Money, Credit, and Banking in Colonial and Postcolonial West Africa

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Money, Credit, and Banking in Precolonial Africa
The Yoruba Experience
A. G. Adebayo

Abstract. - Scholarship in African economic history has been dominated by a wave of revisionism lately. The degree of African indebtedness, the imperatives of loan repayment, and the long-term implications of ongoing political and economic changes, all make such a revision exigent indeed. Focusing on the Yoruba of southwestern Nigeria, this paper produces new evidence to reinterpret and redefine African precolonial financial institutions. The paper has two main parts. Part 1 focuses on the introduction of cowrie currency into Yorubaland and its impact on social stratification. Part 2 examines ajo, the savings institution, esusu, the rotating savings and credit associations (roscas), and the process of capital formation and accumulation among the Yoruba. [Nigeria, Yoruba, rotating savings and credit associations (roscas), capital formation, accumulation, cowries; social stratification]

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Introduction
After the pioneering works of the late Marion Johnson (1968, 1970) and of other economic historians of Africa,1 there seems at first sight to be very little to add to the existing knowledge of the importation, distribution, and use of cowrie currency in West Africa. It has been demonstrated beyond all doubts that, to use Johnson’s very apt words, “West African cowrie currencies ... [were] in no sense a ‘primitive’ money, but a sophisticated form of currency capable of adaptation to the particular needs of West African trade” (1970: 17). In addition, other scholars have shown the east-west and north-south spread of the currency, and have speculated on its diffusion from one part of the region to another. Nevertheless, there are certain issues that have not yet been adequately covered. Three such issues, which the present study seeks to examine by focusing on the Yoruba of southwestern Nigeria, are the effects the introduction of a widely circulating currency had on the preexisting credit market; the impact of the monetization of economy on the society, particularly on the development of social classes; and the process of capital formation and accumulation through indigenous banking and credit institutions.

For the records, the Yoruba people, on whom this study focuses, have been the subject of interest for many Africanists partly because of the level of their civilization which they had produced outside Hamito-Semitic and Arab-Islamic influence. They inhabit southwestern Nigeria, in present-day Lagos, Ogun, Oyo, Osun, Ondo, and Kwara states; and, as a result of European partition, they could also be found in the neighbouring Republics of Benin and Togo in West Africa. According to Samuel Johnson (1921: xix), this area lies, roughly speaking, between lat. 6° and 9° North, and long. 2° 30’ and 6° 30’ East. Neither ethnically nor politically homogeneous, the people had been, from time immemorial, organized into many states or kingdoms. The total number of these kingdoms is unknown, but the major states include the Yagba, Ekiti, Igbomina, Ijesa; Ile, and Ondo in the east; the Oyo, Egba, Owu, Egbadu, and Ijebu in the center; and the Sabe, Ketu, Anago, Idaisa, Manigri, Isa, and Ana in the west. The ruling elites in most of the states claim descent from the Odudua house and/or Ile-Ife. Each state was independent and autonomous and had a monarchical system of government. They, however, shared common bonds of artistic and material culture, political and commercial ethics, and mutually intelligible language.

Several features of Yoruba social and political systems supported the financial institutions. In an earlier publication, I have itemized these features

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as follows: “a centralised political and administrative system in each kingdom, where major policy decisions were taken by the oba (king) in council, and which, with a few exceptions, positively affected the conduct of economic programmes; a stratified society which, nevertheless, celebrated and rewarded success and hard work, particularly success in farming, trade and industry; an urbanized social life which encouraged industrial production and promoted division of labour; a deep religious life, characterised by the worshipping of the Supreme God (Olorun) through a pantheon of highly feared and respected gods and goddesses; and, closely associated with this, a well ordered society with laws believed to be binding on every member irrespective of his/her position, and with punishment believed to be handed down directly by the gods for every misdemeanour” (Adebayo 1992: 164). Before their collapse and restructuring in the 19th century, these features of the social and political systems worked effectively to promote and protect investments and played a crucial role in the development of financial institutions.

1. Money and Social Stratification in Yorubaland

a) Yoruba Cowrie Currency

Unlike many West African peoples, the Yoruba did not use metallic currency such as gold and silver coins before colonial rule. The main trade currency was cowrie shells, cypraea moneta, imported from the Indian Ocean. The available evidence indicates that cowries came through two major routes: the northern route connecting Yorubaland with the caravan trade, and the southern route by way of the Atlantic coast. It is not clear from which of these routes cowries first came to the Yoruba country. The Portuguese were said to have found cowries in extensive use in Benin at the beginning of the 16th century (M. Johnson 1970: 18). Given the close historical and trade relationship between Benin on the one hand, and Ile-Ife and other parts of eastern Yorubaland on the other hand, the diffusion of cowries from the former to the latter can be reasonably assumed, a speculation further supported by the similarity in the cowrie numismatics of the Edo and Yoruba (M. Johnson 1970: 41; Zaslavsky 1983: 125f.). According to S. A. Akintoye: “The earliest contacts of the Ekiti, Ijesa and Akoko with Benin were commercial. It is generally believed that these earliest contacts dated back to the fifteenth century. Benin traders brought corals, European cloth, cowrie shells and European iron implements and, at a later date, guns and powder, and took away home-spun cloth and camwood as well as beads and potash. ... Akure was the entrepôt of this Benin trade and a considerable number of Edo people soon settled permanently at Akure” (1971: 25f.).

The above clearly indicates that the eastern routes for the spread of cowries to Yorubaland were as important as the southern route through Ijebu country. On the other hand, cowries were known to have been imported to the Western Sudan centuries before the Portuguese set out on their voyages, and before European traders began importing them (cowries) to the Atlantic west coast. They were known to be the currency in the Niger Bend countries and to have come there through the North African caravan trade of which the Oyo Empire was a part. Thus, a northern route is also suggested. Indeed, earlier concerns to date the beginning of cowrie shells as a currency among the Yoruba have led to the suggestion that they were probably introduced about (but not later than) the fifteenth century (Oroge 1985: 75). Yorubaland combined the practices of stringing cowries (as was done in the Bights of Benin and Biafra) and of counting them individually (more prevalent in the Western Sudan), which shows the diversity of monetary policies as well as sources of the cowrie shells.

The participation of Yoruba traders in the Atlantic trade probably reduced the volume of cowrie importation by way of the northern (i.e., trans-Saharan) route from the 17th century onwards. It has been demonstrated how the slave trade increased the size of cowrie importation to West Africa; it has also been shown that several Yoruba states, including Ijebu, Egba, Egbado, and Old Oyo empire, took part in the slave trade (although there is still some controversy over the level of dependence of the political economy on this trade) (Law 1977). Trade relations between the Ijebu and the Portuguese had been established as soon as the latter reached the Bight of Benin (Law 1973: 9–11). Although this trade was initially in other commodities, slaves subsequently predominated. The exchange of cowries for slaves and the popularity of the shells as currency were soon to pitch the
Ijebu in commercial competition with their neighbours in the hinterland. Thus, Oyo expansion in the 17th and 18th centuries towards the Atlantic coast was due to the interest of the business elite to, among other reasons, take control of the sources of money (cowries). This was also the main source of the rivalry between Oyo and Ijebu traders, which rivalry was interpreted in larger subethnic terms. As could be expected, the Ijebu, being closer to the Atlantic, dominated the trade in cowries until the Oyo opened their own port of trade at Badagry.

Before the introduction of modern (European) currency, the Yoruba referred to cowries simply as money: *owo*. However, with the spread of British metallic currency in the 19th and 20th centuries, a distinction began to emerge between the old cowries and the new currency: the former was called *owo eyo*, meaning, literally, loose or numerated money; and the latter simply the Africanized names such as *kobo* for copper coins, *sile* for shillings, etc. As could be expected, the sources of cowries were shrouded in rituals and mystery. There are several variants of the myth, but generally they reveal that Olodumare, the Yoruba high God, made cowries:

> They are living things with shells, small in size like snails. To obtain them, a hole was dug in the ground. When the hole has reached a certain depth, a sheep (with a rope tied around its neck) was thrown into it and buried alive. These living things would then crawl up the carcass of the sheep and stick to it. When there were many of them, the sheep would be brought out (with the help of the rope tied to its neck), and the living things sticking to its body would be removed, put into a pot which would be covered to make them die within a few days. After this, they would be taken to a river and would be washed very thoroughly to remove the decay of the cowries. The shells were then put into circulation as money.3

The above could be interpreted in two major ways: (1) that the Yoruba “manufactured” their own cowrie currency, and (2) that the business elite adopted this myth as a ploy to monopolize the information about the true sources of their wealth. Our position is a combination of the two possibilities. This is supported by the fact that although there is only one dominant species of cowrie currency in Yorubaland (the *cypraea moneta*), which would suggest importation from the Maldivian Islands rather than production from the Bight of Benin, there are certain other species of cowrie shells in limited circulation which are similar to the type the Benin were using before the Atlantic trade, a fact that would also suggest internal production along the Atlantic coast of Yorubaland. Moreover, the average, lower class person was discouraged from “looking for money” (*wa owo*, in Yoruba) because of the huge expenses involved in the above ritual, and this worked to limit the membership of the affluent upper class.

**Table 1:** Yoruba ordinary and numismatic numerals (the first one hundred)

<table>
<thead>
<tr>
<th>Number</th>
<th>Simple enumeration</th>
<th>Cowrie enumeration</th>
<th>Mathematics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>eni</td>
<td>ookan</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>eji</td>
<td>eeji</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>eta</td>
<td>eeta</td>
<td>3</td>
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<tr>
<td>4</td>
<td>erin</td>
<td>eerin</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>arun</td>
<td>arun</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>eja</td>
<td>eeja</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>eje</td>
<td>eeje</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>ejo</td>
<td>eejo</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>esan</td>
<td>esan</td>
<td>9</td>
</tr>
<tr>
<td>10</td>
<td>ewa</td>
<td>ewa</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>okanla</td>
<td>okanla</td>
<td>10+1</td>
</tr>
<tr>
<td>12</td>
<td>ejila</td>
<td>eejila</td>
<td>10+2</td>
</tr>
<tr>
<td>13</td>
<td>etala</td>
<td>eetala</td>
<td>10+3</td>
</tr>
<tr>
<td>14</td>
<td>erinla</td>
<td>eerinla</td>
<td>10+4</td>
</tr>
<tr>
<td>15</td>
<td>edogun</td>
<td>edogun</td>
<td>20-5</td>
</tr>
<tr>
<td>16</td>
<td>erindilogun</td>
<td>erindilogun</td>
<td>20-4</td>
</tr>
<tr>
<td>17</td>
<td>etadilogun</td>
<td>etadilogun</td>
<td>20-3</td>
</tr>
<tr>
<td>18</td>
<td>ejidilogun</td>
<td>ejidilogun</td>
<td>20-2</td>
</tr>
<tr>
<td>19</td>
<td>okandilogun</td>
<td>okandilogun</td>
<td>20-1</td>
</tr>
<tr>
<td>20</td>
<td>ogun</td>
<td>ogowo</td>
<td>30</td>
</tr>
<tr>
<td>21</td>
<td>okanlelogun</td>
<td>okanlelogun</td>
<td>20+1</td>
</tr>
<tr>
<td>22</td>
<td>ejilelogun</td>
<td>ejilelogun</td>
<td>20+2</td>
</tr>
<tr>
<td>23</td>
<td>etalelogun</td>
<td>etalelogun</td>
<td>20+3</td>
</tr>
<tr>
<td>24</td>
<td>erinlogun</td>
<td>erinlogun</td>
<td>20+4</td>
</tr>
<tr>
<td>25</td>
<td>edogbon</td>
<td>edogbon</td>
<td>30-5</td>
</tr>
<tr>
<td>26</td>
<td>erindilogbon</td>
<td>erindilogbon</td>
<td>30-4</td>
</tr>
<tr>
<td>27</td>
<td>etadilogbon</td>
<td>etadilogbon</td>
<td>30-3</td>
</tr>
<tr>
<td>28</td>
<td>ejidilogbon</td>
<td>ejidilogbon</td>
<td>30-2</td>
</tr>
<tr>
<td>29</td>
<td>okandilogbon</td>
<td>okandilogbon</td>
<td>30-1</td>
</tr>
<tr>
<td>30</td>
<td>ogbon</td>
<td>ogbon</td>
<td>30</td>
</tr>
<tr>
<td>35</td>
<td>arundilogoji</td>
<td>arundilogoji</td>
<td>40-5 or</td>
</tr>
<tr>
<td>40</td>
<td>oji</td>
<td>ogobi</td>
<td>(20x2)-5</td>
</tr>
<tr>
<td>45</td>
<td>arundiladota</td>
<td>arundiladota</td>
<td>(20x3)-10</td>
</tr>
<tr>
<td>50</td>
<td>adota</td>
<td>adota</td>
<td>(20x3)-10</td>
</tr>
<tr>
<td>55</td>
<td>arundilogus</td>
<td>arundilogus</td>
<td>(20x3)-5</td>
</tr>
<tr>
<td>60</td>
<td>ogota</td>
<td>ogota</td>
<td>20x3</td>
</tr>
<tr>
<td>65</td>
<td>arundiladorin</td>
<td>arundiladorin</td>
<td>(20x4)-10</td>
</tr>
<tr>
<td>70</td>
<td>adorin</td>
<td>adorin</td>
<td>(20x4)-10</td>
</tr>
<tr>
<td>75</td>
<td>arundiladorin</td>
<td>arundiladorin</td>
<td>(20x5)-10</td>
</tr>
<tr>
<td>80</td>
<td>ogorin</td>
<td>ogorin</td>
<td>20x4</td>
</tr>
<tr>
<td>85</td>
<td>arundiladorin</td>
<td>arundiladorin</td>
<td>(20x5)-10</td>
</tr>
<tr>
<td>90</td>
<td>adorin</td>
<td>adorin</td>
<td>(20x5)-10</td>
</tr>
<tr>
<td>95</td>
<td>arundiladorin</td>
<td>arundiladorin</td>
<td>(20x5)-5</td>
</tr>
<tr>
<td>100</td>
<td>ogorun</td>
<td>ogorun</td>
<td>20x5</td>
</tr>
</tbody>
</table>

Tables 1–3 show the Yoruba system of numismatics. Like the Yoruba numeral on which it is based, the counting of cowries was a complex system involving extensive use of the mathematical principles of addition, multiplication, and subtraction. This system has attracted many West-

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ern scholars who have found it intriguing that an illiterate society could develop such an intricate numeral system. This has led to some misunderstanding of the origin of the Yoruba numerals. Marianne Schmidl is quoted to have speculated that "reckoning with the cowrie shells was basic in the construction of the number system" (in: Van Sertima 1983: 123). This is most unlikely; on the contrary, cowrie numeration was built upon the preexisting ordinary numerals. The most vivid description of this numerals is still that of Samuel Johnson, and has been quoted extensively here:

Table 2: Yoruba numerals (some larger figures)

<table>
<thead>
<tr>
<th>Number</th>
<th>Yoruba cowrie enumeration</th>
<th>Mathematics</th>
</tr>
</thead>
<tbody>
<tr>
<td>110</td>
<td>aadofa</td>
<td>(20x6)-10</td>
</tr>
<tr>
<td>120</td>
<td>ogofa</td>
<td>20x6</td>
</tr>
<tr>
<td>130</td>
<td>aadoje</td>
<td>(20x7)-10</td>
</tr>
<tr>
<td>140</td>
<td>ogopo</td>
<td>20x7</td>
</tr>
<tr>
<td>150</td>
<td>aadoajo</td>
<td>(20x8)-10</td>
</tr>
<tr>
<td>160</td>
<td>ogogo</td>
<td>20x8</td>
</tr>
<tr>
<td>170</td>
<td>aadosan</td>
<td>(20x9)-10</td>
</tr>
<tr>
<td>180</td>
<td>ogosan</td>
<td>20x9</td>
</tr>
<tr>
<td>190</td>
<td>ewadinningga</td>
<td>(20x10)-10</td>
</tr>
<tr>
<td>200</td>
<td>ighiwo</td>
<td>20x10</td>
</tr>
<tr>
<td>210</td>
<td>ewalerugba</td>
<td>(20x10)+10</td>
</tr>
<tr>
<td>220</td>
<td>ogunlugba (or okolugba)</td>
<td>(20x10)+20</td>
</tr>
<tr>
<td>230</td>
<td>ogbonwolugbra</td>
<td>(20x10)+30</td>
</tr>
<tr>
<td>240</td>
<td>ojilugba (or ojilerugba)</td>
<td>(20x10)+40</td>
</tr>
<tr>
<td>250</td>
<td>aadotalerugba</td>
<td>(20x10)+(20x3)-10</td>
</tr>
<tr>
<td>260</td>
<td>otalerugba</td>
<td>(20x10)+(20x3)</td>
</tr>
<tr>
<td>270</td>
<td>aadorinerugba</td>
<td>(20x10)+(20x4)-10</td>
</tr>
<tr>
<td>280</td>
<td>orinlugba</td>
<td>(20x10)+(20x4)</td>
</tr>
<tr>
<td>290</td>
<td>aadorurubgerugba</td>
<td>(20x10)+(20x5)-10</td>
</tr>
<tr>
<td>300</td>
<td>odunrun</td>
<td>20x(20-5)* or (20x20)-100**</td>
</tr>
<tr>
<td>400</td>
<td>irinwo</td>
<td>20x20</td>
</tr>
<tr>
<td>500</td>
<td>eedegbeta</td>
<td>(20x3)-100</td>
</tr>
<tr>
<td>600</td>
<td>egbeta</td>
<td>200x3</td>
</tr>
<tr>
<td>700</td>
<td>eedegberin</td>
<td>(200x4)-100</td>
</tr>
<tr>
<td>800</td>
<td>egberin</td>
<td>200x4</td>
</tr>
<tr>
<td>900</td>
<td>eedegberun</td>
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</tr>
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<td>egberun</td>
<td>200x5</td>
</tr>
<tr>
<td>1100</td>
<td>eedegbefa</td>
<td>(200x6)-100</td>
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<tr>
<td>1200</td>
<td>egbefa</td>
<td>200x6</td>
</tr>
<tr>
<td>1300</td>
<td>eedeegebeje</td>
<td>(200x7)-100</td>
</tr>
<tr>
<td>1400</td>
<td>egeje</td>
<td>200x7</td>
</tr>
<tr>
<td>2000</td>
<td>egbejila</td>
<td>200x12</td>
</tr>
<tr>
<td>2400</td>
<td>egbejila</td>
<td>200x12</td>
</tr>
<tr>
<td>2500</td>
<td>egbejala-din-ogorun</td>
<td>(200x13)-100</td>
</tr>
<tr>
<td>3500</td>
<td>ebeidindilugun-din-ogorun</td>
<td>(200x18)-100</td>
</tr>
<tr>
<td>4000</td>
<td>egbaji</td>
<td>2000x2</td>
</tr>
<tr>
<td>4500</td>
<td>egbeetalogun-din-ogorun</td>
<td>(200x23)-100</td>
</tr>
<tr>
<td>5000</td>
<td>egbedogbon</td>
<td>200x25</td>
</tr>
<tr>
<td>5500</td>
<td>egbeetalogon-din-ogorun</td>
<td>(200x33)-100</td>
</tr>
<tr>
<td>6000</td>
<td>egbeta</td>
<td>200x5</td>
</tr>
<tr>
<td>7000</td>
<td>egebarin</td>
<td>(200x4)-1000</td>
</tr>
<tr>
<td>8000</td>
<td>egebarin</td>
<td>2000x4</td>
</tr>
<tr>
<td>9000</td>
<td>edegbarun</td>
<td>(2000x5)-1000</td>
</tr>
<tr>
<td>10000</td>
<td>egbebarun</td>
<td>2000x5</td>
</tr>
<tr>
<td>20000</td>
<td>egbaaw (or oke kan)</td>
<td>2000x10</td>
</tr>
<tr>
<td>30000</td>
<td>eedogun</td>
<td>2000x15</td>
</tr>
<tr>
<td>40000</td>
<td>egbasun (or oke meji)</td>
<td>2000x2</td>
</tr>
<tr>
<td>100000</td>
<td>egbegebarun</td>
<td>1000x1000</td>
</tr>
</tbody>
</table>

** More correct interpretation by S. Johnson 1921: lv.

Table 3: Yoruba cowrie currencies (S. Johnson 1921: 118f.)

| 40 cowries | = 1 string |
| 50 strings | = 1 head   |
| 2,000 cowries | = 1 head |
| 20,000 cowries | = 1 bag |

From one to ten, different terms are used, then for 20, 30, 200, and 400; the rest are multiples or compounds. Thus 11, 12, 13 and 14 are reckoned as ten plus one, plus two, plus three and plus four; 15 to 20 are reckoned as 20 less five; less four, less three, less two, one, and then 20.

In the same way we continue 20 and one, to 20 and four, and then 30 less five (25), less four, and so on to 30, and so for all figures reckoned by tens.

There is no doubt that the digits form the basis of enumeration to a large extent, if not entirely so. Five, ten, twenty, i.e., the digits of one hand, of two, and the toes included, and their multiples form the different stages of the enumeration.

Beginning from the first multiple of 20 we have ogoji, a contraction of ogun meji, i.e. two twenties (40), ogota, three twenties (60), ogorin, four twenties (80), ogorun, five twenties (100), and so on to ten twenties (200), when the new word igba is used.

The intermediate numbers (30 having a distinct terminology) 50, 70, 90, 110, 130 to 190 are reckoned as: 60 less ten (50), 80 less ten (70), a hundred less ten (90) and so on to 200.

The figures from 200 to 2,000 are reckoned as multiples of 200 (400, however, which is 20x20, the square of all the digits, has a distinct terminology, irinwo or erinwo, i.e. the elephant of figures – meaning the highest coined word in calculation, the rest being multiples).

Thus we have egbeta, a contraction of igba-meta, i.e. three two-hundreds (600), egberin, from igba-merin, four two-hundreds (800), egberun, five two-hundreds (1,000), and so on to egbewa, ten two-hundreds (2,000), which in its turn forms the basis of still higher calculations.

The intermediate figures of 300, 500, 700, 900, 1,100, to 1,900 are reckoned as 100 less the multiple above them, viz., odunrun, contracted from orun-din-ni-irinwo, i.e. 100 less than 400 (300), orun-din-ni egbeta, 100 less than 600 (500), orun-din-ni egberin, 100 less than 800 (700); and so on to 2,000.

By a system of contraction, elision, and euphonic assimilation, for which the Yoruba language is characteristic, the long term orun-din-ni (egbeta, egberin and so on) is contracted to ede or ode, e.g., edegbeta (500), egebarin (700), egebarun (900) and so on.

But the multiples of 200 do not end with ten times, although that figure is the basis of the higher calculations, it goes on to the perfection (or multiple) of the digits, viz.: twenty times (two hundred); thus we have egbankala, that is igba mokanla, 11 two-hundreds (2,200); egbejila, twelve two-hundreds (2,400), and so on to twenty two-hundreds or egbaji, that is, twice two thousand (4,000).

With this ends the multiples of 200. The intermediate figures of 2,300, 2,500, 2,700, 2,900 are reckoned the same way as before, viz.: 100 less than the next higher multiple.

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As already mentioned, egbewa (or egbaa), 2,000, forms the basis of still higher calculations; the multiples of egbewa are egbaja, two two-thousands (4,000); egbhata, three two-thousands (6,000); egbarin, four two-thousands (8,000) on to egbaa, ten two-thousands (20,000), which in its turn forms the basis of the highest calculations.

The intermediate figures of 3,000, 5,000, 7,000, 9,000, 11,000 onwards are reckoned as 1,000 less than the multiple above them. The more familiar terms for 3,000 and 5,000, however are egbedogun, or fifteen two-hundreds, and eghedogbon, 25 two-hundreds.

For those figures beyond 20,000 the contracted forms which are generally used are okanla (for egbamokanla) 11 two-thousands (22,000); ejila, etala, on to egbagun, i.e., 20 two-thousands, i.e., forty-thousand.

Thus we see that with numbers that go by tens five is used as the intermediate figure – five less than the next higher stage. In those by 20, ten is used as the intermediate. In those by 200, 100 is used, and in those of 2,000, 1,000 is used.

The figure that is made use of for calculating indefinite numbers is 20,000 egbewa, and in money calculation especially it is termed oke kan, i.e., one bag (of cowries). Large numbers to an indefinite amount are so many “bags” or rather “bags” in so many places (S. Johnson 1921: liv-lv).

Like all forms of money, the value of cowrie shells was not stable. Aside from the late 19th-century inflation which has been discussed by A.G. Hopkins and Marion Johnson, the value of the currency increased in direct relation to its scarcity; thus, it had a higher value in the hinterland than along the coast. Table 3 shows the range of value of cowrie shells relative to the contemporary British currency in the mid-19th century. Even this was not stable. A.G. Hopkins (1966: 474f., 477) has summarized how the value fluctuated widely in the period thus:

The steepest fall was during the first stage, from 1851 to 1865, when the value of one head of cowries (2000 K) dropped from 4s. 9d. to 1s. 3d., as a result of the increased shipment made by the competing German and French firms. During the second stage, from 1865 to 1879 (and to 1883, in the case of Badagri), the value of the cowrie fell from 1s. 3d. to 1s. per head. This period of relative stability may be explained by the tendency for net imports of cowrie to fall; by an upward movement in demand for cowries following the general expansion of trade in the period after the creation of the Colony of Lagos in 1861; and . . . as a side effect of speculation in the dollar. The third stage, from about 1880 (or 1884 in the case of Badagri) to about 1895, was a period of renewed upheaval and fluctuating exchange rates, during which the value of one head of cowries dropped from 1s. 0d. to 6d. . . . The changes in this period were not caused by over-issue, for the import of cowries continued to decrease, but were primarily the result of other monetary innovations, namely the demonetization of the dollar and the introduction of British silver coin, both of which had adverse effects on the value of the already depreciated cowrie currency.

By the end of the 19th century, the value of cowrie shells in Yorubaland had dropped to what became known as the “standard” of calculation in relation to British currency then being gradually introduced into the hinterland. According to Samuel Johnson (1921: 119), “the rate of exchange became practically fixed at 6d. for a ‘head’. . . i.e. 2,000 cowries; hence 3d. = 1,000 cowries.” However, because copper money was regarded as being inferior in value, one penny (minted in copper, and called kobo in Yoruba) was reckoned at 300 cowries each. Thus, 3d. in copper money would be 900 cowries rather than 1,000. Bigger figures were based on the 2,000 cowries (egbewa) to 6d; thus, 5s. was 20,000 cowries (oke kan) and one British pound was 80,000 cowries (oke merin).

Cowrie shells were in great use in the internal and international commerce of Yorubaland. Nevertheless, not all transactions reached the market as nonmonetary exchanges were as valid as buying and selling with cowrie shells as the unit of account. It would seem that one “bag” of cowries was a lot of money. According to oral information, a farmer in the 19th century had to be really big to earn as much as one “bag” of cowries (approximately 5s.) in a single harvest season; and a trader could begin a successful venture and participate in long-distance (caravan) trade with one “bag” of cowries.4 Because of the bulk and weight of the shells (see M. Johnson 1970: 24–32), and because the presence of tse-tse fly in Yorubaland prevented the use of animals (especially donkey and camel) as beasts of burden, long-distance traders used to engage head porters whose only duty was to carry money from one market to another. Because of the dangers of highwaymen, traders did not transport the money so conspicuously. According to oral information from those who were still engaged in the caravan trade early in this century, the cowries were usually put in a sack, and the sack placed in a wide-brimmed calabash for easy carrying on the head. In this way, too, no one could differentiate a load of cowries from a load of goods. In any case, protection was offered, even in periods of interethnic warfare, because most traders in those days were also warriors and/or had armed guards.

b) Community, Political Power, and Class

We are not unfamiliar with the debate on whether traditional African societies were communal or had classes, and at what stage the historic transition from the former to the latter took place. One lesson that has come out of this debate, and more importantly out of the current crisis in African socialist and radical literature, is the need to develop

4 Oral interviews at Iwo and Ilesa. Persons interviewed had been traders and farmers when they were young.

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a workable theory of class structure and gender relations capable of capturing the distinctively African content and context.

Social stratification would seem to have started very early in Yorubaland, and to have passed through different phases at different times in the various states and kingdoms. In the early phases, classes were based on access to and possession of political power. There were distinctions based on economic pursuits as well. Although there was some variation from state to state, the general structure was similar. Class was better developed among the Yoruba of Oyo, who built the Old Oyo empire, and Ife, the famed cradle of mankind.

The earliest reference to social stratification among the Yoruba is the study of social status in the Ife kingdom by William Bascom (1951). In this sociological study which, despite its importance, does not clearly differentiate between the pre- and post-monetization eras of Yoruba economic history, Bascom reaffirms that the Yoruba “have a complex and highly stratified social structure.” Continuing in the same vein, he further asserts that “rank depends upon a series of factors . . . including wealth, sex, his station as free or slave, his relative age or seniority, the rank of the clan into which he is born, the political or religious office which he achieves or inherits, and the social position of his relatives, friends or associates.” (1951: 491). In other words, the Yoruba today practise a complex system of social stratification in which ascription and achievement are intricately balanced. This was not the way it had always been: these were the results of changes and transformations, in turn resulting from the increasing variegation of society particularly since the introduction of money. Given the position of Ile-Ife in Yoruba history and social development, it is appropriate to begin this examination of pre-cowrie system of social stratification from that ancient city.

Bascom has identified nine strata of social structure in Ife kingdom (1951: 498). On further analysis we find that these can be collapsed into six main classes as follows:

1) akeyo: the princes, from whom the alaaafin was selected;
2) ijoye: the chiefly families, of which the oyomesi were the most powerful;
3) omo ilu: the freeborn, “whose families owned land but were neither chiefly nor princely”;
4) eru: the slaves, among whom were the palace slaves who were even more powerful politically than the freeborn;
5) ara oko: literally “bush men,” a category into which were lumped all those who lived outside of metropolitan Oyo.

In theory, vertical mobility was allowed among members of the lower classes; somehow even slaves, after manumission, could rise to important positions; but this was not expected among members of the first two classes. In practice, however, economic requirements for mobility were quite great, and often beyond the reach of the freeborn as well as slaves (Bascom 1951: 499–501). The Ife example is replicated in other parts of Yorubaland, for example, in Old Oyo. According to I. A. Akinjogbin (1986: 274), Oyo was a highly structured society, “with about five principal classes which were again internally divided into sub-classes.” These were, in descending order of power and influence in Oyo society:

1) akeyo: the princes, from whom the alaaafin was selected;
2) ijoye: the chiefly families, of which the oyomesi were the most powerful;
3) omo ilu: the freeborn, “whose families owned land but were neither chiefly nor princely”;
4) eru: the slaves, among whom were the palace slaves who were even more powerful politically than the freeborn;
5) ara oko: literally “bush men,” a category into which were lumped all those who lived outside of metropolitan Oyo.

The above was true for most parts of Yorubaland that had come under Oyo influence. Perhaps, we should start with the last category, the ara oko, which arose out of the Oyo cultural arrogance and political imperialism over virtually the rest of Yorubaland. The ara oko phenomenon could be likened to the “stranger” category in Ife: the elu and the kogbede who were looked down upon and oppressed. It could also be likened to the distinction in the ancient Roman Empire between holders of Roman or Latin citizenship, on the one hand, and the barbarians, on the other hand. According to Akinjogbin, anyone who was not a resident of Old Oyo, or was not an Oyo Yoruba, was credited with less intelligence and civilization than, and certainly looked upon with disdain by, the lowliest slave in the metropolis. It did not matter if such an ara oko was a king, prince, or chief in his own state: the bottom line was the ability to speak the Oyo dialect and imbibe Oyo culture. The Oyo had many statements that portrayed the contempt they had for the ara oko. Two examples will suffice here:

Aif’ini-p’eni, aif eniyan-p’eniyan ni i mu arako san bante wolu.
“It is out of total disrespect for (Oyo) humanity and civilization that a ‘bush man’ comes to town improperly clothed.”

Ohun ti ara oko ba se ti o ba dara, resi l’o se.
“The ‘bush man’ cannot do anything right, except accidentally.”
And as in imperial Rome, once the ara oko had imbibed the Oyo culture, and if he/she was not originally a slave, he/she was given Oyo citizenship, promoted to the class of the freeborn, and accorded the benefits and privileges of an Oyo citizen.

The other four classes were, to a large extent, very rigid. Membership of the first two especially was by ascription. In Oyo, the princely class comprised the king, the alaafin, his aremo (firstborn or heir apparent who, until the great changes of the 19th century, did not actually succeed his father), his other children, the children of previous alaafin, and the king’s wives. Although most public functions were performed by men (princes), women were given important roles among the princely class. In particular, the olori, the king’s favourite wife, had immense political clout. In Ondo, there was the office of the Queen Mother which was a very important position. Slight variations occurred in other Yoruba states, but the princely class was basically the more important arm of the ruling elite. The other arm was the chiefly class, the ijoye, made up of civil and military chiefs. These were the king makers and advisers, and in their respective quarters and compounds they adjudicated in minor disputes. Among the Oyo, the most important chiefs were the oyomesi made up of seven chiefs who, in full council, had the power to depose an alaafin who, in their opinion, had violated the constitution. Again, although men occupied the most important chieftaincy titles, women members of the chiefly class were well respected. Indeed, depending on the personality of its occupant, the office of iyaloade, head of women’s affairs and of the market, was as important and powerful as any other office in the state. Membership of the chiefly and princely classes was determined by birth: children of chiefs could not aspire to be kings.

So much has been written about indigenous slavery in Africa. It is, however, necessary to reiterate that there was a distinction in Yorubaland between the palace slaves (eru oba) and slaves owned by other members of the community. Whereas the former had enormous privileges and exercised greater political power than some chiefs, than most freeborn, and than all ara oko, the latter enjoyed little legal protection and, in the age of the Atlantic slave trade, could be sold at the slightest pretext. Despite the influence of the palace slaves, however, slave status was not cherished by the poorest freeborn. Indeed, the freeborn (omo ilu) was a large class into which the rich and the poor were lumped. Most were engaged in agriculture, particularly in the production of food crops, but the professional group was already being enlarged by the 16th century. This professional group was composed of traders and manufacturers and craftsmen such as sculptors and other artists, weavers, dyers, tailors, smiths, etc., who pursued their businesses on a full-time basis. There was also a growing subclass of entertainers, including musicians (onilu, olorin, or akorin), traveling theaters (eegun alare), magicians (apidan or opidan), and poets (akewi or asunrara) who gave public performances for all members of the society, both rich and poor.

Despite its rigidity, the system allowed for some movement across the classes, especially between the two lower classes. Akinjogbin (1986: 276) has offered the following description of the movement between the classes: “A slave could purchase his freedom and become a freeman. But through the orile assigned to him his descendants would forever be remembered as an offspring of slaves. A female free citizen could marry into a princely family or chiefly class and her descendants would become centers of influence for their cousins of the lower classes. A princess could marry a free citizen, but she could not thereby be controlled by her husband. She was free to move out anytime she chose or have other lovers without moving out of her marital home. She might, however, choose to remain faithful to the husband and have children for him. Such issues, if they became successful later in life, could become princes and contest a vacancy on the throne.”

The relationship that existed between the classes was dynamic. For the most part, the different classes were dependent one on the other. However, as society became more complex and variegated, elements of intra- and inter-class conflict, and the oppression of the lower by the upper classes, began to be introduced. Moreover, the solidarity that used to exist between the princely and the chiefly classes began to break down. Although most Yoruba kingdoms went through this transition, it was more severe and had more disastrous political consequences in the Old Oyo Empire.

Oyo’s imperial expansion between the 16th and 18th centuries had been achieved by the cooperation of all the classes; thereafter, members of the ruling classes (the princes and chiefs) sought not only to preside over the exploitation of the imperial economy but also to exclude members of the lower classes from the spoil. The sharing of the booty also drove a wedge into the solidarity that used to exist among the princes and chiefs. A long squab-
ble arose over, among other issues, who was to control the economic advantages of imperial conquest. Generally regarded as the “Gaha’s atrocities” (S. Johnson 1921: 178–187), this squabble is better appreciated as an intra-class struggle for the economic ascendancy of Oyo chiefs than as mere political trouble within metropolitan Oyo caused by basorun Gaha. It was clear that Gaha was not simply pursuing a personal ambition, but that of his class. According to Samuel Johnson, “Gaha had a great influence with the people, and a great many followers who considered themselves safe under his protection” (1921: 178). It seemed at first that the alaafin and the princes lacked the power to deal with the conspiracy; for, between 1735 and 1770, the basorun (in conspiracy with the chiefs) successfully forced four alaafin to commit suicide. In the same period, the basorun sent his own agents to the provinces to collect the annual taxes and tributes. As the years wore on, cracks began to show in the ranks of the chiefs. Possibly because Gaha had become too greedy (he was said to have refused to share the booty and tributes equally among the oyomesi), and partly because the military was tired of arbitrary orders from the basorun, the are-ona-kakanfo (Field Marshall) Oyabi changed sides and gave alaafin Abiodun military support to overcome the Gaha conspiracy in 1774. Abiodun’s triumph was also victory for his class: in a bloodbath, he eliminated all pockets of opposition to the princes. However, since the conspirators were brave and experienced members of the armed force, the purge was counterproductive by rendering the Oyo army weak.6

Members of the lower classes bore the brunt of this intra-class struggle. The cruelty they suffered from the contending parties could only be imagined. They no longer had access to justice or even “common decent treatment.” Samuel Johnson (1921: 168–182) provides a long list of abuses which the freeborn suffered from those who were supposed to be their protectors.7 If the citizens were subjected to so much cruelty, how much worse would the slaves and ara oko suffer? It was in this era that many slaves were sold into the Atlantic system. Commoners’ wives and property were appropriated openly, and young women were debauched at puberty. A prince who decided to travel at night “could order whole villages on his path to be set on fire (the roofs were made of grass thatch) just so that he could see clearly” (Akinjobi 1986: 279). Any member of the ruling elite could go to the countryside and impose himself on the people.

Oyo might be an extreme, but not an unusual case of the coarseness of life in 18th century Yorubaland. Indeed, the crisis in the social stratification produced far reaching consequences for a large part of the country. In particular, the oppressed classes of Oyo long remembered and resented any form of monarchical oppression when they had the opportunity to create a new society in the mid-19th century. According to Akinjobin (1986: 281), “[T]he Oyo survivors who seized political power in Ibadan around 1832 completely rejected any form of monarchical government or any kind of class division based on birth or families in their new settlement. Instead they opted for an open society where merit and ability would be the passport to leadership. That kind of decision coming from Oyo refugees must be striking for had they liked their former system, nothing would have been easier for them than to replicate it in their new home, as they had descendants of kings and chiefs among the settlers in Ibadan in the 1830’s.”

So much space has been devoted to the Oyo social stratification because changes in it had great
dread to all. After leaving his bathroom, he gave an order to a Tetu (executioner) privately to fetch the heads of the wife’s father and mother each in a calabash, and decently covered up. This order was promptly executed. The wife had by this time forgotten her remarks in the bathroom .... The calabashes being brought and set before him, he sent for her from her apartment, and asked her to uncover those calabashes and tell the contents of them! ‘Do you know them?’ asked he, ‘Yes I do,’ she replied trembling. ‘Then,’ rejoined he ‘that is the secret why I am so much dreaded by all, although to you I seem but commonplace and ordinary’ ” (172). “Gaha’s sons were as ambitious and as cruel as their father. .... One of them once engaged a carrier to whom he gave a load too heavy for him to carry, but he dared not refuse to do so. He walked behind the man amusing himself with the sight of the man’s sufferings from the weight of the load. He remarked in jest that the man’s neck had become so thick that he doubted whether a sword could cut through. He suited his action to his words, drew his sword, and actually tried it! The man was decapitated, and his body was left wallowing in his blood, and another man was compelled to take up the load” (180f.).
and lasting impact on other parts of Yorubaland. As we have shown, the changes also affected the dispersal of Yoruba people to other parts of the world through the increase in the volume of victims of the wars sold into the Atlantic slave trade. At this stage, the question can be posed: What was the impact of money on this social structure?

c) Rich and Poor: Money and Changes in Social Stratification

Money, people say, is the root of all evils. The monetization of Yoruba economy brought its own evils. In this section, evidence will be presented to show that the Yoruba society, like many precolonial African societies, had moved away from the old communal system into a strictly ordered system based on access to, and possession of money and property before the coming of colonial rule. Owing largely to the increasing reliance on the market, there developed a clear distinction between those who had money and those who did not. In place of the earlier division based on birth, the new classes placed great emphasis on success and achievement. By the end of the 19th century, the society had become differentiated into two basic classes: the rich, olowo, and the poor, otosí or talaka.

The second part of this paper is devoted to the various ways money was earned and the process of accumulation in Yorubaland. In the rest of this part, therefore, our attention will be focused on the impact of money and monetization on the preexisting social structure. Firstly, who were the rich, from among which classes did they emerge, and what were the social and political obligations imposed on them by the society? In general, the rich were of two categories: the “old” and the “new” elite. The old elite, i.e., members of the ruling aristocratic class, including the kings, princes, town and quarter chiefs, and military leaders, employed their position (their access to land, labour, and inheritance) to corner cowrie currency, the new source of wealth. Whatever the merits of Yoruba land tenure, the fact remains that members of the ruling elite, particularly the kings or village heads, derived a lot of wealth from their role as guardians of the family and tribal lands. The statement oba lo n’ile, meaning “the land belongs to the king,” is not an empty proverb. In theory, and as writings on Yoruba land law have shown (e.g., Lloyd 1962), land belongs to the entire community or tribe, and members of the tribe have no difficulty in obtaining land for agricultural and residential purposes.

In theory, too, the land is held in trust for the people by the king, and, until the promulgation of the Nigerian Land Use and Allocation Decree of 1977,8 he had the power to allocate parcels of the land, “including forests and the plain,” to outsiders for life. In practice, members of the ethnic group or community, as well as outsiders, were to pay a part of the annual yield on the farm as tribute, known in most parts of Yorubaland as isakole. This tribute was not exactly a land tax, but it subsequently formed the basis of accumulation by the ruling elite.9 It was not unusual for some kings to fix the proportion of the yield payable as isakole, the food crops were consumed in the palace while the surplus was sold. For members of the ruling elite, therefore, the process of cowrie accumulation rested on the tapping of the isakole system.

In addition to the collection of this internally generated isakole, the old elite also became rich from their exploitation of the vassal states. This was especially true of rulers of kingdoms with imperial status, such as Ife, Oyo, Ijesa, Ibadan, Ilorin, and Egba. The elite in these kingdoms collected annual tributes from the provinces and vassal states, in addition to the spoils of war at first conquest. Originally, these tributes were paid in kind (in food crops as were the isakole) but surpluses were sold to generate cash. As the economy became increasingly monetized, kings and chiefs began to collect cowries in addition to food crops. This, at least, was the case in Oyo empire in the age of alaafin Abiodun who was remembered in the traditions as a very rich trader. Before that, it was also the case during the era of basorun Gaha who received presents in cowries as well as building materials from vassals upon the occasion of the fire that razed down his house (S. Johnson 1921: 182f.). In essence, tributes constituted one of the main sources of wealth, and provided the initial capital which could be (and certainly was) invested to generate more wealth (for more details, see Law 1978). Thus, rather than displace members

8 For a short but useful analysis of the impact of the Land Use Decree on traditional land tenure, see Fabiyi 1979.
9 To this must be added the various other means of accumulation open to the kings of Yorubaland, such as outright appropriation of the property of the people. Kings sent their messengers to the market at any time to rake from the wares brought there for sale, and the unlucky trader could do nothing about it. Some instances existed of the oba appropriating even the common man’s wife. Such appropriations did not constitute a real threat unless it became too frequent. In addition, town and palace chiefs could extract the free labour of the common people. For further information, see S. Johnson 1921; also Bascom 1951: 502f.
of the old aristocracy, cowries actually promoted the transformation of their economic status.\(^\text{10}\)

Moreover, cowrie currency boosted the economic importance of coastal states, such as the Popo, Egba, Agbado, and Ijebu who became middlemen in the trade between the Europeans and the Yoruba, which trade brought cowrie shells in exchange for slaves and legitimate goods. In other words, money promoted the advance of these coastal states and gave them greater capacity for competition with their counterparts in the hinterland. A major evidence in this regard was the Popo king, Elewi-odo, who visited Oyo in the days of basorun Gaha. Elewi-odo was a friend of the alaafin Agboluaje, and he was reputed to be very rich because he was nearer the coast and was trading with the Europeans (S. Johnson 1921: 179).

On the other hand, a new propertied class emerged among the freeborn in the lower classes. As will be shown below, opportunities existed in certain situations in precolonial Yorubaland for an individual in the lower classes (except the slaves) to have upward mobility. This could be achieved through excellence in farming, trading, or manufacturing. The Yoruba put everything to ori or ayanmo, luck or destiny; not necessarily ogbon or asbara, wisdom or hard work.\(^\text{11}\) To be rich, a lower class person might be asked to perform a number of sacrifices, to literally “wash his/her head,” to bring him/her good luck. Riches might still elude him/her, despite the sacrifice, if his/her ayanmo (destiny) was to be poor. Of the different occupations/professions, trading and warfare provided the best avenue for upward mobility among members of the lower classes.

It is not possible to date the origin of the “nouveau riches” in Yorubaland. What is certain from the evidence available is the fact that the development was a gradual process which occurred at different times in the various kingdoms. And their emergence raised questions of the political role to be assigned to them. The most common approach to the issue, at least in the 19th century when we have conclusive evidence, was their incorporation into the political process by their investment with honorary, sometimes traditional, but often nonhereditary chieftaincy titles. There can be no doubt that this practice had begun quite earlier, its forerunner being the military practice of promoting brave soldiers into commanding positions and earning such titles as balogun and jagun. The most common of these nonhereditary, civilian titles conferred on the “nouveau riches” was usually in the area of military and trading, as head or assistant head of a detachment of the kingdom’s army, or of a guild of traders. The latter would account for the proliferation of the title of parakoyi (male head of traders) or iyalaje\(^\text{12}\) (female head of traders) in many parts of Yorubaland.

It is in the area of societal expectations that differences between the old and new men and women of wealth become apparent. Money was important, but in the strict ordered society of the Yoruba it was never a substitute for being born into, or descended from a titled class. At least, this was the way the old aristocracy sought to preserve their political status. Members of the new aristocracy or “nouveau riche” were incorporated into the political system, might be dining and wining with the kings and princes, but they had (and knew) their limits. No matter how wealthy, they were not to be insolent to members of the titled nobility even though the latter might not be as rich.

Beyond the above limitation, all members of the upper classes were obliged to perform certain duties for the benefit of their society. They were expected to provide good leadership at peace or war time, and upon them rested the patronage of the arts. They engaged the praise singers, poets, and drummers; carvers and sculptors; tailors and embroiderers; builders and palm wine tappers. In all these, personal appearance was considered to be of great importance. Everyone expected the rich to dress well, and their king to be better dressed than any other individual. Thus, to return to the story of Elewi-odo on his state visit to Oyo, the Oyo people expected the alaafin to be better dressed than his friend. According to the narrative as recorded by Samuel Johnson, “as often as the King (Alaafin) changed his robes, he (Elewi-odo) changed his covering cloth to the one of the same material.” At this, \[\ldots\] the citizens of Oyo grew jealous for the honour and glory of their King and wished him to appear superior to the Elewi-odo by robing himself with something the like of which even the Elewi had not \ldots\] The manufacturers were summoned and

\(^{10}\) This is not to deny that, in certain situations, some members of the old aristocracy who had insufficient money were unable to maintain a style of life befitting of an aristocrat. Many of them also went into debt.

\(^{11}\) This philosophy served to console those who never made it rich, despite their striving; and to caution the rich from regarding the poor as lazy. The intention was not to make everyone complacent.

\(^{12}\) Note the root words here: iya (mother) / Aje (of Aje). Aje is the Yoruba goddess of commerce, and apparently a woman who has made it rich is said to have related to Aje in a very cordial manner. For more information on this goddess of commerce, and on sociological interpretations of other Yoruba gods and goddesses, see Belasco 1980: 140–165.

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the case put before them, and they promised to rise to the occasion. A simple gown was thereupon woven, of common stuff indeed, but embossed all over with the silken wool of the large cotton tree; seen at a distance the nature of the cloth could not be made out by the crowd; when the sun shone upon it, it reflected a silken hue to the admiration of all; when the breeze blew, detached flosses of silk floated all around his majesty. . . . The crowd went into an ecstatic frenzy about it, and shouted an applause (S. Johnson 1921: 179).

The import of the above is that, to a large extent, the rich should conform to a certain standard of living, there was a certain restriction to how wealth should be flaunted. The foregoing leads us to examine Bascom’s division of the upper class into six different strata as follows:

1. The wealthy man (oloro), who has the greatest amount of property
2. The rich man (olola) or man of money (olowo)
3. The man of principle (enia pataki)
4. The gentleman (gbajumo)
5. The lucky man (olori rere)
6. The good hearted man (oninu rere) (1951: 503f.).

Although Bascom conceives the above classification within the context of Ife society, it is actually applicable to several Yoruba kingdoms and societies. The point to note is that monetization increased the membership of the upper classes, although the door was not thrown wide open for members of the lower classes. There were various restrictions consciously or unconsciously imposed on the common people. They had no access to vital information on the most lucrative economic activities. Where they did, their movement was restricted by the general insecurity resulting from slave trading by members of the upper classes. (Indeed, a huge proportion of the freeborn were made captives and sold into the Atlantic trade.)

At the same time, money reinfored the inequality among members of the ruling class. The most important groups were the first two strata, the oloro and olowo. It is also interesting to note that the positions are interchangeable: to be olowo, the oloro could sell some of his/her property, including slaves, clothes, farm crops, ornaments, and, more recently, land; to become oloro an olowo only has to invest his money on any or all items of property that appeal to him/her. Of the other four strata, the gentleman (gbajumo) deserves a brief mention. Gbajumo is from igba oju mo, meaning literally a person known by about two hundred eyes. Such a person was actually popular enough to have been well acquainted with people beyond his village or compound in the city. It was also assumed that the several “eyes” were not those of ordinary people but chiefs and princes. The gbajumo were men and women of ideas, and they promoted those ideas with their money: always on hand at important occasions, always ready to spend a few cowries on praise singers, always called upon to be spokesperson for the family or town, etc. The possession of money (cowries) certainly made life worth living for members of the upper classes whether they belonged to the old aristocracy or the new.

On the other hand, the want of money made life difficult for members of the lower classes. The poor, otosi or talaka (from Hausa talakawa), were, to say the least, dependent on the rich either as slaves or as clients. As society became monetized and more complex, the exploitation of the slaves increased. Many Yoruba were sold into the Atlantic slave trade at different times, and members of the upper classes dominated this trade. Indeed, several alaafin of Oyo participated in the trade. The ones who suffered most from incessant raids for captives were the members of the lower classes who resided in the villages or in the least defended parts of the cities. It was also among the lower classes that the rank and file of the armies were conscripted. Although this might be an avenue for upward mobility for some, for a majority of them it was the route to capture and enslavement. When the slave trade came under attack in the latter part of the 19th century, the elites put the slaves already acquired to use in the farms and other occupations. The situation in Ibadan in the 19th century best proves this point. Toyin Falola (1984: 27f.) has revealed that Ibadan chiefs and aristocrats established slave villages or plantations where the labour and the person of the slaves were exploited to the fullest degree possible. Emancipation did not come to Yoruba slaves in the 19th century, nor in the period immediately after the establishment of colonial rule, for reasons of the dependence of production and capital accumulation on the exploitation of domestic slaves.

Next to the slaves in the lower class were the iwofa whose emergence could be dated to the increased monetization of the economy and the development of the credit system. As I have demonstrated elsewhere (Adebayo 1992), the labour and services of the iwofa represented the interest on borrowed money. The value of this interest cannot be adequately quantified: it increased in direct proportion to the length of service, the sex and age of the person performing the service (the iwofa), and the conduct of the moneylender. There is no doubt, nevertheless, that it was exploitative and limited the chances of the debtor to repay the
principal (which payment terminated the service or interest).

The dependence and poverty of the freeborn reached greater proportions as a result of monetization. In theory, the poor members of a family had access to the wealth of other members through the extended family system. Their two basic needs – feeding and accommodation – were often assured in the big house of the wealthy member. On the other hand, this very facility imposed on them certain dependence on, and responsibilities to the rich; an issue that nurtured the patron–client relationship between the freeborn and the rich. This point has been proved vividly in my earlier writing (1992). It should suffice here to note that the extended family system cushioned the degree of exploitation but did not remove it entirely. Indeed, the system worked in favour of the rich more than has been admitted in the literature: it kept down the poor and made them complacent, prevented them from identifying their patrons properly as their oppressors and rising against them, and preserved the class structure in favour of the dominant elites.

By way of summarizing the discussion, two points are worth emphasizing here; one old, the other revisionist. Firstly, the Yoruba example has reinforced the point that African societies had currencies that performed the same functions as modern currency. The cowrie currency of old was satisfactory as medium of exchange over a wide trade area, and the analysis in this part has shown that cowries revolutionized the numeration system in Yorubaland. Secondly, precolonial Africa was not the haven that some romantic scholars would have us believe: monetization of the economy had begun before European contact, and had produced a class society as variegated and as dynamic as any other.

2. Yoruba Savings, Credit, and Banking Institutions

Traditional savings, credit, and banking institutions in Africa have not received the kind of attention they deserve; but for the interest of sociologists and economic anthropologists, the subject could be described as neglected. Writings on rural or traditional economy often lament the poverty of preindustrial credit systems in Africa, but no effort has been made to assess the degree of this poverty; those on banking and finance in colonial and postcolonial Africa avoid dealing with traditional financial institutions under the pretext that they were, strictly speaking, not banks. Indeed, these studies popularized the myth that Africans actually did not produce surplus wealth worth saving, and the little that was produced by quite a handful of the people was kept (as distinct from saved) in pots and buried in the ground, thus putting the money away from any possibility of its being put to immediate economic use by others. The more sympathetic general works on African economic history often treat traditional savings and credit institutions as mere footnotes. Sociologists have done more work on the field than historians, but they have left us with the impression of institutions as mere social rather than economic organizations. For example, N. A. Fadipe (1970: 256) describes rotating savings and credit associations (henceforth referred to as roscas), the ajo and esusu among the Yoruba, as “mutual help associations,” a misleading definition that has been further slandered by A. G. Hopkins (1973: 70) who states that roscas are “devoted mainly to social purposes, such as raising money for funerals.” It is necessary to correct such misconceptions and place roscas in proper perspective as economic institutions which the level of societal sophistication and needs in preindustrial times could possibly devise.

More recently, especially since the 1980s, traditional savings and credit markets have come under sharp focus partly because of the new emphasis on rural development and partly because of the need for creditor nations and international organizations to understand the problems of screening and enforcement in debtor countries. Conducted almost exclusively by economists, these studies have advanced the frontiers of our knowledge of traditional credit markets – albeit from the narrow economic angle. Interested in “the application of economic behaviour” to underdeveloped rural economies, these studies are still grappling with the problem of definition. Thus, there is some controversy on the proper characterization of traditional credit markets: are they competitive or monopolistic? Even when it is admitted that they are imperfect or incomplete markets, it has been difficult to come up with a theoretical paradigm that holds for most societies with a variety of savings and credit institutions. Moreover, there are not enough empirical studies upon which to build an enduring theory. The kind of thing that Joseph Stiglitz (1990) has done, which enables him to propound the model of “peer monitoring” in traditional credit markets, can only be tentative, based as it were on four empirical studies of northern Nigeria, Thailand, India, and Pakistan.

The necessity for this study is, therefore, established: the existing studies are insufficient to guide...
longer term policy measures, and they leave too many gaps. In essence, the main objective of this essay is, focusing on the Yoruba of southwestern Nigeria, to examine the origin, development, features, modes of operation, problems, challenges, and impact of traditional (or informal) savings and credit institutions in Africa.

a) Definition of Terms

For clarity, it is necessary to define a number of terms employed in the essay. Firstly, what is saving? J. M. Keynes (1936: 61) defined saving as the “excess of income over expenditure on consumption.” This definition has been employed by government agencies in Western societies to estimate consumer saving. However, Robert Ferber (1964) has identified four senses in which saving is used: the process of accumulating money or material goods for future use; the flow of money or resources that is accumulated during a particular period; the process of economizing or conserving on resources; and those resources which are kept in being by such economizing. There can be no doubt that Ferber’s characterization is very wide, but only upon such a wide conception of saving can a meaningful discussion of precolonial African saving institutions be understood. Utilizing these four usages, it is obvious that saving as an economic habit was not alien to precolonial African societies. According to T. A. Oyejide (1977: 1),

“in general, most people save a part of the increase in their income.” Furthermore, Oyejide has identified six main ways by which a saver disposes of his savings: “He can add to his cash balances, i.e., hold more cash; he can directly purchase capital (investment) goods as an entrepreneur; he can repay outstanding loans or make fresh ones; he can purchase securities from business organizations, financial institutions or government agencies; he can place his excess cash in some savings instruments; or he can make grants or gifts” (1977: 1).

It is instructive to note that many of these avenues for saving were available in precolonial societies, but modern (or Western) saving instruments or institutions, especially banks (in the narrow way in which banks are now known), were lacking. This necessarily leads to the question: What are banks, and what is banking? A bank deals in money and money substitutes, and provides a wide range of financial services. In a strictly formal sense, it borrows or receives deposits from firms, individuals, or governments, and makes loans to customers. It covers its expenses and earns profits by borrowing at one (lower) rate of interest and lending at a higher rate. In a general sense, however, a bank is an establishment for keeping money and valuables safely. This general definition is employed in our treatment of banking in traditional societies, and it does not necessarily contrast with the formal sense of the term.

The types of institutions for saving money which were developed in traditional African societies, and which are still in operation in many places today, were those that suited the economic pursuits, social organization, and cultural setting. These institutions are examined historically here. It should suffice to say at this stage that the increasing Westernization of society since the colonial era, and the economic changes since the Second World War in Africa, have affected both the rural and urban areas and the traditional institutions available in them. As the changes became increasingly severe, particularly as the rate of rural-urban migration rose, the contrast between the rural areas which are still sustained largely by traditional institutions, and the urban areas which are served by Western institutions, became sharp. Policymakers, with little justification, concluded that the rural sector has remained backward because of low saving and reliance on inefficient economic institutions. In Nigeria, for instance, it was felt in 1977 that rural wealth had to be mobilized, pooled, and made available for national development. This reasoning ultimately led to the introduction of the Rural Banking Program (O. Ojo 1983) which extended Western saving instruments (banks) to the rural areas hitherto predominantly served by the traditional system. The point which was missed (and which soon became clear when these Rural Banks could not generate enough revenue to cover their operational cost, not to talk of making profit) was that the rural areas were poor not because they had no banks but because they were poor.

This disappointing result has been noted in other parts of the world where the assumption has

13 In spite of this wide conception of savings, however, Oyejide still betrays the preference of his discipline by bad-mouthing traditional approaches to saving.

14 Goldsmiths in Africa did not play the same role in the development of money and banking as their counterparts in Western Europe. Indeed, African banking institutions did not rely on smiths possibly because coinage was not very widespread.

15 This may sound tautological, but the point will be proved later in this essay. It should suffice to say here that the rural areas are not the only places where the traditional banking institutions have survived.
been that traditional societies lacked the dynamic institutions. Although we disagree with Clifford Geertz’s view (1962: 242), that non-Western economies are necessarily static, his explanations for the failure of government-sponsored intervention in the traditional sector are valid: “[T]he first because deep-rooted customs yield very little to official sponsored exhortations to discard them in the interest of progress; and the second because the impersonality, complexity, and foreignness of the mode of operation of such ‘capitalist’ institutions tends to make the traditionalistic peasants, small traders, and civil servants suspicious of them.”

What are rosca? Roscas are numerous and varied; and any definition, to be acceptable, must allow the inclusion of those various properties. It is difficult to accept Geertz’s position that “the basic principle upon which the rotating credit association is founded is everywhere the same,” and that that principle is: “a lump sum fund composed of fixed contributions from each member of the association is distributed, at fixed intervals and as a whole, to each member in turn” (1962: 243). As Shirley Ardener has pointed out, this description is too restrictive: “Contributions are not . . . always fixed . . ., and the whole of the lump sum is not always received by a member . . .” As against Geertz’s definition, Ardener has proposed another that rosca be taken as “an association formed up-on a core of participants who agree to make regular contributions to a fund which is given, in whole or in part, to each contributor in rotation” (1964: 201). This definition is much more appropriate, for it includes the two elements of regularity and rotation which Ardener regards as the “essential criteria” that differentiate rosca from “the whole range of mutual benefit clubs and co-operative undertakings” (201).

The existing literature has documented the existence of rosca in virtually all parts of the Third World. Shirley Ardener has recorded its existence in Asia (in several parts of China, India, Malaya, Vietnam), Africa (among the Yoruba, Igbo, Ibibio, Tiv, Nupe, Hausa of Nigeria; the Creole of Sierra Leone; several ethnic groups in the Cameroon, Ghana, Zambia, Malawi, South Africa, Egypt, Sudan, etc.), and the Americas (Barbados, Trinidad, Guyana, etc.) (1964: 202–209). Unlike most anthropologists, Ardener made some efforts at explaining the origins of rosca; however, the attempt fails partly because the available evidence was (and still is) scanty, and partly because of the eagerness to employ the diffusion theory (1964: 208–210). Therefore, our discussion of the Yoruba experience has proceeded against the background of these known features and operations of rosca in other parts of the world. The advantage of such a comparison is apparent: it builds trends into the somewhat static treatment that anthropologists have adopted.

b) Ajo: a Yoruba Savings Institution

The Yoruba have two basic institutions for saving and credit. The first is esusu, which was more developed and served the people in all the senses of the term “savings.” The second is ajo, which was probably devised simply to satisfy the first sense in which savings has been used by economists, i.e., the process of accumulating money. Thus, it is believed to have originated to replace the practice of burying money in the ground for safekeeping. Esusu and ajo did not replace each other; rather, the two institutions continued to exist side by side, and individuals freely chose to patronize one or/and the other. This has led to some speculation on the relationship between the two institutions. It is not clear which of them first emerged; and we are willing to speculate that both developed separately in different parts of Yorubaland, and later spread evenly.

Unlike esusu, the ajo institution has not received attention in scholarly writings.16 This is probably because of the series of abuses which its operation had witnessed in precolonial Yorubaland (and continues to witness in modern times). Ajo is probably a short word for akojo (pool together). Thus, under the ajo institution, an individual entered into an agreement with a savings collector, paid a fixed sum of money at fixed intervals (daily, weekly, fortnightly, monthly, or, simply, “every market day”) to this collector, and drew all his contribution at the end of an agreed period or anytime it was needed. The main attraction of this system, therefore, is the element of promptness, i.e., the contributor could draw his/her money at short notice, unlike in the esusu where he/she had to wait his/her turn. The pivot of this system was the alajo (the savings collector or treasurer). This man or woman was a mobile bank par excellence. Depending upon the size of his/her customers and the extent of their geographical spread, the alajo pursued this vocation either as a full- or part-time work, walking from one client to another to collect their savings.

16 The first comprehensive reference to the ajo institution is in Adebayo and Adesina (n. d.).
Information collected from alajo and their clients reveal a lot of interesting facts on the operation of the ajo institution. Firstly, as the society was nonliterate, both the alajo and the contributors relied on the power of the human memory. Since this was (and still is) limited, cheating was not uncommon. Some contributors tried to keep record by drawing lines on the wall of their room with charcoal, but this was not foolproof as the alajo often insisted on the accuracy of their own “records.” Like esusu, a round of the contribution was meant for the alajo, but they usually appropriated more than one round. Secondly, the alajo had been known to disappear with their contributors’ money. Contributors had no way of identifying such charlatans before entrusting to them their hard-earned savings. This was probably why ajo contributions were usually lower than esusu contributions.

Another main disadvantage of ajo as it was practised in precolonial Yorubaland was the fact that the fund that accumulated in the hands of the alajo was not made available for investment. Rather, because the depositor might require his fund at short notice, the alajo did not often make such funds available for borrowers. There were instances, however, where he had been known to make big loans to the state, particularly when the community was at war and there were promises of booties to be had. As society became more complex, the alajo also developed more complicated approaches to their operation. They began to extend credit to their clients and other needy members of the community. The alajo formed the nucleus of the moneylending business.

c) Esusu: Roscas among the Yoruba

The pioneering, and so far the most detailed and comprehensive study of esusu among the Yoruba, is William Bascom’s article (1952). Subsequent writers have unconsciously or consciously recycled the ideas (and speculations) in this essay. Indeed, for quite a long time the Yoruba name (esusu) was adopted for similar institutions found in other parts of the world.18

The root word for this Yoruba name is su, which means literally pooling together or contributing. Esusu could, therefore, refer to that fund which has been pooled or being contributed into a pool. As Bascom (1952: 63) has correctly observed, esusu rarely refers to the contributors. Samuel Johnson (1921: 119) has defined the operation of esusu thus: “A fixed sum agreed upon is given by each at a fixed time (usually every week) and place, under a president; the total amount is paid to each member in rotation.” Bascom, using the current currency, further illustrates the operation of esusu thus: “[W]e may imagine a simple case where twenty members contribute one shilling each, monthly. At the end of twenty months, which completes the cycle in this case, each member will have contributed twenty shillings or one pound, and will, on one occasion, have received the amount of one pound in return.”

All evidence points in the direction that rosca was an ancient institution among the Yoruba. However, it has not been possible to date its origin. If its emergence predated the introduction of cowrie currency, as we would like to argue here, and as the similarity between esusu and other mutual help associations (such as aro and owe in the supply of agricultural labour force19) would seem to suggest, its development was certainly assisted by the monetization of the economy which made more accurate the measurement of value as well as the quantification of esusu fund.

There is little validity in the suggestion that esusu diffused from some other parts of West Africa into Yorubaland,20 although it could have spread throughout Yorubaland by diffusion. On the contrary, there is greater evidence in support of crediting the Yoruba with the invention of their own brand of rosca. Or, how could one explain the unique, complex features of esusu? Among these features, Geertz (1962: 256, via Bascom 1952) has recorded three. Firstly, membership was larger, and the length of a cycle was longer – “as many as 200 members, with cycles of four or five years.” This had the advantage of pooling a sizable sum of fund which the receiver, if a businessman or woman, was able to put to good use. On the

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17 In Yoruba language, the same expression is used for singular and plural. In this specific instance, alajo expresses both singular and plural of the term.

18 This was before Clifford Geertz came up with the name “rotating credit association,” while Karla Hoff and Joseph E. Stiglitz (1990) refined F. J. A. Bouman’s renaming to come up with “rosca.”

19 In aro, a small group of friends or relations (between three and seven) form a club, all members of that club go to work in one member’s farm in turn. This is usually organized during the rains when weeds grow fast and need to be cleared even faster.

20 This suggestion is contained in a passage in Ardener’s otherwise balanced essay thus: Mention was made earlier of connections between Trinidad, Sierra Leone, and Yoruba country through the various forms of esusu.
other hand, those who had yet to collect their fund were forced to save and tie down their money. The situation could be more pathetic if the *esusu* died “on the road,” as sometimes happened.\(^{21}\)

Secondly, the larger *esusu* groups formed something akin to a bureaucracy: “the head of the *esusu* may not even be personally acquainted with all its members; his relations are mainly with the subgroup heads” (Geertz 1962: 256). On this point, Bascom has been more elaborate. According to him, “the larger *esusu* groups are divided into four or more subgroups or ‘roads’ (ona), which are numbered (first, second, third, fourth) according to the order in which they receive the fund, which is rotated among the subgroups in turn” (Bascom 1952: 64). Furthermore, the “members pay in and take out through the agency of the subgroup head, and it is he who determines the order of the distribution of the fund among members of the subgroup . . . If a member defaults after he has received the fund, every effort is made to force him to pay. The overall head attempts to coerce the subgroup head, and the subgroup head the member” (Geertz 1962: 256). The advantage of this was that the *esusu* head had a core of trusted assistants who ensured the smooth running of the association. These subgroup heads were also understanding the overall head in an informal manner with a view to acquiring the relevant skills and experience to organize their own *esusu* independently later.

This implies that there is some economic benefit to be had in being the head of an *esusu*: there was, otherwise the head would not have had the full commitment and devotion. On the other hand, these benefits may actually be derived illegally. This was more prevalent in the larger *esusu* where the individual had no knowledge of how many members there were, or how long the cycle was. In theory, the head was allowed to keep one round of the fund in order to cushion the effect of default by one member or more at a point in time. However, it was regarded as the norm for the head to keep more than one round to himself,\(^{22}\) even though respected members of the community (such as chiefs, princes or princesses, successful merchants or farmers) were selected to head *esusu*.

The third unique feature is that the number of members does not always coincide with the number of memberships. “A single individual may hold more than one ‘membership’ in a given *esusu* group by regularly making more than one contribution and receiving the fund more than once during a single cycle. Conversely, a single ‘membership’ may be shared by two or more individuals who are not able to afford the entire contribution separately” (Bascom 1952: 64). Our recent investigation reveals that what Bascom calls “membership” is, in Yoruba economic terms, known as *owo* (hand).\(^{23}\) A membership was one *owo*: One affluent member could contribute two or more *owo* (and receive the fund more than once); while two or more less affluent members could jointly contribute one *owo*. This had the advantage of encouraging the rich as well as the poor to save according to their individual capacity; also, it pooled resources together from every strata of society and placed them at one time or another at the disposal of the needy contributor, businessman or farmer.

If we agree that *esusu* is “native” to Yorubaland, we still have to deal with the date of its origin. Shirley Ardener (1964: 209, via Biobaku 1957: 26) seems to support a 19th century introduction. Our investigations indicate a much earlier origin. *Eusu* is known to have been practised by Oyo traders in the era of *alaafin* Abiodun who reigned in the 1770s (which was also associated with the empire’s expanded economic activity through participation in the Atlantic trade) (Law 1977). We suggest that the institution could have been exported to the West Indies at about this time, where it has survived in Trinidad under its Yoruba name. In addition, it is possible that the institution had developed much earlier than this time, if we agree to generalize Ardener’s finding (1964: 221) with respect to the Mba-Ise Igbo that rosicas constituted one of the causative factors in the “transition from a mainly agricultural to a predominantly trading economy.”

The foregoing discussion can be summarized. Firstly, rosicas (*esusu*) among the Yoruba was similar to other mutual help organizations in the society (such as *aro* in agricultural labour supply) and could be rightly taken as a social organization to assist members in very stringent financial problems, such as the need to meet obligations arising from ordinary marriage, funeral, and religious functions (including the cost of an important sacrifice) to more economically rewarding or pressing

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\(^{21}\) For *esusu*, to “die on the road” is for it to die prematurely. Bascom has applied this in a narrow sense to mean the inability of one member to keep up his/her contribution. This is actually the beginning of the “death.”

\(^{22}\) According to Bascom (1952: 68), “it is thought to be unlikely that the *esusu* head could take a third round for himself during the cycle without being caught.”

\(^{23}\) Bascom’s interpretation of *owo* is slightly different from our finding. Oral tradition collected in two indicates that *owo* is money “handed in,” which could mean the contribution made by or given to an individual.
needs to expand business or farm, or even to prosecute a war or pay a debt. Secondly, rosicas, along with other institutions in precolonial Yoruba society, helped in bridging the gap between the rich and the poor; for, it brought both classes together in the same organization. This was an advantage when one considers the role of esusu in the process of capital formation among the Yoruba. Thirdly, rosicas among the Yoruba were neither “curious economic institutions,” an “adaptation to a condition of poverty or relative deprivation” (as Donald Kurtz [1973] would have us believe), nor were they a “middle rung” in development (as Clifford Geertz [1962: 261] has asserted), but rational economic institutions developed to meet the needs of members of society. These derogatory terminologies arise from the effort of scholars to use foreign standards to judge the development of other people and their institutions. It cannot be overemphasized that scholars should endeavour to evaluate a people’s economic and other institutions within the context of their historical experiences. However, many historians have not paid attention to this. For instance, Geertz has argued that rosicas bridge the gap “between agrarian and commercial economic patterns and between the peasant and trader attitudes toward money and its uses.” On the other hand, we know that the gap between the peasant and trader was not so wide. Although there was occupational specialization, variegation in African precolonial economies did not quite resemble the Western notion of dichotomy between agriculture, industry, and commerce. Rather, through the extended family and other networks, all members of different occupational groups were in close touch with each other; and, within the same compound, farmers, craftsmen, and traders often belonged to the same esusu society. In addition, there was little differentiation between the urban and rural settlements, as dwellers of the latter regarded the former as “home” with which they maintained perfect and constant contact and to which they returned during every major festival. Thus, even though the major market centers were located in the cities and towns, the traders were both from outlying villages and distant towns. Esusu, therefore, did not bridge a gap (there was none to bridge), rather it reinforced the integrated rural–urban interactions and pooled resources across the board.

24 It can, however, be argued that the togetherness benefited the rich more than the poor, because it afforded the former access to the little resources that the former could muster, and in the organization the poor had little voice.

25 This is Kurtz’s (1973: 50) beautiful summary of Geertz’s position (1962: 261–263).

d) Rosicas and Capital Formation in Precolonial Yoruba Society

Rosicas in precolonial banking and finance did not have the same structure as modern banks; however, they performed in precolonial Africa the same functions that banks now perform in these societies. And because they were also culturally rooted, and the people had faith in them, these institutions were able to perform those banking functions more efficiently. The size of capital required for business was large but within manageable limits, and the expectations of the different classes were high but easy to meet. We do not agree with those who have argued that rosicas was incapable of pooling together a huge capital fund for the development of private business. We seek to differ, too, from the assumption that precolonial societies lacked a capital market.

Indeed, the primary function of rosicas had been to “assist in small-scale capital-formation,” or to stimulate saving. Here, we find ourselves agreeing more and more with Shirley Ardener’s point that “members [of rosicas] could save their contributions themselves at home and accumulate their own ‘funds,’ but this would withdraw money from circulation: in a rotating credit association capital need never be idle. If, instead of being saved at home, money were given to a treasurer to keep, he could put it into circulation until it was transferred back to the subscribers. . . . an advantage of the rotating credit institution is that each fund (or part of it) is immediately possessed by one of the contributors and cannot be embezzled” (1964: 217). Unlike ajo where the chances of embezzlement were high, esusu was a great innovation in that it provided sufficient security for the fund. This security was reinforced by religious (including ritualistic) sanctions. In Oyo, for example, cases of cheating and misappropriation were prevented or settled through appeal to Sango (god of thunder, known to strike cheats, thieves, and wrongdoers with thunderstorm) and Ogun (god of iron, known to harm those who have committed acts of injustice). Moreover, in the determination of how members were to receive esusu funds in turn, a babalawo (Ifa priest) was often invited, and his word was accepted as final.

Just as banks, rosicas extended a line of credit to members. Such loans were, however, restricted to members adjudged to be creditworthy by the esusu
head or group leader. Unlike modern banking practice, no security was required to qualify for these loans, a factor that continues to recommend rosicas against modern banks. Indeed, except for the last member or two to take the fund, all members of rosicas received the total fund in the form of a loan and continue to repay the debt till the end of the cycle. The advantage of Yoruba esusu credit over modern bank credit was principally in the absence of an interest. This is certainly “unbusinesslike” when considered in the context of modern banking practice. However, the points to note in this instance are the communal spirit involved in this particular institution (esusu), the manner in which business was expected to serve the people rather than vice versa, and the existence of another institution for moneylending and interest charging (the s’ ogund’ogoji, literally “turn twenty to forty”). In other words, the “unbusinesslikeness” of esusu was also its appeal to the poor and the rich: interest charging was frowned upon, and those who did such a business (moneylenders) were not well liked and respected in Yoruba society.

Rosicas, therefore, performed capital formation functions in precolonial societies. Such savings were made available as credit to those who needed them to expand their businesses or farms, or to settle an urgent financial need. Traders were known to have taken advantage of the funds more than any other groups of professionals possibly because, unlike craftsmen (weavers, dyers, smiths, etc.), traders required a great deal of capital.

e) Savings, Credit, and Banking on the Eve of Colonial Rule

It is instructive to document here the changes that had taken place in the ajo and esusu institutions among the Yoruba in the late nineteenth century. The entire century was a period of turbulence and interstate conflict in Yorubaland. War, as we well know, brings rapid and sometimes irreversible changes to society and its institutions. The situation was not different in Yorubaland: wars, slavery and abolition, migration and resettlement of refugees, famine and general insecurity which characterized the century had produced remarkable changes in the structure, cohesion and function of the family, the community, and interpersonal relationships. These changes were bound to affect rosicas in many different ways.

For instance, as wars and slave raids ravaged the countryside, it became exceedingly difficult to guarantee the successful completion of the entire cycle of an esusu group. Some members might have to flee after or before taking their funds, or the entire village or city might be attacked and destroyed. As rosicas was not designed to serve a population on the move, many associations collapsed with the marked shifts in population from the north to the south. Among the major cities that were lost in the course of the 19th century were Oyo, Owu, Ikoji, Iresa, Iwere, and Onko. This list does not include several minor towns and countless villages. Their displaced populations (i.e., those not sold into slavery outright) were never able to regroup in sufficient numbers to reactivate their esusu which had prematurely collapsed. Moreover, religious and other social sanctions were breaking down, traditional practices were being challenged, and the ruling elites in many communities were being replaced. In many instances, therefore, the insecurity to life and property was responsible for the development of the wrong attitude to savings in Yorubaland on the eve of the colonial conquest. Conversely, the insecurity encouraged the practice of hoarding money and other valuables (i.e., burying them in the ground with the hope of coming back to recover them when normalcy was restored).

Wars have been known to bring out the ingenuity in man. For the Yoruba, the century-long wars did produce positive as well as negative changes. In the first instance, not all Yoruba states participated in the wars all the time. In such nonbelligerent states (or between wars in the belligerent ones), Yoruba institutions and traditions were preserved. But, even here, rosicas underwent changes particularly in the length of a cycle. Esusu cycles became shorter, and membership became smaller, with the possibility that participants would have taken their turns before the next series of cataclysmic changes. Although long-distance trade had become more perilous, the incentive to organize rosicas had not declined. Trade in legitimate commodities (which had been opened in the mid-19th century) required much capital and brought immediate

27 This is to differentiate the Yoruba practice from other rosicas elsewhere. For instance, Ardener (1964) has noticed the charging of interest on rosica credit in India.
28 Geertz (1962: 254) makes the distinction between “businesslike” and “unbusinesslike” associations.

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An esusu of a few big traders was found to be even more effective than one composed of all and sundry. This increased the role of guilds in the generation of investment capital for members. Thus, membership of esusu became increasingly coterminous with membership of traders or crafts guilds. In other words, in place of the homogeneous lineage, rosacas began to take a cosmopolitan, heterogeneous complexion.

An important change that rosacas witnessed among the Yoruba in the 19th century was the introduction of record keeping. This arose partly from the activities of Christian missions in the development of Western education, and partly from the role of the returnees (Yoruba freed slaves educated in Sierra Leone who chose to return “home” from 1839).30 In the social, political, and economic development of Lagos, Abeokuta, Ibadan, and other parts of the Yoruba hinterland. This development clearly revolutionized rosacas in that accurate records began to be kept.

f) The Challenge of Modern Banking Institutions

Colonial rule everywhere served as agent for change and modernization. It is a different question entirely if such changes were desired, positive or far-reaching. With regard to banking and finance, the change in the structure and operation of the economy, the desire to extract as much of the resources of the colony as possible, the reliance of business and industry on a greater volume of credit, and the provision that each colony should pay its way, inevitably paved the way for the introduction of modern banking and insurance systems. It is interesting to note, nevertheless, that the modern did not replace the traditional banking institutions.

Why have ajo and esusu been resilient? Earlier answers to this question have emphasized the “foreignness” of modern, commercial banking to traditional economies. We seek to show here that the reasons could be found not merely in this “foreignness,” but more specifically in the manner in which they (the new banks) were introduced, the financial demands of colonial administration on the indigenous people, and the amenability of rosacas to the new needs for loans and small-scale capital. Thus, while the formal sector has relied on modern banking for investment capital, the informal sector derives a large percentage of the initial capital from the traditional institutions.

Modern banking began in Nigeria in 1872 when the African Banking Corporation (ABC) was established in Lagos.31 In addition to performing normal commercial bank functions, ABC was also charged with the distribution of Bank of England notes in the Colony of Lagos. In 1894, however, the ABC was taken over by the newly established Bank of British West Africa (BBWA) which was also charged with the importation of British currency into the colony. BBWA (now renamed First Bank) maintained a monopoly of banking in Lagos Colony (and in Nigeria) throughout the 19th century. Early in this century, however, the Barclays Bank (now called Union Bank) and the United Bank for Africa were established. These banks were established primarily to provide banking services to British companies and other arms of the colonial enterprise in Nigeria. By extension, therefore, the banks provided credit facilities to favored expatriate businesses in Nigeria to the detriment of indigenous entrepreneurs. The excuse used to be that African business men and women lacked the expertise to manage modern business, and that they could not provide the type of collateral being demanded against large loans. The situation encouraged the continuation of all precolonial credit institutions by Nigerian entrepreneurs throughout the colonial era.

Nigerian entrepreneurs used to float commercial banks, too; but the banks often collapsed owing to a myriad of reasons including lack of expertise and experience, discrimination by expatriate banks, and discriminatory laws by the colonial state. The first indigenous bank to survive under this unfavorable colonial climate was the National Bank of Nigeria (NBN) established in 1933. Two earlier banks – the Industrial and Commercial Bank and the Nigerian Mercantile Bank – had failed. Also, between May 1945 and January 1947, four additional banks were established of which only two – the African Continental Bank and the Agbonmagbe (now Wema) Bank – survived. The survival of these indigenous banks (NBN, ACB, and Wema) owed largely to the injection of Regional Government funds in the 1950s. Those other indigenous banks that lacked state backing, and which also lacked the requisite expertise and management, collapsed in the wake of the Banking Ordinance of 1952. Such banks had emerged

30 For more details on the history and activities of the “Saro” immigrants (as “Sierra Leoneans” were called), see Kopytoff 1965.

31 The discussion on modern banking in Nigeria is based on Ajayi and Ojo 1981.

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during the “banking boom” of 1950–51, when 18 indigenous banks were hurriedly established. The collapse of banks under colonial rule weakened public confidence in modern banking institutions; and, according to Ajayi and Ojo (1981: 16), banks have not recovered from this “crisis of confidence.” Thus, a large number of people continued to save their money with the alajo and derive the initial capital for their business from esusu funds.

Taxation under colonial rule indirectly encouraged the patronage of roscas. The British introduced direct taxation to Yorubaland in 1918. Although the British currency had not been widely circulated, the colonial administration insisted that the tax be paid not in cowries. Writers have shown that, to obtain the required amount, many farmers had to seek unskilled, poorly paid wage employment in the expanding colonial enterprise as porters and railway workers. In addition to this, many had to organize esusu and use the proceeds to pay their tax (rather than invest them). Any examination of the underdevelopment of Africa is incomplete without the inclusion of the use of taxation to uproot the people, suck away their resources, and remove from them not just a part of their income but the actual investment capital they had managed to save. The point to note here, however, is that the traditional savings and credit associations were organized in the period partly in order to raise enough cash to pay tax to the colonial and postcolonial state.

Three features of modern (commercial) banking in Nigeria also deserve mention here to account for the resilience of roscas. Firstly, the banks were, from the beginning, of the branch-banking type, i.e., each of them maintained branches in different locations in the country. Secondly, the banking industry, like most modern investments in the colonial and postcolonial state.

Government intervention in the banking and financial system has also lent a helping hand to the continued popularity of roscas among the people. The colonial and postcolonial state attempted to organize cooperatives without success; the postcolonial state has gone a step further by establishing state-owned commercial banks and insurance companies, and by building an institutional framework for pooling rural savings (through the Rural Banking Programme introduced in 1977) and making loans to agricultural operators (through the Nigerian Agricultural and Cooperative Bank, NACB), to industrialists (through the Nigerian Industrial Development Bank, NDB), and to the poor in general (through the People’s Bank introduced in 1990). For several reasons, these programs have not met with great success; their failures have, therefore, encouraged the reliance of the people on the time-tested institution, roscas.

To summarize the foregoing discussion, it is important to recognize that traditional savings, credit, and banking have come a long way in Yorubaland. There is no doubt that in the precolonial era, when traditional norms and laws were still intact, and when the requirements of the economy were within manageable proportions, ajo and esusu were sufficient tools for pooling savings and sustaining a viable capital market. Traditional values and norms came under pressure in the period of British colonial domination, the economy also witnessed fundamental changes. That ajo and esusu survived these challenges is remarkable enough; but they cannot be expected to perform the very functions they used to perform before the coming of the great changes. Thus, whereas nowadays roscas are seen as mere mutual help associations able to grant small credits to members, they had been banks in their time.

Conclusion

The study confirms some of the earlier findings on African financial institutions and makes new discoveries. Three of these new findings will form the subject of this conclusion.

Firstly, the study finds that African economies had been monetized before the inauguration of the Atlantic commerce and European colonialism. The impact of this monetization varied from place

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32 Among many writings, see Damachi and Seibel (eds.) 1973; Oluwasanmi and Alao 1965; Ojo and Adewunmi 1980; Lewis 1977.
to place. In Yorubaland, economic and social relations were transformed, and this significantly altered the preexisting patron–client system.

Secondly, monetization produced banking institutions, the rotating savings and credit associations (rosucas), among many African peoples, including the Yoruba. Although these roscas cannot be described as being sophisticated, they were increasing in complexity by the beginning of the 19th century, and they had adequately served the need of the people in savings and small credit before colonial intervention. Anyone interested in finding out why Western financial institutions have not grown roots in an African society must begin from the qualities and resilience of roscas and how European rule arrested the growth and internal transformation of these indigenous financial institutions.

Thirdly, the paper reveals that African societies, particularly those that were urbanized like the Yoruba, had a bourgeoning “middle class” before colonialism. However, the critical questions answered in the study are: Who were members of this class? Did they wrestle with the old aristocracy for political power as did their European counterparts? Could they be described as “capitalists”? Evidence from this study suggests that members of the Yoruba precolonial middle class subscribed to a form of moral economy that precluded the development of crass individualism and subsequently Western-type capitalism, but this did not prevent the exploitation of the poor by the rich. The class was still undergoing change at the end of the 19th century when British colonial rule came.

The first draft of this paper was read during my lecture tour of four German universities in January 1992. My special thanks go to Professor Leonard Harding for the arrangement, to Professors Haberland, Bley, and Luig for the opportunity to visit their institutes and departments, and to Dr. Charles Adesina, Tola Adebayo, and Lanre Amzat for assisting with the research in Nigeria. Also, I am grateful to Professors Paul Lovejoy, Toyin Falola, and Femi Taiwo for their comments. Finally, I appreciate the interest of the editors of this journal in the paper. The responsibility for the opinion and errors is mine.

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