British Sterling Imperialism, Settler Colonialism and the Political Economy of Money and Finance in Southern Rhodesia, 1945 to 1962

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BRITISH STERLING IMPERIALISM, SETTLER COLONIALISM AND THE POLITICAL ECONOMY OF MONEY AND FINANCE IN SOUTHERN RHODESIA, 1945 TO 1962

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ABSTRACT: This article contributes to the emerging field of African financial history. Although there has been work on Britain's sterling arrangements in its colonies, very few studies examine the specific experiences of particular colonies within the sterling area. Foregrounded by an account of the establishment of Southern Rhodesia's monetary and banking system, this article focuses on that colony's experiences during the post-Second World War period when Britain established and eventually dismantled its discriminatory sterling area as a way to bolster post-war economic recovery. This coincided with the rise of economic liberalism as the United States became more prominent in global financial arrangements while the colony of Southern Rhodesia sought political and economic independence to operate in this emerging world order. Because the Salisbury agreement was so crucial to the recovery of London, Southern

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Rhodesia was forced to remain within the discriminatory sterling area until the mid-1950s. Thereafter, as Britain retreated from empire and abandoned discriminatory sterling, it became interested in a majority-ruled Rhodesia. However, the white minority government retaliated, interested in maintaining political power. The article unpacks how the political and economic development of empire and its aftermath in the post-war period to 1962 was so inextricably intertwined with Rhodesia's political, financial, and economic development.

Introduction

This article traces the development of Southern Rhodesia's (colonial Zimbabwe) monetary system from the immediate post-Second World War, and its efforts to establish financial independence from the British pound sterling currency network until 1962. It deals with a very critical aspect of Southern Rhodesia's financial history within the context of the British Empire at a time of major global changes in international financial systems and relations. The article demonstrates that closely linked to settler ambitions for political devolution from Britain to form a dominion[1] were very important financial considerations. Its analysis begins in 1945, a time when Britain tried to resuscitate a sterling currency system disrupted by the damaging impact of two world wars and a depression. London attempted to resuscitate the imperial economy on the back of African colonies, especially under pressure to settle dominions' sterling balances.[2] The period from the country's colonization until 1945 was characterized by the colony's attempt to consolidate colonial monetary arrangements and grow the formal economy. By the end of the Second World War, Southern Rhodesia's economy had grown on the basis of an agricultural sector mainly anchored on tobacco, cotton, maize and beef production[3]; the mining industry's marketing of gold and other minerals experienced mixed fortunes, but all had backward and forward linkages with a fledgling manufacturing sector.[4]

With a more diversified economy, the colonial government sought a financial system independent from sterling to further drive its economy. Salisbury's (Southern Rhodesia's capital) demands for autonomy were refused as Britain proceeded to consolidate its colonial African financial network. London passed an imperial Exchange Control Act (1947) in an attempt to resuscitate the value of the sterling currency.[5] The mechanisms of how Britain sought to achieve this, and Southern Rhodesia's involvement will be examined in what follows. The article concludes its analysis of the encounter between imperial sterling arrangements and colonial monetary aspirations in 1962. Thereafter, the election of a new government under the Rhodesian Front (RF) Party took the country on a different political and economic trajectory that ultimately resulted in the 1965 Unilateral Declaration of Independence (UDI).[6] UDI culminated in the severing of financial and economic ties between London and Salisbury.[7]

This article breaks new ground in its examination of imperial-colonial financial relations, particularly focusing on the colonial experiences of Southern Rhodesia. Financial history only recently re-entered the academic domain in the wake of Zimbabwe's recent monetary problems.[8] The country's currency, itself a creation of UDI Rhodesia, faced the first hyperinflation of the twenty first century and was demonetized in 2009.[9] Thereafter, Zimbabwe adopted a multi-currency system dominated by the US dollar (US$) but the country is now facing a severe liquidity crunch. In fact, the Reserve Bank of Zimbabwe introduced new bond notes on November 30, 2016 on the basis of a US$200 million Afrexim loan facility, all of which has been criticized as desperation which will only lead to the introduction of a proxy and unstable Zimbabwe dollar.[10] Zimbabwe's recent experiences indicate a huge gulf between today's challenges and crucial knowledge of the historical development of the financial system that is the foundation of the country's economy. This article contributes toward a better understanding of monetary arrangements in the period before Rhodesia's UDI in 1965. It provides an important background for understanding precursors of Zimbabwe's financial system and ultimately its challenges.

There are very few studies of African financial history and even fewer for Zimbabwe.[11] However, there has been sustained interest in the history of the British pound sterling, including to some extent, its influence through currency integration on African economic history.[12] Although much historiography on British monetary experiences in this period aptly demonstrates how the Empire utilized established imperial-colonial monetary links, the focus of scholars has been imperial—generally using a one-size-fits-all approach.[13] However, an assessment of financial experiences from the perspective of colonial and postcolonial Africa has been lacking. While much has been written about Southern Rhodesia's state and economy in this period, there is very little on finance. Patrick Bond's pathbreaking study of finance and underdevelopment in colonial and postcolonial Zimbabwe comes close, but its focus is limited to an examination of how finance promotes the uneven development of space, particularly in housing.[14] Although there are scattered references in Walter T. Newlyn and Duncan C. Rowan's survey of the monetary experience of eight British African territories in which Southern Rhodesia is included, and in R. A. Sowelem's work on the monetary experience of the Federation of Rhodesia and

Nyasaland, none of these studies has placed Southern Rhodesia both in a regional central African and imperial political-economic context.[15]

Since the 1960s studies, it is only Bond's 1998 monograph that comprehensively examines some aspect of financial history in Zimbabwe. Scholars have partially attributed this to a decline in interest in African economic history from the 1980s, and the shift in interest toward social history as well as the cultural turn of the 1990s.[16] Some scholars insist, however, that if interest in economic history declined in this period and is only now resurging, it was only in western countries as some African universities continued to pursue research in qualitative economic and social history.[17] In the case of financial history, a dearth of scholarship exists which this article addresses. Building upon some recently published work, such as Admire Mseba's study,[18] this article contributes to an emerging field of African financial history in its examination of the imperial-colonial monetary relations of Britain and Southern Rhodesia. It does so from a colonial angle, using "perspectives from the African frontier."[19] Even as a handful of scholars have begun to examine financial history in different African cases, the current article is path-breaking in its assessment of the concept of money and finance as a critical function of sterling imperialism. It also traces the process through which financial imperialism came into sharp conflict with settler colonialism and how this steered political and economic developments in Southern Rhodesia.

This article critically examines the concept of money and how its development affected imperial and colonial power and local race relations. It examines how the model of a British monetary system was assembled in Southern Rhodesia as a tool for colonial control. Given London's prime position in global finance until the mid-1940s and its retreating but still influential role thereafter, the article also analyzes the extent to which the metropole used currency as a form of coercion in its colonies.[20] But at the same time, it also demonstrates the extent to which colonial monetary adaptation resulted in demands for economic and political independence by the colonial state and ultimately African nationalist leaders. The article examines how money and finance in local peripheral contexts were inextricably connected into imperial and global networks and economies through relationships of dependency in which they remained junior partners, primarily as sources of extractive and primary commodities.

The article is divided in five chronologically linked sections, followed by a conclusion. The first provides a brief contextual background of imperial-colonial monetary integration. The second section examines how post-Second World War Britain established and ultimately retreated from the discriminatory sterling area into which African colonies were involuntarily integrated. It establishes how Britain's economic recovery was, although supported by Southern Rhodesia, sometimes in conflict with the interests of the colony, which sought autonomy, initially through mechanisms of a central bank, but subsequently through financial independence. The third illustrates how the establishment of the Federation of Rhodesia and Nyasaland (hereafter Federation) in 1953 delivered an enlarged economy suitable for creating a local Central bank. However, the terms in which Britain ratified the formation of the bank in 1956 preserved full sterling coverage, to the dissatisfaction of Southern Rhodesia. In addition, it examines how the bank operated and the constraints it faced. The last section, informed more by political rather than monetary developments, examines the white anxieties over the future of the Federation, particularly in Southern Rhodesia. This provoked a shift from the relatively liberal Garfield Todd-led United Federal Party (UFP) government from 1953 to 1958 and the Edgar Whitehead-premiered UFP state from 1958 to 1962 toward radical right-wing politics traced from the establishment of the Winston Field-led Dominion Party from 1956 to the formation of the RF in 1962. The late 1950s political developments became a recipe for a protracted political crisis thereafter, which lies beyond the focus of this article.

Colonial Monetary Integration and its Legacies in Africa

For Southern Rhodesia, from colonization in 1890 to 1956 when the Reserve Bank of the Federation of Rhodesia and Nyasaland was established, the development of a local exchange standard emerged from nascent fiscal institutions which endured high costs of establishing and borrowing in a local currency, to a diversified economy requiring, as colonial legislators argued in the late 1940s and early 1950s, a local independent central bank to govern the burgeoning financial sector. Southern Rhodesia had been automatically admitted into the imperial sterling currency arrangements from 1890. Colonial monetization was essential because "the interests of leading Western nations lay in ensuring that the currencies of countries engaged in international trade were soundly based, readily convertible, and otherwise compatible with the working of the gold standard so that world commerce could be conducted and expanded with smooth efficiency."[21] Like other British colonies, Southern Rhodesia became generally "linked through systematic primary product export to the wider international economy,"[22] but particularly to serve the early colonial settler economy and its trade with Britain. The emerging monetary system was a colonial tool for displacing indigenous exchange traditions, thus subjecting African societies to the interests of imperial capitalism for the benefit of the settler community at colonial level, and English capital and the British economic system at imperial level.

Even as some colonies attained their independence, for example in Francophone Africa, they had become so dependent on imperial financial links, some scholars erroneously argue, that they exhibited "a fear of floating."[23] However, these countries' options were constrained by the Colonial Pact signed with France at the granting of their respective independence. Most were forced to remain within *Communauté Financière de l'Afrique* (CFA) on the justification that it was a way of limiting exchange rate fluctuations. Other colonies, particularly former British Africa, severed such colonial currency links as part of the process of decolonization, and as an assertion not just of political liberation, but also of economic independence.[24] As this article reveals, Southern Rhodesia had always pursued financial autonomy, with increasing intensity in the decade leading up to the Second World War.[25]

By the end of the Second World War, a more developed Southern Rhodesia, with its peculiar constitutional situation under Responsible Government status, was interested in becoming a dominion, complete with an independent financial system. Markets for settler producers had been established in the region and abroad. However, the imperial post-war convertibility crisis prompted the passing of the Exchange Control Act (1947) which created a discriminatory sterling area for Britain and her African colonies. The convertibility crisis arose as many countries which had kept their currency reserves as sterling securities wanted to liquidate them and shift toward the US dollar. This caused inflationary pressures on the pound, leading to a run on the Bank of England which had kept its Empire's reserves. Britain's efforts to resuscitate confidence in a sterling currency that was losing its previously leading position in global finance by consolidating its African colonies into the discriminatory sterling area caused problems in Southern Rhodesian trade relations, especially with South Africa—her biggest trading partner. In Southern Rhodesia, Britain wanted a guaranteed sterling market for tobacco, for example, to avoid buying from the United States and therefore save dollars in the imperial foreign exchange reserves. Consequently, although Southern Rhodesia reaped a guaranteed and enlarged market for its tobacco by default, it still demanded discretionary financial authority from the British Empire through the creation of a Central bank and exit from the sterling area in the late 1940s and 1950s, culminating in seeking an outright political solution. It has been argued that ultimately, "financial independence was one though certainly not the main aim of the Rhodesian rebellion" by 1965.[26]

Southern Rhodesia's increasing capacity for economic autonomy coincided with the rise of an American world system, the intensification of apartheid in South Africa and amplified demands for independence by the black nationalists in central Africa. Political activities in the period leading to 1962 were characterized by rising African nationalist demands for majority rule, challenging white right-wing determination to maintain minority rule in Southern Rhodesia. The pursuit of independence and the Southern Rhodesian government's measures for it augmented financial disconnections with the British Empire. The growing local financial capacity facilitated the prospect for economic autonomy without which Southern Rhodesia's Rhodesia Front government (RF, elected in 1962) could not have considered a Unilateral Declaration of Independence (UDI) in 1965.

Attempts at Sterling Recovery: The British Discriminatory Sterling Network and the Politics of Southern Rhodesia's Monetary Economy, 1947–1952

The impact of two world wars and a depression led to the collapse of the classical gold standard, triggering the decline of sterling. This is because these events had drained British financial resources. Aided by the Anglo-American agreement of December 6, 1945, the United States dollar rose to the pinnacle of a reformed gold standard.[27] What follows is a discussion of how this was an important backdrop to the shifting global financial balance of power and its impact on the monetary relationship between Britain and Southern Rhodesia.

Southern Rhodesia faced many political and economic changes in the post-Second World War period, partially in response to settler interests as well as imperial postwar reconstruction efforts. The Empire's need to maximize US dollar earnings from its African possessions led Britain to implement what has been termed the "second colonial occupation."[28] Despite efforts to resuscitate prewar imperial dominance, "the days of colonial empire were numbered."[29] Britain had "emerged from the war victorious but bankrupt."[30] With the decline of British imperialism, Southern Rhodesian governments increasingly consolidated the vision of becoming an independent settler state through, in part, laying the foundations for an autonomous financial and economic system. From being "the world's principal currency of international transactions"[31] prior to the Second World War, Britain's "economic resources stretched beyond their limit" after 1945.[32] The impact of the Second World War, with its considerable human and capital losses, produced a significant financial pivot point in which the decline of the sterling world system delivered a new global monetary order at the Bretton Woods.

As agreed in the Anglo-American Loan Agreement of July 1946, sterling became convertible to all currencies on July 15, 1947.[33] The ascendancy of the US dollar, particularly crystallized under the Bretton Woods agreement, specified economic liberalization and the rise of multi-lateral financial arrangements.[34] It was within this context of decolonization and retreating sterling global influence that Southern Rhodesia tried to transform itself into a financially independent territory, developing all the embellishments of a modern state complete with its own monetary arrangements and financial system. In the late 1940s, the colony sought permission to create its own independent central bank that would help it manage a liberalized monetary system. Instead, this was disrupted by the rise of a short-lived fourth British empire that emerged as the discriminatory sterling area was reinforced to prop up its currency's waning international influence.[35] This entailed the consolidation of, rather than withdrawal from, African colonies.

The discriminatory sterling area, created in response to a convertibility crisis triggered by the immediate effects of Bretton Woods and the Loan Agreement, are viewed on one hand as a short-lived and temporarily successful mechanism to bolster the international influence of the currency, and, ultimately, its managed retreat.[36] This was done through the joint efforts of the Bank of England, the Treasury and the Dominions and Colonial Office. Setting up the new sterling arrangements required "that colonial territories understood and appreciated the principles and practice of exchange control in the United Kingdom, with particular reference to the Exchange Control Act, 1947," especially with the backdrop of "the economic crisis and the plans for meeting it, and to emphasize the need for dollar (and sterling) economy."[37] Thus, "[i]t was important in this connection that the orthodox British monetary and marketing arrangements were preserved, since this meant that exchange surplus would automatically accumulate as sterling balances."[38] As Krozewski highlights, "British policy was mainly concerned with import control, the boosting of exports and the control of financial and currency arrangements."[39]

Until the end of the Second World War, British colonies operated under a sterling financial system that stood at the helm of the global economy. The system was largely viewed as stable before 1914 but was increasingly weakened by 1945. Forrest Capie characterized this period as one of "turmoil—of war, inadequate adjustment, economic depression, war and adjustment again" in which monetary policy and exchange control came into increasing prominence for the Bank of England.[40] This prompted, among other things, such legislation on British territories as Defense (Finance) Regulations (DFR) (1939) which controlled the movement of capital and exchange in the sterling area.[41] On this pretext, the authorities and institutions presiding over the Exchange Control Act (1947) adapted it to post-war and specific territorial contexts. This was crucially aided by a tour undertaken by W. J. Jackson, an official of the foreign branch of the Bank of England, and H. E. Brooks, from the Treasury, to the colonies. While all east African colonies were advised through a conference in Nairobi, and those of West Africa at a conference in Accra, Southern Rhodesia was separately consulted because of its responsible government status.[42] Southern Rhodesia's unique treatment impressed upon its treasury secretary, A. H. Strachan, the need to be exemplary in following imperial exchange control instructions.[43] In British financial circles, it was now held that "colonial development and British recovery were the same."[44] Brooks' consultations were crucial as "it was felt in London that the colonies had been too long at the end of a limb, trying to work a control the nature of which they could not fully understand."[45] In the sterling crisis of 1947 and 1952, "the empire occupied a prominent position in Britain's external economic relations and fulfilled a pivotal role in the discriminatory management of the sterling area."[46]

The Exchange Control Act (1947) practically set up a discriminatory sterling area aimed at achieving the restoration of "the economic position of the UK" to the apex of the global financial system. The area was guided by what Brooks termed the empire's "Facts of Life" which confronted sterling's convertibility crisis.[47] The loss of other major imperial and colonial territories and investments aggravated the decrease in "invisible earnings" which had hitherto offset balance of payment deficits, hence the need to consolidate colonial territories. The "general [recovery] plan" hinged upon "details of the assistance available . . . from the American Loan and Bretton Woods (and the strings attached)." It emphasized the area's need for saving US dollars through "import licensing in relation to exchange control."[48] Export of currency notes and economic and trading activity would be closely supervised and banks monitored across the empire as a mechanism to bolster sterling and eliminate inflation.[49]

British actions thus disrupted Southern Rhodesia's demands for a greater degree of discretionary monetary authority. Sterling exchange controls only produced further entrenchment, especially as Rhodesian tobacco was among the key commodities identified in eliminating supply from the United States. However, Southern Rhodesia's financial aspirations could only have benefited the colony's settler community. It could never have benefited African people as they were excluded from the mainstream financial and economic system, especially in the production of Virginia tobacco, unless as providers of cheap labor. Their agitation against their exclusion became viewed as the "native question." The "native question," however, only became important to settler politicians in Southern and Northern Rhodesia when used to justify a skewed racial partnership under the Federation. In his African tours, Brooks observed that the African was increasingly "insistent on his rights," but he erroneously concluded in the case of Southern Rhodesia that "government 'pampers him' to the detriment of the Europeans to whom the development . . . of the country . . . are mainly due."[50] Southern Rhodesia's financial considerations were exclusively designed for a settler state with Africans only accommodated for labor provision even under a prospective dominion. To achieve this, Prime Minister Godfrey Huggins' United Party utilized the rhetoric of racial partnership to justify closer central African integration and to accommodate rising commercial and industrial interests which sought a stabilized labor force in the urban areas.[51]

Southern Rhodesia's economic growth soared as "[i]ndustrial expansion during and after the Second World War was fueled by a combination of import-substitution, war needs and increasing domestic demand."[52] It stimulated urban growth, increasing demand for construction of residential suburbs complete with the necessary municipal infrastructure, the commerce to serve the increased urban population, where blacks doubled to 200,000 by 1956 and whites increased from about 80,000 in 1945 to about 125,000 in 1956. The number of factories increased from "294 in 1939 to 473 in 1948, and over the same period their gross output grew from 5.4 million to 25.8 million. By 1947, manufacturing was second only to capitalist agriculture as a source of the Colony's income."[53] The state directly benefited from increased revenue.[54] These developments transformed Southern Rhodesia into a state with all the trappings of a modern economic system, an urbanized proletariat and a diversified industrial and capitalist economy.

Even as exchange controls tied Southern Rhodesia to closer British financial control, financial compliance stalled the colony's pursuit of full dominion status. Within Southern Rhodesia, the major problem threatening to reverse industrial and financial progress produced by the Second World War was viewed as the convertibility crisis, or what the Southern Rhodesian Minister of Finance, Edgar Whitehead, called the Dollar Crisis.[55] But following imperial instruction, the colonial government introduced Exchange Control measures "on the general lines of the United Kingdom Exchange Control Act, suitably adjusted to local conditions."[56] Clearly, compliance was the result of some Empire effect based on "an interrelated [imperial-colonial] political life" and "assumptions about race, shared Britishness, and loyalty to the empire."[57] The adjustment to local conditions was informed more by immediate problems presented by the 1947 drought, contracting fiscal performance as well as broader aspirations for greater freedom from Britain through attaining dominion status. While the importation of capital and producer goods was favorable in the short term for rapid development, accounting for the value of such imports rising from 53% in 1945 to 60% in 1948 as a proportion of all imports, the 1947 drought had also necessitated "[a]bnormal imports of food," worsened by other non-essential imports. This resulted in a trade deficit of £10,000,000 as the balance of imports worth £33,490,000 and exports of £23,649,000 in 1947.[58]

To gain more autonomy, Huggins allied with the Prime Minister of Northern Rhodesia, Roy Welensky, to campaign for greater political and economic integration of the two Rhodesias. The rationale was that a bigger economic entity would be much easier to market to London as a justification for creating a Central bank as a prerequisite for an independent state and economy. In pursuit of this, the two leaders formed the United Central African Association (UCAA) in 1948 as a form of regional political cooperation.[59] In Southern Rhodesia, Huggins proceeded to nationalize the railways, a key infrastructure critical to the country's development. A major source of industrial products' carriage, controlling the railways meant regulating transport and communication costs, essentially cushioning business from the profiteering of the previous owners of the railways, the British South Africa Company (BSAC). The Huggins administration raised £32 million on the London Stock Exchange, which was all but £2 million needed to cover nationalization.[60]

Although closely contained within the discriminatory sterling area, Southern Rhodesia continued to pursue other forms of monetary autonomy. Krozewski notes that:

> Up to a point, Britain was able to shape colonial states, and colonial governments were running and controlling economic institutions with close considerations to the requirements of the British economy. However, colonial states were also subject to constraints from the diverse local socio-economic contexts which found their political expression by focusing on a given state framework.[61]

In Southern Rhodesia, it was constitutionally possible to retain some measure of control in determining trade relations with neighboring trading partners such as South Africa.[62] Influenced by "friendly relations" which stood "for furtherance, or defense of . . . common interests . . . the most important of which is that our two countries are outposts of European civilization,"[63] the two countries crafted a Customs Agreement in 1948.[64] At this point in Southern Rhodesia, it was felt that:

> The stage has been reached in the development of the colony at which we are no longer able to accept, without question, the monetary policy of the United Kingdom. If Dominion status is granted, we shall in any event require . . . a Central bank of our own and it is becoming more evident . . . that the colony must control its own monetary system. It is essential that the colony should maintain the levels of the reserves which back our credit system. . . .[65]

The freedom to pursue independent monetary policy can be seen in the advantages derived by Southern Rhodesia from its Southern neighbor through the trade agreement. Although Southern Rhodesia benefited from tobacco exports to Britain as part of its sterling trade from the late 1940s, close links with sterling were thought to hinder other areas of the colony's trade.

The benefits of more autonomy would have further boosted Southern Rhodesia's local industry, which had grown also in response to regional export markets in the post-Second World War period.[66] With much British and South African capital rushing to Southern Rhodesia because of lower production costs, the latter's exports to the Union more than doubled in 1949 and increased by a further 70% in 1950. Net capital inflow to Southern Rhodesia amounted to £139 million apart from government borrowing and stock issues. This was invested in light consumer goods industries and food processing, increasing gross output from £25.8 million in 1948 to £61.9 million by 1953.[67] Exports jumped from £1.2 million in 1948 to almost £7 million in 1953. Although Pretoria's trade in the same period grew from c. £10.5 million to c. £23.5 million, the customs agreement was viewed as mutually beneficial until 1953, having increased trade activity and encouraged the industrialization of Southern Rhodesia.[68] To regulate all this, a Central bank was deemed necessary.

Southern Rhodesia justified its need for its own Central bank by arguing that it would actually benefit the sterling area. Because of exchange control measures adapted to Southern Rhodesia, Whitehead suggested that gold would account for 77% of total dollar earnings, supported by chrome and other hard currency exports by March 1949.[69] A Gold Subsidy Act had been passed to boost gold production.[70] This increased the pressure on the Bank of England to agree to a Central bank. It was argued that the institution was necessary, not just for the expanding financial sector, but also to monitor monetary policy geared towards dollar earning under the exchange control mechanisms to which the Southern Rhodesia Currency Board (SRCB) was not suited.

The state also crafted "infrastructural policy to establish 'a basis on which private enterprise can then build its own industry'" through tariff protection.[71] Among others, these activities were part of domestically designed solutions to cope with sterling's convertibility crises into which the colony was drawn because of the 100% currency link. In 1948–49, a Development Coordination Commission set out "a 'programme of priorities for projected developments', designed to avoid industrial indigestion."[72] This was done to achieve "'a greater measure of consistency' between different sectors of the economy in a period when dollars were in short supply and sterling was under mounting pressure to devalue."[73] A cabinet committee set up to assess the reports of the Development Coordination Commission "recognised that future plans would also depend on the state taking powers to control Rhodesia's money supply. The first steps in this direction were made in 1949 when the government engaged the services of a senior government adviser 'to lay the foundations of a Central bank.'"[74] Southern Rhodesia approached the British Government with "a proposal that a Central bank should be established as soon [as] practicable, as another step on the road to attainment of full dominion status."[75] For Sowelem, this meant "greater monetary autonomy and a recognition of the waste involved in maintaining a 100% foreign exchange coverage against local currency" which was viewed as retarding development.[76]

Because of the campaign, a Bank of England official, H. C. B. Mynors, was instructed to investigate the feasibility of a central bank for Southern Rhodesia. He submitted his report to the Treasury in March 1949. The Finance Minister Whitehead was informed that:

> [the] essence of Mynors' report is that the economy and finance of Southern Rhodesia are so dependent on external influences that they could not be directed to any extent through the mechanism of a Central bank and to utilize such mechanism for internal control will be tantamount to using a sledge hammer to crack a nut.[77]

The report concluded that the SRCB operated with "admirable efficiency and economy."[78] Instead of a Central bank, Mynors proposed the appointment of

> a man of proven knowledge and banking experience to act as liaison between the Government and the Commercial Banks and to keep in touch with banking and other financial trends elsewhere and to advice the Minister of Finance upon what is required. This official, he suggests, should combine with these duties the chairmanship of the Currency Board.[79]

The appointment of a banking technocrat was a short term expedient as Southern Rhodesia's financial system was not fully diversified. There were only two expatriate commercial banks and a stock exchange by 1950.[80] Plans to draft a Building Society Bill were still being worked out.[81] Yet this did not kill the desire for monetary autonomy. In fact, the government appointed a London Merchant banker, Gordon Munro, on March 1, 1950, as an interim measure towards establishing the Central bank.[82] The colony's cabinet amended the Currency Board Act to appoint Munro to "pave way for the Central Bank which the government believes is needed in the colony."[83] As the recommendations of the Mynors report were reluctantly implemented, the demands for a central bank were reinforced by the deteriorating balance of payment situation in Britain. Declining sterling fortunes prompted London to consider devaluation and propose even more painful cuts in dollar purchases. At a Southern Rhodesia cabinet meeting held on October 20, 1951, it was concluded that further sterling devaluation would hurt the colony's exports, for example, making the case for the bank even more relevant.[84]

Although colonies had been co-opted into imperial external economic relations through the sterling link, Britain's "discriminatory management of Empire was unlikely to last, for two main reasons: its inevitably diminishing returns and the fact that colonial economic development undermined selective discrimination."[85] In Southern Rhodesia, three key issues included her own economic relations with South Africa, calls for increased financial autonomy as well as closer political integration with Northern Rhodesia. The colonial government's immediate alternative was for Southern Rhodesia to join the Union banking system, controlled by South Africa.[86] As this option had negative political implications for Britain, the imperial power ultimately prescribed that Northern Rhodesia and, with British insistence, Nyasaland be part of a central bank in the event of the formation of a Federation.[87]

Having initially campaigned for amalgamation, central African British colonies exploited Britain's discomfort with apartheid South Africa's regional influence and settled for Federation. This was principally "Government by blackmail".[88] As campaigns against the mineral rights of the BSAC and its control of the railways, particularly in Northern Rhodesia, intensified, "[w]orringly for London, [it] threatened to become bound up with the political demands for settler nationalism."[89] In trying to avert this, and curb the influence of a brand of Afrikaner nationalism in the region, Andrew Cohen, the assistant under-secretary in charge of the African department at the British Colonial Office, became one of the architects of

Federation.[90] However, the envisaged Federation "had to be palatable to Africans," suggesting the creation of an African Affairs Board in which Africans from the three territories of Southern Rhodesia, Northern Rhodesia and Nyasaland would be represented.[91]

On the advice of the secretary for the colonies, Arthur Creech Jones, that "no scheme that failed to completely satisfy African interests or win African approval had the slightest chance of success," Huggins and Welensky exploited the rhetoric of racial partnership.[92] Even with the election of the Conservative government in 1951, which was more receptive to the two colonial leaders, the Federation emerged not from British benevolence, but "as a product of essentially local political pressures." Its genesis conforms to other "imperial endgames."[93] The British Government, using its colonies to bolster sterling, also used Federation to forestall settler nationalism that threatened to destabilize the Southern African region, as examined next.

Money Politics, Southern Rhodesia and the Federation

With an expanding and diversifying financial sector, the creation of Federation, "the most controversial large scale imperial exercise in constructive state-building ever undertaken by the British government,"[94] was viewed in Southern Rhodesia as a further step toward political and financial autonomy, complete with the envisaged creation of the Reserve Bank of Rhodesia and Nyasaland. These developments in the later 1950s coincided with Britain's gradual retreat from discriminatory sterling policy toward some degree of economic liberalization in her economic and financial relations. Krozewski observes that, especially under the Conservative government, the "transformation towards a more liberal British welfare state and move towards the convertibility of sterling impacted on imperial relations,"[95] but as this section shows, these relations became increasingly complicated with increased settler nationalism and demands for settler political autonomy by Southern Rhodesia.

On August 1, 1953, the Federation of Rhodesia and Nyasaland was born. Politically, Southern Rhodesia maintained Responsible Government status, while Northern Rhodesia and Nyasaland remained as protectorates. Wood argues that this was the "fatal flaw which would condemn her to a short life."[96] Federation, which Lord Blake remarked was "a quite extraordinary mistake, an aberration of history, a deviation from the inevitable historical trend of decolonisation"[97] was a tradeoff for dominion status in Southern Rhodesia.[98] However, as Cohen succinctly argues, "Lord Blake's beguiling remark notwithstanding, the Federation was far from an aberration of history. Its formation in 1953 fitted comfortably into the post-Second World War restructuring of European colonial possessions, and raised few serious objections outside the territories' African population."[99]

Federation coincided with the Conservative government's cautious shift toward liberal external economic relations and a *de facto* convertibility of sterling from 1953–56. British policy became geared toward a "return to convertibility [which] was seen as imperative lest sterling's role as an important means of international exchange was jeopardized."[100] Also, the "[p]olitical perspectives of 'multi-racial' partnership were also better ideologically suited to external investors than the 'twin pyramid' segregationist policy of the 1930s."[101] The twin pyramid policy was a process of racial-separate development in which whites had access to commercial agriculture, mining and the urban economy, while Africans remained locked up to reserves and only accessed urban and white areas as providers of labor. However, the rhetoric of racial partnership and the expanded central African market opened up Southern Rhodesia to Foreign Direct Investment (FDI), particularly from the United States from the mid-1950s.[102]

The British Empire had to be cautious for two reasons. Firstly, through discriminatory trade management, the imperial financial system was sustained by the accumulation of sterling balances and foreign exchange earned from commodity exports in London.[103] In Southern Rhodesia, this was facilitated by the boom in tobacco exports. Yet under *de facto* sterling liberalization, this "was no longer a welcome property."[104] Nonetheless, dismantling these arrangements was equally undesirable because "this might enhance pressures on Britain's reserves and encourage peripheral economies to loosen their ties with sterling."[105] Secondly, "arrangements that helped to provide development finance and capital flows to the colonies contradicted liberal principles because they implied state intervention, which in turn distorted market forces."[106] Thus, even as the Reserve Bank of Rhodesia and Nyasaland was established, its currency was still entirely covered by sterling, as had been the Central African Currency Board (CRCB) before it. The CRCB had replaced the SRCB at the establishment of Federation. The Bank of England, in the process of liberalizing sterling towards *de jure* convertibility, still kept control of sterling as a coercive and control mechanism. Krozewski observes that:

> The rationale of British policy at the territorial level had a distinctly political dimension. The limits of political reform were defined by Britain's need to retain her sovereignty and authority in matters affecting external economic policy. Debates about constitutional changes in the colonies were directed with these limitations in mind.[107]

But as Gordon Walker, parliamentary under-secretary of state in the Commonwealth Relations Office, observed in 1949, the British Government also consented to Federation because "they had no real power to control their settler communities."[108] As settler communities grew in numbers and wealth, so they would become "potential American colonies—very loyal, but very determined to have their own way."[109] As would materialize in 1965 in Southern Rhodesia, in the event of Rhodesian defiance of Britain, Walker predicted, "there will be nothing we can do about it."[110]

Instead of granting more autonomy to Southern Rhodesia, Federation constrained it.[111] The federal Government assumed much authority over defense, external affairs, the economy and revenue responsibilities, limiting the influence of territorial governments.[112] Although Federation achieved a combined rise of 54% in gross domestic product from the export of copper, tobacco and tea exports from 1954 to 1963, this was the contribution of specific territories, not any real sustained boost from consolidated economic management.[113] It was only in Southern Rhodesia that the economy grew in the first five years of Federation compared to the first five years preceding it. In fact, the economy of the region had grown faster from 1949 to 1953 compared to the period after federal establishment from 1954 to 1963.[114] Although Gardner demonstrates how the Federation was a sound fiscal entity for revenue purposes,[115] it made little difference toward territorial economic performance, particularly in Northern Rhodesia. But federal set-up benefited from FDI opportunities which helped to earn dollars from investors interested in profiting from the Zambian copper boom that took off in the early 1950s. In spite of American investments in the economy, purchases from non-sterling countries were tightened through the Control of Goods Act (1954), which was also a uniform customs tariff for the Federation. The Act regulated import control, specifically quotas and licensing under which "goods originating from the sterling territories do not require import licenses," whereas those from elsewhere did.[116]

The United States Department of Commerce identified the economic progress made by Southern Rhodesia as the senior partner in the early years of Federation. By 1956, manufacturing in Southern Rhodesia expanded to encompass food processing, which constituted 119 of the 702 establishments, with a gross output of £22,211,000 ($62,190,800), that is, nearly 36% of all manufactured goods.[117] Food processing included maize and corn mills, distilleries, sugar refineries, meat curing and canning plants, and soft drink bottling plants, but still had room for expansion and investment by American companies, given the increased market.[118] Tobacco curing and processing and exports produced, in 1953, for example, £2.6 million ($7,280, 000), "and were a third point of value, exceeded only by metal and textile manufacturing."[119] The tobacco boom had emerged from sterling targeted trade, particularly the fact that "[a] shortage of dollars forced Britain's tobacco merchants to turn to Rhodesia as a primary source of leaf," as opposed to the traditional American market.[120]

By 1953, the number of industrial firms had more than doubled from 299 in 1938 to 700, with a gross output which rose from £5 million with £62 million.[121] Of this,

> [a] large part of this expansion came in local food processing—a relatively natural starting point given the agrarian economy's developed export capacity. But capital goods production and consumer goods for an expanding local market also measured up well.[122]

The urban and manufacturing sector had grown to the extent that, whereas in 1921 farmers had comprised over one quarter of Southern Rhodesia's working population, by 1956, their share of the working white population had slid to approximately one twentieth.[123] Consequently, politics that had been traditionally influenced by white rural interests increasingly shifted towards the economic interests of commerce and industry by the mid-1950s.[124] By then, a variety of industrial crop processing, including the "spinning and weaving of jute and cotton, the expressing of vegetable oils for soaps, and the extraction of tung oil and tanning" had been developed.[125] Timber production and processing and pulp and paper manufacturing in Rhodesia were growing, producing "brooms and baskets, ceilings and plaster boards, cardboard boxes and cartons, windows and doors, furniture, fencing, matches, plywood and veneers, parquet flooring, pulp and paperboard, railroad slips, chip board, paper bags, toilet rolls, and wrappings of all kind" for import substitution and export.[126] In the minerals sector, there was processing at Redcliff by the Rhodesian Iron and Steel Commission (RISCOM)'s works of "ore crushing and screening plants, two 9 foot blast furnaces, two open heath furnaces . . . and two rolling mills, producing up to 80,000 tons of pig iron and 65,000 tons of steel."[127] This was augmented by ferrochrome production by Rhodesia Alloys (Pvt) Ltd. Of course, the biggest earner in the Federation was copper mined in Northern Rhodesia.[128]

The volume of American investment in the Federation was represented by, among others, Rhodesian Selection Trust, Roan Antelope Copper, Bikita Minerals and Rhodesia asbestos.[129] The combined investments required expanded financial services best regulated by a local central bank. Federal trade was further propelled by the Federation's decision to liberalize imports from the Organisation of European Economic Community (OEEC) which Britain was attempting to join as she shifted her focus away from the discriminatory sterling area after 1956.[130]

Monetary Politics and the Establishment of the Reserve Bank of Rhodesia and Nyasaland

Combined economic developments enhanced the political bargaining position of the Federal state. Prior to the 1950s, there were two commercial banks. By 1953, just three year before the establishment of the Central bank, they had risen to five.[131] Meanwhile, the financial sector had also expanded to seven building societies by 1954, with a total share capital "amounting to £3,261,600 ($9,132,480); total deposits, £4,319,500 ($12,094,600); liabilities, £7,755,400 ($21,715,120); and loans, £5,320,000 ($15,596,000)."[132] Insurance business expanded, with the companies rising to 90 in 1954, from 57 in 1948. Finance houses emerged, including the London sponsored African Finance Corporation (Ltd.) formed in 1950 in Salisbury, the Anglo-America Rhodesian Development Corporation (Ltd.) of 1955 and the Barclays Bank Development Corporation.[133] By this time, the expanded economy and financial sector could adequately justify the necessity of a central bank.

The passage of the 1954 Coinage and Currency Act was actually entitled "an act preparatory to the establishment of a central bank" which started operation on March 15, 1956.[134] A. P. Graffety-Smith, having succeeded Munro as the chairman of the Currency Board became the first governor of the Bank until his death and was succeeded by B. C. J. Richards, former assistant chief cashier of the South African Reserve Bank.[135] The bank became the sole note and coin issuing authority. However, the foreign exchange reserve maintained by the bank consisted of mainly sterling assets. Only a small proportion was held in the form of balances with the Federal Reserve System and the Reserve Bank of South Africa. Principally, the Federation was still heavily dependent on Britain for its credit and for its currency to be fully covered by sterling. Even Britain shifted away from discriminatory sterling, setting its sights towards the emerging OEEC; sterling remained as an anchor currency in the colonies until the mid-1960s. Sterling cover was maintained as a necessary cover for federal development projects, especially such huge undertakings as the Kariba hydro-electric project funded under British surety by the International Bank for Reconstruction and Development (IBRD).

The Kariba Dam construction, which was regarded as the "most prestigious development project undertaken in Africa in the 1950s and the controversial national-building experiment," began in 1954 and was completed in 1960 at a cost of £77.6 million. It would "provide energy for the rapidly growing industrial sector . . . a cornerstone of the Federation's development program which set all hopes on economic expansion."[136] A "'triumph' for the 'international world of technology and finance', marking a transition from colonial 'development' to international 'modernization,'" its funding by the IBRD was only backed by the British "as an attempt to revitalize empire through development."[137] The project triggered downstream benefits to various contractors and laborers, and produced an expanded market for commerce, banking, urban construction and other activities.[138] There were other projects such as the construction of a university, airport and numerous other infrastructural developments; all of which were mainly funded with the surety of the British government. Many of these projects aimed at modernizing the state and economy but were seen by right-wing white politicians as the product of colonial development planning to be protected from black political aspirations.

The Reserve Bank of Rhodesia and Nyasaland's power was therefore severely circumscribed by Whitehall's power to guarantee colonial debt and the Bank of England's complete coverage of the federation's currency. Because of this, the Federal Reserve Bank never enjoyed discretionary authority associated with independent financial administration. The federal colonial economies remained prone to sterling cyclical swings. The federal economy could not bear the real cost of obtaining its currency. In many ways, because of the absence of discretionary authority, the Reserve Bank of Rhodesia and Nyasaland operated as a glorified currency board.

Britain's shifting desire for a majority-ruled central Africa increased after considering in 1957 "something like a profit and loss account of our colonial possessions," which "revealed a cold calculation that the benefits and costs of continuation of colonial rule had to be set against the economic and political advantages of good relations with ex-colonial states."[139] Prime Minister Harold MacMillan resolved that

> if defending colonial rule would be expensive, the key to policy would be managing the transition: 'during the period when we can still exercise control in any territory, it is most important to take every step open to us to insure, as far as we can, that British standards and methods of business and administration permeate the whole life of the territory'. Officials' best hope was that ex-colonial states would become western-style nations.[140]

Macmillan recognized the "winds of change"[141] that were blowing across Africa. However, these changes would not be so smooth in the context of the Federation. Cohen observes that "[w]hile the Federation's birth and adolescence were relatively benign, its adulthood and death provided the British government with one of its most intractable problems during the period of decolonization."[142] The next section unpacks how the complexities of decolonization played out in shifting Southern Rhodesian politics and economics to 1962.

Money and the Shift to Right Wing Politics, 1958–1962

The developments between 1958 and 1962 were influenced by rising nationalist activity in a significant way. In the process of trying, not just to accommodate African interests but also to control nationalist activity, the UFP government, premiered by Todd (1953–1958) and his successor Whitehead (1958–1962), made modest liberal reforms to fit within the context of the Federation's concept of racial partnership.[143] In the end, they failed to do enough to appease opposed political interests of African nationalists seeking immediate majority rule and right wing whites seeking the maintenance of white supremacy. From 1957, the Southern Rhodesia African National Congress (SRANC), led by Joshua Nkomo, had been rejuvenated by merging with the City Youth League to create a more effective political voice in pursuance of a more rapid attainment of African majority independence.[144] Political agitation only increased because "partnership" during Federation was characteristic of a horse and rider whereby the settler state was the rider and the African population represented the horse. Income disparities and exclusion from the means of production, very crucial not least in determining qualifications to the common voters roll but also in the basic standards of living, were a critical demonstration of this. White workers, for example, generally earned ten times as much as Africans for the same job and there was also an effective job color bar. In this context, labor power had a racialized financial worth. African nationalism thus had strong grounds for opposing Federation. This resulted in political instability, especially in the protectorates. Although African nationalism was suffocated by an increasing security state in Southern Rhodesia, it managed to extract some liberal, though not effective, concessions from the Todd and Whitehead governments. But with Ian Smith's ascent to power in 1962, even the limited racial reforms of previous governments were abandoned in favor of reinforced racial segregationist policies packaged as community development programs.[145]

As African nationalism increased in the Federation, some Southern Rhodesian commercial farming and white working-class constituencies were progressively disgruntled by the territorial government's limited liberal reforms, which they viewed as threatening to dismantle colonial privilege. Only to be resuscitated and mainstreamed in the Federation dissolution process, from 1958 to 1962, issues of finance and economy were overshadowed by the polarization of shifting racial politics in the colony. Todd and Whitehead's premierships culminated, by 1962, in increasing the white electorate's insecurity about the pace of change. This "only increased the economic anxieties of the other groups in white society—in particular, white famers and white workers."[146] Although a constant concern among all parties was independence from Britain, the URP—even after its fusion with the United Federal Party (UFP) in 1958—sought this through a gradual revision of colonial laws to accommodate multiracialism[147] in the face of hardening opposed demands by right-wing white Southern Rhodesians who wanted minority "independence on record" against black nationalists who demanded rapid majority rule.[148]

The financial sector was highly developed and diversified by 1962, on the eve of the dissolution of the Federation. However, following dissolution and the subsequent UDI in Southern Rhodesia, it would become subjected to sanctions as a result of the failure to reach a political [resolution?] with Britain over the question of independence. However, both the settler community and African nationalists were unhappy about the financial system's nature and structure for different reasons. Firstly, the Federal Reserve Bank remained a glorified currency board with its currency fully covered by sterling. This meant that financial policies could only really be ratified by London as it was sensitive to any significant financial swings. This limited the colonies' economic options. The state wanted a system independent of sterling links and control from London which it could use to direct development and trade on its own conditions. Africans wanted it to be liberal and more egalitarian in the sense that everyone would have access to it. London, on the other hand, would not allow such financial autonomy if it was not accompanied by an acceptable independence constitution which would benefit all parties. As such, the only way towards financial independence for the settler state, particularly after the RF's ascent to power in 1962 was through unilateral independence. The RF began making changes to the financial system in preparation for a post-sterling framework, issues which are beyond the scope of this article. These changes coincided with the dissolution of the Federation in 1963 that allowed Southern Rhodesia to make unilateral state decisions. This allowed the colony to create the Reserve Bank of Rhodesia and craft an Exchange Control Act that allowed it to operate a single state currency following UDI on November 11, 1965. It also signed a number of trade agreements, the most important of which were with South Africa and Portugal to allow Rhodesia to diversify her trade. Following Rhodesia's UDI, the colony's expulsion from sterling came as no surprise as she had been preparing and looking forward to it. This allowed the country, even under conditions of sanctions, to pursue independent financial policy to its benefit, at least for the first ten years after UDI. These developments only deepened grievances among African nationalists who ultimately resorted to liberation struggle as the international community applied pressure sanctions to force the Rhodesian state to ultimately reach an independence settlement to make way for independence.

Conclusion

This article has covered the changing monetary relations between Britain and Southern Rhodesia from 1947 to the eve of the collapse of the Federation of Rhodesia and Nyasaland. It captures key moments in the monetary development of the colony in the post-Second World War period. In doing so, monetary history has been anchored as a prism through which to follow the dialectics of power and the pursuit for, initially, dominion, and ultimately independence from empire, with its various and complex interests. One way in which such independence could be expressed was in financial and monetary terms, the struggle to delink, albeit based on white minority interests. In spite of a colonial economy based on imperial-colonial economic linkages, the polarized nature of white politics in Rhodesia in an increasingly liberal capitalist world and agitation for nationalist independence makes the early to mid-1960s a change point in which the colony devised ways of negotiating the regional and global politics. While the established wisdom of the 1960s was that economic isolation was bad for countries' economies, the experiences of UDI Rhodesia subsequently would overturn such notions through its experiences.

This article shows how Britain avoided rapid decolonization and instead attempted to use its colonies, including Southern Rhodesia, to recover from the devastation of the war and settle wartime sterling balances, including the goal of recovering sterling's international role. The British government consolidated its African possessions through the creation of the fourth British Empire. First, this proceeded through the assembling of restrictive exchange controls, thus creating a discriminatory sterling area from 1947 to about 1956, and secondly through regional economic integration such as the establishment of the Federation of Rhodesia and Nyasaland. However, in spite of the economic advances this triggered in the Federation through investment, expansion of production and markets for most primary and secondary industries, the creation of the Reserve Bank of Rhodesia and Nyasaland that presided over a diversifying financial sector and huge capital projects such as the construction of the Kariba hydroelectric dam, the British gained less than anticipated. By the mid-1950s, Britain shifted away from the sterling area and sought to tap into emerging European economic integration through the OEEC, a product of the post-war reconstruction.

It was in the context of these global developments that Southern Rhodesia stepped up demands for discretionary control over its territorial monetary system as a step toward minority white independence. The settler economy attempted to limit the influence of sterling while trying to create and control an institution with discretionary monetary powers. As Britain applied to join the OEEC, it had resolved that its recovery was better suited to economic integration in Europe as discriminatory sterling exchange arrangements in the colonies were not generating recovery at the desired pace.[149] Yet by 1962, the financial sector in one of Britain's last remaining colonies remained tied to sterling despite developments in its financial sector. Realizing that its development was best attained by managing its independent currency financial policies rather than depending on a metropolitan center that had shifted its focus to Europe, the newly elected government made arrangements towards financial independence and political rebellion. This article argues that the political development in Southern Rhodesia leading to the rise of the rebellious RF government in Rhodesia in 1962 cannot be fully appreciated without understanding the role of financial politics. Also, it provides a background for understanding the nature and trajectory of a monetary system that was developed and sustained to preserve the interests of white supremacy in Rhodesia, but which was consolidated by the UDI state in 1979. It is this system, inherited by a majority-ruled Zimbabwe, which has been an important symptom in the economic crisis that has led to current financial challenges. Foregrounded by the colony's integration into sterling and subsequent struggle for economic independence, the period under study is a key moment in the development of colonial Zimbabwe's financial system in a period in which decolonization began to gather momentum.

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Notes

1. For a more concise study of white political ambitions in Southern Rhodesia, see Julie Bonello, "The Development of Early Settler Identity in Southern Rhodesia: 1890–1914," *The International Journal of African Historical Studies* 43, no. 2 (2010): 341–367. For comparative literature focusing on settler colonialism, see also Edward Cavanagh, *Settler Colonialism and Land Rights in South Africa: Possession and Dispossession on the Orange River* (Basingstoke: Palgrave MacMillan, 2013).

2. Alois S. Mlambo, Evelyn S. Pangeti and Ian Phimister, *Zimbabwe: A History of Manufacturing, 1890–1995* (Harare: University of Zimbabwe Publications, 2000).

3. Victor E. M. Machingaidze, "The Development of Settler Agriculture in Southern Rhodesia with particular reference to the Role of the State 1908–1939" (PhD diss., University of London, 1980).

4. Ian Phimister, *An Economic and Social History of Zimbabwe, 1890–1948: Capital Accumulation and Class Struggle* (London: Longman, 1988).

5. One study that comprehensively examines this is: Gerold Krozewski, *Money and the End of Empire: British International Economic Policy and the Colonies, 1947–1948* (Hampshire: Palgrave, 2001).

6. For a comprehensive account of the confrontation between Britain and the RF Southern Rhodesian government leading to UDI, see Richard Wood, *So Far and No Further! Rhodesia's Bid for Independence during the Retreat from Empire, 1959–1965* (Bloomington, Indiana: Trafford Publishing, 2012).

7. My own PhD thesis has examined the implications of a post-sterling regime created under conditions of conflict and international sanctions, and how Rhodesia sustained for some fifteen years before the independence settlement at Lancaster in 1979. See Tinashe Nyamunda, "Financing Rebellion: The Rhodesian State, Financial Policy and Exchange Control, 1962–1979" (PhD diss., University of the Free State, 2016).

8. Until the publication of Patrick Bond, *Uneven Zimbabwe: A Study of Finance, Development and Underdevelopment* (Trenton: Africa World Press, 1998), the last comprehensive publication of Zimbabwe's colonial financial history was done by R. A Sowelem, *Towards Financial Independence in a Developing Economy: An Analysis of the Monetary Experience of the Federation of Rhodesia and Nyasaland, 1952–1963* (London: George Allen and Unwin Ltd., 1967). Other works on Zimbabwe's monetary history are contained in a few dissertations, for instance: Theresa Chimombe, "The Role of Banks and Financial Institutions in the accumulation and reinvestment of Capital in Zimbabwe" (MPhil diss., University of Zimbabwe, 1983); Tinashe Nyamunda, "The Establishment and Operation of a colonial Monetary and Banking System in Southern Rhodesia, 1890–1938" (MA diss., University of Zimbabwe, 2007); Admire Mseba, "The Establishment and Operation of the Southern Rhodesia Currency Board: A Study of Monetary Dependency in Southern Rhodesia" (BA diss., University of Zimbabwe, 2005).

9. Rory Pilossof, "Dollarisation in Zimbabwe and the death of an Industry," *Review of African Political Economy* 36, no. 120 (2009): 294–299.

10. See for example, my op-ed piece examining the introduction of bond notes: Nyamunda, Tinashe, "Un(Bond)ing Zim's financial confidence: Bond notes, people and politics," *The Independent*, November 11, 2016.

11. Examples include Chibuike Uche and Gareth Austin, "Collusion and Competition in Colonial Economies: Banking in British West Africa, 1916–1960," *Business History Review* 81, no. 1 (2007): 1–26; Uche, "Banking Developments in pre-Independence Nigeria: A Study in Regulation, Control and Politics" (PhD diss., London School of Economics, 1997); Alden Young, "Accounting for Decolonisation: The Origins of the Sudanese Economy, 1945–1966" (PhD diss., Princeton University, 2013); Olivier Boehme, "The Involvement of the Belgian Central bank in the Secession of Katanga, 1960–1963," *African Economic History* 33 (2005): 1–29; Leigh A. Gardner, "The Rise and Fall of Sterling in Liberia, 1870–1943," *Economic History Review* 67, no. 4 (2014): 1089–1112; Maxim Bolt, Catherine Eagleton and Leigh A. Gardner, "Money in Africa: New Historical and Anthropological Approaches," in *The British Museum and the future of UK Numismatics*, eds. Barrie Cook (London: British Museum Press, 2012), 59–64.

12. See for instance Susan Strange, *Sterling and British Policy* (London: Oxford University Press, 1971); Catherine C. Schenk, *The Decline of Sterling: Managing the Retreat of an International Currency, 1945–1992* (Cambridge: Cambridge University Press, 2010); Walter T. Newlyn and Duncan C. Rowan, *Money and Banking in British Colonial Africa: A study of the Monetary and Banking Systems in Eight British African Territories* (Oxford: Clarendon Press, 1954).

13. These scholars include, among others, Krozewski, *Money and the End of Empire*; Schenk, *The Decline of Sterling*; Peter J. Cain and Anthony G. Hopkins, *British Imperialism: Crisis and Deconstruction, 1914–1990* (London: Longman, 1993).

14. Patrick Bond, *Uneven Zimbabwe: A Study of Finance, Development and Underdevelopment* (Trenton NJ: Africa World Press, 1998).

15. Newlyn and Rowan, *Money and Banking in British Colonial Africa*; see also Newlyn, *Money in African Context* (Nairobi: Oxford University Press, 1967); Sowelem, *Towards Financial Independence*.

16. For an assessment of the rise and fall of African economic history between the 1950s and mid-1980s, and its resurgence in the early 2000s, see Gareth Austin and Stephen Broadberry, "Introduction: The Renaissance of African Economic History," *Economic History Review* 67, no. 4 (2014): 893–906. Here, Austin and Broadberry see the resurgence in African economic history as beginning with the work of Daron Acemoglu, Simon Johnson and James A. Robinson, "The Colonial Origins of Comparative Economic Development: An Empirical Investigation" *American Economic Review* 91, no. 5 (2001): 1369–1401; Acemoglu, Johnson and Robinson, "Reversal of fortune: geography and institutions in the making of world income distribution," *Quarterly Journal of Economics* 117, no. 4 (2002): 1231–1294. Austin and Broadberry also mentioned the influence of Kenneth Pomeranz, *The Great Divergence: China, Europe and the Making of the Morden World Economy* (New Jersey:

Princeton, 2000). But for a critical re-interpretation and argument that African economic history never declined at some universities in certain African countries but was only internationalized with the global resurgence in interest, see Eric Green and Pius S. Nyambara, "The Internationalisation of Economic History: Perspectives from the African Frontier," *Economic History of Developing Regions* 30, no. 1 (2015): 68–78. See also a rejoinder by Austin in the same issue: "African Economic History in Africa," *Economic History of Developing Regions* 30, no. 1 (2015): 79–94.

17. The example of the Zimbabwe case is Phimister, *An Economic and Social History*.

18. Admire Mseba, "Money and Autonomy in a Settler Colony: The Politics of Monetary Regulation in Colonial Zimbabwe, 1930s–1965," in *The Cultural History of Money and Credit: A Global Perspective,* eds. Chia Yin Hsu, Thomas M. Luckett and Erica Vause (Maryland: Lexington Books, 2016), 133–148.

19. Green and Nyambara, "The Internationalisation of Economic History."

20. For a more comprehensive discussion of the concept of currency and coercion, see Jonathan Kirshner, *Currency and Coercion: The Political Economy of International Monetary Power* (Princeton, Princeton University Press, 1995); see also his "Money is Politics," *Review of International Political Economy* 10, no. 4 (2003): 645–660.

21. Anthony G. Hopkins, "The Creation of Colonial Monetary System: the Origins of the West Africa Currency Board," *African Historical Studies* 3 (1970): 101.

22. Duncan G. Clarke, *Foreign Companies and International Investment in Zimbabwe* (Gweru: Mambo Press, 1980), 15.

23. The concept of the fear of floating is best discussed by Gulliermo A. Calvo and Carmen M. Reinhart, "Fear of Floating," *Quarterly Journal of Economics* 117 (2002): 379–408.

24. For a discussion of money, exchange rate regime choices and political independence, see Guillermo A. Calvo and Frederic S. Mishkin, "The Mirage of Exchange Rate Regimes for Emerging Market Countries," *Journal of Economic Perspectives* 17, no. 4 (2003): 99–188.

25. I examined this in Tinashe Nyamunda, "The Establishment and Operation of a Colonial Monetary and Banking System in Southern Rhodesia, 1890–1938" (MA diss., University of Zimbabwe, 2007).

26. Timothy R. C. Curtin, review of *Towards Financial Independence in a Developing Economy: An Analysis of the Monetary Experience of the Federation of Rhodesia and Nyasaland, 1952–1963* by R. A. Sowelem, *African Affairs* 67, no. 268 (1968): 269.

27. Following the collapse of the sterling classical gold standard system of based fixed exchange rates, the Bretton Woods agreement, although arguably a de facto fixed exchange rate system, was designed as an adjustable peg combining fixed exchange rate stability with the advantages of a limited degree of floating to allow states to pursue independent "full employment policies." The adjustable peg would only be utilized in cases of fundamental exchange disequilibrium. The Bretton Woods system survived for years, from its introduction on December 18, 1946 to August 15, 1971 when USA President Richard Nixon announced its

abandonment. See Michael D. Bordo, "The Bretton Woods International Monetary System: A Historical Overview," in *A Retrospective on the Bretton Woods System: Lessons for International Monetary Reform,* eds. Michael D. Bordo and Barry Eichengreen (Chicago: Chicago University Press, 1993), 3–5; Schenk, *The Decline of Sterling*, 52.

28. The phrase "second colonial occupation" describes Britain's reliance upon her African colonies to boost post-Second World War economic recovery. It was coined by David A. Low and John M Lonsdale, "Introduction: Towards a New Order, 1945–1963," in *The Oxford History of East Africa, vol. 3*, eds. David A Low and Alison Smith (New York: Oxford University Press, 1976), 45–46.

29. John Darwin, *Britain and Decolonization: The Retreat from Empire in the Post War World* (London: MacMillan Press, 1988), 126.

30. Schenk, *The Decline of Sterling,* 37.

31. Krozewski, *Money and the End of Empire*, 16.

32. Darwin, *Britain and Decolonization*, 69.

33. This was in exchange for a loan given at 2% per-annum under which the Americans and Canadians provided US$ 3.75 billion (US$ 57 Billion in 2014 values) and US$ 119 billion (US$ 16 billion in 2014) respectively. In spite of being denounced in the British house of Lords who instead expected a gift or grant for their contribution to the war, The USA and Canada viewed it as "a very favorable loan." It was only settled on December 29, 2006, six years in default of the agreement. See Schenk, *The Decline of Sterling*, 60.

34. E. C, "Sterling in 1947: The Problem of Convertibility," *The World Today* 47, no. 2 (1947): 63.

35. Krozewski, *Money and the End of Empire,* 61.

36. Krozewski shows that "Economic and currency matters remained the prerogative of British government departments until the formal move of individual territories to independence" (*Money and the End of Empire,* 21). He further argues that although the requirements of the discriminatory sterling area increased colonial governments' roles, this "supported Britain's management of the sterling area because it minimized competing interests in trade," as a way of "re-establishing the pound as a world currency" (*Money and the End of Empire,* 24). Shenck, on the other hand, contends that the primacy of sterling waned after 1952, when it ceased to be a reserve asset in the commonwealth. Although poorer members retained the link with sterling until the 1960s, but as colonies approached independence from the mid-1950s, "the sterling held in their reserves became an element of Britain's management of the process of decolonization, but never a primary driver" (*The Decline of Sterling*, 420).

37. "Tour of African Territories, November 1947," Report submitted to the Bank of England Overseas Department by H. E Brooks, December 1947, Bank of England Archive (Hereafter BoE): [Overseas (Hereafter OV)]: 44/79-397.19.

38. Krozewski, *Money and the End of Empire*, 95.

39. Krozewski, *Money and the End of Empire*, 90.

40. Forest Capie, *The Bank of England, 1950s to 1979* (Cambridge: Cambridge University Press, 2010), 1.

41. H. E. Brooks to M. E. Allen (official of the Dominions Office), April 23, 1947, BoE: (OV): 44/79-397.19.

42. H. E. Brooks to M. E. Allen (official of the Dominions Office), April 23, 1947, BoE: (OV): 44/79-397.19.

43. H. E. Brooks to M. E. Allen (official of the Dominions Office), April 23, 1947, BoE: (OV): 44/79-397.19.

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45. Krozewski, *Money and the End of Empire*, 94.

46. Krozewski, *Money and the End of Empire*, 81.

47. H. E. Brooks to M. E. Allen (official of the Dominions Office), April 23, 1947, BoE: (OV): 44/79-397.19.

48. "Tour of African Territories, November 1947," BoE: (OV): 44/79-397.19.

49. "Tour of African Territories, November 1947," BoE: (OV): 44/79-397.19.

50. "Tour of African Territories, November 1947," BoE: (OV): 44/79-397.19.

51. David M. Rowe, *Manipulating the Market: Understanding Economic Sanctions, Institutional Change, and the Political Unity of White Rhodesia* (Michigan: The University of Michigan Press, 2001), 40.

52. Alois S. Mlambo, "From the Second World War to UDI, 1940–1965," in *Becoming Zimbabwe: A History from the Precolonial period to 2008*, eds. Raftopoulos and Mlambo (Harare: Weaver Press, 2009), 76.

53. Mlambo, Pangeti and Phimister, *Zimbabwe: A History of Manufacturing*, 31.

54. Mlambo, Pangeti and Phimister, *Zimbabwe: A History of Manufacturing*, 32.

55. Southern Rhodesia Parliament, "The Minister of Finance Budget Speech," *Southern Rhodesia Legislative Assembly Debates*, May 18, 1948, col. 106.

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57. Andrew Dilley, *Finance, Politics and Empire: Australia, Canada and the City of London, c.1896–1914* (London: Palgrave McMillan, 2012), 91.

58. Southern Rhodesia Parliament, "The Minister of Finance Budget Speech," *Southern Rhodesia Legislative Assembly Debates*, May 18, 1948, col. 107–108.

59. Southern Rhodesia Parliament, "The Minister of Finance Budget Speech," *Southern Rhodesia Legislative Assembly Debates*, May 18, 1948, col. 57.

60. Philip Murphy, "'Government by Blackmail': The Origins of the Central African federation Reconsidered" in *Retreat or Revival: The British Empire in the 1950s*, eds. Martin Lynn (London: Palgrave, 2006), 53–76.

61. Krozewski, *Money and the End of Empire*, 87.

62. See a more in-depth analysis of Southern Rhodesia and Union of South Africa trade, especially focusing on the customs agreement of 1948 and its impact on the two countries' economies in Ian Phimister, "Secondary Industrialisation in Southern Africa: The 1948 Custom Agreement between Southern Rhodesia and South Africa," *Journal of Southern African Studies* 17, no. 3 (1991): 430–442.

63. Extract of Speech by Eric Louw, Minister of Economic Affairs in visit to S. Rhodesia, 1952, Central Archival Repository/Sentrale Argief Berwaarkplek (Hereafter SAB): Box BLM 51/4-52/8-4B13: BB131B132/27, Sub-file No, 52/3 (19650 Southern Rhodesia: External Trade). A reading of the History of Southern Rhodesia and South African trade agreements shows however that the relations were not always cordial, also demarcated by power politics. South Africa tended to take advantage of Southern Rhodesia's weaker position, especially the 1930 trade agreement abandoned in 1931. See I. Phimister, *An Economic and Social History of Zimbabwe, 1890–1948: Capital Accumulation and Class Struggle* (London: Longman, 1987), 245, 248.

64. Speech by Eric Louw, 1952, SAB: Box BLM 51/4-52/8-4B13: BB131B132/27, Sub file No, 52/3 (19650 Southern Rhodesia: External Trade); See also Phimister, *An Economic and Social History of Zimbabwe*: 258.

65. Southern Rhodesia Parliament, "The Minister of Finance Budget Speech," *Southern Rhodesia Legislative Assembly Debates*, May 18, 1948, col. 112.

66. Phimister, "Secondary Industrialisation in Southern Africa," 432.

67. Phimister, "Secondary Industrialisation in Southern Africa," 437.

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69. Southern Rhodesia Parliament, "The Minister of Finance Budget Speech," *Southern Rhodesia Legislative Assembly Debates*, May 18, 1948, col. 106.

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74. Phimister, *An Economic and Social History*, 252.

75. Southern Rhodesia Parliament, "The Minister of Finance Budget Speech," *Southern Rhodesia Legislative Assembly Debates*, May 18, 1948, col. 113.

76. Sowelem, *Towards Financial Independence*, 30.

77. H. C. B. Mynors, Southern Rhodesia, "Report on the Question of a Central Bank," with a letter from Nathan Bertram to Edgar Whitehead attached, March 1, 1949, National Archives of Zimbabwe (Hereafter [NAZ]): S 2225/5, Cabinet Memorandum.

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80. See George Karekwaivenani, "A History of the Rhodesian Stock Exchange: The Formative years, 1946–1952," *Zambezia* xxx(i) (2003): 9–33.

81. Southern Rhodesia Parliament, "The Minister of Finance Budget Speech," *Southern Rhodesia Legislative Assembly Debates*, April 27, 1949, col. 47.

82. Sowelem, *Towards Financial Independence*, 35.

83. Sowelem, *Towards Financial Independence*, 35.

84. Conclusion of a Cabinet meeting, October 20, 1951, NAZ: S 2223/28.

85. Krozewski, *Money and the End of Empire*, 100.

86. Speech by Eric Louw, 1952, SAB: Box BLM 51/4-52/8-4B13: BB131B132/27, Sub-file No, 52/3 (19650 Southern Rhodesia: External Trade).

87. Conclusion of a Cabinet meeting, October 20, 1951, NAZ: S 2223/28.

88. Murphy, "Government by Blackmail," 58.

89. Murphy, "Government by Blackmail," 57.

90. Murphy, "Government by Blackmail," 57.

91. Murphy, "Government by Blackmail," 62.

92. See Ronald Hyam, "The Geopolitical Origins of the Central African Federation: Britain, Rhodesia and South Africa, 1948–1953," *Historical Journal* 30, no. 1 (1987): 148.

93. Murphy, "Government by Blackmail," 73. See also Andrew Cohen, "Settler Power, African Nationalism and British Interests in Central African Federation, 1957–1963" (PhD diss., University of Sheffield, 2008).

94. Hyam, "The Geopolitical Origins of the Central African federation," 145.

95. Krozewski, *Money and the End of Empire*, 107.

96. Wood, *So far and No Further*, 12.

97. Hyam, "The Geopolitical origins of the Central African Federation," 145.

98. Hyam, "The Geopolitical origins of the Central African Federation," 146.

99. Cohen, "Settler Power, African Nationalism and British Interests," 282.

100. Cohen, "Settler Power, African Nationalism and British Interests," 108.

101. Clarke, *Foreign Companies and International Investment*, 26.

102. See for example U. S. Department of Commerce, Bureau of Foreign Commerce, *Investment in Federation of Rhodesia and Nyasaland: Basic Information for United States Businessmen* (Washington, D. C.: U. S. Government Printing Office, 1956).

103. U. S. Department of Commerce, *Investment in Federation*, 109.

104. Krozewski, *Money and the End of Empire*, 96.

105. Krozewski, *Money and the End of Empire*, 96.

106. Krozewski, *Money and the End of Empire*, 96.

107. Krozewski, *Money and the End of Empire*, 96.

108. Krozewski, *Money and the End of Empire*, 155.

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110. Krozewski, *Money and the End of Empire*, 155.

111. Larry A. Bowman, *Politics in Rhodesia: White Power in an African State* (Cambridge: Harvard University Press, 1973), 21.

112. Bowman, *Politics in Rhodesia,* 21.

113. Bowman, *Politics in Rhodesia,* 21.

114. Arthur Hazlewood, "The Economics of Federation and Dissolution in Central Africa," in *African Integration and Disintegration: Cases Studies in the Economic and Political Union*, ed. Arthur Hazlewood (Oxford University Press, 1967), 205.

115. See Leigh A. Gardner, *Taxing in Colonial Africa: The Political Economy of British Imperialism* (Oxford: Oxford University Press, 2012).

116. The Control of Goods Act (Import and Export) Commerce Amendment Order No. 5, Southern Rhodesia Government Notice, 1963, NAZ: S 3605/1/1/1.

117. U. S. Department of Commerce, *Investment in Federation*, 45.
118. U. S. Department of Commerce, *Investment in Federation*, 45.
119. U. S. Department of Commerce, *Investment in Federation*, 46.
120. Rowe, *Manipulating the Market*, 40.
121. Clarke, *Foreign Companies and International Investment,* 26.
122. Clarke, *Foreign Companies and International Investment,* 26.
123. Clarke, *Foreign Companies and International Investment,* 41. See also D. J. Murray, *The Governmental System in Southern Rhodesia* (Oxford: Clarendon Press, 1970), 18.
124. Rowe, *Manipulating the Market*, 41.
125. U. S. Department of Commerce, *Investment in Federation*, 46.
126. U. S. Department of Commerce, *Investment in Federation*, 47.
127. U. S. Department of Commerce, *Investment in Federation*, 47.
128. U. S. Department of Commerce, *Investment in Federation*, 48.
129. U. S. Department of Commerce, *Investment in Federation*, 97.
130. Deputy General Manager G. W. Gatt to Standard Bank secretary in London detailing the Minister's finance speech, July 19, 1955, Standard Bank (Hereafter SB): General Manager's Office (Hereafter GMO): 3/1/189.
131. Sowelem, *Towards Financial Independence*, 57.
132. Sowelem, *Towards Financial Independence*, 96.
133. Sowelem, *Towards Financial Independence*, 96.
134. Sowelem, *Towards Financial Independence*, 36.
135. Sowelem, *Towards Financial Independence*, 36.
136. Julia Tischler, *Light and Power for a Multi-Racial Nation: The Kariba Dam Scheme in the Central African Federation* (UK: Palgrave McMillan, 2013), 2. The construction of the dam led to the eviction of more than 57,000 Gwembe-Tonga people who were settled north and south of the Zambesi River and wild game from the area. In that context, while electric power generated economic progress for the capitalist sectors, this has been seen, as in the case of the Cahora Bassa as well, as an illusion of development for the displaced local black population. See Allen Isaacman and Barbara S. Isaacman, *Dams, Displacement and the Delusion of Development: Cahora Bassa and its legacies in Mozambique, 1965–2007* (Ohio: Ohio University Press, 2013).
137. Tischler, *Light and Power*, 12.
138. Gatt to London Secretary of the Standard Bank, June 21, 1955, SB: GMO: 3/1/192. Among other things, the letter discussed banking business opportunities and possibilities by other investors who would require banking facilities and services in Kariba.
139. Frederick Cooper and Ann Stoler, *Tensions of Empire: Colonial cultures in a bourgeois world* (Berkeley: University of California Press, 1997).
140. Cooper and Stoler, *Tensions of Empire*.
141. The wind of change speech was made in the South African parliament on February 3, 1960. See Ritchie Ovendale, "MacMillan and the wind of change in Africa, 1957–1960," *The Historical Journal* 38, no. 2 (1995): 455–477.
142. Cohen, "Settler Power, African Nationalism and British Interest," 282.

143. The extent of liberal white politics, as embodied by Todd, has been critiqued. Examples in which such liberalism has been questioned was, for example, in Todd's the handling of the 1947 Dadaya school strike when he was principal of the school, viewed as one of the precursors to liberation struggle. In that case, there was an antagonistic relationship between Todd and one of the teachers at his school who happened to be Ndabaningi Sithole (who would become a prominent nationalist) whom he saw as the instigator of the strike. See Michael West, "Ndabaningi Sithole, Garfield Todd and the Dadaya School Strike of 1947," *Journal of Southern African Studies* 18, no. 2 (1992): 622–648. Also, Todd's handling of the 1954 Wangi Colliery strike shows the limits of Todd's liberalism, see for example, Ian Phimister, *Wangi Colia, Coal, Capital and labour in Colonial Zimbabwe 1894–1954* (Harare: Baobab Books, 1994). Whitehead's modest program of reform aside, his intolerance of African nationalist movements demonstrated the limits of his liberalism as he maintained a state of emergency in 1959 and supported a proposed security legislation called the Unlawful Organizations Bill, which aimed to outlaw all African political parties and civil society organizations. Anyone thought to belong to them or attend their meetings would be arrested under a presumption of guilty, with no warrants needed, even for random searches, and could lead to imprisonment of up to five years or £1,000 fine for victims. Even some legislators of the right-wing Dominion Party found this to be draconian. No less problematic was his support of the Native Amendment Bill as well as the Preventive Detention Bill meant to tighten control over Africans. See Wood, *So Far and No Further*, 17–18.

144. Rowe, *Manipulating the Market*, 57.

145. See, for example, William A. Munro, *The Moral Economy of the State: Conservation, Community Development and State making in Zimbabwe* (Ohio: Ohio University Press, 1998).

146. Rowe, *Manipulating the Market*, 43.

147. Richard Wood, *So far and No Further! Rhodesia's bid for Independence during the Retreat from Empire 1959–1965* (Trafford: Canada, 2005): 13.

148. L. J. Macfarlane, "Justifying rebellion: Black and White Nationalism in Rhodesia," *Journal of Commonwealth and Political Studies* 6, no. 1 (1968): 54–79, at 54.

149. Krozewski, *Money and the End of Empire*, 57.