

### Three Tax Regimes: Colonial Taxation Policy in Sierra Leone, 1896-1914

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The classic framework for understanding African colonies defines three categories of colonial economy: concessionary, settler, and peasant-export.<sup>1</sup> This formula has been simplified further in pursuit of a wider chronological and geographical scale, with Acemoglu, Johnson and Robinson defining just two types of colonies: settler and non-settler, characterised by ‘developmental’ and ‘extractive’ institutions respectively.<sup>2</sup> While it is reasonable to argue that no African colony can accurately be described by these frameworks, this is particularly apparent in a case study of Sierra Leone, where the existence of a black settler population serves to complicate the characterisation of this colony as exclusively ‘non-settler’. At times, the behaviour of this group bore a striking similarity to settler populations in traditional colonies of white settlement.<sup>3</sup> However, while parallels exist, it is important to recognise the differences between black settlers in an urban, coastal setting as opposed to the white settlers that were associated with plantation-based agricultural enterprises, and where direct taxation was often packaged with restrictive policies toward African labour and landholding.

This paper will use a case study of Sierra Leone to investigate how internal distinctions were reflected in early colonial taxation policy, and how they came to underpin the formation of a complex and composite colonial fiscal state. Fiscal history is widely recognised as an effective lens through which to analyse the operation of states, including the colonial states of Sub-Saharan Africa. Research has emphasised the decisive influence of geographical, economic and demographic factors on the shape of colonial taxation, and a consensus now prioritises these factors above metropolitan-specific ones in determining tax policy.<sup>4</sup> Much of this literature has prioritised inter-colonial comparisons either within

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<sup>1</sup> R. Oliver and A. Atmore, *Africa since 1800*, (5<sup>th</sup> edn, Cambridge: Cambridge University Press, 2005); S. Amin, ‘Underdevelopment and dependence in black Africa – origins and contemporary forms’, *Journal of Modern African Studies*, 10, 4 (1972), pp. 503-24; white settler and concessionary are sometimes subsumed into a broader category of ‘settler’, integrating control by companies and individuals see R. Austen, *African economic history: internal development and external dependency* (London 1987), chapters 6 & 7 ‘The colonial economies I: Étatist-peasant regimes’ pp. 122-154 and ‘The colonial economies II: Regimes of competitive exploitation’, pp. 155-196.

<sup>2</sup> D. Acemoglu, S. Johnson, J. A. Robinson, ‘Reversal of fortune: geography and institutions in the making of the modern world income distribution’, *Quarterly Journal of Economics*, 117, 4 (2002), pp. 1231-94, p. 1232.

<sup>3</sup> B. E. Everill, *Abolition and empire in Sierra Leone and Liberia*, Cambridge series in imperial and post-colonial studies (Palgrave Macmillan, 2013), p. 178.

<sup>4</sup> These comparative works include: L. A. Gardner, *Taxing colonial Africa: the political economy of British imperialism* (Oxford University Press: Oxford, 2010); L. A. Gardner, ‘Decentralization and corruption in historical perspective:

British Africa or between the colonies of different European powers, while studies of Sierra Leone have focused on the 1898 Hut Tax War through a military or diplomatic lens.<sup>5</sup> Less attention has so far been directed towards the internal distinctions in colonial fiscal states, and the differences in taxation systems within, as well as between, colonies.<sup>6</sup> In an analysis of the local and regional dimensions of taxation in Sierra Leone, it becomes harder to retain the rigid binary framework so heavily relied upon in Acemoglu, Johnson and Robinson's work, or even the three categories described with specific reference to Africa. By examining the local dynamics of colonial taxation policy, a more nuanced reading of colonial relationships can be reached, that appreciates the minutiae of colonial finance beyond broad frameworks of categorisation.

This paper employs evidence on tax assessment, collection and expenditure to examine the design and development of colonial taxation and argues that by the turn of the twentieth century, Sierra Leone comprised three distinct tax regimes, reflecting its administrative regions: the Municipality, Colony and Protectorate. In addition to the relationship between metropole and colony, settlers and traders in the Freetown Municipality and the Colony had a fundamentally different relationship to the colonial state from the indigenous Sierra Leoneans in the Protectorate, exerting a decisive influence on the shape of colonial taxation. The tax regimes that had emerged by 1900 were tailored to suit the economic characteristics of the region and population where they were employed. The differences exhibited in the patterns of expenditure of each region, and the use of revenue for local public works projects, casts doubt over the interpretation of colonial taxation as the tool of a purely 'extractive' state. Each group was incorporated on different terms into a single fiscal state structure, which took on a composite character and has important implications for discussions of taxation in a colonial context.

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evidence from tax collection in British colonial Africa', *Economic History of Developing Regions* 25, 2 (2010), pp. 213-236; E. Frankema, 'Colonial taxation and government spending in British Africa, 1880-1940: Maximizing revenue or minimizing effort?', *Explorations in Economic History* Vol. 48 (2011), pp. 136-149, p. 147; E. Frankema and M. Van Waijenburg, "Metropolitan blueprints of colonial taxation? Lessons from fiscal capacity building in British and French Africa, c. 1880-1940", *The Journal of African History*, 55, 3 (November 2014), pp. 371 – 400; J. Andersson, 'Fiscal capacity and state formation in Francophone West Africa 1850-2010', *African Economic History Working Paper Series*, No. 22 (2015).

<sup>5</sup> The Hut Tax War broke out as two separate rebellions in response to the annexation of the Protectorate and the imposition of direct tax, see: J. D. Hargreaves, 'The establishment of the Sierra Leone Protectorate and the insurrection of 1898', *The Cambridge Historical Journal*, 12, 1 (1956), pp. 56-80; A. Abraham, 'Bai Bureh, the British, and the Hut Tax War', *The International Journal of African Historical Studies*, 7, 1 (1974), pp. 99-106; La Ray Denzer, 'Sierra Leone-Bai Bureh', in Michael Crowder (ed.) *West African resistance* (Hutchinson & Co.: London, 1971), pp. 233-267.

<sup>6</sup> A notable exception to this is K. Alexopoulou, and D. Juif, 'Colonial state formation without integration: Tax capacity and labour regimes in Portuguese Mozambique (1890s – 1970s)', *IRSH* (2017), pp. 215-252.

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An ethnically diverse population at Freetown, comprised of settlers from elsewhere in the British empire and other African societies along the coast, marked Sierra Leone out as unique among Britain's African colonies in combining a non-white settler population with an indigenous African one.<sup>7</sup> A century of British government at Freetown had created a deeply different society to that which was annexed in 1896. The Colony is described as 'founded on English law, with such modifications as are required by local circumstances', while the Protectorate was governed by the 'laws of the native chiefs modified by the Protectorate Ordinances'. While the constitutional system in the Colony could be compared to those of the 'old-established Crown Colonies', with a governor aided by executive and legislative councils, that of the Protectorate was more similar to the 'East African Protectorates', where administrative principles recognised the use of customary law between natives, attempted to preserve and strengthen the authority of the native rulers and granted all non-natives 'the protection of the English law to which they had formerly been accustomed'.<sup>8</sup> This duality was further complicated by the establishment of the Freetown Municipality in 1893, so that by the end of the nineteenth century, there were three distinct administrative regions in Sierra Leone, each founded on a different set of legal principles and with a fundamentally different relationship to the colonial government.<sup>9</sup> The deep-rooted legal precedent of settler self-government underpinned a comparatively tight administrative framework in Freetown, with an electorate of 'British subjects' responsible for electing a municipal council. A system based less recognisably on representative principles evolved in the Colony, exclusive of Freetown, where unelected Local Advisory Boards represented each district.<sup>10</sup>

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<sup>7</sup> For detail on Sierra Leone's settler population and the establishment of the colony, see: Everill, *Abolition and empire*; P. X. Scanlan, *Freedom's debtors: British anti-slavery in Sierra Leone in the age of revolution* (New Haven, Yale University Press, 2017).

<sup>8</sup> Parliamentary Papers [PP], Sierra Leone, Annual Colonial Reports, No. 460 (1904), p. 4; No. 648 (1909), p. 5; No. 694 (1910), p. 5.

<sup>9</sup> This was the second attempt at establishing Freetown as a municipality in the Colony's history. The first had been instituted by Royal Charter in 1799 but was dissolved when Sierra Leone was passed to Crown administration – see J. Alie, *A New history of Sierra Leone* (Freetown, Sulaiman International, 2016), p. 119.

<sup>10</sup> Local government was by a mayor and fifteen councillors, with each municipal ward returning a certain number of members to the council, see: PP, Sierra Leone, Annual Colonial Report, No. 208 (1896), p. 5. PP, Sierra Leone, Annual Colonial Report, No 289 (1902), p. 7. The franchise was restricted to 'British subjects', the specification of which further entrenches the distinctions in status of settlers and their descendants, who had officially been recognised as British subjects by an act of Parliament in 1853, from the 'protected peoples' in the hinterland, see: TNA, CO 272/83-84 (1906, 1907); Everill, *Abolition and empire*, p. 164; A. Wyse, *The Krio of Sierra Leone: an interpretive history* (C. Hurst & Company: London, 1989), p. 6.

These legal and administrative distinctions were decisive for the structure of the colonial fiscal state. Ideas about taxation were mediated by the specific characteristics of each region and these complex relationships, both between metropole and colony, and between different regions within Sierra Leone, were reflected in the fiscal system that developed during the early years of colonial rule. This section will examine two aspects of taxation policy. First, the specificities of the three different tax systems designed and introduced in the Municipality, Colony and Protectorate; and second, the intersection of these tax systems, and how this both reflected and further entrenched the separate identities of these groups.

Although not levied until 1898, direct tax formed a central part of the legislation that established the Sierra Leone Protectorate in 1896. The proposed direct tax of 10s. per house with four or more rooms, and 5s. per house with three or fewer was forecast to yield enough revenue comfortably to cover the every-day costs of government.<sup>11</sup> Administrative challenges, however, quickly forced the simplification of these initial arrangements to reduce transaction costs, with the tax rate levelled to a flat rate of 5s., and exemptions put in place at village and district levels.<sup>12</sup>

Direct taxes were introduced in Freetown in 1899 while the Municipality was still 'in its infancy'.<sup>13</sup> This rate was assessed as a combination of property and land and was variable, although it was not to exceed 10% of the annual value of all kinds of hereditaments in the area.<sup>14</sup> Liability was on the owner, not the resident, and all imperial, colonial and municipal property was exempted.<sup>15</sup> The tax added to the existing sources of income, including licenses, fees, fines, cemetery charges and an annual grant of £1800 from the

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<sup>11</sup> PP, Chalmers Report [C.R.], I, Clauses of the Protectorate Ordinance, 1897, relating to the Hut Tax, p. 29. Vol. I includes Chalmers' initial report, Sir Frederic Cardew's official response, and Sir Joseph Chamberlain's comments from the Colonial Office. Vol. II consists of 681 pages of interviews and evidence compiled by Chalmers during the investigation.

<sup>12</sup> Ibid.; The National Archives, UK [TNA], CO 267/438 Enclosure No. 2 in Despatch confidential No. 43, 13 July 1898.

<sup>13</sup> PP, Sierra Leone, Annual Colonial Report, No. 299 (1899), p. 16.

<sup>14</sup> N. A. Cox-George, *Finance and development in West Africa: the Sierra Leone experience* (D. Dobson: London, 1961), p. 68 and TNA, CO 272/75-91 (1898-1914); the rate started at 5% in 1899, remained at 6.66% until 1904 before increasing to reach 8.5% in 1911.

<sup>15</sup> PP, Sierra Leone, Annual Colonial Report, No. 299 (1899); The process of tax assessment first calculated all the assessable hereditaments in each ward of the city, before calculating the percentage of this overall value due in tax: for 1900-01, the assessable hereditaments were: £28006 13s 0d for the Central Ward, £10370 14s 0d for the East Ward and £6929 9s 0d for the West Ward, totalling £45306 16s 0d. In 1900 the tax was assessed at  $\frac{1}{4}$  in the pound, of which £2944 18s 10d was collected, see: Sierra Leone National Archives [SLA], MP 3429/1900 Estimates of revenue and expenditure of the Municipality for 1900-01.

colonial government.<sup>16</sup> City rates were a productive source of revenue from the outset, and by 1900-01 were responsible for 45.6% of annual municipal revenue, constituting by far the largest single source.<sup>17</sup> This was supplemented in 1906 by an annual Water Rate.<sup>18</sup> In contrast to the Protectorate, where exemptions were largely a way to sidestep administrative challenges, exemptions in the Municipality were granted on an individual basis. Remission of tax and exemption from future payment was granted by application to the executive council, and linked to the occupant, rather than the building itself.

The Colony was the final region to receive a direct tax and until 1900 represented 'leakage' in the colonial tax state.<sup>19</sup> This tax was not levied at a flat rate as in the Protectorate, but was progressive on rental value. Houses with an annual value of over £5 were taxed at the rate of 1s. in the pound on the yearly rental value. Those with an annual value below £5 paid a flat rate of 5s. per house, although this was initially capped at 3s.<sup>20</sup> In terms of balancing the budget, this tax was less immediately successful than the city rate in Freetown, but was subject to more substantial challenges affecting communications and transport. By 1904, a majority of districts were collecting enough through the house tax to cover annual expenditure.<sup>21</sup>

The interaction and intersection of different tax regimes reinforced the differences between the population groups. The tax liability of traders from the Colony who were resident in the Protectorate was a recurring issue and a particular problem at Port Loko, an important trading centre. Traders already paid rent to Protectorate chiefs and, as renters, saw themselves as exempt from taxes. In some cases, traders willingly paid taxes to chiefs, and in others, chiefs refused to collect such taxes, viewing it as acknowledgement of British ownership of their property.<sup>22</sup> Several reports indicate that traders also functioned as moneylenders, facilitating the chiefs' payment of hut taxes as a lump sum on behalf of their villages and chiefdoms.<sup>23</sup> In

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<sup>16</sup> PP, Sierra Leone, Annual Colonial Report, No. 299 (1899), p. 16; TNA, CO 272/76-91 (1899-1914).

<sup>17</sup> Ibid.

<sup>18</sup> D. F. Wilbraham, and E. T. Packard, *A revised edition of the ordinances of the colony of Sierra Leone*, Vol. II, 1900-1904 (London: Waterlow & Sons, Ltd., 1909), No. 35 of 1901 Freetown Waterworks, pp. 509-522; TNA, CO 272/82-91 (1905-1914); the general rate was assessed as a percentage of the assessed annual rental of lands, houses and buildings according to the same method as the municipality rate.

<sup>19</sup> Cox-George, *Finance and development*, p. 74.

<sup>20</sup> The burden was officially on the occupier, although if the house was unoccupied at the time of collection, or if the residences were rented on a very short-term basis, this was borne by the owner, see: Wilbraham, *Ordinances*, II, pp. 358-378.

<sup>21</sup> TNA, CO 272/77-91 (1900-1914); The others received additional funds from the colonial government.

<sup>22</sup> PP, C. R., II, Captain Sharpe, District Commissioner, Karene, 2 September 1898, p. 206.

<sup>23</sup> PP, C. R., II, Mr William Walter Cole, pp. 424-425; PP, C. R., II, Mr Buckley, 24 September 1898, p. 346; PP, C. R., II, Sir Samuel Lewis, 19 August 1898, p. 156.

addition to tax obligations, the relationship of settlers resident in the Protectorate with the ‘native’ chiefs was subject to different conventions to indigenous Sierra Leoneans. Instead of making frequent but irregular presents to chiefs, they paid a fixed annual sum of £1 to the chief of the area where they were resident, intended to ‘improve the relationships between settlers and the Protectorate tribes’ and reflecting behaviour that is usually associated with the colonies of white settlement.<sup>24</sup> Minute papers attempted to clarify such issues: houses on mission stations were exempted, and traders were to pay their taxes directly to the district commissioner, rather than through paramount chiefs.<sup>25</sup>

Confusions associated with differences between population groups were further complicated by the interaction of direct and indirect taxes and efforts to calculate who bore the burdens of each. Municipal ratepayers associations representing each ward in Freetown resembled the ‘taxpayer welfare associations’ that emerged in classic settler colonies where the relative contributions of Europeans and Africans to revenue was a point of contention.<sup>26</sup> The interaction of the Protectorate direct tax in 1898 with existing and increasing customs duties produced what has been called a ‘fallacy in the taxation scheme’. The Colony and hinterland, although administratively separate, were closely connected through commerce. The fact that direct tax had initially been imposed exclusively in the Protectorate was cited as a contributing factor in the Hut Tax War.<sup>27</sup> Special Commissioner Sir David Chalmers, sent to investigate the causes of the insurrection, observed that ‘the customs revenue of Sierra Leone is largely derived from the duties on articles which are consumed in the Protectorate’, with the imposition of direct taxation in only the Protectorate ‘overlooking altogether the contribution made by the hinterland to the revenues of the Colony’.<sup>28</sup> The manager of Paterson, Zochonis and Company, Limited, also President of the Sierra Leone Chamber of Commerce, attested to ‘practically all’ imports going into the Protectorate, with local consumption in the Colony at no more than 15%.<sup>29</sup> From the accounts of the mercantile community, it seems as though the direct tax was perceived as an

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<sup>24</sup> PP, Sierra Leone Annual Colonial Report, No. 511 (1905), p. 32.

<sup>25</sup> SLA, M. P. 779/1903 Protectorate hut tax on mission houses. Enquiry re., Feb 19 1903.

<sup>26</sup> Gardner, *Taxing colonial Africa*, p. 9; SLA, Minute of the executive council of the Colony of Sierra Leone for the half year ended 30<sup>th</sup> June 1913, M.P. Pe. 10/1913.

<sup>27</sup> PP, C. R., II, Mr Macaulay, J.P., 14 August 1898, p. 168.

<sup>28</sup> PP, C. R., I, Sir Frederic Cardew, Observations on the report, 1 May 1898, p. 169; duties were levied exclusively at the coast, with no extra impositions on goods transported between the Colony and Protectorate, see CO 272/75.

<sup>29</sup> Of this remaining 85%, he estimates that 40% was retained in the Protectorate, with the rest transported to the country beyond, see: PP, C.R., I, Mr W. M. Pittendrigh, merchant, pp. 20-22.

unsustainable burden on the inhabitants of the Protectorate, who played a crucial role not only in production for export, but also as consumers of the imports from which the bulk of public revenue was derived.

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The patterns of expenditure of each region also exhibit considerable distinctiveness. In the Protectorate, tax revenue was not retained by specific local authorities and was instead subsumed into the overall budget of the colony, although initially enumerated under a separate heading. The Protectorate was at first responsible only for the funding of its own skeletal administration, which in 1898 was almost entirely comprised of the salaries of colonial officials, their travelling allowances, and various payments to 'native' chiefs.<sup>30</sup> However, alongside the incremental rise in revenue from direct taxes, financial responsibility expanded to include public works projects and the agricultural development branch.<sup>31</sup>

In both the Colony and the Municipality, tax revenue was retained in the districts from which it was collected. Detail on the annual expenditure of both regions, and the prevalence of local public works projects, casts doubt over arguments that suggest that colonial states in traditionally 'non-settler' colonies were purely 'extractive'. The spending patterns of the settler community of the Freetown Municipality in particular, but also the Colony, which devoted public money towards services and works projects, serve to undermine these broad arguments about exclusively 'extractive' states that never invested in local development, and perhaps lends support to work such as that of Sue Bowden, Blessing Chiripanhura and Paul Mosley suggesting that 'non-settler' colonies were more 'developmental'.<sup>32</sup> Although there was considerable spending on infrastructural projects such as roads and bridges that could be argued to be designed to facilitate extractive colonial policies, this was accompanied by expenditure on urban sanitation, and the provision of street lights, which is harder to explain within this framework.

Sierra Leonean lawyer Samuel Lewis discussed the issue of local representation and control over expenditure. For Freetown he saw 'no difficulty', due to the existence of the elected Municipal Board, which

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<sup>30</sup> TNA, CO 272/73-76 (1896-9).

<sup>31</sup> TNA, CO 272/85 (1908).

<sup>32</sup> S. Bowden, B. Chiripanhura, P. Mosley, 'Measuring and explaining poverty in six African countries: a long-period approach', *Journal of International Development*, Vol. 20 (2008), pp. 1049-1079.

oversaw almost all spending in Freetown. By 1900, over half of annual municipal expenditure was devoted to public works or services, including infrastructure projects, sanitary improvements, street lights, and a municipal fire brigade.<sup>33</sup> However, for the Colony, which lacked any comparable institutions, the tax collected was ‘carried to the credit of the District Fund to which it relates’ and ‘expended in works of improvement in such district’ on the advice of Local Advisory Boards. The control of these funds was technically in the hands of the Governor, and these boards were not representative in any way other than to recommend to the Governor the works which were considered priorities.<sup>34</sup> Revenue was held in district House Tax Funds and applications could be made to the council for their use. Expenditure ranged from smaller amounts for the repair and maintenance of local services to much larger amounts funding infrastructure.<sup>35</sup>

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A preoccupation with direct tax as the cause of the Hut Tax War, one of the most well-known ‘native’ risings against colonial rule, has made it an important flashpoint in accounts of both British imperial expansion and of African resistance and agency in the colonial period. However, situating direct taxation in this predominantly diplomatic and military context means that its relationships with taxation in the other regions of the colony have been overlooked in all but exceptional cases.<sup>36</sup> Contextualising direct tax as part of the consolidation of a composite colonial fiscal state reveals that the three tax regimes that had emerged by 1900 were tailored to suit the economic characteristics of the region and population where they were employed.

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<sup>33</sup> SLA, M. P. No. 3429/1900 Estimates of revenue and expenditure of the Municipality for 1900-01; PP, Sierra Leone, Annual Colonial Report, No. 648 (1909).

<sup>34</sup> PP, Sierra Leone, Annual Colonial Report, No. 289 (1902), pp. 7-8.

<sup>35</sup> SLA, Minute of the executive council of the Colony of Sierra Leone for the half year ended 30<sup>th</sup> June 1913, M.P.L.M. 7/1913; M.P.D.C./S 2/1912; M.P.L.M. 10/1913.

<sup>36</sup> J. Alie, *A New history*; N. A. Cox-George, *Finance and development*.