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THE IMPACT OF GREAT DEPRESSION OF THE 1930'S ON EUROPEAN ECONOMIC POLICIES IN AFRICA: AN ANALYSIS OF THE COLONIAL RESPONSES AND ECONOMIC REFORMS

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Abstract
The Great Depression of the 1930's was a severe global economic downturn that lasted from 1929 to the late 1930's. The economic crisis that quickly spread worldwide leading to widespread unemployment, poverty, and social distress that significantly altered European Economic Policies in Africa, intensifying the exploitation of African Natural Resources and African Labor in order to mitigate the misery effect of the depression in Europe. The objective of the paper is the examines the extent to which European economic policies in Africa were altered in response to the economic downturn. However, this study derived its data from secondary sources and adopting content analysis method to explore wide varieties of literature on the impact of Great Depression on European Economic policies in Africa. The findings of this paper posit that, the Great Depression significantly reshaped European economic policies in Africa, leading to intensified carting away of Africa's natural resources, exploitation of African people into forced labor, and the imposing of rigid policies of total control over the Africans and their resources in order to safeguard European economic interests. The 'Dependency' theory was adopted in this paper and concluded that the Colonial Administration in Africa imposed stiffer majors, including rigid agricultural policies that favored the Europeans and imposing forced labor in order to maximize the extraction of Africa's natural resources and the European policy on infrastructure development was primarily on facilitating exports to Europe. The paper recommended that, by examining the extent to which European economic policies in Africa were altered will contribute

significantly to a broader and nuanced understanding of the complex interplay between global economic crises and colonial governance in Africa.

Key Word: Africa, Economic Policies, European, Great Depression

Introduction

The Great Depression was a severe global economic downturn that affected many countries across the world. It became evident after a sharp decline in stock prices in the United States, leading to a period of economic depression(Garraty, 1986). The Great Depression of the late 1920s and 1930s remains the longest and most severe economic downturn in modern history. Lasting almost 10 years (from late 1929 until about 1939) and affecting nearly every country in the world, it was marked by steep declines in industrial production and in prices (deflation), mass unemployment, banking panics, and sharp increases in rates of poverty and homelessness (Duignan).

The Great Depression, worldwide economic downturn that began in 1929 and lasted until about 1939, was the longest and most severe depression ever experienced by the industrialized Western world, sparking fundamental changes in economic institutions, macroeconomic policy, and economic theory. Although it originated in the United States, the Great Depression caused drastic declines in output, severe unemployment, and acute deflation in almost every country of the world (Editors, 2009).

During this period, the banking system had collapsed, nearly 25% of the labor force was unemployed, and prices and productivity had fallen. Reduced prices and reduced output resulted in lower incomes in wages, rents, dividends, and profits throughout the economy. Factories were shut down, farms and homes were lost to foreclosure, mills and mines were abandoned, and people went hungry. The resulting lower incomes meant the further inability of the people to spend or to save their way out of the crisis, thus perpetuating the economic slowdown in a seemingly never-ending cycle (Archives, 2016).

The Great Depression of the 1930's had far-reaching global impacts, significantly influencing European economic policies in their African colonies, as European economies struggled with severe hits and economic downturns, the colonial powers turned to their African territories to mitigate these effects. This period witnessed a shift in strategies that aimed to maximize resource extraction and economic exploitation in Africa, intensifying sources for raw materials and labor demands, and reshaping trade and fiscal policies (Libretexts, n.d).

This paper seeks to analyze how European Colonial Administrations adjusted their economic policies in Africa during the Great Depression of 1930's, analyzing the responses and reforms that followed.

Conceptual Clarification:

This section provides an understanding of key concept relevant to the study, including Africa, Economic policies, Europeans and the Great Depression in their historical and contextual frameworks.

i. Africa: According to Study.com 'Africa' is located south of Europe and southwest of Middle East. The continent is surrounded by water bodies on all sides. The Mediterranean Sea to the north, the Suez Canal and the Red Sea to the northeast, the Indian Ocean to the east, and the Atlantic Ocean to the west (Study.com, 2023). In the context of this study, Africa represents the continent under colonial rule during the Great Depression. The period characterized by the exploitation of resources and labor to support European economies, making Africa an integral part of the global economic system impacted by the crisis.

ii. Economic Policies: Economic Policies covers a wide range of measures which governments use to manage their economy. They are also strategies and decisions

implemented by government or authorities. These include monetary policy (money supply and demand), taxation, budget, job creation, and etc (EUR-Lex, n.d). In the context of this study, during the Great Depression, such policies included austerity measures, monetary adjustment and forced labor among others which often exacerbated economic struggles in Africa and Europe.

iii. European: According to Cambridge Dictionary, 'Europeans' refers to belonging to, or relating to Europe or its people (Dictionary, n.d). In the context of this study, European refers to colonial powers that governed African territories and the European continent itself, which faced significant economic and social challenges during the Great Depression. The European responses such as tightening control over colonies, shaped the economic trajectories of both Africa and Europe.

iv.Great Depression: The Great Depression was the worst economic downturn in the history of the industrialized world, lasting from the stock market crash of 1929 to 1939, and was regarded as the worst economic crises in modern history, lasting from 1929 until the beginning of World War II in 1939 (Editors, 2009). In the context of this study, Great Depression was the severe global economic downturn that spread unemployment, financial crises, and social hardship with its effect felt worldwide, including Africa, where colonial economies experienced disruption in trade and production.

Literature Review

There are many existing literatures on the Great Depression of the 1930s; according to Ushehwedu and Honest, the economic depression of the 1930's was a world-wide catastrophe that affected the international economy as a whole. It affected both the developed and colonial economies and societies (Kufakurinani, 2016).

According to Charles, the turning points during the Depression often coincided with or were preceded by dramatic events in financial markets: stock market collapse, waves of bankruptcy and bank failure, and contractions in the money stock. But the mechanism through which financial factors contributed to the Depression has been a source of controversy, as has been the relative importance of financial factors in explaining the origins and persistence of the Depression (Charles, 1993).

According to the Great Depression expert David Wheelock, among the suggested causes of the Great Depression are; the stock market crash of 1929; the collapse of world trade due to the Smoot-Hawley Tariff; government policies; bank failures and panics; and the collapse of the money supply (Wheelock, n.d).

According to Quizlet, the great depression was the worst economic depression in the US history. It was a huge financial decline that started in 1929 that lasted into early 1940's. Many businesses and banks closed their doors, people lost their jobs, homes, and savings and many depended on charity to survive. It occurred in North America and Europe but affected countries around the world. Times became very hard in many countries where employed and homelessness rose tremendously and even construction stopped in many areas (HollyHim, 2024).

According to Temin (1991), he highlighted how European economies contracted under the weight of reduced global demand, leading to changes in policies that extended to their colonial Africa. He further posits that, the colonial economies, heavily dependent on exports of raw materials and agricultural products, were severely affected by declining commodity prices as a result of the Great Depression.

In a similar vein, Fieldhouse (1981) and Frankema (2011), explores how colonial economies were structured to serve European interests, making them vulnerable to economic shocks. The Great Depression led to a significant decline in export of African commodities like cocoa, groundnuts, and cotton, forcing colonial governments to implement austerity

measures. This often-included wage cuts for African workers, reduced public expenditures, and heightened tax burdens.

Theoretical Framework

Dependency theory emerged as a critique of modernization theory in the mid-20th century, primarily focusing on the unequal economic relationships between developed the core and the peripheral that is between the developed and developing nations.

The theory of 'Dependency' is also an approach to understanding economic development that emphasizes the putative constraints imposed by the global political and economic order. This theory was first proposed in the late 1950's by the Argentine economist and statesman, Raul Prebisch, (1901-1986), and subsequently by Fernando Henrique Cardoso, Andre Gunder Frank and Theotonio Dos Santos among others while the dependency theory gained prominence in the 1960's and 70's (Munro, 2024).

The key and central argument of dependency theory is that, underdevelopment is mainly caused by the peripheral position of affected countries in the world economy. Typically, underdeveloped countries offer cheap labor and raw materials on the world market. These resources are sold to advanced economies, which have the means to transform them into finished goods and underdeveloped countries end up purchasing the finished products at high prices, depleting the capital they might otherwise devote to upgrading their own productive capacity (Munro, 2024).

Therefore, dependency theory posits relevance insights for this study and provides useful framework for analyzing how the Great Depression reinforced the economic subjugation of African Colonies and entrenched the exploitative relationship between Europe and Africa. It highlights the unequal exchange of resources and the systemic barriers to African economic self-sufficiency, both during the colonial era and beyond.

Results and Discussions:

The Impact of Great Depression on European Economic Policies in Africa

The Great Depression of the 1930's had a profound impact on European economic policies in Africa, significantly altering colonial administration strategies and economic practices. Here are some of the key ways in which European policies in African colonies were affected:

Agricultural Policies on Raw Materials extraction: During the 1920s, Africa was tied even closer to the global economy and became more dependent on producing primary products. During the Great Depression period, there was a push by the European Colonial Administrations in Africa to produce more cotton, ground nuts, palm oil, coffee, and cocoa. Wealth was extracted from Africa and sent to Europe, but the European powers spent little on healthcare, education, and other vital services for the Africans themselves. The European governments promoted policies in Africa that only generated more poverty. These governments encouraged farmers to grow more, but only at a reduced price for European economic interests (Libretexts, n.d).

According to Walter Rodney (1972), European colonial powers intensified resource extraction in African colonies to sustain their economies during the Great Depression. Their focus shifted as a result of the Great Depression to maximizing exports of raw materials such as minerals, cash crops, and other commodities while minimizing local investments.

Infrastructure Development with focus on extraction: As posited by Professor Oloruntimehin, the Europeans during the Great Depression had a push to develop infrastructure, such as railways, roads, and ports in Africa, especially in Nigeria, but

primarily to facilitate the export of raw materials from Africa to Europe. These projects often did not benefit African local populations but were designed with the sole aim of integrating African economies more tightly with European industrial needs in order to cushion the impact of the Great Depression (Oyemakinde, June 1977).
Falola and Heaton also posit that, during the Great Depression, the colonial authorities scaled back infrastructure investments, focusing instead on projects that directly supported resource extraction and exportation, such as railways and ports (Falola & Heaton, 2008).

Monetary and Fiscal Policies: The colonial administrations in Africa often adjusted monetary and fiscal policies to serve European economic interests during the Great Depression. Currency policies were designed to keep African currencies pegged to European currencies, ensuring control over African economies. Taxation policies were also often adjusted, increasing the tax burden on Africans to finance colonial administration and infrastructure projects. As observed by R.O. Ekundare, the Nigerian colonial government adjusted some direct and indirect taxes to help stimulate production and the export of raw materials to their home countries during the Great Depression period, and the taxation by the Colonial Administration on Africans forced peasants to produce for the market to earn cash for paying the poll tax (Encyclopedia, 2024).
Freund (1998), added that colonial governments during the Great Depression increased taxation on African populations to compensate for reduced revenue from international trade. This often led to heightened use of forced labor for public works and cash crop production in Africa.

Forced Labor and Exploitation: The colonial government increased reliance on forced labor to sustain infrastructure development and resource extraction. According to Cooper (1996), Africans were compelled to work in mines, plantations, and public projects, often under harsh and exploitative conditions.
Similarly, during the Great Depression in Africa, especially in the Congo, the colonial administration practically converted the whole colony into a huge plantation, ordering the peasants what to produce, dictating prices, and controlling delivery. While imposing this system of forced cultivation, the government also diversified production, pushing the cultivation of cotton, coffee, rice, and peanuts in addition to the traditional crops such as palm kernels and cocoa. Cotton exports from this region tripled from 1929 to 1937.
The colonial government could be proud of its economic success, but the peasants suffered because any rebellious act by the peasants was brutally suppressed, and the government was restored to an old system of forced labor (Encyclopedia, 2024).

Conclusion

This study concludes that the Great Depression profoundly altered European economic policies in Africa, resulting in the intensified extraction of their natural resources, and heightened exploitation of Africans and their assets to protect European economic interests. These policies had far-reaching consequences for Africa and Africans, including the overdependence of African economies on European markets. These policies also hindered the development of Africa, leading to the neglect of local industries and the imposition of social and economic inequalities. The legacy of these policies had long-lasting effects on African historical, economic and political development during and after the colonial periods. Historically, the study deepens understanding of how global economic crises like the Great Depression influenced colonial economic policies in Africa, shedding light on the intersection of global and local economic dynamics significantly contributing to the structural challenges faced by many African nations in the so-called post-independence era.

The study highlights the structural economic reforms introduced by colonial powers, revealing the mechanism through which African economies were further integrated into global capitalism and lastly, elucidates the strategies of resource extraction and labor exploitation, offering a nuanced perspective on the long-term economic underdevelopment of Africa during the colonial period.

The contributions of this study to policy options includes promotion of economic diversification, restoration of economic initiatives, labor rights advocacy and investment in local industries. Thereby providing the foundation for addressing historical colonial economic legacies and fostering equitable economic development in Africa.

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