

ST HELENA - AN ECONOMIC SNAPSHOT

by Trevor W. Hearl

St Helena's economic history is an unsolved conundrum. Though droves of economists have descended upon the poor Island over the years, none has charted the course and causes of its fluctuating fortunes over the last 337 years. No wonder solutions are hard to come by. Pending expert research, here is how it looks at the moment.

The East India Company found St Helena an unaccountably costly colony, but as an essential supply base for homeward-bound Indiamen no expense was spared to make it impregnable. Annual costs of 00,000 rose to 0150,000 during the Napoleonic Wars, prompting Surgeon Bennett's exclamation in 1836, when it became a taxpayer's liability under the Crown, that the British would "regret that it had ever emerged from the ocean"! The Company experimented with endless schemes promoting production to offset expenses, ever optimistic that the Island had potential - if only they could discover what for! And thus it has ever been.

The expense of labour has always inhibited development, with craftsmen scarce and dear. Slaves gave poor return for investment; the Chinese (c. 1810-40) were the most productive, even on English farm workers' pay. Brief bursts of prosperity during Napoleon's exile (1815-21) and Boer PoW camps (1900-02) distorted a fragile economy. The collapse of property prices on Napoleon's death, coupled with loss of employment with the Company's departure in 1836, ruined the 'landed gentry' and deprived Island society of its natural leaders. Most left between 1821 and 1871 to be replaced by briefly visiting colonial and military 'birds of passage'. The loss of employers and capital, combined with Government retrenchment, hastened the emigration of workers to the Cape, a mixed blessing to the economy. But losers create winners. Land was bought at rock bottom prices by Jamestown merchants made wealthy by a shipping boom between 1830 and 1880, when the port serviced anything between 500 and 1000 ships (in the 1850s) annually. But by 1914, advances in ship design and the opening of the Suez Canal in 1869 had reduced this to 50; St Helena had lost its economic role. George Brooks Bennett looked back nostalgically from the end of the century to the day in December 1835 when he returned home to 'Maldivia' from schooling in England:

Arriving on the Island when I did, I had an opportunity of which I have often since felt glad, of seeing it in the full flood of its prosperity. Everybody and everything appeared to be flourishing. Money was abundant and trade was brisk. It could hardly be otherwise with so many and such splendid ships arriving crowded with passengers. Jamestown was in a state of constant bustle. [...] The Company did everything in its power for the Island [...] and St Helena prospered [...].

Trade flourished for the next forty years, boosted by business from the Royal Navy's anti-slavery patrols, Admiralty Court work, American whalers, and the guano trade.

Colonial Office determination to make the Island pay its way during this period of prosperity was only partly successful. Administration was cut to the bone - Governors' salaries (£9,000 under the Company) fell to £2,000 in 1836 and to £900 by 1874 - and, following Governor Beatson's example, experienced English farmers were recruited to develop agricultural production on Government land. But no substantial crofting or market gardening culture developed; nor could fishermen be tempted to support a structured fishing industry. Islanders could not be weaned from their tradition of making a 'quick buck' as chance provided, and thus the only sure bases for the sustainable development of an isolated Island community were never laid. Instead, both capital and labour emigrated, hastened by Government retrenchment, and when the inevitable downturn came, ending finally with the withdrawal of the garrison in 1906, the economy was not only bankrupt, but bereft of any means of support.

The desperate, but irrational, decision to create a government subsidised flax industry provided work and a fluctuating income, at the mercy of world prices, for the next 60 years. Since its collapse in 1966, determined efforts have been made by the St Helena Government to bring the Island's infrastructure and living standards more into line with those in Britain, financed mainly by Government grants and remittances from the many Islanders employed overseas. Consuming this 'seed-corn', little has been used to fund income producing enterprises or import substitution, but has instead boosted bureaucracy and consumer imports. The resulting 'socialist paradise', built on economic quicksand, has raised such unrealistic expectations that Britain's present annual input of £8.5 million is even resentfully regarded as mean.

Expectations are such that improvement cannot be put into reverse [...] in such a small and fragile economy, without its causing social disruption. There are already signs of loss of national morale and increasing social stress [...]" (C. Joubert, St Helena [1993], p.1)

George Drawer's *Britain's Dependent Territories: A Fistful of Islands* (1992) is no less dispiriting: "St Helena's economic outlook seems to be hopeless" (p.219).

Is such pessimism justified? Under current economic and political arrangements it is difficult to see otherwise. Yet even under present disabilities there are signs of successful enterprise in fisheries, coffee, honey and herbal tea production. St Helenians are a talented and resourceful people, lacking only leadership. And a commercial bank would find surprising funds of ready money waiting to be channelled into productive business producing work and wealth. Given a management, instead of a colonial structure to the community, in no time I would expect to see the headline: "St Helena - 'Wirtschaftswunder' of the South Atlantic!"

Wirebird: The Journal of the Friends of St Helena No 28 (Spring 2004): 27-29.

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