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# Historicizing the Patterns and Trends of Money in African Economies

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## Abstract

This paper investigates the patterns and trends of money in African economies. In doing this attention has been focused from pre-colonial to post-colonial times. It acknowledges that money originated as a result of the various challenges that emanated from trade by barter. Historians and policy analysts have argued that African traders developed diverse kinds of money long before the colonial period. But the nature and potency of such money on pre-colonial African economies have not been isolated and analyzed. Thus, this study serves as an intervention to close the gap that exists in extant literature with the use of secondary sources and the velocity theory of money to study the nature of money in pre-colonial African economies. It is the opinion of this paper that the introduction of coins and paper money into African economies by the colonial masters has heightened the preponderance of African exploitations by the Western capitalists. The justification for embarking on a research of this kind is to examine the impact the introduction of coins and paper money has on African economies. The study further argues that the phenomenon marked a fundamental reduction in international and intra-state transaction costs for the Western capitalists, and deprived Africans the ability to control their indigenous money system. The paper concludes that the increase in the value of dollars and other European currencies has created a wide gap between Africans and European nations in terms of their citizen's standard of living. It recommends that African countries must intensify efforts to regulate their economies, through prioritizing of African currencies overall foreign currencies.

**Keywords**: Patterns and Trend, Money, Cowry Shells, Manillas, Coins, Paper Money, and African Economies.

## Introduction

Money is one of the most essential things in human life, being how our desires and needs are met.[1] Money can be a shell, a metal coin, or a piece of paper with a historic image on it, but the value that people place on it has nothing to do with the physical value of the money.[2] Money derives its value by being a medium of exchange, a means of payment, and a storehouse for wealth. Money allows people to trade goods and services indirectly, understand the price of goods and give us a way to save for larger purchases in the future. Money is valuable merely because everyone knows that everyone else will accept it as a form of payment. African societies and kingdoms used monies such as cowry shells, gold nuggets and dust, iron rods, manillas, and cotton cloth as money long before the introduction of the colonial currency system that brought into African economies the uses of coins and paper money.[3]

This paper explores the nature of money in African economies from the pre-colonial period to the present time. The paper aims to provide an analysis of money in African economies since pre-colonial time to the present, to acquaint with the impact colonial monetary policy (that introduced coins and paper money) have on the development of African economies. The study argues that the loss of politico-monetary sovereignty orchestrated by colonialism in West Africa affects the economic development of Africans from the colonial period to the present time and the measures to curb the challenges posed on African economies by the introduction of European coins and paper money.

What happened in West Africa is in turn an important part, but not more than a part, of what happened throughout the African continent. However, the vast size of the continent, and a large number of its people, make it necessary to divide African history into regional sections. Besides, there are some advantages in each person approaching the history of the whole continent through a better understanding of his or her, own region. At the same time, it is important to remember that all of Africa's large regions have influenced each other: no region lived in isolation from its neighbors. Another point to note is that the study of history is a work of discovery. Many facts are known about the African past. But many more facts will certainly become known. These new facts are bound to alter and enlarge on many details of the historical picture as we see it now. This is the fate of all historical works and is one reason why the study of history is exciting and worthwhile. The work is never ended. West Africa can therefore be regarded as a separate historical unit only for purposes of the study.[4]

It is on this premise that the paper discusses the patterns and trends of money in African economies. To achieve this aim, the paper comes in eight overlapping parts. The first part provides parameters for the discussion. The second part attempts a clarification of conceptual perspectives. The third part pillars the study with the velocity theory of money. The fourth part investigates the historical foundations of money. The fifth part discusses money in West African economies in the pre-colonial era. The sixth part analyses money in colonial economies of Africa while the seventh deals with money in post-colonial African economies. The eight and the last part carries a summary of the key thoughts.

 

## A Clarification of Conceptual Perspectives

In addressing the subject matter of this paper, it is useful that the key concept is clarified. It is only against the background of such a clarification that the issues raised and discussed shall be properly grasped. The basic concept attracting clarification here is money. The term money is defined variously by different scholars. One of the ways to look at money as applied to African society was that of C.E. Ande who conceived money as anything that is generally accepted as a medium of exchange, means of payment, and for settlement of the debt.[5] From the above definition, one can be deduced that Money is nothing more than anything that people agreed upon to be used in buying a different variety of goods and services. The above definition best capture the functions money performs in pre-colonial Africa. And to a greater extent ley to rest argument advanced by some groups of scholars that posits Africans had no money before the colonial monetary regime. Furthermore, Karl Polanyi and his associates classified money into two: that is general-purpose money which includes items that serve the three primary purposes of money (payment, units of measurement, and means of exchange) while the special purpose money serves only one or two functions.

Their claims were hinges on the four functions of money that include; means of exchange, mode of payment, the standard of measurement, and storage of values.[6] To them, Africans money in the pre-colonial period discarded the fundamental uses of money which are units of measurement and therefore should not be regarded as money. This school of thought argument can be likened to a man who says that a chicken must breastfeed it, babies, before it can be accepted as a living thing, even when chicken shared other fundamental characteristics of a living thing. After all historical and economic reality has proved beyond a reasonable shadow of a doubt that money anyway and everywhere did not and cannot offer an accurate measurement function as presumed, because in a market environment everyone is out to outdo another.[7]

Therefore, to argue that Africans did not make uses of money before European penetration and subsequent colonization on the ground that such money lacked a unit of measurement criterion is an aberration and a great error of fact. Because in our present time still, the value attached to some commodities that determined how much money to be paid for them most often beat imaginations. They even failed to understand that Africans designed ways of reducing their money into pieces. For instance, money then informed of various weights of brass, various sizes of iron bars, various length of cotton clothing pre-colonial time to overcome the difficulty of buying and selling that might arise.[8]

## Theoretical Framework

The theoretical framework provides the needed structural foundations for academic works and other studies to strive.[9] Arising from the above, the study of money in African economies since pre-colonial time to the modern era is anchored on the velocity theory of money. The velocity theory of money was propounded by Irving Fisher. The velocity theory of money posits that the speed at which money circulates within the economy by changing from one hand to another determines its value. That is to say that when there is an increase in the circulation of money without commiserates productive backing, prices of goods will increase leading to a lower value of money. The stability or otherwise of national currency value is largely determined by that nation's productive capacity. The ability of that country to trade on an increasingly international market.[10] African countries buy a lot without producing what they needed for their daily survival. Excessive consumption without consummate production naturally leads to indebtedness.

## Historical Foundations of Money

Money in some form has been part of human history for at least the last 3,000 years.[11] Money originated as a result of the various difficulties that arose from trade by the barter system. Bartering is a direct trade of goods and services.[12] Barter flows in this kind of sense "I will give you a stone ax if you help me kill a mammoth" but such arrangements take time. You have to find someone who thinks an ax is a fair trade to face the beast that does not take kindly to being hunted. If that did not work, you would have to alter the deal until someone agreed to the terms. Another difficulty associated with the barter regime has much to deal with the storing of wealth, the system made it very difficult to store wealth or value, especially where perishable goods were involved.[13] Thus, different commodities served as money to ease the difficulties associated with the barter system in different empires and kingdoms. Such items include cattle cowries, animal skins, shells, salt, beads, and tobacco, among others, were used as a medium of exchange or commodity money.[14] These traded goods served as the medium of exchange even though the unit values were still negotiable. This system of barter and trade spread across the world, and it still survives today in some parts of the globe.

Later, precious metals like silver and gold were used. The amounts of metals were weighed out whenever a payment was to be made. With time, the metals were cut into pieces of definite weights. Sometime around 1,100 B.C., the Chinese moved from using actual tools and weapons as a medium of exchange to using miniature replicas of the same tools cast in bronze. Nobody wants to reach into their pocket and impale their hand on a sharp arrow so, over time, these tiny daggers, spades, and hoes were abandoned for the less prickly shape of a circle, which became some of the first coins. Although China was the first country to use recognizable coins, the first minted coins were created not too far away in Lydia (now western Turkey).[15]

In 600 B.C., Lydia's King Alyattes minted the first official currency. The coins were made from electrum, a mixture of silver and gold that occurs naturally, and stamped with pictures that acted as denominations. In the streets of Sardis, circa 600 B.C., a clay jar might cost you two owls and a snake. Lydia's currency helped the country increase both its internal and external trade, making it one of the richest empires in Asia Minor.[16] It is interesting that when someone says, "as rich as Croesus", they are referring to the last Lydian king who minted the first gold coin. Unfortunately, minting the first coins and developing a strong trading economy could not protect Lydia from the swords of the Persian army. In 600 B.C., the Chinese moved from coins to paper money. By the time Marco Polo visited in 1,200 A.D., the emperor had a good handle on both money supply and various denominations. In the place of where the American bills say, "In God We Trust," the Chinese inscription warned, "All counterfeiters will be decapitated."[17]

Europeans were still using coins up to 1,600 AD; this was necessitated by acquisitions of precious metals from colonies to keep minting more and more cash. Eventually, the banks started using bank notes for depositors and borrowers to carry around instead of coins. These notes could be taken to the bank at any time and exchanged for their face values in silver or gold coins. This paper money could be used to buy goods and operated much like currency today, but it was issued by banks and private institutions, not the government, which is now responsible for issuing currency in most countries. The first paper currency issued by European governments was issued by colonial governments in North America. Because shipments between Europe and the colonies took so long, the colonists often ran out of cash as operations expanded. Instead of going back to a barter system, the colonial governments used IOUs that traded as a currency. The first instance was in Canada, then a French colony. In 1685, soldiers were issued playing cards denominated and signed by the governor to use as cash instead of coins from France.[18]

The shift to paper money in Europe increased the amount of international trade that occurred across the lent and breath of the World. Banks and the ruling classes started buying currencies from other nations and created the first currency market. The stability of a particular monarchy or government affected the value of the country's currency and the ability for that country to trade on an increasingly international market. The competition between countries often led to currency wars, where competing countries would try to affect the value of the competitor's currency by driving it up and making the enemy's goods too expensive, by driving it down and reducing the enemy's buying power (and ability to pay for a war), or by eliminating the currency.[20]

## Money in West African Economies in the Pre-Colonial Era

West Africa has over 200 million people in contemporary time. In the sixteenth century there were far fewer (this is true of nearly all countries everywhere. For example the population of England or France in the 16$^{th}$ Century was only a small part of what it is today). Although without any knowledge of modern science in the 16$^{th}$ century West Africans solved many hard problems about living in their vast and often difficult region. They had developed a degree of immunity against dangerous fevers. They had learned the secret of many medicinal herbs and how to use them to cure sickness. They had discovered how to look after cattle in very hot weather. They had become experts at the growing food in the forest. They had found out how to recognized minerals in rocks, how to sink mines, how to get the ore smelting and work with it. They had developed a wide range of hand-manufacture in many materials. West Africans were far advanced among the people of the sixteenth century.[21]

In the distant past, very few West Africans worked for money. They did not have a money economy. What they had was called a subsistence economy. Most West Africans worked to grow or make the goods they needed, and not to earn money with which to buy such goods. A farmer then would grow enough food for his family's needs, and little for exchange. A blacksmith would make enough hoes or spears to be sure that he could get what he and his family needed in exchange, but rarely exchange these for any kind of money. He took them around and exchanges them directly for the goods he wanted. This kind of economy was a phase of development that occurred nearly everywhere in the world. In the later times, with steady progress in production, West Africans increasingly left this exchange economy and entered a money economy, the way of living that depend on earning money.[22]

There was a growing quantity of internal and external trade in the sixteenth century, and this trade was carried on in foods that we're grown, and manufactured goods. By the 16th century, the people of West Africa worked in many skills and produced many different kinds of goods like; cloth, pottery, hoe, ax, spears, fish hooks, the sword that were exceedingly sharp in both edges *et cetera*. With the idea of exchanging them for other goods or various kinds of money which led to the beginning of coming together usually in strategically located positions like king palace, playground, and worship centers to exchange what they produced for what they needed. Trans- Saharan trade was set in motion because of this development. People had to come south across the Sahara and bargained for gold and other goods. They brought their goods in exchange-fine metalware, silks, and woolens beads and horses- and West Africans were glad to have them. New appetites were created. New trading systems were opened, and new sources of the product were tapped.[23]

All this expansion, in trade and production for trade, was well advanced by the beginning of the sixteenth century. It still affected only a minority of West Africans, but this minority was much larger than in the earlier times. Nearly all main regions were now linked together by well-established trade routes. These ran between the south and the north: between the southern Nigeria and Hausa land in Bornu, between Asante and the middle Niger, and between upper Guinea and the upper Niger. They also ran between east and west: between the Asante and Hausa land.[24]All these centers of production and markets were linked to the great northern cities which had conducted the trans-Saharan trade since very early times: with Jenne, Timbuktu, Gao, and their sister-cities to west and east. These cities, just like their vanished forerunners, Kumbi and Tekrur, Audaghost, and others, were the biggest and most prosperous markets in all West Africa. Along the coast of Guinea, meanwhile, a new system of trade with sea merchants was beginning to grow in size and volume. Small yet, this rapidly expanded in the years ahead. With the growth of trade, there came a need for money.[25]

West African traders developed many kinds of money. These were seldom or never coins. The main types of money were cowry-shells, various weights of brass, various sizes of iron bars, various lengths of cotton cloth. Europeans discovered West Africa much later than the North African traders. These people reported an English captain, John Locke, after a voyage to Guinea in 1553, are very clever in their bargaining. They will not overlook a single bit of the gold they offer for sale. They use their own weights measures, and they are very careful about how they use them. Anyone who wants to deal with them must do so decently, for they will not trade if they are treated badly.[26]

The merchants along the trade routes were mostly Hausa and Mandinka, often established in small towns they have founded or enlarged along these routes. In the big cities of the north, they were also, Kanuri and Songhay, Soninke, Fulani, Wolof, and so many others. Along the coast, they were Ibo, Ga, Akan, Nzima, and their neighbors. In many markets, the biggest merchants were the most important men of the country such as Chiefs and Kings, elders, and counselors. These were men who needed wealth to pay for government and soldiers, to maintain their courts, to make gifts to visitors. One of the great achievements of money was increasing the speed at which business flows, whether mammoth slaying or monument building, could be done. In this period, Social conditions did not exist when rich men could think of investing their wealth or handling it in a way as to produce more wealth. They mostly used it for their expenses, for gifts with which to ensure the loyalty of allies and servants, and for displaying powers. The Emperor of Kanem-Bornu, according to Leo Africanus, had equipment of his Calvary made in gold. But the giving of the gift was perhaps the most important way of using wealth. Taking their wealth with one hand, and giving it away with the other, the kings and the chiefs helped to keep it circulating among people.[27]

## Money in Colonial Economies of Africa

The industrial revolution has been seen to be a major factor in Africa's colonial history. Taking place in faraway Western Europe; it became a prime mover of a trend of events in Africa that shaped the destiny of many African states. It was largely responsible for the introduction of the so-called legitimate trade, with its attendant competition and rivalry among European trading companies for the control of sources of supply of industrial raw materials and markets. This rivalry culminated in the partition and colonization of Africa.[28]

Before the colonial era, goods traded between Africans and Europeans were paid for in cowry shells, manillas, iron bars, a bottle of gin, and yards of cloth. However, as the volumes of trade increase with the introduction and intensified productions of cash crops, these currencies became inappropriate and were first supplanted, and later totally replaced, with European currencies. The currency of the metropolitan country was introduced in each colony on equal strength basis. Thus, the British pound and sterling were adopted in British African colonies on a one-to-one exchange rate. The effect was that the wealth of a colony was determined, almost entirely, by its earnings from exports. Whatever a colony earned by its export sales was paid into its account in Britain. Then the Bank of England would authorize the issue of an equivalent amount in the colony's local currency. For this purpose, the West African Currency Board was established in 1912.[29]

The colonial currency became the sole legal tender for British West Africa in 1912 and was to cover a total area of 451,000 square miles (116,808,464ha) and a combined population of over 18 million people.[30] Eric Helleiner argues that during the age of imperialism, currency boards were created by European powers in their respective colonies for economic ends, including the reduction of international and intra-colony transaction costs, and to promote imperial political identities. The creation of the West African Currency Board confirms his argument. Its establishment was due to the recommendations of the Report of the West African Currency Committee (WACC), a body commissioned by the Rt. Hon. Lewis Harcourt, M.P. Secretary of State for the Colonies. The mandate of the Committee was: To inquire and report as to the desirability of introducing into West Africa a special silver coinage common to the five British West African administrations, and also as to the desirability of establishing a joint issue of currency notes in the same territories, and to advise upon the measures necessary for the regulation of the special coinage if introduced or for the better regulation of the existing currency in the event of a special coinage not being adopted. While economic considerations were central to the establishment of the Board in West Africa, it also had political ramifications for the local populations. It deprived Africans of the ability to develop and control an indigenous monetary system that would give their leaders greater political autonomy.[31]

The advent of British '*laissez-faire* capitalism and the colonial cash economy' ushered in a new economic regime that eventually replaces the local monetary order. The need to eliminate the competing foreign and native currencies in Britain's West African territories through monetization was also seen as being more crucial given the need to collect taxes. For example, by mandating that poll taxes be paid in the colonial currency, the state forced its subjects into the export-oriented cash crop economy and other colonial ventures, where they were paid with said currency. This situation contributed to resistance and resentment of that system by colonial subjects. British coins were imported into the colonies by two private banks, namely the African Banking Corporation (ABC, which was established in Lagos in 1892) and the Bank of British West Africa, Ltd (BBWA). These banks had 'special arrangements' which amounted to an exclusive contract with the imperial government to supply currency to the colonies. Britain paid for freight and other miscellaneous expenses for supplying silver coins to the colonies, 'in return for prepayment in the United Kingdom of its nominal value'. After the ABC ceased operations in 1893, the BBWA, which had opened up in Lagos in 1894, took over these functions from the former by securing an exclusive agreement with the Lagos government on 4 May 1894. The BBWA subsequently set up operations for the supply of British coins in the Lagos and the other British West African colonies; it had one branch in the Gambia, two in Sierra Leone, eight in the Gold Coast, five in Southern Nigeria, and one branch in Northern Nigeria. Therefore, Britain effectively privatized the importation and repatriation of silver coins in the colonies by contracting it out to big banking interests.[32]

The introduction of the European currencies into the African economy was purely targeted at forcing Africans into the cash economy as taxpayers and not as important decision-makers and stakeholders in the new monetary order. Moreover, the colonial banks, businesses, and officials were also insensitive to the monetary needs of African entrepreneurs, often asserting that Africans were not credit-worthy. The British banks (namely Barclays Bank, DCO, and BBWA) operating in the colony catered mainly to the government, expatriate, and non-African interests, and failed to extend adequate credit (or any at all, in some cases) to Gold Coasters. Moreover, as Uche explains, the colonial authorities had outlawed locally chartered banks in 1906, which removed a valuable source of credit for Africans and essentially paved the way for the establishment of the colonial common currency system.[33]

## Money in post-colonial African Economies

After British West African states gained independence, they made deliberate efforts at various states level in a different time to separate themselves from the British West African pound, shillings, and pence which were the currency of the British colonies in the region.[34] Thus, independence marked the beginning of different national currencies circulation in this region, which represented a significant shift from the colonial monetary regime to indigenous currencies circulation. For instance, Ghana decided to leave the British colonial monetary system and adopt the widely accepted decimal system. Their new republic's first independent currency was the Ghanaian pound (1958-1965). In 1965 The African name Cedi (1965-1967) was introduced in place of the old British pound system. Ghana's first President Kwame Nkrumah introduced Cedi notes and Pesewa coins in July 1965 to replace the Ghanaian pounds, shillings, and pence. The cedi was equivalent to eight shillings and fourpence (8s 4d) and bore the portrait of the President.[35]

Nigerian followed suits when on 1st July 1959 the Central Bank of Nigeria issued the Nigerian currency notes and coins and the West African Currency Board notes and coins were withdrawn. It was not until 1st July 1962 that legal tender status was changed to reflect the country’s new status. The notes were again changed in 1968 as a war strategy following the misuse of the country’s currency notes. On 31st March 1971, the then Head of State announced that Nigeria would change to decimal currency as from 1st January 1973. The major currency unit would be called Naira which would be equivalent to ten shillings: the minor unit would be called kobo; 100 of which would make one Naira. The decision to change to decimal currency followed the recommendations of the Decimal Currency Committee set up in 1962 which submitted its report in 1964. The change that took place in

 

January 1973 was a major one and this involved both currency notes and coins. The major unit of currency which used to be £1 ceased to exist and the one Naira which was equivalent to 10/- become the major unit.[36]

On 11th February 1977, a new banknote denomination of the value of 20 Naira was issued. This was special in two respects: The ₦20 (Twenty Naira) banknote was the highest denomination to be introduced then, and its issue became necessary as a result of the growth of incomes in the country; the preference for cash transactions, and the need for convenience. The ₦20 (Twenty Naira) banknote became the first currency note in Nigeria bearing the Portrait of a Nigerian citizen, in this case, the late Head of State, General Murtala Ramat Muhammed (1938-1976) who was the torchbearer of the Nigerian Revolution July 1975. He was declared a national hero on the 1st of October,1978. The note was issued on the 1st Anniversary of his assassination as a fitting tribute to the most illustrious son of Nigeria. On 2nd July 1979, new currency notes of three denominations, namely, (N1), (₦5), and (₦10) were introduced. These notes were of the same size i.e., 151 x 78 mm as the ₦20 note issued on the 11th of February, 1977. To facilitate identification, distinctive colors that were similar to those of the current banknotes of the various denominations were used. The notes bore the portraits of three eminent Nigerians, who were declared national heroes on the 1st of October, 1978. The engravings at the back of the notes reflected the cultural aspects of the country. In 1991, both the 50k and ₦1 Notes were coined. In response to an expansion in economic activities and to facilitate an efficient payment system, the ₦100, ₦200, ₦500, ₦1000 were introduced in December 1999, November 2000, April 2001, and October 2005 respectively.[36]

On February 28th, 2007, as part of the economic reforms, N50, N20, N10, and N5 banknotes as well as N1 and 50K coins were reissued with new designs, while a new N2 coin was introduced.[37] The change from European currencies to African indigenous currencies by the various states in the region does not in any way change the economic fortune of the people. The change rather impaired the economic growth of the region since the local money is ranked very low in the international forex market, and been a country without any appreciable advancement in the production sector, therefore, the innovation of change from colonial money to indigenous money after independence could not guarantee the expected monetary independence as envisioned by the pathfinder of the idea. The trends in globalization provide the best answers to the questions of African backwardness orchestrated by the steady decline in the value of her currencies.[38]

Although globalization has helped increase growth in recent years, it has not done so for all countries and continents. In the least developed countries and the African continent, in particular, a worsening of existing imbalances has impeded development and aggravated poverty.[39] Martin Khor looks at globalization as a very uneven process manifesting in the unequal distribution of benefits and losses. This imbalance leads to polarization between the few countries and groups that gain and many countries and groups that loss out or is marginalized.[40] Globalization rather created an environment that is fertile for African economic retardation. C.S Orngu posits that “the wave of colonization of late $19^{th}$ and early $20^{th}$ century represented extensive enlargement of capitalism across the world. Therefore, the current tide of globalization is simply an intensive expansion of capitalism” From his position, we can see a direct nexus between capitalism and globalization. African economies since the colonial era to the contemporary time represented a deliberate strategy of the West to exploits Africans.

Globalization has restricted or dampens the competitive capacity of the enterprise and productive apparatus of Africa in the world economy that is being globalized in the interest of the transnational corporations. In contemporary time, the Information communication revolution has substantially organized the world business domain around three blocks led by the USA, Japan, and EFC with Germany becoming the predominant economic actors in the latter case. The principle of globalization has ties the hands of poor countries making their development process subservient to trade issues such that they cannot take measures which they believe could help their development efforts and which might be challenged by other countries as a restraint on their trade.[41]

The shift to paper money in Europe increased the amount of international trade that could occur. Banks and the ruling classes started buying currencies from other nations and created the first currency market. The stability of their government affected the value of their country's currency and their ability to trade on an increasingly international market. The kind of competition they waged against less developed countries affected the value of African currency. More so, the 21st century that gave rise to two disruptive forms of currency: Mobile payments and virtual currency. Which represented money rendered for a product or service through a portable electronic device such as a cell phone, smartphone, or PDA. Mobile payment technology increasingly made Africans accept their platforms for point-of-sale payments bluntly. Virtual Currency on the other hand provides sellers in the international market system that are exclusive of Western origins with a broader market for their goods and services.[42]

Above all the value of African money in the post-colonial period is extremely poor because the value of money as well the nation’s cost of living is measure by the use of price index, which is also called index retail prices. A price index is a weighted average of prices and is expressed as a percentage of prices existing in a base year. That greatly affects the cost of living. The cost of living is the amount of money an individual spends to obtain the goods and services which will sustain him at a particular time. It thus the money cost of things as food, shelter, clothing, medical services, etc which the individual consumes. The cost of living depends largely on the prices of goods and services. If prices are high, the cost of living will be high as African experience has shown, since the individual will have to spend more money to obtain goods and services. The cost of living determines the standard of living, we have a high cost of living in Africa due to high exchange rates. The higher the quality and quantity of goods and services consumed, the higher the standard of living and vice versa. The income per head and the distribution of income are other indices we can use in measuring the standard of living.

A rise in the cost of living reduces the standard of living, while a reduction in the cost of living increases the standard of living. It is the cost of living that determines the standard of living. On the whole, the production capacity of any nation determined the availability of goods and service, that later translated into low cost of living which in turn resulted in the high standard of living. In the nutshell, we cannot expect a high standard of living in the face of a vulnerable currency battered by poor production capacity.

## Conclusion

The preceding analysis has shown that African societies and kingdoms have produced and used monies for a very long period before the colonial incursion. These monies were cowry shells, gold nuggets and dust, iron rods, manillas, and cotton cloth among others. Colonialism also introduced a colonial currency system that brought into African economies the uses of coins and paper money. Colonial money was thought to be superior to African currency, thus, the incorporation of Africans into the world of taxation and waged labor was vital to the success of the colonial machinery. The convergence of British colonialism and the WACB's monopolization of currency across the West African countries in 1912 signaled the loss of political and monetary sovereignty for the indigenous population. The demonetization of pre-colonial currencies produced significant losses for Africans, especially those who held much of their fortune in these forms of money. Without a formal monetary role, cowry shells could only now be sold for their lime content at very low values. It also forced Africans into colonial enterprises such as the production of cash crops, much of the proceeds of which went into paying taxes and other expenses that were only accepted in colonial currency. Notwithstanding this loss of politico-monetary autonomy, reverberated up to the present. It is easy to see British and American Pounds and Dollars in Nigeria markets than Ghanaian Cedi despite their historical and cultural affinity, likewise in Ghana. The dynamics of capitalism that was long entrenched in Africa in form of colonialism survived and grow farther into globalization and reduced African local currencies to a domestic paper that has recognition only in her immediate territory and minimal purchasing power. That explains why despite their nearness to each other and their strong historical tide, the transaction between these countries involved the exchange of currency to even sometimes European currencies (Dollars and Pounds). The price of goods and services across Africa are tag either in their own countries' local currency or Dollars.

If Africa must come out of these economic woes the excesses of globalization must be checkmate we must learn to appreciate and value our own. All African countries must embrace fellow African currency by so doing, the kind of influence and patronage that dollars have on Africa will fundamentally reduce and its price will be brought down. More so Africa must intensify effort to venture into massive productive activities capable of served as linkages to other infant industries in Africa like Ajekuta Steel Mill. In the face of such a strong industrial base, Africa could make appreciable progress in terms of evolving productive capacity that will strengthen the value of her money.

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