1 *The Moneychanger State*
Money after the End of Empire

1.1 Introduction: The Critique of Colonial Currency

In August 1964, the manager of the Ottoman Bank in Nairobi wrote to John Loynes at the Bank of England in London. "I suppose one should not rumour monger," opened the banker, Colin Kerr, "but straws in the wind are sometimes helpful."[1] Kerr was not merely passing rumors with friends or colleagues. He was writing to the most influential monetary authority of East Africa: John Loynes almost singlehandedly ran the East African Currency Board (EACB), the institution responsible since 1921 for issuing the East African shilling. From the end of the 1950s and continuing in the years after political independence, Loynes governed a currency regime under considerable strain. The colonial economic formation had long been the subject of African critique. In the 1940–1950s alone, a series of strikes, protests, and riots focused on working conditions, agricultural marketing rules, and land management.[2]

With the advance of political independence in the 1960s, the conditions were present for a more extensive reformation of the infrastructures and institutions through which value was governed. Currency was no exception, and African politicians began to agitate for changes to the EACB. In their view, it was an unnecessarily conservative institution that deprived Africans of the monetary authority they needed for full independence and economic development. Changing the rules governing money would help provide the resources necessary for the ambitious spending priorities of the new states. It would also offer, some argued, the means to undo the uneven development of East Africa and its subordination to metropolitan economic demands.

The critique of the EACB was most pronounced in what became Tanzania, where leadership of the Tanganyika African National Union

[1] BoE OV76/3: Kerr to Loynes, August 12, 1964.
[2] Frederick Cooper, *Decolonization and African Society: The Labor Question in French and British Africa* (Cambridge University Press, 1996).

(TANU) advocated for change. As the Minister of Finance, Paul Bomani was central to overseeing a series of technocratic financial inquiries into the matter after 1961. Bomani and his colleagues tried to balance competing desires: to better control their state finances and to maintain the infrastructures of regional cooperation of which the East African shilling was perhaps most important. As a result, nearly three years into political independence, the future of the Currency Board remained uncertain. While Nyerere, Bomani, and others continued to profess a commitment to a regional monetary order, they were clear that the status quo could not continue indefinitely. Doing so would subordinate their economic self-determination to a conservative and outdated Currency Board. Despite political independence, the East African shilling maintained a racialized monetary hierarchy that starved the region of investment and facilitated the export of already limited capital. What they wanted instead was an East African central bank – capable of adept financial regulation and expansive development financing – but were it to not arrive, they would be forced to go it alone, creating a national currency and central bank.[3]

It was in this uncertain interregnum that Colin Kerr sent his speculative letter. Continuing from his modest apology for speculating, the banker informed Loynes that while Kerr was on leave the last week, a representative of the De La Rue corporation, Mr. Wethered, stayed in the Kerr home. Two days later, Paul Bomani's secretary rang Kerr's house because the Minister wanted to urgently speak to De La Rue's Wethered. The Tanzanian bureaucrat did not know Wethered had already departed, but was keen to track him down. When Kerr received this mistaken call, he knew it portended potentially significant news. Kerr did not need to tell Loynes that De La Rue was one of a few companies hired by governments around the world to securely print currency. Nor did he have to be explicit about what this phone call may augur: "What horrible conclusions one is supposed to draw from this, I leave to you to decide," he finished his missive.[4] Nor did Loynes – who responded to Kerr with his appreciation – need encouragement to keep tabs on the African ministers who were his ostensible

[3] Paul Bjerk, "A Preliminary History of the Bank of Tanzania," in Salvatory Nyanto (ed.), _A History of Post-Colonial Tanzania: Essays in Honor of Prof. Isaria N. Kimambo_ (James Currey, forthcoming).

[4] BoE OV76/3: Kerr to Loynes, August 12, 1964. On the ties between De La Rue and the Bank of England, see Sarah Stockwell, *The British End of the British Empire* (Cambridge University Press, 2018), p. 216.

colleagues. Weeks before, Loynes learned that Bomani was on official business in London at the same time a West German monetary advisor to Tanzania was holidaying in England, raising the possibility that a "private conspiracy [was] being hatched."[5] Keen to hold together his regional monetary regime, Loynes viewed the actions of independent African states with suspicion. Hints that they may be printing their own currency or designing new institutions without Bank of England guidance were worrying. They were warning signs that the fate of the colonial monetary system would soon match that of the colonial political system. From Loynes's perspective, such an end to the Currency Board threatened not only East African monetary stability; it would also undo the economic power exerted by Britain in the region.

This chapter examines the end of colonial money and the establishment of national currencies and central banks in 1965–1966. Monetary matters have largely been neglected in the study of East African decolonization, yet these were the infrastructural firmament for postcolonial economies and identities. The East African Currency Board was a contradictory institution: despite African politicians' criticisms, many aspired to maintain the regional monetary regime but transfer control to independent states. The question of independence was at what *scale* identity, polities, and economies would cohere. In part, these were worked out through questions about monetary authority and financial arrangements. I show how the transition from the EACB to a planned East African central bank was tied up with wider aspirations for an East African Federation. Currency became a topic of intense debate among African elites and their expatriate economics advisors, and I use rarely discussed archival sources to detail the high-stakes politics of money in the era of decolonization.

Ultimately, though, an East African central bank and currency proved irreconcilable with other political and economic imperatives. This led to the establishment of national institutions and infrastructures to govern value. Coming a few years after political independence, the central banks and currencies of Kenya, Tanzania, and Uganda were framed as necessary steps toward economic sovereignty. Politicians and citizens hailed them as a way to foster development; credit creation and financial regulation were instruments to author national futures. But as I indicate below, these were at best means toward "arrested

[5] BoE OV76/3: Kessels' Memo, July 29, 1964.

autonomy" in which international money and foreign influences continued to have a determining position – not least of which was the requirement to accumulate and maintain a significant reserve of foreign assets under the stewardship of central banks.[6] The result was an ongoing imperative to earn export value – a burden especially placed on farmers cultivating the countries' major export crops. Citizenship was to be economically productive, and as I argue in the subsequent chapters, this inaugurated a range of political struggles over inequality, belonging, and worth.

1.2 Colonial Money after the End of Empire

By the postwar era, the East African shilling and the Currency Board that administered it were the predominant state money across the region; however, it was a monetary regime that emerged through a series of historical struggles over value. Europeans in East Africa at the end of the nineteenth century faced, in the words of Emma Park, a "proliferation of value forms."[7] Their administrative and commercial ambitions – not least of all taxation – depended on the existence of a dominant currency, yet they were confronted by a dizzying mix of competing ideas and instruments. Preferences for livestock, brass wires, cowrie shells, and other objects impeded the colonial ideal of uniformity. As Karin Pallaver writes, the colonial monetary order was characterized by the "coexistence sometimes for decades, of multiple currencies, circulating in different currency circuits and often performing different functions."[8] As a result, the path to standardization was at best a crooked line.

It was also a process marked by crises, including what Wambui Mwangi calls the "social and political delirium" known as the "East

[6] "Arrested autonomy" is Juno Parreñas's term for the constraints on self-determination. *Decolonizing Extinction: The Work of Care in Orangutan Rehabilitation* (Duke University Press, 2018).

[7] Emma Park, "The Right to Sovereign Seizure? Taxation, Valuation, and the Imperial British East Africa Company," in Gurminder K. Bhambra and Julia McClure (eds.), *Imperial Inequalities: The Politics of Economic Governance across European Empires* (Manchester University Press, 2022), pp. 79–97.

[8] Karin Pallaver, "The African Native Has No Pocket," *International Journal of African Historical Studies* 48(3) (2015): 474.

African rupee crisis."[9] This complicated fracas unfolded between 1919 and 1921, pitting Asian merchants against white settlers in a conflict not merely over the proper value of East African money but also over what structure racial capitalism would take in the region. In brief, while the Indian rupee had until that point been the prevailing government currency in East Africa, its revaluation after the First World War led to considerable losses to white wealth in Kenya. In contrast, the diasporic Asian population benefitted financially and resisted actions by the colonial state to their detriment. African employees and producers, for their part, were caught in the middle, at risk of losing what coined savings they had accumulated. The government muddled through, with four official monies in two years to try to tame the severe currency fluctuations and political passions.[10]

The eventual result was the EACB and its East African shilling.[11] A number of institutional arrangements are worth mentioning. The first is that every East African shilling issued was required to have a corresponding amount of pounds sterling deposited with the EACB. For instance, by 1955 the £60.4 million in East African shillings that the EACB had issued was backed by £61.8 million in sterling reserves.[12] These sterling deposits came from two predominant sources: foreigners settling in East Africa and East Africans selling their goods to foreigners.[13] And while these sterling deposits were exchanged for East African money, they were not invested in East

[9] Wambui Mwangi, "Of Coins and Conquest: The East African Currency Board, the Rupee Crisis, and the Problem of Colonialism in the East African Protectorate," *Comparative Studies in Society and History* 43(4) (2001): 763–765.

[10] Robert Maxon, "The Kenya Currency Crisis, 1919–21 and the Imperial Dilemma," *The Journal of Imperial and Commonwealth History* 17(3) (1989): 323–348; Karin Pallaver, "A Currency Muddle: Resistance, Materialities and the Local Use of Money during the East African Rupee Crisis," *Journal of Eastern African Studies* 13(3) (2019): 546–564.

[11] This is not to say the EACB was an immediate success. Financial missteps in 1919 meant that it took until 1950 to accumulate the mandatory 100 percent sterling reserves.

[12] The fact the EACB was more than 100 percent covered reflects the conservatism of its administration. Joachim Kratz, "The East African Currency Board," *Staff Papers (International Monetary Fund)* 13(2) (1966): 233.

[13] In the first case, a British farmer might convert their British currency to East African shillings when settling in Kenya; they would then hold the corresponding amount of East African currency to use for their expenses. In the second case, East Africans sold their produce to merchants who had, themselves,

African concerns; rather, the sterling reserves were put into London's financial markets.[14] The result was a huge sum that was not available in the region – "sterilized" in the view of some critics.

Closely related to this one-to-one backing was another element: the unimpeded convertibility between colonial and metropolitan money. Holders of East African currency could always acquire British sterling – at the time one of the world's most reliable and acceptable monies. In the language of the Currency Board and its proponents, the full sterling backing and convertibility instilled "confidence" in the East African economy. Businesses were willing to trade in East Africa because they knew they could always return to the more international currency, sterling. In practice, only wealthy individuals and major commercial entities did so because few Africans accumulated enough or had reason to leave the region.

Mediating the financial system were the expatriate banks who transferred money between London's sterling markets and East Africa's shilling sphere. The largest of these – National & Grindlays, Standard Bank, and Barclays Bank D.C.O. – were all established by the First World War, working as government bankers and lending to export agriculture. The EACB regime boosted their fortunes.[15] They were vocal proponents of currency convertibility because it allowed them to move customer deposits to London, and as a result they advocated against what they called the "monster of exchange control."[16] Thanks to the Board's regional scope, the private banks could operate across Tanganyika, Kenya, Uganda, and Zanzibar as one market, with Nairobi serving as headquarters. As colonial development became the order of the day, the banks opened "development corporations" that provided modestly enlarged financing to East

converted sterling into East African money to pay for the cotton, coffee, or sisal they wished to buy.

14 John Loxley, "The Development of the Monetary and Financial System of the East African Currency Area, 1950 to 1964," PhD dissertation, University of Leeds, 1966; John Letiche, "Dependent Monetary Systems and Economic Development: The Case of Sterling East Africa," in Willy Sellekaerts (ed.), *Economic Development and Planning: Essays in Honour of Jan Tinbergen* (Palgrave Macmillan, 1974), pp. 186–236.

15 Irving Gershenberg, "Banking in Uganda since Independence," *Economic Development and Cultural Change* 20(3) (1972): 510.

16 Julian Crossley and John Blandford, *The DCO Story: A History of Banking in Many Countries 1925–1971* (Barclays Bank, 1975), p. 101.

African businesses.[17] The banks also benefitted from the EACB's lack of regulation and its comfort with commercial collusion. By the 1940s, a formally organized cartel agreement fixed prices and services with what an observer called "strictness and wideness in scope [that were] unparalleled." "The practical effect," he wrote of the oligopoly, was to "completely eliminate any competition between the [British] banks on the matters laid down by the agreement."[18] The savings deposits of their customers were largely invested in London and their cushioned profits were distributed to metropolitan shareholders.[19] The result was that "these banks were actually involved in a process of exporting capital from the underdeveloped countries of East Africa for use in a developed country."[20]

The imperial architecture of money in East Africa suited metropolitan interests (see Figure 1.1). Capital produced in East Africa and invested in Britain was a form of what one scholar calls "unrequited exports."[21] Monetary authorities at the Bank of England and Treasury worked diligently to rebuff claims to exported wealth from the colonies. This was all the more important in the context of postwar Britain's parlous finances. Convertibility into sterling facilitated inexpensive production in the colonies, and barriers to transfers beyond the sterling area tried to blunt the rising power of the US dollar.[22] Warding

[17] Frances Bostock, "The British Overseas Banks and Development Finance in Africa after 1945," *Business History* 33(3) (1991): 167.

[18] This included collusion on prices for interest, commissions, and fees, as well as prohibitions on offering services not covered by the agreement. Ernest-Josef Pauw, "Banking in East Africa," in Peter Marlin (ed.), *Financial Aspects of Development in East Africa* (Weltforum Verlag, 1970), p. 233.

[19] One of the few public institutions of the colonial era to serve Africans financially was similarly extractive. The Post Office Savings Bank began in Kenya in 1926 before expanding to three-quarters of a million accounts across the region in 1966. For decades, it invested Africans' accumulated savings into assets in Britain that paid "ultra-low rates of interest," amounting to a "large-scale export of capital at extremely low prices." Pauw, "Banking," p. 226.

[20] Walter Tessier Newlyn, *Money in an African Context* (Oxford University Press, 1967), p. 43.

[21] Paul Robert Gilbert, "The Crown Agents and the CDC Group: Imperial Extraction and Development's 'Private Sector Turn'," in Gurminder K. Bhambra and Julia McClure (eds.), *Imperial Inequalities: The Politics of Economic Governance Across European Empires* (Manchester University Press, 2022), p. 102.

[22] The rise of the US dollar and the troubles of the sterling area weighed heavily on the British state, and even when some quarters of officialdom were prepared to reduce the amount of colonial earnings held in London, the Colonial Office

Figure 1.1 A manager for Barclays Bank in Tanzania counting money in June 1966.
Source: Tanzania Information Services.

off the decline of sterling was a "central preoccupation" of government officials, and the easy movement of capital from the colonies to London was a critical ingredient to muting austerity in Britain.[23]

The double drain of easily exported wealth and the metropolitan investment of capital was more glaring as political independence neared. Colonists' anxiety about decolonization heightened the flight of money from East Africa. For instance, after the Lancaster House Conference secured constitutional advances for Kenyan Africans in March 1960, £900,000 was transferred from the colony in one week

"took the view that colonial austerity was worth the sacrifice it entailed: what was good for the sterling area was, in the long term, good for colonial development." Gerold Krozewski, "Finance and Empire: The Dilemma Facing Great Britain in the 1950s," *International History Review* 18(1) (1996): 55.

23 P. J. Cain and A. G. Hopkins, *British Imperialism: Crisis and Deconstruction 1914–1990* (Longman, 1993); Wadan Narsey, *British Imperialism and the Making of Colonial Currency Systems* (Palgrave Macmillan, 2016); Yusuf Bangura, *Britain and Commonwealth Africa* (Manchester University Press, 1983).

alone. This figure grew to nearly £5 million by early July. "So ravaged were Kenya's finances," writes Robert Tignor, that the British cabinet – which rarely deigned to discuss individual colonies – met to discuss how to "inspire investor confidence" in Kenya.[24] Yet, without substantive changes, including the end to convertibility and full sterling reserves, there was little to be done.

This was because the colonial regime institutionalized a monetary hierarchy, with East African shillings subordinated to British sterling. In effect, shilling notes and coins were tokens, referring back to sterling deposits. While they had a quantitative equivalence, the shilling was geographically circumscribed to the territory of the EACB.[25] The greater acceptability of sterling – it could be used in London *and* Nairobi – made it a more valuable money from the perspective of colonial capitalists. It also meant that East African shillings were dependent upon availability of sterling. Closely related to this hierarchy of acceptability were the inequalities of time that the Currency Board maintained.[26] Money is always a temporal instrument, whether advancing resources in the form of loans or storing wealth in more enduring ways than other assets. But not all money has the same ability to rework time or project a viable future. The greater international acceptability of sterling and the consolidation of financial investments in London meant sterling assets were far more effective as long-term instruments. Shilling was largely confined to the present, unable to be used for purposes beyond immediate purchases or short-term loans to agricultural brokers. This suited the colonial economy well enough, but African development aspirations required longer-term money to be invested in roads, hospitals, and other infrastructure that would not provide short-term returns.

[24] Robert Tignor, *Capitalism and Nationalism at the End of Empire: State and Business in Decolonizing Egypt, Nigeria, and Kenya, 1945–1963* (Princeton University Press, 1997), p. 357.

[25] This included Kenya, Uganda, Tanganyika, and Zanzibar, but also Aden and Somaliland – a geography that reflected the shifting frameworks of colonial control.

[26] On monetary hierarchies, see Stephanie Bell, "The Hierarchy of Money," *Levy Institute* Working Paper no. 231 (1998). On money and temporality, see Jane Guyer, "Prophecy and the near Future: Thoughts on Macroeconomic, Evangelical, and Punctuated Time," *American Ethnologist* 34(3) (2007): 409–421; Stefan Eich, *The Currency of Politics: The Political Theory of Money from Aristotle to Keynes* (Princeton University Press, 2022).

From the perspective of African activists, the system's bias toward expatriate economies had detrimental effects and politicians demanded increased monetary authority.[27] They were appalled by the capital flight and refusal to invest in the region, seeing every shilling converted to sterling as a resource Africans could no longer marshal for national purpose. They wanted the ability to contain wealth within the region and to invest it according to African needs. Neither of these goals was possible with an institution purposefully designed to do little more than exchange between shilling and sterling. Instead of a currency board, what was needed was a central bank. Such institutions were not only *de rigueur* in Europe and America, they were fast becoming part of a standard suite of postcolonial statecraft. By 1961, central banks were established in Ghana, Nigeria, Ceylon, and other former colonies.[28] Central banks had a variety of functions beyond a currency board's role in issuing money. They could provide banking services to government, regulate commercial banks, influence commercial credit, and control foreign exchange flows. Through their policy levers, they could end the British banks' practice of responding to London's market perturbations and interest rates even when they mattered little to East Africa. They would also be the stewards of the reserves of foreign currency held by government, opening the possibility of investments that furthered African goals rather than subsidizing London's money market.[29]

Importantly, the goal in the years before 1965 was not the establishment of *national* central banks for each East African territory. Rather, they would trade the EACB for an East African central bank, operating across Kenya, Tanganyika, Uganda, and Zanzibar.[30] Such a scale for imagining African monetary governance was not unusual given the

[27] They were not alone, as one economist memorably summarized, "Conservative ministers and Communist spokesmen, practical bankers and impractical spenders, *The Economist* and *The Daily Worker* have all agreed that the sterling balances represent exploitation of the colonies and that they ought to be repaid." Ida Greaves, "The Colonial Sterling Balances," *Essays in International Finance* no. 20 (September 1954).

[28] BoE OV7/81: Loynes address to Kenya Economic Society, January 10, 1961.

[29] S. K. Basu, *Central Banking in the Emerging Countries: A Study of African Experiments* (Asia Publishing House, 1967); A. Mensah, "The Process of Monetary Decolonization in Africa," *Utafiti* 4(1) (1979): 45–63.

[30] P. G. Clark, "The Role of an East African Central Bank in Accelerating Development," Makerere Institute of Social Research, EDRP 46.

importance of the common market and currency at that time. Most of the people involved never had reason to question the acceptability of their money across the region, and enterprises had likewise structured their business on a regional scale. Bank branches in Tanganyika and Uganda answered to Nairobi, and factories in Kenya sold their wares across British East Africa in exchange for the same currency. Yet, the chronology of decolonization decoupled political independence from economic matters: when Tanganyika became independent at the end of 1961, the date for Kenyan independence was still unknown, with some influential voices expecting it to not come for some years more.[31] Much the same held the next year when Ugandans took control of their state. Divergent independence timelines invited divergent fiscal policies, as Tanganyika and then Uganda urgently went about developing their national planning apparatus. Yet, political and economic authority could not proceed without reference to each other.

As I discuss more fully below, it was in this context of maintaining and furthering their shared economic status that ideas about an East African Federation reached new salience. The idea was familiar to most of the political class, even if views differed as to its desirability or proper composition.[32] Its prominence only grew in June 1960 when Julius Nyerere addressed the Second Conference of Independent African States in Addis Ababa, capturing headlines with his proposal to delay Tanganyikan independence in order to decolonize with Kenya and Uganda within a federation. Few African leaders were outright opponents of federation, moving its plausibility into the domain of reasonable expectation, at least until 1964. As a result, hopes for the East African central bank were pinned on the formation of a regional political authority that would ground the shared monetary institution.

Securing Colonial Capitalism at the End of Empire

Nevertheless, the task of reforming monetary authority could not wait for federation. Already in the 1950s, the expanding economy and African protest obliged the Currency Board's management to begin

[31] Kevin P. Donovan, "*Uhuru Sasa*! Federal Futures and Liminal Sovereignty in Decolonizing East Africa," *Comparative Studies in Society & History* 65(2) (2023): 372–398.

[32] Chris Vaughan, "The Politics of Regionalism and Federation in East Africa, 1958–1964," *Historical Journal* 62(2) (2018): 519–540.

expanding its historically narrow function of exchanging between monies. The evolution of the EACB was directed by John Loynes, the longtime Bank of England associate who exerted unparalleled control on the East African money in those years.[33] Loynes acknowledged the eventual need for a central bank, but he insisted it proceed on a firm political basis. If an East African central bank was responsible to three or four different governments, it would face the unwieldy – even impossible – task of executing a uniform monetary regime across divergent fiscal policies. Unlike a currency board that exerted an automatic ability to "control" government finances, a central bank would be more likely to succumb to what he saw as the temptation of irresponsible government spending.[34] In his view, an East African political settlement was a necessary precondition for an East African central bank; until that was available, he worked to insulate the Currency Board from African influence.

Loynes worked against what he saw as the undue haste of African politicians. He repeatedly insisted the time was not right for ending the Currency Board. "We must accept that no central bank," he said at the end of 1960, "however elaborately endowed, can make bricks without the straw of the right financial surroundings." He cast scorn on those who rushed toward central banking, saying they were naively taken by the "mystique and prestige" of such institutions. Instead of a muscular instrument for governing value, Loynes told his audiences that a central bank was of limited utility to African aspirations. While a central bank could create money, it "cannot automatically create wealth and resources." In fact, "in the wrong hands" a central bank was "the finest instrument not only for inflation but also for giving inflation a spurious air of respectability."[35] Economic independence – a term he put in scare quotes – was something that could only occur slowly and with sufficient appreciation for what he saw as the hard facts. "We are dealing with real life, not fairy tales," he insisted when confronted by alternative views.[36]

33 As Sarah Stockwell writes, "More than any other, one man was instrumental in the Bank's efforts to exercise influence" across late colonial Africa. Stockwell, *The British End of the British Empire*, p. 151. In 1965, he changed his surname to an old family name of "de Loynes." For simplicity, I have only used the older name.
34 BoE OV7/82: Loynes to Kenneth Bolton, September 13, 1962.
35 BoE OV7/81: Loynes address to Kenya Economic Society, January 10, 1961.
36 BoE OV7/86: Loynes to Editor, Tanganyika Standard, December 10, 1964.

Instead of rushing to a central bank, Loynes proffered an evolved Currency Board as the solution to East Africa's demands. As he proudly insisted to his many contacts in the region and beyond, there was much the Currency Board could do to take on the functions of a central bank. He thought this evolution of functions would buy time against the demands of East Africans. Evolving the EACB into an "embryo" central bank would "reduce pressure for the premature creation of a central bank endowed with all the normal powers and duties."[37] He carefully stage-managed this transition, brandishing widely the "central banking look" (without its full functions) in order to avoid appearing "in any way to drag my feet."[38] He was keen to manage appearances, with public statements often purposefully crafted to maintain the authority of the Currency Board over which he had nearly single-handed power.[39]

While the EACB did, indeed, undergo a transformation in those years, it remained a fundamentally conservative financial institution, shaped by metropolitan anxieties to maintain sterling's international standing.[40] Critics condemned it as a paragon of "Gladstonian" liberalism, where the free circulation of capital within imperial circuits was commonsense and grounded in necessity.[41] "A currency authority," Loynes wrote in East Africa's newspapers, "has the prime task of safeguarding the value of its currency."[42] What Loynes deemed "sound finance" was premised on limits to African monetary sovereignty; indeed, in his judgment, Africans were unlikely stewards

[37] BoE OV7/79: Loynes to Julian Crossley, May 13, 1964; BoE OV7/78: Loynes to Rendell, September 14, 1962.

[38] BoE OV76/3: East African Currency Board, September 6, 1963; BoE OV7/78: Loynes to the Governors, September 11, 1962. Aware of the "colonialist" connotation of the Board's name, EACB officials were also in favor of rebranding as a "Monetary Institute or Currency Authority" BoE OV7/85: Loynes to Minister Gichuru, May 28, 1964; BoE OV7/79: H.R. Hirst, "Office Note (154)," October 19, 1962.

[39] An unpublished Bank of England history notes with curiosity how the institution "lent its name and prestige" to Loynes's work conducted "on a highly personal basis." BoE OV18/4: E.P. Haslam, *Central Banks in the Making*, p. 949.

[40] For the colonial policy debates in this context, see David J. Morgan, *Official History of Colonial Development: A Reassessment of British Aid Policy, 1951–1965* (Macmillan Press, 1980).

[41] BoE OV7/83: B.W. Meynell to F.A. Reynolds, Commonwealth Relations Office, February 5, 1963.

[42] BoE OV7/77: Draft Newspaper Article Enclosed in Loynes to A.N. Galsworthy, October 6, 1960.

of monetary affairs. His correspondence drips with condescension and his policy advice insisted on expatriate management wherever possible.[43] Loynes saw his African interlocutors as, at best, well-meaning and naïve; more often, their divergent views on how money should be governed made them incapable and untrustworthy.[44] He reduced Kenyan opposition to continued British monetary oversight as evidence of "political allergies of the black men" in that former settler colony.[45] In practice, he worked to shore up the racial hierarchy of money, akin to what Allan Lumba has traced in the Philippine colony where monetary authorities intervened to maintain "racial order and capitalist security."[46]

Extending the EACB's mandate past political independence was done in order to "maintain one stable and convertible currency for the whole East African area."[47] While currency volatility was certainly a risk, guarding the value of the East African shilling had the effect of starving the region of investment capital. In choosing to emphasize the former over the latter, Loynes and the EACB erred on the side of maintaining the racial capitalism of British colonialism. The continued value of the East African shilling was nowhere more important than in the settler and expatriate-dominated economy of Kenya. The property owners in these "islands of white" stood to lose from the devaluation of their assets.[48] They also faced the considerable risk of being unable to easily convert their shillings into sterling should they want – as many did – to remove their wealth from the jurisdiction of independent African governments. As Loynes told the heads of British banks in February 1962, a currency board "seems likely to remain the only type of issuing authority which can preserve the measure of discipline

43 This is most evident in his personal letters to other British officials, such as BoE OV76/4: Loynes to H.J. Hinchey, December 31, 1964.
44 He also rebuffed those he could less readily condemn as lacking expertise: As the International Monetary Fund (IMF) began consulting on the design of Tanganyika's central bank, Loynes moved to "have an Englishman on the team" to represent the interests of sterling. BoE OV78/4: Loynes to Rootham, September 28, 1964.
45 BoE OV78/4: Loynes to Jasper Rootham, September 28, 1964.
46 Allan E. S. Lumba, *Monetary Authorities: Capitalism and Decolonization in the American Colonial Philippines* (Duke University Press, 2022), p. 4.
47 BoE OV7/81: Loynes to Michael Curtis, December 20, 1960.
48 Dane Kennedy, *Islands of White: Settler Society and Culture in Kenya and Southern Rhodesia, 1890–1939* (Duke University Press, 1987).

necessary in present circumstances to keep the one currency in being."[49]

The model that developed in the years after 1955, then, was a cautious expansion of the Currency Board's work in order to curtail more radical demands and maintain the fundamental monetary hierarchies. Perhaps the most prominent example of the EACB transitioning to an "embryo" central bank was the ostensible departure from one-to-one sterling backing and the start of lending by the EACB within East Africa. As discussed above, to African observers these were two of the most frustrating aspects of the currency board model, not least because they meant that the EACB offered little in the way of expansionary monetary policy. The EACB, in effect, hoarded its reserves in London where they were "sterilized" rather than putting them to use in East Africa.[50] Loynes's commitment to this cautious model is all the more striking because it was only in 1950 that the Board managed to accumulate a full backing of sterling reserves for the outstanding East African shillings; missteps at the EACB's start in 1919 meant that actual reserves were far short of the full mandate.[51]

In response to such critiques, the EACB began a "fiduciary issue" in 1955. This permitted the Currency Board to buy East African local securities up to £20 million without corresponding sterling deposits. In the coming years, the limit was expanded so that by 1964–1965, up to £35 million could be issued in this way. For East Africans, this was not merely a valuable financial instrument; it also presented little risk to the Currency Board. After all, it was exceedingly unlikely every East African shilling would be presented for redemption at the same moment, exhausting the EACB's reserve of sterling.[52]

Relaxing the requirement for sterling would in theory free up capital for investment in economic development, including the sort of infrastructural spending that struggled to find other support.[53] Yet, even in

[49] BoE OV78/4: Loynes to J.K. Michie, February 9, 1962.
[50] Basu, *Central Banking*, p. 63.
[51] Newlyn notes that the EACB "survived" the Great Depression "with an initial reserve of less than 50 per cent of currency outstanding," belying the idea that the reserves alone maintain confidence in the money. Newlyn, *Money in an African Context*, p. 31.
[52] BoE OV7/81: Loynes to Galsworthy, October 12, 1961.
[53] In July 1963, one economist calculated that about £40 million from the EACB reserve might be redirected to economic development. BoE OV78/4: British Trade Commission, Kenya, July 17, 1963.

this expanded role, the EACB was mired in financial conservativism in at least three ways.[54] Loynes used his position to curtail aspirations for longer-term investments, hewing close to the ideology of sound finance wherever possible. What credit the EACB supported was required to be profitable in short order. The possibility of "mobilizing currency reserves for development purposes" was depicted by British administrators as a danger because "money spent on roads and bridges does not turn over." Economic infrastructures were disparaged as "prestige projects" unworthy of investment.[55] Instead, the fiduciary issue was to be spent on "short-term and self-liquidating" loans, mostly to finance the export of crops.[56] As a result, what novel monetary powers the states gained were used to reproduce the inherited structure of export agriculture.[57] Moreover, the amount of fiduciary issue also remained insufficient to the financial aspirations of the new states as the Currency Board continued to prioritize the demand of international capitalists for money easily converted into sterling. Finally, it was not merely that the fiduciary issue was directed toward a very narrow set of purposes and in small amounts. It was also that the Currency Board continued to adopt an overly cautious view of what monetary reserves were necessary to maintain confidence in the currency. In May 1962 it did not merely have one-to-one backing of its issued currency; in fact, it was 118 percent covered.[58] For its British overseers, such a status was a point of pride: in a period of "gloom about the economy" and political upheaval, the excessive reserves meant the "reputation and standing of the East African shilling remains untouched."[59] Yet in a region lacking usable capital, it compounded the financial constraints.[60]

[54] For a summary of debates, see John Loxley, "Sterling Reserves and the Fiduciary Issue in East Africa," *Economic Affairs* 11(5) (1966): 217–226; Basu, *Central Banking*, pp. 59–61.

[55] BoE OV7/88: Milner-Barry to Galsworthy, Colonial Office, August 3, 1965.

[56] BoE OV76/3: Personal and Confidential, April 8, 1963.

[57] In some cases, its remit was actually narrow in terms of crop finance, intended for the financing of crop transport and not storage. BoE OV7/79: Loynes to Gordon, September 16, 1964.

[58] BoE OV78/4: Draft: East African Currency Board, May 11, 1962.

[59] BoE OV7/82: East African Currency Is Strong, *Uganda Argus*, October 22, 1962.

[60] It was not only Africans who found the British overly restrictive. American experts also thought the financial models were "conservative and [provided] inadequate contribution to development, particularly in medium-term lending to

1.3 Halting Steps toward Monetary Nationalism

Tanganyikan independence at the end of 1961 cast the Currency Board into an even starker light. Leadership in the region's first sovereign country was frustrated that the "country's money is still under colonial control."[61] In an effort to calm the dissent, the EACB was moved to Nairobi and representatives of the member governments were appointed to the board. Yet, the Currency Board was not to be a "department of government … [and the] prime aim is and will be to preserve a stable and convertible currency."[62] The monetary regime remained stacked against prevailing African views of how money should be governed, and it was designed to resist popular redirection of its resources.[63]

The half-measures frustrated TANU leadership, which was especially vocal on these matters. Before independence, Governor Turnbull reported with frustration that the African government-to-be was "sticking firm" to their decision to have their own currency. The chief proponent was Nsilo Swai, whose views on the topic made him an "extremist" in the eyes of Britain. "There seems," Turnbull wrote,

> to be more than national pride in this, and it is being argued that one's own Central Bank with its currency issue is necessary for planned economic development … [and] that the Currency Board system diverted Tanganyika's persistent favourable balance of trade to support Kenya's persistent adverse balance.[64]

Turnbull was puzzled by the TANU's desire for monetary authority. Yet, his bewilderment reflects less the oddity of Tanganyikan aspiration that the imperial commonsense that stable and convertible currencies were the bedrock of economic well-being. The colonial

agriculture." BoE OV7/85: H.L. Engberg on "Banking in East Africa," May 11, 1964.

61 BoE OV7/82: Loynes to A.L. Adu, July 12, 1962.

62 Convertible to sterling, that is, BoE OV7/77: Draft Newspaper Article Enclosed in Loynes to Galsworthy, October 6, 1960.

63 On the genealogy of insulating money from democratic forces, see Eich, *The Currency of Politics*. For more recent attempts to "encase" property from political interference, see Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Harvard University Press, 2018).

64 BoE OV76/3: Roger Turnbull to Secretary of State for the Colonies, March 30, 1961.

monetary regime, after all, was designed to facilitate the movement of people and commodities within – but not beyond – Britain's imperial geographies. That money might be managed differently was startling, thought officialdom, and likely a passing error of judgment that would be corrected when confronted with implacable economic realities. As a result, the best thing to do, the Governor thought, was to "alert the Bank of England quickly" so they might provide "expert advice" to Tanganyika on the matter, steering them toward British interests.

Independent Tanganyika did not insist upon an immediate change to the monetary regime. Rather, they continued to call for its reform in the context of wider East African decolonization. Nyerere and colleagues worried that scuppering the existing monetary ties would ruin their aspirations for an East African Federation, so they resolved to remain within the Currency Board until that eventuality came to pass.[65] This was not without costs, however. When Minister of Finance Paul Bomani rose to speak at the annual meeting of the IMF in September 1962, he told the assembled technocrats that "Tanganyika became of age last December when it achieved its independence." Yet, their initiation into the world of states was only partial, limited not only by resources and low standards of living. It was also curtailed by the "established rules of the game" that are not designed to suit citizens' "real needs." Despite being "an independent state, we have only a partial and minority say in the control of our currency." Such a "handicap" was a price they were willing to accept to maintain the common market – but only for so long.[66]

The year before, the Government of Tanganyika sponsored an inquiry by an official from the Deutsche Bundesbank, Erwin Blumenthal. Blumenthal was the most prominent of a new crop of expatriate economics advisors who arrived in East Africa after 1960. John Loynes worked diligently to maintain his hegemony on currency expertise, but political independence allowed Tanganyika and then Uganda to hire outside advisors and promote citizens to positions of authority.[67] These monetary experts could marshal evidence and argument against the EACB's preference for the status quo. They could also use their professional standing to challenge the status quo on behalf of

[65] See the discussion in TNA Acc.469 CIC 9/84/01 Part C EAHC / EACSO 1961.
[66] BoE OV7/82: Statement by Paul Bomani, September 19, 1962.
[67] In addition to trying to contain Blumenthal's inquiry to Tanganyika alone, he hoped to delay its findings – perhaps for six or nine months – to buy him time for his own plans. BoE OV76/3: Loynes to Maurice, November 9, 1962.

the African officials who hired them. For instance, Blumenthal insisted his work could only be done by investigating the entire region, despite Britain's insistence that his inquiry be contained to Tanganyika's currency and banking. As a result, Blumenthal visited Uganda and Kenya, consulting widely with officials, politicians, and businessmen. Across the region he found "readiness" among the leading personalities to move toward a more expansive monetary regime, departing from the Currency Board model.

His ultimate report – printed and circulated in March 1963, much to the Currency Board's dismay – was critical of the existing system. He faulted the EACB for its restricted investment policy and fiduciary issue, its inability to be a lender of last resort, not providing banking services to the governments, not administering exchange controls, and not properly regulating commercial banks (including their credit policies).[68] Going further, Blumenthal's report emphasized how the EACB facilitated a banking industry at odds with East African aspirations. These banks were known for their conservative approach.[69] Blumenthal went further, denouncing the cartel agreement between British banks (the secretive price fixing "Summary of Banking Arrangements") as artificially limiting competition and raising the cost of borrowing and transferring money.[70] Yet, despite all the problems with the current system, Blumenthal did not recommend Tanganyika create its own central bank and currency. Such a move would damage the common market, which Blumenthal agreed was important for generating more economic activity. Instead, he proposed a two-tier system, with one East African central bank and four subsidiary central banks (in each of the constituent territories). The regional entity would issue currency, determine monetary policy, and administer key international regulations (such as exchange control and the foreign reserves). The state banks would provide national payment services and banking to the government, as well as supervise commercial

[68] Erwin Blumenthal, *The Present Monetary System and Its Future: Report to the Government of Tanganyika* (Government Printer, 1963). See discussion in BoE OV76/3: Loynes to Roothman, December 21, 1962.

[69] Barclays, for instance, was more conservative in its lending in Africa than it was in the UK. Margaret Ackrill and Leslie Hannah, *Barclays: The Business of Banking 1690–1996* (Cambridge University Press, 2001), pp. 281–282.

[70] For the banks' defense against these charges, BoE OV76/3: The Summary of Banking Arrangements, East Africa & the Blumenthal Report, February 27, 1963.

banks. Such an idea clearly had its roots in West Germany, where the Bundesbank historically worked through subsidiaries in German states, yet Loynes thought it "naïve" and "preposterous," unsuited to what he called "African conditions."[71] At the very least, it was likely to be expensive; more likely, it would prove unable to control the inevitable divergences in national policymaking and expenditure.[72]

The actual merits of the proposal – as well as a similar one by an economics advisor to Uganda – were never known because it was shelved before being tested. Loynes carried out an extensive lobbying exercise with Blumenthal's supervisors in Frankfurt, the newly influential IMF, as well as British and African officials in London, Entebbe, and Nairobi.[73] The interference in 1963–1964 meant the currency question continued to hang in abeyance – an object of considerable importance whose time, it was said, had not come. "The main need is really to buy time," Loynes said while strategizing against the momentum of Blumenthal's report.[74] Instead, the Currency Board was still up to the job: "Our machine creaks a bit but does quite a lot and can do much more."[75]

The Currency of East African Federation

For their part, the ministers of finance for the four territories met in Zanzibar on July 5, 1963, to discuss the various reports and inquiries. Paul Bomani, James Gichuru, A. K. Sempa, and Juma Aley were mired in long technical discussions and competing ideas about what model would suit their citizens' preferences and national needs. A month before, Jomo Kenyatta, Julius Nyerere, and Milton Obote had joined their voices to call for the formation of an East African Federation before the end of the year. They created a working group to hash out a constitution and various federal policies. As a result, there seemed considerable promise that Tanganyika's patience with the Currency Board was justified, so the delegates commissioned additional studies

71 BoE 76/3: Loynes to the Governors, February 12, 1963; BoE OV76/3: Loynes to Roothman, December 21, 1962.
72 BoE OV76/3: Loynes to Roothman, December 21, 1962.
73 The Bank of England's "reaction [to Blumenthal] was one of horror." BoE OV18/4: Haslam, *Central Banks*, p. 954.
74 BoE OV76/3: Loynes to the Governors, March 21, 1963.
75 BoE OV76/3: Loynes to A.L. Adu, April 8, 1963.

and resolved to continue their discussions in tandem with the Federation working parties.[76]

Both this suspended animation and Blumenthal's two-tier central bank proposal reflect the awkward liminality of decolonization.[77] Rather than an abrupt change, East Africans experienced decolonization as a drawn-out affair. As Blumenthal's inquiry proceeded in 1962, it still seemed that Kenya would go through a "lengthy period of 'internal self-government' before full independence is granted."[78] During that time, they would be unable to federate and progress on currency reform would likewise stall. Different pacing in the territories resulted in discordant temporalities: while Tanganyika was already creating a national economic development plan in early 1963, Kenya remained under British control. Nevertheless, the countries were sutured together by shared infrastructure, not least of which was the common currency. The two-tier proposal reflected the desire to maintain the benefits of economic coordination while navigating distinct political statuses. It also reflected the imperfectly nested scales of political solidarity and allegiance. It was not evident in 1961 what scale of political community would come to predominate in East Africa. The nation-state was, after all, a historical novelty, and in large parts of the region it was viewed with apathy; in places like Buganda, it was often greeted with outright hostility. Yet, people of the time did not identify merely with kingdoms or ethnic patria. Many understood themselves as members of a nation. Still others included "East African" as another scale of collective belonging. Sometimes this was an overarching category that subsumed national and ethnic appellation; in other cases, the multiple scales of identity existed in more tension.[79]

These different scales of identity were not presumed to be incompatible. Monikers that today may seem to hold together contradictory

[76] BoE OV76/3: Note of Meeting of Finance Ministers and Their Advisers at Zanzibar, July 5, 1963.

[77] Donovan, "*Uhuru Sasa!*"

[78] BoE OV76/3: Loynes to M.H. Parsons, November 4, 1962.

[79] For a recent interpretation, see Chris Vaughan, Julie MacArthur, Emma Hunter, and Gerard McCann, "Thinking East African: Debating Federation and Regionalism, 1960–1977," in Matteo Grilli and Frank Gerits (eds.), *Visions of African Unity: New Perspectives on the History of Pan-Africanism and African Unification Projects* (Springer International Publishing, 2020), pp. 49–75; for an earlier assessment, see Joseph S. Nye, *Pan-Africanism and East African Integration* (Harvard University Press, 1965).

positions, such as "pan-African nationalist," were commonsensical positions for political activists who understood themselves to be representatives of multiple identities. These multiscalar identities, however, needed institutional firmament to endure. Much has been written about the formation of identities in the 1950–1960s, whether those are national, ethnic, religious, gendered, or otherwise. Less has been written about the delicate dance of holding together or remaking institutions throughout this period of change. Yet, the decolonization of East Africa proceeded through these more technocratic exercises, as well, and this cumbersome coordination spurred a variety of ideas about how the region might become independent. The East African Federation and an East African central bank were two such ideas.[80]

Nyerere and colleagues were willing to remain in the existing currency union as long as the possibility of federation remained viable.[81] In a federation, an East African central bank could govern money in the interest of the entire region, including making up for inherited inequalities. Yet, as the feasibility of federation faded in 1964, Tanganyika was increasingly "restive" on the matter of currency. When they met in March 1964, Nyerere told Loynes that Tanganyika "must now control our credit and our economy," and he blamed Kenya and Uganda for obstructing Federation.[82] His rhetoric was part of an increasingly exclusive nationalist idiom. While Nyerere still spoke in favor of larger regional and pan-African groupings, holding the levers of statecraft and bearing formal responsibility to Tanganyika's new citizens encouraged higher priority for the interests of the nation. Insofar as those interests were perceived to be at odds with neighbors, it became harder to hold together the position of pan-African nationalist. Instead, those two labels fractured into competition with one another.

Tanganyikan officials had at least three reasons to fear the *laissez-faire* economic regime. First, the concentration of industry around Nairobi continued with frustrating endurance. More than two years into independent statehood, Tanganyika continued to struggle to

[80] Arusha Records Centre [ARC] 148/10: EACSO Economic Advisory Unit: Federal Problems, 1964.
[81] Paul Bjerk, "Postcolonial Realism: Tanganyika's Foreign Policy under Nyerere, 1960–1963," *International Journal of African Historical Studies* 44(2) (2011): 215–247.
[82] BoE OV7/85: East Africa, March 12, 1964.

attract factories and other investments away from the Mombasa–Kampala railway corridor.[83] Second, the long-standing tendency for surplus capital to be exported from Tanganyika reached worrying heights in the first half of 1964. European owners of sisal estates, white farmers in the southern highlands, and Asians were sending money to Nairobi and London. The common currency offered no means to limit this drain. Tanganyikan officials pressed hard for capital controls against, at a minimum, the rest of the sterling area, yet they received little assistance stemming the tide.[84] Finally, Tanganyika was trying to find the resources to implement its first five-year development plan. Every shilling converted to sterling was wealth they could not direct to their own purposes. A lack of effective monetary authority only contributed to their deficit of economic sovereignty.

TANU leadership, including Nsilo Swai and Paul Bomani, began floating the possibility of installing tariffs or quotas on trade with Kenya and Uganda. At a meeting in Kampala on March 17, 1964, Tanganyikan ministers forthrightly declared they were prepared to do so.[85] They knew the risks were high, but felt the costs of doing nothing were even greater. If their actions ended the common market, so be it – they were prepared to create their own national currency and central bank to foster and regulate a national economy.[86]

The next month, the political leadership of Kenya, Tanganyika, Uganda, and Zanzibar held a meeting in Nairobi to try to salvage the increasingly fractured regional sensibility.[87] The verbatim transcript of the private meeting reveals a remarkable record of Obote, Nyerere, Kenyatta, and their senior ministers debating the path toward federation in the face of uneven and combined development. Nyerere's concerns were preeminent, telling the audience that the common market was not

83 In a large literature, see Arthur Hazlewood, *Economic Integration: The East African Experience* (St. Martin's Press, 1975).
84 BoE OV76/3: Note for Record, April 22, 1964.
85 BoE OV76/3: J.H. Butter to Loynes, March 18, 1964.
86 These topics attracted considerable scholarly attention in the 1960–1970s, though the currency aspects were often neglected. Jesse H. Proctor, "The Effort to Federate East Africa: A Post-Mortem," *Political Quarterly* 37(1) (1966): 46–69; Colin Leys and Peter Robson, eds., *Federation in East Africa: Opportunities and Problems* (Oxford University Press, 1966); Ali A. Mazrui, "Tanzania versus East Africa: A Case of Unwitting Federal Sabotage," *Journal of Commonwealth Political Studies* 3(3) (1965): 209–225.
87 AR/MISR/155/3: East African Common Market; AR/MISR/155/1: East African Federation.

serving everyone equally well.[88] He made his point in various idioms, drawing on Biblical quotes and trade statistics alike. "What is good for the whole should be good for the part, [but] this is not true in economics." Instead, it was possible for some areas to prosper while others deteriorated. While Federation was still important, he no longer thought that it could be done quickly, and the economic matters needed urgent attention. Tariffs, quotas, and a currency "controlled by the governments and not left to the East African Currency Board" were among his suggestions.[89]

When he took the floor, Uganda's prime minister went even further. While Obote condemned what he saw as Nyerere's changing tune on federation and trade policy, his government also worried about the flow of capital and jobs to Kenya.[90] It was difficult to calculate how much money flowed out of his country to Kenya and beyond, but it was certainly substantial. One estimate put it at £30 million between 1959 and 1963.[91] Moreover, Ugandans lost jobs as a result of the common market: all the best jobs and associated benefits (such as housing and entertainment) were concentrated in Kenya.[92] "What is it that the common man in Tanganyika, in Uganda, will gain if all the industries are going to be centered around the facilities available in Nairobi?" Very little, he explained, yet there seemed little the states could do to unmake the uneven geography of capital. Obote continued, asking the ministers to think about it from the perspective of those "masters of their money" – the investors, the capitalists, the industrialists. Before they get to Uganda, they travel through Mombasa, Nairobi, Naivasha, and Nakuru, he explained, tracing the

88 This was not his view alone. It had been established since at least the Raisman Commission. *East Africa: Report of the Economic & Fiscal Commission* (Colonial Office, 1961).

89 BoE OV76/3: Conference of East African Heads of Government, April 10, 1964.

90 BoE OV76/4: The East African Common Market and All That, November 10, 1964.

91 BoE OV7/79: D.G. Badger to East African Currency Board, November 13, 1964.

92 For Adoko Nekyon, the trouble was compounded by the fact that what jobs existed in Uganda often went to Kenyans or Tanganyikans. "I do not know how much we are paying to Kenya labourers in Uganda or how much we are paying to Tanganyikan labourers in Uganda, but we cannot send them back to their home [in the current arrangement so] that must be balanced against the balance of trade." BoE OV76/3: Conference of East African Heads of Government, April 10, 1964.

route of the railway through Kenya. Of course they will put up their factories before they get to Uganda.

These complaints pointed to the uneven and combined development of East Africa.[93] East Africa's leaders recognized that the territories under their jurisdiction had divergent fortunes as a result of their interconnections, not least of which was the common market and currency.[94] In other words, it was in part because the East African shilling was formative of a shared commercial market that some areas (such as Nairobi or Jinja) were prosperous while others floundered (such as Bunyoro or southeastern Tanzania). This raised the question of how to govern value across such spaces without entrenching the inequalities born of capitalist integration. Moreover, for Obote, it was not only that inequality was a problem between countries; it was also a problem within countries. He cautioned, this is a problem that will "arise inside Kenya itself by a man in the village saying, 'What do I get out of all these industries I see in Kenya? What is my part in it?'" This was all the more true in Kenya, he intimated, because the economy of Kenya was actually beholden to a more narrow faction. It was not "Kariuki and Onyango," Obote said – invoking names common to the ethnicized ruling party in Kenya – but rather white minorities who ran the factories. When Tanganyika or Uganda purchases from Kenya, they are not buying "Kenyan goods." Rather, "some of the monies that we pay for these goods go to Verwoerd in South Africa. Some of them go to Winston Field in Southern Rhodesia." Government needed to act, he insisted, and it needed to do so in the interest of "the common man." Central planning, Obote suggested, was one of the few means to rectify the unequal effects of market activity.[95]

93 By "uneven and combined development" I mean the simultaneous and interrelated production of development and underdevelopment, wealth and deprivation. For the purposes of East African historiography, the critical insight of this framework is to trouble the ethnic or national scales at which historians work, which have the effect of subdividing the coproduction of these locales and the linked processes by which economic and social transformations occurred in seemingly disparate areas. For a discussion, see the articles in *Cambridge Review of International Affairs* 22(1) (2009).

94 D. P. Ghai, "Territorial Distribution of the Benefits and Costs of the East African Common Market," in Colin Leys and Peter Robson (eds.), *Federation in East Africa* (Oxford University Press, 1965).

95 BoE OV76/3: Conference of East African Heads of Government, April 10, 1964.

In response, Kenyatta pleaded innocence: "what we have inherited, good or bad, is not our fault."[96] He claimed ignorance in economic matters and said he only wanted "to find a solution," to the troubles raised by his peers. Yet, the matter was complicated, and the men in the room found it difficult to isolate the issues and focus their response. The debate tumbled over multiple domains, from federation and common currency to industrial planning and inequality. "We are getting mixed up terribly," thought Uganda's Adoko Nekyon.[97] The irresolvable crux was not merely divergent interests but also discordant temporalities. The immediacy with which the East African Federation was once presented had devolved into a languid horizon of lesser possibility. Organizing federation would take time and political will that would only distract from and delay the pressing needs of regional economic coordination. Yet, without greater political control, some of the most promising economic transformations – a regional central bank among them – were themselves incapable of advancing. Instead, the meeting adjourned with instructions to the assembled ministers to return to their working groups to sort out the details of regional economics and federation. Such marching orders, however, were worryingly vague.[98]

The End of East African Money

What was lacking, in the meeting and more generally at this moment, was an authority who could issue decisions and determine the course of action. Sovereignty was suspended between multiple poles, and the erosion of a common colonial antagonist weakened the East African solidarities. In the absence of clear and efficacious authority, the initial response to the disputes of March and April 1964 took the form of a technocratic exercise. The Kampala Agreement, as the resulting deal was known, purposefully allocated major industries to different countries.[99] Uganda would receive bicycle factories, Tanzania would be home to vehicle tires and tubes, and Kenya would manufacture

[96] BoE OV76/3: Conference of East African Heads of Government, April 10, 1964.
[97] BoE OV76/3: Conference of East African Heads of Government, April 10, 1964.
[98] A point made by Tom Mboya and Oscar Kambona in BoE OV76/3: Conference of East African Heads of Government held in Nairobi, April 10, 1964.
[99] BoE OV7/87: Explanatory Notes on the Kampala Agreement, 1965.

electrical lamps. Ongoing trade would be governed by a quota system intended to minimize the existing imbalances. These trade regulations were most obviously a concession by Kenya to the persistent view that they had "the lion's share of investment and industrialisation."[100] The goal was to meet Tanzania's demands for a more equitable distribution of industry and employment, permitting the two smaller economies to "catch up" to Kenya and therefore save the common market and currency.[101] Yet, in effect it did much to further nationalist calculations: the logic of negotiating was routed through national balance of payments, thereby representing the nation-state as the container of economic production.[102] It proved limited in ambition, slow to realize, and ultimately ineffectual.[103]

For Kenya, such agreements may have been something of a bitter pill, but the state elite were willing to swallow them in order to maintain the common market and currency. The economic benefits to Kenya made the common market and currency a prize they would only reluctantly relinquish as Kenyatta's circle began reproducing the colonial economic structure in the independence era. Conservative Treasury officials remained influential in Nairobi after they had been replaced in Dar es Salaam and Entebbe. Loynes impressed upon them that Tanganyika's emerging plans to create a separate currency and central bank was "something that only makes sense if Tanganyika is determined to inflate, impose exchange controls, and generally run its currency into the ground for the sake of 'development'." He continued:

I should not be at all surprised if the planners in Tanganyika, who are not central bankers and who do not understand the money side of the develop-

100 BoE OV76/3: East African Currency Board, memo by Loynes to The Governor of Bank of England, July 14, 1964.

101 BoE OV7/85: Measures to Strengthen the East African Common Market by Robert Hall, March 5, 1964.

102 For discussions of similar phenomena in Sudan, Egypt, and India, see Alden Young, *Transforming Sudan: Decolonization, Economic Development, and State Formation* (Cambridge University Press, 2018); Timothy Mitchell, *Rule of Experts: Egypt, Techno-Politics, Modernity* (University of California Press, 2002); Manu Goswami, *Producing India: From Colonial Economy to National Space* (University of Chicago Press, 2004).

103 For economic assessments, see Hazlewood, *Economic Integration*; Philip Ndegwa, *The Common Market and Development in East Africa* (East African Publishing House, 1968).

ment problem, have assumed that such a move would give them greater resources. This is an illusion.[104]

Loynes also counseled the Minister of Finance, James Gichuru, that Kenya's position gave it a special "interest in preserving one good money for the whole of East Africa." He disparaged Tanganyika's plans as "printing their own bits of paper," an idea surely to lead to ruin.[105]

By August 1964, the prospects of an East African central bank were increasingly grim, despite the EACB's efforts to get a "tighter grip on monetary affairs."[106] The prior month, Paul Bomani told his British counterparts that "it was impossible for three sovereign governments to properly control monetary policy while the control of the currency remained with a single Currency Board."[107] They regretted any knock-on effects a national currency would have on regional federation, but could not countenance the current regime. At the Currency Board, John Loynes tried to maintain support for the status quo, working tirelessly against what he called "separatism."[108] From his perch in London and intermittent trips to East Africa, he tried to keep abreast of developments but was frustrated by how tightlipped Tanzanians were. This encouraged his suspicious stance toward Paul Bomani's travels and phone calls to De La Rue's currency printers (discussed above).

In addition to his private lobbying, Loynes wrote in newspapers and spoke publicly. When Tanzanian newspapers started carrying in 1964 negative coverage of the Currency Board, he sent lengthy rebuttals. A pseudonymous letter writer, *Maendeleo* (Kiswahili for "Development"), especially sparked Loynes's ire for suggesting technical failings of the Currency Board.[109] That same year, Loynes told the Dar es Salaam Chamber of Commerce how much trouble merchants would face from three separate currencies, possibly with varying rates of exchange. "Beyond Arusha, Tanganyikan money would have to be changed into Kenyan money, and beyond Kisumu, it would have to be changed again, with the bankers taking their profits each time." Such impediments would limit their business, removing the

104 BoE OV76/3: Loynes to J.H. Butter, Kenya, March 24, 1964.
105 BoE OV76/3: Loynes to Gichuru, March 24, 1964.
106 BoE OV76/3: Loynes to Mladek, IMF, August 19, 1964.
107 BoE OV76/3: Note for the Record by M.P.J. Lynch, July 28, 1964.
108 BoE OV76/3: Memo for the Deputy Governor, July 29, 1964.
109 BoE OV76/4: Loynes to Bolton, East African Standard, December 31, 1964.

"most important single financial factor in bringing about the rapid development of the whole area."[110] Merchants may have feared additional friction at the borders, but as the years passed, the development of East Africa as a whole had less and less of a constituency. While the British government continued to see its interest in the maintenance of a common market for its multinational firms, African politicians found it harder to see the projects of economic integration and national development as coterminous.[111] Instead, the long-recognized fault lines of combined and uneven development animated a newly assertive economic nationalism.

A visit by the IMF in February 1965 was intended to provide further technocratic guidance on how central banking might work in East Africa. Rather than inaugurating an East African central bank, though, it served as a silent vigil for the East African shilling.[112] Three days before the IMF officials arrived in Kampala, the Uganda Minister of Finance publicly announced their plans for two new institutions, the Uganda State Bank and the Bank of Uganda. The first would serve as a government-owned commercial bank to boost savings and loans. The second, their press release said, would "perform such central banking functions as will be reserved to it under the East African Reserve Bank Constitution."[113] The Bank of Uganda was not, they insisted, intended to detract from East African monetary cooperation, but would rather form a part of what seemed to be a two-tier central banking institution. No agreement had been made along those lines, and no East African Reserve Bank Constitution existed. These were certain to be topics of discussion with the IMF, but the two preemptive working papers from Uganda were mostly greeted by confusion or hesitation.

Whether Uganda's proposal was an evolution of East African monetary governance, a departure from it, or its death knell – as various observers thought – mattered little by the time the IMF reached Dar es Salaam a few days later.[114] There, in a secret speech to the visitors and

110 BoE OV7/85: Address to the Dar es Salaam Chamber of Commerce by Loynes, n.d. [but mid-1964].
111 BoE OV7/87: Draft Note for Meeting with Gichuru, 1965.
112 IMF ref: 75873 East Africa Currency Board: East Africa Currency and Economic Union, June 1965.
113 BoE OV76/4: Uganda to Have Two New Banks, press release from Minister of Finance, February 1, 1965.
114 For the confusion caused by Uganda's announcement, see "State Banking Systems," *East African Standard*, February 4, 1965.

neighboring dignitaries, Minister of State and Acting Finance Minister Swai announced Tanzania's intention to go its own way. As you will appreciate, he said, "it is customary for a sovereign government to control its monetary and banking system and to regulate the general level of activity in the economy through its own central bank."[115] While they had been willing to work in a regional fashion, that now seemed untenable due to the divergences in economic structures, trade relationships, overseas borrowing, and development objectives of the three states. The path forward, he said, would be to coordinate through independent central banks rather than pining for an eventuality that always receded beyond the horizon.[116]

As monetary nationalism gained the upper hand over East African integration, the Currency Board moved to protect what Loynes called the "key territory" financially – Kenya.[117] His effort to maintain an East African monetary union reflected, in part, his belief that a regional currency was nowhere more important than in Kenya.[118] Indeed, as Tanzania moved unilaterally, Loynes made a last-ditch effort to persuade Uganda to remain in a common currency – a project aimed at maintaining the economic benefits to Kenya.[119] His preference for Kenya was not, however, a preference for all Kenyans. His work to "safeguard Kenya's interests," he wrote to a Bank of England colleague, was "worth doing, above all for the sake of helping the whites."[120]

Decolonization was a considerable threat to the relationships between property, inequality, and race in Kenya.[121] A vocal and

[115] BoE OV76/4: Statement by A.Z.N. Swai, Minister of State, February 12, 1965. See also IMF ref: 75873 East Africa Currency Board: Memorandum by Tanzania, February 1965.

[116] For the IMF's role establishing the Bank of Tanzania, see IMF ref: 76110 Tanzania Central Banking Legislation, 1965–1969. For their critique of Uganda's initial legislation, see IMF ref: 76137 Central Bank of Uganda, 1965–1969.

[117] BoE OV7/87: Loynes to L.B. Walsh-Atkins, Commonwealth Relations Office, March 22, 1965.

[118] BoE OV7/85: Loynes to Minister Joseph Murumbi, March 13, 1964.

[119] BoE OV7/87: Loynes to H. Kessels, Deutsche Bundesbank, June 19, 1965.

[120] BoE OV78/4: Loynes to Jasper Rootham, September 28, 1964.

[121] See the context in Paul Mosley, *The Settler Economies: Studies in the Economic History of Kenya and Southern Rhodesia, 1900–1963* (Cambridge University Press, 1983); Colin Leys, *Underdevelopment in Kenya: The Political Economy of Neo-Colonialism, 1964–1971* (University of California Press, 1975).

organized movement of landless and marginalized Kenyans made radical calls for redistribution.[122] Yet, the potential for more significant economic transformation was interrupted by the Kenyatta state and his British partners.[123] By mid-1964, Kenyatta and his allies were neutralizing their opposition, including more radical economic visions that would call into question the distribution of property and the ownership of capital.[124] The sanctity of property was protected, the assets of white settlers were secured or purchased at taxpayer expense, and a narrow network of largely loyalist Kikuyu assumed preeminent roles in the economy.[125]

Historians have emphasized how the threat to this economic dispensation was overcome through state violence, Kenyatta's charismatic influence, and British aid. Less appreciated is the role of the EACB, but during this time it had an important role in securing and reproducing racial capitalism in Kenya. Ready currency convertibility into sterling facilitated the significant export of capital from Kenya while the maintenance of the shilling's value protected the worth of those assets.[126] Capital flight sparked the condemnation of some like the Kenya Freedom Party and Oginga Odinga, but such voices did not prove decisive.[127] Laissez-faire continued to rule. As early as 1963, Loynes expressed surprise that the territory previously racked by the Mau

[122] Daniel Branch, *Kenya: Between Hope and Despair, 1963–2011* (Yale University Press, 2011).

[123] One of the key figures was John Butter, a British official in the Kenyan Treasury (and Loynes interlocutor) who remained until 1969 in order to, as the Acting Governor put it in 1961, keep the African Minister of Finance "on the right lines." Quoted in Poppy Cullen, *Kenya and Britain after Independence: Beyond Neo-Colonialism* (Palgrave Macmillan, 2017), p. 128.

[124] Daniel Branch, *Defeating Mau Mau, Creating Kenya: Counterinsurgency, Civil War, and Decolonization* (Cambridge University Press, 2009), especially pp. 174–177; Anais Angelo, *Power and the Presidency in Kenya: The Jomo Kenyatta Years* (Cambridge University Press, 2020); Tignor, *Capitalism and Nationalism*, pp. 358–385.

[125] Tignor, *Capitalism and Nationalism*, p. 379 notes that British officials "embraced a [land purchasing and resettlement] scheme being touted by the right-wing settler community."

[126] On capital flight from Kenya, see Vanessa Ogle, "'Funk Money': The End of Empires, The Expansion of Tax Havens, and Decolonization as an Economic and Financial Event," *Past & Present* 249(1) (2020): 213–249.

[127] On the KFP, see Donald Rothchild, *Racial Bargaining in Independent Kenya: A Study of Minorities and Decolonization* (Oxford University Press, 1973), p. 151f118.

Mau counterinsurgency had come to distinguish itself as "the most reasonable and moderate" of the region. In contrast, he thought "African socialism" in Tanganyika and Uganda was a "disturbing trend [of] state interference with existing business and investment."[128] What Loynes saw as reason and moderation in East Africa's largest economy was, in fact, the capture and redirection of African political energies by Britain and its loyalist elite. He lamented where African involvement advanced, telling the Colonial Office that the Africanization of East Africa's bureaucracies by men with "few qualifications and still less experience" meant that "formerly useful and competent bodies … now have an air of disintegration."[129] "These are sad days" for the settlers, Loynes thought, and "the process of dismantling the European economy of the country will cost a lot more yet."[130]

1.4 The Start of National Central Banks

Remarkably, Minister Swai's announcement in February 1965 about Tanzania's plan to leave the Currency Board remained little known outside the small network of technocratic ministers and financial officials. The Currency Board kept expecting the information to leak, sparking a financial panic, but even rumors of the shift remained at a low level. In reality, there was little cause for panic among the region's propertied class. Those who wanted to escape with their capital had been able to do so without much difficulty for more than half a decade. Most of them would have been in Kenya, and by 1965 they had less cause for concern about their wealth: the Kenyatta government had by then distinguished itself ably from Mau Mau era fears among wealthy minorities.

The relative quiet allowed the governments and the EACB to plan the next steps, including urgently training African staff and drafting the legal statutes. The Bank of England seconded two men to Nairobi to prepare to impose foreign exchange controls between East Africa and

[128] BoE OV7/84 Loynes to Parsons, September 6, 1963.

[129] "This is not surprising among people whose past history is tribal and who now, if they look ahead at all, are concerned with opportunities to grab land or to get jobs from which Europeans and Asians are now barred." BoE OV7/84: Loynes to the Governors and Parsons, September 6, 1963.

[130] BoE OV7/83: East Africa by Loynes, May 24, 1963. On the structure of European economic dominance, see Rothchild, *Racial Bargaining in Independent Kenya*, pp. 80–94.

the rest of the world. This was highly secretive work, given Loynes's belief that others shared his distrust of African monetary authority and would panic if word got out. Fearful it would leak, he obliquely referred to "you know what" – rather than sending telegrams mentioning "exchange controls" – and he instructed the Bank of England clerks to keep a low profile and only identify themselves as "balance of payment" experts. Tanzanians in particular had long demanded exchange controls to limit capital flight, but the Bank of England was eager to assist in their formulation so they might be managed liberally, lest the "confidence of your public as well as investors overseas" be diminished.[131] In other words, this was not a muscular constraint on capital mobility.

The quiet was eventually broken in June 1965, when the three governments announced the creation of the central banks and national currencies. In place of a single East African shilling there would be three national shillings. The end of the common currency was not intended to end economic cooperation and trade.[132] The new central banks voiced their commitment to equivalent exchange between the three national currencies. Yet, the most immediate response was a hardening of nationalisms in a flurry of recriminations across the region's airwaves and newspapers. Given the prevailing view that regionalism was a virtue – on pan-African, economic, and other grounds – no side wanted to take the blame for undermining such a high-profile example of integration. Kenya's Minister of Finance James Gichuru placed the blame on his southern neighbor. His Tanzanian counterpart, Amir Jamal, forcefully rebutted the claims, saying it was Kenyan and Ugandan refusal to federate that thwarted the plans for an East African central bank. "How long," he wrote in defense of his government, "is a country expected to remain in 'no man's land', helping to maintain a *status quo* which is increasingly coming into conflict with its own development planning?" Moreover, Kenya had been unduly benefitting from a status quo it refused to improve: "It is Tanzanian and Ugandan money, as much as Kenya's, which is circulating in Kenya through the wages and salaries paid" to employees of East African Common Services (which were inordinately concentrated around Nairobi and Mombasa).[133]

[131] BoE OV7/87: Loynes to Swai, March 30, 1965.
[132] BoE OV7/87: Preserving Economic Unity, *East African Standard*, June 25, 1965.
[133] BoE OV7/87: Letter from Amir Jamal to *East African Standard*, June 21, 1965.

Others in Tanzania shed no tears for the death of the EACB. A member of parliament, Mr. Mbogo, lamented that "Our country has been turned by Kenya into a mere market for their manufactured goods." Pointing to the concentration of "all important industrial and commercial establishments" in Nairobi, he said his countrymen were tired of being the "underdog," subject to "exploitation."[134] The new institution would be a means to undo that.[135] Tanzanian citizens wrote into *The Nationalist* to celebrate the move as "one of the most bold, courageous, and important decisions ever taken." It would allow the country to create its own policy and, hopefully, move away from ongoing dependence on sterling.[136] Another told the *East African Standard* that it was shameful that an independent country still used the currency with the head of another country's ruler.[137] Even Kenyans expressed that they were "tired of using foreign currency" and welcomed their own money.[138]

These were important moments of statecraft, allowing national leaders to perform their own centrality to the government of value as well as advertise the newfound powers of sovereign statehood. In a recent assessment, Robert Blunt makes a suggestive argument that focuses on Kenyatta's speech opening the Central Bank as a "spectacular baptismal moment" that "attempted to performatively resolve" the problem of sovereign authority through a speech act that placed the president at the center of monetary and moral value. In this interpretation, Kenyatta emblazons his image on the currency in order to secure a gerontocratic power – especially his own elderhood – at risk of debasement by insolent, undisciplined youth. For Blunt, this is a novel response to a particularly Kikuyu problematic of power and value – one through which "Kenyatta implicitly claimed to have power over the creation of money."[139] Yet, if this was true for Kenyatta, it does

[134] BoE OV7/87: Untitled Clipping from *The Standard (Tanzania)*, June 16, 1965.
[135] Bjerk, "A Preliminary History."
[136] R.C. Mzeru Letter to the Editor, *The Nationalist*, June 22, 1965.
[137] BoE OV7/87: E. African Money Troubles, *East African Standard*, n.d. [but June 1965]. At the time, the old notes with Queen Elizabeth's image were being swapped for different iconography. Wambui Mwangi, "The Lion, the Native and the Coffee Plant: Political Imagery and the Ambiguous Art of Currency Design in Colonial Kenya," *Geopolitics* 7(1) (2002): 31–62.
[138] BoE OV76/4: New Kenya Money Pledge, *The Standard*, March 3, 1966.
[139] Robert Blunt, *For Money and Elders: Ritual, Sovereignty, and the Sacred in Kenya* (University of Chicago Press, 2019), 91–117. In an earlier version of the argument, Blunt writes that Kenyatta presented the money as "ultimately

little to explain why similar assertions were made in very different ethnic and national dispensations. In Kampala and Dar es Salaam, it was likewise the presidents who used the nationalization of money as an opportunity to burnish their own image and secure the value of new currency.

More important than inaugural speeches were the regulatory regimes and productive imperatives implied by the central banks and national currencies. Emphasizing the spectacular "promissory acts" of *Mzee* Kenyatta rather than the more humdrum protocols of monetary controls distracts from the particular potency of state assertions of economic sovereignty, including its depoliticization within technocratic institutions. It also downplays the importance of accumulating and maintaining a sufficient reserve of foreign currencies, particularly through the obligation to labor on the land. The politically independent states were subordinated to international capital, and the shift to central banks was self-consciously depicted to placate fleet-footed finance.[140] While the currency board model meant there could be no collapse in the value of shilling relative to sterling, central banking brought with it the risk that the domestic currency would prove unable to maintain its worth. Yet as officials in each country were keen to emphasize to domestic and international audiences, there should be no cause for diminished confidence in the new currencies because they were backed by sufficient foreign reserves.[141] This is the paradoxical status of national monetary value – founded on the accumulation and maintenance of foreign money, not on promissory statements. Just as importantly, this was not personalized power but rather an institutionalized guarantee, embodied not least in the sturdy, imposing central

backed by the guarantee" of "the father of the nation." "Old Age and Money: The General Numismatics of Kenya," *Suomen Antropologi* 41(1) (2016): 43.

[140] For the constraints on central banks, see Catherine Schenk, "Monetary Institutions in Newly Independent Countries: The Experience of Malaya, Ghana and Nigeria in the 1950s," *Financial History Review* 4(2) (1997): 181–198. For the intended scope of monetary policy in East African central banks, see Walter Tessier Newlyn, "Comparative Analysis of Central Bank Acts," East African Institute of Social Research, EDRP 101, 1966.

[141] Rather than one-to-one backing, the legal requirements for reserves were expressed as a proportion of the cost of imports (in Kenya and Tanzania) or demand liabilities (in Uganda). For Kenya and Tanzania, this worked out to a reserve requirement of four months of imports and in Uganda the equivalent of two months of imports. See Newlyn, "Comparative Analysis," pp. 15–16.

banks opened in prominent downtown locations of Nairobi, Dar es Salaam, and Kampala.[142]

If these new institutions marked critical junctures for the moneychanger state, it was not in the bureaucrats alone that citizens must place their trust; rather, the value of the currency was to be a burden citizens would carry. As subsequent chapters discuss at length, in each of the countries the establishment of national currencies entailed some combination of promising mutual advance and exhorting productivity. In Nyerere's words, the Bank of Tanzania started on a firm foundation of proportionally more "foreign assets" than "many countries whose currency is acceptable throughout the world." But, he continued:

> Our people know that it is their responsibility to increase the wealth of our country, and that this can only be done by producing more goods. We shall not make a mistake of imagining that our problems can be solved by a printing press; we know that real wealth is goods, not money. And the Bank, the Government, and the people will work together on this basis.

In these public remarks, Nyerere addressed those who may worry about a departure from monetary prudence (see Figure 1.2). The talisman of "printing" money was explicitly invoked and the temptation denied. This was an international audience, to be sure, but it was crucially one composed of citizens – "the people" that he claimed as partners in this work of governing value. The people of Tanzania were told to dedicate themselves to this work, for in Paul Bomani's words, "It was through self-sacrifice that the country would achieve self-reliance."[143] The prevailing slogans were "*Uhuru na kazi. Uhuru na kilimo*."[144] Likewise, Amir Jamal told newspaper readers across the

[142] These bureaucracies, of course, were staffed by bureaucrats, thus running the risk of personalizing the institutions through the ethnic partisanship of their staff. This was a risk noted at the time. The first Governor of the Bank of Uganda was a Muganda, a status that sometimes raised concerns he was at odds with Obote's government, but also demonstrated a degree of independence from Obote's northern allies. BoE OV7/89: Untitled Memo, April 4, 1966. In Kenya, parliamentarians alert to Kikuyu and Luo dominance called for the Central Bank of Kenya's (CBK) board to be constituted of members from all ethnicities. BoE OV76/4: Central Bank Will Not Harm New Currency, *East African Standard*, March 2, 1966. The Bank of Tanzania's directors included a union leader, an academic, a large Asian plantation operator, and a representative of the cooperative movement.

[143] BoE OV7/87: Untitled Clipping from *The Standard (Tanzania)*, June 16, 1965.

[144] Kiswahili for "Freedom through work. Freedom through farming." TNA Acc.593 CB/1/2: Safaris, Public Engagements and Affairs of R. Kawawa, 1962–63.

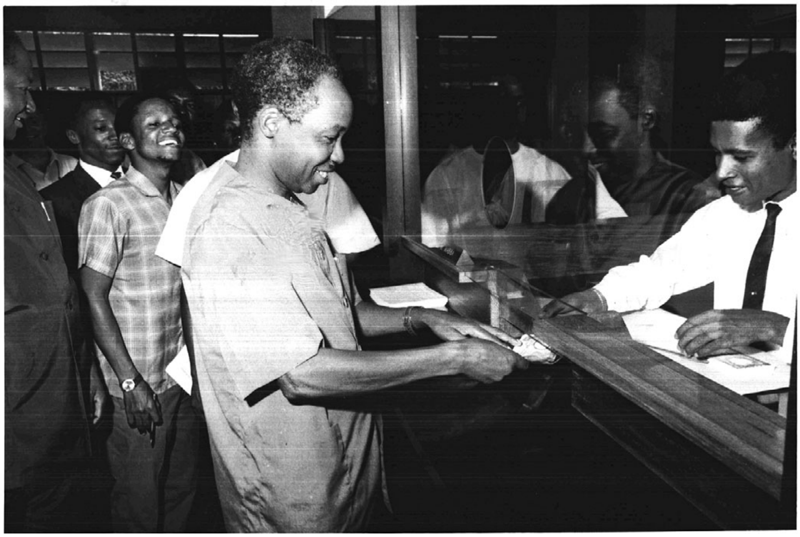

Figure 1.2 Julius Nyerere pictured at the opening ceremony for the Bank of Tanzania.
Source: Tanzania Information Services.

region that the strength of the currency will "be based on hard work and increasing rates of production of exportable goods and commodities."[145] This call for economic citizenship was a call for productivity, but also a submission to the nation-state. Bring out your old money, Nyerere told Tanzanians, because in swapping it for the new notes and coins, we will receive the sterling assets "essential" to the Bank of Tanzania's operations. And once you receive your new Tanzanian Shillings, do not "re-bury" it, for it is "much better to open a savings account, either in a bank or in the Post Office." Doing so will not only earn you interest and reduce the risk of theft or fire. "However small the amount" you can deposit will have "enormous benefits" by allowing the banking system to lend "to those who need it."[146] Economic citizenship, in other words, required discipline at the Bank of Tanzania but also among citizens whose wealth was not theirs alone, but rather a collective resource for the nation.

Similar statements accompanied the opening of the Bank of Uganda and the Central Bank of Kenya. Ugandan Minister of Finance

145 BoE OV7/87: Tanzania's Case in Break-up of Currency Union, from Amir Jamal, *East African Standard*, June 17, 1965.
146 BoE OV7/89: Speech by Julius Nyerere, June 14, 1966.

Lawrence Kalule-Settala introduced the Bank of Uganda Bill in May 1966 to Parliament, promising a stable currency with "sufficient capital reserves to enable policies in the public interest to be pursued."[147] Government had "no intention of indulging in unlimited borrowing from the Bank" and the laws under consideration would preclude such wantonness. Such "evils" as inflation and the loss of currency value would be avoided by the collective pursuit of a "rapid and sustained rate of growth of Uganda's economy."[148] A few months later, when Milton Obote spoke at the opening of the Bank of Uganda building – a massive, expensive monument to its own futurity – he said it marked the start of Uganda's "monetary independence." He assured listeners it would not be a "charity institution" but rather follow sound policies.[149] Jomo Kenyatta founded the CBK emphasizing that it was "ultimately the productive work done by the people" on which the economy and money depended.[150] His words alone could not attract foreign money, so the management of the new CBK spent the first year anxiously searching for sufficient foreign reserves to protect the Kenyan shilling. Only by drawing on the resources of the Post Office Savings Bank – itself capitalized by small citizen savers – could they protect the value of the national money.[151]

The speeches articulated such similar visions because the countries faced such similar imperatives: their national currencies required substantial backing by foreign currencies in order to maintain their purchasing power. These states were not divorcing from international capitalist circuits so much as reworking the terms of their subordinate incorporation. To do so, they established regimes that would consolidate value within their territory and mediate its exchange beyond their borders. While they would no longer require one-to-one backing for domestic currency, the independent central banks did commit to earning and controlling a substantial holding of foreign reserves (lest they lose the confidence of investors). So, while the institutions did

[147] BoE OV75/3: Speech by the Minister of Finance at the Introduction of the Second Reading of the Bank of Uganda Bill, May 16, 1966.
[148] BoE OV75/3: J.B. Houldsworth to J. Brasnett, May 20, 1966.
[149] BoE OV75/14: "Bank of Uganda" Memo, August 25, 1966.
[150] Jomo Kenyatta speech, September 14, 1966, in *Report for the Year Ended 30th June 1966* (East African Currency Board, 1966), p. 118.
[151] Mahesh Gheewala, "The Early Days of the Central Bank of Kenya," in Patrick Njoroge and Victor Murinde (eds.), *50 years of Central Banking in Kenya* (Oxford University Press, 2021), pp. 225–228.

mark a change from the colonial regime, and while the old Bank of England advisors had some disagreements with the new IMF ones, this hardly marked a complete rupture. Foreign reserves would be under the stewardship of a central bank, but they could still only be earned by the laborious initiative of citizens producing commodities for export.

To maintain the worth of their national currency would require ongoing work in the retail shop, the factory floor, and, above all, the soil. Jomo Kenyatta told Kenyans that "in land lies our salvation and survival," yet popular compliance was hardly guaranteed.[152] Duncan Ndegwa, who ran the Central Bank of Kenya for its first decade and a half, recalls the numerous times he needed to remind citizens that monetary wealth came not from the vaults of his institution or its printing press. Instead, it required enterprising production of export value. Jomo Kenyatta concurred, always supporting a balanced budget and promising to fire Permanent Secretaries who overspent. Rather than pulling the levers of money creation, Kenyatta's rule worked often enough by withholding public finances. As Ndegwa relates, Kenyatta understood that "money was a representation of things. After money was land. And after money were the cows he loved." In other words, money was to be created and managed with an eye toward the proper, enduring sources of value: land and cattle. As a guard against "monetary indiscipline," Ndegwa pursued a conservative stance to "safeguard the value of money" and urge citizens toward productive labor.[153]

As I discuss more extensively in the chapters that follow, this government of value would require the ongoing policing and regulation of money, its movement, and its conversion. The end of the Currency Board and the start of national currencies and central banks reflected a more overt reliance on enterprising citizens. How, exactly, they were hailed and compelled would differ in the coming years and in the different countries. For instance, in Kenya a large population of landless would be neglected as surplus to the needs of economic accumulation, while in Tanzania a more uniform idea of productive contribution was demanded of all. Yet, in each of the countries there was a material imperative – not merely a symbolic opportunity – to guarantee wealth through labor productive of export earnings. And in each country

[152] Quoted in Muey Saeteurn, *Cultivating Their Own: Agriculture in Western Kenya during the "Development" Era* (University of Rochester Press, 2020), p. 1.

[153] Duncan Ndegwa, *Walking in Kenyatta Struggles* (Kenya Leadership Institute, 2006), chapter 35.

there was also the difficult reality that national monetary value was only as good as the reserve of foreign monetary wealth. Such a reality formed a significant impediment to the pursuit of effective sovereignty and complicated all aspirations to national administration and development by subjecting the postcolonial states to the volatility of international capitalist trade. And this, in turn, obliged the sorts of coercive controls elaborated by the moneychanger state.

1.5 Conclusion: The Infrastructure of Postcolonial Statecraft

To be sure, East Africa's monetary technicians operated within significant constraints, not least of which was the persistence of globally hegemonic money over which they had little control. Yet, national currency was an important infrastructure of postcolonial statecraft. It set the stage for more substantial departures from the model sustained by the EACB. For one, it permitted the installation of foreign exchange controls – first against international sterling operations in 1965 and, beginning a few years later, between the three East African states.[154] It also permitted a greater degree of monetary policy autonomy as the states took differing approaches to issuing sovereign debt, prevailing interest rates, and banking regulations. The inauguration of central banks and national currencies also provided a new repertoire for consolidating wealth within territorial borders. The expatriate banks like Barclays and Standard had previously operated across the region, with management decisions taken in Nairobi or London for all of East Africa. If funds were kept in the region, they were in Nairobi, only transmitted to Ugandan or Tanzanian branches as needed. The end of the regional money meant Ugandan or Tanzanian deposits held abroad were more likely to be kept in their original territory.[155] Insurance firms, too, could be pressured to invest their large holdings within national assets, rather than moving them abroad.[156] This was not an automatic result of the new regime; it required careful and

[154] John Loxley, "Financial Planning and Control in Tanzania," in John Loxley et al. (eds.) *Towards Socialist Planning* (Tanzania Publishing House, 1972), pp. 54–55.
[155] BoE OV75/3: Lewis to Loynes, January 20, 1966.
[156] BoE OV75/3: Note for the Record, East African Currency Board, July 14, 1966.

difficult economic engineering in the years to come, but it was at least now a possibility afforded to the independent states.

The imposition of a national money was always partial. For one, the value of the national currency rested on the accumulation of a sufficiently large reserve of foreign currency, as discussed above. This placed them at some risk of monetary developments abroad. For another, residents frequently used other forms of money, sometimes hedging their bets, sometimes reflecting a more expansive transactional geography. Wealthier, more extraverted residents with commercial ties abroad – notably Asians, but also settlers, politicians, and others – translated their national currency into gold, sterling, dollars, and other financial instruments not authorized by East Africa's states. Borderlands were especially pluralistic monetary zones, with citizens often keeping value in and accepting money from both sides of the border. Finally, money existed in relation to other forms of value, and East Africans have commonly preferred to move their wealth out of state money to the extent possible. Cash earnings were often translated into more culturally salient and politically insulated goods, such as land or cattle. And once embodied as such, they were loath to convert the value back into currency, despite various efforts to commodify cattle and land.

Partial as it may be, national currency was desirable to East African states for its infrastructural power.[157] As an instrument of state power, national currencies worked through the consolidation of wealth within an infrastructure over which the states exerted considerable power. In contrast to the East African shilling – merely a token for sterling, eluding government directives – a national currency gave states a means to influence market activity, raise revenue, and meet many of their own costs. The subsequent chapters discuss some of the ways that tenuous project animated political, economic, and social life in the region.

[157] Michael Mann, "The Autonomous Power of the State: Its Origins, Mechanisms and Results," *European Journal of Sociology* 25(2) (1984): 185–213.