Growth and inequality in a bimodal colony - a dialectic interpretation of Southern Rhodesia

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Abstract: The impact of colonial institutions for long-run development has recently attracted increased attention. A centerpiece in the debate is the extent to which those institutions impeded or facilitated long-term economic development and scholars commonly distinguish between settler and non-settler colonies. In this paper we claim that level and type of inequality mattered more than the origin of the population. We build on the received wisdom of how institutions structuring inequality interacts with growth. However, we make an attempt to apply those insights on the typically ignored patterns of change taking place in an inequality-prone bimodal setting. Although we agree with the conventional view that bimodal colonies are less likely to generate development, we cannot assume that the economy is static and that institutional change or growth is always absent. We use the case of Southern Rhodesia, a typical bimodal economy and show that the bimodal economy generated economic growth that lasted throughout the colonial period. Meanwhile, the growth process, by providing an emerging African rural elite with increased opportunities, created forces that potentially weakened the bimodal structure. This dialectic process came to an end in 1962 as the Rhodesian Front Party won the election and the establishment of an apartheid state.

INTRODUCTION

The impact of colonial institutions for long-run development has recently attracted increased attention. A centerpiece in the debate is the extent to which those institutions impeded or facilitated long-term economic development. Much of the debate has taken its point of departure in the idea that settler colonies have performed better as they sat up relatively broad-based institutions that promoted and respected property rights whereas non-settler colonies tended to generate extractive and elite-oriented institutions (e.g. Acemoglu et al 2001). In an African context, this conjecture has been criticized on the grounds that the supposed relation between settlers and long term growth does not seem to be supported by the development paths of the African colonies. If anything, the relation seems to be the opposite – settler colonies were are less

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growth prone and more stagnant than the non-settler colonies (Austen 1987, Bowden and Mosley 2008). Much of the focus in this debate has been more directed towards the outcomes of the colonial experiences rather than the intrinsic dynamics as it unfolds. In this paper we take the case of Southern Rhodesia – a typical settler colony – to scrutinize patterns of change in the interplay between inequality and growth over the course of the colonial period (c. 1900-1960). We find the analytical categories of unimodalism and bimodalism rather than peasant vs. settler colonies to be more useful in approaching the issue of institutions and long-term development of African colonies. Although we agree with for instance Bowden et al in that bimodal colonies are less likely to generate development, we cannot assume that the economy is static and that institutional change or growth is always absent. Based on a combination of published and by us collected data, we argue that the bimodal structure was established first by the mid-1920s, i.e. thirty years after the area came under European control. Once established the bimodal economy generated economic growth that lasted throughout the colonial period.

The growth process created forces that potentially weakened the bimodal structure. To be more precise, the growing bimodal economy created spillover effects that gained a small, but significant group of Africa middle-size farmers. This group increased over time in both numbers and share of total output from c. mid-1930s to 1960s. Colonial authorities did not try to prevent this group to further gain in strength, but actively encouraged the group to further engage in commercial activities, which have been acknowledged in previous research (see further below). Different from earlier accounts we argue that the growth of a wealthier group of African commercial farmers was not caused by politics. On the contrary, the colonial policies were reactive, i.e. they came to support the wealthier African farmers when the realized the economic potential of the group, both in terms of creating sources of revenue for the colonial state and as suppliers of food for the domestic market. The developments created tension between the colonial state and the white settlers, leading to the independence declaration and the formation of an apartheid regime that reversed policies in order to secure the survival of the bimodal structure. That is, political institutions put an end to the economic processes that could potentially undermine the bimodal structure. The contra-factual question is what Zimbabwe would have looked like today if the economic processes had not been halted by politics?

SETTLER COLONIES AND BIMODAL ECONOMIES

The role and impact of European settlers for current development in ex-colonies has lately gained a lot of attention. It began with Acemoglu et al.'s thought reversal of fortune thesis (2001). Very briefly, they argue that colonies settled by a larger number of Europeans are on average better off today in terms of income levels than those colonies where fewer Europeans settled. The European settlers demanded the establishment of colonial institutions which protected property rights and encouraged investments, i.e. institutions the authors identify as 'good' for long-term economic growth, while in non-settler colonies, so called extractive institutions were established, which hampered long term economic growth. The authors have received critique from economic historians, on both methodological and empirical grounds. For Africa, Austin (2008) argues that the authors, by compressing history, neglect the role of African agency and the dynamic of institutional change in pre-colonial and colonial Africa. They are also criticized for grouping all African colonies into the group of non-settler economies (Hopkins 2009). Furthermore, Bowden and Mosley argue that the European settlers were not good for economic growth and they drew on public expenses that otherwise could have been used to develop African agriculture. Such agricultural investments, they claim, have had a far stronger impact on lowering poverty rates and promoting economic development (Bowden and Mosley 2008). Meanwhile, an alternative framework explaining the correlation European settlement and current income levels have recently been developed by Easterly and Levine (2012). In line with Aceomglu et al. that the number of Europeans during the early stages of colonialisation positively correlates with current economic development. However, they refute Acemoglu et al. argument that the positive correlation operates through an institutional transmission. Instead, they identify human capital as the significant factor.

The focus on European settlement *per se* is, however, problematic. Both Acemoglu et al. and Easterly Levine's identification of a positive correlation between European settlement and economic development is to a large extent explained by the colonial off-springs, i.e. North America, Australia and New Zeeland. What these three cases had in common was the establishment of a settler colony that went hand in hand with a severe reduction of the already small number of indigenous people. This has led Gunnarsson to argue that we cannot explain the different development trajectories in North and South America without bring in the *terra nullius* argument, i.e. 'good institutions were established in places where there was virtually no indigenous people to exploit from' (20012: 4). Gunnarsson concludes that we need to shift our focus away from European settlement to the question of inequality. What mattered were not the Europeans per se, but the fact that the settlers developed into fairly equal societies (with the notable exception of the slave-plantation society in the south of North America). This is in line with the much research on settler colonies in Africa. Settler colonies in Africa were more unequal and Africans were marginalized either directly through the implementation of extractive institutions as the neo-Marxist and social historians argued in the 1960s and 70s (see Arrighi 1969, Phimister 1974, Palmer and Parson 1977) or indirectly by not gaining access to public investments as Bowden et al. recently have argued (see above).

In this paper we argue that inequality matter more than origin of the population. In order to make inequality matter we need to have a theoretical understanding of the role inequality plays in the processes of economic development. Rather than using the concepts of settler vs. peasant (or trading) colonies, we differ between unimodal and bimodal economies. In a colonial, largely pre-industrial, society the most important factor of production, besides your own labour, for most people is access to land. The basic distinction made on the possibilities to make productive use of land is then to separate between bimodal and unimodal types of land structures (Johnston and Kilby 1975). In the unimodal type the farming population is mostly made up of family farms which constitute the typical farm unit and are in possession of the majority of the land. In the bimodal type a small set of large landholders hold the majority of the land while the bulk of the farming population is not in possession of land as landholders or possess only very small plots of often lesser quality. In bimodal colonies access to land is more unequal as natives are pushed to ever more marginal land while the settlers or allies to the colonial power acquired the best land. The institutions that became dominant reflect the interests of the large landholders.

Although it is reasonable, in accordance with theory, to suggest that bimodal structures are detrimental for long-term growth, the bimodal economy is not necessarily static and continuously stagnant. In what follows, we build on the received wisdom of how institutions structuring inequality interacts with growth. However, we make an attempt to apply those insights on the typically ignored patterns of change taking place in an inequality-prone bimodal setting. We build our model on the notion of dialectics, i.e. a growing bimodal economy does under specific conditions create forces that potentially can undermine, or at least, weaken the bimodal structure. That is, institutional change rather than persistence is the key to understand the development trajectory of Southern Rhodesia. As recognized in world economic history, high-levels of inequality could promote not only short-term, but also long-term growth. As shown in the old debate on the fall of feudalism in Europe (see the Brenner debate 1976), type rather than level of inequality matters most. This is also in line with recent research on inequality in pre-industrial and industrial societies by Milanovic, Lindert and Williamsson (2011, see also Milanovic 2011). In order to detect the dynamics of a bimodal economy we need to investigate the initial structure of the economy, i.e. sectoral distribution and institutions that control access to productive resources.

Using the case of Southern Rhodesia, we show that the growing bimodal economy created opportunities for a small, but significant group of wealthier farmers to generate incomes by the cultivation of marketable crops. The growth processes was characterized by intra-structural change as the settlers abandoned maize production for tobacco. The change created expanding opportunities for farmers to gain access to 'European' markets by supplying the white farms and mines with much need food. Africans became an important supplier of maize from the late-1930s. The increase in marketable production of maize spurred the second change; an expansion of African production of exportable cash crops, especially cotton but also tobacco. Africans share of cash crop production remained modest throughout the period, but was significantly growing from the mid-1930s. African production of marketable crops was not a new phenomenon created by the bimodal institutions. Africans had been engaged in production and sales of both food and cash crops from the early colonial period. But the growing bimodal economy facilitated a second expansion of African production of marketable crops and by doing so, it also created forces that could potentially undermine or weaken the system. The processes also created its own forces of institutional change, noticed in an expansion of land outside the reserves under African control and increased inequality within the reserves. It was a small and wealthy group of African farmers that were capable to exploit the new opportunities that developed as the bimodal economy was growing.

INEQUALITY AND GROWTH IN SOUTHERN RHODESIA

Southern Rhodesia was one of the few settler colonies in Africa, with high levels of inequality in terms of both incomes and access to productive resources (sources?). It thus makes sense to use Southern Rhodesia as an African ideal type of a bimodal economy. There is surprisingly little published on Zimbabwe's 20th century economic history. Less surprising is perhaps that the dual model and neo-Marxism have come to dominate the historiography of Southern Rhodesia. The two approaches differ in terms of analytical framework, but conclude that Africans were marginalized through the process. There was a significant degree of institutional persistence as the white settlers, with assistance from the colonial authorities, continue to grow through exploitation of Africans throughout the colonial period.

The dual model is not primarily used in the case of Southern Rhodesia to understand flows of factors of production in a dynamic Lewis (1954) way.[4] Instead it contains an attempt to categorise social classes. The dual structure is defined in terms of land size and partly by the level of commercial orientation. A brief summary of the creation of the dual economy goes something like this. In 1890 the British South Africa Company (BSA) established rule over Southern Rhodesia. The Company ruled for 25 years when the British took formal control over the area. White settlers appropriated good land in the early colonial period while the Africans were forced to settle in the created Native Reserves. The former group either granted free-hold rights to land or entered long-term leasehold contracts, while the latter were holding only user-rights rights to land (Rukuni 1994: 17-18). We then have a dual structure – defined in terms of access and tenure of land - and this structure, it is assumed, does not seriously alter throughout the colonial period. Rukuni writes; 'This dual structure was created after White settlers arrived in 1890 and initiated a protracted process of appropriating land in the high-potential zones for settlement – a process that continued until the mid-1970s' (1994: 15).

It is assumed that the economy consisted of two groups, the subsistence African farmer cultivating on small plots of land and the commercial oriented white large-scale farming elite. Muir, for example, argues that the large farms owned by the Whites were 'fully market oriented' whilst the African farms were 'predominately subsistence-oriented' (1994: 40). While land distribution created the subsistence sector it was taxation policies that assured that it was maintained. It is recognized that a new group of African farmers emerged in the post-war period. In the 1950s, the government policy shifted through the Native Land Husbandry Act of 1951, which gave a minority of the African farmers' free-hold rights to land (Rukuni 1994: 19). However, this new group was relatively small and assumed to have no or minor impact on the colonial economy. By 1977 they counted for 8 500 out of 700 000 African household, i.e. about 1 per cent (Good 1990: 137).

Neo-Marxists agree with the dual model that land and taxation policies in the early colonial period were decisive for the creation of highly unequal society, i.e. a bi-modal economy to use our term. However, while the latter argue that the process created a large subsistence sector the neo-Marxists argue that policies facilitated a process of proletarisation of the Africans. In 1966 Arrighi published his influential article on proletarisation of the African peasantry in Rhodesia (to

[4]It should be stressed that Lewis had no ambition to create a model that could explain all developing economies. For example, he rightly argued that the model would not hold in West Africa were labor was not in abundance (Bowden and Mosley 2012: 17)

appear as a chapter in the book Essays in the Political Economy of Africa in 1969) in which he argues that Africans were already engaged in the market economy in the early colonial period by selling part of their produce and/or cattle. The 'effort-price' (Arrighi's phrase) of this engagement was lower than the effort-price of engaging in the wage labor markets, simply because there was no abundance of labor on the countryside (1966: 201-203). For the white farming community, the solution to the problem was to increase the relative effort-price to engage in cash crop production. Taxes were not an optimal solution as it would have no impact on the choice of economic activity to generate the necessary incomes. Instead, land expropriation in general and remove of Africans to less productive land became major tools (ibid. 208).

Arrighi identifies four different groups for the pre-war period; i) white rural bourgeoisie, ii) white wage-workers, iii) white petty bourgeoisie and iv) the African peasant and wage worker. The white bourgeois consisted largely of both owner-workers of small medium sized and large farms. According to Arrighi (though no proof is provided), this group consisted of about one third of the total white population in Rhodesia. The white petty bourgeoisie consisted mainly of craftsmen and traders, while the white workers consisted of artisans, skilled workers, foremen, administrative employees etc. The Africans were at this time essentially a class of self-employed cultivators. However, within this group you could find wage workers, an middle class and even a petty bourgeoisie, yet given the user rights to land they all kept strong links with farming and did thus not develop into independent classes (1967: 36-38).

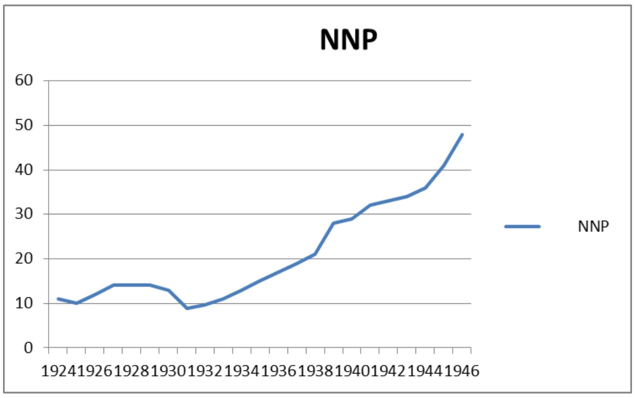
Arrighi goes on by arguing that a significant feature of Rhodesia was the coalition between white workers and the settlers who shared interests in avoiding competition from Africans. The informal coalition was formed in the interwar period and acted successfully in protecting its interest by putting pressure on the colonial government to introduce policies that facilitated white farmers' access to cheap African labor, like hut tax, pass law, expropriation of land and preserving communal land rights in the African reserves. The latter in order to enable the capitalists to keep wages below subsistence level and prevent the rise of larger African commercial farms (1967: 39). This argument has found support among a number of scholars like Good (1990) and Sylvester (1985), but just as with Arrighi, no data is provided to support the claim.

The dual model and the neo-Marxists agree then that the white settlers formed the basis of the economy of Southern Rhodesia. Their success was depending on the possibility to extract land and labor from the indigenous people. The white settlers' capacity to extract resources was depending on the state, which implies that formal political and economic institutions played a decisive role for the growth of the white settler community. The dual model and the neo-Marxists differ when accounting for the outcome of the extraction in terms of African farmers' production capacity. The dual model assume that the African farmers remained subsistent, while the neo-Marxist claim that their production capacity fell below subsistence level forcing the farmers to seek low-paid employment on the settler farms. Below we will provide a modified view of economic change in Southern Rhodesia. Our framework downplays the role of the settlers and highlights African agency.

TOWARDS THE BIMODAL ECONOMY

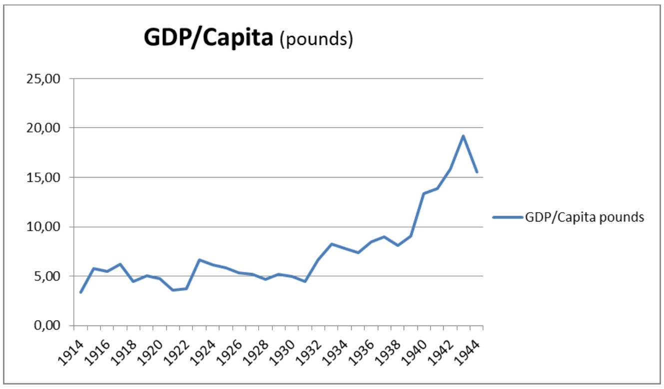
Neither the dual nor the neo-Marxist literature presents any figures for growth in Southern Rhodesia. The only source we have found that provide us with guesstimates is Mitchell's *International Historical Statistics* (1982). Mitchell provides estimates for national accounts and population for Southern Rhodesia 1924-1944. Unfortunately, it is more or less impossible to trace the sources of data and how the national accounts have been constructed. We know that economists and historians specialised in international trade are critical to Mitchell's accounts, but we have not been able to find any systematic critique of his calculations. It means that we cannot judge the validity and reliability of his accounts. What we have done is to construct our own guesstimates and see how they relate to Mitchell's data. We have used the expenditure approach, which includes private consumption, investments, government consumption and the balance of imports and exports. Our choice of method derives from pragmatic principles. It has its severe problems. We lack data for consumption and the data for investments are very weak (for more details, see appendix 2) and Jerven has rightly argued that this kind of strategy does not show economic development, but processes of modernization (or as we would argue – formalization) of the colonial economy (2011: 5). However, the alternatives are worse. Income and Production estimates are hampered by our lack of data for production, profits, rents, wages etc. in the so-called subsistence sector. Our own estimates are provided in fig. 2.

Fig. 1 National Net Product Southern Rhodesia, thousands of pounds



Source: Mitchell (1982)

Fig 2.



Source: Mosley (1983: 121-22)[5]

[5] For GDP estimation we are using the Expenditure Approach which is C + I + G + (X-M): C = Consumption I = Investment, G = Government Expenditure, X = Export and M = Import.
As there was no data of consumption available on our disposal for the period we are concerned, we used the total grain (maize) production data less export plus import (Total grain production – Export of grain + Import of grain) during the same period as an approximate indicator of the consumption level. Without including the consumption of livestock and other basic household items, we are aware that our estimation of total consumption is far from being accurate. But as grain is the most dominant item and takes the lions share in the consumption packet of the great majority of the population, we believe that our estimation fairly indicates the consumption pattern during that period. For prices of grain 1930-1944, we took Mosley's export prices (Mosley 1983, pp.92) and as data were unavailable to us prior to 1930, for the period 1914-1929 we made our own price estimation based on Mosley's 1930-1944 price data (one pound = 20 shillings and one shilling was 12 pence at the time). Regarding investment our numbers are the saving bank deposits and are collected from B.R.Mitchell International Historical Statistics, Africa and Asia (1982, pp.633, 637). According Mitchell, the data relates to all deposits in institutions which are described as savings banks (B.R.Mitchell 1982, pp.644). Here again we are aware that investment is not just saving bank deposits even though it covers a great share of it. But since data is insufficient on other investments and as our main objective is not calculating GDP but to observe its approximate pattern and get an overall picture for our main research, we believe our estimation satisfies its purpose. Our data source for government expenditure, export and import is B.R.Mitchell (1982, pp.651, 657) and (pp. 378,385,401) respectively.

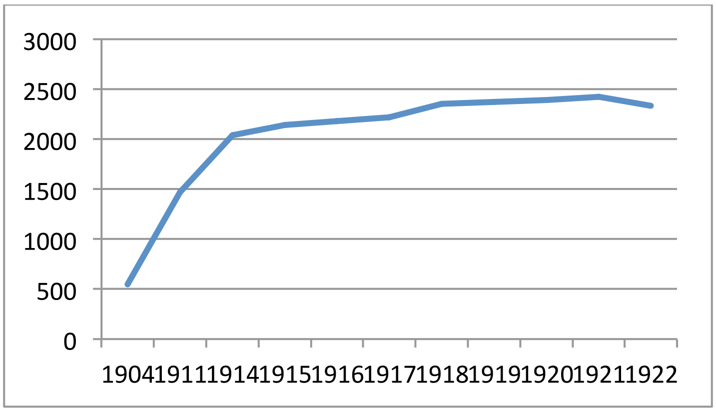
Being aware of all the problems and shortcomings with the two calculations above reach the pragmatic conclusion that they can be used, not to estimates level of growth, but as an indicator of changes over time. The calculations imply that we should distinguish the economic history of Southern Rhodesia in two periods; stagnation c. 1900-1930 and growth c. 1930-1944. Based on scattered evidence from previous research it seems safe to assume that the growth process continued at least until the late-1960s.

Our periodization has direct implications for our understanding of the bimodal economy. Differently from the dual and neo-Marxist approaches we argue that the bimodal economy was established first in the mid.-1920s. As shown above there is a consensus in previous literature that the bimodal structure in Southern Rhodesia had been established already by early 20th-century. Detailed social historical inquires suggest that this claim must be modified. Southern Rhodesia was highly unequal society by early 20th century, but not yet a bimodal economy as the mining sector was the largest and most important sector operating side by side with a fairly financial weak settler agricultural sector and a small, but relative prosperous commercial oriented African sector consisting of both traders and farmers.

By 1910 the value of tobacco exports, by the time the most valuable settler export crop in Southern Rhodesia, accounted for only 1 percent of the total value of exports. Gold mining was instead the most important sector in terms of creating revenues (1988: 57). The mining sector was depending on access to cheap labour and the use of force to collect labour was common already in the late 19th century. The colonial authorities, through the Native Department, were actively taking part of in the coercive allocation of labour (ibid. 16). However, the demand for labour was fairly low. In 1904 about 9 000 Africans were working in the mines. The figure increased to 38 000 in 1910, which still accounted for only 5 per cent of the African population.

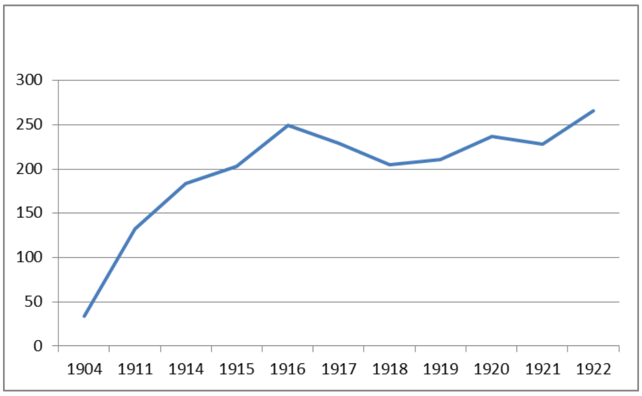
The settler farmers operating in Southern Rhodesia in the early colonial period were few and financially weak. By 1904 there were 545 European farmers in Southern Rhodesia employing 4 200 Africans. However, the sector was growing and soon stabilized at about 2000 to 2 500 farmers (see fig 3). Acreage under cultivation and output of maize and tobacco follows similar trends (fig 4, 5a and 5b), while the numbers of Africans employed increased significantly during the period (see table 6).

Fig. 3 Number of European settler farmers, 1904-1922



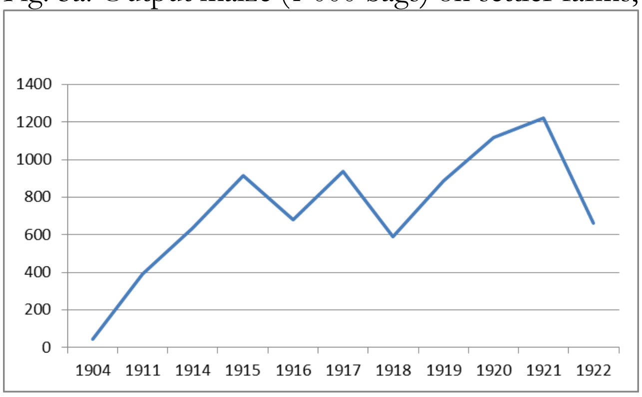
Source: Phimister (1988: 61)

Figure 4. Total acreage under cultivation by settler farmers (1 000 acres), 1904-1922



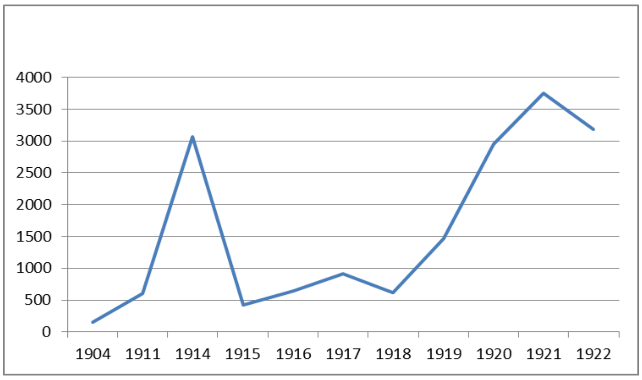
Source: Phimister (1988: 61)

Fig. 5a. Output maize (1 000 bags) on settler farms, 1904-1922



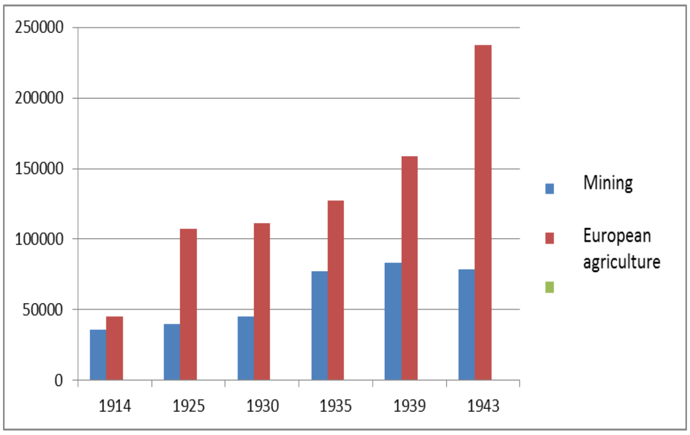
Source: Phimister (1988: 61)

Fig. 5b Output tobacco (1 000 lb) on settler farms, 1904-1922



Source: Phimister (1988: 61)

Fig. 6 African wage labour in mines and European agriculture in Southern Rhodesia, 1914-1943



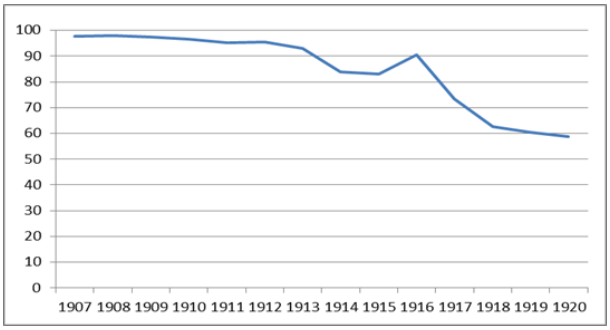
Source: Rubert (1998: x)

The settlers could not increase the capacity to control indigenous labour without reaching a compromise with the miners to reduce African's access and control over productive resources. A compromise could be reached after 1910 as the mining sector began to lose its position as the leading sector (see fig. 6). The development enabled the settler farmers to demand tighter restrictions on African's access and control of land.

Native Reserves had been established in the mid-1890s, but what happened from 1908 and onwards that the British South Africa Company chipped away acres from the reserves in order to reallocate resources in favour of the white settlers. We have not been able to find accurate macro figures, but Phimister show examples of reserves that were reduced in size by half to two-thirds

(1988: 66). The land base in the Native Reserves shrunk further by the increased inflow of Africans to the areas as Africans on private and Crown land found it increasingly difficult to meet the numerous fees and levies imposed on them. The proportion of Africans living in reserves increased from 10 percent to 40 percent in 1903-1913 (Phimister 1988: 77). Meanwhile, the colonial authorities increased taxes, introduced new taxes (a dog tax for example) and introduced regulations that limited the Africans possibility to seek temporary employment in South Africa (ibid.). All to facilitate white farmers and miners access to cheap labour. The policies were fairly successful as real wages for both mine-workers and agricultural workers decreased dramatically between 1910 and 1920. (Mosely 1983: 116, see also table below).

Fig 6. The proportion of the value of gold exports as percentage of total exports

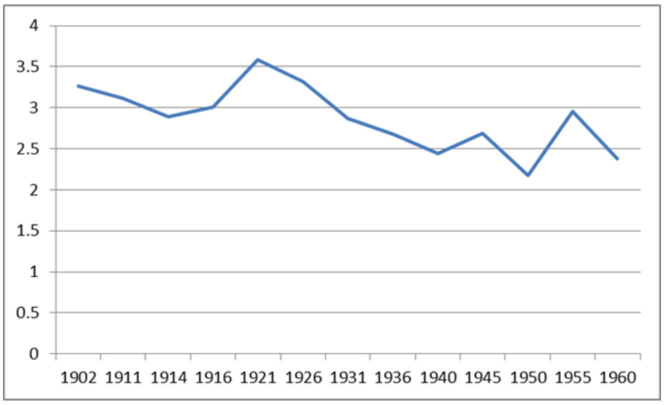


Source: Phimister (1988: 94)

The process towards a bimodal economy was characterized by increased levels of inequality and marginalization of the vast majority of Africans. Mosely provides two useful indicator that supports our claim; African real wages, which declined from 1914 to 1920s and African grain production, which declined throughout the period with the exception of 1915-1921 (fig. 7 and 8).[6] Real wages increased again after the 1920s, but it was an effect of the deflationary forces of the economy and not increases of the nominal wages that remained constant in the period (see fig 9).

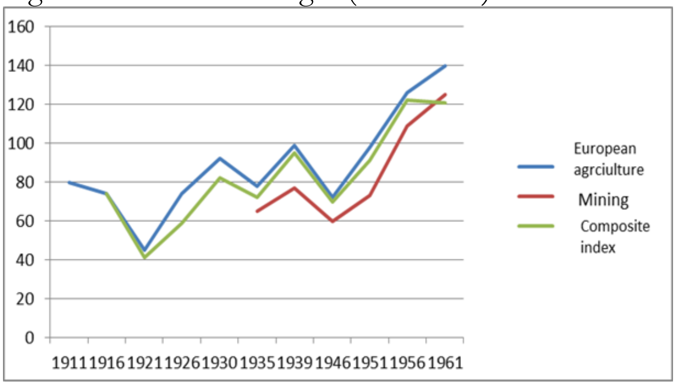
[6] The data on production consist of figures from the marketing board and customs authority. Mosley claims that the data is fairly reliable, which seems plausible as the body supplying data kept properly audited books. It must, however, be kept in mind that Figure 7 shows estimates for sales rather than production.

Fig. 7 Estimated grain production per head of African population (200 lb bags), 1902-1960



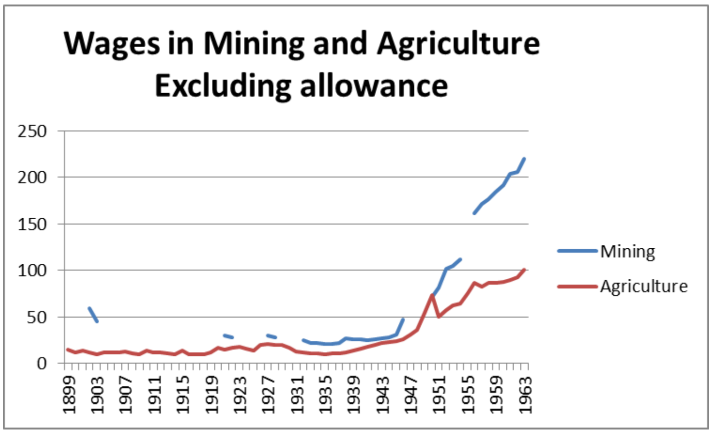
Source: Mosley (1983: 72

Fig 8: Indices of real wages (1914=100)



Source: Mosley 1983: 116

Fig 9.



Source: Mosley (1983: 158-160)

We conclude that the bimodal structure had been consolidated by the mid-1920s. By then, more than two thirds of the African population lived in reserves (Mosely 1983: 26). The settler farming sector did still not dominate the economy in terms of revenues but had increased its proportion from almost zero to close to 50 percent and the sector employed about 70 percent of the total African labour force (Mosley 1983:115). By 1930 the already consolidated bi-modal structure gained 'legal' status through the Land Apportionment Act, which divided the country into 96 million acres, 49 million to the estates and 29 million to the Africans (Machingaidze 1991: 558).

THE GROWTH OF AFRICAN COMMERCIAL FARMING

Our national accounts guesstimates show that the Southern Rhodesia economy went from stagnation to growth following the Great Depression. On a macro-level there are a number of significant features of the growth period. The role of agriculture in terms of share of national income and revenues did not alter, i.e. the growth processes did not mark a structural transformation of the economy. On the other hand, the period was characterized by profound structural shifts within the settler economy, from a position were maize was the most important crop to a position in the early 1960s in which tobacco dominated. The settler farms tobacco production continued to increase throughout the period (Phimister 1988: 232). By 1960 the settler farmers had experienced nearly three decades of increased incomes. Thus, it seems plausible to conclude that the level of inequality between Africans and Europeans increased significantly.

Mosely argue that the bimodal structure deepened during the period as population densities continued to increase in the Reserves (Mosely 1983: 78). We partly question this conclusion. There is strong, although scattered, evidence that indicate that the African farming sector also experienced structural shifts. The most obvious indicator of a structural shift is the increased engagement of Africans of marketable surplus production. Terence Ranger argues that 1930s to 1970s marked a resurrection of African peasant farming, i.e. farmers that are partly depending on the cultivation of marketable crops (1978: 119-121). We agree, but this general statement needs to be modified. The developments from the 1930s and onwards did not benefit the African communities equally. It seems more likely that a rather small group of African farmers had the means to exploit the new opportunities that arose from the growing economy.

As shown above, Mosely's data show a decline of African grain production over time. We have no reason to question these figures, as the Native Reserves became increasingly densely populated. By 1941 it was estimated that 62 out of 98 Reserves were overpopulated, making it increasingly difficult for Africans to keep production per capita intact. This, however, did not mean that all African experienced the same worsening conditions. A new opportunity arose for African farmers during the Second World War as the white farmers shifted from maize to tobacco production. The white farms were in need of maize for their workforce at the same time as the demand from of maize from the mining sector continued to be high. The Maize Control Act of 1941 allowed African farmers for the first time to enter 'European' markets that earlier had been monopolized by white farmers (Nyambara 2000: 105). The Africans were quick to respond to these new opportunities and more than 30 percent of all marketable maize in Southern Rhodesia was produced in the reserves by the 1950s (Duggan: 1980: 233). We lack accurate data for the whole period, but the value of marketed output on African farms increased by 200 percent from 1951 to 1961 (Mosley 1983: 74). There is no way of tracing who the main producers were, i.e. we cannot say if increased sales of maize was caused by an increased production or if just a larger share of existing production now being marketed. However, given that aggregate data indicate a decline in production per capita is seems plausible that the increase of marketable maize was mainly driven by a smaller group of farmers, who for various reasons had the means to produce a surplus. There are a number of indicators that further support such claim.

The expansion of production of marketable maize was followed by increased social stratification both between Africans living in and outside of the Reserves and within the Native Reserves. A notable change was the increased number of farmers that managed to gain individual rights to land. Individual land rights for Africans were introduced already in the 1930s through the establishment of Native Purchase Areas. Just as the Reserves the Purchase areas were situated on less fertile land. However, farmers in the Native Purchase Areas had gained individual rights and the average size of the farms was significantly larger than in the Reserves. By the mid-1930s the average size of a farm was over 200 acres (Duggan 1980: 234). The farmers in the Native Purchase Areas were further favoured as they, differently from the farmers in the reserves, were allowed to make direct bulk deliveries to the produce depots and were thereby granted better prices than the farmers in the Reserves. They also received special provisions of credit (Ibid.). These favourable conditions meant that farmers in the Reserves were eager to move to the Purchase Areas. However, in order to do so the farmers needed the means to buy the land.

Normally a farming household were given 5 to 15 years to pay for the land, but in order to be considered a potential buyer the household had to have cash, cattle or small-stock valued £ 50 – 100 as security of the needed loan (Pollack 1975: 265). The number of farmers to manage to find the means increased significantly during the 1940s. Between 1946 and 1960 the number of African farmers in Native Purchase Areas increased with an average of 20 per cent annually (Duggan 1980: 235). It indicates that important changes took place within the Reserves as an increasing number of farmers managed to accumulate the means to buy land in the Purchase Areas.

As stated above, we know very little about the socio-economic conditions in the reserves. What we know is that access to land decreased over time as population continued to grow. The shrinking land base was manifested in an aggregate decrease of production per capita. Meanwhile, the little evidence available indicates that social stratification within the Reserves increased from the 1940s. At the end of the 1940s it was estimated that 52 percent of the cultivated land in the reserves was farmed by 30 percent of the farmers. A decade later 30 percent of the farmers was controlling 63 percent of the arable land in the reserve (Phimister 1993: 234, 237). Mosley concludes that by the 1950s there was a clear division in Southern Rhodesia between those African farmers with substantial capital input (mainly ploughs and to some extent chemical fertilisers) and the great majority that faced a vicious circle of low productivity and low incomes (1983: 89). That the former played a significant role seems obvious. For example, by the mid-1960 the farmers in Native Purchase Areas accounted for one third of the marketed African produce, although they contained only 2 per cent of the African farming households (ibid. 235).

The increased level of rural stratification in general and the steady growth of a wealthier class of farmers led to new investments in cultivation of export crops. An illustrative case is the rapid expansion of African cotton production from the mid-1930s. Cotton never became a significant cash crop in Southern Rhodesia as total output remained far below cases like Uganda and Nyasaland. The foundation for cotton production was laid in the inter-war period, with the establishment of a cotton research station and ginneries. However, the production took off first in the 1930s as part of the overall growth of the economy. The advantage of African cotton production was that it created revenues for the state (although very modest levels) without threatening the majority of white farms who did not take part in the production of cotton.

African cotton production increased from 5,734 lbs. in 1935 to 1,629,691 lbs. in 1952. It still accounted for less than 1 per cent of the cotton exported from Nyasaland and just 12 per cent of the value of total African marketed crop production (Mandala 1990: 188, Mosley 1983:

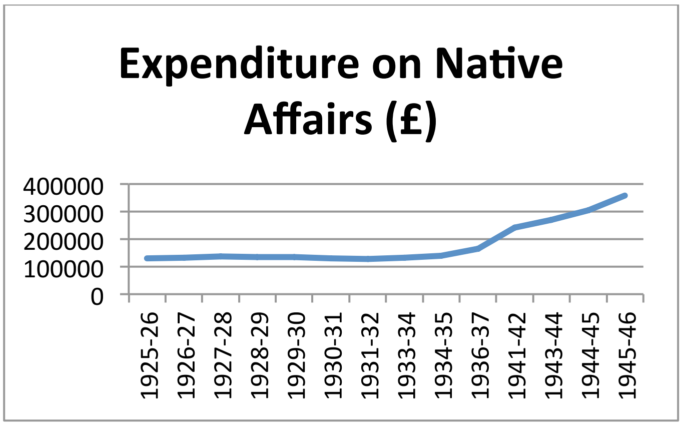
74). However, what concerns us here is the change over time and the growth of African cotton production in Southern Rhodesia was extra-ordinary. Who were the cotton growers? Sadly, we have, just as for maize, no information that could provide us with an accurate answer to that question. What we do know is that farmers could make substantial profits from growing cotton. In 1948 one grower received £84 from three acres of cotton, which was about twice as much as the annual real wage for farm and mine labourers (Nyambara 2000: 106). This case is, however, exceptional. A smaller survey in Hartley district in 1948 show that of 107 cotton growing households, 49 received about £20, while the remaining received between £30-40 for their cotton.

A WEAKENED BIMODAL ECONOMY?

The rise and expansion of a class of relatively wealthy class of African commercial producers is acknowledged both by neo-Marxist and the 'dualists', but described as an insignificant group that did not alter the bimodal structure. We disagree and argue that the role of this group is generally underestimated. The remained in small numbers, but grew significantly especially after the Second World War. These processes did not only affect the conditions in the Reserves and the Native Purchase areas. It also affected land distribution on a macro level and settlers' access to labour.

In 1930 total land under African control accounted for about 28 per cent of all land in Southern Rhodesia. By 1958 the share had increased to 42.5 per cent. The expansion of land under African control did not threatened white settlers access to land, which also increased from 51 to 53 per cent during the period (Floyd 1962: 567, 577). It was instead 'underdetermined areas', which decreased from 8.5 to 0.5 percent between 1930 and 1958 that were re-distributed in favour of the Africans. The redistribution was part of an overall shift in colonial policies, whereby increased attention was given to African production from the late-1930s. We do not have data for colonial investments in African agricultural as all investments to the African communities were presented as one sum under 'Native Affairs'. These aggregate figures, does however, reveal a significant break in the mid-1930s as the investments directed to the African communities began to increase after been stagnating from the mid-1920s (see fig 10). In addition, Duggan claim that in 1941-49 the colonial authorities invested £2.5 million in African agriculture and in 1950 to 1958 it had increased by six times to £ 15.8 million (Duggan 1980: 228, 229). These figures are most likely an exaggeration as they include investments made by the local native authorities. Nevertheless, the colonial authorities began to re-direct resources in favour of the African communities from the mid-1930s.

Fig 10.



Source: CO 603

It would be a mistake to argue that it the class of wealthier African farmers emerged as an outcome of colonial policies. The causation was most likely the opposite. First, African engagement in production of marketable crops was not a new phenomenon. In the early colonial period the mining sector expanded side-by-side with an African rural elite. In 1897 it was reported in Rhodesia Herald that African farmers in Insiza district planted a variety of crops '[…] in considerable excess of their own requirements with the express intention of trading' (ibid. p. 24). In early 20th century Bulawayo's mining commissioner wrote:

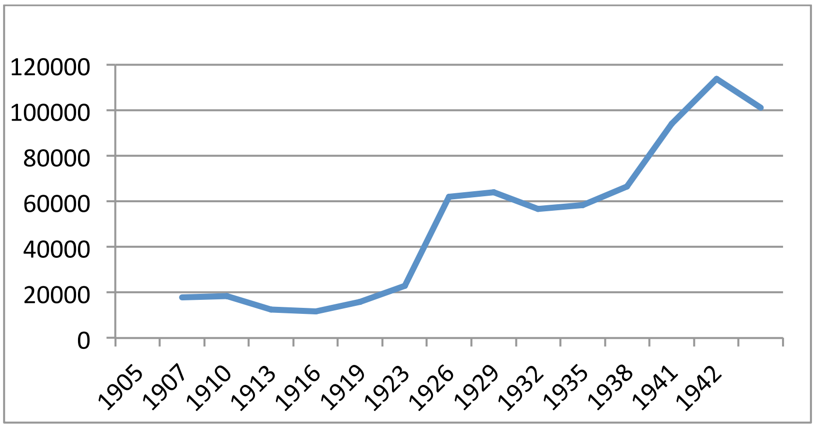
> It is beyond doubt that the local native is getting rich, and he sees the day not far distant when he need not work at all. Many have already reached it. One can hardly see the smallest kraal without its accompaniment of a herd of 20 to 50 head of cattle, plus sheep and goats; and I am told that some kraal possess hundreds – up to 600 head of cattle – a good sign so far as the welfare of the native is concerned, but not encouraging from a labour point of view.'
>
> Phimister (1988: 65)

The African farmers played an important role in the mining economy as suppliers of food (Phimister 1974: 220). By 1904 Africans produced more than 90 per cent of the country's marketed output and hut taxes contributed 41 percent of the total state revenues (Phimister 1988: 66, 68). The process towards the bimodal economy made it difficult for this group to survive; at least as long as the economy was stagnating and the demand for maize was low. However, this changed as the economy began to grow and white farmers shifted from maize to tobacco production.

An illustrative example of the role of African agency is the establishment of the Native Purchase Areas in the 1930s. In the late-1920s fourteen African farmers had managed to buy 47 000 acres of land and there were signs that more farmers wanted to do the same (Duggan 1980: 234). The establishment of Native Purchase Areas was an attempt to control the process and make sure that it did not threaten the white settlers by only allowing African to buy land only in less fertile lands.

We have argued that the white settlers, once they shifted to tobacco production, to a large extent were depending on African production of marketable maize. Meanwhile, the settlers were affected in more ways. First, it looks like they found it increasingly difficult to access local labour. Fig 11 show that the number of immigrant labourers employed on white farms increased significantly. In 1910 about 25 per cent of the total labour force consisted of immigrants. In 1941 the immigrant share had increased to just above 50 per cent and by 1955 it was just below 60 per cent (CO 603, Pollack 1975). At the same time, real wages increased as we have shown above, so immigrant labour was not employed because it was a cheaper alternative. So, though we lack detailed evidence it seems like White farmers found it increasingly difficult to access and control indigenous labour.

Fig 11: Number of immigrants working in Southern Rhodesia (excluding mines and manufacturer sector)



Source: CO 603

The limited control of labour, was however not necessarily bad for the white farmers. The shift from maize to tobacco production was accompanied by technological change in the white farms. The use of tractors and fertilisers increased significantly after the Second World War. The technological shift had few effects on land productivity positive effects but boosted labour productivity (Haviland 1953: 368). Mosley has calculated that fifteen workers were needed to produce output equivalent to £ 1 000 in 1923. By 1955 less than half the number of workers could produce the same value (Mosley 1983: 184). In that way, one could tentatively argue that the shifts in African agriculture also spurred productivity increases on white farms.

The number of the ‘new’ African rural elite remained small in the 1950s and the total ouput of maize and cash crops was relative modest. Yet, the group and output grew significantly during this short period of time and affected not only the African communities, but the economy as a whole. The bimodal economy remained intact, and even flourished during the period. Meanwhile, the growth of an Africa commercial elite did put pressure to the system, both by reducing white’s control over indigenous labour and by spurring shifts in colonial policies, i.e. land re-distribution in favour of Africans, introduction of new forms of landed property, expansion of credit facilities etc. The white settlers were far from satisfied with the situation and began to openly agitate against the colonial rule. The victory of the Rhodesian Front Party in 1962 and the following declaration of independence marked a political victory for those who wanted to keep the bimodal structure intact. Or to quote Duggan: ‘Their triumph in 1962 ensured that an African rural elite would never flourised´ (1980: 236).

CONCLUSIONS

The impact of colonial institutions for long-term economic development is an important field of research that has rightly received increased attention over the last years. A major puzzle is how one could measure the impact when the institutions are moving targets? In much of the literature, especially when they include cases of highly unequal societies the puzzle is ignored as institutions are assumed to be persistent. In this paper we use a case of a highly unequal economy in colonial Africa – Southern Rhodesia – to detect the general pattern of to capture economic and institutional change. Our prime motive has not been to measure outcomes, but to analytical grasp the processes of change.

Instead of identifying differences between colonies in terms of origin of population we argue that the initial levels of inequality is what matter for our understanding of the long-term process economic change. We identify Southern Rhodesia as a typical bimodal economy, and show that the economy was not only growing, but created forces that potentially could weaken the bimodal character of the economy. A significant feature of the colonial period is the growth of a class of relative wealthy Africans that accumulate capital by engage in production of marketable crops. The played a role in shaping both informal and formal institutions and affected, not only the socio-economic structures within the Reserves, but settlers access to labour and national policies of land redistribution, credit provision and market access. In short, one would not be able to grasp the dynamics of the growing bimodal economy without taking African agency into account.

In general terms, our story consists not only of institutional change but also dialectic mechanisms. It is the growing bimodal economy that creates an environment where the African elite can grow in strength. It was not a process that gained the Africans at large. Our story is perfectible compatible with the idea that the white settlers and the colonial authorities extracted resources from the broad masses. However, the mechanisms of growth and institutional change is in our framework significantly different from the conventional views were institutional persistence and marginalization of Africans are assumed to have been prominent during the colonial period. The political ambitions might have been to continue assure the dominance of the white settlers, but the colonial authorities were facing economic realities moving in a different direction and had to adjust to those forces. The playing field altered when the whites were able to efficiently organize resistance and elect an apartheid-regime that blocked the changes underway. Somewhat provocative, we ask ourselves; Are the recent political developments in Zimbabwe a sign of a return to the order that partly existed in the early colonial period, but more notable in the period 1930 to 1960?

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