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World Bank survey missions and the politics of decolonization in British East Africa, 1957-1963*

In the same years in which they gained independence, the East African territories of Tanganyika, Uganda and Kenya also received three economic survey reports from the International Bank for Reconstruction and Development (IBRD, or World Bank).¹ This coincidence was not lost on contemporary observers. Alan Peacock noted for instance that “[i]n a remarkably short space of time the wind of change in Africa has brought Tanganyika all the major status symbols of an independent country set on rapid economic development, including a visit from an International Bank Mission.”² A reviewer of the Kenya report identified a rationale behind this link: “[w]hen a business is handed over to new owners it is customary to take stock of its assets and liabilities. Similarly, when African countries are finally overtaken by democracy the elected government is liable to be presented with a World Bank Report on the economic development of their country.”³

This connection would also not have surprised those who, mainly in the 1970s, attributed many of Africa’s economic problems to its continued economic dependence, sustained culturally and politically by Western neo-colonialism.⁴ However, most of the recent literature on the decolonization of the British Empire has since served to dispel the notion of “imperialism after empire,” arguing instead that Britain lacked both the capacity and

* This paper is a refined version of an MA dissertation at the University of Leicester. My sincere thanks go to Bernard Attard, Ian Phimister and Gerold Krozewski for their constructive comments on earlier drafts. All errors remain mine.

¹ IBRD, *The Economic Development of Tanganyika* (Baltimore: Johns Hopkins Press, 1961); IBRD, *The Economic Development of Uganda* (Baltimore: Johns Hopkins Press, 1962); IBRD, *The Economic Development of Kenya* (Baltimore: Johns Hopkins Press, 1963). Referred to further as *Tanganyika Report*, *Uganda Report* and *Kenya Report*.

² Alan T. Peacock, *The Economic Journal* 72, 287 (1962), 724.

³ J. S. Skinner, *The Journal of Modern African Studies* 1, 4 (1963), 551.

⁴ Walter Rodney, *How Europe Underdeveloped Africa*, (London, 1972); Colin Leys, *Underdevelopment in Kenya: the Political Economy of Neo-Colonialism, 1964-1971* (London: Heinemann, 1975); Samir Amin, *Imperialism and Unequal Development* (New York, 1977).

the determination to continue to shape its colonies' post-colonial future.⁵ Despite occasional claims to the contrary, Britain's retreat from empire did not proceed according to a preconceived plan. The conditions and timing of transfers of power were often dictated by circumstances over which Britain had only the most rudimentary control. British ambitions now appear to have been mostly limited to getting out with honor and avoiding either political collapse or the emergence of openly hostile successor regimes. The neo-colonialist argument has been further undermined by detailed research into the actions and attitudes of big business during decolonization, which has exonerated one of its prime suspects.⁶ The combined result of these research trends has been to downplay the active production of continuities linking Africa's colonial past to its post-colonial present.⁷ This study of the politics behind the World Bank's East African survey missions aims to counterbalance this trend by shedding light on some of the ways in which colonial practices and orthodoxies were actively reproduced despite Britain's limited "neo-colonial" ambitions.

⁵ John Darwin, *Britain and Decolonisation: the Retreat from Empire in the Post-War World* (Basingstoke: Macmillan, 1988); L. J. Butler, *Britain and Empire: Adjusting to a Post-Imperial World* (London: I.B. Taurus, 2002); Frank Heinlein, *British Government Policy and Decolonisation, 1945-1963: scrutinising the official mind* (London: Frank Cass, 2002); Ronald Hyam, *Britain's Declining Empire: the Road to Decolonisation, 1918-1968* (Cambridge: Cambridge University Press, 2007). But see W. R. Louis and Ronald Robinson, "The imperialism of decolonization," *Journal of Imperial and Commonwealth History*, 22 (1994), 462-511. World Bank or IMF policies are of course also still labelled 'neo-colonial' by their critics, but the historical relation to colonialism is seldomly explored. For an interesting treatment see Arturo Escobar, *Encountering Development. The Making and Unmaking of the Third World* (Princeton: Princeton University Press, 1995).

⁶ Robert Tignor, *Capitalism and Nationalism at the End of Empire : State and Business in Decolonizing Egypt, Nigeria, and Kenya, 1945-1963* (Princeton: Princeton University Press, 1998); Sarah Stockwell, *The Business of Decolonization: British Business Strategies in the Gold Coast* (Oxford: Clarendon Press, 2000); Nicholas J. White, "The Business and the Politics of Decolonization : the British Experience in the Twentieth Century," *Economic History Review* 53, 3 (2000), 544-564; L. J. Butler, "Business and British Decolonisation : Sir Ronald Prain, the Mining Industry and the Central African Federation," *Journal of Imperial and Commonwealth History*, 35, 3 (2007), 459-484.

⁷ A notable exception is the work of Frederick Cooper, e.g. *Decolonization and African Society: the Labor Question in French and British Africa* (Cambridge: Cambridge University Press, 1996).

The argument is organized in two parts: a first part focuses on the decision-making process leading to the invitation of IBRD survey missions into East Africa. The recasting of Britain's international economic and political relationships in the late 1950s both helped to create the conditions behind the requests and constituted the framework from which the missions' potential dangers and benefits were evaluated. A second part analyses the interaction between the IBRD experts and the British colonial administration and the ways in which the missions' reports were influenced by British concerns such as the need to limit financial claims on Britain and the undesirability of recommendations in the currency field. While the invitation of IBRD missions into East Africa did not form part of any British master plan for the decolonization of East Africa, pressures in this direction were seized upon by the Colonial Office in an attempt to reconcile the two mutually exclusive aims of countering mounting pressure for increased development expenditure, with the anticipated consequences for British resources, and maintaining good relations with nationalist elites. The reports emerging from this interaction endorsed and reinforced colonial economic policies, while East Africa's independence in financial matters was postponed.

I

The initiative to invite World Bank general survey missions originated with the East African local administrations, not the metropolitan Colonial Office. The details of a proposal by Kenya's finance minister Ernest Vasey in 1954 for a mission covering East Africa as a whole are not recorded,⁸ but when the Colonial Office was first officially approached by Tanganyika in 1957, Tilney, Vasey's Tanganyikan counterpart, indicated that the possibility "had been discussed from time to time in the past."⁹

⁸ National Archives, London [NA] CO 554/1289, Poynton (CO) to Rowan (Treasury), 24 Jan 1955. The request was not followed up because of World Bank staffing difficulties. Bank of England Archives [BE] OV 44/7, note J. D. Hughes, 9 Feb 1956.

⁹ NA CO 822/1680, Tilney to Vile (CO), 13 Jul 1957.

Tanganyika's application gave little by way of motivation, and aroused little enthusiasm at the Colonial Office. Tilney merely indicated that a report "by so authoritative and impartial a body on the possibilities and limitations of our economy would carry great weight both internally and abroad," and pointed to the likelihood of Tanganyika wishing to seek a loan from the Bank in the near future, in which case the survey could serve as a useful basis for negotiations.¹⁰ The case did not strike the Colonial Office as particularly strong.¹¹ Apart from a number of minor inconveniences attached to an invitation to the IBRD,¹² there existed a broad consensus within the Colonial Office that a World Bank mission was unlikely to either shed new light on Tanganyika's agricultural and industrial potential or recommend any significant improvements to its economic and development policies. "We have a good idea of what Tanganyika's problems are," Mrs. Maccoll of the Economic General Department noted, "we do not need the IBRD to tell us this."¹³ Officials doubted the extent to which local administrations generally followed World Bank recommendations and, in any case, the East African Royal Commission had just presented its recommendations for East African economic development.¹⁴ Finally, Tanganyika's budgetary situation severely limited the scope for stepping up the development effort: "Financially speaking," it was noted within the Finance Department, "Tanganyika has to keep things on a tight rein and the governing factor [...] is quite simply shortage of money."¹⁵

¹⁰ *idem*.

¹¹ NA CO 822/1680. "It looks simply like another bright idea" (note Skinner, 9 Aug 1957); "it is doubtful if an International Bank Survey would be very helpful" (note Rolfe, 13 Aug 1957); "the practical advantages likely to accrue from a Bank Mission are uncertain" (note Vile, 27 Aug 1957).

¹² NA CO 822/1680. Such as the risk that action would be postponed (note Rolfe, 13 Aug 1957), the fact that Twining would commit his successor (note Rolfe 16 Aug 1957) and the effect on relations with Trinidad, whose application had been refused (note Wallace 11 Sep 1957).

¹³ NA CO 822/1680, note Maccoll, 26 Aug 1957.

¹⁴ NA CO 822/1680, note Galsworthy 10 Sep 1957, note Fry 25 Apr 1958. East Africa Royal Commission, 1953-1955 : report, Cmd. 9475 (1955).

¹⁵ NA CO 822/1680, note Vile, 15 Aug 1957.

Metropolitan reservations were imbedded in a set of wider considerations. Tanganyika's financial difficulties arose from a combination of increased government expenditure, a deterioration in world commodity prices and Great Britain's reconsideration of its financial commitments to its dependent empire.¹⁶ Post-war reformist colonialism had linked economic and social change to gradual political advancement and increased participation of a "modernized" African elite in its own administration. According to the Colonial Office's formula economic transformation and nation-building, which involved a steady expansion of government functions and expenditure, went hand in hand.¹⁷ In Tanganyika, this strengthening of the centre involved grooming TANU and Julius Nyerere, which was believed to offer the benefit of familiarizing them with the virtues of conservative financial management¹⁸. "It has done more than anything that happened in the last few years to give a new sense of purpose to the Administration," Governor Edward Twining explained, "the idea of working with rather than against Nyerere, and the idea of taming him by letting him see at first hand the problems with which government has to deal."¹⁹ So long as it had been possible to ride the wave of the commodities boom and Britain depended on the dollar-earning power of its dependent Empire, the costs this strategy involved appeared acceptable, while also being largely

¹⁶ The effect of falling commodity prices on Tanganyika was, overall, limited and temporary. Kenya, and especially Uganda were much more affected.

¹⁷ For one interpretation see Ronald Robinson, "Andrew Cohen and the Transfer of Power in Tropical Africa, 1940-1951," in W. H. Morris-Jones and G. Fischer, *Decolonisation and After* (London, Cass: 1980), 50-72. Also Robert Pearce, "The Colonial Office and Planned Decolonization in Africa," *African Affairs* 83, 330 (1984), 77-93 and John Flint, "Planned Decolonization and its Failure in British Africa," *African Affairs*, 82, 328 (1983), 389-411. The advent, real or imagined, of 'modern' social classes transcending 'tribal' divisions and 'traditionalism' became crucial for a colonial power contemplating the transfer of power. Leys, *Underdevelopment in Kenya*, 9; Frederick Cooper, *Decolonization*.

¹⁸ For a general overview see John Iliffe, *A Modern History of Tanganyika* (Cambridge: Cambridge University Press, 1979), Chapters 14 to 16.

¹⁹ NA CO 822/1678, Twining to Gorell Barnes (CO), 9 Aug 1957. Colonial Office support rested on the idea that Tanganyikan political advance would keep the UN Trusteeship Council "reasonably sweet". Frank Heinlein, *British Government policy*, 189.

covered by increased current or projected revenue.²⁰ By the middle of the 1950s, however, reformist colonialism was seen as prohibitively expensive as Britain's ability to finance it deteriorated and its economic benefits largely disappeared.²¹

Britain's external economic relations were largely shaped by the needs and views of its financial sector²². During the 1950s, the "gentlemanly order" which dominated the Bank of England and the Treasury was preoccupied primarily with the restoration of the weakened pound to its former role as an international trade currency and the re-establishment of London as a global financial and service centre.²³ At first, this concern was translated into the pooling of dollar earnings in a centrally directed sterling area, characterized primarily by the accumulation of colonial trade surpluses as sterling balances in London.²⁴ By the mid-1950s the policy focus had shifted to the improvement of Britain's own balance of payments through internal economic adjustment, but this too had its repercussions for the colonies: the continued fragility of Britain's currency reserves and balance of payments position led to an unwillingness to provide capital for colonial development, and a readvertisement of the merits of financial self-sufficiency.²⁵ As the steady expansion of government services and the raising of colonial living standards were impossible to combine with a return to financial austerity, the colonial administrations' relationship with African elites became increasingly strained. It was this

²⁰ Peter Cain and Anthony Hopkins, *British Imperialism: Crisis and Deconstruction, 1914-1990* (London: Longman, 1993).

²¹ Gerold Krozewski, *Money and the End of Empire: British International Economic Policy and the Colonies, 1947-58* (Basingstoke: Palgrave, 2001), 9.

²² Cain and Hopkins, *British Imperialism*, passim; Krozewski, *Money and the End of Empire*, 16; Yusuf Bangura, *Britain and Commonwealth Africa: the politics of economic relations, 1951-75* (Manchester: Manchester University Press, 1983).

²³ Cain and Hopkins, *British Imperialism*, 265.

²⁴ These balances formed considerable share of Britain's currency reserves. The balances originated in the Second World War, but their importance increased considerably between 1947 and 1953. See Krozewski, *Money and the End of Empire*; Allister Hinds, *Britain's Sterling Colonial Policy and Decolonization 1939-1958* (Westport, Conn.: Greenwood Press, 2001) and Catherine Schenk, *Britain and the Sterling Area: From Devaluation to Convertibility in the 1950s* (New York: Routledge, 1994).

²⁵ Cain and Hopkins, *British Imperialism*, 288.

fundamental difficulty which led the Tanganyika administration to look to the IBRD for possible salvation.

The management of the accumulated sterling balances caused considerable metropolitan concern. The contribution the balances made to Britain's currency reserves remained considerable throughout the 1950s, and any sudden changes in their levels were expected to undermine confidence in sterling.²⁶ What was required was a gradual and managed reduction in function of improvements in Britain's reserve position. This required, amongst other things, resisting claims by the colonies for immediate access to their balances as a source of development finance. Besides further increasing the financial pressure on colonial administrations, this requirement also directly affected London's attitude to the invitation of IBRD general survey missions. At the root of this lay the recommendation made by a World Bank mission to Nigeria that it should create a central bank to facilitate the financing of its economic development.²⁷ As currency liberalization was expected to trigger demands in the colonies to draw on their sterling balances, this suggestion had been most unwelcome to the Bank of England, leading the Bank and in its wake the Treasury to express severe reservations regarding the desirability of any survey missions being undertaken within the British colonies.²⁸ While IBRD advice and finance should still be sought for specific projects, care needed to be taken that any enquiries which could touch upon colonial currency arrangements (which could "not be appraised

²⁶ By the 1950s, the colonial territories held about £1,400 million in sterling balances in London. East Africa's share was sizeable, though not vast: from £220 million in 1953 it decreased gradually to £ 217 million (1954), £197 million (1955), £192 million (1956), £186 million (1957), and £176 million (1958). Of the East African territories, Uganda held the highest share as a result of its high ratio of cotton and coffee exports over imports. Krozewski, *Money and the End of Empire*, 5, 46, 125.

²⁷ IBRD, *The Economic Development of Nigeria* (Baltimore: Johns Hopkins Press, 1955), 96-101. See Chibuikwe U. Uche, "Bank of England vs the IBRD: Did the Nigerian Colony deserve a Central Bank?," *Explorations in Economic History* 34 (1997), 220-241. The IBRD mission to Malaya made a similar recommendation.

²⁸ BE OV 68/3, Bolton (BE) to Rowan (Treasury), 3 Jan 1955. The Treasury refers to this correspondence in expressing reservations on the Tanganyika survey: NA CO 822/1680, Jenkyns (Treasury) to Galsworthy (CO), 17 Dec 1957.

only as a local and technical problem”) were strictly avoided.²⁹ Even though the Colonial Office held general survey missions in higher esteem than the Bank of England did, it felt obliged to reassure the Bank and the Treasury that it was not their policy to encourage requests for World Bank missions.³⁰

A final but crucial element which determined London’s reception of Tanganyika’s request lay in the sphere of international relations. Britain’s attitude to its colonial possessions in the late 1950s was shaped to a large extent by its undiminished commitment to Great Power status. Britain’s continued prominence in international affairs depended on its relationship with the United States on the one hand, and the growing Commonwealth on the other.³¹ In order to cultivate these relationships, Britain was increasingly forced to legitimize its enduring colonial presence by advertising its commitment to rapid economic and political progress. Avoiding criticism, in particular at the United Nations, progressively became a prime determinant of Britain’s approach to its colonies, as the Foreign Office in particular believed that Britain had much to gain by way of prestige and international standing by acting, or appearing to act, as a liberal and decolonizing power.³² This international dimension was particularly prominent in the case of Tanganyika, whose policies, as a Trusteeship territory, were subject to the scrutiny of the United Nations Trusteeship Council.³³ Tanganyika’s Trustee status gave rise to fears that an IBRD mission would draw the Trusteeship Council’s attention to Tanganyika’s capital shortage, thus putting international pressure on the Treasury to increase its development aid.³⁴

²⁹ BE OV 68/3, Bolton (BE) to Rowan (Treasury), 3 Jan 1955.

³⁰ NA CO 554/1289, Poynton (CO) to Rowan (Treasury), 24 Jan 1955.

³¹ Darwin, *Britain and Decolonisation*, 224ff.

³² Heinlein, *British Government Policy*, 186; Hyam, *Britain’s Declining Empire*, 181.

³³ Summaries of the debates at the Trusteeship Council are published in *International Organization*.

³⁴ NA CO 822/1680, Note Galsworthy, 10 Sep 1957. The danger of the setting up of a Central Bank being suggested seemed particularly marked as the Trusteeship Council was exerting pressure on Britain to equip the territory with a self-government apparatus.

The risk involved in letting the IBRD cast its eye over Tanganyika's financial difficulties ultimately depended on the likelihood of it suggesting that Britain should ease the territory's problems by contributing extra funds under the form of loans, grants, access to the sterling balances or the liberalization of the East African currency arrangements.³⁵ Given London's determination to resist such pressures, such recommendations would subject her to international criticism, and would also upset local political relationships by drawing African attention to the financial conservatism of the colonial power. However, some within the Colonial Office argued that a mission could also have the opposite effect. If abstraction could be made of political considerations and British financial assistance to the territory, Tanganyika's financial problem simply became one of increases in expenditure which were not covered by matching increases in local revenue. Under current circumstances, they argued, expenditure on social services in particular needed to be sacrificed in favor of schemes with a direct positive impact on future revenues: with the return of financial self-sufficiency and the fall in commodity prices, Tanganyika needed to cut its coat according to its cloth.³⁶ Obtaining a downward revision of social service expenditure involved considerable political difficulties, including the possible undermining of the position of TANU "moderates". An IBRD endorsement of Britain's conservative views on Tanganyika's financial position and development potential, it was felt, would provide the local administration and Nyerere with the tools needed to ward off unjustified criticisms: "there is much point in the argument that IBRD Surveys bring home to local peoples and governments the need for economic policies which would be less acceptable if suggested by less independent sources."³⁷ In past applications, it turned out, such considerations had also determined which invitations were forwarded to the IBRD.³⁸ As no news of any strong local opposition to the

³⁵ The East African monetary organisation is described in Walter Newlyn, *Money in an African Context* (Nairobi: Oxford University Press, 1967).

³⁶ NA CO 822/1680, note Maccoll, 26 Aug 1957.

³⁷ NA CO 822/1680, note Maccoll, 26 Aug 1957. This view was shared by Gorell Barnes, who supported Tanganyika's request on the basis of international considerations. Note Gorell Barnes, 11 Sep 1957.

³⁸ NA CO 822/1680, note Ward [no date]. Earlier applications had been made to the Colonial Office by Jamaica, British Guyana, Honduras, Nigeria, Malaya, the Eastern Caribbean, Trinidad and Sierra Leone,

administration's economic policies had reached the Colonial Office at the time of Tilney's request, however, the risks still seemed to outweigh such uncertain benefits.³⁹

Tilney's second approach to the Colonial Office made more of the political pressures which underlay his request. This time, the stress was not so much on the desirability of further economic reform, but on the need to counter criticism "amongst politicians of all parties" that only "official conservatism and lack of initiative" stood in the way of faster economic progress.⁴⁰ Moreover, Tilney confirmed the news that the UN Visiting Mission, which had just visited the territory, held a similar view and would probably itself recommend an invitation to the IBRD in its report to the Trusteeship Council.⁴¹ A rapid endorsement of Tanganyika's request would now have the double benefit of allowing Britain to take credit for forestalling this recommendation at the UN, and of enabling the local administration to reassure African politicians that it was taking the issue of economic development seriously.⁴² The international dimension in particular now ensured that matters moved quickly. By the end of November the Colonial Office had been won over, Secretary of State Alan Lennox-Boyd had expressed his support and exploratory negotiations with the World Bank were opened.

The weakness originally perceived by the Colonial Office, the narrow scope for change under existing budgetary conditions, was turned into a strength in the context of local and international criticism of Britain's economic conservatism.⁴³ While support for the

most of which had been supported for political reasons. Previous missions "had not done any harm although it might be difficult to point to positive benefits."

³⁹ NA CO 822/1680, note Galsworthy, 10 Sep 1957.

⁴⁰ NA CO 822/1680, Tilney to Vile (CO), 28 Oct 1957.

⁴¹ NA CO 822/1680, note Gorell Barnes, 11 Sep 1957 and Tilney to Vile (CO), 28 Oct 1957. The recommendation was indeed contained in the Mission's report: C. de N. Hill to Galsworthy, 28 Dec 1957.

⁴² NA CO 822/1680, note Gorell Barnes, 18 Nov 1957 and Galsworthy to Pitblado (Treasury Delegate at UK Embassy, Washington), 25 Nov 1957.

⁴³ If nothing else, a World Bank mission was a cheap answer to criticism. The cost did not fall on the British Government: half (roughly £25,000) was supported by the territory, the other half by the World Bank itself.

application was mainly inspired by short-term political expediency, the greater prize to be won was IBRD recommendations on the need to reduce social service expenditure and balance the territorial budget in the relatively short term. This, in any case, was the substance of the case as presented to the Treasury.⁴⁴ For such a result to be obtained, however, the mission needed to stay clear of more sensitive issues and be prevented from recommending an increase in British financial assistance. The instructions to David Pitblado, the Treasury Delegate at the Embassy in Washington, were clear on this point: when approaching the World Bank he needed to “make the points [...] that we hope that the Mission will not get unduly involved in discussing currency matters, and that it would not be fruitful to suggest an increase in subventions or any disproportionate capital assistance from the United Kingdom.”⁴⁵

Tanganyika’s successful application for a World Bank mission had the unintended, though not unexpected, consequence of encouraging similar requests from Uganda and, later, Kenya.⁴⁶ The question whether the Tanganyika survey should be extended to cover East Africa as a whole had been posed from the very start. East Africa was in many ways organized as a single economic unit, with a common market, a single currency, and the centralization of certain key services in the East African High Commission. It was also, as far as Britain was concerned, destined for political federation. Even though, given these connections, it was unavoidable that the Tanganyika mission would consider the wider East African context, the suggestion that a survey should be carried out on an East African basis, as favored by Kenya, was successfully resisted by the Uganda and Tanganyika administrations on political grounds.⁴⁷ Discussions with the IBRD exploratory mission, which visited all three territories in May 1958, did however spark the Ugandan administration’s interest in a separate survey. Melmoth, the territory’s finance minister, had identified certain fields upon which he invited the Bank’s advice.⁴⁸

⁴⁴ NA CO 822/1680, Galsworthy to Jenkyns, 16 Jan 1958.

⁴⁵ NA CO 822/1680, Jenkyns to Galsworthy, 31 Jan 1958.

⁴⁶ In 1958, the Colonial Office did not see any need for IBRD missions to Uganda and Kenya.

⁴⁷ NA CO 822/1680, Cable Melmoth (Uganda) to Vile (CO), 8 Apr 1958, and Twining (Tanganyika) to Vile, Apr 1958. Kenya’s response was positive: Baring to Vile, 21 Apr 1958.

⁴⁸ NA CO 822/1680, C. de N. Hill to Rolfe (CO), 7 May 1958.

As the IBRD team did not consider these a sufficient basis for a full second survey mission, they advised him to study the progress of the Tanganyika mission and give further consideration as to the kind of survey he required.⁴⁹ On 18 June 1959, shortly after the World Bank team arrived in Tanganyika, Melmoth wrote to the Colonial Office requesting a separate survey to be undertaken in Uganda.⁵⁰

The support lent to Tanganyika's earlier request did not lead to an automatic acceptance of Uganda's application. Although Uganda's financial difficulties were no less pressing, its problems appeared more narrowly economic in origin. Uganda's export economy and tax revenue relied heavily on two single commodities, cotton and coffee, the prices of which had plummeted since the mid-1950s.⁵¹ As production expanded more slowly than prices fell, revenues had dropped and budget deficits appeared –deficits which the British Treasury was reluctant to cover. Unsurprisingly, the terms of reference proposed by Melmoth focused on ways in which the administration could restore its tax base by stimulating increased production and diversification.⁵² Although these issues were set against the background of the need to strengthen the central administration and raise African living standards as the territory approached responsible self-government, local or international political pressures of the kind which had assured the approval of

⁴⁹ NA CO 822/1680, Meeting at CO between Gorell Barnes (CO), Galsworthy (CO), Rolfe (CO), Lucas (Treasury), Diamond and French (IBRD Exploratory Mission) and Turnbull (governor designate of Tanganyika), 5 Jun 1958.

⁵⁰ NA CO 822/1677, Melmoth to Vile, 18 Jun 1959.

⁵¹ Combined exports of cotton and coffee represented 86 % of the value of Uganda's export earnings in 1958 (falling to 81 % in 1959 and 77 % in 1960). In comparison, both commodities represented 35 % of the value Tanganyika's exports in 1958 (falling to 28 % in 1959 and 29 % in 1960). While Uganda's terms of trade deteriorated markedly (from a base figure of 100 in 1954 to 70 in 1959 and 61 in 1960), the impact of falling coffee and cotton prices on Tanganyika's economy was more limited (the terms of trade slowly deteriorating to a value of 85 for 1958, from which point they slowly recovered) because they were partially offset by stable prices for sisal. Kenya, with its sizeable volume of coffee exports, was somewhere in the middle (80 in 1959, 84 in 1960). Source: D. A. Low and Allison Smith, *The History of East Africa*. Volume III: 1945 to 1963 (Oxford: Clarendon Press, 1976).

⁵² NA CO 822/1677, Melmoth to Vile, 18 Jun 1959.

Tanganyika's request were largely missing.⁵³ In the absence of such direct political pressures, and possibly as a result of Melmoth's unwelcome expansionist tendencies as well, the Colonial Office preferred to rely on expertise available within the Empire instead of a World Bank mission.⁵⁴ Again Colonial Office reluctance was only overcome when this suggestion was resisted on the basis of the political objectives behind Uganda's request.⁵⁵

As had been the case with Tanganyika, in endorsing Uganda's request the Colonial Office shifted the focus towards the assistance an IBRD mission could render the administration in its difficult task of balancing the territorial budget, thus helping to avoid claims on the Treasury to finance Uganda's deficits.⁵⁶ In Uganda's case, however, this reformulation of objectives constituted a more radical departure from the outcome originally intended by the administration: alterations to the proposed terms of reference subtly shifted the focus from developmental goals towards a reconsideration of government expenditure in a wide range of fields. The economic roots of Uganda's budgetary problems, it was implied, should not lead it to expect that its expenditure on social services was immune from downward revision.

The Kenya mission occupied a special position in the IBRD surveys to East Africa. In stark contrast to the lukewarm response to Tanganyika's and Uganda's requests, the Colonial Office now played an active role in encouraging and speeding up the

⁵³ NA CO 822/2714, Melmoth to Vile, 4 Jan 1960. See Gardner Thompson, *Governing Uganda: British Colonial Rule and its Legacy* (Kampala: Fountain Publishers, 2003).

⁵⁴ NA CO 822/1677, Note Maccoll, 21 Jul 1959.

⁵⁵ NA CO 822/1677, Note Ward, 28 Sep 1959 on meeting between Melmoth and Galsworthy on 25 Sep 1959.

⁵⁶ In the case sent to the Treasury, the reference to the needs of a territory approaching responsible self-government was omitted, and Uganda's desire to increased revenue was watered down. NA CO 822/2714, [Galsworthy] to Hedley-Miller (Treasury), 9 Feb 1960. This shift was reinforced by the Treasury, which further adapted the terms of reference to the Tanganyika precedent. NA CO 822/2714, Hedley-Miller (Treasury) to Wilson (IBRD), 29 Feb 1960.

application.⁵⁷ While it was a member of the Kenya Assembly, Mrs. E. D. Hughes, who first suggested an application to the IBRD in London, the Secretary of State Iain MacLeod seized the initiative by writing directly to the Governor expressing his strong support for the idea.⁵⁸ After adoption of the proposal by the Kenya council of ministers, the Colonial Office was officially approached by Kenneth Mackenzie on 13 December 1960.⁵⁹ Mackenzie's application did not elaborate on the desired outcomes of a World Bank report, but stated merely that an expert review of Kenya's financial and economic policies would have "numerous benefits."⁶⁰ Despite the poorly presented case, the Colonial Office did not request additional information, but itself prepared a detailed statement of Kenya's requirements to be forwarded immediately to the Treasury and the IBRD.⁶¹ After the World Bank had been approached, the Colonial Office continued to exert pressure to ensure that the mission was mounted "with the least possible delay."⁶²

This sense of urgency reflected the immediate political purpose the mission was meant to serve in the context of Kenya's more turbulent road towards independence.⁶³ Since the Lancaster House Conference of January 1960, Kenya's economy had been in a state of turmoil. Although the move towards African majority rule was relatively cautious and qualified, the months following the conference witnessed an embarrassingly large outflow of capital as European settlers and expatriate businesses re-evaluated their

⁵⁷ The request was forwarded to the IBRD with the endorsement of the Colonial Office and the Treasury a little over a month after it was received. Tanganyika's application had taken six months to process, Uganda's no less than eight.

⁵⁸ On 24 Oct 1960. NA CO 822/2717, Mackenzie to Galsworthy, 13 Dec 1960.

⁵⁹ NA CO 822/2717, memo Mackenzie 28 Nov 1960, Council of Ministers 12 Dec 1960, Mackenzie to Galsworthy 13 Dec 1960. Hughes's suggestion was made in "the autumn" of 1960.

⁶⁰ NA CO 822/2717, memo Mackenzie enclosed in Mackenzie to Galsworthy, 13 Dec 1960.

⁶¹ NA CO 822/2717, note Maccoll, 4 Jan 1961. Application to Treasury with case Maccoll enclosed in Selwyn to Hedley Miller, 24 Jan 1961.

⁶² NA CO 822/2717. E.g. Galsworthy to Pliatzky (Treasury), 22 Feb 1961.

⁶³ Keith Kyle, *The Politics of the Independence of Kenya* (Basingstoke: Macmillans, 1999), Betwell O. Ogot and William R. Ochieng, eds., *Decolonization and Independence in Kenya 1940-1993* (London: Currey, 1995).

economic prospects under African leadership.⁶⁴ Fears regarding the future treatment of migrant communities and the respect the new Government would show for their property rights were heightened by KADU's and KANU's campaigns for the 1961 elections.⁶⁵ In the case it presented to the Treasury, the Colonial Office drew particular attention to the "steadying influence" the presence of a World Bank mission could have, hopefully leading the new Government "to behave sensibly and responsibly."⁶⁶ It was this educational aspect which led the Colonial Office to insist that at least the exploratory mission should arrive in Kenya before the new Government took office.⁶⁷ By highlighting the vital contribution the migrant communities were making to the Kenyan economy, the IBRD mission would assist Britain in promoting multi-racialism; to the extent that this influence would be seen to bear fruit, the mission's presence would also contribute to the restoration of business confidence.⁶⁸

The specificity of its political situation aside, very similar conditions to those of Tanganyika and Uganda underlay Kenya's application to the World Bank. At the heart of the problem were large and increasing budget deficits which Britain no longer wished to support. Lack of confidence and capital flight dramatically exacerbated the revenue repercussions of falling commodity prices and a relatively high level of government expenditure which, in Kenya's case, reflected the service needs of a white settler community as well as the attempt to build up a class of "moderate" Africans on whose collaboration the territory's multiracial future depended.⁶⁹ Kenya had relied heavily on British financial assistance for the implementation of agricultural reform under the Swynnerton plan. Weaning the territory from this aid was made particularly difficult by

⁶⁴ See Ogot and Ochieng, *Decolonization and Independence*, 63; BE OV 78/3, Note Loynes 12 Jun 1960; NA CO 822/2717, Trade Commissioner estimate [no date].

⁶⁵ The first election on the basis of Lancaster House was organised in stages from Jan to Mar 1961. George Bennett, *The Kenyatta Election: Kenya 1960-1961* (London: Oxford University Press, 1961).

⁶⁶ NA CO 822/2717, Selwyn to Hedley-Miller, 24 Jan 1961.

⁶⁷ NA CO 822/2717, Galsworthy to Pliatzky, 22 Feb 1961.

⁶⁸ NA CO 822/2717, Selwyn to Hedley-Miller, 24 Jan 1961; Pliatzky to Wilson 7 Feb 1961.

⁶⁹ Darwin, *Britain and Decolonisation*; Caroline Elkins, "The Struggle for Mau Mau Rehabilitation in Late Colonial Kenya," *International Journal of African Historical Studies*, 33, 1 (2000), 25-57.

falling revenues and political instability, so that by December 1961 the concern was expressed that Britain might need to subsidize Kenya to an extent of £30 million per annum⁷⁰. Apart from immediate political aims, the main object of inviting the IBRD was to obtain recommendations which would help prepare Kenya for “financial independence.” Particular attention needed to be paid to the balancing of the territorial budget. As the expenditure cuts Britain hoped for were politically sensitive, it was preferable for these recommendations to be made by an external body.

From a British perspective, all three IBRD missions were to serve political rather than economic goals. In no case was the Colonial Office motivated by a genuine desire for independent advice on East African development strategies. Instead it hoped that the World Bank missions would assist in garnering political support for the unpopular austerity measures and cuts in government spending which Britain considered necessary given the depressed state of commodity prices and its desire to reduce financial commitments to the region.

II.

If the Colonial Office expected the IBRD missions to yield political benefits, it did not assume that their reports would be completely or automatically congenial to Britain, nor did it feel in a position to openly pressure the missions to fall in line with its own perspective. Nonetheless, the Colonial Office, the Bank of England and the Treasury each worked in close contact with the missions to secure the best reports possible. The British colonial authorities and the World Bank teams generally worked in a spirit of co-operation, but the influence Britain exerted also formed part of a conscious strategy to secure economically conservative reports.⁷¹ This they were able to do by altering or drawing up the missions’ terms of reference, through talks held in London with the preparatory and survey missions both before and after their visits to East Africa, by commenting upon the draft reports and discussing unwelcome passages with the authors,

⁷⁰ Heinlein, British Government policy, 261.

⁷¹ As laid out in BE OV 68/3, Bolton to Rowan, 3 Jan 1955.

and through contacts in Washington, both at the British Embassy and within the World Bank itself.⁷²

The influence Britain exerted on the IBRD missions was significant but also subject to strict limitations. The World Bank's legitimacy and effectiveness depended on the recognition of its independence and impartiality.⁷³ Though subject to political pressure from its major members through their Executive Directors, the IBRD also possessed a distinct institutional culture and ideology.⁷⁴ This ideology entailed a sincere commitment to economic development, but was also shaped by the Bank's own dependence on bond markets. This dependence led to a hard-nosed approach to development finance, a preoccupation with sovereign creditworthiness, and a marked preference for projects which were marketable to private investors over improvements in health, education and social services which coincided happily with Britain's own objectives. While the survey missions were not part of the IBRD hierarchy and laid no claim on the Bank's resources, the fact that the majority of the missions' leading members were sourced from the IBRD's own staff ensured that their reports reflected this institutional culture.⁷⁵

While any direct interference which compromised the mission's integrity would be firmly resisted, its political authority over East Africa may still have presented Britain with some leverage over the IBRD missions, as the implementation of the missions' recommendations depended at least partially on their acceptability to the colonial

⁷² Contacts used in Washington were David Pitblado, Treasury Delegate at the British Embassy, and Geoffrey Wilson, British representative and executive director at the IBRD. Officials also travelled and discussed the reports in Washington and East Africa.

⁷³ See Edward S. Mason and Robert E. Asher, *The World Bank since Bretton Woods* (Washington D.C.: Brookings Institution, 1973) but also Richard Swedberg, "The Doctrine of Economic Neutrality of the IMF and the World Bank," *Journal of Peace Research* 23, 4 (1986), 377-390.

⁷⁴ Louis Galambos and David Milobsky, "Organizing and Reorganizing the World Bank, 1946-1972: a Comparative Perspective," *Business History Review* 69, 2 (1995), 156-190; Michael Gavin and Dani Rodrik, "The World Bank in Historical Perspective," *American Economic Review* 85, 2 (1995), 329-334.

⁷⁵ The missions had an international membership, including some British experts, but Americans were generally dominant and each missions had an American as Head of Mission.

administration.⁷⁶ However, this power was bounded as colonial rule was now widely recognized as being negotiated and extremely temporary.⁷⁷ A more effective and enduring source of strength was Britain's position as East Africa's main source of outside capital, and its ability to refuse financial support for projects which did not meet its approval. By and large, however, Britain had to rely on persuasion rather than overt pressure to get its views considered: the accommodation of London's concerns depended on their recognition as "knowledge" or "expertise" rather than the protection of a specific interest.⁷⁸ Such recognition was facilitated by a broad communality of views on the role of the state, market relations, foreign capital, property rights and government finance grounded in development economics and a shared concern for creditworthiness and good debtor policies. The prominent role the IBRD was starting to play in the dissemination of ideas on economic development suggests that the dialogue its staff engaged in with Africa's colonial rulers warrants further study. Even so, London was competing for the missions' attention with African politicians, local administrators, experts and interest groups, some of whom enjoyed privileged access to the missions during their work in East Africa.

Although most aspects of the missions' progress and findings were studied and commented upon within the Colonial Office, attempts at influencing the mission's report were concentrated in a limited number of fields. Notably absent from discussions with the IBRD missions were issues directly related to economic development, including agricultural and industrial production, infrastructure, social services and education. This silence had much to do with the fact that, overall, the missions' thinking closely followed

⁷⁶ The Colonial Office's overt efforts to avoid unwelcome currency recommendations, for example, had caused resentment from the Tanganyika mission, leading the Colonial Office to resist Bank of England to press the matter further. NA CO 822/1681, Tilney to Harding (CO), 20 Aug 1959 and note [author unknown] 30 Sep 1959.

⁷⁷ E.g. Edmund Leavey (head of Kenya mission)'s insistence at a meeting at the Colonial Office that it would be up to Kenya to decide how they wanted to divide their resources. NA CO 822/2717, 16 Aug 1962.

⁷⁸ BE OV 68/3, Note Stamp (BE), 12 Nov 1954: "Any arrangements for vetting and 'control' need to be kept as informal as possible."

colonial doctrine, even if not always colonial practice.⁷⁹ However, on occasions where Colonial Office experts did have reservations about specific recommendations, these were also not communicated to the missions.⁸⁰ From the Colonial Office's perspective the World Bank's proposals were interesting at best, but also largely inconsequential: the Bank, it will be remembered, was not credited with superior development expertise, and the implementation of many of its recommendations appeared doubtful.⁸¹ Interference which could cause friction was therefore gladly avoided - Britain's only real concern was to assure that the missions would preach financial conservatism. The pressure Britain exerted thereto focused on three distinct but interconnected issues: the need to balance territorial budgets, limiting claims on Britain for development funds, and the protection of East Africa's currency arrangements. Underlying these three issues were Britain's own balance of payments problems and the protection of sterling.

From a Treasury perspective, financing post-war colonial development had been part of a strategy to strengthen sterling by boosting the sterling area's commodity exports.⁸² By the mid-1950s, however, falling commodity prices and increasing imports had rendered a positive colonial contribution to sterling increasingly unlikely, leading to a reappraisal of Britain's financial relations with the dependencies.⁸³ In 1955, Henry Hopkinson had told the House of Commons that, as a correlative to the devolution of political power, colonies "should bear an increasing part of the cost of their own development."⁸⁴ The same line was followed in a March 1957 White Paper which foresaw an end to direct financial

⁷⁹ Missions generally showed little sympathy for "political" concessions which constituted a diversion from economic doctrine.

⁸⁰ E.g. on prospects for strawberries in Kenya, NA CO 822/2717, note [no date], or cocoa in Tanganyika NA CO 822/1680, note Harris 21 Mar 1961.

⁸¹ "I don't think we can pretend that the [previous IBRD] reports have had any significant influence in shaping the development plans of the territories concerned," NA CO 822/1680, note Galsworthy 10 Sep 1957.

⁸² Cain and Hopkins, *British Imperialism*.

⁸³ Krozewski, *Money and the End of Empire*, 195; Bangura, *Britain and Commonwealth Africa*.

⁸⁴ Quoted in Cooper, *Decolonisation*, 393. This policy was not yet considered practical in East Africa, where Kenya in particular remained an important recipient of metropolitan funds.

assistance to the colonies as soon as they reached independence.⁸⁵ As political independence would also entail “financial independence” the colonies needed to be weaned from British financial aid in anticipation: pressure on them mounted to balance territorial budgets, build up their own credit and raise their own development capital. Britain’s financial conservatism was most pronounced during the intense budgetary pressure and balance of payment difficulties of the mid-1950s, but although improvements in economic outlook allowed Britain to be more liberal as time progressed, the availability of development finance remained tied to the precarious balance of payments situation.⁸⁶ Eligibility for financial assistance also continued to be linked to the recipient’s creditworthiness: development finance mostly took the form of loans, and deserving recipients were those with the proven ability and appropriate policies to service the debts incurred.

The principle that colonies should become financially independent on recurrent account appeared natural to the IBRD missions and, in line with the Colonial Office’s wishes, much of their attention was directed at working out how this could be achieved. Rather than lingering over colonial legacies, the inherited economic structure and administrative apparatus the reports portrayed African efforts and sound management as the main determinants of future success or failure, thus further supporting Britain’s dissociation from imperial responsibilities.⁸⁷ Development was constructed as a local or national

⁸⁵ “The special responsibility which HMG has for colonial dependencies ceases when they achieve independence,” from White Paper “The United Kingdom’s Role in Commonwealth Development.” Quoted in David John Morgan, *Colonial Development: a Factual Survey of the Origins and History of British Aid to Developing Countries* (London: Overseas Development Institute, 1964), 59. Also see Jim Tomlinson, “The Commonwealth, the Balance of Payments and the Politics of International Poverty: British Aid Policy, 1958–1971,” *Contemporary European History* 12, 4 (2003), 413–429.

⁸⁶ As in White Paper “Assistance from the United Kingdom for Overseas Development,” Mar 1960.

⁸⁷ “Their future is in their own hands [...] the people should come increasingly to recognise the connection between their own efforts and the improvement of their conditions of life,” *Tanganyika Report*, 3; “Development will not take place unless enough people and their leaders are prepared to make the changes in their habits, attitudes and thinking necessary to achieve the end,” *Uganda Report*, 37; “The coming of independence to Kenya will place the responsibility for the country’s future squarely upon the shoulders of

rather than an imperial issue, and the means to promote it were to be looked for in East Africa rather than London.⁸⁸ Balancing the territorial budgets without recourse to British recurrent assistance was, however, fraught with difficulties: cutting expenditure entailed political difficulties, while the scope for increasing revenue in the short term was limited by low commodity prices. It was Tanganyika's inability to balance its budget which had inspired its approach to the Colonial Office, a recurrent budget deficit of £5 million had been predicted for Uganda, and in Kenya the picture looked even gloomier.⁸⁹ The Colonial Office recognized that such deficits could not be made to disappear overnight: in April 1959 Lennox Boyd told the Colonial Policy Committee that, for the time being, it was impossible to completely ease East Africa away from development funds, otherwise "the whole aim of trying to secure a planned constitutional development [would] be gravely jeopardized."⁹⁰ Even so, IBRD recommendations on the optimal size or duration of this assistance were not called for: levels of British aid, the missions were made to understand, should simply be accepted as given.

In terms of general policy, there were no major differences in opinion between the Colonial Office and the World Bank missions. From the first meetings with the Tanganyika mission in London through to the published Kenya report, the missions consistently called for restraint in expenditure on non-essential services.⁹¹ On the revenue side, some divergent advice was given on taxation, but the consensus remained that

the people of Kenya themselves," Kenya Report, 1. See Frederick Cooper, *Africa since 1940: the Past of the Present* (Cambridge: Cambridge University Press, 2002), 4.

⁸⁸ On the delinking of metropole and the colonies, see Cooper, *Decolonization*, Chapter 10 and 11.

⁸⁹ NA CO 822/1680, Tilney to Vile, 28 Oct 1957; NA CO 822/2714, Melmoth to Vile, 4 Jan 1960. The Kenya Mission's chief economist estimated a £6 million recurrent budget deficit for 1962/63, growing to £10 million in 1963/64, NA CO 822/2717, meeting Thompson (IBRD), Galsworthy (CO), Higham (CO) and Derx (CO), 28 Dec 1961.

⁹⁰ Quoted in Cooper, *Decolonization*, 398. Also see NA CO 822/2714, Meeting at Colonial Office with Uganda preliminary mission, 4 Apr 1960.

⁹¹ With the exception of secondary education, which needed to be extended at the expense of generalised primary education. This would also allow for economies as Africanization could be combined with a reduction in wage levels.

increased government revenue was to come mainly from an intensification of revenue yielding economic activity: a major function of all three development programs was thus to balance future territorial budgets. While there was obviously nothing in this with which the Colonial Office wished to quarrel, it did feel that the Missions needed occasional prompting to translate these guidelines into concrete recommendations.

The initial impression the Colonial Office gained from the Tanganyika mission was that its proposals were too soft and general as well as expensive.⁹² When Gorell Barnes informed the IBRD in Washington of his doubts whether the mission was really tackling the territory's tougher financial dilemmas, he was reassured that this omission would be rectified.⁹³ The subsequent draft report indeed provided for a smaller increase in expenditure than the projected rise in revenue, and stressed that the expansion of government services needed to take second place to intensifying production.⁹⁴ Despite remaining disappointment with the report's truisms, no further interventions followed as, by this time, Tanganyika's financial outlook had improved due to the relative stability of its terms of trade and the United Kingdom's decision to take over financial responsibility for the East African Land Forces Organisation.⁹⁵

As the Uganda mission was more outspoken in its recommendations on government expenditure, its recommendations were generally better received.⁹⁶ The tentative conclusions held that social welfare expenditure was at its upper limits. In order to allow for an increase in agricultural development all other expenditure needed to be strictly limited.⁹⁷ This view was affirmed in the draft report, which suggested that despite

⁹² The mission originally proposed a period of deficit spending. NA CO 822/1681, Tilney to Harding, 20 Aug 1959, and meeting at the Colonial Office with the IBRD team on 31 Aug 1959.

⁹³ Gorell Barnes expressed his concerns to Cope and Illiffe (IBRD), NA CO 822/1677, Note Gorell Barnes, 12 Oct 1959.

⁹⁴ NA CO 822/2715, summary of draft report, [Apr] 1960.

⁹⁵ NA CO 822/2716, note Derx 16 May 1960.

⁹⁶ E.g. NA CO 822/2714, note Derx, 19 Jul 1961 and Note Maccoll, 18 Jul 1961.

⁹⁷ NA CO 822/2714, summary of tentative conclusions, no date [between Dec 1960 and Feb 1961].

mounting pressure the trend to increase public expenditure required dampening.⁹⁸ The mission's proposals brought the recurrent budget back into balance, and even allowed for a contribution from recurrent account to the development budget.⁹⁹ The Colonial Office did not believe such a contribution would prove possible: not only did the value of Uganda's exports continue to decline, British recurrent assistance would also fall considerably short of the mission's expectations.¹⁰⁰ Nonetheless, given the positive impression the mission's proposals left in London, no real alterations were requested. The mission was merely told to transfer £5.5 million finance for the development program to the portion still to be financed, with the understanding that additional British assistance could be discussed after Uganda had considered the mission's proposals.¹⁰¹

Of the three East African territories, Kenya was most reliant on external capital. Thompson, the IBRD mission's chief economist, estimated that one-eighth of Kenya's recurrent expenditure was sustained by British aid, and expenditure was still rising despite stagnant revenues. In a "Memorandum on Taxation" Thompson argued for a thorough reappraisal of government expenditure "with the aim of eliminating nonessential expenditures and those not supporting the expansion of production."¹⁰² In this he echoed the Colonial Office's view that Kenya should move towards a level of services similar to those of Tanganyika and Uganda.¹⁰³ Thompson's suggestion that wage levels could be reduced as Africanization proceeded was particularly welcome as it was not one which the Colonial Office itself could make. However, the mission's suggestion that, parallel to such budgetary measures, British assistance would also need to increase

⁹⁸ NA CO 822/2714, summary of financial section draft report, [Jul] 1961.

⁹⁹ Of £600,000 per annum, NA CO 822/2714, summary of financial section draft report, [Jul] 1961.

¹⁰⁰ NA CO 822/2716 Note Derx, 19 July 1961: the mission may have to "lower their sights" on the recurrent budget contribution. Assistance under the CD&WA should be £1.5 instead of £3 million; exchequer loans £2.5 instead of £6 million. Uganda was also expected to bear the cost of its own military.

¹⁰¹ NA CO 822/2716, Meeting Mason (IBRD) at Colonial Office, 20 Jul 1961

¹⁰² NA CO 822/2717, Thompson, draft memorandum on taxation, 30 Mar 1962. Unless action was taken, the deficit was expected to rise to 30%.

¹⁰³ NA CO 822/2717, Galsworthy at meeting Thompson (IBRD) with Galsworthy, Higham and Derx (CO), 28 Dec 1961.

“if [Kenya] was to have a reasonable independent government” was much less welcome.¹⁰⁴ Despite repeated prompting, the Colonial Office refused to discuss the continuation of grants-in-aid, maintaining instead that Kenya’s priority should be the achievement of financial independence through reduced government spending.¹⁰⁵ Upon receipt of the mission’s draft report in August 1962, officials expressed doubts regarding the projected contribution of £1.5 million towards the development program from the recurrent budget, and were disappointed that the mission’s call for economies was insufficiently matched by practical proposals on how these could be achieved.¹⁰⁶ By pointing to additional factors which would adversely affect Kenya’s budget, the Colonial Office continued to put pressure on the mission to economize.

The three missions’ fiscal recommendations differed somewhat depending on the severity of the territories’ financial crises and the scope for quick returns from expanded production. The Tanganyika mission could afford to argue against increased taxation, though it also maintained that tax concessions for pioneer industries should not be contemplated.¹⁰⁷ In the cases of Uganda and Kenya, however, the World Bank missions did recommend fiscal measures to alleviate the more immediate budgetary difficulties. In addition to increased excise and customs duties, the Uganda mission argued for an African contribution to the income tax as well as an increase in company taxes, though in this case tax holidays for pioneer industries were considered advisable.¹⁰⁸ Proposals for Kenya followed a similar line, except on the issue of tax holidays, where the mission shared the Tanganyika report’s reservations.¹⁰⁹ Although the Colonial Office disliked

¹⁰⁴ NA CO 822/2717, Thompson at meeting 28 Dec 1961. On wages also see Cooper, *Decolonization*, 444-446.

¹⁰⁵ NA CO 822/2717, Leavey to Hull, 11 Dec 1961 and meetings 28 Dec 1961, 9 Apr 1962 and 18 Apr 1962.

¹⁰⁶ NA CO 822/2717, notes on draft report, Derx Aug 1962; note Maccoll 13 Aug 1962: “The Mission stresses [...] a reduction in expenditure will be necessary. It does not suggest what broad lines such a reduction might take.”

¹⁰⁷ NA CO 822/2715, summary draft report by Fry, [May] 1960; Chudson (IBRD) at meeting 31 Aug 1959.

¹⁰⁸ NA CO 822/2714, Uganda draft report, [Jul] 1961. Also see *Uganda Report*, 61-66.

¹⁰⁹ NA CO 822/2717, meeting 14 June 1962. *Kenya Report*, 283ff

rising company taxes and was also somewhat irritated by the divergent advice offered, only modest fiscal reforms were proposed by any of the missions.¹¹⁰ Mostly, they agreed, increased revenues needed to come from increased production.

The IBRD missions' call for a serious concentration of funds and manpower on increased taxable production had the predominant objective of assisting future government budgets and, eventually, obtaining a surplus from which further development could be financed. With this in mind, the development programs were designed to have a maximum effect on future recurrent account, while recurrent expenditure was restricted to allow for a recurrent contribution towards the development program: "our strategy is [...] doing all that can be done [...] to raise output. On success in the raising of the national income all else depends."¹¹¹ East African governments were thus asked to tighten their belts just when they achieved political independence. These austerity policies were portrayed as essential prerequisites for the future fulfillment of social aspirations; in London, they were mostly welcomed for their effect of reducing calls on the Treasury.¹¹² To ensure this effect would indeed be achieved, the Colonial Office repeatedly encouraged the missions to prioritize productive over social investment.¹¹³ Britain was only prepared to contribute financially to development programs which facilitated the future self-financing of economic growth through increased production and government revenues. This much was implied in the point Gorell Barnes raised in Washington, that the Tanganyika mission "might not be tackling the essential question whether Tanganyika was capable of absorbing a substantial injection of capital over a relatively short period of years and then emerging at a higher level which she would thereafter be able to sustain herself, or

¹¹⁰ NA CO 822/2716, notes Derx 2 Jan 1961 and 3 Jan 1961. IBRD recommendations were also accompanied by the caveat that, within the East African Common Market, taxation policies could not diverge too widely.

¹¹¹ Uganda Report, 42. Also see, for example, Kenya Report, 3 and Tanganyika Report, 325.

¹¹² E. g. Kenya Report, 3 and Uganda Report, 37.

¹¹³ With the exception of Kenya, where unemployment relief and high density settlement was thought essential to avoid total breakdown. Cf. *infra*.

whether the choice was between economic independence at a very low level on the one hand or indefinite economic dependence at a higher level on the other.”¹¹⁴

Just as Britain rejected financial responsibility for its dependencies on recurrent account, it considerably increased its overseas development budget.¹¹⁵ The provision of development aid was perceived as important both to the United Kingdom’s international reputation and to the preservation of informal influence after the end of colonial rule.¹¹⁶ British development finance was also essential in keeping former colonies tied to sterling – still an important consideration, as sudden withdrawals from the sterling balances would undermine confidence in the currency. However, the sums available were still determined by Britain’s balance of payments position and remained modest in comparison to the goals to be achieved.¹¹⁷

The limited resources at Britain’s disposal inspired efforts by the Colonial Office to limit the size of the IBRD missions’ development programs. Externally financed development projects aimed at boosting production were welcomed, but also needed to be in line with Britain’s willingness and ability to finance them. As well as forming an implicit critique of past colonial inertia, ambitious proposals would raise local and international expectations and cause considerable embarrassment should Britain fail to meet them.¹¹⁸ Preoccupied with the effect its assistance had on African hearts and minds, the Colonial Office aimed to keep the IBRD’s estimates low, as any assistance already announced in World Bank reports might appear as the fulfillment of past commitments instead of genuine generosity. Britain’s ability to negotiate aid based on political expediency and the adoption of acceptable policies would also be hampered if substantial funds were

¹¹⁴ NA CO 822/1677, note Gorell Barnes on meeting Iliffe and Cope (IBRD), 12 Oct 1959.

¹¹⁵ Gross official aid rose from £ 65.2 million in 1957/58 to £ 88.4 million (1958/59), £ 113.0 million (1960/61), £ 147.3 million (1961/62), £ 155.6 million (1962/63) and £ 173.0 million in 1963/64. Quoted in Tomlinson, “The Commonwealth,” 420.

¹¹⁶ Tomlinson, “The Commonwealth,” 429, Butler, *Britain and Empire*, 169, 175.

¹¹⁷ Darwin, *Britain and decolonisation*, 289; Butler, *Britain and Empire*, 195.

¹¹⁸ This would also open the door for other donors, particularly the United States, leading to a diminution of British influence.

already committed to World Bank programs.¹¹⁹ Limited planning capacity and a shortage of skilled personnel also inspired the Colonial Office caution, as well as the limited amount of debt servicing it considered feasible given East Africa's difficult budgetary situation.

As with recurrent account assistance, the amount of finance Britain should provide for development purposes was not to be subjected to World Bank recommendations. The missions' terms of reference merely authorized them to make recommendations "in the light of resources likely to be available."¹²⁰ In their assessment of available finance, however, the missions were hampered by the Colonial Office's reluctance to provide information on ongoing negotiations with the East African governments on future development aid.¹²¹ As late as August 1962, for example, it was still pointed out to the Kenya mission that no firm assumptions about aid after independence could be made.¹²² Partially, this silence reflected the open-endedness of negotiations, but it was also used by the Colonial Office as a means to limit expectations: rather than hinting at possible increases, the missions were told to assume a continuation of existing levels.¹²³ As the missions had no interest in recommending programs which risked being abandoned because of capital shortages, the Colonial Office was able to limit their size. The same effect was obtained by drawing the missions' attention to developments whose adverse budgetary impact precluded a recurrent contribution to the development program.¹²⁴ The fact that, as a result, development expenditure mostly needed to be financed through

¹¹⁹ See Cooper, *Africa since 1940*, 84; Tomlinson, "The Commonwealth," 422.

¹²⁰ NA CO 822/2717, Butter (Treasury, Nairobi) to Galsworthy, 27 Mar 1961, terms of reference Kenya mission. The Tanganyika and Uganda terms of reference were similarly worded.

¹²¹ This concern was raised Wilson in relation to Tanganyika mission: NA CO 822/2715, 27 Apr 1960; for the Kenya mission: NA CO 822/2717, Leavey to Hull, 11 Dec 1961.

¹²² NA CO 822/2717, Burrett (Treasury) at meeting with Leavey and Thomson (IBRD) at Colonial Office, 14 Aug 1962. For Tanganyika: NA CO 822/1681, Note Smith, 1 Jun 1959.

¹²³ NA CO 822/2717, meetings 28 Dec 1961, 14 Aug 1962; NA CO 822/1681, note Smith 1 Jun 1959.

¹²⁴ NA CO 822/2714, note Derx 19 Jul, communicated to IBRD mission on meeting 20 Jul (Uganda); NA CO 822/2717, meeting 28 Dec 1961 (Kenya), where Galsworthy pointed to decreased tax income as a result of European exodus and tailing off of expenditure on Kahawa base and decrease in Exchequer loans.

loans was also capitalized on: under these circumstances only projects which generated sufficient revenue to service the debts incurred could be contemplated¹²⁵.

Each mission proposed an increase in development expenditure in comparison to previous years. Consistent with the Colonial Office's efforts, the proposed rise for Tanganyika and Uganda was modest. The Tanganyika program required £ 37 million over 6 years, involving an increase of annual development expenditure from £ 5 million to £ 6 million; Uganda's government program would cost £ 33.8 million over 5 years, raising annual expenditure from an average of £ 5.2 million to £ 6.8 million.¹²⁶ This the Colonial Office considered feasible, even if the portion which remained to be financed was in both cases considerable.¹²⁷ In the case of Kenya, however, the views of the Colonial Office and the IBRD mission diverged widely. At the root of the disagreement lay the financial implications of Britain's commitment to land settlement schemes.

In many ways, the land settlement schemes were the glue holding Kenya's independence settlement together.¹²⁸ What started as an attempt at creating a class of conservative African landowners, while simultaneously supporting European settlers by establishing a market in agricultural land, had by 1962 shifted towards a policy aimed at containing the threat Kikuyu landlessness and unemployment posed to an orderly political transition.¹²⁹

¹²⁵ NA CO 822/2717, meetings with Thompson between 9 and 18 Apr 1962.

¹²⁶ Tanganyika Report, 59-63; Uganda Report, 47.

¹²⁷ For Tanganyika about £ 25 million remained to be financed, Tanganyika Report, 64. The gap for Uganda was £ 9.6 to £ 13.6 million, Uganda Report, 50.

¹²⁸ Gary Wasserman, *Politics of Decolonization : Kenya Europeans and the Land Issue, 1960-1965* (Cambridge: Cambridge University Press, 1976); Gary Wasserman, "Continuity and Counter-Insurgency: The Role of Land Reform in Decolonizing Kenya, 1962-70," *Canadian Journal of African Studies*, 7, 1 (1973), 133-148; John W. Harbeson, "Land Reforms and Politics in Kenya, 1954-70," *Journal of Modern African Studies*, 9, 2 (1971), 231-251; Christopher Leo, "Who Benefited from the Million-Acre Scheme? Toward a Class Analysis of Kenya's Transition to Independence," *Canadian Journal of African Studies*, 15, 2 (1981), 201-222. KANU's acceptance of land settlement schemes implied a de facto recognition of the legal title of European settlers.

¹²⁹ NA CO 822/2717, documents on land settlement handed to IBRD mission (meeting 16 Aug 1962) expressed fears that at independence "most of the European farmers would leave, landless Africans would

The “Million Acre Scheme” introduced to this end provided for the purchase of land from departing settlers and its subdivision and sale to Africans receiving loans to cover the purchase and development costs.¹³⁰ The cost of the scheme was estimated at £ 22 million, the majority of which was to be financed by Britain.¹³¹ Having taken on this heavy financial burden, Britain sought to reduce its other commitments: the IBRD mission was told that “this expenditure would compete for the same resources as the agricultural development program and it would appear inevitable that the latter program would have to be reduced, probably pro tanto.”¹³² The politically important settlement schemes would be a first charge on British development assistance to Kenya, and the capital Britain was prepared to provide for it would not be made available for any other purpose.¹³³ By not taking these limitations into account, the Colonial Office feared, the World Bank team had already encouraged in Kenya higher hopes for assistance than justified.¹³⁴

The potential effect of land settlement on Kenya’s development finance was dramatic: the Colonial Office argued that the mission’s development program needed to be reduced by no less than £5 to £6 million per annum.¹³⁵ The IBRD mission was not prepared to go this far. Mission members not only questioned the intrinsic merits of high density settlement, but also doubted whether a balanced development program was possible “or even whether Kenya could get by with a program in which there was this emphasis on settlement.”¹³⁶ While Thompson in particular tried in vain to steer the Colonial Office

move into the Scheduled Area’s and inter-tribal fighting would take place over disputed ‘spheres of influence’”. Wasserman, “Continuity and Counter-Insurgency,” 135-140.

¹³⁰ Earlier low density settlement schemes which had been aimed at African property owners had received financial support from the World Bank. See Leo, “Who Benefited?”

¹³¹ NA CO 822/2717, documents on land settlement. Three quarters of this was in the form of loans the remainder were grants.

¹³² NA CO 822/2717, documents on UK development aid, handed to IBRD mission on 16 Aug 1962. Stress in original.

¹³³ NA CO 822/2717, note Derx Aug 1962 and Derx at meeting 16 Aug 1962.

¹³⁴ NA CO 822/2717, note Derx, Aug 1962.

¹³⁵ This amounted to half the proposed capital expenditure. NA CO 822/2717, meeting 16 Aug 1962.

¹³⁶ NA CO 822/2717, meeting 16 Aug 1962.

away from its endorsement of the Million Acre Scheme, the mission also reduced the size of its development program.¹³⁷ The gap, however, was too wide to be bridged. In addition to land settlement, Galsworthy pointed out, the mission had not considered the cessation of CD&W grants supporting recurrent expenditure by £1.5 million a year: “It is a pity that we should in effect have to dissociate ourselves from the Bank Mission’s proposals for total expenditure, but the reductions they have made in their program, although substantial, seem hardly enough and I very much doubt whether they will be prepared to go further.”¹³⁸ Even if the unrealistic expectations of the Colonial Office were not fulfilled, the Kenya report was heavily influenced by its commitment to land settlement: the inclusion of £ 21 million for the settlement schemes raised the total cost to £ 56 million, while expenditure on other projects had been reduced by £ 5.3 million.¹³⁹

All IBRD missions firmly vested their hopes for increasing revenue yielding economic activity on increased cash crop production using capital intensive farming methods. According to the missions’ assessment, the injection of capital and increased productivity required a conversion from “traditional” farming methods “to farming as a business activity on efficiently run, planned farms of economic size.”¹⁴⁰ Communal land ownership was identified as the root cause of low African productivity, leading each mission to advocate reform of the system of land tenure. Farmers’ resistance to land reform and the initial expenses involved led the Tanganyika and Uganda missions in particular to approach the issue with caution, though this did not deflect them from the firm conviction that African governments, possessing the legitimacy which colonial

¹³⁷ NA CO 822/2718, Thompson to Galsworthy, 5 Oct 1962. Opinion within the Colonial Office was also divided on the merits of the Million Acre Scheme.

¹³⁸ NA CO 822/2718, 16 Oct 1962, Galsworthy to Burrett (Treasury); Galsworthy to Thompson, 19 Oct 1962: “I must repeat our view that it would be more realistic for Kenya to contemplate a less ambitious level of ordinary development expenditure over the next few years while the expanded settlement schemes are progressing.”

¹³⁹ Compare Kenya Report, 56 with NA CO 822/2717, notes on draft report by Derx, Aug 1962.

¹⁴⁰ Tanganyika Report, 91.

authorities lacked, could and should eventually carry this through.¹⁴¹ More immediate recommendations focused on ‘community development projects’ and support for “progressive” farmers. Technical assistance and education for African co-operatives along with irrigation schemes and soil conservation programs were to increase the productivity and revenue contribution of peasant agriculture in the short term. Parallel to this, governments were advised that their limited resources were best used by “investing in success”: efforts and expenditure should be concentrated on economically successful farmers and the extension of large scale plantation agriculture.¹⁴²

The IBRD’s proposals were of course familiar to the Colonial Office. The missions’ approach was firmly in line with post-war colonial development doctrine and the recommendations of the East African Royal Commission in particular, while the Kenya report also enthusiastically endorsed the Swynnerton plan. Colonial attempts at transforming agricultural land use had faced African opposition, and the World Bank’s proposals were likely to be similarly resisted.¹⁴³ The transfer of resources from an economically disadvantaged majority to a wealthier minority implied in the support for capitalist farming from revenues from intensified peasant agriculture was fraught with political difficulties. The Uganda mission’s proposal to use the Price Assistance Funds to finance the expansion of production rather than to support growers’ incomes was unwelcome to Kiwanuka on similar grounds.¹⁴⁴ In Kenya, the World Bank mission argued against high density settlement and unemployment relief measures to which the administration was already committed. The mission anticipated significantly lower productivity on high density holdings than could be achieved on larger farms, and feared

¹⁴¹ In the short term “changes in the system of land tenure should be modest and largely based on modifying rather than altering the fundamental structure of the land system,” Uganda Report, 239; Tanganyika Report, 90. The missions believed such a “phobia against ‘alienation’” was misplaced, Tanganyika Report, 94; Uganda Report, 233.

¹⁴² Uganda Report, 40.

¹⁴³ NA CO 822/1680, press release Tanganyika Information Service, 15 Feb 1961.

¹⁴⁴ NA CO 822/2714, note Derx 19 Jul 1961.

the implications for loan repayments and government revenue.¹⁴⁵ The low density settlement schemes preferred by the IBRD, however, did not satisfy the political needs which inspired the Million Acre Scheme. Overall, the missions argued that East African governments could not afford to divert resources from the stimulation of production towards relief for landlessness, unemployment or falling incomes: the reliance on external borrowing for development purposes necessitated the generation of the resources by which loans could be serviced. With the exception of the Kenya settlement schemes the Colonial Office concurred; in this case too, however, high density settlement was considered a temporary sacrifice of sound economic policy to political expediency, rather than an alternative development strategy.¹⁴⁶

While the need to balance territorial budgets and limit financial claims on Britain received considerable attention, British intervention was most active on the issue of East Africa's currency arrangements. Initially, monetary reform was resisted on metropolitan grounds. In 1955 it was still noted that the Empire and Commonwealth held "something like a mortgage on our [Britain's, AR] reserves," a situation which rendered any advice endangering the stability of the sterling balances highly unwelcome.¹⁴⁷ Although the possibility of a "raid on the reserves" remained an issue of concern, it is not clear to what extent these fears continued to inform the attitude towards East Africa's monetary organization¹⁴⁸. What is clear, however, is that the Bank of England's opposition to IBRD interference in the currency field continued unabated. While the Bank's attitude was consistent with Krozewski's claim that its purpose was to guarantee the "smooth adjustment of policies on the periphery to British requirements," such considerations were no longer openly admitted.¹⁴⁹ Instead, the Bank's stated aim was the dissemination

¹⁴⁵ But see Christopher Leo, "The Failure of the 'Progressive Farmer' in Kenya's Million-Acre Settlement Scheme," *Journal of Modern African Studies*, 16, 4 (1978), 619-638.

¹⁴⁶ E.g. NA CO 822/2717, note Maccoll 13 Aug 1962; documents on land settlement; NA CO 822/2718, Galsworthy at meetings 17 and 18 Oct 1962.

¹⁴⁷ BE OV 44/73, Draft Fisher (BE) to Armstrong (Treasury), 18 Apr 1955.

¹⁴⁸ Krozewski, *Money and the End of Empire*, 150. But see Catherine Schenk's argument that the balances were in fact very stable: Schenk, *Britain and the Sterling Area*.

¹⁴⁹ Krozewski, *Money and the End of Empire*, 139, 172.

of “sound” monetary practice throughout the sterling area. For the duration of this educational project, the devolution of political responsibility in the (ex-) colonies could not be matched by a similar move in the currency sphere.

The Bank of England’s preferred policy consisted of a gradual extension of the functions of the East African Currency Board (EACB) under the supervision of its own representative, John Loynes.¹⁵⁰ Though the logical endpoint of this evolution was an East African central bank, the Bank of England’s influence was aimed at delaying rather than speeding up its establishment. Cain and Hopkins’ claim that the Bank of England actively encouraged the setting up of central banks in the colonies does not hold true for East Africa: while the Bank indeed sought to create the institutional framework best suited to check expansionist ambitions of African politicians, it feared that a prematurely established central bank would have the opposite effect.¹⁵¹ East African currency reform was defensive in nature, its main purpose being to hold off claims for more rapid or radical reform.¹⁵² Central banking was only reluctantly phased in as Bank of England officials realized its advent could not be avoided.

The Bank of England’s attitude towards advocates of central banking in East Africa was dismissive: central banks were merely of symbolic value to nationalist politicians, and calls for their establishment were often based on irrational premises and limited

¹⁵⁰ See Newlyn, *Money in an African Context and Kenya Report*, Chapter 9. On John Loynes’ involvement in currency reform in West Africa see: Chibuiké U. Uche, “J.B. Loynes and Central Banking Development in British West Africa,” *South African Journal of Economic History* 15, 1-2 (2000), 112-133. The currency question in British West Africa is also explored in Sarah E. Stockwell, “Instilling the ‘Sterling Tradition’: Decolonization and the Creation of a Central Bank in Ghana,” in Peter Burroughs and A. J. Stockwell, eds., *Managing the business of Empire. Essays in honour of David Fieldhouse* (London: Frank Cass, 1998), 100-119; Chibuiké U. Uche, “From Currency Board to Central Banking: The Gold Coast Experience,” *South African Journal of Economic History* 10, 2 (1995), 80-94; Chibuiké U. Uche, “Credit for Africans: the Demand for a ‘National Bank’ in the Gold Coast Territory,” *Financial History Review* 10, 1 (2003), 75-90.

¹⁵¹ Cain and Hopkins, *British Imperialism*, 289.

¹⁵² See, for example : BE OV 44/73, Fisher to Armstrong 21 Apr 1955; BE OV 7/75, Note Fisher 11 Sep 1956; Fisher to Jenkyns 5 Oct 1956; BE OV 78/3, Note Loynes, 3 Jan 1961; Spiers to Harding 1 Mar 1961; Loynes to Galsworthy, 16 Oct 1962.

understanding of their proper functioning.¹⁵³ More particularly, the Bank was convinced that a central bank under African control would become a vehicle for imprudent inflationary policies as governments tried to meet escalating claims under conditions of great financial stringency.¹⁵⁴ Though this fear was not entirely unfounded, the EACB's large currency cover arguably deprived East Africa of a legitimate source of development finance.¹⁵⁵ The Bank of England, however, saw additional justification of its gradual approach in the shortage of educated personnel, and the desirability of the necessary experience being obtained within a modernized currency board rather than a fully managed central bank.¹⁵⁶ More specific to East Africa was the argument that the successful operation of a central bank required close co-ordination of the territories' economic policies, which in turn depended on political integration. However, despite high British hopes, a federal East Africa was not yet in sight. Since it refused to consider central banks on a territorial basis, the Bank saw no alternative to maintaining the EACB as long as East Africa's political future remained uncertain.¹⁵⁷

The Bank of England's firm attitude, supported by the Colonial Office and the Treasury, succeeded in obtaining not only the exclusion of unwelcome recommendations, but also an endorsement of its policies. The greatest fear, in the case of the Tanganyika report, had been that the mission would recommend the establishment of a separate central bank, which would not only upset the territory's conservative currency arrangements, but

¹⁵³ BE OV 78/3, speech Loynes to Economics Club of Kenya, 2 Dec 1960.

¹⁵⁴ "A currency board seems likely to remain the only type of issuing authority which can preserve the measure of discipline necessary in present circumstances." BE OV 78/3, Loynes to Michie [National and Grindlays Bank], 9 Feb 1962.

¹⁵⁵ This alternative view was at different times supported by Treasury and the Colonial Office. BE OV 78/3, meeting 17 Oct 1962 Mackay (Treasury) and Loynes; on the Colonial Office view: Loynes to Parsons 7 Apr 1961.

¹⁵⁶ E. g. BE OV 78/3, note Loynes 19 Dec 1960.

¹⁵⁷ BE OV 78/3 Loynes to Pitblado, 10 Jun 1963: "I do not have much confidence in their [the East African territories', AR] ability to maintain the common currency without some form of political federation –at least once they replace my currency board by some form of central banking institution."

would also have far-reaching consequences for East African interregional relations.¹⁵⁸ The economic value of East African economic and political integration was the main argument used to dissuade the mission from examining Tanganyika's currency arrangements.¹⁵⁹ Any discussion of currency arrangements, the Colonial Office made clear, should accept the continuation of the EACB as a given.¹⁶⁰ Despite signs that Colonial Office pestering on currency issues caused friction with the IBRD mission, its recommendations were fully in accordance with British wishes: the report argued that the time was not yet ripe for setting up a central bank and recommended that Tanganyika should defer action until an East African central bank became practical politics.¹⁶¹

The Uganda mission was also requested to exclude currency recommendations from its report. However, as a result of local criticism of Uganda's adherence to the EACB, the mission's tentative conclusions contained proposals to further reorganize the currency system.¹⁶² Although the EACB was commended for "eliminating the temptation to tinker with the currency," the mission argued that Uganda would benefit from a properly managed central bank, and recommended that the evolution in this direction be speeded up.¹⁶³ Several qualifications accompanied this proposal: the common East African currency and the link with sterling needed to be preserved, and the establishment of a central bank would remain a lengthy process.¹⁶⁴ Even though Andrew Kamarck, the mission's chief economist, explained that his recommendations were designed to appease nationalist politicians while maintaining the substance of the Bank of England's

¹⁵⁸ NA CO 822/1680, note Galsworthy, 10 Sep 1957, note Gorell Barnes 11 Sep 1957, meeting 5 Jun 1958 and Loynes to Galsworthy, 17 Jul 1958.

¹⁵⁹ NA CO 822/1680, meeting 5 Jun 1958.

¹⁶⁰ NA CO 822/1681, meeting 29 May 1959.

¹⁶¹ Tanganyika Report, 338.

¹⁶² See NA CO 822/1680, meeting Hinchey and Galsworthy, 1 Jul 1958 and NA CO 822/1677, meeting Tanganyika exploratory meeting, 5 Jun 1958.

¹⁶³ NA CO 822/2714, summary tentative conclusions, [Dec] 1960. These arguments are repeated in Uganda Report, 71-72.

¹⁶⁴ NA CO 822/2714, summary tentative conclusions, [Dec] 1960.

gradualist policy, the Bank was firmly opposed.¹⁶⁵ Supported by the Treasury, it argued that until the political climate allowed the establishment of an East African central bank no further steps should be taken at all, and David Pitblado was instructed to obtain this modification.¹⁶⁶ The subsequently revised currency recommendations still failed to satisfy: while the establishment of a central bank was made conditional upon political integration, the invitation of a central banking mission was not, and “somewhat unnecessary and inept recommendations about central banking” remained.¹⁶⁷ British objections were again communicated to the IBRD and this time the desired result was achieved:¹⁶⁸ central banking was still recommended as a future objective, but the report now warned that “the establishment of a sound central bank takes a long time and undue haste is not called for on any economic ground.”¹⁶⁹ For the time being, Uganda should limit itself to supporting the continued evolution of the EACB.

The Kenya mission proved more open to London’s view that East Africa’s joint currency system needed to be preserved intact.¹⁷⁰ In its report, the mission fully endorsed the Bank of England’s policies: “We suggest that the operations of the EACB should be developed step by step [...] We see no immediate need for a central bank and consider that decisions on future political co-operation in East Africa should come first.”¹⁷¹ The draft report’s only unwelcome recommendation had been that a financial advisor to the East African ministers of finance should be appointed. This function, the Bank of England maintained,

¹⁶⁵ BE OV 75/2, meeting at Bank of England between Mason, Kamarck and Lutolf (IBRD) and Loynes and Parsons (BE), 20 Dec 1960. The only immediate action Uganda was advised to take was a joint invitation with other East African governments to “the appropriate international agencies” for a central banking mission to be undertaken in late 1962. Its ultimate findings would not be digested before 1964, Kamarck argued, so that central banking was not in sight before 1966.

¹⁶⁶ BE OV 75/2, note Spiers, 16 Mar 1961.

¹⁶⁷ BE OV 75/2, note Loynes, 12 May 1961.

¹⁶⁸ BE OV 75/2, Mackay to Wilson 26 May 1961; revised version in NA CO 822/2714, note Maccoll 18 Jul 1961.

¹⁶⁹ Uganda Report, 72.

¹⁷⁰ NA CO 822/2717, meeting 16 Mar 1961.

¹⁷¹ Kenya Report, 301.

could most usefully be performed by the EACB's banking member, the Bank of England's own John Loynes.¹⁷² The mission readily obliged, and altered its recommendation to a call for the extension of the banking member's role.¹⁷³ The Bank of England was now armed with three World Bank reports endorsing a cautious and conservative approach to monetary reform in East Africa which it could use to counter demands for faster progress or greater financial freedom.¹⁷⁴ Monetary solutions to East Africa's financial difficulties were thus closed off, reinforcing the problems caused by low commodity prices and the limited availability of development finance.

III.

The post-war legitimization of Britain's colonial presence had linked political devolution to a program of economic and social development. In the second half of the 1950s, this policy was undermined by a capital shortage caused by a combination of the world commodity slump and Britain's own balance of payments difficulties. As Britain withdrew its commitment to colonial development, its relations with African elites became increasingly strained. While Britain tried to maintain friendly relations by speeding up political advancement, political devolution did not reduce calls for an extension of government services and British development assistance. The colonial budget deficits and Britain's reluctance to finance them presented colonial administrators with difficult policy dilemmas. Considered too conservative by African politicians and too liberal by the British Treasury, they appealed to the IBRD for support and advice.

As East Africa's tight financial situation left little scope for new development initiatives, London was initially hesitant in endorsing the requests, as they wished to avoid the IBRD to recommend increased British financial assistance. Moreover the Bank of England and the Treasury were anxious to avoid any interference with the colonies' currency arrangements, as this could affect the sterling balances and thus threaten monetary

¹⁷² NA CO 822/2717, Stobbs to Mackay (Treasury) and CO, 14 Aug 1962.

¹⁷³ Kenya Report, 261.

¹⁷⁴ BE OV 76/3, Loynes to Adu, 8 Apr 1963.

stability. Such reservations were overcome, however, by shifting the focus from developmental goals towards the aim of reconciling Britain's desire to limit its financial commitments to the colonies with maintaining friendly co-operation with African political elites. The assistance a World Bank general survey mission could provide in marrying both objectives ultimately secured London's support.

While London's use of the IBRD missions was distinctly political, the World Bank was not a mere dummy to which Britain could dictate its own vision of the appropriate economic policies for its East African dependencies. British leverage over the IBRD missions was strictly limited, and direct pressure (in London or in Washington through Britain's executive director at the IBRD) was only applied where metropolitan interests were at stake – the management of sterling, the British balance of payments and the protection of its currency reserves. More widely, British hopes were confined to the maintenance of East African economic and political stability and the obtainment of local and international goodwill through the publication of reports supporting British orthodoxies against “inflated” local aspirations. While informal influence had been applied to secure conservative reports showing East African leaders the realities and policy implications of their territories' deteriorated financial situation, these discussions cannot be reduced to British attempts at exerting control. What was at stake in the arguments on East African economic development and monetary organization was the formulation, refinement and reproduction of what constituted knowledge on such subjects. In this sense, the East African IBRD missions were embedded in the history of a particular vision on economic development (export-led, capitalist, agricultural and open to global capital and commodity markets) which was rooted in colonial experience and embraced and disseminated by the World Bank.

The IBRD reports largely conformed to British wishes. Much attention was paid to the need to balance government budgets by limiting government expenditure on non-essential services and increasing taxable agricultural production. Austerity measures were advertised to African leaders by projecting large future benefits to be derived from temporary restraint. To the extent that such arguments were persuasive, the World Bank

reports helped to defuse the political tensions caused by Britain's financial disengagement from its East African colonies. In the currency field the IBRD missions did not challenge the temporary retention of British control. By providing an additional break on peripheral expansionism the continuation of the EACB deepened East Africa's shortage of development capital.

As colonial economic prescriptions before them, the recommendations of the IBRD reports were not always practical politics. However, from Britain's perspective, their value depended not so much on their impact on East Africa as on their influence on the reputation British colonial rule enjoyed in East Africa, in the international arena, and at home. In this respect the reports were a triumph. No doubt Alan Peacock's description of the Tanganyika report as "an endorsement rather than a criticism of past policies of colonial government" was shared by many,¹⁷⁵ while the "objective, disinterested, impartial record of what Great Britain has done in Kenya" led a reviewer of the Kenya report to muse: "If you read the whole book and then sit back and think what the country of Kenya was sixty or seventy years ago -warring tribes without even the wheel- it is some reward for the doubts and disappointments."¹⁷⁶ Though the empire might have ended, the reports seemed to imply, Britain could congratulate itself, and should be congratulated by others, on having adequately set East Africa on course for its autonomous economic development.

While this study's conclusions are consistent with the recent historiography on decolonization in stressing the limits to both British power and ambitions, they also suggests that even its limited metropolitan concerns may have profoundly impacted the economic prescriptions put forward by the IBRD. The restrictions on East Africa's capital supply combined with the World Bank's pre-occupation with creditworthiness firmly focused the missions' attention on the territorial budget, resulting in recommendations to cut expenditure on services such as primary education and health care on the one hand, and continued reliance on the capitalist export sector for the

¹⁷⁵ Alan Peacock, *The Economic Journal* 72, 287 (1962), 724-725.

¹⁷⁶ *African Affairs* 63, 251 (1964), 151-152.

generation of tax revenues on the other.¹⁷⁷ While the reaffirmation of colonial orthodoxies in the World Bank reports has to be accounted for as much by shared assumptions grounded in post-war development thought as by British pressure, this interaction between the retreating colonial power and the World Bank suggests that the way in which colonial economic, political and socio-cultural structures were transmitted deserves more attention than it has been granted in the recent literature on decolonization.

¹⁷⁷ Also see Anthony Hopkins, "The World Bank in Africa: Historical Reflections on the African Present," *World Development* 14, 12 (1986), 1480-1483; Cooper, *Africa since 1940*.