

*The  
Economic Development  
of the  
British Overseas Empire*

By

L. C. A. KNOWLES

*M.A., LL.M. (Cantab.), Litt.D., Trinity College, Dublin*

*Lecturer at the London School of Economics*

*Professor of Economic History in the University of London*

LONDON

GEORGE ROUTLEDGE & SONS, LTD.

BROADWAY HOUSE : 68-74 CARTER LANE, E.C.

1924

*TO*  
*C. M. KNOWLES*

## PREFACE

THE remarkable economic achievements within the Empire during the past century have remained largely unknown because no one could at present obtain even a nodding acquaintance with the subject who has not got access to certain large libraries.

A great deal has been written about self-government, but very little about the hacking down of the forest or the sheep rearing or the gold mining which made Canada, Australia, and South Africa into world factors and which provided the necessary money for self-government and alone made it possible. Volumes have appeared about the military exploits in India, but very little about the struggle with the overwhelming forces of nature which took shape in the unromantic guise of "Public Works". Yet the railways and irrigation works transformed our greatest dependency, conquered famine, and created a nationality.

The fierce duel between man and the insect, in which man is beginning to win, and the struggle between the engineer and the stupendous obstacles arrayed against him have altered all colonial values. Regions previously impenetrable are now opened by railways; products, previously non-transferable, are in daily use in our kitchens. Deserts and prairies have been turned into corn-lands, and British bread is made sometimes of wheat from the great canal colonies of the Punjab and sometimes from wheat grown near the snow-line of the Arctic. It is often spread with margarine made from palm-kernels of Nigeria, or from the coco-nuts of Ceylon, or with genuine butter from Australia or New Zealand. And yet the story of the effort and organization necessary to grow, sell, transport, and pay for these products, brought from all over the world, has never been told.

Of all humanitarian movements the suppression of the slave trade has been the most remarkable. Immense sacrifices of men and money were made to accomplish this, and yet it was never really effective till the railways provided an alternative form of transport to the slave carrier. The history of this again is unwritten.

Most people are aware of the emigration from the United Kingdom which gave an English impress to parts of three continents. Few people, however, seem to realize how important a part both Indian and Chinese emigrants have played in the development of the Empire, although the King rules over a miniature Chinese Empire in Malaya and a miniature Indian Empire in the West Indies. There have been, in fact, in the past century three mother countries of the British Empire, i.e. the United Kingdom, India, and China, but the story of the two last is at present buried in numerous reports. I have attempted to set down the outlines of these things in the following pages.

If the British people are to understand the colonial point of view, and if they are faithfully to discharge their trust with regard to the millions of coloured races under their rule, it is essential that they should know something of the economic history of the various parts of the Empire. Practically all history in new countries is economic history, and people never move very far from their history in one generation. Tradition is very strong, changes are cumulative and usually slow. Forms of government may alter, but people do not take rapid jumps in economic matters. It is evolution, not revolution, that the economic historian chronicles.

One fact emerged as I worked at the subject and that was the enormous and growing importance of the British Tropics. Leaving out India, they have in themselves become almost a new Empire within the last forty years, and it was borne in upon me that the race that controls the Tropics will control the most important economic resources of the world in the coming century. Hence it is desirable for Englishmen to know something about the history of their tropical possessions.

Accordingly I have divided the two volumes into three parts, the first of which deals with the Empire as a whole and the second with the Tropics and Sub-tropics. These are contained in the present volume. The third part, in which will be found a sketch of the economic histories of Canada, Australia, New Zealand, the Union of South Africa, and Rhodesia, comprises the second volume, that is to say, the first volume envisages the development of the primitive and mediæval worlds within the British Empire and the second the economic history of the modern nations of European origin.

In surveying the economic development of the British Tropics I have dealt with their problems from a comparative standpoint, partly because it has enabled me to bring out the similarity of tropical questions in countries which vary so widely and partly because I was thereby enabled to stress some of the salient and economic features of those tropical regions which I have not been able to treat in detail. During the past century India was, from the economic point of view, the most important part of the Overseas Empire, and she still occupies that position if one regards the figures of her trade, population, and resources. I have, therefore, dealt with her economic history at some length, as serious economic histories of India in the nineteenth century are conspicuous by their absence.

In my second volume, which is already partly written, I have pursued the same plan, that is, I have preceded the history of each particular Dominion with a comparative study of the problems of them all in order to bring out their similarities and divergencies, for it is an article of my faith that all modern economic history should be treated on comparative lines. No country can now live to itself. I have reserved for the second volume the history of emigration and preferential commercial relations, as in the past century they mainly affected the self-governing regions. I have also deferred the bibliography to the end of the second volume.

These books really owe their origin to the fact that the University of London, with its usual initiative, broke new ground when it made the Economic Development of the British Empire into a compulsory subject for its Bachelor of Commerce degree. It fell to my lot to lecture on the Economic Development of the Empire at the London School of Economics and I found my task almost hopeless in the absence of books that could be given to my students.

When asked by the University Commerce Bureau to draw up a short list of books on the subject for the guidance of the external student, I found that in the smallest list I could produce there were references to parts of no less than seventy books, reports, and articles; and this by no means covered the ground. Most of them were out of print.

As I became immersed in the economic history of the Empire I remembered a saying of my great master,

Dr. Cunningham, "If you want a subject to live you must write a textbook for it." By this he meant that someone must first map out the land and then the details would get filled in by special studies and the book itself would be contradicted and amplified and so the subject would grow. Such a book covering the general ground I have now tried to provide. I am hopeful that the intensive study of particular parts of the Empire may sooner or later be undertaken by my students and others. For example, Mr. McPhee, one of my research students, is writing his thesis for the Ph.D. on the Economic History of British West Africa in the last half-century. But the field is boundless, and I can promise those who enter it that they will not have one dull hour. It is a tale of new worlds in the making.

The chief difficulty of the work has lain in the scattered and patchy nature of the material and the fact that the economic history of most regions is absolutely unwritten. Those who know so rarely condescend to write. Hence I have quoted freely from articles and speeches which I considered would be inaccessible to those who could not consult a large library. If the distinguished colonial official has not died of the climate or the change to England, he is often too sick of the Tropics to tell their story, involving as it does an account of his own achievements. If only each retiring governor would set down a perfectly unvarnished non-tactful account of the country as he found it and left it, explaining the problem as he saw it and his real opinion of the Colonial Office, the merchants, and the British public, the task of the mere professor would be both pleasant and profitable. The Dominions seem at present too busy making economic history to find time to write it. If only some of the Colonial universities would devote their energies to collecting material for their economic history, they would preserve much valuable material which will soon disappear. The original pioneer with his endless story of hardship is a boring person to listen to, with his animadversions on the slackness and sloth and deterioration of the present generation, but he is an admirable historical document for anyone who can separate with discrimination fact from fiction.

In a book which ranges from slavery to Factory Acts, from cold storage to ticks and mosquitoes, from peasant cultures to plantation products, from bush paths to railways, there are bound to be many gaps. I shall be grateful to anyone who fills them.

After all, one of the most important parts of the British Empire is Great Britain itself. The economic changes in the Overseas Empire cannot be properly understood unless the corresponding development at the centre is grasped. I have, therefore, tried to make these volumes fit into the story as told in my "Industrial and Commercial Revolutions in Great Britain in the Nineteenth Century".

It is a pleasant task to acknowledge something of what I owe to my colleagues and others. In every case where I have asked for help it has been given in full measure, pressed down and running over. Those I have consulted have gone out of their way, and have given themselves endless trouble to elucidate any point on which I consulted them. I regret for their sakes, even more than for my own, that the book is not a better monument to their kindness. In any case my errors are due entirely to myself, that there are not more is due to my friends.

I must, however, especially acknowledge my indebtedness to my Chief, Sir William Beveridge, Director of the London School of Economics, who read over my manuscript in its earliest stages and by his valuable criticism caused me to alter my conception of the whole book.

Mrs. Ormsby, of the Department of Geography, who also toiled through a large portion of the manuscript, has kept me straight on many matters on which she is an expert.

Mrs. Anstey, of my own Department, has on many occasions placed her special knowledge of the economic side of Indian development at my disposal.

Mr. Stephenson has been a mine of information on his own important subject of railways, but, unlike most mines, there has been no difficulty in working it.

Mr. Brown, of the Statistical Department, has kindly drawn up the table on the population, extent, and trade of various parts of the Empire to be found in the Appendix. Thus there is "division of labour" at the London School of Economics.

To Sir John Cumming, Mr. W. H. Moreland, Sir Charles Lucas, Sir Frederick Lugard, the late Sir Sydney Russell Wells, Mrs. George, Professor Gutteridge, Professor Sargent, and many others I owe my most grateful thanks for help on special points. I am much indebted also to Miss Blackburn for her careful and accurate typing from the roughest drafts submitted to her. Without Mr. Headicar and the Library Staff of the London School of Economics my task

would have been far more difficult. In their unwearied search after Colonial and Indian reports about which I could only give vague directions, but which they nevertheless invariably produced, they brought many other authorities to my notice of which I was ignorant. I have also much appreciated their zeal in keeping me informed of new publications on the subject.

L. C. A. KNOWLES.

KILLAGORDEN,  
TRURO, CORNWALL.



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## NOTE

*The companion volume to the present book will contain (1) A Comparison of the Economic Development of the Self-Governing Areas, (2) The Economic Evolution of Canada and Newfoundland, Australia and New Zealand, Union of South Africa, and Rhodesia.*

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BOOK ONE  
THE EMPIRE AS A WHOLE



## BOOK ONE

### SYNOPSIS OF PART ONE

#### ECONOMIC STAGES IN THE DEVELOPMENT OF THE OVERSEAS EMPIRE

##### I. *An Empire of Outposts, 1598-1763.*

(a) Trading expansion in the East and West Indies, and in West Africa for slaves.

(b) Racial expansion in North America.

(c) Policy determined by mercantilist theories. Trade and shipping restrictions in return for defence and preferences.

##### II. *Continental inland expansion, 1763-1870.*

Quebec, 1763; Bengal, 1765; Loss of the United States, 1783; Inland penetration by loyalists from the United States by the St. Lawrence, 1783 (Ontario); New South Wales, founded 1788; Inland penetration, 1813.

Commodity regions needing transport, Canada and India; Railways, 1850 India, 1852 Canada; Pastoral regions with self-conveying animals; Australia and the Union of South Africa; Railways late.

Impetus to inland penetration; the industrial revolution in England and demand for wool and gold. Policy; self-government to racial colonies from 1847; free trade and no preferences; unpopularity of colonies.

##### III. *The British Empire as a world power, 1870 to present day.*

(a) New characteristics; Colonial nationalism; tropical expansion among primitive peoples; constructive imperialism.

(b) Events introducing new colonial era ; Federation of Canada, 1867-71 ; Suez Canal, 1869 ; Defeat of France by Germany, 1870.

(c) Economic factors revolutionizing imperial development.

(1) *Railways, Steamships, and Telegraphs*

(a) Railways meant cheap long distance transport ; Importance of cheap steel ; Defiance of such hindrances to penetration as insects, rapids, seasonal climatic disturbances, mountains, and deserts.

(b) Steamships ; compound engines, surface condenser, mechanical appliances at docks, larger ships meant fall in freights ; Specially important to remote places. Liners and emigrants. Small traders and parcels traffic.

(c) Telegraphs ; Transactions shortened business less speculative, intermediaries eliminated.

(2) *Cold Storage*

Refrigeration made carcasses valuable, also dairy products, improved health ; beginning of industrial enterprise in freezing works ; Tinned foods.

(3) *Scientific Discoveries*

(a) Scientific agriculture.

(b) Campaign against the insect pests of man and plants.

(c) Tropical medicine ; Blood-sucking insects and inoculation ; Importance to the efficiency of man and animals.

(4) *Mobilization of Capital for Investment in Colonial undertakings*

(a) by Companies. Limited liability, 1855-62 ; Investment in planting enterprises, wool, diamond, and gold mines, timber, tin, and other base metals ; Banks financed the great crop movements.

(b) by Colonial Governments.

(5) *Effects of the Industrial Revolution*

(a) The creation of wealth which could be invested in overseas enterprises.

(b) New demand for raw material.

(c) Greater demand by a growing and prosperous people for food and amenities, e.g. rubber for bicycle tyres.

(6) *Colonial Nationalism*

(a) The importance of the 'eighties.

Canadian Pacific Railway opened 1886, Gold mining in the Transvaal 1886, Cold storage 1882, First Colonial Conference 1887. Four chartered companies formed.

(b) The importance of Colonial federation in the development of national policy.

Canada 1867-71, Australia 1900, South Africa 1910.

(7) *The new Tropics and Primitive Peoples*

(a) Africa ; West, Central, East, and South ; Nigeria (chartered company), Ashanti and Northern Territories, Rhodesia (chartered company), Nyasaland, Uganda, and East Africa (Kenya) (chartered company), the Sudan, and Somaliland.

(b) Malaya including British North Borneo (chartered company).

(c) Polynesia.

(8) *Constructive Imperialism*

(a) Economic Alliance. Loans, postage, cables, preferences, conferences, income-tax reductions, trade commissioners, Imperial shipping board, common action against diseases and pests.

(b) Trusteeship. New government policy of tropical development and new attitude towards primitive peoples.

Stages of economic development ; the manor, the town, the nation, the Empire.



## PART ONE

### ECONOMIC STAGES IN THE DEVELOPMENT OF THE OVERSEAS EMPIRE

THE British Empire at the present day is the most extraordinarily varied unit in history. It comprises a quarter of the globe and over 200 separate items.<sup>1</sup> The ancient or primitive world is represented in its tropical possessions, the mediæval world in India, and the modern world in the self-governing colonies. In climate it ranges from the Arctic in Canada to the Tropics, and touches the fringe of the Antarctic in the Falkland Islands and in New Zealand, and includes  $1\frac{1}{2}$  million square miles of the Antarctic mainland itself. It includes parts of three great habitable continents and the whole of a fourth—Australia—which alone in area is larger than the United States. It also includes a circle of islands round the globe and another great string of islands stretching down from the Malay Peninsula through the Pacific, one of which, New Guinea, is so large that it is almost a fifth continent. It has great island outposts off the coast of America in the West Indies, and off the east coast of Africa, in Mauritius and other islands. It is composed of the most amazing variety of peoples—Europeans, Eskimos, Red Indians, Arabs, Negroes, Melanesians, Polynesians, while the largest number of Chinese outside China and Siam are under the British flag. In India alone 222 distinct vernaculars were included in the last Census. The British Empire is the largest Mohammedan power, and contains members of almost every other religion: Hindus, Buddhists, Confucians, Animists, ancestor-worshippers, sun-worshippers, fetish-worshippers, Jews, Mormons, and almost every sect of Christian.<sup>2</sup>

<sup>1</sup> See *Colonial Office List* or Grant Robertson's *Historical Atlas of the British Empire*, pp. 7-10.

<sup>2</sup> The form of religious belief is supremely important to the economic historian since religion or its tradition moulds the man and reacts on his whole economic life.