Marketing Without and with Marketing Boards: the Origins of State Marketing Boards in Nigeria

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Since their inception, Nigerian marketing boards have been used to serve various interests and purposes, hardly any of which have benefited the producers. They originated in the Second World War and were perpetuated after the war by a Labour government so that they might play their part in 'meeting British needs', to cite the title of a forthcoming study by Mike Cowen and Bob Shenton. Nigerian politicians found them a ready-made instrument for taxing farmers, enriching themselves and financing their political activities. Their pricing policies discouraged farmers from producing export crops, thus rendering the boards redundant though not, regrettably, ensuring their abolition. Nigeria is fortunate in that, until recently, marketing boards have not bought food for sale in domestic markets and have no monopoly, in form or in fact, over the purchase of crops, other than cotton, for sale within Nigeria.

Discussion of the Nigerian marketing boards has tended, rightly, to focus on their monopoly of the legal export of certain crops, on their pricing policies and on the use to which governments put the funds which they derived from the trading profits of the boards. Less remarked on, the boards also structured the internal marketing system for the commodites they export. Indeed, when the commodity marketing boards were established in 1947 the main justification given was the need to change the internal marketing system for export crops, ostensibly in the interests of protecting the producer from the ills of middlemen in an unregulated market. These arguments for state intervention in, and regulation of, produce marketing, in Nigeria as elsewhere in Africa, have found sympathy among socialists who have been all too willing to take statism as at least offering a foundation for socialism. This article examines the provenance of the marketing boards and of the arguments which justified their inception during the crisis of the colonial economy in the 1930s.

Marketing Boards as Export Monopolies

In 1939 the British government agreed to buy the entire cocoa output of British West Africa. In 1940, responsibility for purchases and sales was transferred to the West African Cocoa Control Board which in 1942 was extended to purchase groundnuts, palm produce and some other commodities as the West African Produce Control Board. Despite limited shipping space and restrictions on imports of cocoa to the USA between 1941 and 1942, the Board managed to accumulate a trading profit of $8.7m by buying cocoa cheaply and selling it dear. Of this $2.7m

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was allocated to Nigeria, the lion's share of the rest going to the Gold Coast.

In 1947, commodity boards were set up in Britain's West African colonies to take over the export of crops from the Produce Control Board. They continued to set prices to the producer below the levels obtained on the world market. This reduced the demand from West Africa for scarce imported commodities and thus for dollar payments. This in turn restrained the rise in inflation and reduced the pressure on the government's system for allocating imports and controlling prices. They forced West Africa producers to pay for part of Britain's deficit in her trade with the USA. Marketing Board funds were invested in Britain in low-interest Treasury bonds. The nationalisation of the West African export trade made it into an imperial monopoly and excluded firms from the United States, the main market for cocoa, from purchasing directly in West Africa.

In the circumstances faced by the British government at the time, it is hardly surprising that they took this opportunity of expoiting colonial producers to shore up the crumbling defences of sterling and the imperial economy. However, these policies needed to be justified as serving the interests of the producer. Two justifications were offered. The first argued that the producers would benefit from a regulated system of marketing, in which government fixed crop prices for each season and licensed buyers to protect farmers from 'abuses'. The second claim was that the boards would use their funds 'to serve as a cushion against short and intermediate price fluctuations in the world market price'; some funds would also be used 'for other purposes of general benefit to cocoa producers and the industry, such as research, disease eradication and rehabilitation of diseased trees, the amelioration of indebtedness, the encouragement of co-operation and the provision of other amenities and facilities to producers' (Cmnd.6950, 1946, pp.2-4).

The 1946 White Paper (Cmnd.6950, p.9) insisted 'that there will be no question of their [the boards] making a profit at the expense of West African cocoa producers.' It did not explain how the boards were to set prices to stabilise inter-seasonal variations, nor how they could do so in the absence of foreknowledge of future trends in commodity prices. The White Paper rejected a proposal to impose a cess on cocoa when prices rose above a certain level and to pay a subsidy when they fell below this level. Peter Bauer (pp.271-5) presciently pointed out that if world prices continued to increase, then trading surpluses would have to stay high to ensure that producer prices could be protected against a fall in world prices. However, any drop in world prices would be likely to be met by an anticipatory drop in the prices paid to producers, lest world prices continue to fall.

In the 1950s, new justifications were offered by socialist economists and by the World Bank mission to Nigeria for the marketing boards and their accumulation of trading profits. It was argued that they could be used to tax agricultural producers and to pay for the infrastructural investments needed to promote industrial development, and even to invest directly in industry. Obviously governments need to raise taxes and export producers should make their contribution to state revenues. Apart from the disproportionate burden which fell on export producers, it is quite possible to tax exports without setting up the apparatus of government boards to export the crop and to regulate its marketing internally.

The consequences of taxing export producers to pay for government expenditures and industrial investments have now become apparent. While export volumes and revenues fall, as farmers and their children switch to other occupations or sell to smugglers, both government and the new industries depend on exports to pay for their net import costs. Taxation of export crop farmers has reduced demand for the goods they consume in favour of goods consumed by

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governments and their beneficiaries. This may well have held back local industrialisation, by shifting demand to goods which cannot be produced locally, or which can only be produced at a high cost, and away from goods which are manufactured locally.

In 1954, Nigeria's commodity marketing boards were reorganised as regional marketing boards, providing a fiscal base for the politicians to whom control of the new regional governments was now devolved. They used them to pay for schools and roads, to fund their private business activities and to pay for their party political campaigns. Between 1947 and 1970, the tax rate for the five main export crops varied from 20 per cent (groundnuts) to 42 per cent (cocoa). In 1968 and 1969, low cocoa prices combined with rising taxes and petty extortion by government officials led to a rebellion by farmers in the areas of declining cocoa production, and to demands for higher cocoa prices.

In 1974 the federal government, flush with rising oil revenues, took over from the state (formerly regional) marketing boards the power to fix prices and declared that the boards should no longer accumulate trading profits. In 1977, the government dissolved the state marketing boards and returned to commodity marketing boards. These covered the crops which the old boards had exported (notably cocoa, groundnuts, palm produce and cotton) and created new boards for rubber, for grains and for tuber and root crops. The new food marketing boards have bought little, though they have bought up some of of the surplus 'yellow' maize produced by absentee capitalist farmers in the northern states. The Boards retain a monopoly over the export of crops, though this was ignored in the case of grain exports to Niger, but they do not have a monopoly over the sale of crops within Nigeria, except in the case of cotton, which ginneries can only buy through the board's licensed buying agents (LBAS).

Marketing board prices for the major export prices were raised sharply in 1974 and 1975 and, again, in the case of cocoa, in 1978. Despite these price increases, their purchasing power in the 1970s was rather less than the purchasing power of the same commodities in the depression of the 1930s. Alternative opportunities for economic activity have increased since then! Not surprisingly, farmers and their children have turned to produce other crops and to non-agricultural activities, and marketing board purchases of all the major crops have continued to decline since 1965 (palm produce), 1967 (groundnuts) and 1971 (cocoa). Palm oil and groundnuts, which can be sold locally, are hardly exported at all.

For a time, Nigeria has been able to ignore the collapse of its agricultural exports because of the dramatic rise in oil revenues. It is now clear that oil revenues are extremely vulnerable to changes in the international economy and that they can no longer pay for Nigeria's commitments. In the long term, Nigeria will have no export industries, alternative to oil, to which to turn.

'Pools', 'Middlemen' and 'Abuses'

The origins of state marketing boards in West Africa are to be found in attempts by British merchant firms to organise monopolistic cartels to purchase produce. From the 19th century, the West African export trade was characterised by oligopolistic forms of competition: 'there have been recurrent phases of intense competition followed by market sharing arrangements: and there have been occasional spectacular attempts to keep out or destroy particular competitors'. Agreements to 'pool' the trade tended to break down in boom periods, and to be sought in slumps.

Between the world wars there was a sharp fall in the number of firms combined to form the African export-import trade. In 1919, several leading firms combined to

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form the African and Eastern Trade Corporation to compete with the Niger Company, which Lever Brothers acquired at a very high price in 1920. In 1929 the two were amalgamated as the United Africa Company (UAC), controlled by Unilever, which henceforth dominated the West African export-import trade.

'Pool' agreements among the major European firms operated at various times for palm produce, groundnuts, cocoa and beniseed. They also regulated the market in the main lines of imports. The depression of the 1930s, combined with the dominant market position of the UAC, encouraged the formation of 'pools'. Their effectiveness was modified by a degree of evasion by firms competing for the favour of middlemen and, more importantly, by outside competitors, notably Levantine firms. Stricter enforcement of agreed quotas and prices required government intervention, which war-time controls provided.

Government sanctioned restrictions on trade much earlier in the case of cotton. The British Cotton Growers Association (BCGA), an association of cotton manufacturers who bought cotton but did not grow it, were concerned to encourage cotton production for export and to displace local cloth producers. The Colonial Office granted them monopoly buying rights in 1905 and they asked the merchant firms to buy cotton for them at fixed prices for a commission. 'Armed with this monopoly the BCGA aimed to curtail price fluctuations, speculation, competition between firms and other market uncertainties and to mount an at least united, if not always successful campaign against local competition' (Shenton and Lennihan, p.54). To this last end, government enacted legislation in 1916 to permit in certain areas only the planting of American Allen cotton seeds which were unsuited to the needs of local weavers.

Before 1924 firms, buying at a fixed price, competed by offering advances to farmers, to be recovered on the sale of their cotton. In 1924 the BCGA gave up its cotton buying monopoly. Now it was the firms' American buyers, who were paid on a commission basis, who tried to buy as much cotton as they could. Lacking first-hand knowledge of individual farmers, they extended credit through hamlet heads and traders. Farmers needed credit to pay their taxes, which fell due before the cotton harvest, for food and for other expenditures. In periods of rising prices, European firms with forward contracts to supply a certain amount of cotton would give their buyers permission to 'overbid' their rivals.

Both the firms and the government regarded the 'advance' system as an 'abuse' which deprived the farmers of the full value of their produce. Clearly there was scope for abuse. Hamlet heads might keep back part of the money advanced to pay farmers' taxes. Part of the advance might be in cloth or salt which the farmers would have to sell at a discount in order to get cash. Traders might give short weight for cotton to debtors. Creditors might seek to pay farmers less than the full value of their cotton. However, farmers might then insist on repaying the debt in cash. It was difficult to enforce debts. The main source of 'abuse' in the system was the demand for farmers to pay taxes before the cotton harvest and the powers of hamlet heads and other officials to extort money from farmers. Further, the sustained level of direct taxation during the depression forced many to sell their grain as well as cotton, to pay their taxes and to borrow money to meet their grain needs earlier in the year. Farmers surely benefited from competition for their custom in the form of advances.

In 1935 government sought to regulate cotton marketing. In 'market areas' firms were required to buy cotton directly from farmers at gazetted markets for the full price in cash. Only further afield, in 'buying areas' could 'middlemen' buy cotton from farmers for resale to firms. Growers were prohibited from accepting

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advances. However, the firms needed the 'middlemen' to bring the cotton to market and the farmers needed credit before the harvest so the regulations remained a dead letter.

In the season 1935-36 cotton prices rose from 1.1d to 1.6d per lb of seed cotton, and then fell again to 1.1d. Advances made in anticipation of the higher price could not be repaid, causing the firms' buyers to bear substantial losses. It was in these circumstances that the government asked L.C. Giles to report on credit and marketing in Zaria Province and on the possibility of establishing co-operatives there.* He argued that 'junior buyers and middlemen' could be replaced by carefully nurtured co-operative societies. In this way, farmers would be protected from the evils of debt, speculation and free competition!

Similar circumstances in the cocoa trade in the following year. 1936-37 led to the formation of a new 'pool' agreement among the 12 major exporters to eliminate 'abuses' and protect the firms, and the producers, from the dangers of 'insane competition'.

European firms purchased cocoa from a hierarchy of buyers and sub-buyers. Buyers were paid salaries and commission; in periods of intense competition additional commission was paid for 'tonnage' by firms seeking to maxmise their purchases to meet their own forward supply commitments. Firms advanced money to buyers to secure purchases; buyers advanced money to sub-buyers, and onwards to farmers. Cocoa was also bought and sold to the firms by independent buyers. Fewer Africans were able to remain independent in the 1930s than previously.

The 1938 Nowell Commission was told that farmers pledged cocoa to sub-buyers at usurious interest rates, but also cited evidence (pp.84-88) 'that the intense competition between produce buyers has led them in some cases to offer advances at low rates or even without interest in order to secure an option on cocoa.' Nevertheless it concluded that 'Indebtedness among farmers is obviously widespread and serious', whatever that means — perhaps that farmers should meet all their annual expenditures from the previous year's sales without recourse to loans.

The firms' buyers profited by speculating against price changes. When firms announced changes in price, they would invite buyers to 'declare' their stocks. Buyers would hold on to stocks on a rising market and 'over-declare' on a falling one, going out to buy cocoa to make up the difference. In this way, the firms took over much of the speculative risk from the buyers. It was worth each firms' while to do so when they competed for 'tonnage' to meet their own speculative commitments. Firms were also keen to maintain the goodwill of their own buyers, and their own share of the market in anticipation of a future market-sharing agreement.

A cocoa pool operated in the Gold Coast from 1929 to 1932, provoking a produce hold-up in 1931; 'an agreement between three of the most important buying firms was in operation [in Nigeria] for several seasons up to 1935, when it was abandoned,' (Nowell, pp.101-02). In 1935-36, the price for Accra cocoa rose from

*The Colonial Secretary, J. Maybin, drew on his experience in Ceylon (Sri Lanka) to instruct Giles 'To help the trader we can try to organise marketing so that at organised markets and/or through properly organised sale organisations he can, without an advance system, get in reasonable bulk, at the right time, produce of good quality. If some credit is required, we must try to organise societies to give and control it, and to teach the grower thrift and monetary sense.'

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21s.9d (per 50kg) to 28s. It opened the season in September 1936 at 32s.3d and rose to 52s in January before falling back to 35s in June. This led to what the firms described as 'insane competition' and 'abuses', i.e. offering middlemen too high a price for cocoa, as well as 'excessive' cash advances and other 'inducements'. The United African Company lost money on its cocoa purchases in 1936-37, and purported to the Nowell Commission to have traded in West African cocoa at a loss for the whole period 1930-37. What they may have lost in 1937 on the cocoa swings, they certainly made up for on the import roundabouts and they paid a dividend that year of 11 per cent.

On 1 October, all the large European firms, except the English and Scottish Joint Co-operative Wholesale Society Ltd. signed a four-year 'pool' agreement in respect of cocoa purchases. On 24 September 1937, Frank Samuel of UAC and John Cadbury informed the Colonial Office of the agreements. The Secretary of State informed the Governors of the Gold Coast and Nigeria of the agreements on 7 October, saying that 'on a long view ..... the new arrangements will be as beneficial to the producer as to the exporting merchant.' (Nowell, p.53). This view was not accepted by the Governor of the Gold Coast, though he did not make his opposition public. Meanwhile the price for Accra cocoa had fallen from 37s.3d (September) to 28s.9d (October) and would go down to 17s.6d by June 1938. In November, farmers in the Gold Coast, but not Nigeria, organised a hold-up of cocoa and a boycott of imported goods (other than 'necessities'), themselves the subject of a 'pool' agreement.

The Government appointed the Nowell Commission on the Marketing of West African Cocoa in February and a 'truce' came into effect on 1 April 1938. Until 1 October, government would license exports; 94 per cent would be 'issued to regular shippers on the basis of their shipments in the last two years' (Nowell, pp.63-64). In effect, the pool was extended for five months under statutory authority. Even after the suspension of the poor, the firm agreed to 'co-operate with each other as fully as if a pool existed' (Winter to all John Holt agents, 22 August 1938, Shenton, p.110) and not to pay prices higher than those offered by UAC. Other pools continued to operate.

The firms stated their intention 'that the price to be paid to the African for his cocoa shall be based on the full current market value, from which only actual out-of-pocket expenses and a reasonable allowance to cover overhead charges and a reasonable profit shall be deducted' (cited Nowell, p.113). Calculation of 'expenses, ... charges and a reasonable profit' was in the hands of the firms. The determination of prices was left to J.W. Knight (UAC) and John Cadbury, and in practice left to E.C. Tansley. Firms sought to protect their profits by squeezing the margins of the middlemen and forcing prices down.

The Nowell Commission recognised that 'the legitimate interests of sellers were prejudiced by the suppression of competitive buying' and that 'the Agreement should be finally withdrawn' (Nowell, pp.149, 151). However, not content to leave well alone, the Commission accepted much of the firm's evidence regarding excessive competition and undesirable practices. These evils would be corrected by an ambitious scheme for 'the association of all cocoa producers on a statutory basis for the marketing of all their produce' in the Gold Coast (Nowell, p.158).* For Nigeria, the Commission accepted the proposals of Major E.F.G. Haig, the Registrar

*Dr Nkrumah was to introduce a similar scheme in Ghana. As Beckman shows, it proved to be an unpopular instrument for creating local trading monopolies in the hands of the clients of the Convention People's Party.

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of Co-operative Societies (Nowell, pp.170-4), to encourage the expansion of the societies which in 1938 marketed only four per cent of the crop.

The Commission also recommended various other actions which government might undertake — providing information on crop forecasts, cocoa consumption and current prices; inspection of workers' conditions, of the quality of cocoa and of weights and measures. Debt should be tackled by thrift and credit societies and by 'economic instruction of an elementary kind to help farmers to form a clearer idea of the costs of production and to appreciate the effects of the employment of labour and of borrowing at high rates of interest upon their ability to make cocoa farming pay'. Most significantly, they recommended consideration of licensing both middlemen and buying stations 'and of attaching suitable conditions to the licenses with a view to limiting undesirable trade practices, and any undue expansion of the number of middlemen and of the firms' buying stations (Nowell, pp.175-5).

When statutory marketing of cocoa was introduced it took a form different from that advocated by Nowell. Government took over the external rather than the internal marketing of cocoa. Nevertheless, Nowell shared with the firms and the government many of the conceptions used to justify government marketing and market regulation in the name of the interests of the producers, though actually to their cost.

Central to these conceptions was an image of the 'middlemen' as a source of 'abuse' and 'disorder' in marketing and as an exploiter of the peasant producer. Its origins are to be found in a British Indian conception of the peasantry held in thrall by 'middlemen' and 'moneylenders'. 'Middlemen' and 'moneylenders' in Nigeria were always African or, possibly, Levantine. The term was never applied to the European firms, though they advanced credit and bought produce for resale.

Competition for the favour of middlemen was clearly costly to the European firms but advantageous to farmers for whose custom the 'middlemen' competed. Competition among middlemen made it more difficult for them to pay low prices for short weight or to reclaim credit advances. Nevertheless, the producer is supposed to be protected from the middlemen by government organisation and regulation of the market. This opens the way to the exploitation of producers through state monopoly pricing and through extortionate or monopolistic practices by government officials or licensees.

Marketing Boards and 'Organised' Marketing

The firms' response to the middlemen was circumspect. They might remove the 'middlemen' but they would also open the way for direct exports by the Gold Coast marketing organisation or the Nigerian co-operatives at their expense. Rawlings, a John Holt agent on the Gold Coast, suggested that we can show good will and give full co-operation, feeling that, sooner or later, a marketing scheme has got to be tried in West Africa' (cited Shenton, p.111).

The war changed the picture. The Produce Control Board placed the management of cocoa exports in the hands of the firms. Its original members were the Parliamentary Under-Secretary of State for the Colonies, the heads of the West Africa and Economics Departments of the Colonial Office, plus John Cadbury and E.C. Tansley, now the Board's marketing director. They could now organise the 'pool' on behalf of, and with the authority of, the imperial government. Quotas of purchases were allocated to firms in accordance with their 'past performances'. Additional allowances were made to accommodate competitors, notably A.G. Leventis, and the co-operative societies.

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The 1946 White Paper justified the setting up of the statutory marketing boards by arguing that 'a return to pre-war conditions would be indefensible' (Cmnd. 6950, p.3). They cited the Nowell Report to advance the firms' view that 'the producer, through the practices of the trade and particularly the activities of middlemen in West Africa, failed to obtain a fair price for his crop while at the same time the trade in general became unremunerative to the buying firms . . .' Prices would henceforth be fixed, as during the war, for a whole season. This would apparently eliminate indebtedness among producers, tempted to extravagance by rising prices and 'driven to the moneylender' when prices fall, and prevent the 'speculation and profit-taking by African middlemen . . .' which deprives 'the farmer of the full return on his produce' (Cmnd. 6950, App.1, which is Nowell, par.473, pp.147-8).*

The 1946 White Paper denied that the government aimed 'at the creation of State monopolies' and then proposed to create one. Its functions would be: (a) to fix the seasonal prices payable to producers; (b) to determine purchasing arrangements and issue licenses to buyers; and (c) to set up and maintain the necessary executive machinery for purchasing, shipping and selling all cocoa purchased (Cmnd. 6950, p.4).

Only after outlining the Board's functions did the White Paper go on to discuss what its buying and selling policies would be and its intention to stabilise inter-seasonal prices.

Licensed Buyers, Cocoa and Cotton Marketing

The Nigerian Cocoa Marketing Board's first report defended the system of appointing licensed buying agents (LBAs) on the grounds that 'it was essential to ensure the continuance of orderly marketing introduced under war-time control schemes'. As Baldwin (p.19) remarked 'It is not at all clear what "orderly" means in the sense of convenient to the administrators of the scheme.'

Initially, licenses were allocated to the established exporters who continued to purchase most of the crop. The Board also gave licences to African buyers who had the money and transport to market sufficient cocoa (250 tons, a low figure). Table 1 shows the rise in the number of African LBAs and in their share of the crop purchased, especially after independence in 1960 when the UAC and other European firms, excluded from purchasing cocoa in Ghana, withdrew from the produce trade in Nigeria as well.

After the regionalisation of the marketing boards in 1954, produce licences became an important instrument of patronage in the hands of regional governments. With the licences, buyers could get access to bank credit to fund their produce advances. Produce licenses were handed out freely by the government of Chief Akintola to their principal supporters, produce buyers and new farmers unions, in the 1960s, somewhat devaluing the licences.

Initially, produce licences gave African businessmen access to a share of the trading opportunities which had previously been dominated by European firms. LBAs were assured a generous margin on their purchases and, collectively, a monopoly rent on all sales to the board. On the other hand, the fixed seasonal purchase price, known to all farmers, made it difficult to underpay farmers and prevented LBAs from speculating against price changes. Profiteering was limited by competition from other produce buyers and from co-operatives. Buying agents made several attempts to prevent co-operatives and other buyers from paying

*Cmnd. 6950 (pp.5-11) also echoes a paper read to the International Cocoa Conference by W.M. Hood of Cadbury's a month before its publication.

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Table 1 Nigerian Cocoa Marketing Board

Number of LBAs (N), and percentage of cocoa crop purchased (%) by national origin/form of organisation

Year	Expatriate		African		Cooperative	
	N*	%	N	%	N	%
1940/1		99		1		0
1947/8	20		8		1	
1948/9		87		2		11
1953/4	19		17		1	
1954/5		81		6		13
1960/1	15	53	39	25	1	22
1966/7	9*	16	283	68	14	16

**8 were Levantine in all years, save 1947-8 when 9 were.*

Sources: Baldwin, p.21, Beer, p.132.

above the minimum gazetted price, but these attempts to form 'pools' seem to have been unsuccessful.

A similar picture emerges from Clough's (unpublished) account of cotton traders in Malumfashi Division (Kaduna State) in 1977-79. In the northern states, cotton buying licences were often granted to district heads and other members of the aristocracy, thus combining official power with control of commercial resources. They relied on client traders (yaran LBA) to whom they advanced credit to purchase the cotton from local farmers-traders, the yaran baranda. Although the LBAs benefited from their 'monopoly rents' on sales to the marketing boards and their privileged access to credit, intense competition among the yaran baranda limited their own scope for profit-making. Cotton, like cocoa, is all bought within a short period, unlike grain much of which, as Clough shows in the following article, is stored against a price rise until the next harvest or beyond. Cotton advances, correspondingly, tend to be made for short periods, and for small amounts without interest. In the late 1970s grain production was increasing at the expense of cotton production and offered an expanding market with more chances, though at greater risks, of making large profits from credit transactions as well as from buying and selling crops. Similarly returns to cocoa trading were reduced by the decline in cocoa production in the older areas, such as Ibadan, and since 1970 throughout the cocoa belt. In these circumstances there is less likely to be competition among buyers, and co-operatives find it difficult to operate. LBAs have also had to wait longer for payment from the board than in previous years.

Meanwhile new and lucrative fields of investment began to open up, from the 1950s through to the oil boom of the 1970s, for those with the necessary contacts, skills or education and money, often provided from the trading surpluses of the marketing boards. By 1970, most Ibadan produce traders were elderly men, who had bought cocoa before the war for the European companies, who knew the produce trade well but had little experience outside it, and who sought to advance their children through education.

Farmers continue to borrow money from produce traders to buy chemicals and to meet various cash expenses. Cocoa farmers sell all their cocoa at harvest, but have to provide food for their families and any labourers they might employ, pay

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some wages and the costs of other items of consumption and, possibly, family funerals over the year. They may postpone the payment of wages until after the harvest, when they provide 'gifts' to their wives in respect of their work in producing cocoa, buy clothes and food for Christmas, pay taxes and school fees, and repay loans.

The decline in the purchasing power of cocoa farmers since the 1950s has increased their dependence on credit. In 1951/52, a year of high and rising prices, cocoa farmers saved a large share of their incomes. About half the households surveyed did not report any debts. A third of all loans were outstanding for more than a year, mainly upward of 5 per cent per month. Advances for crop purchases seem to have declined since the 1930s and to carry low interest rates, if any, where several buyers competed for custom. Van den Driessen reported that in 1968, a year of low produce prices, 52 per cent of farmers surveyed in Ife division had debts of more than one year's duration, compared to 44 per cent from the places in Ife and Ilesa reported on by Galletti *et al.* in 1951-52. By 1973-74, Clarke reported from Ife Division that borrowing had become essential for almost all farmers to meet their food needs as well as to pay for chemicals and hired wage labour. Farmers spent almost all their cocoa earnings immediately after harvest and hardly any farmers were building houses. The sums borrowed were modest: on average N40 (c.£30) for members of the local community and N32 for the poorer, tenant farmers.

Conclusion

Marketing boards have not eliminated 'middlemen', 'advances' or the other 'abuses' of which the European trading firms complained in the 1930s. They have replaced the European firms at the apex of the buying system and shaped it to serve the needs of ruling parties, governments and the Northern aristocracy to expand and consolidate their networks of patronage. They have tended to reduce, but not to eliminate, the competition among traders to buy farmers' produce — by lowering prices, as well as by fixing them for each season, by their tardiness in making payments and by restricting direct access to the boards to their licencees. Less competition to buy produce means less competition to advance credit to farmers. Impoverished by the board's policies farmers, especially cocoa farmers with little opportunity to earn money from other crops, found themselves more dependent on credit to meet the claims of their declining resources.

In Nigeria, marketing boards found their justification in the view that the peasantry was in thrall to middlemen and moneylenders. Hence the need for the state to intervene to promote 'orderly marketing'. This conception was shared by government officials and spokesmen for the European trading firms. Against all the evidence, it maintains a strong appeal for bureaucrats, technocrats and, regrettably, many socialists. Socialists have no business defending or reforming such exploitative institutions. De jure state monopolies on the marketing of crops impose high costs on producers, on government budgets and on consumers. They create *de facto* monopolies for favoured and protected traders and the opportunities for profitable collusion between businessmen and officials, civil, police and military. Against such corrupt institutions and monopolistic arrangements, socialists should support free trade.

Bibliographic Note

The article examines several British parliamentary papers, *viz. Report of the Commission on the Marketing of West African Cocoa* (the Nowell Report), Cmnd. 5845, Sept. 1938; *Report*

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The article draws on Peter Bauer's classic account and analysis, *West African Trade* (Cambridge 1954). His critique of the marketing boards was right in 1954 and still right. Since then, governments have ignored it at their peril and, worse, to the cost of their own subjects. On the trading practices of the companies, see also J. Mars 'Extra territorial enterprises' in M. Perham (ed.) Mining, Commerce and Finance in Nigeria (London, 1948). On the Nowell Commission and Nigeria see the outstanding study by C. Beer *The Politics of Peasant Groups in Western Nigeria* (Ibadan UP, 1975), App. I and II. He draws on Nigerian Archives Ibadan CSO 26, files 25807, 34883 and 36517, and the papers of the late Odemo of Isara, Chief Akinsanya, subsequently destroyed when his palace was burnt during the Agbekoya rebellion. For the North, see R.W. Shenton *The Development of Capitalism in Northern Nigeria* (London: James Currey, and Toronto UP, 1985). On the Gold Coast, see R. Howard *Colonialism and Underdevelopment in Ghana* (London: Croom Helm, 1978), R. Southall 'Polarisation and dependence in the Gold Coast cocoa trade 1890-1938' *Transactions, Historical society of Ghana* 6, 1, 1975 and 'Cadbury on the Gold Coast: Ph.D. thesis, University of Birmingham 1975, J. Milburn 'The 1938 Gold Coast cocoa crisis: British business and the Colonial Office' *African Historical Studies* 3, 1, 1970, and for Nkrumah's policies B. Beckman *Organising the Farmer* (Uppsala: Scandinavian Institute of African Studies, 1976).

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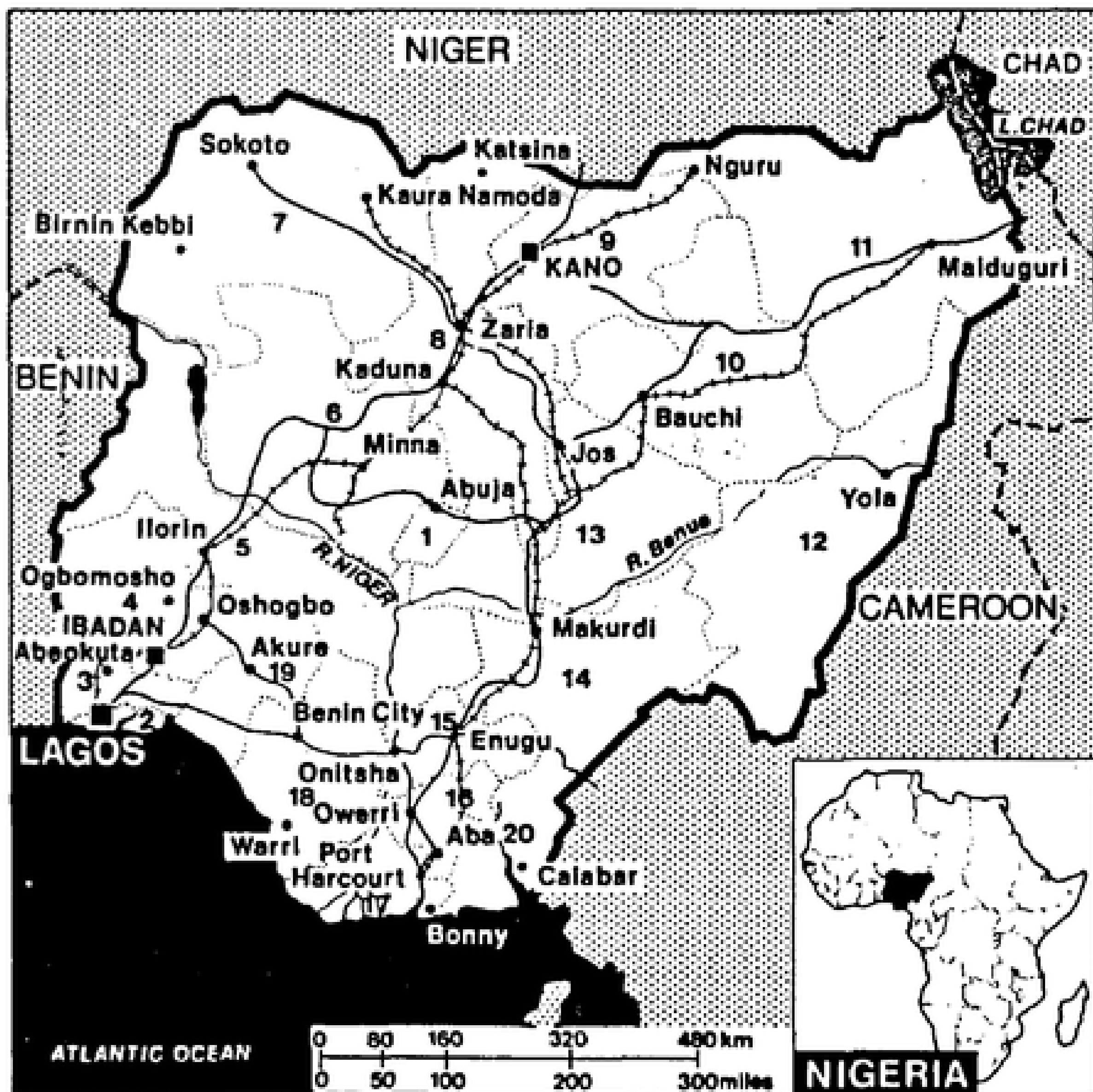

1 Federal Capital Area
2 Lagos State
3 Ogun State
4 Oyo State
5 Kwara State
6 Niger State
7 Sokoto State
8 Kaduna State
9 Kano State
10 Bauchi State
11 Borno State
12 Gongola State
13 Plateau State
14 Benue State
15 Anambra State
16 Imo State
17 Rivers State
18 Bendel State
19 Ondo State
20 Cross River State

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