global capital markets.

3. The 'Empire Effect' and Globalization, 1847-1914

Liberia and Sierra Leone were founded during a period of immense change in West Africa's economic history. Demand from industrializing countries for raw materials and improvements in shipping technology combined during this period 'to utterly transform the nature of the intercontinental trading system' (Findlay and O'Rourke 2007: 378). In West Africa, this transformation was characterized by the rapid increase in cash crop trade, the shift from exporting slaves to their use in domestic production, and – by the end of the century - the steady expansion of European colonial domination (Hopkins 1973). The response of Africans to global economic change during this period remains a central topic in African economic history (eg Austin 2012). Two issues are key: 1) the scope and scale of the trade expansion, and 2) the long-term impact of the nineteenth-century transformation. This section will discuss the first, while the next section will discuss the latter.

In both Liberia and Sierra Leone, increasing trade was a top priority for both the state and for repatriate communities. A substantial number of settlers in both countries had turned to trade for their livelihoods. Some – like, for example, Liberian President Roberts – had brought skills and capital with them. Roberts had operated several trading vessels on the James and Appomattox Rivers before migrating to Liberia from Virginia in 1829, and once in Monrovia had established a prosperous trading business (Henries 1964) Revenue in both was derived largely from trade taxes, a common feature throughout West Africa (Gardner 2012).

The two countries adopted different approaches to expanding trade opportunities in the second half of the nineteenth century. In Sierra Leone, the colonial administration adopted the open trade policy characteristic of British colonial territories. In contrast, Liberia's early commercial policies aimed to protect Liberian traders (Brown 1941: 26). Article V, Section 12 of the constitution mandated that 'No person shall be entitled to hold real estate in this republic unless he be a citizen of the same. Nevertheless, this article shall not be construed to apply to colonisation, missionary, educational, or other benevolent institutions, so long as the property or estate is applied to its legitimate purposes' and also that (in Article V, Section 13) 'the great object of forming these colonies being to provide a home for the dispersed and oppressed children of Africa, none but persons of colour shall be admitted to citizenship in this republic' (Johnston 1906: 203)

The success of either of these policies in increasing trade depended largely on overcoming the constraints of geography. Sierra Leone had been more successful than Liberia during the nineteenth century in building trade with the interior. Nevertheless transport costs limited export production to a narrow band along the coast. Reducing high transport costs required costly investments in infrastructure, which in most African countries could only be undertaken by the state. Outside the mining areas of Southern Africa, private investors took little interest in the continent (Cain and Hopkins 2001: 566). The position of the Liberian government was summarized by Johnson (1989: 98):

> The government needed money to extend its public works and exploit the fringes of its rich hinterland through trade, the principal interest of the new citizens, apart from government itself…The state had little or no credit, except on its customs, and these collections were indifferently organized. The natural resources of the country were there, but the government was in the vicious circle of first needing money to develop these resources before these could be used as security for loans of larger sums of money. Unable to exploit the hinterland unaided, it nevertheless opposed concessions to more experienced European and American concerns.

This was also the position of Sierra Leone and other British colonies. However, imperial connections may have facilitated access to capital. A recent debate in the literature on the history of sovereign debt in peripheral countries before 1914 has highlighted that colonies often borrowed at lower interest rates than independent countries on the periphery. This difference was first illustrated by Davis and Huttenback (1986), who argued the reduced interest rates provided by imperial guarantees of colonial loans constituted the second-largest 'subsidy' of empire (after defence). More recent work has returned to this question, using more sophisticated methodology than that of Davis and Huttenback, with varied results. Obstfeld and Taylor (2003) find that colonies received no preferential access to the London capital market before 1914. However, Ferguson and Schularick (2006: 284) do identify what they refer to as an 'empire effect', and argue that it 'reflected the confidence of investors that British-governed countries would maintain sound fiscal, monetary, and trade policies', and that British rule 'may have reduced the endemic contract enforcement problems associated with cross-border lending'. Reconciling these two conflicting results, Accominotti et al (2011) find a smaller 'empire effect', which they attribute not to the expected behaviour of local managers but to the fact that colonial status effectively removed default risk because investors assumed that the British government would step in to ensure obligations were met.

Comparing Sierra Leone and Liberia sheds light on the workings of the so-called 'empire effect' at a micro level. In 1871, both countries sought loans on the London capital market. Liberia raised a loan of £100,000, while Sierra Leone raised half that amount. Accominotti et al (2011) note that the removal of the default effect risked colonies borrowing excessively. This tendency was countered by strict control by the Treasury over the amounts colonies borrowed. Davis and Huttenback (1986: 168) observe that 'even after 1900, there are few instances where it permitted a colony to borrow any sum unless the object of the loan appeared productive enough to support both interest charges and eventual repayment'.

From a local perspective, the most importance difference between these two loans was not the terms on which they were issued but the fact that there was a considerable difference in the impact of the loan funds. Table 1 shows the allocation of the Sierra Leone public works loan in the four years following its issue. Some caution should be used in interpreting these figures. Contemporaries reported numerous problems with Sierra Leone's accounts, owing particularly to high mortality rates among white officers in the colonial Treasury. In 1876 the Colonial Office wrote to the Treasury with regard to Sierra Leone's reported account that 'it is a matter of utmost difficulty to extract from them any data as to the financial condition of the Settlements which can be considered as really accurate and trustworthy' (Colonial Office 1877: 7). With regard to the 1871 loan, the Colonial Office complained to the colonial administration that the statements of expenditure sent from Freetown did not agree with those kept by the Crown Agents for the colonies, shown above (Colonial Office 1875, p. 20).

Table 1 Allocation of expenditure (Sierra Leone Public Works loan) 1871-1874

Head of Service	1871 (£,s,d)	1872	1873	1874	TOTAL
Salary, European mechanics	-	-	9 15 0	66 2 2	75 17 2
Harbour works expenses	3,000 0 0	3,000 0 0	4,500 0 0	6,000 0 0	16,500 0 0
General service, colony	-	11,500 0 0	2,000 0 0	4,000 0 0	17,500 0 0
Interest	741 0 0	1431 0 0	2277 0 0	3009 0 0	7458 0 0
Sinking fund	-	750 0 0	750 0 0	1,000 0 0	2,500 0 0
Articles supplied	1,081 12 4	221 18 6	891 14 5	949 18 6	3145 3 9
Allowances, wives of mechanics	-	272 0 0	133 4 8	370 0 0	775 4 8
Advances on account of salary	62 10 0	20 0 0	40 0 0	87 10 0	210 0 0
Passage &c of mechanics	8 18 0	160 8 8	223 4 0	92 17 0	485 7 8
Various services	283 6 4	89 2 1	404 14 4	1031 8 0	1758 10 9
Brokerage and Commission	126 17 6	3 15 0	5 12 6	132 10 0	268 15 0
Printing, advertising, &c	82 15 10	12 13 6	56 14 2	2 15 0	154 18 6
Estate of deceased mechanics	-	-	81 4 0	35 8 9	116 12 9
TOTAL	5387 0 0	17410 17 9	11,373 3 1	16,777 9 5	50,948 10 3

Source: Colonial Secretary to the Chief Justice, 19 April 1875, in Colonial Office (1877*), Correspondence respecting the Financial Condition of Colonies of Sierra Leone, Gambia and St Helena*, London: HMSO, p. 16 (Additional correspondence).

The discrepancies in Sierra Leone's accounts were, however, minor in comparison with the position in Liberia. No such account as shown in Table 1 exists for Liberia's loan in the same year. Following the return from London of President Roye, who had negotiated Liberia's loan, he issued a proclamation extending his term of office by two years. While the principle of extending the president's term was supported by many Americo-Liberians, Roye's unilateral declaration was not, and by the end of the year he had become of the victim of Liberia's first coup d'etat (Dunn 2009: 13). Contemporary accounts of subsequent events vary, but most agree that Roye escaped imprisonment with a substantial share of the remaining proceeds. According to some reports, he drowned attempting to escape and the funds he was carrying disappeared (Johnston 1906: 261-3).

Mismanagement of loan funds was not the only reason Liberia's first foreign loans failed to translate into improvements in infrastructure. The loans were also expected to help the Liberian government redeem debts incurred at earlier periods, either through cash advances from merchants or through the issue of paper currency which needed to be redeemed (Gardner 2013). The small share of the loan which reached the Treasury was insufficient to do even that, leaving nothing for the improvement of public works.

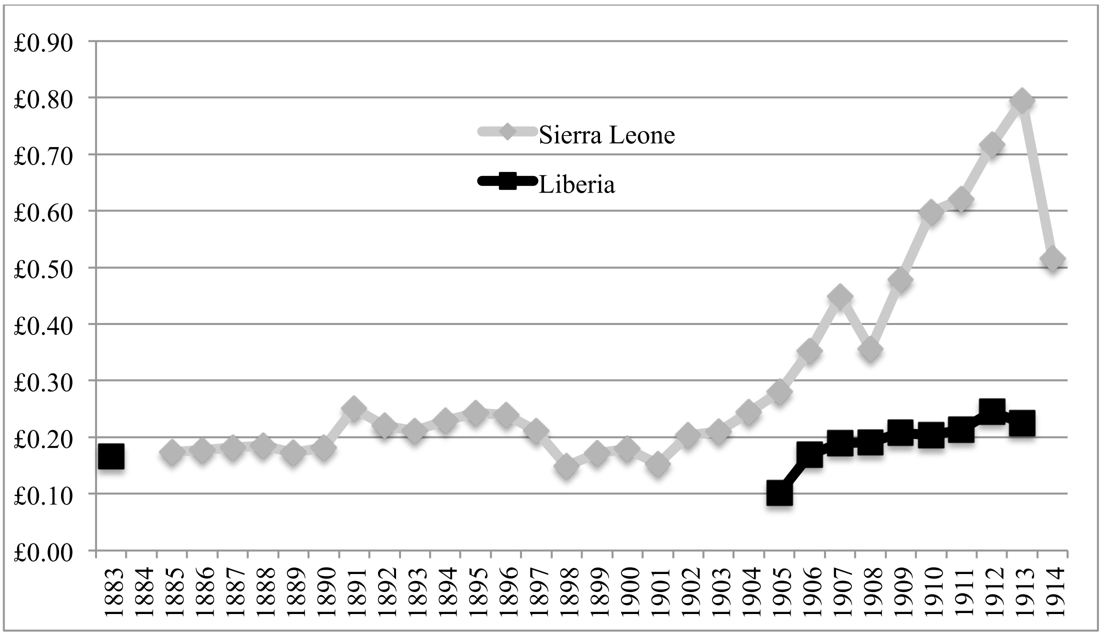
After it defaulted on the 1871 loan, the Liberian government was unable to access the international capital market for the rest of the century. In 1899, it renegotiated the terms of the 1871 loan with its creditors in London (Corporation of Foreign Bondholders 1899). However, it did not raise another loan until 1906, when a further loan of £100,000 was raised to repay domestic debt and fund an expansion of public works (Brown 1941: 164). In the meantime, the government was restricted to borrowing small amounts at high (25 to 30 per cent) rates of interest through cash advances from foreign merchants (Johnson 1989: 102).

While the Liberian government remained in default, the government of Sierra Leone raised additional loans in order to expand the country's infrastructure. By 1900, 55 miles of railway had been constructed in Sierra Leone. By 1908, this had increased to 225 miles (Kesner 1981: 120). With the construction of the railway, the volume and value of Sierra Leone's export trade increased dramatically (see Fig 2).

The contrasting tales of the 1871 loan illustrates the ways in which the 'empire effect' could influence the economic development of individual territories. Collier (1991) argues that one of the purposes of such imperial regimes was to act as 'agencies of restraint', which protected public assets from misappropriation, prevented corruption and inflationary money printing and enforced contracts. How they did this requires some explanation. The authority granted to colonial governors was considerable. Cox-George (1961: 24) notes that 'the concentration of so much power and responsibility in one office, albeit an office occupied by transient individuals, renders the system susceptible to all the extravagances or whims and caprices of the constantly changing personnel of that office, who, however, directed by a unidirectional Colonial Office policy, are bound to create instability by colourful and varying personal interpretation of that policy or by putting emphasis now here, now there.'

However, colonial finances were monitored closely by the Treasury and the Colonial Office, and the stewardship of the budget played a major role in the career progression of colonial administrators. At lower levels of the colonial administrations, officials could be held personally liable for missing funds.

Fig. 2 Exports per Capita, Liberia and Sierra Leone, 1883-1914



Source: Calculated from Board of Trade, *Statistical Abstract of the British Empire*, and Statesman's *Yearbook*.

As Cox-George (1961: 25), puts it, the governor 'is appointed by the Colonial Office in London and gets his directives therefrom, and, though he is subjected to no control internally in the Colony, he is to a very considerable extent answerable to and subject to the control of the home government'.

This case shows that the 'empire effect' had several layers. At the level of sovereign debt markets, the assumption of an imperial guarantee reduced the risk perceived by investors, and lowered the cost of borrowing for colonies. At the individual country level, the 'agencies of restraint' imposed by the imperial government on colonial government finances meant the funds could be used for the purpose intended rather than dissipated on the settling of domestic debt or through financial mismanagement.

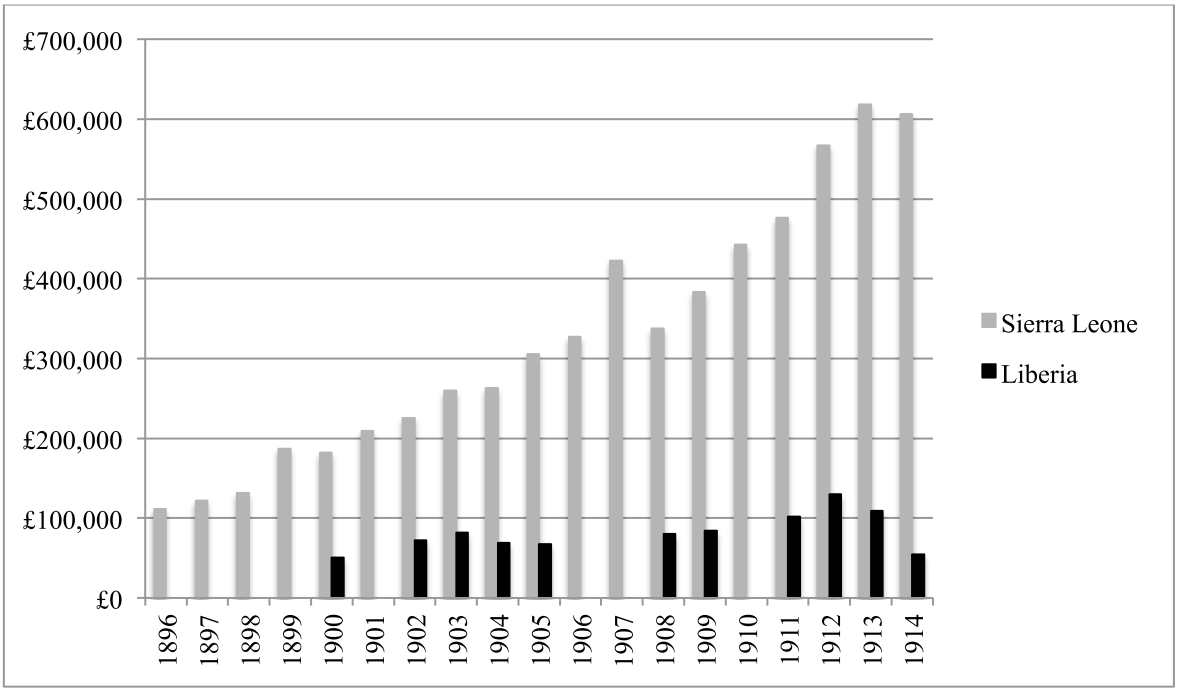
In their comparative study of Haiti and the Dominican Republic, Frankema and Masé argue that Haiti's isolation from world markets was responsible for its comparative underperformance. While Haiti's position was largely linked to political factors, the combination of Liberia's protectionist policies and its financial difficulties served a similar purpose. Resistant to the idea of granting concessions to foreign companies, and unable to access foreign capital markets while it was in default, Liberian export production lagged behind that of its neighbour, which expanded dramatically following the construction of the railway.

4. Gains from trade?

The faster growth of trade in Sierra Leone compared with Liberia appears to support arguments made by 'apologists' for imperialism that colonialism had a stabilizing, positive influence on colonized territories. For such an argument to hold, however, requires that trade booms such as the one experienced by Sierra Leone produced lasting economic gains for colonial territories. Critics of colonial rule have long argued that such gains were appropriated by imperial authorities rather than used to encourage local development. The next two sections will address these questions. This section examines whether the proceeds of Sierra Leone's trade boom were used to build better institutions and human capital, while the following section asks whether empire proved to be a stabilizing influence during the inter-war period.

Owing to the importance of trade taxes in both countries, the size of the international trade was closely related to the amount of public revenue. Figure 3 compares the revenue of Sierra Leone and Liberia from the annexation of the protectorate in 1896 until 1914. It shows that Sierra Leone's treasury gained significantly from the expansion of the export trade. Government revenue – already higher than Liberia's – soared following the introduction of the railway.

Fig. 3 Government Revenue, 1896-1914



Source: As for Fig. 2

Whether this revenue was spent in such a way as to benefit Sierra Leone in the long run is another question. Acemoglu, Johnson and Robinson (2001) have famously labelled colonial states in tropical colonies as 'extractive' states, meaning that they did not establish institutions conducive for future growth. Recent research on colonial public finance has shown that colonial states spent a large share of their revenue administration, principally colonial officials' salaries which were based on British rather than local standards (Gardner 2012). Infrastructure was another major item of expenditure, but it was not always built to serve the economic interests of the colony. Jedwab and Moradi (2012) note that the ability to move troops to particular region was another major reason for the construction of railways.

Colonial governments before 1945 spent little on social services (Gardner 2012). One area in which colonial governments notoriously under-invested was education. Different colonial regimes used a variety of strategies in the provision of education, mainly aimed at lowering the cost. Frankema (2012) argues that the comparatively generous provision of education made by British colonies (as compared to their French counterparts) was not the result of any particularly enlightened policy on the part of the imperial government, but rather of greater openness to missionary activity, which allowed educational provision to expand without greater commitments by the colonial treasury.

Liberia and Sierra Leone were both in some ways early leaders in the area of African education. Sierra Leone was called the 'Athens of West Africa' during the nineteenth century owing the quality of its schools. It was home to the first tertiary institution in sub-Saharan Africa, Fourah Bay College, founded by the Church Missionary Society in 1827 (Livingston 1976: 252). During the nineteenth century, the coastal Colony achieved impressively high primary school enrolment rates of 60 to 80 per cent during the second half of the nineteenth century (Frankema 2012: 340). The second tertiary institution in sub-Saharan Africa, Liberia College, was established in Monrovia in 1862 (Livingston 1976: 250). Liberian leaders also took a progressive view towards the provision of education. In 1860, future president James Spriggs Payne proposed that Liberia should establish night schools, reading rooms and encourage the circulation of periodicals as a means of generating 'intelligence' among the population (Payne 1860: 52-3).

By the twentieth century, however, neither fared particularly well in the provision of education. In 1938, Liberia's primary school enrolment rate was six per cent, as compared with five per cent in Sierra Leone (Frankema 2012: supplementary table A2). These were not the lowest enrolment rates in sub-Saharan Africa. Some Portuguese colonies such as Angola, and independent Ethiopia, had enrolment rates of just one per cent. However, they were close to the bottom – nearer the average for French colonies of 5.4 per cent than the British average of 18.2 per cent.

Two things are worth noting here. One is that, despite its fiscal advantages, Sierra Leone fared slightly worse than Liberia in terms of the provision of education. This suggests that the proceeds of its trade boom were being spent elsewhere. As Frankema (2012) observes, a large share of Sierra Leone's schools were operated by missionaries. In 1929, only 12 of 204 primary schools in the Colony and Protectorate were government schools (*Blue Book* 1929). Government schools enrolled 994 students as compared with 12,802 in mission primary schools. Mission schools were also important in Liberia, but state schools were a larger share of the total. Of the 127 schools operating in Liberia in 1929, 64 were government schools and 63 were mission schools. Mission schools enrolled 5,360 students as compared with 3552 in government schools (*Statesman's Yearbook* 1929). Disaggregated budgets for Liberia are difficult to obtain, but this suggests that the Liberian government spent more of its smaller resource base on education than the colonial administration of Sierra Leone.

Total enrolment figures only tell part of the story. In both Liberia and Sierra Leone, educational provision was concentrated on the coast. Frankema (2012: 344-5) compares Sierra Leone with Uganda and finds that the latter had far more schools in the interior, despite the later introduction of Christian missions and the higher expenditure per pupil in Sierra Leone. The same was true in Liberia. Liberia College was a purely coastal affair, which had limited impact outside the Americo-Liberian community (Livingston 1976)

Such inequality in the provision of education is not unusual in colonial Africa. It was particularly characteristic of settler colonies. Acemoglu, Johnson and Robinson (2001) argue that settler colonies generally have better institutions, because settlers imported institutions from more developed European economies. However, their argument fits awkwardly with the settler colonies of the tropics, where settlers were in the minority. Bowden, Chiripanhura and Mosley (2008) argue that such settler colonies were, in fact, more 'extractive', in that colonial administrations in settler colonies used tax revenue paid largely by Africans to fund services which largely benefited settlers.

Sierra Leone is not generally classified amongst Africa's settler colonies. In his classic work on settler economies, Mosley (1983: 7) lists as possible contenders only those colonies where white settlers were present (eg Kenya, Southern Rhodesia, South Africa, Swaziland, Bechuanaland, Northern Rhodesia, Angola, Mozambique and the Belgian Congo). However, there are similarities between Sierra Leone and Liberia, on the one hand, and settler colonies on the other. Livingston (1976: 259) argues with reference to the settlers in Liberia that 'the color of their skins made it all the more important for them to stress the social distance between themselves and the local Africans; that they were not obviously physically different accentuated the fear, shared by other colonial communities, of being submerged in what was to them a barbarous and heathen society'.

One way in which Mosley defines settler economies is by political representation. Indigenous Africans had very limited political voice in both Liberia and Sierra Leone. Separate administrative structures were established for coastal and interior regions. Under the unified administration established in 1924 in Sierra Leone, a Legislative Council was created with power over both the Colony and Protectorate of Sierra Leone. It had 22 members, of which only 3 were required to be Paramount Chiefs of the Protectorate (Cox-George 1961: 18). In Liberia, the coastal settlements sent Senators and Representatives to the Legislature in Monrovia, while interior provinces were governed directly by commissioners appointed by Monrovia. The interior was not fully integrated into the Liberian political system until after the second World War (Clapham 1976: 8-9). It is therefore not surprising that both territories – colonial or not – should exhibit some of the same tendencies as settler colonies elsewhere in the allocation of public resources.

5. Colonialism and De-globalization, 1914-38

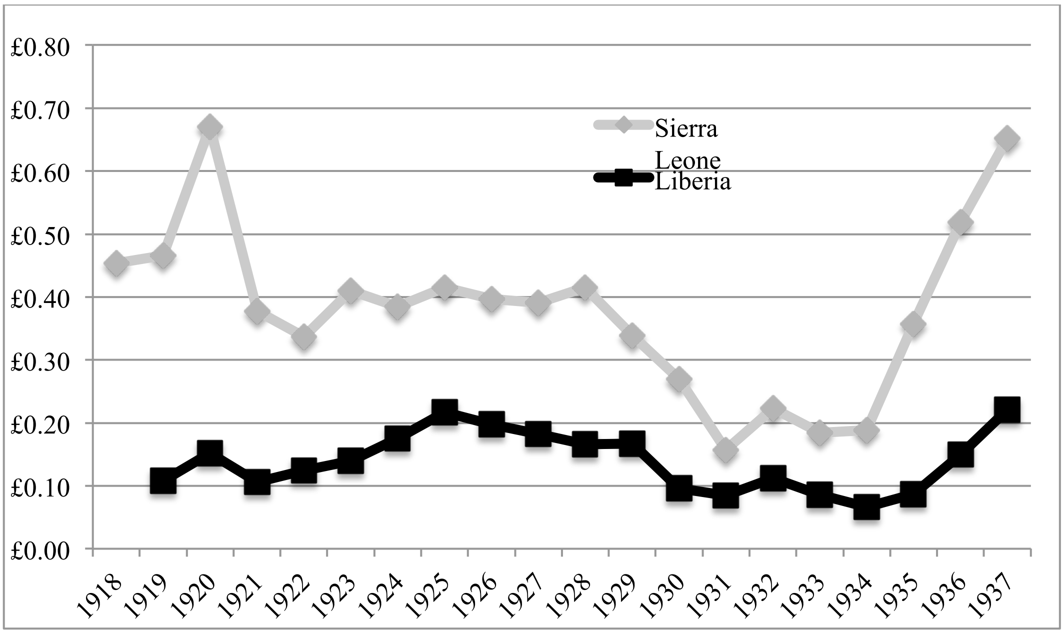
This allocation became particularly important during the turmoil of the inter-war period. If globalization in the period up to World War I offered opportunities for peripheral economies, the risks that came with those opportunities became apparent with the outbreak of World War I and during the tumultuous decades that followed. Starting with the disruption in trade during World War I, followed by volatility in commodity prices during the 1920s and 1930s, this period illustrated the vulnerability of peripheral economies to global economic change (Munro 1976: 119-22). Hopkins (1973) observes that during this period, the terms of trade moved against West African economies, with severe consequences for both producers and states.

This was equally true for independent countries like Liberia as it was for colonies like Sierra Leone. To what extent did it benefit peripheral economies to be part of an empire during this period? Figure 4 gives per capita exports for both Liberia and Sierra Leone during the inter-war period. Sierra Leone suffered the larger collapse in trade, with per capita exports falling back to late nineteenth century levels. Liberia's trade also declined to the same level, though its more limited growth up to 1914 made the collapse less dramatic. It does not seem, therefore, that imperial connections shielded Sierra Leone from a collapse in the value of its trade. However, Sierra Leone began to recover from the downturn slightly earlier than Liberia, and its trade expanded faster.

Whether or not Sierra Leone's imperial connections were what triggered is earlier and faster recovery is difficult to say for sure. Colonial rule had a range of effects during the inter-war period, both good and bad. Obstfeld and Taylor (2003: 264) claim that colonial territories had an advantage in borrowing costs during the inter-war period, although they find no 'empire effect' before 1914. It may be argued that during the 'deglobalization' of the 1920s and 1930s, access to imperial markets more generally may have provided a source of stability and continued demand for colonial producers, thus easing the effects of the crisis. On the other hand, it is argued that policies undertaken by imperial governments during the period ostensibly intended to aid colonial development actually served metropolitan interests. The passage of the 1929 Colonial Development Act, for example, provided funds for colonial development projects but required that such funds be spent on manufactures from the UK in an effort to boost British exports (Constantine 1984).

Another example is the debate about imperial tariff preference. During the inter-war period, the British Empire followed others in abandoning its commitment to free trade in favour of a system of preferential tariffs. Though not formally introduced until 1932, imperial preferences were long in the making. Offer (1989) argues that the Empire played a crucial role in the supply of food and other raw materials to British forces during World War I, which highlighted the potential value of imperial links to the metropole. The economic hardship that followed the war provided a further incentive to the British government to strengthen economic ties with its dependent territories (Havinden and Meredith 1993: 132-9).

Fig. 4 Per capita exports, 1918-38 (constant £)



Sources: As for Fig. 2

Britain's gradual shift towards imperial preference had a profound impact on Liberia. The British embargo of rubber exports during World War I had prompted American tyre manufacturers to seek alternative supplies of rubber. Further impetus was provided by the Stevenson Plan of 1922, which introduced export quotas in Malaya and Ceylon (French 1987: 66-7). Harvey Firestone, of the Firestone Rubber Company, viewed the Stevenson Act as 'a threat to the industry's supply of rubber', and took steps to secure alternative supplies from Liberia (Chalk 1967: 14-16). Following the trade depression of World War I, during which Liberia's finances had reached dire straights, Liberia was in search of funds from overseas. A proposed loan guaranteed by the U.S. government was voted down by the U.S. House of Representatives in 1920 amidst new opposition to 'dollar diplomacy' (Rosenberg 2007: 120). Firestone provided an alternative source of funds. In return for a loan of U.S. $5,000,000, Firestone obtained a 99-year lease on an experimental rubber plantation near Monrovia, a 99-

year lease on a million acres to be used for rubber production (U.S. Department of State 1941: 3-5). By the 1930s, rubber had become Liberia's most important export.

The effect on British colonies was more gradual. The first preferential tariffs were introduced by the 1919 Finance Act, which applied preferential tariffs to commodities already subject to import duties. Four years later, the Imperial Economic Conference resolved that 'in present circumstances, all possible means should be taken to develop the resources of the Empire and trade between the Empire countries' (Russell 1947: 16-22). Preference was extended more broadly in the 1932 Ottawa Agreements, which increased the level of preference granted to British goods by the Dominions and reduced Dominion tariff duties. The Ottawa agreements were accompanied by a 'slew of other legislation in 1931, which expanded powers to impose tariffs on imports and moved Britain's tariff policy decisively away' from free trade (Gardner 2012: 86).

Hopkins (1973: 285) argues that imperial preference was 'inspired primarily by a desire to safeguard the interests of the colonial powers'. The effect of imperial preference on colonies like Sierra Leone is equally difficult to determine. Sierra Leone went beyond the requirements of British legislation to introduce even more restrictive duties on foreign imported goods. Cox-George (1961: 284) argues that these duties benefitted the metropole more than the colony and protectorate. The principal effects of imperial preference

The loss of public revenue during the Depression hit colonial budgets hard. Unlike during the pre-war period, the British government was less willing to come to the aid of colonies facing budget deficits. Under the constraints of colonial fiscal systems, administrations could only cope with revenue downturns by drawing on earlier surplus balances and cutting expenditure. After increases in spending on infrastructure and, for the first time, social services during the 1920s, budgets were cut to a bare minimum during the 1930s (Gardner 2012). In Sierra Leone's case, reductions in spending were achieved through 'drastic curtailments of public works', with the consequent unemployment of African labourers (Cox-George 1961: 289-90).

Independence, and therefore the lack of such restrictions, provided some benefits during this period. Debt servicing had by this point become a major item of expenditure in the budgets of many African countries, including Liberia and Sierra Leone. In 1932, Liberia was able to do what colonial governments could not – suspend payments on its foreign debt. As a result, Liberia enjoyed a budget surplus in 1933, contrasting sharply with the deficits of previous years which had reached nearly half of total revenue (U.S. Department of State 1932: 790-1).

6. Conclusions

After World War II, Liberia and Sierra Leone experienced a reversal of fortune in terms of the scale of export production and national income. In 1960, Liberia' s per capita GDP was $1,230 (1990 international dollars), while Sierra Leone's was just $856 (Maddison 2010). Contemporaries attributed Liberia's post-war growth to a combination of the 'open door' policy introduced by President Tubman from 1944, and American investment during and after the war (Marinelli 1964). Liberia's adoption of the U.S. dollar in 1943 also shielded it from the implications of post-war devaluations of sterling.

Ironically, Liberia's post-war growth occurred under conditions similar to those that characterized Sierra Leone's pre-war trade expansion. The open door policy in many ways represented a reversal of Liberia's earlier policies, which aimed to protect Liberian traders and limit the influence of foreign investors. Miller and Carter (1972: 113) describe the Liberian economy of the 1970s as a 'modern dual economy', one which Liberia 'solicited and got'.

> 'It has been often commented upon – perhaps facetiously – that Liberia's problem has been that she never had the advantages of colonialism. But since 1944… she has been

> "enjoying" the advantages of colonialism. For the last 27 years, Liberia has been exchanging her resources – notably rubber and, more recently, several massive mountains of iron ore – for some roads, schools, clinics, public buildings, and individual fortunes.'

As in the case of Sierra Leone's pre-war trade boom, the longer-term benefits of this growth were questionable. The profits of this trade accrued largely to foreign companies and there was little economic diversification.

Meanwhile, in both Liberia and Sierra Leone, the division between the descendants of repatriates and indigenous communities left a long shadow, shaping political relationships into the late twentieth century, when divisions exploded into two of Africa's most infamous civil wars. Both experienced a substantial decline in per capita GDP during the 1990s, and today remain two of the poorest countries in sub-Saharan Africa.

Comparing the development of the two freed slave colonies over time illustrates the nuanced effects of colonial rule often missed by the larger-scale studies of the causal history literature. It illustrates that while the 'empire effect' may have facilitated the expansion of trade during the late nineteenth and early twentieth centuries, the expansion of trade did not necessarily provide the foundations for sustained development. Additionally, colonial rule provided little or no cushion against the blows of the inter-war period. Further, political independence offered options not available to colonies, such as the suspension of debt payments or the earlier shift towards the U.S, from which Liberia gained. It may be argued that the presence of the settler communities in both might make them less comparable with other African countries during the period. However, parallels with the challenges of state-building faced by Liberia and Sierra Leone can be found elsewhere. Liebenow (1969: 24) draws a comparison between Americo-Liberians and the Zulu, or the Amharic-speaking peoples of Ethiopia. 'In each of these instances, a group which was basically internal to the continent had extended its political, economic and social control over its less-powerful indigenous neighbours.'

Adding the story of independent countries like Liberia provides a rare opportunity to assess the opportunities and constraints facing African economies in the absence of colonial rule before the 1960s. These constraints changed over time, and the impacts of colonial rule were different in the inter-war and post-war periods than they were before World War I. Further, it highlights that the shades of grey between colonial rule and independence – referred to as 'informal empire', were also important in shaping development patterns.

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