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The Curious Incident of the Franc in the Gambia: Floating Exchange Rates and the British Imperial Monetary System in the 1920s

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Abstract: In 1922, the British colonial administration in the Gambia demonetized the French five franc coin, which had been legal tender since 1843. The cost of the demonetization was equal to a year's revenue, and undermined the stable fiscal position built up over previous decades. The floating exchange rates of the 1920s have long been a fruitful topic of research in European monetary history. Less attention has been paid to the impact of floating on colonial territories in the periphery. This paper uses the rather curious case of a British colonial administration paying to support the local value of the franc to illustrate that the 1920s are an equally useful period in the study of colonial monetary systems. A key aim of imperial governments was to ensure convertibility between colony and metropole, but local conditions in individual colonies often required compromises which went unnoticed until exchange rates became unstable.

'Is there any point to which you would wish to draw my attention?'
'To the curious incident of the dog in the night-time'
'The dog did nothing in the night-time'
'That was the curious incident', remarked Sherlock Holmes.
- Arthur Conan Doyle, *Silver Blaze* (1892)

1. Introduction[1]

On January 2nd, 1922, the colonial administration of the Gambia announced the demonetization of French five-franc coins throughout the territory. Five franc coins had been legal tender in the Gambia at the rate of 3s 10 1/2d since the Order in Council of 10 June, 1843. Outside government transactions, the usual local rate was 4s to the 5-franc piece (Gambia 1923). The coins had continued to circulate at that rate within the Gambia, despite the depreciation of the franc on international markets since the end of World War I. The colonial government resisted calls by banks, traders and even the Colonial Office to demonetize the coin, even as the costs of maintaining the overvalued franc mounted. In the end, the cost of the demonetization equaled close to a year's revenue for the small territory. The delay cost the colonial administration the financial stability it had built over the three preceding decades and resulted in the postponement or even cancelation of planned infrastructure investments (Gailey 1964).

[1] I would like to thank Max Bolt, Stephen Broadberry, Katie Eagleton, Ellen Feingold, Sophie Mew, Karin Pallaver, and attendees at the February 2013 HEDG workshop for comments on earlier drafts. Credit for the title goes to Deborah Oxley. All remaining errors are my own.

Why did a British colonial administration spend several years supporting the franc at such great cost to its own Treasury? The foundations of this curious incident in colonial monetary history were constructed during the partition of Britain's oldest and smallest colonial territory in West Africa. After the boundaries between the Gambia and French Senegal were finalized in the Anglo-French Convention of 1889, the solvency of the colonial administration relied on the illicit movement of people and goods across the long and largely unenforced border. This ensured the continued circulation of French currency within the Gambia, even after the consolidation of British colonial monetary arrangements in West Africa from 1912, as colonial officials believed that abandoning the five franc piece would mean a disruption in the trade on which it depended. Explaining the impacts of the crisis, and why the colonial administration took so long to address it even as costs mounted, sheds light on the impacts of the limited financial development of colonial Africa as well as the (often misinformed) views of colonial officials about African responses to changing economic conditions.

The next section (2) will provide a brief history of the impact of the depreciation of the franc in West Africa. Sections 3 and 4 will outline the origins of the crisis in the context of the Gambia's integration in the British monetary system and the continued dependence of the colonial government on smuggling and migration from Senegal. Section 5 will explain why the Gambian administration fought to support the maintenance of the pre-war exchange rate. Section 6 outlines some tentative implications of this incident for the history of imperial monetary systems in the interwar period. Section 7 concludes.

2. The franc in the Gambia and the crisis of 1922

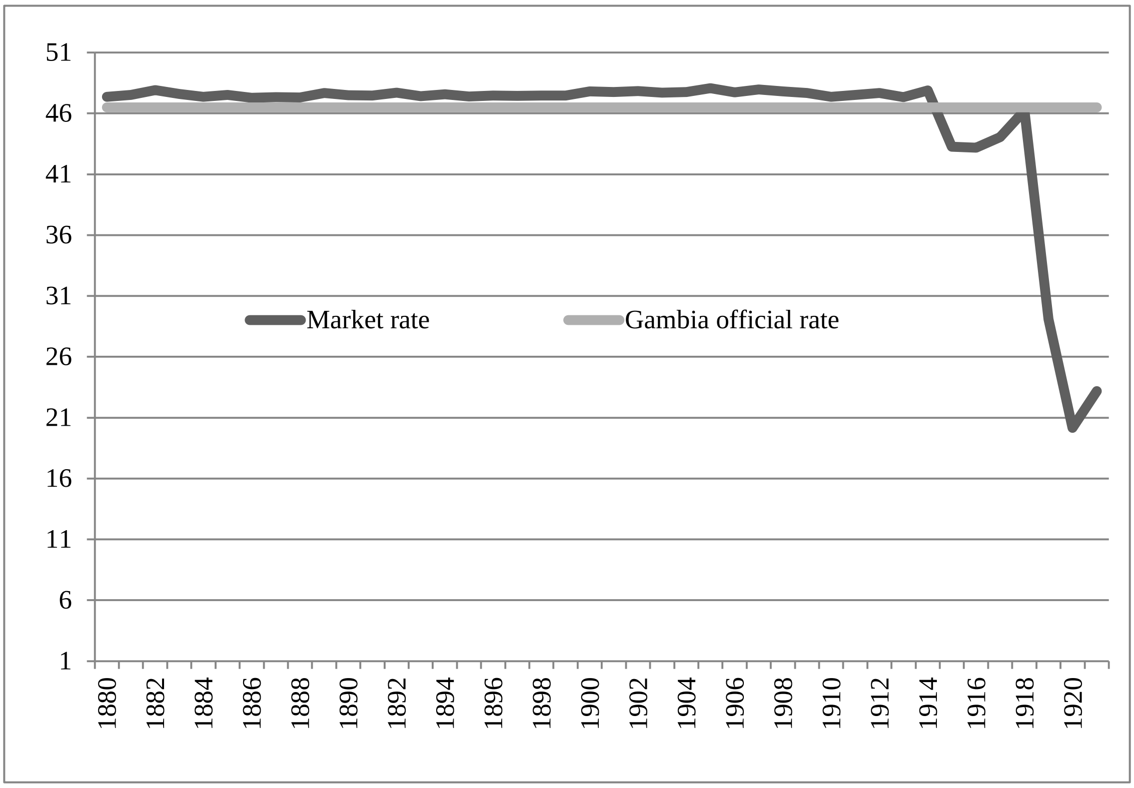
The demonetization of the franc in the Gambia is described in most histories of the Gambia as an important event in the economic history of the colonial period. Southorn (1952: 204) describes it as 'an interesting incident in the financial history of the Gambia'. Gray (1940: 487) fixes it firmly in the context of World War I and its aftermath, writing that 'like other countries the Gambia has been affected by many of the aftermaths of the war. One of these, which was more or less peculiar to the Gambia, but which none the less affected the country very seriously, was due to the depreciation of the franc'. It is taken by some as evidence of the Colonial Office's disregard for the Gambia's interests. For example, Gailey (1964: 167-8) lays the blame squarely at the feet of the British government, writing that 'the decision to continue the five franc piece in circulation long after other countries had followed the prevailing world rate was not one that the Gambia government, let alone the Gambian people, could make. This was a decision which had been made by Treasury officials of Great

Britain.' As a result, he describes the demonetization as 'the most glaring example of the indifferent financial attitude of the British government concerning the needs of the Gambia'.

As will be shown below, the archival record suggests rather that the Gambian currency crisis was not the result of a Treasury decision to maintain the value of the coin but rather due to the decentralized management of the colonial monetary system. Swindell and Jeng (2006: 191-2) emphasize that the final decision was the outcome of debates between a number of different interest groups, including the British government, the colonial administration and members of the local commercial sector. According to their account, 'this particular episode demonstrates the levels of acrimony and recrimination that could develop within the European ranks of administrators and traders, as well as disagreements between London and colonial government'.

The foundations of the Gambia's interwar currency crisis were laid in 1843, when the local sterling value of the five franc piece was fixed at 3s 10 1/2d reflecting the pound-franc exchange rate at the time. Figure 1 gives the value in British pence of five-franc coins in both London and the Gambia. Under the pre-war gold standard, the official value of 46.5 pence was close to the commercial value of between 47 and 48 pence per five franc coin. During the war, however, its value on international markets fell to 43 pence. After a short return to close to its pre-war value in 1918, it fell again to 20 pence in 1920. Despite this volatility, it remained legal tender at its pre-war rate in the Gambia until the decision was finally taken to demonetize the coin in 1922. The retention of this rate into the inter-war period was, it is argued here, linked to 1) the financial structure of the empire and the Gambia's solution to the 'revenue imperative' (Gardner 2012), 2) the financial underdevelopment of the colonies, and 3) a limited understanding of African monetary systems amongst colonial officials tasked with deciding to demonetize.

Fig. 1 Pence value of the 5-franc coin in London and the Gambia, 1880-1922



Source: Global Financial Data

In 1843, the currency system of West Africa was in a transitional phase. Commodity currencies and trade goods had been the most widely used media of exchange in the Atlantic slave trade, and many remained in circulation as the focus shifted from slaves to minerals, forest and agricultural products. The flow of commodity currencies was entirely one way: they were used by European trading companies and their agents to purchase African exports, but they could not be used by Africans to purchase other imported goods from Europeans (Guyer 1995). As African participation in international trade grew, however, Africans began to demand European coins, which could be used in the purchase of imported goods. Commodity currencies therefore circulated alongside a variety of international currencies, including American, Spanish, French and British coins. The use of foreign coins was typically restricted to use in trade with Europe and payments to government (Ofonagoro 1979).

Political jurisdictions and trade patterns remained fluid in this period before colonial boundaries were finally fixed in the late nineteenth century. As a result, there was considerable competition between trading firms and colonies to attract business from African producers and middlemen, on whom they relied for their supply of African produce (Thornton 1998). In the Gambia, French traders were first to use five franc coins in payment for African produce. According to contemporary reports this gained them an advantage as Africans preferred to receive cash. The Gambian administrator noted in 1869 that ‘the French pay in cash for the groundnuts and other produce. This is preferred by the natives to the old system of barter still pursued by the English merchants; in consequents, the trade of the Gambia is rapidly falling into the hands of the French’.[2] This competition may be why the official sterling value of the five franc coin, 3s 10 1/2d, was somewhat lower than the market rate (see Fig. 1). In 1916, Leslie Couper, president of the Bank of British West Africa, wrote in a letter to the colonial office that ‘the precise reasons for establishing, in 1843, the present sterling value of the “dollar” are not known to me but I expect the protection of the local British communities was aimed at.’[3]

In 1889, the boundaries of the Gambia were fixed by a treaty between the French and British governments. As colonial administrations extended their authority into the interior and colonial governments were making efforts to standardize the currencies circulating within their jurisdiction in order to reduce transaction costs for themselves as well as for trading firms (Helleiner 2003). Spanish and American dollars were demonetized in 1880 in all four British West African territories. In Nigeria and the Gold Coast, but not Sierra Leone and the Gambia, French currency was demonetized at the same time. These efforts went a step further in 1912 with the establishment of the West African Currency Board (WACB). In 1913, the WACB introduced a new currency, the West African pound in the four West African colonies (Nigeria, the Gold Coast, Sierra Leone and the Gambia). WACB currency was issued at fixed parity in exchange for sterling, and backed by sterling reserves (Hopkins 1970).

The retention of the five franc coin for use in the Gambia and Sierra Leone was a concession to local interests. Several of the witnesses giving evidence to the 1912 commission of enquiry which preceded the creation of the WACB suggested that the Gambia should be left out of any scheme for the introduction of a new currency for British West Africa because of its connections to French West Africa. One of the most forceful arguments to this effect was voiced by Sir George Denton, the Governor of the Gambia. He argued that the Gambia should be left to make its own policy because the colony was ‘so intimately connected with French commerce that it is a very important thing to have a coin in circulation that will pass freely between the natives on both sides of the boundary (West Africa Currency Committee 1912: 8-9).

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[2] Patey to Monsell, 1 October 1869, in Colonial Office (1870).
[3] Couper to Read, 5 June 1916, in TNA CO 267/573.

The introduction of the West African pound did not initially lead to any de facto change in the Gambia's monetary system. In 1916, the colonial administration in its annual report stated that the French five-franc piece 'is very largely used in native trade because of the facility of exchange with the inhabitants of adjoining French territory, and because a considerable proportion of the planters of the groundnut crop come annually from across the French border, returning to their homes when their nuts have been sold'. The report further estimated that 'probably from 50 to 70 per cent of payments in trade with natives of the Protectorate is made in the five franc piece' (Gambia 1917). Other reasons were also given for the widespread use of the five franc piece. It was valued in local markets at 4 shillings per coin (slightly above the market rate in London), reflecting a custom (which continued through the colonial period) to 'reckon in terms of four-shilling units in the market places of the country. Such units are known as "dalasies" or "dirhems" in the two vernacular language, Mandinka and Wolloff respectively' (Gambia Currency Board 1967: 9). Colonial officials believed that the coin's 'handsome' appearance also played a role, as did its silver content, which provided some intrinsic value.

Even before the 1916 annual report was written, however, the pre-war stability in the pound-franc exchange rate was starting to crumble, prompting difficulties in the two British territories in which the five franc coin remained legal tender (the Gambia and Sierra Leone). As early as 1915, Couper wrote to the Colonial Office about the position of the five franc coin in the Gambia and Sierra Leone. 'In each of these colonies the legal tender rate of the 5-franc piece is 3/10 1/2, although the actual sterling value of the coin, based on the present London-Paris exchange rate, is now 3/5 1/2d. This condition of affairs is obviously unsatisfactory and opens the door to losses to the governments of these colonies'.[4] The risk of loss was partly due to the possibility that people in the colonies could profit from the difference in exchange rates. In July 1916 a Colonial Office official noted in relation to Sierra Leone that 'by an old-standing arrangement the French 5 fr piece is legal tender in S. Leone at 3s/10. Owing to the recent course of exchange it actually pays to import the pieces; get a draft on London (directly or indirectly) from the Bank for these pieces at the 3/10 rate (the actual rate varying lately from 3/5 1/2 to 3/6 1/2); with the proceeds import French pieces; thus ad infinitum'.[5] As exchange rates continued to shift during the year, the colonial government in Sierra Leone corresponded with the colonial office about the appropriate course of action. Options proposed included revising the official rate, banning imports of the coin, and demonetizing the coin. In the end, though most agreed that demonetization was the

[4] Couper to CO, 13 April 1915, in TNA CO 87/204.
[5] CO Minute to Bonar Law, 4 July 1916, in TNA CO 267/571.

best strategy, war-time contingencies meant the easier strategy was adopted and the import of five franc coins was banned in October of that year.[6]

Within this discussion, the subject of the Gambia was deliberately sidelined because, as one Colonial Office official put it, ‘conditions are so different in Sierra Leone and the Gambia’ that different policies might be called for in the respective territories.[7] However, the debates of 1916 foreshadowed bigger problems to come. Owing to the high costs of the war effort, the French government was unable to follow Britain back onto the gold standard (Bordo and Hautcoeur 2007). Up to March 1919, British and American support for the franc maintained its value at 17-18 American cents, close to its prewar parity. When official support ended, the franc depreciated relative to both the dollar and the pound. After this the French franc floated for the next seven years, gradually depreciating against sterling (Eichengreen 1982).

Despite the depreciation of the franc on global markets, the five-franc coin remained legal tender in both the Gambia and Sierra Leone at its old rate, though imports into Sierra Leone had been prohibited. In the Gambia, the coins remained in use and it was not long before the effects of the disparity between the official and market exchange rates began to be observed on a local level. The Provincial Annual Reports from the Gambia for 1920 noted both the disappearance of WACB coins and notes from circulation as well as an increase in the circulation of five-franc coins. In reference to the latter, the Travelling Commissioner of the North Bank Province, Dr. E. Hopkinson, reported that ‘the Gambia has this year has been flooded with these coins. This great increase in their numbers is partly accounted for by the fact that plenty of buried dollars (the people’s bank-reserve) have been dug up to pay the debts, but is chiefly due to the increased numbers brought in from outside owing to the different in exchange’. Captain Leese of the Kombo and Foni Province observed in his report that ‘the shortage of money, and particularly of British coinage, is very noticeable; practically the only coin to be seen is the five franc piece of France and other nations; notes have almost disappeared’. He also suggested that this influx was due to trading firms and individual Africans profiting from the difference in exchange rates. ‘Most of the foreign coin was circulated through the traders who apparently were supplied with little else by their firms in Bathurst. Natives from bordering countries brought in a certain amount which they exchanged; with the five franc piece valued at four shillings in the Protectorate the temptation to secure six or seven for a pound note or twenty shillings in British coinage was too great to be resisted’. The report by Lt Col Wannell of the Upper River Province provided similar observations: ‘A very noticeable feature of the season has been the almost total

[6] Couper to Read, 12 October 1916, in TNA CO 267/573.
[7] CO Minute, 8 June 1916, in TNA CO 267/573.

disappearance of English coins. Owing to the depreciation of the French exchange, and that the five franc piece is accepted here at 3s 10 1/2d, dozen[s] of men from Senegal were sent over here by the Syrian traders and others to exchange dollars into English money'.[8] These activities did not escape the notice of the Colonial Office - a minute of November 1921 noted that 'the withdrawal of alloy coin shows hat someone is alive to the profit of taking alloy coins to Senegal, changing them for 5/- francs and smuggling the five franc pieces back to Bathurst for exchange into alloy coins again. There is about 80% profit on one move of this kind (50 francs = 10 five franc pieces = 40/- in Gambia but only 20/- in French territory. Allowing for loss on exchange we get a large profit).[9]

Such activities went beyond the Senegal/Gambia border to encompass a broader West African commercial network. In November 1921 the Colonial Secretary, C.R.M. Workman, reported to the Colonial Office that 'Syrian kola merchants are purchasing Money Orders for remittances to Freetown on so considerable a scale as to involve this government in heavy loss… Money orders for £12,000, practically the whole of which have been paid in five franc pieces, have been issued during the last three and a half months as against a total of £7418 for the whole of last year'. This meant that the colonial administration in the Gambia would have to liquidate deposits in England to reimburse the Sierra Leone government.[10] However, the administration could not exchange the five franc pieces at the rate legal in the Gambia, as the banks had stopped accepting them except at the depreciated international rate'.

Despite these developments, Governor Armitage had initially resisted calls by the Colonial Office in London as well as business interests in Bathurst to demonetize the coin owing to the potential costs involved. Correspondence and negotiations between the Gambian administration and the British government continued through 1921. Matters for debate included, first, whether the coin should be demonetized, and then the timing of the demonetization and who should pay for it. The coin was finally demonetized by a proclamation issued by the acting governor on 6 January 1922. Over that month, £407,950 in British West African currency was paid in return for five franc coins handed into the various offices. The demonetization of the five franc coin was extremely costly for the colonial government. The colonial government could only exchange the five franc pieces in its possession, which included both those handed in during the January 1922 collection as well as those already in government accounts, at the international rate of 1s 11d or ship them to London and melt them for bullion. To do this the colonial government borrowed £187,893 7s

[8] Annual Reports of the Provinces, 1920-21, in TNA CO 87/214.
[9] Minute by J. Flood, 25 November 1921, in TNA CO 87/214.
[10] Acting Governor to Secretary of State, 20 November 1921, TNA CO 87/214.

11d from the West African Currency Board to cover the loss. The loan was issued at 4 per cent interest and repaid over the next decade, with total expenditure of nearly £230,000. In addition to this were the costs of the demonetization exercise itself, which amounted to £7237 1s 3d in 1922. To put these costs (£236,174) in perspective, they should be compared with total annual public revenue in this period of around £220,000. Repayments of the loan absorbed nearly ten per cent of expenditure over the next decade.[11] Gailey (1960: 128) argues that the demonetization crisis 'destroyed' the Gambia's financial health, and forced the colonial administration to cancel or postpone major infrastructure projects planned during the 1920s.

3. Origins: 'A comic strip that lives on peanuts'

The immediate political context for the order in council which established the 3s 10 1/2d rate was the establishment in 1843 of a separate administration for the coastal colony of the Gambia, which previously had been ruled from Freetown, Sierra Leone. This arrangement was the subject of constant grumbling in both Bathurst and Freetown. In 1825 the governor of Sierra Leone, Sir Charles Turner complained that 'it would be easier for the general officer at Cork to take charge of the Barbadoes than for me to take charge of the three colonies of the Gambia, Sierra Leone and the Gold Coast' (quoted in Southorn 1952: 165-6). Such distant administration had led to a certain degree of neglect of the Gambia, which had among other things allowed French trade to become dominant even as British political control was retained and expanded.

Understanding the origins of the demonetization crisis requires looking back to the colonial partition of the region and its implications for its economic development. Why did colonial officials insist on retaining the franc, even when the potential for exchange rate risk was known? Why was it important to retain a common medium of exchange with French West Africa? An extensive literature on colonial borders has illustrated that they had complex interactions with pre-colonial economies. They could not be enforced strictly enough to destroy old commercial links. At the same time, differences in commercial policy between colonies provided incentives for the creation of new ones.

Griffiths (1996) argues that the persistence of colonial boundaries into the post-independence period, despite the fact that they often cut across trade networks and divided ethnic groups, was due to their lax enforcement. This was both the consequence of limited resources as well

[11] Data on the Gambia's public finances collected from the Blue Books, 1922-32.

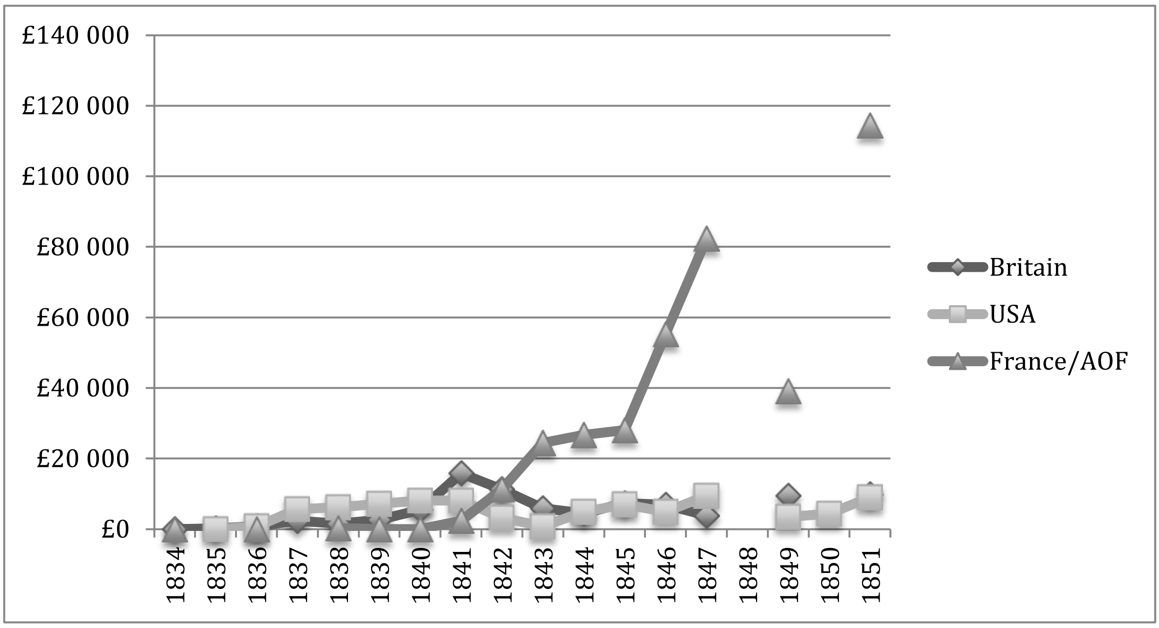
as, often, a conscious choice made sometimes by local administrators or even by their superiors in government. In their study of African borders, Asiwaju and Nugent (1996: 8) write that 'frequently, the local border official who colludes with smugglers is not moonlighting at all, but actually following orders'. In more recent years, a number of small states in West Africa - including Benin, Togo, and the Gambia – have adopted official economic development strategies 'based on liberal import regimes and the transiting of goods to their more protectionist neighbors' (Meagher 2003: 59). Benin 'has been called the "Warehouse State" because such an important part of its economic policies, and in particular its trade policy, is determined by the government's determination to make cross-border trade as easy as possible' (Azam 2007: 18). This section will examine the process by which the colonial boundaries which created the Gambia were established, while the next section focuses on the administration of the colony. The two sections together illustrate a central irony of colonial rule in the region: maintaining nominal political authority over territory within particular boundaries often required implicitly supporting smuggling and migration from beyond them.

The Gambia River and its surrounding hinterlands, often referred to collectively as Senegambia, was one of the key trading centers of pre-colonial West Africa. It was one of the first parts of the region to engage in direct trade with Europeans and became the focus of European competition for access to trade with West Africa, first in gold, then slaves and finally in cash crops. Following colonial partition during the nineteenth century, the bulk of the region was controlled by France, apart from a narrow band of British territory along the river. This division has remained, despite efforts during both the nineteenth and twentieth centuries to unify the two territories which became, after independence, Senegal and the Gambia (Curtin 1975; Barry 1998).

The first slaves exported across the Atlantic were taken from Senegambia, and the growing demand from West Indian plantations made links to the region, as Barry (1998: 49) puts it, 'vitally important'. The Dutch, French, and British challenged the Portuguese monopoly from the early seventeenth century, establishing their own trading posts along maritime routes (Wood 1967). By the end of the seventeenth century, Senegambia had lost its dominant position in the slave trade and been overtaken by the Gold Coast and the Bight of Biafra (Richardson 1998: 449). However, the region remained important in the expanding trade in forest products and cash crops. The gum trade, in particular, drove French trading interest in the region (Webb 1985). By the nineteenth century this was eclipsed by the growing export of groundnuts, which were first cultivated from the early 1830s. Like palm oil, groundnut oil was increasingly in demand in Europe, where industrialization increased the demand for oils and fats to be used as industrial lubricants and in consumer goods (Brooks 1975: 29). In the nineteenth century, groundnuts were exported primarily to France, where they were used in soap production. Figure 2 gives early groundnut export from the Gambia. The speed at which groundnut production expanded prompted Barry (1998: 215) to claim that 'by the mid-nineteenth century, the northern Senegambian economy had become a one-crop system, with peanut production rising steadily year by year'.

By the time groundnuts had become the Gambia's most important export, the Scramble for Africa had begun. France and Britain were the key powers in West Africa, and both became increasingly involved in conflicts between West African states, extending their territorial claims in the process. In the Gambia, as elsewhere in West Africa, the transition from the slave trade to 'legitimate' commerce led to social and political tensions within African communities (Hopkins 1973). The Soninki-Marabout wars of the nineteenth century were ostensibly conflicts about religious differences between the existing ruling class, the Soninkis, and the more devout Marabouts. Like the other 'jihads' of the period, however, they were as much about political and economic change as religious beliefs (Gailey 1964: 39-60; Klein 1972). For European officials, such conflicts interfered with trade and required the establishment of a series of fortified trading posts following the river into the interior. It was these stations that became the foundation of what would become Senegal and the Gambia.

Fig. 2 Groundnut exports



Source: Brooks (1975: 4)

The British station on St Mary's Island became the site of the capital, Bathurst, and British jurisdiction extended along a narrow band of territory along the river some 200 miles into the interior. This band of British-controlled territory was surrounded by a much larger area controlled by French colonial authorities. Neither Britain or France was particularly pleased with this allocation of land. British administrators found it difficult to capitalize on the possession of one of West Africa's most navigable rivers owing to the dominance of French interests in the groundnut trade. In 1869, Sir Arthur Kennedy observed in a letter to the Colonial Secretary that the expense of maintaining troops in the settlement exceeded 'the whole mercantile profits of the place'.[12] For the French, British possession of the river was, as Barry (1998: 220) describes it, 'a double headache'. Kennedy noted in his letter that

> A glance at the map will show that the possession of the St Louis or or Senegal River on the north, and the Gambia on the south, would afford valuable facilities for governing a settlement on which the French government have expended so much money, and to which they attach so much importance. The possession of the Gambia would enable them to develop the resources of the French settlement of Senegal to an

[12] Sir Arthur Kennedy to the Under Secretary of State for the Colonies, 23 September 1869, in Colonial Office (1870).

extent hitherto impossible, giving them command of the two great outlets for that territory.

In other words, it was difficult to develop the Gambia as a successful British colony when it was so closely hemmed in by French territory geographically, and so dominated by French interests commercially. A memorandum by the British treasurer of the Gambia, Henry Fowler, written at the same time as Kennedy's letter, pointed out that only a fifth of the Gambia's exports went to Britain and that in terms of both number of ships and tonnage, French shipping was dominant (Colonial Office 1870). Equally, its possession by the British government hindered French efforts in Senegal.

This mutual dissatisfaction led to negotiations for an exchange of territory between Britain and France, in which the French would acquire the Gambia while Britain would receive territory along the Ivory Coast. However, the negotiations were undermined by wider uncertainties about the future of French colonial tariff policies. Just as the exchange of territory was being negotiated, pressure was growing in France for increasingly protectionist tariff policy and the colonial tariffs in Senegal were under review. Alive to the possibility of differential tariffs, the British government insisted on a high price in terms of territory in exchange for the Gambia, and negotiations ultimately collapsed (Newbury 1971: 228-30). The boundaries of the Gambia were finally fixed in the Anglo-French convention of 1889 (Barry 1998).

With the 1889 convention, the process of colonial partition in Senegambia was largely complete and the boundaries established then remain for the most part intact to this day. The somewhat ad-hoc process of territorial claims in the region had carved a long, thin strip of territory along one of West Africa's most navigable rivers out of an area of long-standing commercial importance. The Gambia's unusual size and shape made it the subject of frequent comment among colonial officials who viewed it as an example of the arbitrary nature of colonial borders. In 1959, a Bank of England official, reported on returning from a mission to West Africa that 'the Gambia is an absurdity … it is Senegal's best river with about 30 miles of land on either side from source to mouth'.[13] Two years later, an editorial in *The Economist* likened the Gambia to a paper snake, and commented that 'Britain's first West African possession giggles across the map like a saucy joke on Africa and on colonialism'.[14] Another *Economist* piece, published on the occasion of the Gambia's independence in 1965, noted that the country 'has been cruelly called a comic strip that lives on peanuts', in

[13] Report on a visit to the Gambia by J. B. de Loynes, 27 July 1959, in Bank of England OV71/1.
[14] 'Paper Serpent', Economist, 22 July 1961.

reference to the country's dependence on groundnut exports.[15] Such quips were intended to raise broader questions about the viability of the Gambia as a potentially independent nation. Its small size and, as will be shown in the next section, economic dependence on Senegal, made it seem unlikely that it could sustain itself outside of a larger British colonial network.

4. Origins, Continued: 'Groundnuts and contraband'

The importance of proposed French tariff increases in undermining negotiations for territorial exchange suggests, according to Newbury (1971: 254) that 'fear of exclusion from regional markets as a motive for territorial expansion' should not be dismissed. Newbury writes that 'such a motive, it might be argued, was peculiar to localized interest groups and a handful of mad patriots. But it was certainly not absent either from the saner considerations of a Bismarck, a Salisbury or a Hanotaux - if only because it might be politically important at home, rather than economically decisive abroad'. The later governance of the Gambia suggests that what the British government preserved for itself in sustaining its claims to the Gambia was not just access to the narrow band of river bank, but to the wider Senegambian commercial network. The long land border around the Gambia was (and remains) impossible to enforce, and from the beginning the Gambian colonial administration for its fiscal survival on the illicit movement of goods and people across it.

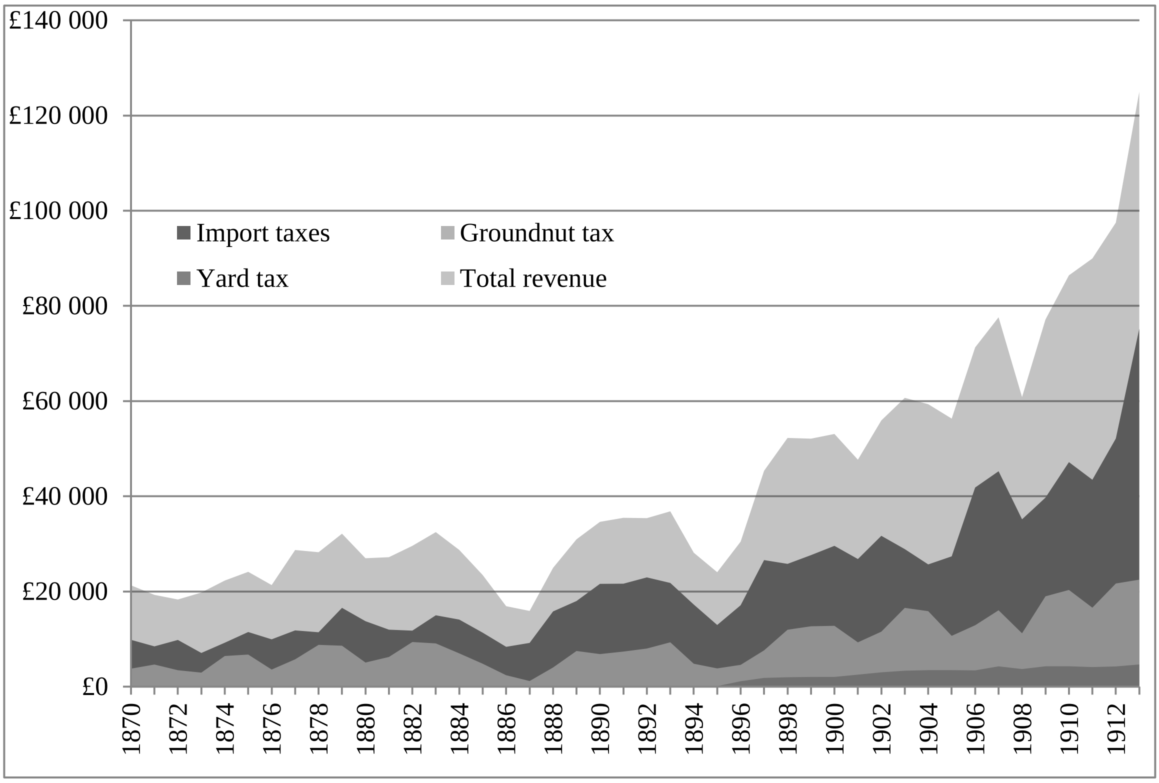
The 'revenue imperative' became increasingly important for the Gambia after 1889. Maintaining British claims to the area within the boundary required the creation of at least a skeletal administration beyond the small number of outposts manned during much of the nineteenth century. Gailey (1964) observes that 'whereas prior to this time Britain had followed a declared policy of minimum interference in the affairs of the interior, she now faced the problem of establishing a governmental system for the territories assigned to her by the agreement'. As in all other colonies, the expectation of the Colonial Office in London is that this would be accomplished as far as possible using revenue raised locally. Strict conditions were attached to any funds demanded from the British Treasury, and there was persistent pressure for colonies to wean themselves off of 'grant-aided' status (Gardner 2012).

Unfortunately for the Gambia, its fiscal position had not improved greatly since the observations of Fowler and Kennedy in 1869. As in other West African colonies, revenue came primarily from trade taxes (see figure 3). An export tax on groundnuts, introduced in

[15] 'Teasing Strip', *Economist*, 20 Feb 1965.

1863, also became an important source of revenue (Gamble 1949: 59). From 1895 a 'yard' tax was imposed in the inland protectorate, which was similar to the hut taxes imposed in other African colonies (see Gardner 2012). Like hut taxes, the yard tax produced only a limited amount of revenue and the most important sources of funds remained import tariffs and the export tax on groundnuts.

Fig. 3 Sources of Revenue in the Gambia, 1870-1913 (1913 £)



Source: Gambia *Blue Books*

Ironically, these sources of revenue relied on the loose enforcement of border controls, for two reasons. The first was that groundnut production relied on migrant labour from the broader Senegambian region. Across sub-Saharan Africa, labour shortages were an important obstacle to increasing export production (Austin 2008). In other areas of West Africa, this led to the persistence of various forms of labour coercion such as slavery and pawning through the colonial period. In other regions, labour migration served to fill the gap, particularly during periods of heavy labour demand. In the Gambia, the demand for labour during the groundnut planting and harvest season was filled by migrant laborers known as 'strange farmers'. According to the colony's annual report from 1919,

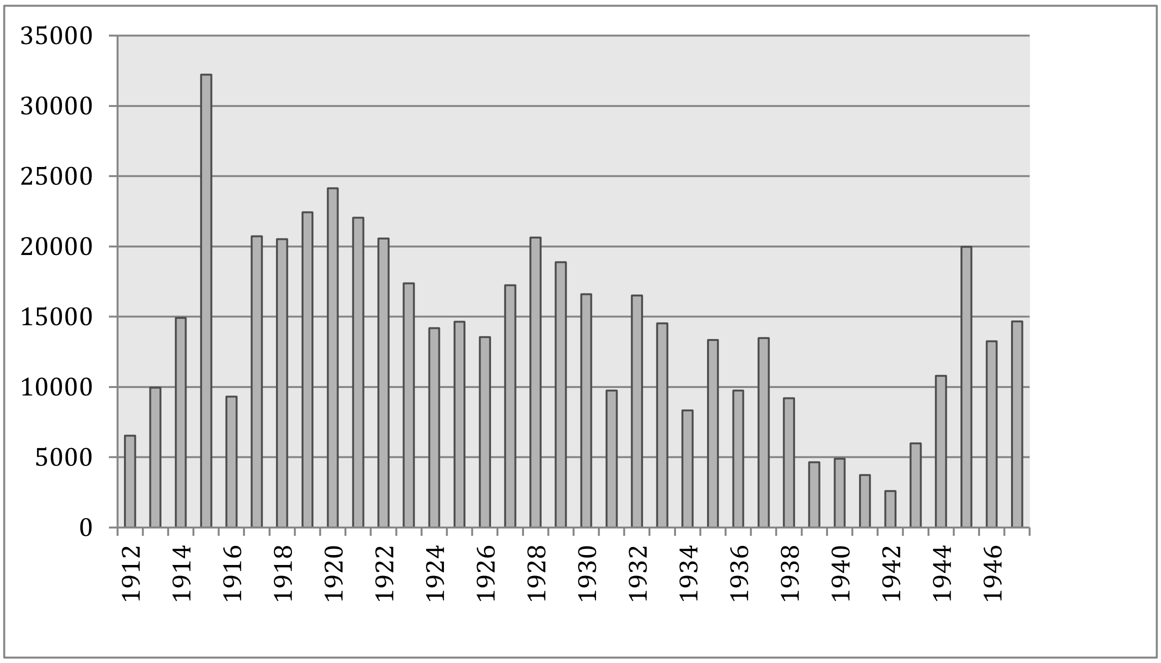
> A large proportion of the nuts produced by the Gambia are planted by ‘strange farmers’ who come from east, north and south - sometimes long distances - from French and Portuguese territory. These farmers clear and plant the land allotted to them. They are fed and housed. In return, they either work two days a week for their landlords or give him one-tenth of the produce of the land or work for three days and retain the whole. The landlord benefits further by getting a cleared area for his farm in the following year. The “strange farmer” usually returns to his home as soon as his crop has been harvested and sold. These immigrants number as many as 20,000 annually (Gambia 1920).

Strange farmers had been part of the Gambian groundnut trade since its beginnings in the early nineteenth century, following an older tradition of migrants working temporarily for trading caravans in order to earn funds for bride wealth or consumer goods (Swindell 1980).

The number of strange farmers coming into the Gambia during the colonial period was considerable. Gamble (1949: 73) observed that ‘over the past 34 years, their number in the Protectorate has averaged about 14,000 per year, varying from 2,500 in 1942 to 32,000 in 1915. As the local adult male population is round about 77,000 the strangers make up quite a high proportion of the farming population.’ Figure 4 gives the number of strange farmers from 1912-1946. According to new population estimates by Frankema and Jerven (2013), the total population of the Gambia over that period was around 200,000, meaning that in most years the number of strange farmers was 5-10% of the total population, and in some years (as for example during and just after World War I), even higher.

Strange farmers contributed to the revenue in several ways. One was through yard taxes levied in the Protectorate on strange farmers, which were paid either by the strange farmers themselves or by their landlords on their behalf (Gambia 1917). More important was their role in the production of groundnuts exported from the territory, on which the export tax was levied. Looking at the number of strange farmers alongside groundnut exports and groundnut prices over the same period (see Figure 5) suggests a strong link between the price of groundnuts, the number of strange farmers and the volume of groundnut exports. This view is shared by Gamble (1949), who argues that ‘there are other factors which affect the total exports …, but the number of strange farmers is clearly the dominant factor’.

Fig. 4 Strange Farmers in the Gambia, 1912-46

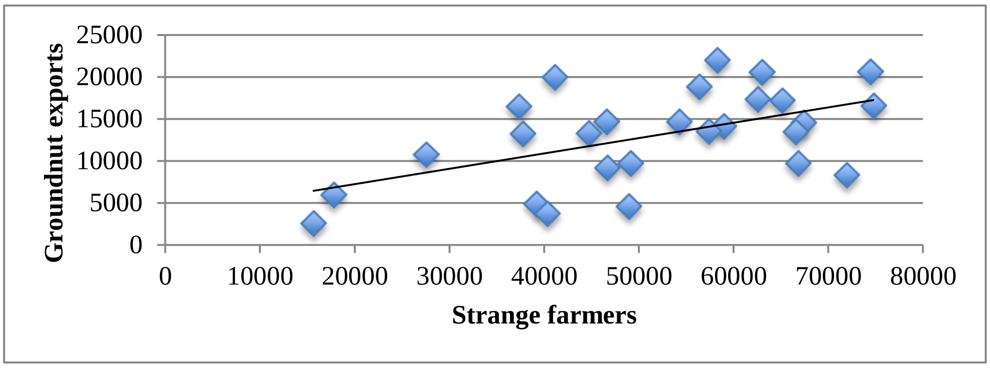


Source: Jarrett (1949)

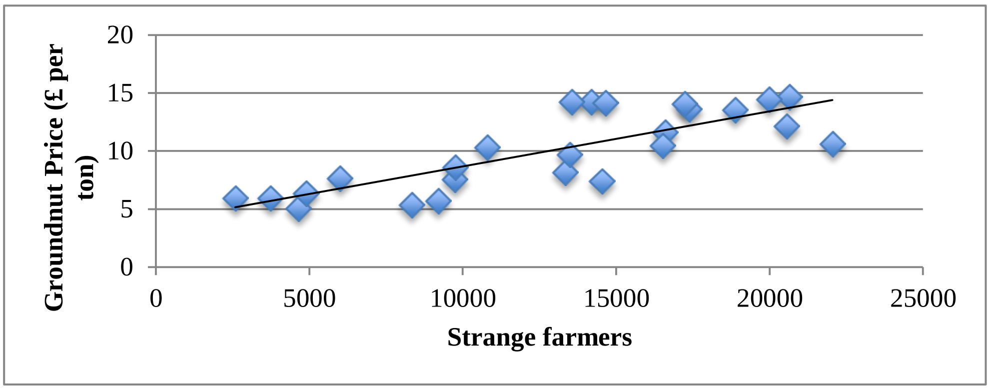
The other major source of groundnut exports from the Gambia was informal cross-border trade. Reginald Jarrett, a former colonial official, noted in the 1940s that ‘it has generally been assumed that the export from the Gambia has been produced one-third by native farmers, one-third by strange farmers, and one-third in adjacent French territory’ (Jarrett 1949: 650). Gamble (1949) claims that the prevailing price in French territory was one factor influencing the volume of groundnut exports from the Gambia: when Senegalese prices were higher, fewer groundnuts were brought over the border to be sold to traders in the Gambia. When prevailing prices in the Gambia were better, however, the reverse was true. Gamble (1949: 65) noted that in 1906-7 ‘the crop was spoilt by heavy rains in December which not only damaged the nuts to the extent of about 6%, but brought down the price fully 50%. Traders in Senegal were giving higher prices than those in the Gambia and consequently many nuts which would ordinarily have come to the Gambia did not come’. Groundnuts brought over the border to be exported from the Gambia would be charged export tax. Migrants bringing groundnuts over the border would also use the proceeds from their sales to purchase imported goods in the Gambia. Imports into the British colony were often cheaper than the same goods in Senegal, particularly as the French colonial tariff regime became more protectionist in the inter-war period (Boone 1992: 32).

Fig 5 Strange farmers and groundnut production, 1912-46

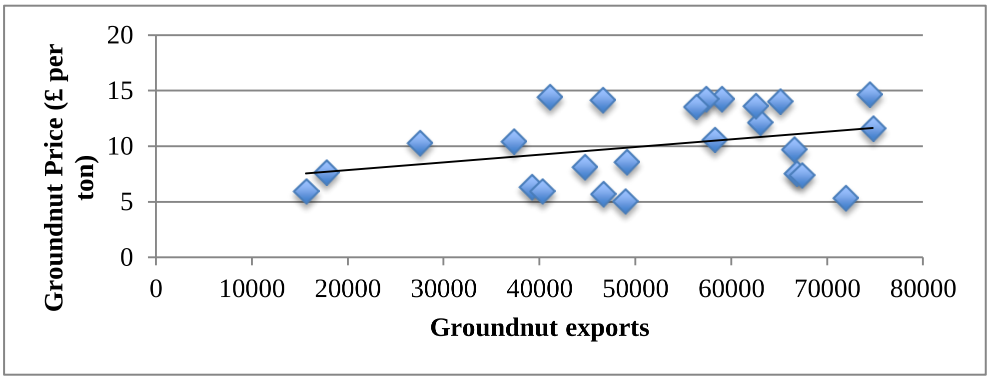
a. Strange farmers and groundnut exports



b. Groundnut price and strange farmers



c. Groundnut price and groundnut exports



Source: Jarrett (1949)

In a recent study of smuggling between Senegal and the Gambia, Golub and Mbaye (2009: 598) note that 'by the 1920s, The Gambia was a regional hub for trade in foodstuffs, textiles, and footwear'. Contemporary reports suggest that cross-border trade was widespread and well known to colonial officials. Border controls were often enforced or not depending on the current financial interests of the colonial administration. For example, the Provincial Commissioner of the North Bank Province wrote in his 1922 annual report that 'the increase under pasturage is mainly due to the many more French cattle coming over and crossing to Bathurst from Barra. The French Slaughter House and cold storage at Kaolack has now closed down, after a struggling and unprofitable existence of about three years, so the French now put no hindrances in the way of their cattle coming over here from the neighboring parts of Senegal'.[16]

Such trade continued through the rest of the colonial period, and became a source of political tension between the Gambia and Senegal in the 1960s. Table 1 gives per capita imports of consumer goods in the Gambia and Sierra Leone in 1969. It shows that for small consumer imports such as batteries, radios and cigarettes, consumption in the Gambia was substantially higher than in Sierra Leone, suggesting that a significant quantity of these imports were purchased in the Gambia and then sold on to Senegalese farmers in exchange for their groundnut harvest. The existence of this trade was known to officials in The Gambia. Returning from a visit to West Africa in 1969, J. B. Loynes, a Bank of England official noted that 'the Gambia lives off two "crops", groundnuts and contraband.[17] In 1975, a World Bank report noted that cross-border trade from Senegal to the Gambia 'appears to consist mostly of groundnuts produced in Senegal'. It estimated that around 20,000 tons of groundnuts exported from the Gambia had originally come from Senegal (World Bank 1975: 6).

Several important constituencies gained from this trade. One was comprised of traders - from both The Gambia and Senegal - who could earn substantial incomes through re-exports to Senegal. A second was the Gambian state, which collected revenue tariffs on both goods smuggled into Senegal, and Senegalese groundnuts exported from the Gambia. Conversely, the Senegalese government suffered severe losses to its customs revenue from the smuggling of consumer goods from the Gambia - Boone (1994: 464) estimates the loss to Senegalese government as 405 billion CFA francs in 1969, and probably triple that in the 1970s.

One reason for such large-scale smuggling was differences in trade policies which raised the price of consumer goods in Senegal (World Bank 1975: 5). Boone (1994: 453) writes that in Senegal, as in other former French colonies, 'trade policy was designed to promote import-substitution industry, reserve domestic market shares for French and other European exporters, and generate tax revenues'. These policies were the result of colonial trade policies which gave colonial trading firms 'near-monopoly' control over the imports of certain

[16] Annual Report of the North Bank Province, in TNA CO 89/15.
[17] J. B. de Loynes, 'Visit to West Africa: January/February 1969', 11 March 1969, in BoE 8A218/1.

products along with post-independence import-substitution industrialization efforts. Preferences and quotas which favoured French and European Common Market exports along with heavy internal taxes raised prices at least 50 per cent according to a FCO estimate from 1969. In contrast, the average tariff in the Gambia was 20-25%.[18] This difference in trade policies was linked to similar illicit trades between other former French colonies and their British neighbors, such as Dahomey and Nigeria.[19] Another reason specific to the Gambia was the means of payment for groundnuts. In contrast to the situation a century earlier, Loynes argued that 'the influx of nuts from Senegal owes much to the fact that producers are paid cash for their nuts in The Gambia (producer price £28 per ton for 1968/69) whilst in Senegal the producer gets paid in three installments. A bird in the hand is apparently worth two (or more correctly 1 1/7) birds in the bush as the Senegalese price is said to be equivalent to £32 per ton'.[20]

Table 1 Imports into the Gambia and Sierra Leone (£ per capita), 1969

	Gambia	**Sierra Leone**
Cigarettes	0.61	0.08
Radios	0.17	0.08
Batteries	0.28	0.09
Textiles	2.13	1.71

Source: A. Killick, 'Smuggling between the Gambia and Senegal', in TNA FCO 65/37.

As in the post-independence period, the maintenance of British claims to territory within the boundaries set by the Anglo-French convention actually required the loose enforcement of such borders. The long, narrow territory of the Gambia represented a limited market for British goods and had insufficient labour to produce its key export, groundnuts. The scope for

[18] West African Department, Foreign and Commonwealth Office, 'Background Defensive Brief for Anglo/French talks', January 22 1969, in FCO 65/37.
[19] Wilson to Tebbit, 26 February 1969, in FCO 65/37.
[20] J. B. de Loynes, 'Visit to West Africa: January/February 1969', 11 March 1969, in BoE 8A218/1.

revenue collection was therefore limited without the transfer of goods and people from neighboring French territory. Such cross-border trade was technically illegal but occurred with the full complicity of British colonial officials - a compromise between ideal imperial policy and pragmatic reality.

5. Explaining the slow response to the depreciation of the franc

The previous two sections have set out the background to the demonetization. The colonial partition of Senegambia had cut across a region of long-standing commercial importance, dividing the region into British Gambia and French Senegal. Enforcement of this border was beyond the means of both colonial administrations. Further, the British administration, faced with the expense of governing this minute territory, found ways to earn revenue from the movement of strange farmers, groundnuts and imported goods across the border. It was owing to these connections that witnesses to the 1912 currency commission recommended that the Gambia be left out of British colonial currency arrangements. In a concession to these arguments, the five-franc coin was retained as legal tender in 1913 because it could travel across the border. This section will attempt to explain why the British colonial government, at great cost to itself, attempted to sustain the local value of the franc. The duration of the crisis was considerable - it took from March 1919 when the franc began to depreciate against the pound on global markets, until January 1922 for the colonial government to demonetize the five franc piece. During this period, and particularly in the final demonetisation, considerable expense was incurred which displaced funds from badly needed infrastructure investments.

Gailey's claim that this was the result of Colonial Office neglect is not well supported by the archival record of the event. The Colonial Office had encouraged the demonetization of the coin during the war. Rather than colonial office neglect, this dispute points to wider contradictions in the management of the British Empire, in which imperial priorities could come into conflict with one another and the interests of colonial officials in the colonies were not always aligned with those of the imperial government in London (and the latter did not always force its way). The struggle between colonial officials and the imperial government has long been recognized in other contexts, particularly with regard to settler communities. Maxon (1993) argues that in setting policy with regard to African welfare, the interests of local settlers (which dominated the local colonial administration) often overrode those of the Colonial Office, particularly before 1928. More recent work has illustrated that such local differences had significant impacts in the longer term. According to Bowden, Chiripanhura and Mosley (2008), settler colonies invested less in 'pro poor' services like health care and education, and more in policies which restricted the wages of African workers. However, the impact of imperial agency problems on monetary systems has received less attention. The Gambian monetary crisis is one example of a period when disagreements between the Colonial Office, Treasury and local colonial administrations resulted in paradoxical policies undertaken in individual colonies.

The Gambia was perhaps unfortunate in that the leadership of the colony changed in the midst of the crisis. Governor Armitage, formerly Chief Commissioner of the Northern Territories of the Gold Coast, was newly arrived in October 1920. Armitage had no previous experience in the Gambia and his proposals for resolving the crisis often put him at odds with district officers of longer experience in the colony. One plan put forward by the Gambian governor, for example, was for demonetization to take place after the harvest season, when he believed that strange farmers would take the five-franc coins they earned from groundnut production back into French territory. Other colonial officers criticised this plan as unrealistic. They argued that strange farmers were more likely to exchange the cash they were paid for groundnuts for consumer goods in the Gambia before returning to Senegal (Swindell and Jeng 2006: 191). Rising French colonial tariffs during this period meant that the manufactures most in demand amongst African producers were often cheaper if purchased from British ports and smuggled across the boundary. This meant that the five-franc pieces would stay where they were, in the hands of trading firms of the colonial government, rather than moving across the border to be dealt with by French authorities.

This was not merely a calculation of ignorance, however. In the eyes of local officials, the 'revenue imperative' conflicted with the aims of sterling convertibility served by the creation of the West African Currency Board. The dependence of the Gambian treasury on cross border smuggling and migration meant it prioritized convertibility with French West Africa rather than Britain. This was particularly true in the pre-war period when the Gambian export trade was dominated by French firms. It was believed that African preferences for the five-franc coin were sufficiently strong that if the coin were demonetized the Gambia would lose a substantial part of the groundnut trade to neighbouring Senegal. Faced with such objections to earlier suggestions of demonetization, as well as considerable pressures related to the war, the Colonial Office, as one official put it 'gave in'.

The limited financial development of the Gambia also played an important role. Banking in the colonies was dominated by branches of British banks whose main purpose was to serve the needs of trading companies and the colonial government. In the Gambia, the Colonial Bank and the Bank of British West Africa had a presence only in Bathurst. Across the region, British banks provided few services for Africans. Africans held savings either in buried hoards of cash (what one travelling commissioner referred to as the 'people's bank-reserve')[21] or in durable or capital goods like cattle (Shipton 1990). The use of five-franc coins as savings meant the colonial government needed to ensure in the demonetization that Africans were not robbed of much of the value of their savings. Such caution was not necessarily motivated by benevolence - disgruntled African producers were likely to take their produce across the border into Senegal to sell, hitting the Gambian government's bottom line. These concerns made necessary the elaborate machinery of demonetization. When the demonetization was announced in January 1922, he Government Gazette invited those holding five franc coins to bring them to one of a number of government exchange offices to be exchanged at the old rate of 3s 10 1/2d. Such offices were established not only in the capital, Bathurst, but also in towns through the interior. The colonial accountant was also scheduled to travel up and down the Gambia river on the Mansa Kila Ba to exchange the coins.

6. Some tentative implications for the study of imperial monetary systems

The interwar period in general, and the 1920s in particular, has long been a fruitful period for the study of monetary history owing to the instability of exchange rates during the interregnum between the classical gold standard of the pre-war period and the fragile gold exchange standard adopted in the second half of the decade. Eichengreen (1990: 1-2) argues that 'the interwar period provides an exceptionally rich menu of international monetary experience'. Turmoil in the international monetary system began with the abandonment of the gold standard during World War I and was followed by, as Eichengreen describes it 'a period of floating exchange rates the like of which the industrial economies have experienced neither before nor since. Between 1921 and 1925 the major currencies floated against one another in the virtual absence of central bank intervention, providing the closes approximation yet witnessed to the textbook model of freely floating exchange rates'. Taking the case of the franc as an example, Nurkse (1944: 117), in his classic work on the inter-war monetary system, argued that 'the post-war history of the French franc up to the end of 1926 affords an instructive example of completely free and uncontrolled exchange variations, variations that ended neither in collapse through hyper-inflation nor in a return to par' (Nurkse 1944: 117) An extensive literature has examined the causes and consequences of this period of floating exchange rates in Europe. Since Nurkse's time scholars have examined why the franc took so long to return to parity (Bordo and Hautcoeur 2007), French efforts to

[21] Annual Report of the North Bank Province, 1920-21, in TNA CO 87/214.

manage the exchange rate (Blancheton and Maveyraud 2009), and the role of speculation (Eichengreen 1982). Similar literatures have emerged on other European currencies.

Often forgotten in the study of such movements are their impacts on the dependent colonies of the European powers. On a general level, the aim of imperial monetary systems was to integrate colonies within the financial networks of the colonizing power. As noted above, Helleiner (2003) argues that they were intended to reduce transaction costs in trade with the colonies as well as within each colony, provide a means of macroeconomic management in the colonies, produce seigniorage profits and promote imperial political identities. Looking specifically at West Africa, Hopkins (1970) concurs with these conclusions, observing that 'the interests of the 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 with smooth efficiency'.

The decentralized nature of imperial rule meant these aims were not always achieved. Ensuring convertibility across distant and diverse dependent territories had been a struggle for the British government since the Empire's earliest expansion, and the problem did not disappear with adoption of the gold standard in the nineteenth century. Local economic interests which differed from those of the imperial government often motivated colonial governments to steer their own course in setting exchange rates with foreign currencies. Increases in transaction costs prompted complaints to the British government in London, which made occasional attempts to impose a single standard across the empire. In his comprehensive history of imperial monetary policies, Chalmers (1893) uses these efforts as the basis for his periodization of the subject. He divides the history of imperial monetary systems into three periods. In the first period, which stretched from the beginning of imperial expansion until 1704, decisions about currency were left up to individual colonial governments. In most, sterling was used as a unit of account but not as a medium of exchange, and foreign coins as well as commodities such as tobacco were assigned sterling values. Local rates for foreign coins could differ, even between neighbouring colonies, and in the seventeenth century complaints were made to London that local governments were setting higher rates for Spanish pieces of eight in order to attract the coveted coins into their borders. Legislation was passed in 1705 to fix the rate of exchange between sterling and foreign coins and made exchanging currency at another rate a punishable offense. This legislation was widely ignored despite missives from London, and diverse practices continued through the second period (1704-1825). This included the increasing use of paper currency in the North

American colonies, which became a particular irritant of the British government, though it may have facilitated the expansion of trade in the Americas (Rousseau and Stroup 2011).

In 1825, there was a further and more ambitious attempt to impose convertibility across Britain's colonies. As Chalmers (1893: 23) describes it, 'the shilling was to be found wherever the British drum was heard'. This new effort was prompted by the disappearance of the Spanish dollar as well as Britain's adoption of a gold standard in 1816. The token silver coinage introduced at the same time, the silver shilling, was to become the medium of exchange throughout the empire. It was to be introduced gradually through commissary payments to soldiers and colonial officials. A single fixed rate was set between the Spanish dollar and the shilling, which according to Chalmers overvalued the dollar slightly in most colonial markets. Paymasters hoping to profit on the exchange rate difference would receive shillings and change them into dollars, and as a result the shilling never made it into widespread circulation. The principle of imposing a single gold-based currency across the empire was further imperiled when it became clear that such an action would impose costs on trade between East Asian colonies and their neighbours.

The solution found during the nineteenth century was the creation of currency areas in which the need for convertibility with sterling was balanced against local particularities. In his survey of developments since Chalmers, Clauson (1944) divided the empire into four groups: the sterling group, the rupee group, the ex-silver group and the U.S. Dollar group. Each of these also contained several sub-groups. Like other areas of colonial rule, the imperial monetary system was a collection of policies which had common aims but been modified to fit varied local practices. Zora Neale Hurston's 1938 description of folklore fits the reality well: 'the world is a great big old serving platter, and all the local places are like eating plates. Whatever is on the plate comes out of the platter, but each plate has a flavor of its own because people take the universal stuff and season it to suit themselves on the plate' (Bordelon 1999). Chalmers (1893: 29) noted that even proponents of a single imperial currency were aware of the need for local differences: 'it is true that certain foreign coins were allowed also to be legally current, such as the dollar and the doubloon; but it was only by way of compromise that these non-sterling coins were allowed to circulate concurrently with sterling.'

These idiosyncrasies were brought to light as the convertibility between European currencies offered by the gold standard crumbled in the interwar period. The circulation of the franc in the Gambia did not matter so long as the pre-war gold standard was still in operation and the pound-franc exchange rate remained stable. As the WACB observed with regard to the five-franc coin, ‘so long as the French exchange remained at or about 25 or 26 francs to the pound sterling, no difficulty arose with regard to these coins, but the fall in the French exchange had the effect of giving them a local value which was considerably above their actual worth, and offered and dangerous inducement to import the coins’ (WACB 1922). It was only with the collapse of the gold standard that the cracks in the imperial monetary system were revealed.

The Gambian crisis was not the only place where floating exchange rates may have caused difficulties in the years following World War I. In German Togo, for example, British currency circulated widely, so much so that when British forces took control of Lome in 1914, Nugent (2002: 27) writes that they ‘must almost have been forgiven for thinking that they were returning home… Much of the trade of the capital had been conducted with Gold Coast Eweland, and for that reason British West African currency - most notably the shilling piece - had circulated in Togoland despite attempts to establish German coinage’. When Lome became part of French Togoland after the war, French authorities continued to allow sterling to circulate (Nugent 2002: 150). Farther down the coast in independent Liberia, British and WACB currency had formed the primary medium of exchange and store of value since the nineteenth century, following the depreciation of the paper Liberian dollar. The Liberian government had begun collecting taxes and other payments in sterling from the late nineteenth century in order to service its sterling-denominated debts. From 1912, however, Liberia’s sovereign debt was denominated in dollars, though taxes were still collected in sterling. When sterling depreciated against the dollar in the 1930s, it became increasingly difficult for the Liberian government to service its debts (Gardner 2014). In East Africa, early trade links with India had initially placed the region in the rupee group, but when the rupee appreciated against the pound it created difficulties for settlers trying to service rupee-denominated debts with earnings in pounds. A new currency, the East African shilling, was introduced in 1921, moving East Africa into the sterling group (Maxon 1989).

In their study of the impact of imperial monetary unions on trade, Mitchener and Weidenmeier (2008) argue that ‘future research will need to examine the institutional variation within and across colonies’. This variation includes local compromises - like the use of the franc in the Gambia - where official policy and local practice diverged from one another. These occurred frequently throughout the empire, and were the consequence of the decentralization of colonial rule. Giving authority to the ‘man on the spot’ meant that sometimes he went his own way. And, unless it threatened the finances or the security of the colony, London often did not want to know. A former member of the colonial audit service, N.S. Carey Jones, recalled later that during his time in Belize, another small colony, ‘my only superior was the Director-General in London. In my early days I used to refer quite a lot of matters there, both for advice and support and to show how "on the ball" I was, until I received a demi-official letter from his deputy, saying that the D-G was worried about the stuff I was sending him as he had thought, when he appointed me, that I was competent to do the job. From then on, I never referred business "upstairs".'[22]

7. Conclusions

Efforts to standardize the system during the interwar period were not always successful. In the Gambia, francs continued to circulate, though no longer at the old rate. The Provincial Commissioners report from the Upper River Province noted that after the demonetization that 'it is still very necessary for the firms to have French paper money to buy groundnuts with. The Senegal natives ask before selling their nuts if they can be paid in French money, if not, they pass on to a firm that can. A lot of goods are bought with French paper by the natives coming over from Senegal'.[23]

With the collapse of the inter-war gold exchange standard and the devaluations which followed the end of World War II, currency flows between countries continued. In 1954, a Bank of England minute observed that 'for some time past the authorities in Gambia have been embarrassed by the accumulation of French West African bank notes in the hands of traders in the colony'. Different exchange control policies between British and French Africa made it difficult for traders to transfer their notes back to French West Africa or convert them into sterling.[24] Five years later a Bank of England official noted that 'large consignments of AOF francs are regularly air-freighted to Zurich for sale in sterling, mainly for account of local merchants'.[25] In the late 1960s, Loynes reported that 'CFA francs, of course, are not legal tender in the Gambia. Nevertheless, they circulate freely more or less throughout the country'.[26] As shown earlier, smuggling between the two countries also continued to increase. As in earlier periods, officials allowed French currency to circulate, as Chalmers put it, 'by way of compromise'.

Colonial rule and its legacies represented not merely decisions made 'upstairs', as Carey-Jones but also local variations with which the British government chose not to interfere. The curious incident described in this paper was the outcome of one such variation, which

[22] N.S. Carey Jones, 'Autobiographical notes', in RHO MSS Afr.s. 1717/025.
[23] Provincial Commissioner's Report for Upper River Province, 1922, in TNA CO 89/15.
[24] R. H. Turner, Minute on French West Africa bank notes in Gambia, 15 July 1954, in Bank of England OV 100/15
[25] Report on a visit to the Gambia by J. B. Loynes, 27 July 1959, in Bank of England OV 71/1.
[26] J. B. Loynes, 'Visit to West Africa: January/February 1969', 11 March 1969, in Bank of England 8A218/1.

ultimately exacerbated the fiscal difficulties of the Gambian colonial government through the 1920s and early 1930s. The severity of the crisis was due to compromises made in the extension of colonial administration into the interior. Paying for the administration of the interior meant attracting labour and trade from the surrounding hinterland. The colonial government was reluctant to do anything which might hinder this trade, such as by enforcing a different circulating medium. Only when there was a permanent shift in the relative values of the pound and franc was it forced to act.

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