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**An Unequal Partnership:
Nyasaland and the Central
African Federation, 1953-1963.**

Lund University

Department of Economic History

Bachelor of Science in Development Studies

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May 2019

Bachelor's Thesis

Abstract

From 1953-1963 Nyasaland was a part of the Central African Federation, along with Northern and Southern Rhodesia. The establishment of the Federation was hugely unpopular in Nyasaland due to fears it would be dominated by the white settler community in Southern Rhodesia. Supporters of the Federation, in the UK and Southern Rhodesia, argued that Nyasaland would gain financially from inclusion in the Federation and this would win over public support. Using an Analytic Narrative approach, this thesis explores how public expenditure and labour migration changed over the course of the Federation. Nyasaland's position as a periphery country is established using World Systems Analysis. The thesis finds that over the course of the Federation, an increasing number of migrants travelled to South Africa rather than Southern Rhodesia. The thesis also finds that public expenditure did increase dramatically over the course of the Federation. Hechter's Theory of Nationalism is then used to explain why, despite this increase in public expenditure, the Federation continued to be unpopular in Nyasaland.

Acknowledgements

Thank you to my supervisor, Prince, for his feedback and guidance along the way. Thanks also to my brother, Christopher, for his invaluable comments and suggestions. Finally, thank you to the rest of my friends and family for their love and support.

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1. Introduction

Modern day Malawi has the second lowest gross national income (GNI) per capita in the world, at \$320 per annum (World Bank, 2017) and ranks 171 out of 191 on the Human Development Index (UNDP, 2017). This thesis considers the potential colonial origins of this underdevelopment with a focus on the late colonial period. Malawi's weak economic position has a long historical precedent, as one of the poorest colonies in the British Empire, it was labelled the "imperial slum" (Vail, 1975). Debates about the causes of underdevelopment in sub-Saharan Africa are ongoing. One prominent argument focuses on the lasting impact of colonial institutions (Acemoglu, et al., 2001) whilst others point to the role of factor endowments (Austin, 2008). Scholars of the Dependency School claim that development in the West was fueled by exploitation of the Third World, thereby causing underdevelopment (Amin, 1972). This thesis contributes to this debate by exploring Nyasaland's position in the regional and world economy and offers insights which may still be relevant today.

On August 1st, 1953 the Federation of Rhodesia and Nyasaland (also known as the Central African Federation)¹ was formed. It consisted of Nyasaland (modern day Malawi), Northern Rhodesia (Zambia) and Southern Rhodesia (Zimbabwe). Nyasaland and Northern Rhodesia were British protectorates whilst Southern Rhodesia was a self-governing British colony (Somerville, 1963). The three constituents of the Federation had very different characteristics. Southern Rhodesia had a large, powerful, white settler population and was the most politically and economically developed of the three. Northern Rhodesia had large mineral reserves and therefore mining companies were influential in the territory. Nyasaland was the smallest and poorest of the three, with a very small white population. The Federation lasted for 10 years before its dissolution on December 31st, 1963. This was shortly followed by full independence for Zambia and Malawi in 1964 and Southern Rhodesia's controversial unilateral declaration of independence in 1965 (Cohen, 2017).

The establishment of the Federation was highly politically contentious due to disagreement over the potential implications for Nyasaland and Northern Rhodesia. The Nyasaland African

¹ Henceforth "the Federation"

Congress (NAC)² was firmly against the Federation. They were concerned that Southern Rhodesia would dominate, and Nyasaland would merely be exploited as a source of cheap labour. Proponents of the Federation, such as British politicians and officials in the Foreign Office and Colonial Office, argued that the economic benefits to Nyasaland would be considerable and once this became apparent, public opinion would change (Cohen, 2017, p. 40).

Using World Systems Analysis and Hechter's Theory of Nationalism, this thesis will show that the opponents of Federation were justified in their concerns. While there was an increase in public expenditure there were also negative economic impacts and public opinion remained strongly anti-Federation. These impacts can be best understood by analysing Nyasaland's status in the regional and world economy as a peripheral country.

On the one hand much of the literature on the Federation focuses on Southern Rhodesia, as the most influential of the three countries. On the other hand, writing about Nyasaland tends to focus on the political aspects of its opposition to Federation. This thesis fills a gap in the literature by combining a World Systems perspective with a focus on the impact of the economic factors at play in the Federation for Nyasaland, which were the primary publicly stated reasons given for Nyasaland's inclusion in the Federation. (Cohen, 2017, pp. 3-20).

Aim & Research Questions

This study explores the two rival arguments about the economic impacts of the Federation on Nyasaland, by answering the following three research questions:

- 1. How did labour migration patterns change over the course of the Federation?**
- 2. How did public expenditure in Nyasaland change over the course of the Federation?**
- 3. If public expenditure did increase, why was there an increase in Nationalism rather than increased public support for the Federation?**

² The Nyasaland African Congress, as described in section two, was an organisation and later political party, campaigning for African rights in the country.

Question one explores the arguments of opponents of the Federation who feared that closer association with Southern Rhodesia would have a negative effect on Nyasaland's development and would lead to more labour migration out of the protectorate.

Question two evaluates the first part of the argument of the supporters of the Federation, that the Federation would bring obvious economic benefits.

Question three examines the second part of the pro-Federation argument, that economic benefits would lead to a change in public opinion.

Questions one and two are descriptive in nature whilst question three is more analytical.

By answering these research questions, this thesis will further illuminate the impacts of the Federation on Nyasaland. Economic factors were a driving force in the creation of the Federation. Supporters of the Federation believed that economic growth and the associated improvements in welfare would overcome the opposition to the Federation in Nyasaland (Cohen, 2017, p. 40).

Vail (1975) discussed how Nyasaland came to be "the Imperial slum", underdeveloped and with its only valuable commodity being cheap labour, which it exported to other colonies. Question one will examine what impact the Federation had on this movement of labour.

By examining public expenditure on welfare and infrastructure investment, question two will investigate if the Federation did bring about the promised improvements.

Once the patterns of public expenditure have been established in question two, question three will analyse why this did not translate into increased support for the Federation.

Considered together, these three questions contribute to the discussion on the importance of economic versus political reasons for the breakup of the Federation (Cohen, 2017, pp. 193-194).

Relevance

There has been much debate within economic history about the existence of, and the reasons for, "underdevelopment" in sub-Saharan Africa.

New Institutionalists argue that the institutional frameworks created by colonial administrations continue to impact development today. Colonies with extractive economies

and small settler populations have fared worse in the long run than colonies with larger settler populations that introduced institutions more akin to those seen in the Western world (Acemoglu, et al., 2001).

While Acemoglu, et al. argue that institutions were a result of colonial choices, others highlight the importance of factor endowments in influencing institutions. The traditional analysis is that Africa has always been land abundant but scarce in labour and capital. However, factors such as climate and soil quality meant that while land was abundant, it was not easily exploited for sustainable agricultural expansion. This scarcity of labour led to coercive measures to provide workers for European farms and mines (Austin, 2008).

Dependency theorists and World Systems Analysts argue that Africa's underdevelopment is a result of exploitation by developed countries (Amin, 1972) (Wallerstein, 1973). Using a World Systems perspective, this thesis links into the wider debate by examining the economic impacts of colonial policy decisions in the late colonial period. The relationship to the regional and global economy explored in this thesis continue to impact Malawi today as it remains one of the poorest countries in the world (World Bank, 2017).

The post-World War II era was a period of great change in Africa. The age of European empires was coming to a close, but it was not yet clear what the future would hold. Countries such as Ghana achieved independence under black African rule, while to the south of the Federation, South Africa was consolidating white domination through the system of apartheid. The Federation presented an alternative political solution for Britain's Central African colonies. The concept of "partnership" between races was used in an attempt to navigate a course between the apartheid policies of South Africa and the rising tide of African Nationalism.

Much of the writing on the Federation focuses on Southern Rhodesia because it was the dominant political force and centre of the Federation. Southern Rhodesia's unilateral declaration of independence also caused it to be a focus of research (Cohen, 2017, pp. 3-12). The role of the mining companies in Northern Rhodesia is also well studied (Butler, 2007). Political opposition to the Federation was strong in Nyasaland and this was instrumental in the Federation's breakup. Research about Nyasaland and the Federation tends to focus on this political aspect. This study fills a gap in the literature about the economic impacts of the Federation on Nyasaland.

Outline of Thesis

The next section provides background information on the topic, giving information on the countries of the Federation, how the Federation was formed and the opposition to Federation in Nyasaland. Section three is the literature review, covering relevant literature under the topics colonial public spending, labour migration and existing studies on the economic impact of the Federation. Section four outlines the theoretical framework of World Systems Analysis and Hechter's theory of Nationalism in multi-ethnic states. Section five explains the methodology and its limitations. The data are presented and analysed in section six, and section seven summarises the conclusions of the thesis.

2. Background

This section will give a brief overview of the three countries that formed the Federation and how it came into being, then outline how the rise of Nationalism in Nyasaland was tied to opposition of the Federation.

The Countries of the Federation



| | Southern Rhodesia | Northern Rhodesia | Nyasaland |
|---------------------------------------|-------------------|-------------------|-----------------|
| Size | 150,000 sq miles | 288,000 sq miles | 37,000 sq miles |
| African Population | 2,420,000 | 2,110,000 | 2,580,000 |
| European Population | 176,000 | 65,000 | 7,000 |
| People per sq Mile | 17 | 8 | 70 |
| Ratio of Africans to Europeans | 14:1 | 32:1 | 367:1 |

Table 1 (Figures from 1956 census, cited in Hazlewood & Henderson. Figures for Africans are estimates)

Southern Rhodesia was a settler colony, with a large European community. Plantation agriculture played an important role in the economy, with tobacco being the leading commodity. By the time the Federation was set up, Southern Rhodesia had the most diverse economy and was developing its industrial and manufacturing sectors. Southern Rhodesia was also the most politically and administratively developed of the three countries. Originally administered by the British South African Company (BSAC), Southern Rhodesia became a self-governing colony in 1923, following a referendum where the alternative was joining the Union of South Africa. The black African population was heavily discriminated against, both legally and socially. Africans from Northern Rhodesia and Nyasaland who travelled to Southern Rhodesia for work experienced worse treatment than in their home countries (Cohen, 2017, pp. 23-38).

Northern Rhodesia first came into the British sphere of influence under the rule of the BSAC as two separate protectorates, Barotziland-North-Western Rhodesia and North-Eastern Rhodesia. In 1911, the two were merged into Northern Rhodesia and in 1924, the protectorate was passed from BSAC rule to the British government. As can be seen in table one, Northern Rhodesia was the most sparsely populated of the three territories, with a smaller European community, mainly engaged in the mining sector. Northern Rhodesia had huge mineral deposits, especially copper in the aptly named Copperbelt region. Mining was controlled by two large companies: Rhodesian Selection Trust (RST) and the Anglo-American Corporation. Revenue from the mining sector dominated the economy of Northern Rhodesia and would prove to be a key source of income for the Federation (Rotberg, 1965, pp. 11-26) (Butler, 2007).

Nyasaland came under British control under the name of the Central African Protectorate in 1891 following some previous missionary and economic activity primarily from Scotland. The Central African protectorate was renamed Nyasaland in 1907. Nyasaland's European

population was very small, limited mainly to administrators and a few farmers. Agriculture originally focused on coffee before moving onto tobacco and tea, but plantation agriculture never reached the scale it did in Southern Rhodesia. Transport and infrastructure were major obstacles for the development of the land-locked territory. A rail link to the coast was financially backed by the colonial administration to boost economic opportunities. Once completed the rail link did not see enough usage to prove profitable and it saddled the colonial government with huge debts. This drain on revenue prevented development spending on other areas and left Nyasaland as one of the British Empire's poorest and least developed possessions (Vail, 1975). Table one shows that despite being by far the smallest of the three territories, Nyasaland had the largest African population. In fact, Nyasaland was one of the most densely populated areas in sub-Saharan Africa. The population was most heavily concentrated in the Southern district, with the 1945 census showing half the population residing there. This large population proved to be Nyasaland's main export and significant numbers of migrant workers travelled to Southern Rhodesia and South Africa to find work (Sindima, 2002, pp. 16-37).

Towards Federation

European settlers in Northern and Southern Rhodesia had been interested in amalgamating the two territories for some time. The Northern Rhodesian settlers wanted the same self-governing status their Southern neighbours enjoyed, while the South Rhodesians wanted access to the mineral wealth of the North. Colonial officials were keen to include Nyasaland in any scheme of closer association as a means of dealing with its economic difficulties. In 1937, Lord Bledisloe chaired a Royal Commission looking into closer union between the three territories. The commission advised against amalgamation because of Southern Rhodesia's discriminatory race laws, which were incompatible with British trusteeship over the Northern protectorates. While collecting evidence, the Commission was met with overwhelming opposition to closer union with Southern Rhodesia from Africans in the Northern protectorates. The commission did recommend a union between Northern Rhodesia and Nyasaland, but no action was taken due to the outbreak of World War II (Sindima, 2002, pp. 41-62).

After the war ended, settlers in the two Rhodesias continued to push for a closer union. When it became clear the UK would not agree to amalgamation, they began to campaign for

Federation instead. A number of conferences were held and eventually the UK Government agreed to Federation. Throughout the entire process Africans in the Northern protectorates remained vehemently opposed to any form of closer union (Sindima, 2002, pp. 41-62).

The primary rationale given for Federation was economic. The three territories were already seen as interdependent and combining them would provide a more diverse and stable economy. Northern Rhodesia would provide the mineral resources, Southern Rhodesia offered agriculture and manufacturing while Nyasaland provided a ready supply of cheap labour. Federation would also increase the size of the internal market which would prove valuable to Southern Rhodesia's fledgling manufacturing sector. The size of the overall Federal economy would also make it more attractive to foreign investors (Cohen, 2017, pp. 38-49).

There were also political reasons why the UK favoured Federation. The British were concerned with the direction of South African politics following the election of the National Party in 1948 and the establishment of the apartheid system. By agreeing to Federation, the UK hoped to avoid Southern Rhodesia following in the footsteps of South Africa. It was hoped that the Federation would act as a balance to the power of South Africa and offer an alternative vision for the future of the region. The Federation was founded on the principle of "partnership" between the races, although exactly what this meant was never clearly defined and it soon became clear that Europeans would continue to act as senior "partners" (Cohen, 2017, pp. 37-49).

Nyasaland Nationalism and opposition to Federation

The Nyasaland African Association was the first political organisation representing African interests across the whole of the protectorate. At a meeting in 1944 the group set out its policy demands. This included opposition to closer union- "We totally refuse to amalgamate until we have been given at least 99% of the rights we are entitled to enjoy in the administration of our own country". The statement also said, "We cannot go on allowing our country becoming a labour centre for the neighbouring territories." The group referenced the service and sacrifice of Nyasaland's soldiers during the World Wars. They were asking for the freedom and democracy for which they had been fighting alongside the rest of the empire (Rotberg, 1965, pp. 190-191).

Across Africa there was a rise in Nationalist sentiment after World War II. There was a small but influential group of Western educated elites who used the rhetoric of liberalism against their colonial governments. The signing of the Atlantic Charter, which guaranteed the right to self-determination, proved to be a powerful argument for African self-governance. African troops had fought and died to protect the right to self-determination in Europe, how could it now be denied to them (Neuberger, 2006)?

The Nyasaland African Association was renamed the Nyasaland African Congress (NAC) and at its inaugural meeting again reaffirmed its opposition to amalgamation. In its early years, the NAC attempted to work with the colonial authorities. They didn't call for independence, just improved rights and fair representation in the running of the protectorate.

As the likelihood of Federation increased, opposition in Nyasaland focused on Britain's responsibility for advancing African interests in the protectorate. Petitions and delegations were sent to Westminster and to the Crown, but they were ignored. The imposition of the Federation against clear will of the African people served as a major turning point in the Nationalist movement. The gradualist approach of working with colonial authorities was replaced by demands for immediate secession from the Federation and independence (Rotberg, 1965, pp. 192-196).

Final years of Federation

After the failure to stop the imposition of the Federation, the NAC struggled to have an impact over the next few years. However, by 1958 they had regrouped and redoubled their efforts to bring an end to the Federation. Dr. Hastings Banda was persuaded to return home for the first time in 42 years to lead the struggle. Dr. Banda, having studied in the USA and Scotland, became a Doctor in the UK, where he also acted as a representative of the NAC³. Following a period of increased unrest and confrontations between member of the NAC and the police, a state of emergency was declared in Nyasaland. The NAC was outlawed and 1300 of its members including Dr Banda, were arrested (Rotberg, 1965, pp. 284-298).

The Malawi Congress Party (MCP) was formed to replace the outlawed NAC. The UK government realised that it could not hold back African majority rule for long. Dr. Banda was

³ Banda would go on to rule Malawi, first as prime minister, then as president of a one-party state from independence until 1994.

released from prison and negotiations on a new constitution began. With new electoral rules and an increased franchise in place, the MCP won an overwhelming victory in the election of August 1961. 98% of those eligible voted, with the MCP claiming 20 out of 20 of the seats available on the lower roll. For the remainder of the Federation the MCP were in political control of Nyasaland and began to prepare for independence (Rotberg, 1965, pp. 310-313).

3. Literature Review

Colonial Public Expenditure

The literature on colonial fiscal policy in sub-Saharan Africa recognises a major shift in policy occurring after World War II. From colonisation in the late 1800s up until World War II, public expenditure was characterised by the need for financial self-sufficiency. Colonial governments were unwilling to subsidise their possessions, so all revenue had to be raised locally. This led to what has been described by Frederick Cooper as the “gate-keeper states” (Cooper, 2002, p. 5). This meant colonial governments had very little administrative capacity, controlling only the upper levels of power. Controlling the import/export of goods provided a source of income with relatively little investment. This connection between the colony and the world market constituted the “gate” of the gatekeeper state. Colonial authority was concentrated around ports and along railways leading from areas of raw material production to the coast. More rural areas came under indirect control (Makki, 2015).

This theory is supported by Frankema (2011), who applied a framework for analysing public expenditure in British colonial Africa from 1880-1940. Nyasaland, along with all the other mainland colonies was characterised as a gatekeeper state. This category was defined as having low levels of taxation and public spending focused on colonial rule and order rather than investing in human resources. Colonial authority was focused on the main administrative and commercial centres. Taxation was kept to a minimum to prevent opposition as well as because of the lack of capacity. The very small budget prevented spending on human resources. Revenue in Nyasaland was amongst the lowest of any colony, never reaching above 20 pence per person in the pre-World War II period. During this period expenditure on wages for European officials was a huge proportion of the budget, 60% in 1937. Clerks in the public works department earned 90 times the annual salary of an African wage worker. Despite this high proportion of expenditure, Nyasaland still had one of the lowest ratios of civil servants to native population at 1.4 per 10,000 (Frankema, 2011).

Following the World Wars there was a push for economic development in the colonies, attempting to modernise economies and spur economic growth. This period of late colonial development created political and economic contradictions. Economies remained extractive in nature, focusing on a narrow range of primary commodities. Politically the rate of progress on civil rights and material development was not fast enough and there was increasing demand for Africans to take control of their own development process as independent states (Makki, 2015).

Within the context of literature on Nyasaland, there has been discussion of this period of increased economic investment with relation to agriculture. Kettlewell (1965) explains how the Nyasaland government's agricultural department expanded following the war, making use of grants from the Colonial Welfare and Development Fund, as well as revenue from agricultural marketing boards. The marketing boards operated a monopoly on export crops such as tea and cotton. They guaranteed a steady price for farmers, insulating them from fluctuating market prices. The marketing boards also, however, extracted a surplus to be reinvested in agricultural subsidies and other development projects. Research was carried out on different farming techniques and best practise recommendations made. Subsidies were given for carts, storage barns and fertilisers. In total the marketing boards contributed £2.5m in subsidies and development projects from 1945-60 (Kettlewell, 1965).

Labour Migration

Labour migration has been a major focus of research on colonial Nyasaland. The initial literature, dating back to the work of anthropologist Margaret Read (1942), focused on the negative impact migration had in undermining the "traditional" way of life. This rather outdated view was soon overtaken by other scholars examining the origins and reasons for migration from the protectorate (Freund, 1984).

One argument focuses on the influence of colonial policies. A hut tax was introduced in the Southern district in 1891, extending to the whole protectorate in 1896. This was designed to force Africans into wage labour, as well as raise revenue. The tax of six shillings was reduced to three shillings if evidence was provided that one month's work had been carried out for Europeans. European employers preferred labourers from further afield, because they couldn't easily return to their villages, and this further encouraged long distance migration. However, this tax created too much labour for the available employment opportunities and

some migrants started looking further afield, to Southern Rhodesia and South Africa, where higher wages were on offer (Sanderson, 1961). Vail (1975) and Sanderson both argue that lack of economic opportunities in Nyasaland was a major driver of migration. The reason given by Vail for the lack of economic development was the disastrous railroad investment made by the colonial administration. The expensive railway project failed to attract enough traffic to be profitable. Instead it saddled the colony with vast debt repayments which prevented further investment in the economy. Limited opportunities at home combined with the high population density was a major driver for migration (Vail, 1975).

Green & Bolt (2015) question the emphasis in the previous literature on the role of the colonial administration. They point out that the Nyasaland government had very limited capacity to influence behaviour and instead suggest regional migration patterns were shaped by economic factors. They show that migration from Portuguese East Africa replaced migrant labour leaving Nyasaland, which kept wages down (Bolt & Green, 2015). While inward migration did provide some labour, there were still shortages due to the large numbers leaving. Chirwa (1993) notes that the majority of those leaving were young adult males, in the prime of their working lives. This left a shortage that was filled by women and children working on the plantations, and this led to a reduction in productivity.

More recent literature on the topic has emphasised the importance of African agency and some of the benefits associated with migration. Mitchell (2014) found that many migrants moved outside of the official recruiting networks. Migration was viewed as a means to achieve economic independence and many migrants left with a plan to save enough funds to start businesses upon their return. Successful economic migrants were well respected in Nyasaland and so could achieve a higher social status. Mitchell and Grooves (2013) highlight the import role of migrant networks. Nyasaland workers abroad supported each other and the shared experience of working in foreign lands helped to develop a national identity. Migrants from Nyasaland were involved in politics and trade union movements across the region, especially in South Africa. There were branches of the NAC in Southern Rhodesia and South Africa and many migrants who had been involved in politics abroad were active in the NAC when they returned home (Groves, 2013).

While the individual benefits of migration were clear, Wilson (1976) argues that the structural impact on Nyasaland's economy was negative. Using a World Systems perspective, Wilson analysed migration across the Southern African region. He showed how migrant

labour kept wages down in Southern Rhodesia and South Africa, with real wages in Southern Rhodesia being lower in 1972 than 1948. He also highlighted that agriculture was neglected in countries with outward migration because it was less profitable than working elsewhere. The economic activity overwhelmingly benefitted the receiving countries, though increased capital accumulation and tax revenues. Peripheral countries should have been able to make use of cheap labour as a comparative advantage to develop their internal economies, but instead the cheap labour was pulled out of the country. Migrants having access to South African and Southern Rhodesia markets also harmed any potential industry developing in the periphery because instead of buying products in Nyasaland they could buy them abroad and take them home (Wilson, 1976).

Economic Impacts of Federation

In 1960, two Oxford Economists (Hazelwood & Henderson) undertook a review of the economic impact of federation on Nyasaland. They found that no real study of the economic effect of federation had taken place before the Federation was founded. Its economic benefits were assumed rather than tested or proven. They found that Federation was beneficial to Nyasaland in terms of public expenditure. The Federation redistributed money from Northern Rhodesia to Nyasaland and Southern Rhodesia, with Nyasaland gaining around £4 million per year. However, a lot of the Federal spending benefitted the European population rather than the Africans. For example, the Federal government was responsible for European education and it spent more on this than the three separate governments spent on African education combined.

The creation of an integrated economic system was considered beneficial to Southern Rhodesia but harmful to Nyasaland's economic prospects. The Federal government was able to set tariffs to protect Southern Rhodesian industry from external competition. This encouraged consumers in Nyasaland to buy goods from Southern Rhodesia. This also prevented Nyasaland from moving into manufacturing because they couldn't set tariffs on Southern Rhodesian imports.

The report also notes that, after the recession of 1957, Southern Rhodesia had too many workers and began to restrict entry to Africans from outside the Federation. While migrants from Nyasaland were still allowed entry to Southern Rhodesia, the government stopped actively encouraging them (Hazelwood & Henderson, 1960).

Taylor (1964) was also critical of uneven development within the Federation. Secondary industry grew by an impressive 12% per year from £25.7 million in 1954 to £51.9 million in 1959/60, however, 76 % of this industry was concentrated in Southern Rhodesia and only 4% in Nyasaland. Taylor noted that the Federation was not doing enough to create jobs for the African population, especially in Nyasaland. He points out that only around 11% of the total Africa population was employed in wage labour and for Nyasaland two thirds of this figure were employed outside the territory, many even outside the Federation. While Taylor acknowledges the success of the Federation in obtaining investment, he questions the benefit of the main infrastructure project, the Kariba dam. The dam provided no benefits to Nyasaland, which would have been better served by investments in improving transport infrastructure (Taylor, 1964).

4. Theoretical Framework

World Systems Theory

Immanuel Wallerstein developed his World Systems Theory by building on the work of the Dependency School and the idea of the development of underdevelopment. The key feature of World Systems Theory is that the entire global economy is linked together with a single division of labour. The world is split into economies that can be defined as core, periphery and semi-periphery. Core economies are the most developed and have the most productive jobs such as capital-intensive industry and manufacturing. Jobs in core economies require a higher skill level and an educated workforce. Core countries also have strong state structures. Periphery economies have weak state structures and low skill-level jobs. They focus on the export of raw materials, agricultural goods and the supply of cheap labour. These economic activities are much less productive than those in the core and this leads to an unequal exchange. The core uses the cheap raw material in its production process which creates greater added value. This means surplus is transferred from the periphery to the core. Economies specialise and therefore become locked into this unequal exchange, making it very difficult to move from periphery to core. Semi-periphery economies contain a mix of economic activity, some manufacturing/industry as well as primary resource production. Their political role is more important in the system than their economic role. Semi-periphery countries act as a buffer between the core and periphery. Semi-periphery countries are

exploited by the core but in turn they exploit the periphery. If the world was just split between core and periphery, then all the anger generated by exploitation would be directed at the core. Instead, it is directed at the semi-periphery as well (Wallerstein, 1974).

Wallerstein viewed colonisation as a means of incorporating new economies into the world system. The scramble for Africa opened up new markets as well as dismantling strong state structures in the periphery. Colonies were the weakest states in the world system because they were controlled by the colonising power. The high degree of exploitation they suffered led to a rise in nationalism and independence struggles (Wallerstein, 2006, p. 55) (Wallerstein, 1973).

World Systems Analysis

World Systems Theory and Dependency Theory, along with other grand narrative theories, have somewhat fallen out of favour in recent years, because they cannot adequately explain certain aspects of economic history. For example, dependent countries seem to have been able to develop, calling into question the validity of the “development of underdevelopment” concept. In this regard a more nuanced approach is now favoured, in which development is still possible, but it is distorted by dependence relations (Kiely, 2010).

World Systems Analysis is a less rigid version of World Systems Theory. Rather than aiming to be a grand theory that explains everything, it serves as a looser frame of analysis. World Systems Analysis applies the concepts of World Systems Theory to specific contexts. This approach acknowledges that while World Systems Theory cannot explain everything, all the time, it still offers useful concepts that can illuminate certain structural relationships. This thesis will utilise World Systems Analysis in this fashion by applying the concepts of core, periphery and semi-periphery to the context of the Federation (Kiely, 2010).

World Systems Analysis in the African Context

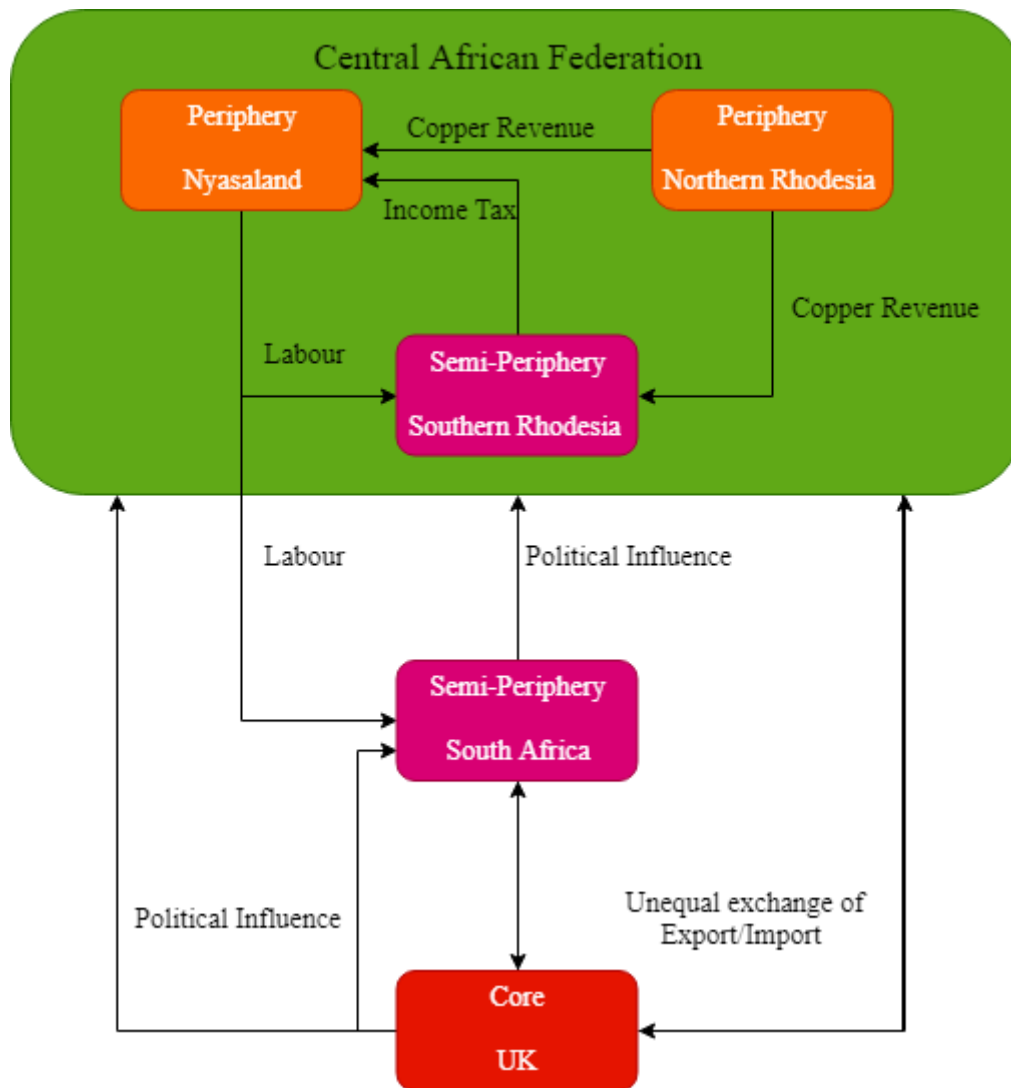
Shaw (1979) theorized about the semi periphery in Africa and Latin America utilising the concepts of semi-industrialisation and subimperialism. A semi-industrial country is one which has managed to meet the needs for capital goods locally, usually through a policy of import substitution industrialisation. It also exports manufactured goods to the surrounding periphery. Subimperialism is the regional dominance of peripheral countries, whilst still

remaining subordinate to a major core state. South Africa is the classic example of a semi-peripheral country in Africa. Settler colonies in general have the capacity for industrial development based on the exploitation of African land and labour. However, they are held back by discriminatory laws which limit the size of the potential market and reduce the willingness of peripheral states to import goods produced in apartheid states (Shaw, 1979).

Samir Amin was a prominent World Systems scholar focusing on the African setting. In his 1972 article "*Underdevelopment and Dependence in Black Africa-Origins and Contemporary Forms*" Amin details how Africa was no less developed than the rest of the world during the pre-mercantile period. During the Mercantile period, Africa became the "periphery of the periphery", supplying slaves for the Americas. With the colonisation of Africa came its full integration into the capitalism system. As part of the periphery the role of Africa in the global system was to supply cheap primary products.

Amin divided Africa into three broad macro regions; Africa of the colonial trade economy, Africa of the concession-owning companies and Africa of the labour reserves. Nyasaland and the rest of Southern Africa come under the region of labour reserves. Within this area the colonial powers required a large workforce to exploit the mineral wealth of the region and to work on the settler plantations. To ensure a steady supply of labour, colonial authorities took measures to force people into the wage workforce. This included confining Africans to unproductive areas of land that were unable to support the population, forcing them to find employment (Amin, 1972).

The following model shows Nyasaland's position in the regional economy from a World Systems perspective. Nyasaland was a peripheral state in the Federation as well as the regional economy, exporting labour to both Southern Rhodesia and South Africa (Wilson, 1976). The Federation redistributed tax revenue, largely derived from copper mining, to Nyasaland (Hazlewood & Henderson, 1960). The links between periphery and semi-periphery as well as between semi-periphery and core are characterised by unequal exchange, with surplus transferring from periphery to semi-periphery and then to the core (Wallerstein, 1974). Political influence flows back in the other direction, with the settler colonies of South Africa and Southern Rhodesia dominating the region (Shaw, 1979).



Hechter's Theory of Nationalism

Writing about peripheral nationalism, Hechter (2000) notes that the increased political acceptance of the right to self-determination following World War II was a necessary, but not sufficient, condition for an increase in Nationalism. Economic welfare can trump the desire for sovereignty if the benefits are great enough. However, there are a variety of factors that can lead to an increase in demand for sovereignty in multi-ethnic or multinational states. This includes economic weakness in the central economy and disputes over allocation of government resources. As well as basic share of expenditure, different national groups may come into conflict over spending priorities at the state or federal level. In multi-national states, different regions with different comparative advantages will lead to conflicting demands about economic policy. Very few political decisions are culturally neutral (for example: which language to teach in multilingual states) and so decisions tend to favour the politically dominant group. If peripheral nations have a strong preference for a policy that

they believe the centre will never enact, then the demand for sovereignty will increase significantly. Unsurprisingly, social crisis and political upheaval can also act as major catalysts for increased sovereignty demands (Hechter, 2000).

5. Methodology and Data

This thesis uses a longitudinal case study of Nyasaland, as part of the Central African Federation from 1953-63, within a literary Analytic Narrative approach.

To understand the impacts of the Federation, changes during the Federal years will be set in the context of the years leading up to the Federation (1946-53). Comparisons will also be made with Southern Rhodesia, as the dominant member of the Federation.

The Analytic Narrative approach builds a narrative to provide an interpretation of a specific period of history. This approach has been chosen due to its suitability in examining periods of change over time. It examines archival evidence using an analytical framework, combining facts with theories to provide a full picture. By using archival facts, the Analytic Narrative approach tests whether World Systems Analysis and Hechter's theory of Nationalism apply to Nyasaland in the lead up to, and duration of, the Federation. This approach will focus on the facts that relate to the two theories in question, rather than detailing a complete history of the period (Antipa & Bignon, 2018).

The British Online Archives provide the main source of data. Figures have been drawn from Nyasaland's annual financial accounts and reports of the labour department. Further data comes from the financial reports of the Southern Rhodesian Government.

Limitations

The accuracy of the data is likely to vary between public expenditure and labour migration. The public expenditure data should be very accurate, the records were well kept, and the accounts have been audited. The data for labour migration is more questionable. The annual labour reports record how many migrants were issued with identity certificates, but this is an underestimate of the real number of migrants (Labour Report, 1957). While technically speaking, migrants were required to have an ID certificate to enter Southern Rhodesia or

South Africa, many simply crossed the border without one. Census data from the host countries provides a benchmark against which the labour report figures can be checked. Data on remittances will also be used to provide an additional point of reference. While data will not be precise, by using these two methods, overall trends can be confirmed and this is sufficient for the analysis.

Using colonial records carries additional difficulties. They are written from the European perspective and contain biases towards portraying the colonial power in a positive light. This issue is more apparent when the data is qualitative, but it can also be an issue with quantitative data because the colonial authority decides what to count and record. Changing record-keeping practises can also cause issues (Bryman, 2012, pp. 320-325). In this case, when attempting to evaluate the impact of Federation a number of issues arose. Firstly, the Federal government took over responsibility for a number of expenditure areas from the Nyasaland Administration, which makes a direct before/after comparison difficult. Secondly, the Nyasaland financial records were changed from January-December to June-May. This created an 18-month set of accounts from January 1953-May 1954 which had to be excluded from the analysis. Throughout the time period covered there were several administrative restructurings, with expenditure coming under different headings. This was accounted for by grouping expenditure under the seven used by Frankema (2011), to allow for easier comparison.

Whilst it is important to remain mindful of these flaws and biases, archival research remains an important aspect of African economic history. Colonial records provide the best available means of answering the research questions of this thesis.

6. Analysis and Results

Labour Migration

Official Migrants

The data for labour migration comes from the annual reports of the Nyasaland Labour Department and comprises two different indicators. The first indicator is the number of official identity certificates issued by the authorities in Nyasaland. Officially, migrants had to

be in possession of an ID certificate to travel for work. This figure provides a rough guide for the number of migrants, but it is an underestimate. Many people simply crossed the border without an ID (Labour Report, 1957). To compensate for this inaccuracy in the data, the second indicator of remittances is used. Taken together these two indicators can show general trends in migration patterns even if the precise numbers are not accurate. Census data from Southern Rhodesia provides a triangulation point for the years 1951, 1956 and 1962.

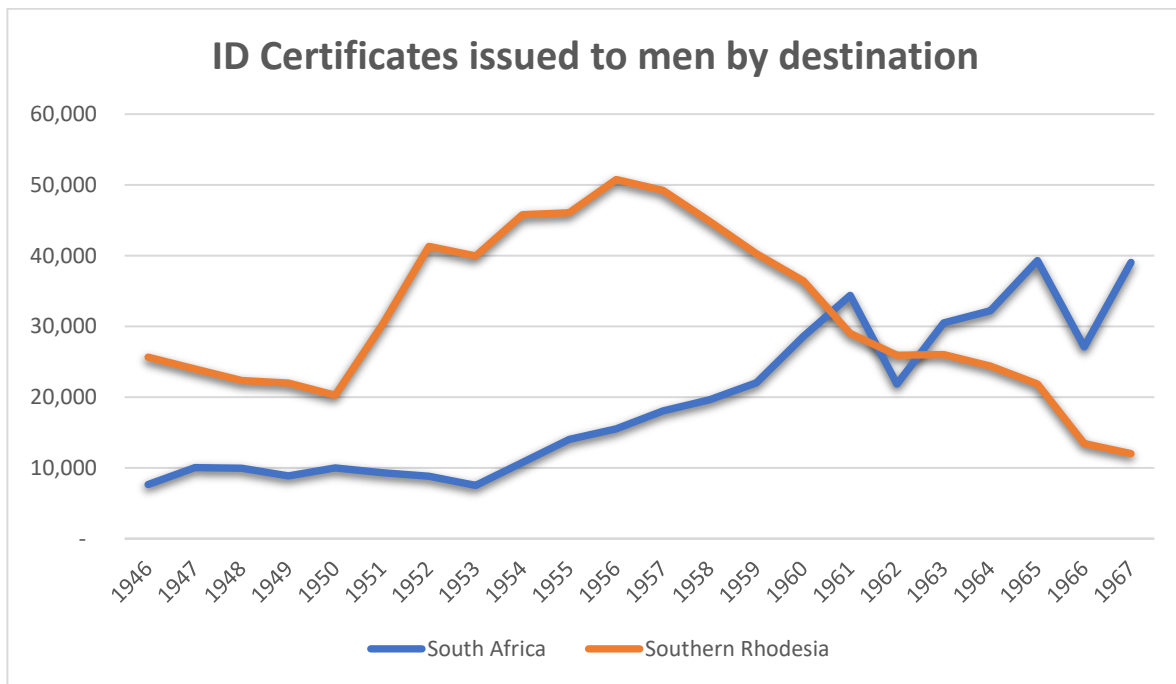


Figure 1 Source: Nyasaland Annual Labour Reports (1946-1967).

Figure 1 shows a big increase in ID certificates being issued in the immediate run up to the formation of the Federation. The figure doubled from 20,000 in 1950 up to 40,000 in 1952. The numbers leaving for Southern Rhodesia continued to increase up until 1956, at which point migration steadily declined for the rest of the time period covered. This reduction in migrants corresponded with the economic downturn in the Federation caused by falling copper prices. Returning migrants reported difficulty finding work which discouraged others from going (Labour report, 1957). Data from three census' further corroborates the trend. In 1951 the census recorded 86,287 Nyasaland born workers in Southern Rhodesia, this figure rose to 123,025 for the 1956 census before dropping to 111,370 by the time of the 1962 census (Labour Reports 1951 & 1961-62).

The numbers for ID certificates issued for South Africa paint a different picture. Interestingly the rise in numbers coincides with the start of the Federation and by 1961 more ID certificates were issued for South Africa than Southern Rhodesia. It is also worth noting that

some migrants who travelled to Southern Rhodesia made their way from there on to South Africa. Officially migrants from Nyasaland could only travel to South Africa if they had a job offer. The vast majority of those issued with ID certificates for South Africa were recruited by the Witwatersrand Native Labour Association (W.N.L.A), to work in the mines on the Rand and in the Orange Free State. To get around this people would travel to Southern Rhodesia, sometimes making use of the free travel service, and then cross the border to South Africa and acquire fake documents there.

Following the economic downturn, the Southern Rhodesian government began restricting entry of migrants from outside the Federation and they also reduced their recruitment efforts in Nyasaland. Figure two shows the number of workers recruited in Nyasaland by the Rhodesian Native Labour Supply Commission (R.N.L.S.C). Up until the mid-1950s the Rhodesian government had actively encouraged migration from Nyasaland, including through the provision of a free transport service. The economic downturn, coupled with increased labour force participation of Africans in Southern Rhodesia, reduced this demand.

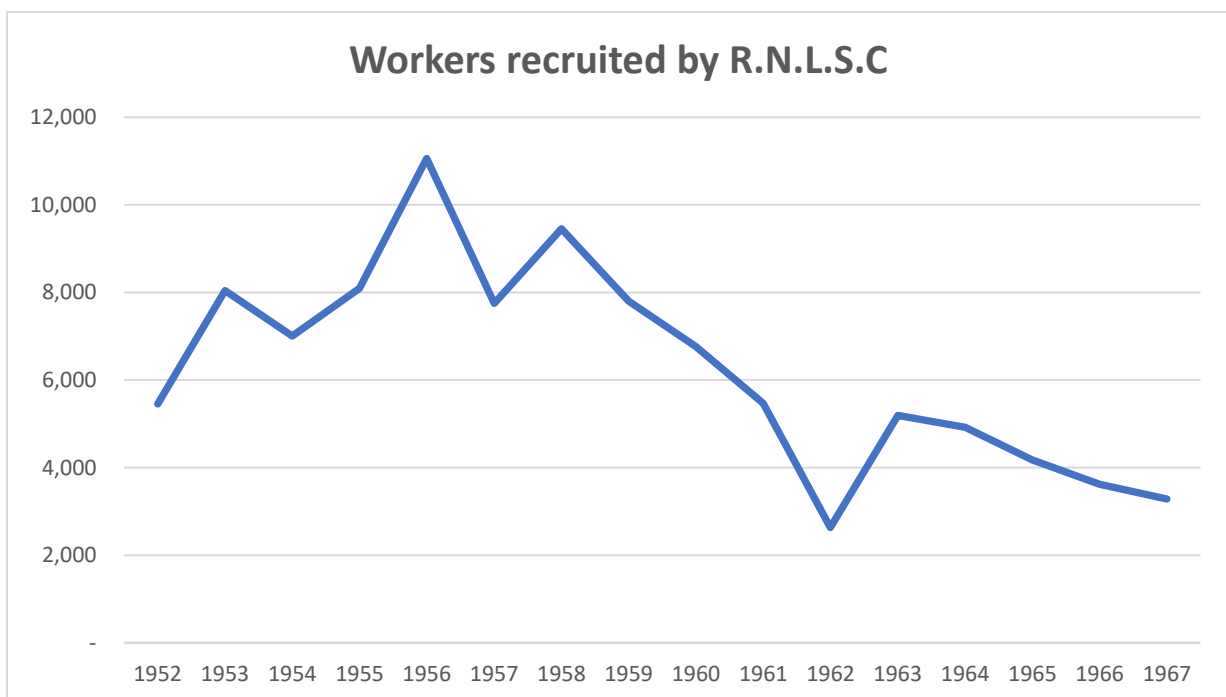


Figure 2 Source: Nyasaland Annual Labour Reports (1952-1967)

Remittances

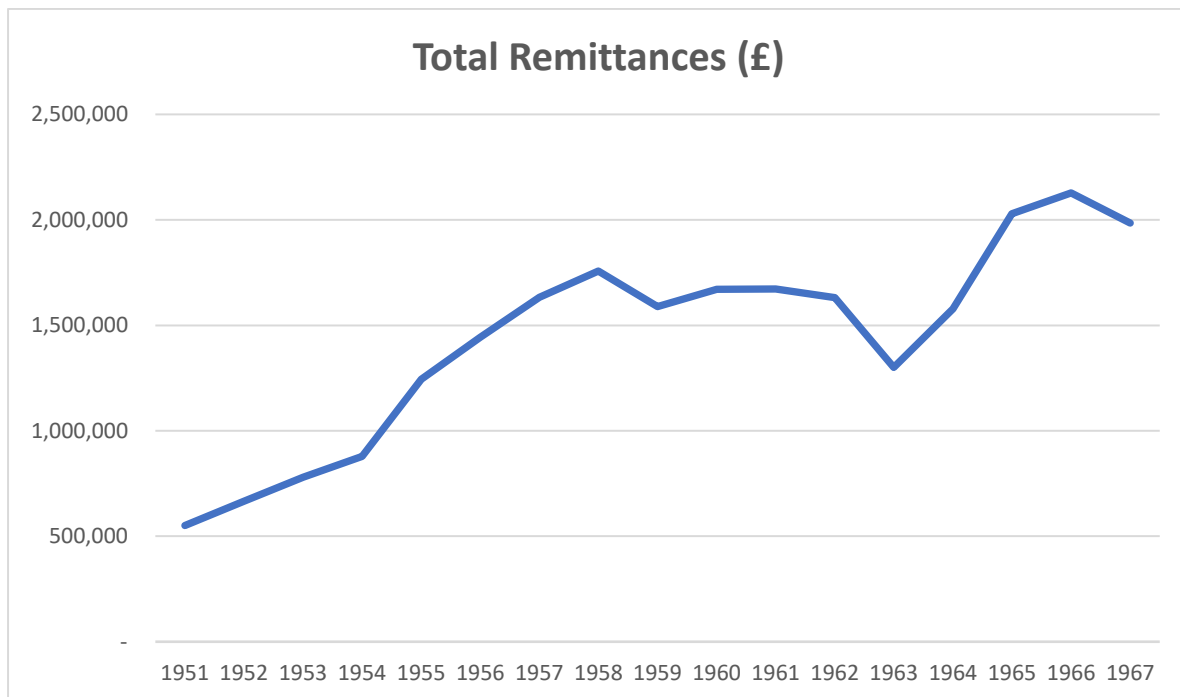


Figure 3 Source: *Nyasaland Annual Labour Reports (1951-1967)*.

Figure three shows the significant financial contribution migrants made in the form of remittances. Workers who were recruited by the R.N.L.S.C or the W.N.L.A were required to send back a portion of their wages as remittances, as well as defer some of their pay until they returned home at the end of their two year contract. The Nyasaland Labour department also maintained offices in South Africa and Southern Rhodesia from where migrant workers could send money home (Labour Report 1956). The figures also include money sent via the post office. The value of remittances increased over three-fold from 1951 to 1957 before plateauing from until the end of the Federation and then increasing again. While this increase from 1951-57 may initially appear to be the result of Federation, the following graph reveals that is not the case.

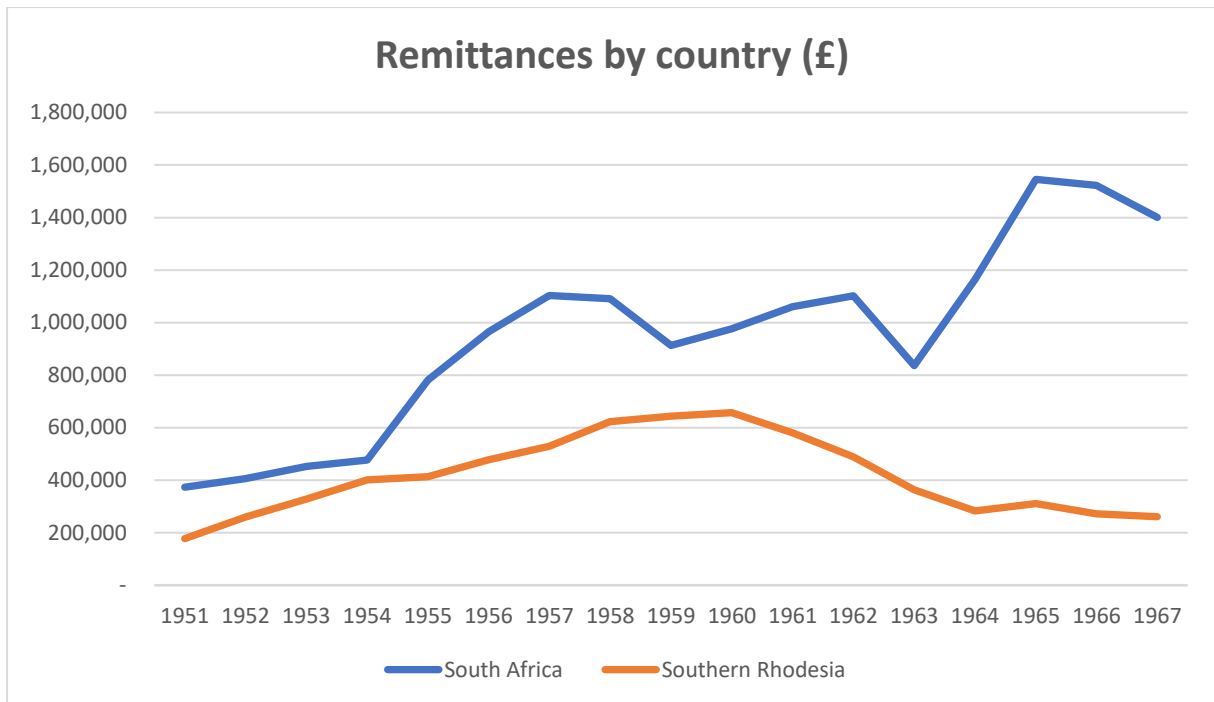


Figure 4 Source: Nyasaland Annual Labour Reports (1951-1967)

Figure four shows the breakdown of remittances between South Africa and Southern Rhodesia. What is immediately apparent is that despite more migrants officially travelling to Southern Rhodesia, the value of remittances coming from South Africa was higher. This is partially due to unofficial migrants sending remittances via the post office but primarily a function of the higher wages in South Africa. The gap between South Africa and Southern Rhodesia actually grows during the Federal period.

These figures call into question some of the logic behind the Federation. One of the major reasons for Nyasaland's inclusion in the Federation was for its supply of cheap labour, however as these figures show, the largest increase in number of migrants was before the Federation was founded. Throughout the course of the Federation the number of migrants leaving for South Africa also increased. Both of these facts illustrate that Federation was not a necessary condition for migration and they also indicate that Federation was not a significant cause of increased migration by itself. The number of migrants did rise while the Federation was going through its initial economic boom but tailed off during the economic downturn. This would seem to suggest that economic rather than political factors were a more important driver of migration. In terms of the value of remittances, migration to Southern Africa was financially more beneficial to Nyasaland as well. Including Nyasaland in the Federation so it could provide labour for Southern Rhodesia was more of a benefit to Southern Rhodesia than it was to Nyasaland. Migrants could earn better wages working in

South Africa. The use of migrant labour kept wages artificially low in Southern Rhodesia to the benefit of the European employers. Of course, migrant labour also depressed wages in South Africa but nevertheless wages were higher there than in Southern Rhodesia. During the economic boom of the early Federal years, Southern Rhodesia was able to make use of cheap labour but once the economic downturn hit, the number of migrants quickly fell. While being part of the Federation did mean that migrants from Nyasaland could continue to travel to Southern Rhodesia with relative ease, there was no guarantee of work when they arrived and so this was of little benefit.

To directly answer research question 1 “How did labour migration patterns change over the course of the Federation”: Official migration to Southern Rhodesia increased from the start of the Federation until 1956 and then declined for the rest of the Federal period. The figures for remittances confirm the decline of migration to Southern Rhodesia. The figure for remittances peaks later but this lag can be explained by the earlier migrants completing their contracts before returning home. Official migration to South Africa at the start of the Federation was one quarter of that to Southern Rhodesia. During the course of the Federation migration to South Africa increased until it overtook the numbers leaving for Southern Rhodesia in 1960. The figures for remittances show that financially, migration to South Africa was more valuable to Nyasaland throughout the whole of the Federation, and the gap widened during the entire Federal period apart from a brief dip in 1959.

The change in migration patterns shows the dynamic nature of the World System. Nyasaland’s position as periphery economy is shown by the large number of migrants leaving the protectorate. The increasing number of migrants going to South Africa over Southern Rhodesia shows South Africa consolidating its position as the foremost semi-periphery country in the region. Southern Rhodesia’s economic fortunes, and those of the Federation as a whole, were heavily tied to the world economy and the global market price for copper.

Public Expenditure

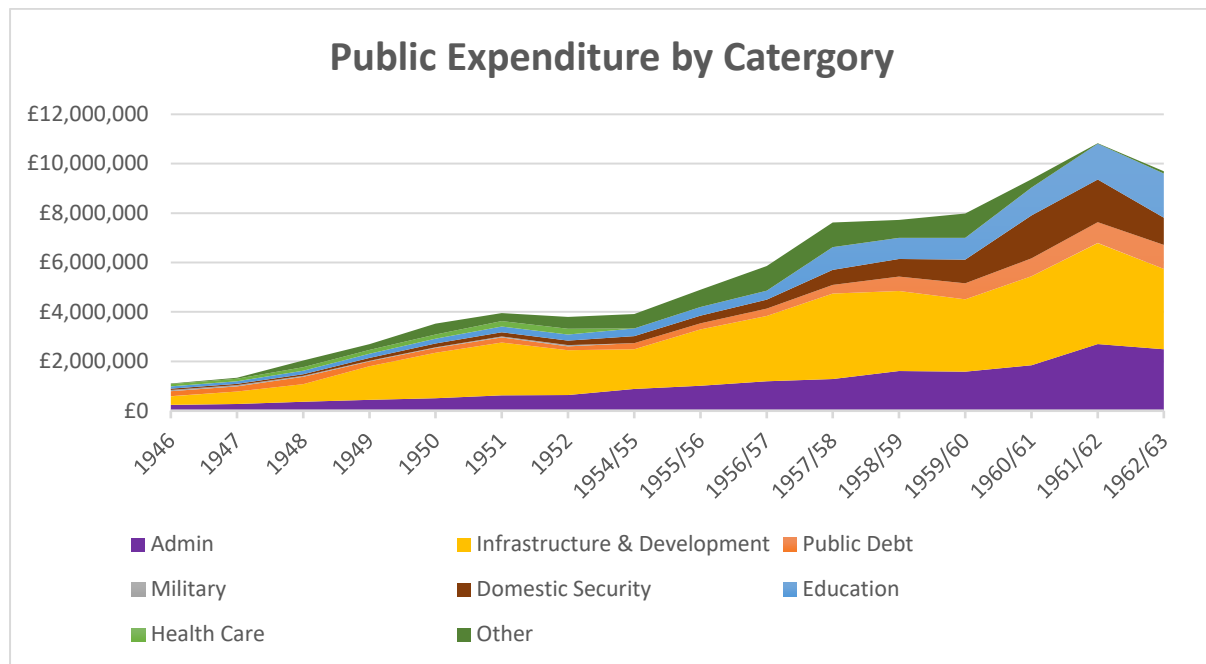


Figure 5. Source: Nyasaland Annual Financial Statements (1946-1963).

Note figures for 1953/54 have been omitted because the accounts cover an 18-month period due to changes in the financial year.

The period from the end of the war until independence saw massive increases in public expenditure in Nyasaland. Total expenditure grew from £1.1m in 1946 to £3.8m in 1952, the year before the Federation was formed, an increase of 244%, averaging 41% per year. The Federal government took over a variety of spending responsibilities including: Healthcare, defence, tax collection, aviation, prisons and European education. These revenue heads accounted for around 7.7% of expenditure in 1952. Despite this transfer of financial control, Nyasaland's expenditure continued to increase. From a figure of £3.9m in 1954/55, it peaked at £10.8m in 1961/62 before dropping back to £9.7m in the final year of the Federation. This amounted to an increase of 148% over the course of the Federation, or 21% per year. While public expenditure did increase over the course of the Federation, it had already been rapidly increasing since the end of World War II. In fact, the yearly percentage increase was lower during the Federation than in the previous years although this is of course also influenced by the lower absolute numbers in the pre-Federal period.

A two-year period of stagnation can be seen from 1958-1960 when expenditure only increased by £0.3m. This coincides with an economic downturn across the Federation

resulting from a fall in copper prices, exports of which the Federation was highly dependent on. Copper prices fell from £329 per ton in 1956 to £160 per ton in 1958. Before the price drop, Northern Rhodesian copper was responsible for 60% of the Federation's exports and 25 of GNP (World Bank, 1958).

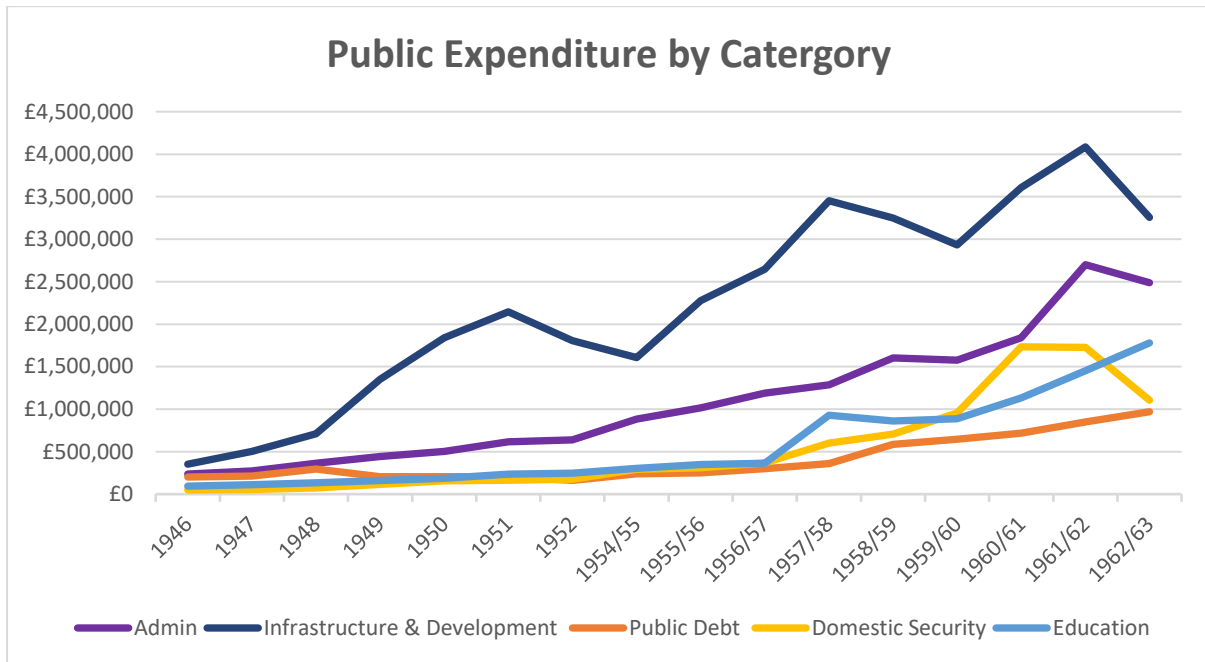


Figure 6. Source: Nyasaland Annual Financial Statements (1946-1963).

Figure six shows a breakdown of public expenditure in the categories used by Frankema (2011) in his analysis of colonial expenditure. Military and healthcare expenditure have been excluded since they came under Federal control. As can be seen, expenditure increased across all headings, with investments in infrastructure and economic development at the highest level, followed by administrative costs. Domestic security costs increased rapidly up to a peak in 1960/61. This was a response to social and political unrest in the territory, culminating in the state of emergency declared in 1959. Following the election of the MCP in 1961, there was a rapid decline in police spending.

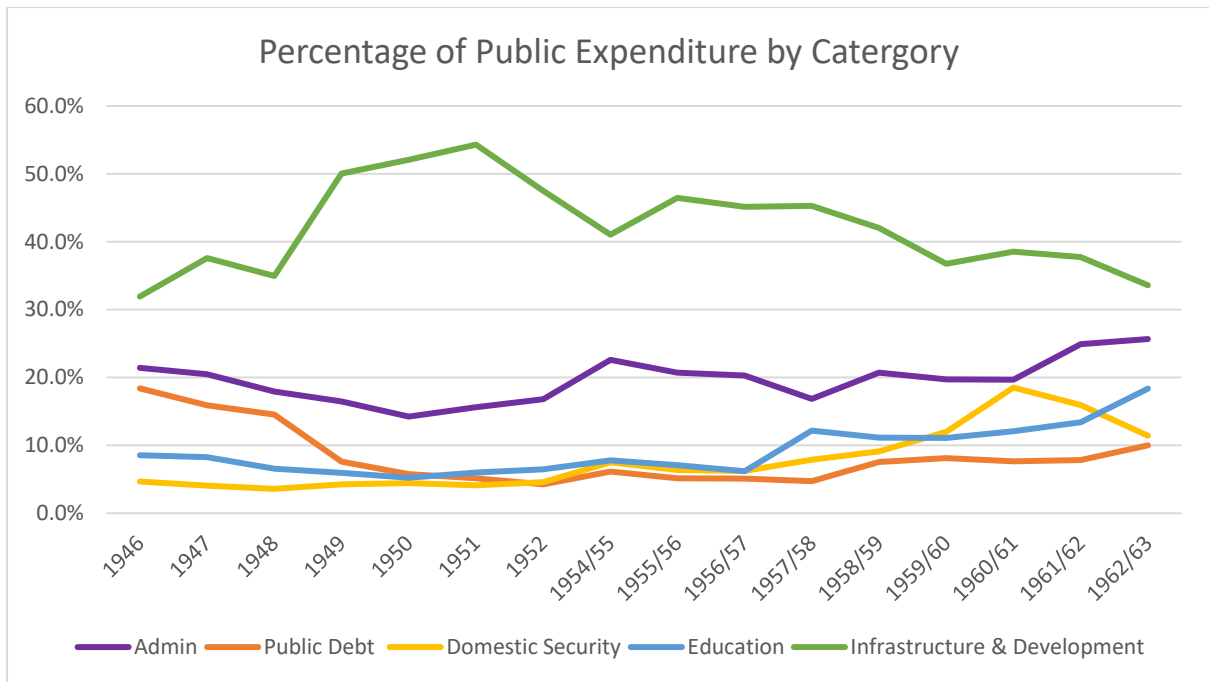


Figure 7 Source: Nyasaland Annual Financial Statements (1946-1963).

Figure seven shows expenditure in the same five categories as a percentage of total expenditure. Here the increasing importance of education spending can be seen. From 1946-1956/57 the share of spending on education remained fairly constant, between five and eight percent. This is followed by a rapid increase to 12% in 1957/58, rising up to a significant 18.4% in 1962/63. This final increase and the fact that education spending overtakes domestic security spending in 1962 is indicative of the alternative spending priorities that the MCP ushered in following their election.

Part of this sharp increase in 1957/58 can be explained by the introduction of the Development Fund. The fund was established to manage capital projects and invest in economic and social development. Nyasaland's six percent share of loans raised by the Federal Government and grants made under the Colonial Development and Welfare Act were paid into the fund.

Development Fund

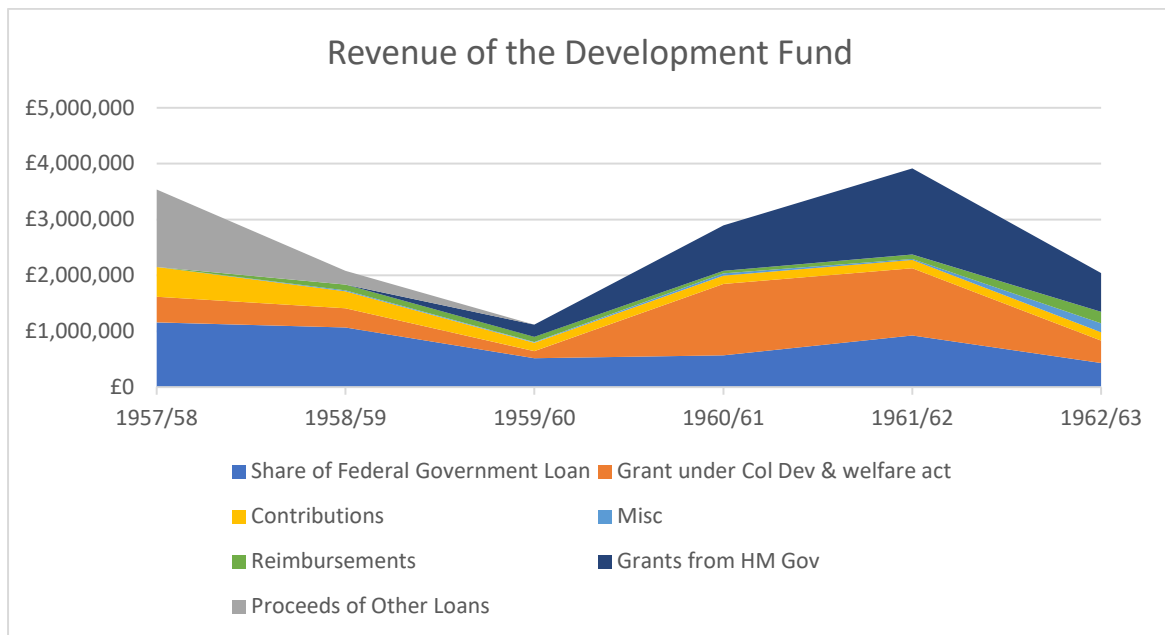


Figure 8 Source: Nyasaland Annual Financial Statements (1957-1963).

Figure eight shows the breakdown in revenue for the Development Fund. It shows the importance of the share of Federal loans in the first few years of the fund. From 1957/58-1959/60 Nyasaland's share of Federal loans amounted to £2.7m, which provided 39% of the Fund's total revenue. From 1960/61-1962/63 the amount dropped to £1.9m and only 22% of the Fund's total. This reflects the Federal Government's diminished ability to raise funds on the international market due to the economic downturn and increased political instability.

The ability of the Federation to raise more loans on the international market than the three colonies would have been able to do individually was put forward as one of the major benefits to Federation. The argument was that as a larger economy with a bigger internal market, the Federation would be a more creditworthy debtor. Certainly, Nyasaland was in need of heavy capital investment and in the first half of the Federation, these loans formed an important share of development investment. However, these loans also increased the debt burden on Nyasaland. Referring back to figure three, it can be seen that the share of public expenditure spent of servicing debts had been brought down from 18% in 1946 to five percent in 1950, remaining around that level until 1957/58. With the receipt of the Federal loans, the share rises again, reaching 10% by 1962/63. Nyasaland had a troubled history with public debt (Vail, 1975) and in 1937 debt repayments accounted for 44% of public

expenditure (Frankema, 2011). So, while access to credit can be considered a benefit of the Federation it was mostly significant prior to the economic downturn and carried the associated cost of increasing the debt burden.

The UK government significantly increased its financial support in the final years of the Federation. From 1960/61-1962/3 it provided £5.9m to the Development Fund, amounting to 67% of the total. This compared to £1.1m or 17% in the first three years of the Fund. This increase in funding coincided with the changing political situation and election of the MCP. The earlier hope that the Federation would ease the financial burden of Nyasaland on the UK treasury was now evidently not a reality. With the election of the MCP the days of the Federation were clearly numbered and the increase in development funds from the UK was geared towards preparing Nyasaland for independence.

Ordinary Revenue

Having dealt with loans and grants under the Development Fund, the following section covers ordinary revenue. Figure nine shows total ordinary revenue which naturally follows the same pattern as expenditure, discussed previously. Of more interest is figure ten, showing the main sources of income.

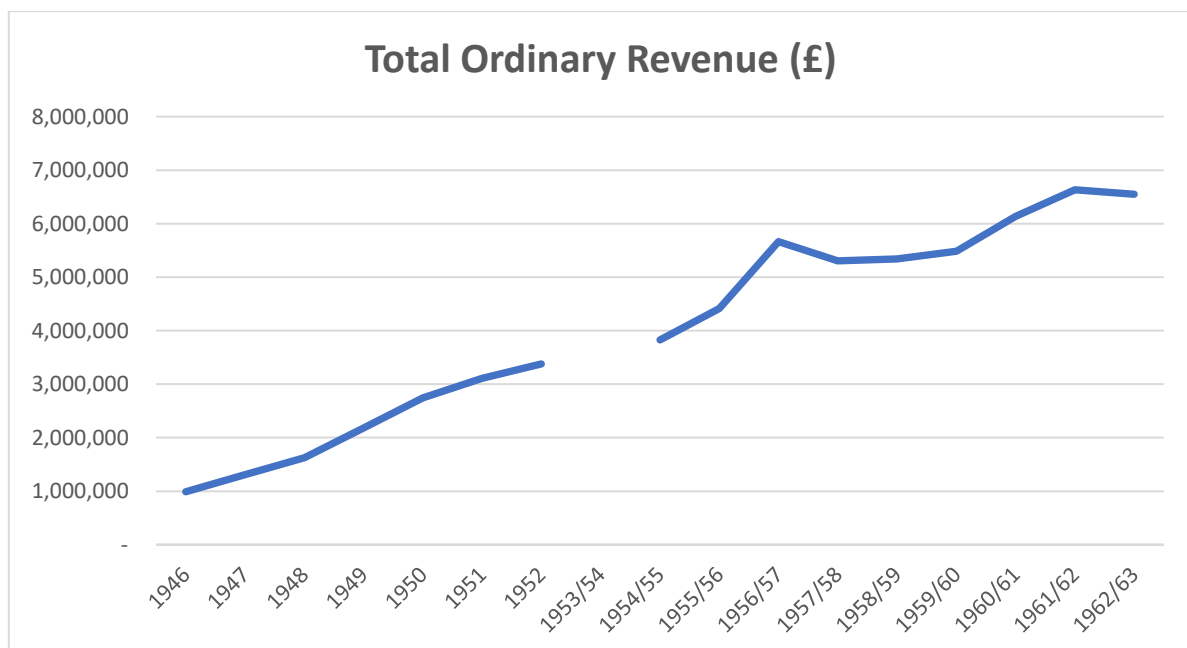


Figure 9 Source: Nyasaland Annual Financial Statements (1946-1963).

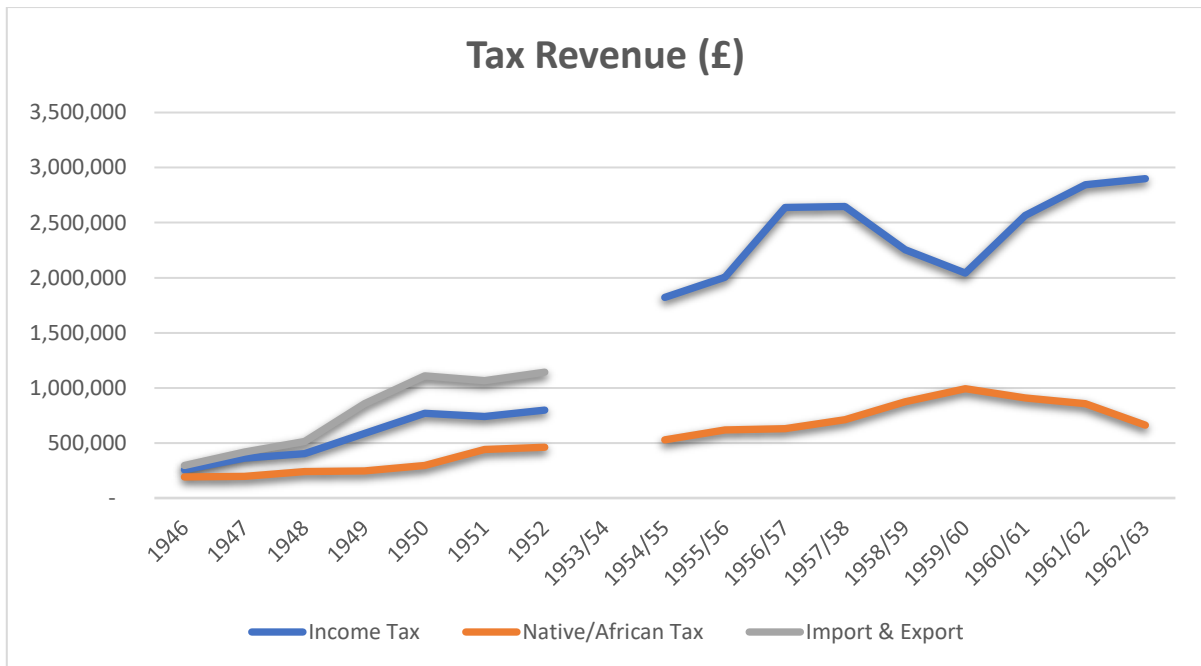


Figure 10 Source: Nyasaland Annual Financial Statements (1946-1963).

Import and export duties provided the highest share of income in the pre-federal period. These taxes came under Federal control after the formation of the Federation. This loss of income was, to some extent, compensated by the increased income tax returns. Nyasaland received six percent of Federal income tax receipts. Once again, we can see the impact of the Federation's economic downturn with income tax receipts dropping from £2.6m in 1956/57 to £2.0m in 1959/60. Total revenue during those two years remained steady, rising from £5.3m to £5.4m. This shows other sources making up the shortfall from Federal payments.

For a fuller understanding of the situation, Federal income and expenditure in Nyasaland must be considered. This information can be seen in the following tables for the year 1954/55 to 1958/59. The data was prepared by the Federal treasury for Hazlewood and Henderson's 1960 report and, therefore, data for the final years of the Federation is unfortunately not available. Table two details Federal revenue collected in Nyasaland while table 3 detailed Federal expenditure in Nyasaland. It is interesting to note that income tax collected in Nyasaland continued to rise in 1958/59 when the rest of the Federation was struggling due to the falling copper prices.

Federal Income in Nyasaland

| Year | 1954/55 | 1955/56 | 1956/57 | 1957/58 | 1958/59 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Income Tax | £ 534,000 | £ 842,000 | £ 800,000 | £ 900,000 | £ 1,013,000 |
| Customs | £ 868,000 | £ 895,000 | £ 847,000 | £ 792,000 | £ 831,000 |
| Excise | £ 11,200 | £ 19,900 | £ 222,000 | £ 248,000 | £ 281,000 |
| Post & Telegraphs | £ 184,000 | £ 228,000 | £ 256,000 | £ 288,000 | £ 293,000 |
| Other | £ 363,000 | £ 307,000 | £ 352,000 | £ 400,000 | £ 331,000 |
| Total | £ 1,960,200 | £ 2,291,900 | £ 2,477,000 | £ 2,628,000 | £ 2,749,000 |

Table 2 Source: Hazlewood & Henderson (1960).

Federal Expenditure in Nyasaland

| Year | 1954/55 | 1955/56 | 1956/57 | 1957/58 | 1958/59 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Education | £ 43,000 | £ 46,000 | £ 97,000 | £ 149,000 | £ 198,000 |
| Health | £ 395,000 | £ 508,000 | £ 543,000 | £ 744,000 | £ 769,000 |
| Post & Telegraphs | £ 197,000 | £ 242,000 | £ 320,000 | £ 310,000 | £ 306,000 |
| Other | £ 1,195,000 | £ 1,568,000 | £ 2,101,000 | £ 1,924,000 | £ 2,270,000 |
| Total | £ 1,830,000 | £ 2,364,000 | £ 3,061,000 | £ 3,127,000 | £ 3,543,000 |

Table 3 Source: Hazlewood & Henderson (1960)

Net gain on Public Expenditure in Nyasaland

| Year | 1954/55 | 1955/56 | 1956/57 | 1957/58 | 1958/59 |
|---|--------------|--------------|--------------|--------------|--------------|
| Income tax allocation | £ 1,745,000 | £ 1,825,000 | £ 2,455,000 | £ 2,460,000 | £ 2,066,000 |
| Federal Expenditure in Nyasaland | £ 1,830,000 | £ 2,364,000 | £ 3,061,000 | £ 3,127,000 | £ 3,543,000 |
| Share of Federal Expenditure | £ 530,000 | £ 881,000 | £ 1,302,000 | £ 947,000 | £ 846,000 |
| Revenue Collected in Nyasaland | -£ 1,960,200 | -£ 2,291,900 | -£ 2,477,000 | -£ 2,628,000 | -£ 2,749,000 |
| Net Gain to Nyasaland | £ 2,144,800 | £ 2,778,100 | £ 4,341,000 | £ 3,906,000 | £ 3,706,000 |

Table 4 Source: Hazlewood & Henderson (1960)

Table four shows that the total revenue collected in Nyasaland was slightly higher than the revenue returned to the Nyasaland government via the income tax allocation. However, once

Federal expenditure in Nyasaland and Nyasaland's share of Federal spending (for example on defence) is taken into account a clear overall benefit to Nyasaland can be seen. Considering that total revenue of the Nyasaland Government ranged from £3.8m to £5.4m during this period, the contribution of the Federal government is quite significant.

It is worth noting, however, that the benefits of this Federal expenditure were not shared equally. For example, the Federal government only had responsibility for European education and so this spending only benefited the very small white population. Table five shows the ratio of spending on European education to African Education. Given that the ratio of Europeans to Africans in Nyasaland was approximately 1:367 this was a hugely uneven distribution of resources.

| Year | 1954/55 | 1955/56 | 1956/57 | 1957/58 | 1958/59 |
|---------------------------|----------|----------|----------|----------|----------|
| European Education | £43,000 | £46,000 | £97,000 | £149,000 | £198,000 |
| African Education | £304,067 | £346,532 | £362,633 | £927,396 | £861,088 |
| Ratio | 1:7 | 1:8 | 1:4 | 1:6 | 1:4.5 |

Table 5 Source: Hazlewood & Henderson (1960) & Nyasaland Annual Financial Statements (1954-1959).

In relation to research question two "How did public expenditure change over the course of the Federation?" it can be said that public expenditure increased significantly over the course of the Federation. This was a continuation of a trend of increased spending since the end of World War II. The Federal government collected slightly more in taxes than it returned to the Nyasaland treasury, but it also additionally spent more than it gave to the Nyasaland government, directly providing the services it had responsibility for in the territory. While some of this expenditure, such as European education and Federal defence, had little to no benefit to the majority of the African population there is little doubt that the Federation was responsible for significantly increasing public expenditure in Nyasaland.

The Federal period can be divided into three stages. From the Federation's formation until 1956/57 the Federal economy was strong and the benefits for Nyasaland can be seen. This strong economy led to a large increase in revenue for Nyasaland in the form of the six percent share of Federal income tax and the share of Federal loans that were made available to Nyasaland. Then came the fall in copper price and the subsequent economic downturn, leading to a period of stagnation from 1957/58 until 1959/60. This coincided with increased

political unrest, culminating in the 1959 state of emergency. Following the change in the electoral franchise and the election of the MCP, revenue and expenditure began to increase again for the final few years of the Federation. While income tax receipts from the Federal government did increase again, there was also a large increase in financial aid from the UK. This support from the UK helped to offset the reduced loans that the Federal government were able to acquire.

Continued Opposition to Federation

Research Question three asks “If public expenditure did increase, why was there an increase in Nationalism rather than increased public support for the Federation?” Research question two has shown that public expenditure did increase, so why did it fail to win over support in Nyasaland? World Systems Analysis in combination with Hechter’s Theory of Nationalism allows this question to be answered. Throughout this time period Nyasaland was defined by its economic relation to Southern Rhodesia and South Africa, as a labour reserve. Nyasaland clearly had the characteristics of a peripheral country; its main economic activity was exporting cheap labour and the limited production taking place within Nyasaland was confined to agricultural primary production.

South Africa was the major economic power in the region. It had achieved a significant level of industrialisation and fit the description of a semi-periphery country. It exported its manufactured goods to the surrounding region and wielded political and military power. This success was built upon the exploitation of African labour from within South Africa and the surrounding area. While migrants from Nyasaland earned higher wages in South Africa than in the Federation, their presence still served to depress wages (Shaw, 1979).

One of the reasons for establishing the Federation was to allow it to compete economically with South Africa. On the face of it, this may appear to be beneficial to Nyasaland, whose workers were exploited in South Africa. However, Nyasaland was not an equal partner in the Federation and from a World Systems perspective it was still being exploited by Southern Rhodesia. There were signs that Southern Rhodesia was attempting to develop along a similar path to South Africa. Manufacturing output increased from 9% of GNI in the late 1930s to 18% in 1950 and 18% by 1960 (Arrighi, 1966). As was shown in question one, Federation was not the biggest factor in driving labour migration. In monetary terms migrants were better off going to South Africa, as increasing numbers did throughout the course of the

Federation. Labour migration benefitted Southern Rhodesia more than Nyasaland. It kept wages lower in Southern Rhodesia and stimulated more secondary economic activity (Wilson, 1976).

Closer association seems to have brought more benefits to Southern Rhodesia than to Nyasaland. Southern Rhodesia was able to sell its manufactured goods to a wider market, also preventing industry from developing under tariff protection in Nyasaland. The share of Southern Rhodesian manufacturing exported to Northern Rhodesia and Nyasaland rose from 12.2% in 1951 to 30.4% in 1964 (Kay, 2011).

While public expenditure did benefit from Federation, some insight into why this didn't translate into increased support can be gained by comparing expenditure with Southern Rhodesia.

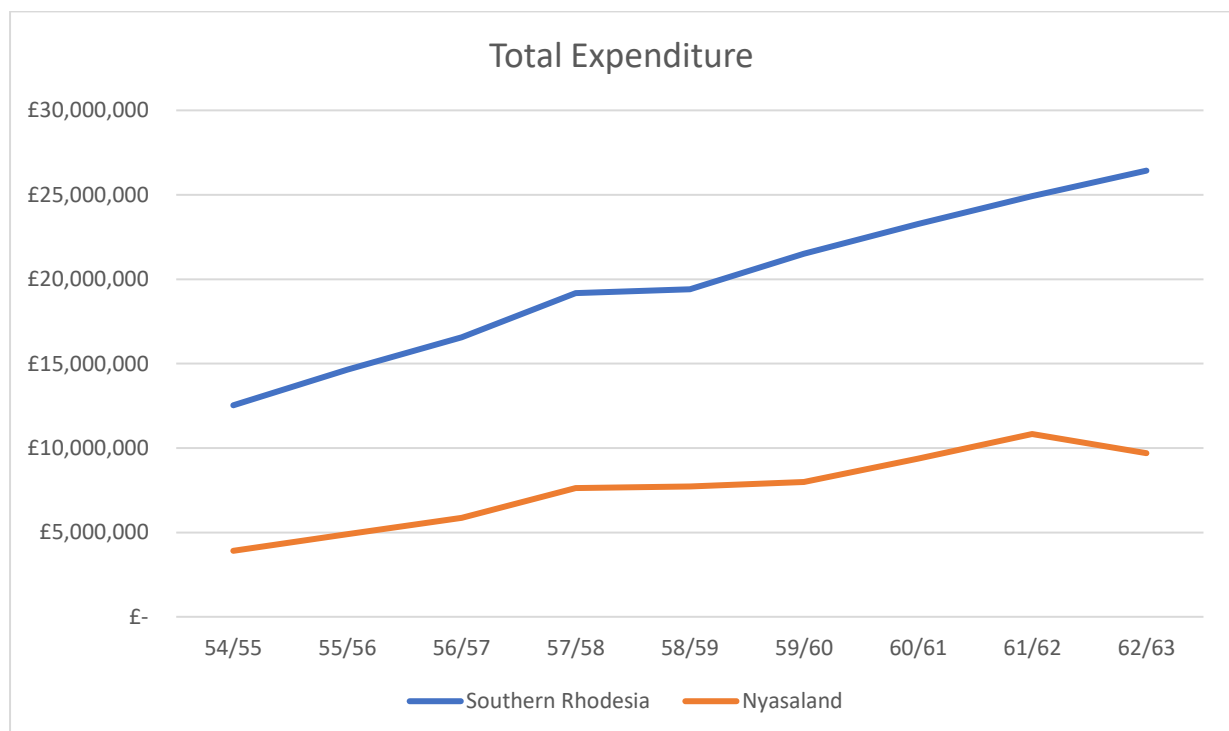


Figure 11 Source: Southern Rhodesia and Nyasaland Annual Financial Statements (1954-1963).

Figure 11 shows that public expenditure was vastly higher in Southern Rhodesia than Nyasaland, despite both countries having similar sized populations. Over the course of the Federation, the gap widened, indicating Southern Rhodesia was benefitting more from the Federation than Nyasaland. This is without including Federal expenditure, which again

provided more benefits for Southern Rhodesia, such as spending on European education and the Kariba dam project.

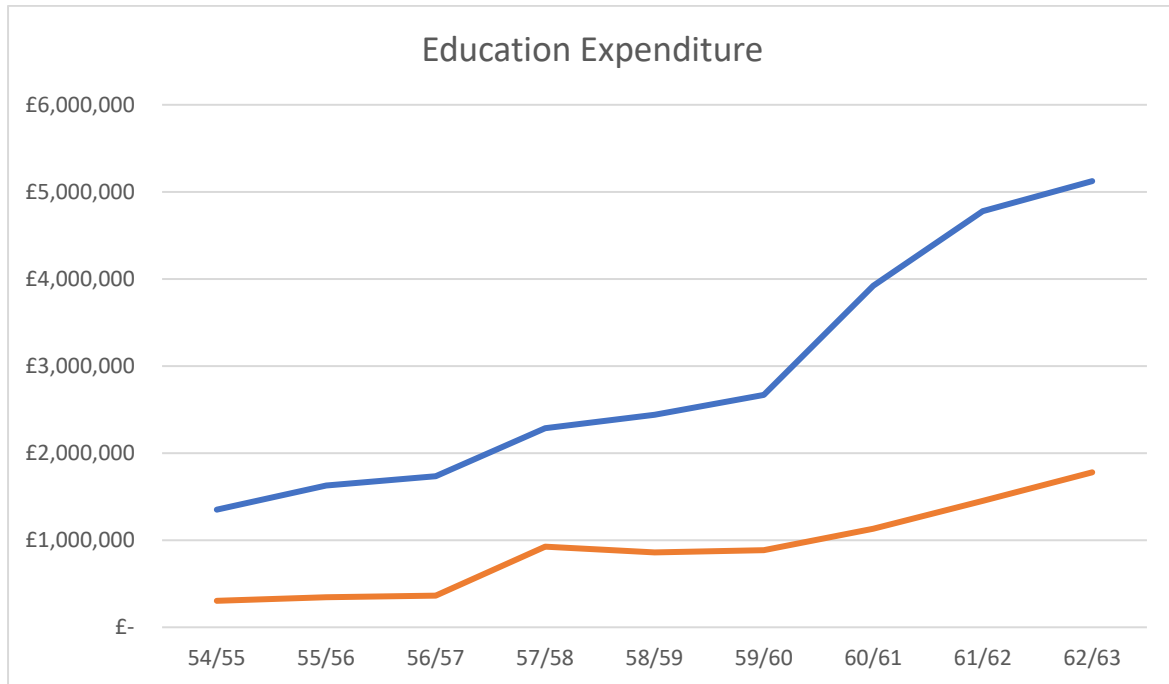


Figure 12 Source: *Southern Rhodesia and Nyasaland Annual Financial Statements (1954-63)*

Figure 12 shows the difference in expenditure on African Education. Despite the huge increases in education expenditure in Nyasaland, it still lagged behind Southern Rhodesia. By the end of the Federation, Southern Rhodesia was spending £5m per year on African education compared to £1.7m in Nyasaland. While in absolute terms public expenditure was increasing in Nyasaland, in relative terms it was falling further behind Southern Rhodesia. This widening of the gap is in line with expectations from World Systems Analysis and the theory of unequal exchange. Southern Rhodesia benefitted from Nyasaland's cheap labour and its more advanced economy pulled further ahead of Nyasaland. Despite Nyasaland prioritising education spending, especially after the election of the MCP, it was still only able to spend one third of what Southern Rhodesia did on African education.

Hechter's theory of Nationalism claims that if the economic benefits are strong enough peripheral regions in multi-ethnic states will be willing to remain as part of the larger country. However, there are five factors that can lead to an increase in nationalist sentiment and a demand for sovereignty in the periphery; economic weakness in the core, inequality of resource allocation resulting from value differences, different economic priorities,

unachievable political aims, and political or social crises. All of these factors were present in the case of Nyasaland (Hechter, 2000, pp. 116-121).

Firstly, weakness in the central economy. The impact of the economic downturn in the Federation caused by falling copper prices has been seen in questions one and two. Nyasaland received less tax money and there was a reduction in available jobs for migrant workers due to this economic hardship. The NAC, which had been struggling to remain relevant since the imposition of the Federation also saw an upturn in support at the same time, supporting the theory that economic issues played an important role in increasing nationalist sentiments.

Secondly, Hechter's theory states that value differences between national populations and inequality in allocation of resources can lead to increasing nationalist demands. A fundamental problem of the Federation was the different values when it came to racial policies between the white settler population of Southern Rhodesia and Nyasaland. This difference in political belief manifested itself in different spending priorities. Southern Rhodesia was the politically dominant force and so it was able to prioritise Federal spending to suit its needs, for example by funding European education and maintaining a powerful military and security force.

The difference in economic priorities was evident in the Federation in the form of Southern Rhodesia's manufacturing sector. The Federal area being a free trade zone was more beneficial to Southern Rhodesia than Nyasaland. Southern Rhodesia was able to sell its products to the Nyasaland market and the Federal government set tariffs to support Southern Rhodesia's industries. This offered no benefits to Nyasaland and prevented Nyasaland from using tariffs to try and develop its own manufacturing sector (Hechter, 2000, pp. 116-121).

According to Hechter a major reason for increased demands for sovereignty is the periphery holding a strong preference for a policy that they believe will never be enacted by the centre. This was the case in the Federation with regards to electoral power. Nationalists in Nyasaland wanted an electoral system which would allow African majority rule, but this was completely untenable to the white politicians. As evidenced by this quote from Federal Prime Minister Sir Roy Welensky:

"We Europeans have no intention of handing over the Federation to anyone, because we have no intention of getting out. We believe that the African should be given more say in the running of the country, as and when he shows ability to contribute more to the general good,

but we must make it clear that even when that day comes, in a hundred or two hundred years' time, he can never hope to dominate the partnership. He can achieve equal standing, but not go beyond it." (Welensky quoted in Arnold, 2006, p. 286)

This shows how under the Federal system the best Africans could hope for was equal status, and even that may have taken 200 years!

Hechter also notes that Federations can provide institutional support for nationalism by showing that the country has the capacity to run itself. The election of the MCP in 1961 and their handling of administration showed that they had the capacity to lead an independent state.

The final factor and one which Hechter describes as leading to the biggest changes in demands for sovereignty is political contingencies and social crisis (Hechter, 2000, pp. 124-141). The Federal period was characterised by both. Political changes were frequent starting with the turmoil of the formation of the Federation. There were changes to the Federal constitution and the constitutions of Northern Rhodesia and Nyasaland. There was the social crisis of the 1959 state of emergency and the further political upheaval of African majority rule following the election of the MCP.

7. Conclusion

Ultimately, the Central African Federation failed to win the support of the people of Nyasaland. This thesis has set to explore why that was the case by answering three research questions related to the arguments for and against the Federation.

Question one dealt with the concerns that Nyasaland would just be used as a labour reserve by asking: "How did labour migration patterns change over the course of the Federation?" Nyasaland had a long history of labour migration, and the data suggests that the Federation did not cause a significant change to migration patterns. Economic rather than political factors had more of an impact on migration. While economic conditions were favourable, migration to Southern Rhodesia increased, before an economic downturn led to reduced employment opportunities and migration decreased. Throughout the Federal period, increasing numbers of migrants made their way to South Africa, incentivised by the higher wages on offer and this was reflected by the higher value of remittances sent back from South Africa. These migration patterns fit with Nyasaland's position in the economic World System. Nyasaland was a peripheral country in the Federation as well the regional economy.

The increasing share of migrants going to South Africa shows South Africa's increasing dominance in the region as a semi-periphery country.

Supporters of the Federation in the UK and Southern Rhodesia argued that Federation would bring economic benefits to Nyasaland through increased public expenditure and so question two asked: "How did public expenditure in Nyasaland change over the course of the Federation?" Public expenditure did increase dramatically in Nyasaland, as proponents of the Federation argued it would. Over the course of the Federation, expenditure increased across all departments. Capital expenditure also increased, initially this was funded through loans raised by the Federal Government but by the end of the Federation the UK government was providing the money through increased grants. While it is fair to attribute a large proportion of this increased expenditure to inclusion in the Federation, it is also worth noting that the economic success of the Federation was heavily dependent on global economic factors, especially the market price for copper. It can also be argued that the Federation had a negative impact on the structure of Nyasaland's economy with Southern Rhodesian manufacturing dominating the tariff-free zone.

Question three analysed why public opinion remained against the Federation by asking: "If public expenditure did increase, why was there an increase in Nationalism rather than increased public support for the Federation?" Hechter's theory of peripheral nationalism offers a good explanation of why this was the case. The theory outlines five reasons why demands for sovereignty might increase in peripheral nations of multi-ethnic states. All five of these reasons; economic weakness in the core, inequality of resource allocation resulting from value differences, different economic priorities, unachievable political aims, and political or social crises, apply to the case of Nyasaland.

While Nyasaland did gain in absolute terms, in relative terms it didn't benefit as much as Southern Rhodesia. Uneven distribution of resources, racial inequality and the economic crisis can all be viewed as contributing factors to the increasing demands for sovereignty in Nyasaland which eventually led to the breakup of the Federation and the emergence of Malawi as an independent nation in its own right.

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