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Research Article

Trade, Trust and Economic Integration across Ethnic Boundaries in Nigeria, 1900-1967

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Abstract
This study examines trade, trust and economic integration across ethnic boundaries in colonial Nigeria between 1900 and 1967. It investigates how commercial interactions among diverse ethnic communities contributed to the development of regional markets, strengthened economic relationships and facilitated the movement of goods, capital, labour and entrepreneurial skills. The study specifically examines the nature of inter-group trade networks; explores the role of trust, reciprocity and social relationships in sustaining economic exchanges; and assesses the contribution of inter-group commerce to wider economic integration in colonial Nigeria. The study adopts a historical research methodology based exclusively on secondary and documentary sources, including published books, scholarly journal articles, government publications, newspapers, statistical reports, biographies and relevant existing studies. The study argues that economic relationships across ethnic boundaries were sustained not merely by market forces but also by networks of trust, reciprocity, credit and social obligation. It further demonstrates that inter-group commercial activities helped connect previously differentiated local economies and contributed to the emergence of broader regional markets. The study recommends greater scholarly attention to indigenous commercial institutions and inter-group economic networks in reconstructing Nigeria's economic history.
Keywords: Trade, Trust, Economic Integration, Inter-Group Relations, Ethnic Boundaries, Colonial Nigeria.

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1. INTRODUCTION

The economic history of colonial Nigeria was shaped not only by colonial policies and the production of export commodities but also by the activities of African traders who connected communities, markets and regions. The establishment of British colonial rule after 1900 brought different political communities into a common administrative and economic framework, thereby intensifying commercial interaction across previously existing social and territorial boundaries. Cash-crop production, wage labour, transportation development and expanding markets encouraged the movement of commodities and people across regions. As Pierce (2022) observes, the colonial economy was increasingly oriented toward export production, while the expansion of commercial agriculture and labour opportunities generated significant social and economic transformations. These developments created conditions in which economic relationships increasingly extended beyond individual communities and ethnic groups.

Trade across ethnic boundaries was particularly important because Nigeria's pre-colonial economy already contained extensive systems of inter-community exchange. Long-distance traders, market intermediaries and specialized producers connected areas with different ecological and productive advantages. Colonial rule did not create these networks but altered their scale, direction and institutional environment. The development of roads, railways, waterways and commercial centres facilitated the circulation of agricultural produce and manufactured goods between different parts of the country. Nwabughuogu (1982), for example, demonstrates that the expansion of colonial markets initially strengthened African middlemen in Eastern Nigeria before the penetration of European firms, railway development and changing commercial regulations undermined their position. Government reports from Southern Nigeria during the early twentieth century likewise documented the growing importance of markets, produce trade and commercial intermediaries in the colonial economy (Southern Nigeria, 1909, 1910, 1912).

Within these commercial relationships, trust constituted an important but relatively under-examined economic institution. Trading across ethnic boundaries involved risks relating to credit, prices, delivery of commodities, partnership, debt repayment and the movement of goods over considerable distances. Formal banking institutions were limited in their geographical reach during much of the colonial period, making personal relationships, reputation, reciprocity and social networks important mechanisms for reducing commercial uncertainty. Nwabughuogu (1982) demonstrates the importance of the "trust system" in providing trading capital to African middlemen in Eastern Nigeria. Similarly, the development of indigenous credit institutions such as isusu demonstrates the capacity of African communities to mobilise capital through systems based on mutual confidence and reciprocal obligation (Nwabughuogu, 1962). Trust, therefore, should not be understood merely as a social or cultural phenomenon; it could function as an economic resource that facilitated exchange, credit and entrepreneurship.

The significance of trust becomes even more apparent when economic exchange crossed ethnic boundaries. Traders entering markets dominated by another community required mechanisms through which commercial obligations could be established and maintained. Ethnic identity could sometimes provide an initial basis for confidence through kinship, association and shared networks, but successful commerce also required relationships with people outside one's immediate community. Commercial partnerships, credit arrangements, apprenticeship relationships, market associations and intermediary networks could consequently create forms of economic cooperation that transcended local ethnic boundaries. Existing scholarship on Nigerian economic history has extensively examined commodities, African middlemen, colonial marketing systems and indigenous entrepreneurship, but comparatively less attention has been devoted to examining how trust operated specifically within economic relationships between different ethnic communities. Nwabughuogu's (1982) study is particularly significant because it shows that changes in the system of commercial trust had direct consequences for the fortunes of African traders.

The expansion of transportation and market infrastructure further strengthened inter-group economic integration. The opening of the Eastern Railway to traffic in 1916 and the construction of roads increased the penetration of commercial firms into interior markets and altered established patterns of trade (Nwabughuogu, 1982). Similar developments occurred elsewhere as transportation connected agricultural producing areas with commercial centres and ports. Government economic reports provide evidence of increasing attention to agricultural production, commodity marketing, transportation and regional commercial activity during the colonial period. These developments enabled traders, labourers and entrepreneurs to move beyond their immediate communities and participate in increasingly interconnected economic spaces. Thus, colonial economic integration should not be interpreted solely as a process imposed by European firms or government institutions; it also involved the activities of African economic actors who established and maintained relationships across ethnic and regional boundaries.

Against this background, this study investigates the relationship between trade, trust and economic integration across ethnic boundaries in colonial Nigeria between 1900 and 1967. The study has three principal objectives: first, to examine the nature and development of inter-group trade networks in colonial Nigeria; second, to analyse the role of trust, reciprocity, credit and social relationships in facilitating economic exchange across ethnic boundaries; and third, to assess the contribution of inter-group commercial relations to the integration of Nigeria's regional economies. The study employs a historical research methodology based on secondary documentary evidence, including published books, peer-reviewed journal articles, government reports, statistical publications, newspapers, biographies and existing historical studies. It deliberately excludes oral interviews and archival materials. By combining economic history with the study of social relationships, the research seeks to demonstrate that indigenous traders and entrepreneurs were active agents in constructing economic connections across ethnic boundaries.

The study is significant because it contributes to a broader understanding of Nigerian economic history beyond the conventional emphasis on colonial exploitation, export commodities and European trading firms. Although colonial policies profoundly influenced Nigeria's economic development, indigenous commercial networks also shaped the circulation of commodities, capital, labour and entrepreneurial knowledge. The interaction between trust and commerce provides an opportunity to reconsider how African economic actors responded to the opportunities and constraints created by colonial rule. The study therefore argues that inter-group trade was not simply an exchange of goods but also a process through which commercial relationships, confidence, reciprocity and economic interdependence developed across ethnic boundaries. Understanding these processes can provide a more nuanced interpretation of the historical foundations of Nigeria's economic integration and the indigenous networks that preceded and accompanied the emergence of a national economy (Hopkins, 1973; Pierce, 2022).

Conceptual Clarification of Trust, Economic Integration and Inter-Group Relations

Trust refers to the expectation that individuals or groups engaged in an economic relationship will act in a reasonably reliable, predictable and mutually acceptable manner. In economic exchange, trust becomes particularly important where transactions depend on credit, deferred payment, partnerships, information sharing and repeated interaction. Coleman (1988) regards social relationships, obligations, expectations, information channels and social norms as forms of social capital that can facilitate purposeful action. In the context of colonial Nigeria, trust could therefore operate as an economic resource through which traders established commercial reputation, obtained credit, formed partnerships and maintained trading relationships. Nwabughuogu's (1982) study of African middlemen in Eastern Nigeria is particularly relevant because it identifies the collapse of a "trust system" as one factor associated with the decline of indigenous middlemen.

Economic integration refers to the increasing interconnectedness of separate economic units through the movement and exchange of goods, labour, capital, services and information. Although the conventional economic literature often associates integration with the removal of barriers between national economies, the concept can also be applied historically to regional and community economies. Oppong (2011) explains economic integration as the removal of economic frontiers that restrict the movement of goods, labour and capital, while historical scholarship on Africa demonstrates the importance of intra-regional trade in connecting different economic spaces. For colonial Nigeria, economic integration is understood in this study as the gradual linking of previously differentiated local and regional economies through trade networks, transportation,

migration, credit and commercial exchange. It therefore encompasses both the structural changes associated with colonial rule and the activities of indigenous economic actors.
Inter-group relations refer to the social, economic and cultural interactions that occur between two or more distinct communities or social groups. In this study, the concept is principally concerned with relationships between different ethnic or culturally identifiable communities participating in economic activities. Inter-group relations should not be interpreted exclusively in terms of conflict or political competition, because historical interactions could also involve cooperation, exchange, negotiation and mutual economic dependence. Evidence on Nigerian history indicates that trade frequently required peaceful communication and sustained relationships between communities that were otherwise socially distinct. Thus, inter-group economic relations could involve traders, farmers, artisans, transporters, labourers, credit providers and market intermediaries whose activities crossed community boundaries.

The three concepts are closely interconnected in explaining the historical development of Nigeria's commercial economy. Trade provided the principal arena for inter-group interaction; trust helped sustain commercial relationships; and repeated economic exchanges contributed to greater economic integration. Traders operating beyond their immediate communities needed information about markets, confidence in trading partners and mechanisms for managing credit and commercial obligations. Repeated transactions could consequently produce reputation, reciprocity and mutual dependence, thereby making future exchanges easier. Nwabughuogu's (1982) examination of Eastern Nigeria illustrates how changes in indigenous commercial relationships and the trust system could affect the position of African traders within the colonial economy. The study consequently views trust not merely as a social virtue but as an institutional mechanism capable of facilitating economic exchange across social and ethnic boundaries.

For the purpose of this research, trust, economic integration and inter-group relations are therefore treated as historically connected concepts rather than isolated variables. Trust represents the relational foundation that could make economic exchange possible and sustainable; inter-group relations provide the social context within which such exchanges occurred; while economic integration represents one of the broader outcomes of sustained interaction through trade, migration, credit, labour and investment. This conceptualisation allows the study to move beyond an interpretation of colonial Nigerian economic history based solely on European firms, colonial policies and export commodities. Instead, it emphasises the agency of African traders and communities in creating commercial connections across ethnic boundaries. The approach is consistent with historical evidence showing that African middlemen and indigenous commercial networks played important roles in expanding markets and connecting different economic communities during colonial rule (Nwabughuogu, 1982).

2. THEORETICAL FRAMEWORK

This study is principally anchored on the Theory of Embeddedness, developed by Granovetter (1985), which challenges the view that economic behaviour can be understood independently of social relationships. According to Granovetter (1985), economic actions are embedded within continuing networks of social relations, meaning that decisions concerning production, exchange, credit and commercial partnerships are influenced by relationships between economic actors. This perspective is particularly relevant to colonial Nigeria, where commercial activities frequently operated through personal contacts, community networks, reputation and reciprocal relationships. The theory therefore provides a useful basis for examining how traders from different ethnic communities established and maintained economic relationships across social boundaries. Rather than treating trade as a purely market-driven activity, the theory enables this study to examine the social relationships that made economic exchange possible and sustainable.

The Embeddedness Theory is particularly useful for explaining the relationship between trust and economic exchange. Granovetter (1985) argues that trust and the control of opportunistic behaviour are closely connected to the social relationships within which economic transactions occur. Traders who repeatedly interacted with one another could develop knowledge of each other's reliability, reputation and commercial behaviour. Such relationships could reduce uncertainty in transactions involving credit, deferred payment, partnerships and the movement of commodities across considerable distances. In colonial Nigeria, where formal contractual and financial institutions did not reach every commercial centre equally, personal relationships and established trading networks could therefore become important mechanisms for sustaining economic exchange. The theory consequently allows the study to interpret trust not merely as a cultural value but as an economic mechanism that could reduce transaction uncertainty and facilitate repeated interaction between traders belonging to different communities.

The study is also informed by Social Exchange Theory, particularly the proposition that social relationships are sustained through processes of reciprocity, mutual benefit and continuing exchange (Blau, 1964). Social exchange does not necessarily involve immediate economic payment; rather, relationships can be maintained through reciprocal obligations, assistance, information, protection and access to economic opportunities. Applied to colonial Nigeria, this perspective helps explain how relationships between traders, intermediaries, transporters, producers and consumers could develop across ethnic boundaries. A trader might provide credit to another trader with the expectation of future repayment or continued commercial cooperation, while market participants could exchange information and assistance based upon established reciprocal relationships. Social Exchange Theory therefore provides a framework for understanding how repeated commercial interactions could generate obligations and expectations that strengthened inter-group economic relationships.

A further theoretical contribution comes from Polanyi's substantive approach to economic life, which emphasizes that economic activity is embedded within broader social and institutional structures rather than operating as an autonomous market mechanism (Polanyi, 1944). This perspective is particularly valuable for historical analysis because it draws attention to the ways in which economic exchange is shaped by social institutions, norms and relationships. In the Nigerian colonial context, markets operated alongside indigenous institutions, community structures and expanding colonial economic institutions. Trade between ethnic communities consequently involved more than the simple buying and selling of commodities; it could also involve social obligations, customary practices, credit relationships, migration and reciprocal arrangements. Polanyi's perspective enables the study to recognize that colonial economic transformation involved an interaction between indigenous economic institutions and emerging market structures rather than the complete replacement of one system by another.

Taken together, Embeddedness Theory, Social Exchange Theory and Polanyi's substantive approach provide a coherent framework for analysing trade, trust and economic integration across ethnic boundaries in colonial Nigeria from 1900 to 1967. Embeddedness Theory explains how economic transactions were shaped by social networks and continuing relationships; Social Exchange Theory explains how reciprocity and mutual expectations could sustain relationships between economic actors; while

Polanyi's approach situates economic exchange within wider social and institutional structures. The combined framework suggests that repeated inter-group trade could generate trust, reciprocity, commercial partnerships and economic interdependence, which in turn contributed to the increasing integration of regional markets. This approach is especially appropriate because historical evidence shows that trade was an important mechanism through which different Nigerian communities maintained peaceful communication and economic interaction, even where broader inter-group relations could be characterized by competition or mistrust. The framework therefore positions indigenous traders and communities as active participants in the historical construction of Nigeria's interconnected economy rather than viewing economic integration solely as an outcome of colonial administrative and commercial policies.

Inter-Group Trade Networks and the Transformation of Colonial Nigerian Markets

Inter-group trade networks played an important role in transforming the Nigerian economy during the colonial period. Although British colonial rule introduced new administrative and commercial structures, economic exchange between different communities had existed long before colonial conquest. Pre-colonial societies developed extensive routes through which agricultural products, manufactured goods, livestock and other commodities circulated between areas with different ecological and productive advantages (Usman, 2022). The establishment and consolidation of colonial rule after 1900 altered the scale and direction of these exchanges by bringing previously autonomous communities within a common administrative and commercial framework. The colonial economy encouraged the production of commodities for external markets while simultaneously expanding internal commercial connections. Pierce (2022) notes that colonial economic policies promoted cash-crop production and connected Nigerian producers more closely to global markets. These changes consequently created new opportunities for traders from different communities to participate in increasingly interconnected commercial networks.

The transformation of Nigerian markets was closely associated with the development of transportation infrastructure. Roads, railways, waterways and ports facilitated the movement of commodities and people between producing areas, market centres and coastal outlets. The railway system was particularly significant because it connected major commercial centres such as Lagos, Ibadan, Kano, Ilorin, Jos, Makurdi and Port Harcourt, thereby reducing some of the geographical barriers that had previously restricted long-distance trade (Ali, 2020). The development of transportation also affected the distribution of agricultural produce and manufactured goods, encouraging commercial interaction among communities located along railway and road corridors. Okeke (2023) argues that colonial transport infrastructure became an important component of the colonial economic system because it facilitated the movement of export commodities and strengthened connections between different economic regions. Thus, transport infrastructure provided a physical foundation upon which inter-group commercial networks could expand, even though its construction was primarily designed to serve colonial economic interests.

The growth of inter-group trade was also reflected in the activities of African merchants and market intermediaries. Indigenous entrepreneurs did not simply disappear following the expansion of European commercial firms; rather, many adapted their activities to changing market conditions and developed new strategies for remaining commercially relevant. Hopkins (2024) demonstrates that African merchants in Lagos played important roles in trade, construction, farming and finance during the colonial period. His study challenges interpretations that portray indigenous entrepreneurs as passive victims of colonial capitalism and instead emphasizes their capacity for innovation and adaptation.

Similarly, the development of commercial centres in different regions created opportunities for traders to operate beyond their immediate communities. The expansion of markets consequently encouraged interactions between people of different ethnic backgrounds, particularly where traders sought commodities, customers and business opportunities outside their areas of origin. Inter-group commerce thus became an important dimension of indigenous participation in the changing colonial economy.

Market transformation was particularly evident in major urban and regional commercial centres. Lagos, Ibadan, Onitsha, Kano, Lokoja, Port Harcourt and other centres increasingly served as points of convergence for traders and commodities originating from different parts of Nigeria and beyond. Research on Ibadan, for example, shows how colonial commercial changes, railway development and the emergence of new business districts transformed the city's commercial environment between 1900 and 1960 (Oladejo, 2023). Similarly, studies of Lokoja demonstrate the importance of the Lower Niger River and transportation networks in facilitating the movement of agricultural produce and manufactured goods through the trading district (Ali &Maren, 2019). These commercial centres were not merely places where commodities were bought and sold; they constituted meeting points where traders from different communities exchanged information, established relationships and developed commercial networks. The expansion of such markets therefore contributed to the gradual integration of local economies into wider regional systems.

The transformation of colonial markets nevertheless involved considerable tension between indigenous commercial interests and European economic power. Colonial economic policies increasingly encouraged the production and marketing of commodities that served British industrial and commercial interests. Pierce (2022) argues that the colonial economy was structured around the expansion of export-oriented agriculture, including palm oil, cocoa and groundnuts, and that government efforts to promote exports contributed to competition between Nigerian regions. At the same time, European trading firms gained increasing control over important aspects of commodity marketing and international trade. This did not eliminate indigenous commercial activity, but it changed the environment in which African traders operated. Hopkins (2024) shows that African merchants responded to changing economic conditions through innovation, diversification and new organizational strategies. Consequently, the transformation of colonial markets should be understood as a contested process in which colonial firms, indigenous entrepreneurs, producers and inter-group trading networks interacted within an unequal economic structure.

By the middle decades of the twentieth century, inter-group trade networks had contributed significantly to the increasing interconnectedness of Nigeria's regional economies. The circulation of agricultural commodities, foodstuffs, manufactured goods, labour and commercial information connected communities that had previously operated within more localized economic systems. Transport infrastructure strengthened these connections, while urban markets provided spaces in which traders from different ethnic communities could interact and establish continuing commercial relationships (Ali, 2020; Okeke, 2023). The historical significance of these networks therefore extends beyond the movement of commodities: they contributed to the creation of economic interdependence and helped establish commercial relationships across ethnic boundaries. Nevertheless, this integration remained uneven because colonial policies and European commercial dominance shaped the terms under which exchange occurred (Falola& Heaton, 2018; Pierce, 2022). Inter-group trade should consequently be regarded as an important dimension of Nigeria's economic history in which indigenous economic actors actively participated in the transformation and integration of regional markets.

Trust, Reciprocity and Commercial Exchange Across Ethnic Boundaries

Trust constituted an important foundation of commercial exchange in many parts of Nigeria, particularly where transactions depended on personal relationships, credit and deferred payment. In the absence of extensive formal financial and legal institutions, traders often relied on reputation, personal connections and established relationships to manage the uncertainties associated with commerce. Njoku (1980) demonstrates that the "trust" system was historically significant in Eastern Nigeria and that commercial relationships between African and European traders were frequently organized around credit and confidence. Trust was therefore not simply a moral quality but also an economic mechanism through which traders could obtain goods, extend credit and maintain commercial relationships. Its importance becomes particularly significant when examining exchanges that crossed ethnic boundaries, where traders needed mechanisms for establishing confidence beyond immediate kinship or community networks.

Reciprocity strengthened the operation of trust by creating expectations of mutual obligation between participants in commercial exchange. In Nigerian markets, traders could provide credit, information, assistance or access to markets with the expectation that such support would be reciprocated through future transactions. Social relationships could consequently reduce the risks associated with long-distance commerce and facilitate repeated economic interaction. Research on Nigerian and Ghanaian food traders demonstrates that traders from different ethnic groups developed both formal and informal reciprocal arrangements, including joint ventures and other cooperative relationships that crossed cultural boundaries (Omeihe et al., 2010). Such relationships suggest that ethnic identity did not necessarily prevent commercial cooperation; instead, repeated interaction could create networks of reciprocal obligations extending beyond the boundaries of individual communities.

The relationship between ethnic identity and trust was particularly important in long-distance trade. Ethnic networks could provide traders with access to information, accommodation, credit, protection and commercial contacts in unfamiliar locations. Quarles van Ufford and Zaal (2004) demonstrate that ethnic identity could function as an economic institution by helping establish trust within West African livestock-trading networks. Their analysis is important for understanding how social identity could lower transaction difficulties and facilitate trade across geographical distances. However, the importance of ethnic networks should not be interpreted as evidence that economic exchange remained exclusively intra-ethnic. Rather, ethnic networks could serve as an initial foundation from which traders developed wider relationships with people from other communities. Thus, commercial trust could simultaneously operate within ethnic networks and facilitate interaction across ethnic boundaries.

The Nigerian experience also demonstrates that trust-based commercial relationships could involve both cooperation and conflict. Njoku (1980) shows that the historical trust system involved the extension of credit without conventional legal security, making commercial relationships dependent upon the reliability and reputation of participants. Where obligations were fulfilled, such arrangements could facilitate the continuous circulation of goods and capital; where debts were not honoured, however, disputes and conflicts could emerge. This dual character is important for understanding inter-group commercial relations because trust was neither automatic nor permanent. It had to be continuously reinforced through reputation, reciprocity and mechanisms for enforcing obligations. Historical studies of Nigerian commercial institutions similarly indicate that indigenous trade practices relied upon social norms, reciprocal relationships and informal mechanisms of sanction to sustain economic exchange (Okoi&Nnebuihe, 2025).

Trust and reciprocity consequently contributed to broader processes of economic integration by enabling commercial relationships to extend beyond individual communities. Repeated exchanges created familiarity between traders, encouraged the sharing of market information and facilitated the movement of commodities, capital and entrepreneurial knowledge across ethnic boundaries. Evidence from Nigerian markets indicates that traders from different ethnic groups could compete while simultaneously cooperating through networks that provided access to finance, information and market spaces (Omeihe et al., 2010). Historical evidence from pre-colonial and colonial trade also indicates that commercial interaction required peaceful communication between communities and encouraged relationships that crossed ethnic divisions. Consequently, in colonial Nigeria, trust and reciprocity should be understood as important social mechanisms through which inter-group commercial exchange was sustained and through which increasingly interconnected regional markets developed.

Migration, Entrepreneurship and the Development of Inter-Group Economic Networks
Migration constituted an important mechanism through which economic relationships extended beyond local and ethnic boundaries in colonial Nigeria. The expansion of colonial commerce, transportation and cash-crop production created new opportunities for labourers, traders and entrepreneurs to move between regions. Swindell (2012) demonstrates that colonial economic changes contributed to increased population mobility in northern Nigeria, particularly through seasonal migration associated with agricultural production. Migration was therefore not simply a response to economic hardship; it also enabled individuals to seek new markets, employment and commercial opportunities. As migrants established themselves in new communities, they became intermediaries through whom commodities, information, labour and capital circulated across regional boundaries. In this sense, migration contributed directly to the formation of inter-group economic networks.

Migrant traders were particularly important in connecting communities with different economic resources and market opportunities. The movement of Yoruba traders and entrepreneurs to Kano provides a useful illustration. Olaniyi (2008) shows that Yoruba migration to Kano was strongly associated with the development of a commercial diaspora involving traders, artisans, entrepreneurs and professionals. Their presence created economic relationships between the migrant community and the wider Kano economy, demonstrating how migration could generate sustained inter-group commercial interaction. Similarly, the movement of Igbo traders and entrepreneurs to different parts of Nigeria contributed to inter-regional trade by facilitating the collection, movement and distribution of commodities between regions. These activities helped transform migration from an individual economic strategy into a mechanism for constructing durable commercial networks across ethnic boundaries.

Entrepreneurship reinforced the economic significance of migration by enabling migrants to establish businesses, acquire commercial knowledge and create employment for others. Hopkins (2024) demonstrates that African entrepreneurs in colonial Lagos were not passive participants in the colonial economy but innovators who diversified into commerce, agriculture, construction, finance and other activities. Some entrepreneurs moved inland and established new economic ventures, while others expanded their existing commercial networks. This evidence challenges interpretations that associate entrepreneurship in colonial Nigeria primarily with European firms. Indigenous entrepreneurs actively responded to changing market conditions and used mobility, commercial relationships and access to information to develop new opportunities. Their activities also created channels through which business practices, capital and entrepreneurial skills moved between communities.

The development of inter-group economic networks was also strengthened by the growth of urban and commercial centres. Railway stations, markets, ports and administrative towns became points of attraction for migrant traders and entrepreneurs from different parts of Nigeria. In Ibadan, for instance, the expansion of commercial districts and railway facilities facilitated the movement of imported goods and encouraged interactions between Yoruba market women and Lebanese traders (Oladejo, 2023). Similarly, the development of Umuahia as a commercial centre following the extension of the Eastern Railway attracted migrant traders and connected the town with wider regional markets (Ogbonna, 2026). These commercial centres provided spaces in which migrants could establish businesses while interacting with host communities and other migrant groups. Consequently, urbanisation and commercialisation reinforced one another and contributed to the expansion of inter-group economic relationships.

Migration also facilitated the transmission of commercial information and entrepreneurial skills. Migrant traders who moved between regions could acquire knowledge about prices, consumer preferences, sources of commodities, transportation routes and business opportunities and subsequently transmit such information through their networks. Hopkins (1988) emphasizes the importance of African entrepreneurship in agriculture, commerce and manufacturing and argues that historical evidence of African entrepreneurial activity is important for understanding economic development. The apprenticeship tradition provides another example of how entrepreneurial knowledge could be transmitted across generations and commercial locations. Although apprenticeship was frequently organized through community networks, the movement of apprentices and businesspeople created opportunities for economic knowledge and skills to spread beyond their original localities (Oyewunmi et al., 2024). Migration therefore contributed not only to the geographical movement of people but also to the circulation of economic knowledge and entrepreneurial capacity.

By the middle decades of the twentieth century, the interaction between migration and entrepreneurship had helped create increasingly complex inter-group economic networks across Nigeria. Migrant traders, artisans, transport operators and entrepreneurs connected rural production areas with urban markets and linked regional economies through the movement of goods, labour, capital and information. However, these networks operated within an unequal colonial economic structure in which European firms, colonial policies and infrastructure influenced the opportunities available to African entrepreneurs (Hopkins, 2024; Pierce, 2022). Nevertheless, indigenous economic actors retained considerable agency in creating commercial relationships beyond their communities. Migration consequently served as an important bridge between ethnic groups, while entrepreneurship transformed those movements into enduring economic relationships. The historical significance of these processes lies in their contribution to the emergence of interconnected regional markets and the gradual development of a wider Nigerian economic space.

Economic Integration, Interdependence and the Making of Nigerian Economic Space

Economic integration in colonial Nigeria was a gradual historical process through which previously differentiated local and regional economies became increasingly connected through trade, transportation, migration, commodity production and commercial institutions. Although colonial rule provided a political framework within which these connections expanded, economic interaction across Nigerian communities considerably predated British colonialism. Pre-colonial long-distance trade had already linked different ecological zones through the exchange of agricultural products, livestock, manufactured goods and other commodities (Falola& Heaton, 2008; Usman, 2022).

Colonial rule subsequently redirected and intensified some of these networks by introducing new transportation systems, taxation arrangements, export-oriented production and commercial regulations. Pierce (2022) argues that colonial economic policies increasingly connected Nigerian producers to international markets, thereby transforming the structure and direction of economic activity. Economic integration should therefore be understood as an evolving process involving both indigenous commercial networks and colonial economic institutions rather than as an exclusively British creation.

Transportation was central to the development of this interconnected economic space. The expansion of railways, roads, waterways and ports reduced some of the geographical barriers separating producing communities from commercial centres. Railway construction connected important agricultural and commercial areas with coastal ports and urban markets, facilitating the movement of commodities and people over longer distances. Recent economic-history research demonstrates that colonial railways had heterogeneous but significant effects on economic activity and market connections in Nigeria (Okoye et al., 2019). More broadly, Tadei et al. (2025) show that transportation improvements, market efficiency and declining shipping costs played important roles in the integration of British West African markets, although colonial trading monopsonies subsequently raised trade costs. These developments demonstrate that infrastructure could simultaneously encourage economic integration and reproduce colonial economic priorities. In Nigeria, therefore, transportation contributed to the creation of an increasingly interconnected economic geography while primarily serving the movement of export commodities and the interests of the colonial economy.

Interdependence also developed through the movement of agricultural commodities between regions with different productive capacities. Palm oil and palm kernels from southeastern Nigeria, cocoa from the Western Region, groundnuts and livestock from northern areas, and food crops produced in different ecological zones entered increasingly extensive networks of exchange. These flows created relationships of mutual dependence between producers, traders, transporters and consumers. Hopkins (1973) emphasizes the importance of commercial exchange and indigenous entrepreneurship in the economic transformation of West Africa, while Austin (2005) demonstrates the significance of African labour, institutions and economic strategies in shaping colonial economic outcomes. The integration of commodity markets did not mean that regional economic differences disappeared; rather, these differences provided the basis for exchange. Communities increasingly depended upon products, services and commercial opportunities originating beyond their immediate environments, thereby strengthening economic interdependence across regional and ethnic boundaries.

Urban centres and market towns became important nodes in the formation of this wider Nigerian economic space. Cities such as Lagos, Ibadan, Kano, Onitsha, Port Harcourt, Enugu, Kaduna and Jos attracted traders, migrants, entrepreneurs and wage workers from different parts of the country. These centres provided spaces where commodities from different regions converged and where commercial relationships could be established across ethnic boundaries. Falola and Heaton (2008) observe that colonial urbanisation and economic change produced new forms of social and commercial interaction, while Olaniyi (2008) demonstrates how migrant communities contributed to commercial networks in northern Nigeria. Similarly, studies of African entrepreneurship show that indigenous businesspeople responded creatively to expanding urban markets and changing commercial opportunities (Hopkins, 1988). The growth of these commercial centres consequently encouraged the circulation of capital, labour, information and entrepreneurial skills and strengthened connections between local economies.

Nevertheless, the making of a Nigerian economic space was characterized by considerable inequality and contradiction. Colonial integration was strongly oriented toward the extraction and export of primary commodities, and the structure of trade often favoured European commercial companies and metropolitan interests. Tadei et al. (2025) demonstrate that although transport improvements reduced some trade costs, colonial monopsonistic trading companies could simultaneously increase the costs faced by African producers and limit the benefits of market integration. In Nigeria, European firms, colonial taxation and marketing arrangements influenced the distribution of economic opportunities, while indigenous traders and producers adapted to these constraints through migration, entrepreneurship, cooperation and participation in inter-group markets (Falola& Heaton, 2008; Pierce, 2022). Consequently, economic integration did not produce equal economic development across Nigeria. Rather, it generated new forms of interdependence within an economic structure characterized by unequal access to capital, infrastructure and commercial power.

By 1967, however, decades of inter-group trade, migration, transportation development and commercial interaction had produced a significantly more interconnected Nigerian economic space than existed at the beginning of colonial rule. The movement of commodities, labour, capital, information and entrepreneurial knowledge across regional and ethnic boundaries created economic relationships that could survive changes in political administration. The historical process was therefore more complex than a simple transition from isolated local economies to a unified national market. It involved the interaction of indigenous commercial institutions, migrant networks, colonial infrastructure, European firms and expanding urban markets. As Tadei et al. (2025) demonstrate, market integration depended not only on physical transportation but also on market efficiency, information and institutional conditions. The Nigerian experience consequently suggests that economic integration was constructed through everyday commercial interactions among diverse economic actors, while colonial institutions simultaneously facilitated, redirected and constrained that process.

3. SUGGESTIONS AND RECOMMENDATIONS

The historical findings indicate that inter-group trade networks were important in connecting communities that possessed different productive resources, commercial opportunities and market advantages. The study therefore recommends that greater attention be given to indigenous traders and commercial networks as historical agents of economic integration. Existing scholarship demonstrates that African merchants and entrepreneurs actively participated in expanding commerce and adapting to changing colonial economic conditions rather than merely serving as passive intermediaries (Falola& Heaton, 2008; Olaniyi, 2008). Future research should consequently reconstruct the activities of traders from different ethnic communities and examine how their commercial networks connected rural producing areas with regional and urban markets. Such an approach would provide a more balanced interpretation of colonial economic transformation by recognizing African agency in the formation of Nigeria's interconnected economic space.

The findings also reveal the importance of trust, reciprocity and informal commercial relationships in sustaining economic exchange across ethnic boundaries. Historical evidence indicates that traders frequently depended on personal reputation, credit relationships and reciprocal obligations where formal financial mechanisms were limited or inaccessible. The study therefore recommends systematic historical investigation of indigenous systems of credit, rotating savings, commercial partnerships and market associations across Nigeria. Nwabughuogu is deliberately excluded from this recommendation, while the broader literature on indigenous financial institutions demonstrates that African communities possessed mechanisms for mobilising capital and facilitating economic activity outside formal banking structures (Akinola, 1999; Bascom, 1952). Greater attention to these institutions would help reveal the social foundations of inter-group commerce and demonstrate that trust was an important economic resource rather than simply a cultural characteristic.

The historical development of transportation further suggests the need to reconsider the relationship between infrastructure and economic integration. Railway construction, roads and waterways expanded the geographical reach of markets and reduced some of the difficulties involved in moving commodities between regions. However, colonial transport infrastructure was frequently designed around administrative and export priorities. Recent historical research shows that colonial railways had substantial effects on Nigerian economic activity and that these effects varied across regions (Okoye et al., 2019). The study therefore recommends that historical scholarship pay greater attention to the ways in which indigenous traders appropriated transportation networks for their own commercial purposes. For contemporary economic planning, the historical lesson is that transport infrastructure should connect agricultural communities, regional markets, manufacturing centres and consumer markets rather than primarily serving extractive or export-oriented corridors.

Another recommendation arising from the study concerns migration, apprenticeship and entrepreneurial knowledge. The movement of traders and entrepreneurs across ethnic boundaries created opportunities for the transfer of commercial skills, market information, capital and business practices. Olaniyi (2008) demonstrates how Yoruba migrants in Kano established economic networks that connected their community with the wider commercial economy of northern Nigeria. Similarly, historical research on the Igbo apprenticeship system illustrates how business knowledge and entrepreneurial capacity were transmitted through structured relationships between established entrepreneurs and younger participants (Oyelola, 2013). The study therefore recommends further comparative research into migrant entrepreneurship and apprenticeship across Nigerian regions. Such studies should investigate how commercial mobility historically created bridges between ethnic communities and how these networks contributed to the emergence of indigenous business enterprises.

Finally, the study recommends a broader understanding of economic integration as a process involving both cooperation and competition among Nigerian communities. Inter-group commercial relations did not eliminate ethnic distinctions, nor did economic integration necessarily produce equal economic opportunities. Rather, communities and individual traders could cooperate in some areas while competing over markets, commodities, transport routes and commercial advantages. Studies of Nigerian economic and social history demonstrate that commercial interaction frequently produced complex relationships involving accommodation, competition and adaptation (Falola& Heaton, 2008; Olaniyi, 2008). Future scholarship should therefore move beyond interpretations that portray ethnic boundaries either as permanent obstacles to integration or as completely irrelevant to economic activity. Instead, attention should be directed toward how traders negotiated those boundaries through trust, reciprocity, migration and entrepreneurship. This approach would provide a more historically grounded understanding of the processes through which Nigeria's regional economies became increasingly interconnected before and at independence.

4. CONCLUSION

The study has demonstrated that trade, trust and economic integration across ethnic boundaries were important dimensions of Nigeria's economic transformation between

1900 and 1967. Colonial rule did not create economic interaction among Nigeria's diverse communities from nothing; rather, it altered the scale, direction and institutional environment of existing commercial relationships. Indigenous systems of exchange, long-distance trading networks and regional markets provided an important foundation upon which colonial commercial structures were subsequently imposed. The expansion of commodity production, transportation and urban markets increasingly connected producers, traders and consumers across geographical and ethnic boundaries (Falola& Heaton, 2008; Usman, 2022). Economic integration was therefore a historical process involving the interaction of pre-existing African commercial institutions with new colonial economic structures.

The study has further established that trust and reciprocity were central to sustaining inter-group commercial relationships. Transactions involving credit, deferred payment, partnership and the movement of commodities required confidence in the reliability of other participants. Trust could develop through repeated transactions, reputation and reciprocal obligations, enabling traders to conduct business beyond the immediate boundaries of kinship and community. Studies of African trading networks demonstrate that social relationships and ethnic networks could reduce uncertainty and facilitate commercial exchange over considerable distances (Quarles van Ufford&Zaal, 2004). The Nigerian experience therefore suggests that economic exchange cannot be adequately explained solely through prices, commodities and market forces; the social relationships supporting transactions were equally significant.

Migration and entrepreneurship also played a critical role in expanding inter-group economic networks. The movement of traders, artisans, labourers and entrepreneurs enabled economic knowledge, capital, commodities and market information to circulate between different regions. Migrant communities frequently established commercial relationships with host populations while maintaining connections with their communities of origin, thereby creating economic networks that extended across geographical and ethnic boundaries (Olaniyi, 2008). African entrepreneurs demonstrated considerable capacity to adapt to changing colonial markets, while apprenticeship and other systems of skills transmission contributed to the continuity of indigenous entrepreneurial activity (Falola& Heaton, 2008). Migration was therefore not simply a demographic phenomenon; it was an important mechanism through which economic relationships were reproduced and expanded.

The study has also shown that the development of Nigerian economic integration was uneven and contradictory. Railways, roads, ports and expanding urban markets increased the movement of commodities and people and strengthened connections between regional economies. However, these developments operated within a colonial economic structure largely oriented toward the production and export of primary commodities. Research on colonial railways demonstrates that infrastructure had significant but varied effects on economic activity across Nigeria (Okoye et al., 2019). Consequently, the emergence of an interconnected economic space did not eliminate regional inequalities or differences in access to commercial opportunities. Instead, economic integration involved simultaneous processes of connectivity, competition, adaptation and unequal economic power.

Ultimately, the study concludes that inter-group trade was one of the important historical foundations of Nigeria's economic interconnectedness by 1967. Commercial interaction encouraged relationships among people from different ethnic communities, while trust, reciprocity, migration and entrepreneurship enabled those relationships to persist and expand. The making of a Nigerian economic space was therefore not solely the result of colonial administrative decisions or European commercial initiatives; it was also shaped from below by African traders, producers, migrants and entrepreneurs who participated actively in regional and inter-regional exchange (Falola& Heaton, 2008; Usman, 2022). Understanding this history provides a broader interpretation of Nigerian economic integration by demonstrating that ethnic diversity and economic cooperation could coexist, and that commercial networks were capable of crossing social boundaries while contributing to the formation of an increasingly interconnected national economy.

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