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Management of the cocoa industry in Nigeria.

Kalada, Kiri

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THESIS
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by
Kalada Kiri
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MASTER OF BUSINESS ADMINISTRATION
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CHAPTER I

SUMMARY OF THE ECONOMIC DEVELOPMENT OF NIGERIA

The chapters that follow will discuss the most important aspects of the cocoa industry from the time the crop was introduced into the country to the present time. It is not the author's intention to discuss in any extensive manner the general and comprehensive picture of the character of the country, its people, or its government, nor even of the historical and social sequences of its economic development, as these aspects do not come within the scope of this thesis. In order, however, that general and historical aspects may not be entirely omitted in a work of this nature, an attempt will be made in this introduction to give a brief account of the important social and economic development of the people and the main physical characteristics of the land.

THE LAND

The vast area of Tropical Africa called Nigeria is situated on the West Coast of Africa, on the shores of the Gulf of Guinea, lying between the parallels of 4° and 14° north of the equator. It is bounded on the south by the
sea, on the west and north by Dahomey and the Niger Territory respectively, and on the east by the Cameroons. Its territory covers an estimated area of 368,000 square miles,* more than four times the size of Great Britain, with a population of about thirty millions.

Its greatest length from East to West and North to South are estimated at over seven hundred miles and six hundred fifty miles respectively, and the coast line is estimated at over five hundred miles in length.

As is natural in a country of this size lying along the waters of the Atlantic Ocean, the physical conditions vary considerably. The volume of water poured into the Gulf of Guinea by the River Niger has brought with it quantities of sand, thus forming a very large delta. Along the delta region mangrove coastal forests flourish in the shallow waters. The many branches of the Niger delta, the estuaries of other rivers and the large lagoons which lie between, are all connected by means of several navigable creeks, thus providing a relatively smooth water way from the western to the eastern borders of Nigeria.

Beyond this region is the zone of tropical forests, from fifty to one hundred miles wide. Here are found

*This includes 31,150 square miles of Cameroons.
evergreen forests of all descriptions: mahoganies, oil, palm, and other valuable trees. From products of this region the country earns a sizable portion of its export revenue.

North of this region, where the forest becomes thin, are found the principal towns: Abeokuta, Ondo, Onitsha, and Afikpo. The forest becomes thinner as one travels northward, and gradually becomes open and park-like, with little real forest save along the banks of rivers. Passing through the open land you find hills and plateaus ranging from about two thousand feet to seven thousand feet high.

The main physical feature of the country is the great River Niger, from which the country takes its name, and its tributaries - River Benue, the Sokota River, and Kaduna River, and their tributaries.

The Niger rises in the mountains to the north east of Sierra Leone, about one hundred fifty miles from the sea, and flows in a north easterly direction until it reaches Timbuktu. From this point it flows eastward about two hundred miles, and then in a south easterly direction to Lokoja, about three hundred forty miles from the sea. Here it receives the waters of its main tributary, the Benue on its left bank, and from here it flows due south until it reaches the delta. The length of the Niger is estimated to be 2,600 miles, and the area of the river basin is
estimated to exceed 500,000 square miles. Apart from the Niger and its tributaries, some of the principal rivers are the Ogun, the Cross River, the Forcados, the Sombeiro, and the "Kulatoru".

From the above description one will obviously expect a difference in climate between the south and the north. There are mainly two defined climates in Nigeria - the dry and the rainy season. The dry season begins in the north in October and ends in April, while in the south it is usually shorter. It is characterized by the "Harmathan", a dry cold which brings along with it particles of dust from the Sahara. During the "Harmathan" the nights and the mornings are cold, but the days are very hot. At the end of the "dry" season, numerous tornadoes herald the approach of the rainy season which lasts until October. *

The population of Nigeria is estimated at over 30 million; it is divided into seven principal tribes - Hamsa, Fulani, Munshi, Yoruba, Ijaw, Ibo, and Ibibio. Within each of these tribes there are sub-tribal units speaking different languages, each with its customs and practices. Little is known about the origin of the people, but the existence of similar social and cultural characteristics tends to justify

*The terms Rain Season and Dry Season are local terms employed to define the climate of Nigeria.
the common opinion that Nigeria was originally made up of Sudanese, Bantus, and Zulus.

Prior to the 15th century, traders from the Mediterranean countries made irregular commercial visits to the coast, and by the 15th century European traders found their way to the land and soon began the slave trade. The trade was so profitable that no effort was made to provide or create other commodities for exchange. Human export was the main source of wealth. European traders who had lost all that was good in them soon began to arm one tribe against the other, and while the two tribes were in the "battle" field, European kidnappers ravaged the homes and carried off both young men and women as their reward for causing tribal wars.

When Britain abolished the slave trade in 1807 the other European countries continued to ravage the country until Britain took the initiative in checking the slave traders from foreign countries. The efforts of the British to establish permanent trading posts met hostile opposition and frequently resulted in violent conflicts, causing loss of lives on both sides. For a time English traders abandoned the coast, and there later came in waves of Christian evangelists. As the Christian movement succeeded in winning the sympathy of the natives, traders followed their footprints. In a relatively short time both organizations
established stations along the coast. Indeed it is true that religion is the opiate of the people, for without it peaceful annexation of this vast territory could not have been successfully undertaken by the British Government.

The initial efforts of annexation began in 1849, when a British consul was appointed to watch the affairs of the Bights of Benin and Biafra. In 1860, an inland consul was established at Lokoja, and the following year (1861) marked the annexation of Lagos, the capital of the country.

From 1861 onwards, the influence and the power of the British commercial interest grew by leaps and bounds; trading posts were built at strategic locations throughout the Niger delta and the upper Niger region. The creation of Lagos as a Crown colony in 1861 by Palmerston, then Prime Minister of England, and the successful expansion of the 15 years that followed established the strong hold of the British in Nigeria. The early annexations were all done by commercial interests with varied policies. To co-ordinate their activities for better management of the territories, the firms combined into a single company known as the Royal Niger Company. This company was chartered in 1886. The new company possessed not only trading posts and forts meant to protect British interests but entered into treaties with native rulers for the administration of the territories.
Through the instrumentality of the companies' executive, the Oil Rivers Protectorate was created in 1886 by an act of Parliament. The Royal Niger Company undertook the responsibilities of a government to establish peace and open trade routes, which was in agreement with the terms of the Berlin Conference of 1885. The conference declared that any power wishing to occupy new lands in Africa should first notify the others. It laid down that an occupation to be valid, must be effective, that is to say, the power in question must actually have entered the territory and acquired some standing there by treaty with the chiefs.

As the century wore on, objections to entrusting much political power to a commercial concern became clear. The Company's defensive force was not strong enough to afford protection, and, furthermore, its influence had been greatly ignored by the Northern Kings who bluntly refused to be ruled by a foreign power. There was also the need to resist the encroaching French on the western boarder and to extend British power to crack down the slave raiders of the northern states of the country. In 1900 the British Government took over all the administrative powers of the Royal Niger Company and created the office of High Commissioner who was charged with the administration of all territories under the Royal Niger Company. Sir Frederick Lugard
became the first High Commissioner and proclaimed the Protectorate of Northern Nigeria.

In three years, through the use of force and tactics, he succeeded in bringing the northern kingdoms to acknowledge British sovereignty. The Royal Niger Company, which initially had control of the territories, surrendered its rights and received consideration far greater than it could have realized as a trading concern. The Company sold its rights and interests for the amount of £865,000 but retained the right to one half of the mining royalties from the region between the Niger and a line drawn from Yola to Zinder. Under Lord Lugard, the Oil Rivers Protectorate and Lagos became one administrative unit in 1906, and in 1914, Northern Nigeria and Southern Nigeria were amalgamated into the Colony and Protectorate of Nigeria. At the end of the First World War part of the German Cameroons were added to Nigeria as mandated territory, by the order of the League of Nations.

The variety of political conditions and the agencies entrusted with the administration of this vast African territory have made Nigeria a fertile place for administrative experiments. Lord Lugard instituted the rule known as "Indirect Rule" which promised the people internal self-rule but worked out to be internal "self-slave". The
indirect rule is characterized above all by the enlisting of numerous local rulers to take part in the administration of the country. These are the feudal sovereigns, rulers, and chiefs of small and large states or unions of tribes. All the small and great chiefs have official recognition and receive a fixed reward from the revenue of the country. These chiefs and rulers, having been enlisted as servile officials of the British Colonial Office, owe their first duty to carrying out the orders of the Colonial Office.

In 1929, British authorities decided to collect a head tax from the women residents in the south eastern section of Nigeria. In reply to this ordinance the women revolted. This revolt showed the complete unsuitability of the system of rule adopted by the Government.

After the outbreak of the disorder, a flexible system of administration was adopted, and since that time a series of changes have taken place in the structure of the Nigerian Government. Nigeria is no longer crying for a fair rule but looks forward to complete independence in no distant time.

The main political divisions of Nigeria as of today are the Colony of Lagos, which is also the capital of Nigeria, the Eastern, Western, and Northern Regions, which together form the Protectorate of Nigeria. Each of these
regions maintains a regional legislature with increased regional authority, and acts as an electoral college for the central legislative council which legislates for the whole country.

The author has already stated the activities of the slave trade, followed by a period of uncertainty and later the gradual growth of the palm oil trade. From 1866 the curve of West African trade began to rise, and doubles itself between 1870 and 1875, with a steady rising curve until 1890. The drastic, sudden rise of the curve indicated the period of great need for palm oil in European countries for the manufacture of soap and margarine. The decades between 1890 and 1910 marked an advance in the Nigerian economy due to external pressure coupled with the Colonial Secretary's desire for colonial improvement. Several schemes were undertaken to improve the economic plight of the colonial territories of the Empire. In Nigeria the colonial improvement plan was demonstrated by the improvement of Lagos harbour and the construction of railway lines to the hinterland from the port. The railway was extended to Ibadan in 1900 and Jebba in 1906.

At the beginning of the twentieth century, Nigeria made remarkable increases in her export trade, about 82 percent of which were palm products and 10 percent wild
rubber. The next decade, from 1910 to 1920 saw the opening of the north by the extension of the railway from Baro to Kano, and the opening of the Port Harcourt in the south. From that time on, Nigerian exports became diversified. Instead of palm products and wild rubber, more products, such as the ground nut, were added to the list of exports.

Table I refers to changes that took place in the export trade of Nigeria from 1900 to 1937, showing the periods of prosperity and depression. The value and volume of each commodity for export are expressed as percentages of the value of total Nigerian exports. From the table the reader will observe the leading position of the palm product from 1900 to 1931; and that from 1937 the relative importance of the palm product declined as the improved system of communication brought other commodities hitherto unexported to be exported. The gradual rise of the export figures for ground nuts, the main economic crop of northern Nigeria, is shown in the table. Export of cotton increased by 100 percent between 1913 and 1921 and gradually assumed a position of importance in Nigerian exports; the same thing was true of leather, which reached the foreign market in 1908 for the first time. Export of cocoa, mahogany, and other forest crops have steadily increased, with a slight downswing during World War I. The economic difficulties of the war years, coupled with the newly introduced system
### TABLE I
VALUES AND VOLUME OF CHIEF EXPORT PRODUCTS OF NIGERIA IN YEARS WHICH MARK TURNING POINTS IN THE TRENDS OF PROSPERITY SINCE 1900

<table>
<thead>
<tr>
<th>Years: Turning Points in the Trend of Nigerian Total Exports</th>
<th>Values of Total Produce (a)</th>
<th>Palm Kernels Percent of Total Value of Exports</th>
<th>Rubber Percent of Total Value of Exports</th>
<th>Palm Oil Percent of Total Value of Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>£1,858</td>
<td>834 45</td>
<td>186 10</td>
<td>2,848</td>
</tr>
<tr>
<td>1902</td>
<td>£2,416</td>
<td>1,275 53</td>
<td>133 2</td>
<td>1,017</td>
</tr>
<tr>
<td>1903</td>
<td>£2,202</td>
<td>1,094 50</td>
<td>132 4</td>
<td>1,309</td>
</tr>
<tr>
<td>1904</td>
<td>£2,605</td>
<td>1,278 49</td>
<td>140 7</td>
<td>2,674</td>
</tr>
<tr>
<td>1905</td>
<td>£2,386</td>
<td>1,090 46</td>
<td>109 10</td>
<td>3,114</td>
</tr>
<tr>
<td>1907</td>
<td>£3,612</td>
<td>1,658 46</td>
<td>134 7</td>
<td>2,144</td>
</tr>
<tr>
<td>1908</td>
<td>£3,102</td>
<td>1,425 46</td>
<td>137 3</td>
<td>1,222</td>
</tr>
<tr>
<td>1913</td>
<td>£6,779</td>
<td>3,110 46</td>
<td>175 1</td>
<td>1,144</td>
</tr>
<tr>
<td>1915</td>
<td>£4,974</td>
<td>1,693 35</td>
<td>153 1</td>
<td>556</td>
</tr>
<tr>
<td>1920</td>
<td>£16,717</td>
<td>5,718 34</td>
<td>207 10</td>
<td>1,102</td>
</tr>
<tr>
<td>1921</td>
<td>£8,028</td>
<td>2,832 35</td>
<td>153 10</td>
<td>191</td>
</tr>
<tr>
<td>1925(c)</td>
<td>£16,906</td>
<td>4,937 29</td>
<td>273 10</td>
<td>2,128</td>
</tr>
<tr>
<td>1927</td>
<td>£15,471</td>
<td>4,439 29</td>
<td>257 2</td>
<td>4,474</td>
</tr>
<tr>
<td>1929</td>
<td>£17,581</td>
<td>4,265 26</td>
<td>252 1</td>
<td>4,422</td>
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<tr>
<td>1931</td>
<td>£8,553</td>
<td>2,132 25</td>
<td>255 1</td>
<td>4,080</td>
</tr>
<tr>
<td>1932</td>
<td>£9,279</td>
<td>2,696 29</td>
<td>309 31</td>
<td>1,894</td>
</tr>
<tr>
<td>1933</td>
<td>£8,560</td>
<td>1,899 22</td>
<td>260 33</td>
<td>2,256</td>
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<tr>
<td>1937</td>
<td>£19,242</td>
<td>3,648 19</td>
<td>338 126</td>
<td>5,764</td>
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TABLE I (CONT.)
VALUES AND VOLUME OF CHIEF EXPORT PRODUCTS OF NIGERIA IN YEARS WHICH MARK TURNING POINTS IN THE TREND OF PROSPERITY SINCE 1900

<table>
<thead>
<tr>
<th>Years: Turning Points in Trend of Total Exports</th>
<th>Cotton Lint</th>
<th>Ground-nuts</th>
<th>Cocoa</th>
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<tr>
<td></td>
<td>£'000</td>
<td>£'00 cwt.</td>
<td>£'000</td>
</tr>
<tr>
<td>1900</td>
<td>0.5</td>
<td>0.2</td>
<td>4</td>
</tr>
<tr>
<td>1902</td>
<td>0.2</td>
<td>0.1</td>
<td>2</td>
</tr>
<tr>
<td>1903</td>
<td>7</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>1904</td>
<td>15</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>1905</td>
<td>16</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>1907</td>
<td>97</td>
<td>37</td>
<td>18</td>
</tr>
<tr>
<td>1908</td>
<td>53</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>1913</td>
<td>159</td>
<td>57</td>
<td>175</td>
</tr>
<tr>
<td>1915</td>
<td>56</td>
<td>24</td>
<td>72</td>
</tr>
<tr>
<td>1920</td>
<td>717</td>
<td>65</td>
<td>1,120</td>
</tr>
<tr>
<td>1921</td>
<td>369</td>
<td>5</td>
<td>114</td>
</tr>
<tr>
<td>1925(c)</td>
<td>797</td>
<td>5</td>
<td>133</td>
</tr>
<tr>
<td>1927</td>
<td>331</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>1929</td>
<td>543</td>
<td>3</td>
<td>117</td>
</tr>
<tr>
<td>1931</td>
<td>153</td>
<td>2</td>
<td>70</td>
</tr>
<tr>
<td>1932</td>
<td>52</td>
<td>-</td>
<td>24</td>
</tr>
<tr>
<td>1933</td>
<td>193</td>
<td>2</td>
<td>88</td>
</tr>
<tr>
<td>1937</td>
<td>497</td>
<td>3</td>
<td>192</td>
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</table>
TABLE I (CONT.)
VALUES AND VOLUME OF CHIEF EXPORT PRODUCTS OF NIGERIA IN YEARS WHICH MARK TURNING POINTS IN THE TREND OF PROSPERITY SINCE 1900

<table>
<thead>
<tr>
<th>Years:</th>
<th>Turning Points in Trend of Total Exports</th>
<th>Tons</th>
<th>Percent of Total Value of Exports</th>
<th>Value of Total Imports £</th>
<th>Revenue Including Gross Revenue of Nigeria Railway (a) £</th>
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<tbody>
<tr>
<td>1900</td>
<td>No</td>
<td>---</td>
<td>0.3</td>
<td>1,978</td>
<td>732</td>
</tr>
<tr>
<td>1902</td>
<td>Records</td>
<td>---</td>
<td>0.4</td>
<td>1,735</td>
<td>639</td>
</tr>
<tr>
<td>1903</td>
<td>Before</td>
<td>---</td>
<td>---</td>
<td>2,128</td>
<td>910</td>
</tr>
<tr>
<td>1904</td>
<td>1906</td>
<td>---</td>
<td>1.5</td>
<td>2,423</td>
<td>1,047</td>
</tr>
<tr>
<td>1907</td>
<td>25</td>
<td>212</td>
<td>3.4</td>
<td>3,840</td>
<td>1,673</td>
</tr>
<tr>
<td>1908</td>
<td>81</td>
<td>545</td>
<td>2.4</td>
<td>4,047</td>
<td>1,636</td>
</tr>
<tr>
<td>1913</td>
<td>568</td>
<td>4,142</td>
<td>166</td>
<td>6,332</td>
<td>3,463</td>
</tr>
<tr>
<td>1915</td>
<td>723</td>
<td>6,545</td>
<td>229</td>
<td>4,984</td>
<td>2,703</td>
</tr>
<tr>
<td>1920</td>
<td>1,786</td>
<td>7,913</td>
<td>667</td>
<td>20,763</td>
<td>6,738</td>
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<td>1921</td>
<td>915</td>
<td>7,181</td>
<td>263</td>
<td>10,237</td>
<td>6,436</td>
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<tr>
<td>1925</td>
<td>1,738</td>
<td>9,293</td>
<td>641</td>
<td>14,783</td>
<td>8,269</td>
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<tr>
<td>1927</td>
<td>2,287</td>
<td>10,926</td>
<td>626</td>
<td>14,438</td>
<td>8,729</td>
</tr>
<tr>
<td>1929</td>
<td>2,299</td>
<td>15,129</td>
<td>889</td>
<td>13,219</td>
<td>8,703</td>
</tr>
<tr>
<td>1931</td>
<td>906</td>
<td>10,794</td>
<td>702</td>
<td>6,513</td>
<td>6,732</td>
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<tr>
<td>1932</td>
<td>580</td>
<td>5,967</td>
<td>582</td>
<td>7,195</td>
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<tr>
<td>1933</td>
<td>659</td>
<td>5,216</td>
<td>556</td>
<td>6,340</td>
<td>6,750</td>
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<tr>
<td>1937</td>
<td>2,628</td>
<td>15,035</td>
<td>853</td>
<td>14,625</td>
<td>10,400</td>
</tr>
</tbody>
</table>

Sources: Nigeria Trade Reports, Statistical Abstract of British Empire, Nigeria Treasurers' Reports, and Reports of Accounts and Finances.
(a) Value of total imports does not include bullion or specie but does include re-exports which may amount ot as much as 10 percent of the total.
(b) Figures in this column must be regarded as approximate.
(c) From 1925, Cameroons under British Mandate are included. (d) Estimated for 1927 onwards.

Source: Daryll Forde and Dr. Richenda Scott, The Native Economies of Nigeria (London, Faber and Faber, 1946).
of taxing women gave rise to the notorious Aba riot of 1929-30, towards the end of the period, as a symptom of lack of confidence felt by the cocoa producers of Nigeria towards the large buying firms which attempted to control the product through the use of buying agreements that led to the cocoa boycott of 1937.

The end of the First World War saw Nigeria, after the immediate dislocation caused by the hostilities of the war, well-prepared to have its share of the world market for raw materials. There was great economic advancement throughout the north and the south of this vast country. On the political side, there was marked progress. Africans were trained to assume greater responsibility in the administration of the country. The period marked a new era in the economic history of Nigeria. The Government created several new departments to handle general economic projects; for example, mixed farming was carried on on a large and modern scale; new products like ginger became export commodities. The forestry department expanded its field activities; apart from regenerating the forest, the department fostered the export of new products, such as gum arabic and Niger gutta, an ingredient of chewing gum, and an extract of mangrove used for tanning. Hides and skins became one of the best-paying exports of the country. Table I
refers to the export commodities of Nigeria in their order of value and their relative importance in the economy.

The decades following the war saw the growth of trade unions in Nigeria. With the establishment of new industries coupled with diversified government projects, it became necessary for workers to organize themselves into strong labor unions capable of protecting their interests. The Government, which had been inactive in instituting labour laws, became interested and granted recognition to unions. Labour laws were enacted, and collective bargaining as an effective labour tool received government assent. By far the most effective and well-organized trade union was the Railway Workers Union of Nigeria. This union had, on several occasions, demonstrated its ability to gain concessions by going on strike. The first labour strike in the country was conducted by this union in the thirties. Table II refers to the registered trade unions in Nigeria as of 1950.

The author is partly convinced that the changes that took place were geared to the fulfillment of the British policy of 1917 which placed emphasis on the development of colonial peoples in all aspects of their lives through the application of the capital, "the know how", and the modern economic and administrative techniques of the civilized world.
### TABLE II

**DIVISION OF UNIONS BY OCCUPATION**

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Number of Unions</th>
<th>Approximate Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>4</td>
<td>11,500</td>
</tr>
<tr>
<td>Banking and Insurance</td>
<td>3</td>
<td>250</td>
</tr>
<tr>
<td>Building</td>
<td>7</td>
<td>2,500</td>
</tr>
<tr>
<td>Commercial</td>
<td>27</td>
<td>3,250</td>
</tr>
<tr>
<td>Domestic and Catering</td>
<td>6</td>
<td>600</td>
</tr>
<tr>
<td>Engineering</td>
<td>11</td>
<td>1,750</td>
</tr>
<tr>
<td>General</td>
<td>20</td>
<td>35,000</td>
</tr>
<tr>
<td>Mining</td>
<td>5</td>
<td>7,000</td>
</tr>
<tr>
<td>Postal Workers</td>
<td>3</td>
<td>3,500</td>
</tr>
<tr>
<td>Printing</td>
<td>5</td>
<td>800</td>
</tr>
<tr>
<td>Professional and Administration</td>
<td>9</td>
<td>22,250</td>
</tr>
<tr>
<td>Railways</td>
<td>8</td>
<td>15,750</td>
</tr>
<tr>
<td>Shipping and Dockers</td>
<td>12</td>
<td>8,250</td>
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<td>Tailoring</td>
<td>2</td>
<td>175</td>
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<td>Transport</td>
<td>16</td>
<td>3,500</td>
</tr>
<tr>
<td>Woodworkers</td>
<td>11</td>
<td>2,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>149</strong></td>
<td><strong>125,075</strong></td>
</tr>
</tbody>
</table>

Accordingly, after World War II, a project known as the Ten Year Plan, was drawn up by the government. The purpose of the plan was to hasten the pace of economic improvement of the country. The scheme thus far has achieved a remarkable progress in the following projects: highway construction, soil conservation, land reclamation, irrigation, land settlement schemes, plant regeneration, research in plant breeding, mechanized farming, mixed farming and stock management, health, and education.

COMMUNICATIONS

A great part of the country region drains into the lower Niger, which, with its eastern bank tributary, the Benue, forms a broad Y-shaped figure. The stem of this bisects the southern part of the territory and continues to the Niger delta. The River Niger and Benue did not provide Nigeria with good waterways because of the seasonal differences in tidal levels influenced by a marked degree of variation in rainfall at the different regions of the Niger. An incentive to improve the waterways was lacking because commercial transactions of the time were carried on in the coastal ports. A considerable number of sea and river ports were established, all within the southern regions, and some are still in use today. Among them are Forcados, Bonny, Brass, Sapele, Imo, Degas.
Lagos, Warri, Sapele, and Calabar. From all these ports local and regional canoe trade up-river was developed in the period of the slave trade and continued in connection with the palm oil traffic in the latter nineteenth century. However, it penetrated far into the interior. Later, the trading firms developed a service by flat-bottomed boats which maintained a considerable river traffic.

To tap the resources of the country on either side of the lower Niger (southern Nigeria) and to link the north with the coast, two intersecting railway routes ran inland from the modern ports of Lagos in the West and Port Harcourt in the East. The western line running through the Yoruba provinces crosses the Niger at Jebba and proceeds to Minna, where it joined the Baro line. From there it goes on to Kaduna, Zaria, and Kano, finding its terminus at Nguru, just across the boundary of Bornu province. The eastern line from Port Harcourt passes through the Ibo lands, crosses the Benue by the bridge at Makurdi to join the western line at Kaduna. This line connects the light railway lines from the mining regions of Banchi plateau to Zaria. From Zaria a line runs into Sokoto province with its terminus at Kaura Namoda.

The railway system connects all the important agricultural, industrial, and mining districts of the country. The railway lines have been greatly supplemented by a
network of highways and trunk roads, bringing all the populated cities into touch with one another.

Until 1950, Nigeria Railway was owned and operated by the Nigerian Government. Plans for the creation of a statutory corporation to run the railway came into effect about 1951. Today, the Nigeria Railway is directly under the operative supervision of a quasi-independent government corporation, responsible to the Government of Nigeria.

There has been a gradual improvement of internal transportation since the end of World War I. Besides external shipping facilities, remarkable progress has been made in the internal water transportation system. Several ships and barges now run the rivers and the sea coast of Nigeria, carrying tons of export commodities to the nearest sea ports for final shipment. The two chief ports, Lagos and Port Harcourt, continued to show a marked increase in shipping figures over a period of years. During 1950, nearly two and one-half million* tons of shipping entered Lagos port.

With the onward march of economic progress of the various regions, specialized agricultural and industrial activities continue to grow, and the need for more transportation facilities becomes obvious. To meet these

urgent demands, trucking and bus services have been created to relieve in part the use of animals and human beings as mediums of transportation. Plans for extension of the railway system and the construction of more highways to supplement the existing facilities have been undertaken by local and central governments.

Another growing means of communication is the transportation service now being operated by both the British Overseas Airways Corporation and the West Africa Airways Corporation. The former operates seven services a week in each direction between Kann and London, and the latter operates on regular schedules within the country. During 1950, a separate Department of Civil Aviation was formed with the purpose of improving aeronautical facilities for transportation in the country. The strategic position of Nigeria on the international air routes has made it obligatory for her to assume certain responsibilities regarding maintenance of telecommunications and other safety measures, a commitment of international traffic. Nigeria is now a member of the Southern Africa Air Transport Council and was represented at the first meeting held early in 1951.

Appendix I is a map of Nigeria showing the system of communications in the country.
THE PEOPLE

It is now clear from the historical outline which preceded this section that the most significant distinctions among the people of Nigeria are those which differentiate the Moslem peoples of the centralized state of the north from the ancestry worshippers of the south, who have partly become Christians through contact with European nations.

There are considerable differences in racial types among the peoples of Nigeria, but these do not generally form the basis of ethnic distinctions except in the Fulani who possess a lighter skin and fewer negroid physical characteristics. In the northern Moslem states there are two principal tribes: the Hausa tribe and the Fulani tribe. Both tribes closely observe cultural customs and practices.

In the south there are several racial groups with less common racial characteristics. The western section of the Niger which was originally known as the Edo Kingdom has since been organized into substantial communities embracing several large towns. Such are the Yoruba states of Oyo, Ijebu-Ode, Abeokuta, and Benin. The peoples of the Niger Delta, such as the Ijaws, Jekris, the Osobos, and others were originally separate autonomous communities embracing
a few towns and villages, and this type of social organizational structure is generally true of the Ibo-speaking people of Southern Nigeria and the smaller Ibibio groups of the south east, who together occupy the forest belt between the Niger and the Cross River.

LAND TENURE

Southern Nigeria. The system of land tenure in Nigeria differs from the Western system of land tenure. Land is common property of a group, usually members of the same kinship. Land has no market price, and therefore the question of sale did not arise. It was held to be a gift of nature which should not be sold, but a group of kinsmen could preserve their right to a piece of land for the use of their successors. Free land, once appropriated and cleared by an individual, belonged to his descendants in perpetuity. But these rights were collective, not individual. Control was exercised by the head of the lineage of group kinsfolk concerned who apportioned the land on the basis of need. An occupier of land had no right to alienate any of his portion without the consent of the group.

Outsiders could be adopted into a kin group and secure land rights as members. They could also obtain the use of unoccupied or unused land by making periodic gifts to those who have title of ownership. These gifts were never
regarded as rent but as tokens of the paramount rights of those granting the use of the land. In some instances, matrimonial relations may cause an outright gift of land to show an expression of love to one who had no customary right to land.

This tradition is gradually changing due to increased demand for land in the vicinity of large towns and fertile farm lands suitable for cocoa growing. To meet the demand for land for productive use, it has now become the practice to receive monetary return for the use of land by one who is not a member of the kin folk. Forest land can now be sold for an agreed sum of money or leased on an annual rent. The money realized from such sales or rents is usually shared among the members of the kinship or spent collectively for the good of the group.

Northern Nigeria. A revolutionary change from customary ownership of land as described above was made by Lord Lugard, who in 1900 issued a Land Proclamation, enacting that title to land can only be acquired through the High Commissioner. From that date the Governor became the trustee of all land in the northern provinces of Nigeria. Lord Lugard disregarded the principles of Native Law and custom when he made the land proclamation of 1900. According to Native Customary Law, land is the property of
the community and the sale of it by any single person is a crime against the state. In 1908, a report made by a committee appointed by the British Government to inquire into the system of land tenure in Northern Nigeria stated that land is communal property.*

CHAPTER II

PRODUCTION OF COCOA IN NIGERIA

BACKGROUND

The history of cocoa in Nigeria is covered by memories of older men and women who are still engaged in it. Its beginning is popularly attributed to labourers who were engaged in the cocoa plantations of Fernando Po, who, in the last quarter of the 19th century, returned to Yoruba Land with smuggled cocoa pods. We also learned that the crop was introduced into Nigeria by fishermen who were engaged in fishing at Fernando Po. The early farms, made in ignorance of the appropriate planting methods and conditions, were often far from being successful.

Cocoa is produced from the fruit of the obroma cacao L, a small spreading tree indigenous to tropical South America. Many varieties are known, but mainly two types are cultivated. Gold Coast and Nigerian cocoa belongs to the "Amelonado" subvariety of the coarser and more robust "Forastero" type.

Cocoa is an exacting crop, and its requirements as regards soil, drainage, rainfall, and temperature must be
met within narrow limits if it is to grow well. Under suitable conditions, which must include protection against strong, dry winds, the trees bear their first fruit from four to five years after planting. The crop is borne in pods attached to the trunk and thicker branches by short stalks, each pod containing a mass of some 30 to 40 seeds arranged in parallel rows and embedded in white pulp. The seeds require only to be extracted from the pod, fermented with the pulp, and dried to become the cocoa beans of commerce.

Cocoa was introduced to Europeans by Spaniards and was called cacao, a derivation from the Aztec word "cacanatl." By an accident in the English language, cocoa has come to be associated mainly with one among the several products of the cocoa bean. Yet, of those products, chocolate, as a beverage, came first to be known, while edible chocolate as candy now comes first in importance. A world without chocolate would leave one half of mankind as disconsolate as a world without tobacco or strong drink would leave the other.

There are usually two cocoa crops a year. In the Gold Coast and Nigeria the main crop season is from September or October to January or February, while the small crop season comes in about four or five months later. The
time for harvesting and sale of the crop varies in other producing areas. The Brazilian crop normally reaches the world market slightly before Gold Coast and Nigerian crops, and the peak exports occur usually between October and March. In San Domingo, exports reach their peak between May and July; in Trinidad, between February and May; and in Ecuador and Venezuela, between April and June. The months of heaviest arrivals of all cocoas on the world markets coincides roughly with Gold Coast and Nigerian exporting season, and for statistical purposes, the crop year is the period from the 1st of October to the 30th of September.

The exporting of agricultural products in the early days consisted mainly of palm oil products. The palm trees were found in their natural state, semi-wild and scattered. The attraction of an export crop, capable of an ordered production, and commanding a ready sale, proved irresistible even though the plants took five or more years to bear fruits.

The rise in export of cocoa since its birth in Nigeria has been gradual and encouraging. As stated above, prior to the extension of the crop to West Africa, cocoa was almost entirely produced from the organized plantation industries of South America, the West Indies, and the island of San Thome. Plantation production was organized on
business lines, whereas West African industry grew up as an accessory to subsistence agriculture. It is only in recent years, with increasing demand for imported goods, the growing dependence on hired labour, and the tendency to purchase farms, that costs of production have begun to enter into the farmer's calculations.

CULTIVATION OF COCOA IN NIGERIA

Location. Cocoa beans are the seeds of the obroma cacao L, which do well only in the belts 20° north and south of the equator. The tree's requirements are very sensitive and exacting. It grows very well in hot and humid atmosphere, along streams, in areas having a mean temperature of about 80° F. and variations of not more than 15° F. above or below this point, an annual rainfall of about 50 inches well distributed throughout the whole year, high humidity, and an altitude of a few hundred feet above sea level (but never above 1000 feet). The tree is tender and very sensitive to wind and does not do well in wind-swept areas. Consequently, in areas where cocoa is grown, it is customary to leave trees and bushes to serve as wind breaks and to shade the trees. In some areas, trees are planted along the outskirts to serve as permanent shades in order to achieve the best results. Thus bananas and other tropical trees with wide leaves are
usually planted for this purpose. Though the cocoa tree can be grown in many types of soil, it does best in well-drained, porous soil of some depth and rich in humus.

Cocoa is grown in nearly all sections of Southern Nigeria, but the intensive cocoa-producing belt lies mainly in the Western Region comprising, principally, Ibadan and the Ife-Ilesha divisions of Oyo Province, Ijebu-Ode and Abeokuta provinces, and the suburbs of Lagos colony. Nearly two thirds of Nigerian cocoa is grown in Oyo Province, on a total grove area of about 400 square miles. About one quarter of the farmers in this section are engaged in cocoa production. In the Ibadan area, where cocoa production is most intensive, about three-quarters of the farmers are dependent on cocoa production.

Condition of cultivation. The primitive economy of the native farmer follows the pattern of the agricultural communities of less developed areas of the world. His crop growth consists mainly of food plants, based on a system of shifting cultivation with little or no use of manures, and wholly for local consumption or internal exchange. Shifting cultivation involves the clearing of a patch of land, the use of the plot so cleared for a short period of two or three years, followed by its abandonment to the encroaching weeds which after some years restore
its fertility and render it available for being cleared and used again. The problem of fixed tenure under this system, and the need to make land for subsistence accessible for all members of the community, is met by group ownership or common ownership of all available land. Individual rights in regard to any particular plot are based on occupation only and lapse as soon as its cultivation (or use) is abandoned. Occasionally commercial crops, such as orange and coconut trees, may remain the property of the man who planted them, although the land on which they grow has passed to other cultivators.

Cocoa growing. The farmer clears the trees and weeds but leaves some of the trees to serve as wind breaks. Cocoa is planted from fresh seeds, and usually three to five seeds are put in each hole which is four to six inches deep. The holes are four yards apart and in parallel rows. The space between the rows is planted with other crops, such as palm trees, with the dual object of affording shade to the delicate cocoa plant as well as providing a source of income. The cocoa tree commences to bear fruit at the sixth or seventh year at a height of about nine feet.

In the first few years the plant is pruned occasionally in order that it may grow and bear fruit more quickly. Usually the farmer does not pay much attention to the
bark is greenish purple, but the species of one region differs from that of another region. The blossom is small and pinkish white in color and grows directly out of the main trunk and branches. After fertilization and germination, the petals fall off, and from the stamens, within the course of twelve weeks, an oblong pod develops. The pod is golden in color and contains twenty to thirty grains of cocoa enveloped in a juicy fibre.

When the pod is ripe for harvesting, the color changes to golden yellow and the outer rind becomes hard. The rind is marked by longitudinal ridges which indicate the interior arrangement of the seeds.

The size of cocoa farms in Nigeria, particularly in most areas of the Western Provinces varies, ranging from two acres worked by a farmer and his family to the plantations of fifty acres which employ a regular labour force.* These large plantations are often owned by absentee landlords. The majority of the farms are small and owned by individual families. In some districts there exist cooperative joint-ventures where many farmers form an association and carry on production and marketing as a body. The largest-sized cocoa farms are usually owned by these joint-enterprisers. The average yield of dry cocoa per

*Daryll Forde and Dr. Richenda Scott, The Native Economies of Nigeria (London, Faber & Faber, 1946), pp. 87-89.
acre was estimated in 1948 to be 900 pounds. The average acreage in Ando province is estimated to be 1.5 acres; in Ilesha, 1.8 acres; in Ife, 2.5 acres; in Ife-tedo, 1.7 acres; in Benin, 4.5 acres; and 2.3 acres for Agege district.

Throughout the fructifying period, an annual weeding and trimming is needed which was estimated at Ife to require twenty-man-days at a cost of 1:7:6. The annual cost of harvesting varies with the yield. The cocoa trees reach their maximum yield in the tenth or twelfth year after planting and decline fairly rapidly after the fifteenth year, as a general rule. However, a crop may still be harvested up to thirty-five years.

Estimates of yield per acre obtained from the unpublished reports of the Nigerian Agricultural Department revealed the following:

- Abeokuta and Agege 4-6 cwt. per acre
- Ibadan (roughly) 4-6 cwt. per acre
- Ife (roughly) 10 cwt. per acre

The aggregate yield per acre throughout the bearing period will not exceed 80 cwt. On a good farm three pickings can be made in the main crop season, which falls between October and February, and one to three in the off season, between March and September.
The off- or mid-season crop is extremely variable and trees of over 18 years of age may not yield any at this time. The normal distribution is given as four-fifths for the main season and one-fifth for the off season crop.

Complete figures of the acreage of cocoa are not available, and, in general, the same applies to estimates of production as distinct from the quantity offered for sale. In Nigeria, where production figures are not available, export figures give the most reliable indication of changes in production. Table III shows production of cocoa in the principal producing countries.

During the war, output for sale tended to fall below the level previously attained by the principal cocoa producing countries. Production figures of 1949 fully recovered prewar levels due to the tremendous increases in British Commonwealth output. Outside the British Commonwealth, Brazil continues to produce nearly as much as the combined output of all other producing countries. Venezuelan production was exceptionally large in 1947-48. The spread of "Swollen Shoot" in West Africa and the attack of Witches Broom disease in Trinidad seemed to threaten the future level of output of raw cocoa in the world.

HARVESTING - CURING - MAINTENANCE

The formation of the pod from the flowering to the
### TABLE III

**PRODUCTION OF COCOA IN PRINCIPAL PRODUCING COUNTRIES**

(Thousand tons)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold Coast (a)</td>
<td>232</td>
<td>298</td>
<td>181</td>
<td>237</td>
<td>196</td>
<td>229</td>
<td>209</td>
<td>192</td>
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<td>273</td>
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<tr>
<td>Nigeria (a)</td>
<td>99</td>
<td>116</td>
<td>32</td>
<td>101</td>
<td>71</td>
<td>86</td>
<td>94</td>
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<td>2</td>
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<td>3</td>
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<td><strong>Subtotal</strong></td>
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<td>353</td>
<td>277</td>
<td>324</td>
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<td>311</td>
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<td>French Cameroons (b)</td>
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<tr>
<td>Spanish Guinea</td>
<td>(c)</td>
<td>(c)</td>
<td>(c)</td>
<td>(c)</td>
<td>(c)</td>
<td>(c)</td>
<td>(c)</td>
<td>(c)</td>
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<tr>
<td><strong>Subtotal</strong></td>
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<td>256</td>
<td>244</td>
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<td>494</td>
<td>580</td>
<td>554</td>
<td>573</td>
<td>558</td>
<td>693</td>
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</table>

The figures relate to the year shown or to the season ending in that year.

- (a) Seasonal purchases for export.
- (b) Exports in year shown.
- (c) Not available.

ripening stage takes about twenty-seven weeks. When fully ripe the color of the pod changes from green to yellow or from green to purple depending on the species. The pods growing on high branches and trunks are then cut from the trees with knives attached to long poles. Cutlasses are used to remove the pods on lower branches and trunks. It is from the base parts that flowering occurs in the succeeding season. Hence, during the cutting process, great care is taken to avoid cutting off the base where the stems are attached to the branches and the trunk. The pods, after this careful and skillful removal, are gathered and put together in basket lots and piled in heaps.

The next step is to cut open the pods with a knife and scoop out the seeds with a wooden knife specially shaped for the industry. The mashy white pulp which covers the beans gradually liquefies and drains off as fermentation takes place.

Fermentation. This is the first stage of the drying process. Farmers use different methods of drying, and subsequent changes in the color of the beans is particularly attributed to the various methods used in drying. During this stage, as the color of the beans changes from its original muddied-white color to different shades of brown and purple, the inviting aroma and flavor develop. The
loss in weight after drying is estimated to be about two thirds of the original weight per unit.

In some cases fermentation and drying take place in a very simple form. The seeds are left in a small, well-drained area, covered with leaves of banana, plantain, or palmnut trees for a period of about ten days. Others may choose to make surface holes, line them with leaves, and place the pulp mass in the holes. The mass is covered with more leaves and left in that position to ferment.

Another method that is commonly found among natives is to line the bottom of a canoe with leaves and fill the canoe with the mass of white pulp containing the beans and then cover the pulp with leaves to protect it from rain and hold in heat generated during the course of fermentation. Holes are made at the base of the canoe to permit drainage.

On big farms a highly developed device is used in place of the customary primitive methods described above. Instead, specially constructed sweet or ferment boxes with perforated bottoms are used. These are arranged in tiers in fermentation houses. The beans are usually changed from one box to another, and thoroughly mixed so that a uniform grade is obtained. The mass is turned several times during a period of six days. During the
process the seeds separate from the pulp, which gradually decomposes and dissolves. When the seeds are removed from the last box, the pulp is gone except for a few fibres.

The drying process. After fermentation the beans must be dried. Different methods are used by various people ranging from the simple sun drying to the mechanical system.

Sun-drying is the oldest method and most used by farmers who do not have access to the government drying houses. A native mat, made from bamboo stems, is laid on a platform and the beans are spread on the mat. Boys and girls were usually employed in sorting out foreign particles. The farmer using a rake turns the seeds over and over. This process continues for three to four days, and by the time the beans are bagged the farmer is assured of a well-mixed lot.

When the climate does not lend itself to open air drying, artificial means are used. This occurs when the harvest season is rainy. The artificial dryers consist of large slate slabs, heated by wood-burning furnaces, in open sheds. Several types of rotary dryers are now found in use among the farmers.

In the western and Cameroon districts, government dryers have been built. The farmers deliver their wet
cocoa to the dryer, where it is properly dried. The dried cocoa bean is now ready to be bagged for marketing or stored in heaps on clean floors and later bagged for marketing.

HIRED LABOUR

There is little indigenous labour available for hire in the cocoa districts; and, although there are fairly large settlements of outside labourers in the heavy cocoa-producing areas, farmers are dependent on immigrant labour which comes from adjoining districts where money crops are scarce. There is normally a great annual ebb and flow of such labourers, who tramp down to the cocoa districts during the cocoa seasons and return by lorry and train to their homes in the food-planting season.

The initial labour of clearing the bush and starting a new farm is done on a piece-work basis. Once a cocoa-farm is in the fruit-bearing stage, it receives little or no attention of any kind during a large part of the year; and to that extent, the hired labourers responsible for the cocoa farm seem to engage in a somewhat vague duty of retainers and custodians rather than employees who are expected to give their whole energies for manual work. Monthly wages vary from 5 to 10, together with shelter and food or maintenance allowance in lieu. Wages
are sometimes paid in cocoa.

Cocoa labourers have no definite hours of work, although an attempt is underway to establish standard labour-hours per diem. On big plantations the attempts have been successful through pressure from labour unions. On the average, a labourer works eight hours a day and receives an average earning of four shillings per day.*

A typical overseer's duty begins with allocating work for the work-force and seeing that standard methods are used in planting, harvesting, fermenting, drying, and packing. He receives instructions from an agricultural officer if one is available, and disseminates the same information to the work-force if the information pertains to new discoveries in tending the crops.

At off seasons, the work-force is reduced to a minimum as there is very little to be done on the farms. In some cases, the workers are retained to grow other crops for local consumption. Farm owners who are able to provide work for their work-force during the off season find it very economical when the time comes for hiring labourers. By providing alternate jobs for their work-force, the farm-owners enjoy the loyalty and good-will of the workers, which is very essential, particularly when labour is scarce.

*Author's personal experience.
Besides savings realized for not hiring and training a new work force, the farm-owner makes a reasonable profit from the sale of the crops. In some cases, the work force receives reduced wages for growing food crops with the understanding that the workers are privileged to receive a share of the food crops for their consumption.

A farm-owner must play an important role in the management of labour on his estate. There is no organized labour policy except the labour laws of the country which guides or controls the conduct of the two parties. In rare instances, collective bargaining contracts are found to be very useful in settling grievances between employer and employees. A group of workers may choose to be employed as a body and enter into a contract with the employer which states the terms of employment and grievance procedure. In spite of the contractual relationship, it is common practice for both parties to ignore the terms of the contract in carrying out decisions. The labour department now stands ready to aid any party that is injured as a result of the violation of the contract. The courts have also taken drastic steps in punishing violators of labour contracts.

The farm-owner is solely responsible for hiring, discharging, and management of labourers. He settles disputes among his labourers, looks after the sick, and provides
recreation facilities for the workers and their families. The employer settles family disputes of the workers and maintains order within his estate. In some instances, the employer is charged with the responsibility of making annual returns and collecting taxes for the government. In short, a successful farm-owner is one who is able to maintain good employee morale by providing paternal protection for his work force. The labourers must be understood by him. Their confidence must be gained, and harmony must prevail.

It may not be long before these diverse administrative activities of the farm-owner will be minimized. With the expansion of agricultural trade unions, some of these responsibilities will be borne by union officials. The introduction of modern mechanized farming has necessitated establishing special training-programs for the work force. The revolutionary change tends to create a feeling of self-reliance in the workers who were hitherto looked upon as personal servants of their employers. The very close relationship that exists between employer and employees is vanishing away with the intervention of trade unions. Table II on page 17 shows the number of agricultural trade unions as compared to other trade unions in the country.
CHAPTER III

PRODUCTION OF COCOA IN NIGERIA (CONTINUED)

VARIETIES

The obroma cacao species include many varieties. There are two well-known species: the Criollo, which produces medium size beans of high quality; and the Forastero, a hardy variety which gives higher yield and medium quality and low-priced beans. By far the bulk of cocoa produced today is of the various subvarieties of the Forastero specie.

QUALITY

The quality of cocoa largely depends on the environment where it is grown and methods of cultivation, transportation, and storage facilities. The elements necessary for good results are climate, soil, variety or subvariety grown, drying and fermenting procedure, and careful handling and preservation. In the case of manufactured products, quality is determined by the above factors in addition to manufacturing methods.

There are four grade classifications based on the
commercial uses of the importing countries.* They are the base and flavor grades, designated respectively as ordinary and "fine". Typical example of base grade is the Lagos cocoa and that of flavor grade is Java or Ecuador cocoa. The latter costs more than the former based on a unit of one pound of weight.

All cocoa exported from Nigeria must be inspected and graded under government control. Compulsory inspection, coupled with prohibition of export of cocoa below a certain standard of quality, was introduced by the Government of Nigeria after adverse experience under a voluntary scheme. Later, further improvements in grading were made, and, in 1937, a revised system was introduced which provided for compulsory grading into four categories, viz. Grades I, II, III, and "sub-Grade". These grades are described, together with the standards required in the United States and the United Kingdom.

When the compulsory grading was first introduced, inspection was carried out by sampling consignments at the ports, but today inspection and grading are for the most part done at the upcountry stations. In addition to government graders, private concerns are privileged to use licensed inspectors, but the Department of Agriculture

*Since the 1949-50 season Grades III and IV have been abolished.
retains the power to re-inspect cocoa at the ports.

The Government is continually making improvements in the inspection standards that will lead to an increase in the quality reputation of Nigerian cocoa and therefore its price. Unfortunately the firms' attitude towards the official grading system makes it impossible for small and medium size firms to compete with larger firms whose grades cut across the government grades, and the system tends to favor the big concerns in exercising control.

The producers and brokers are not affected by the system since there is, in general, no payment of differential prices for quality, although an individual, who brings in well-prepared cocoa to a firm's buying station may occasionally get a small premium.

The trend, however, is to introduce a practical system of differential payment to producers in order to encourage them to improve the preparation of their supplies, and thus raise the general level of quality and strengthen the reputation of Nigerian cocoa in world trade.

Certain conditions of production and marketing are unfavorable to maintenance of a high uniform quality. A good number of the farms are left (more or less) in the charge of the illiterate migrant labourers. The result of such a situation forces many of these farms into the hands of receivers, whose only interest is to gather the crops;
consequently, there is nobody in a large number of these cases permanent enough to receive instructions from government agricultural officers or to apply them if received. Even where the farmer himself occupies his farm, the incentive to careful cultivation and harvesting is frequently removed by his having pledged the prospective yield as security for a loan. As the prospect of his ever being able to pay the loan diminishes, the farmer inevitably becomes more and more indifferent to the condition of the farm and to the efforts of agricultural officers towards his education in proper methods.

Reference has already been made to the tendency of a farmer who had pledged his farm for a loan to lose interest in maintaining good standards. The farmer's need for money during the crop season may induce him to ferment his cocoa in unduly small quantities. On the other hand, he may be lazy and prepare his cocoa at long intervals mixing over-ripe and under-ripe beans; the results of fermentation are then unsatisfactory. Another contributing factor to poor quality may be attributed to the tendency of some buyers to accept poor quality because of the keen competition among sub-buyers.

The inclusion in the Grading Ordinance of the prohibition of the sale or purchase of wet cocoa has, however,
done something to improve the quality of cocoa sold in the
country places.

COCOA DISEASE

Nature of the disease. The cocoa disease is highly
contagious and is caused by a virus of a closely related
group of viruses. The infection is spread through the aid
of little bugs that freely associate with ants. Five spe-
cies of these harmful insects are known to be vectors.

The danger is less among cocoa trees of tender age
because of the slow rate of spread of the disease. From
observation it appears that the rapidity of the spread of
the disease is greater among older trees when the leaf-
canopy of the tree is in actual contact with other trees.
Associated also with increasing size and age of the tree
is the establishment of colonies of ants and attendant
mealy bugs. The older the tree, the more likely it is to
be infested with ants and mealy bugs.

The seriousness of the problem. The seriousness of
the problem can not be overemphasized. The disease is
rampant, particularly in certain regions where natural
environment favors the spread of the infection. A good
many of the well-to-do farmers have abandoned their farms
due to crop failure. Besides the misfortunes of the
individual farmers, the national income of the country is affected by a decline on cocoa revenue.

The Gold Coast, where the threat of the disease was greater, took early government action in the interest of the farmers. Several remedial measures were taken, but none was successful.

Measures for control of spread of the disease. It is generally recognized that, with virus disease of this type, the fundamental method of control of the spread of the disease is early removal of all sources of infection. Accordingly, the West Africa Cocoa Research Institute recommends cutting out diseased trees.

The destruction of cocoa trees is a relatively simple matter, but the problem presented by the contact trees, that is, those trees whose canopies are in direct contact with the diseased tree, is more difficult. There is evidence that a considerable number of such contact trees are already infected. The writer is of the opinion that not only are the contact trees infected, but trees of adjoining forests serve as suitable domicile for the mealy bugs. Consequently the elimination of the disease will require a total destruction of forests.

It is therefore not surprising that the farmers as well as the general public were opposed to cutting diseased
trees, but were rather interested in finding out an alternative measure. As there was no ready solution to the problem, local politicians took advantage of the situation and accused the Government of instituting a means of disrupting the economy of the country. After a counterpropaganda series by the Government, a demand for an independent opinion was sought, and that led to setting up a commission of enquiry by the Secretary of State for the Colonies.

The commission was to study the situation in the Gold Coast which presents a better picture of the severity of the disease than does Nigeria. The belief was that the commission’s recommendations with little necessary modifications would apply to Nigeria. The cocoa farmers of Nigeria sent delegates as observers when public hearings were conducted in the cocoa-growing districts in the Gold Coast.

At the request of the Secretary of State for the Colonies, a list of scientists was prepared by the United Nations Food and Agricultural Organization from which names of the independent plant pathologists were selected to form the Commission of Enquiry into the Swollen Shoot Disease in the Gold Coast. The terms of reference read as follows:

Having regard to the research work in swollen shoot disease of cocoa trees in the Gold Coast being carried out by the West Africa Cocoa Research
Institute, to study the incidence and nature of
the disease and to report on the technical measures
necessary for its speedy eradication . . . *

The commission arrived in Accra on the 24th and 26th
of October 1948, and held public and private conferences.
A tour of the main cocoa-growing districts was conducted.
After a careful study, the commission was of the opinion
that early removal of the infected crops is the surest way
of avoiding the spread of the disease.

The conclusions of the commission may be summarized
briefly as follows:**

1. Swollen shoot is a very dangerous and conta-
gious virus disease which threatens the very exist-
ence of the cocoa industry of the Gold Coast.

2. The cutting out of diseased trees is the only
measure known for the control of swollen shoot
disease and it should be resumed as promptly as
possible and on a greatly increased scale.

. Only by an accurate, thorough, and continuous
application of this method can a reasonable assurance
of success by expected.

3. Rehabilitation of heavily infected areas
should not be attempted until removal of all sources
of infection is complete.

4. Subsidiary measures may assist in control and
rehabilitation, but they are entirely secondary to
the cutting out program.

**Report on the Swollen Shoot Disease (London, His Majesty's

**Ibid.
The research program at the West Africa Cacao Research Institute is essential to the maintenance of the cocoa industry in the Gold Coast and its facilities and land should be extended and its personnel increased.

6. The educational program should be materially extended for only in this way can mutual trust and confidence be established, between farmers, scientists, and all concerned.

New varieties. The Cocoa Research Institute has selected a standard variety of cocoa to be planted in place of the old species which has long been cultivated. In addition to the newly developed species, the Institute has imported new species unknown to the African farmers from South America, which mature earlier and give higher yields. Attempts are now made to encourage farmers to plant these new species at least on an experimental level. The cultivation of these new species will greatly offset the price disadvantage that African farmers have suffered due to late harvesting of the present crops which take a longer time to mature. Whereas the South American crops reach the market at a time when demand is usually ahead of the supply and hence sell at high prices, that of the West African crop reach market when the market is no longer the seller's market.

The West Africa Cocoa Research Institute is carrying on very intensive experimental work in the way of developing
new species that will resist infection. It is hoped that in the long run such new species, if successfully developed, will be the best solution to combatting the threat of cocoa disease in West Africa.
CHAPTER IV

MARKETING OF COCOA

CHANGES IN MARKETING OF COCOA

Before cocoa was introduced to West Africa (about one half a century ago), the African farmers practiced a system of agriculture under which a man and his family cleared a stretch of forest, grew their food thereon and then, as the soil was exhausted, moved on to a fresh clearing, leaving their former farm to be reclaimed by the forest. Under such a system there was no individual tenure of land. On the contrary, the land was, and still is, over a greater part of the areas in question, regarded as the property of the community. The growing of cocoa fitted easily into such a system, and the crop was spontaneously adopted by many thousands of farmers.

As the demand for cocoa gradually increased, more and more farmers abandoned the cultivation of other crops and started intensive production of cocoa beans. At the time, the growing of cocoa was more profitable, in addition to being a reliable source of constantly increasing revenue to producers. The governments of the various countries in
West Africa also encouraged the change by providing farmers with technical aid. Gradually cocoa became the chief export product of the growing regions in each of the West African countries, particularly the cocoa-growing districts of the Gold Coast and Nigeria.

Throughout the early stages of cocoa development, less attention was given to the marketing phase of the industry. As time went on, the farmers, who are the suppliers, soon realized that their well-being depends in part on the successful marketing of their product. The anxiety for economic security led the leading farmers to campaign for cocoa farmers' organizations in the various countries of West Africa.

These organizations in British West Africa opposed the then prevailing practice of selling their products through a selling organization manned by Englishmen in London. The result of the agitation was the setting up of a commission to study the marketing problems of cocoa. The commission's recommendations led to the establishment of local boards of control to ensure stable prices through collective selling. This system of selling through the local boards was able to stabilize the price of cocoa during the war years. (More will be said about the activities of the boards in later chapters.)
The experience of the war years has shown that local governments can achieve a stabilization of seasonal prices to the West African cocoa producer, despite heavy fluctuations in supply and demand. The stabilization of price has been generally welcomed, and it is reasonable to assume its continuance would be considered to be more preferable to a return to the day-to-day fluctuations in prices of the prewar era. This is not to say, however, that the producers or the West African governments would accept the indefinite continuance of the present arrangements whereby West African cocoa is marketed through an organization of His Majesty's Government centered in London. Any permanent organization to be set up must have its focal point in West Africa.

The fundamental consideration about any change for the better should point at reorganizing the industry so as to abolish indebtedness among producers, which most authorities agree derives directly from the fluctuations of cocoa prices in the world market. For example, a farmer is encouraged by good prices to undertake extra expenditures, often of a most laudable kind, but involving a permanent commitment on his cash income. When the price of cocoa falls, the farmer is perforce driven to the money lender. This is, of course, a misfortune by no means confined to
West African farmers, but in their case the system of land tenure accentuates the evil. As the land on which the farmers work belongs to the community, he can not offer it as a security for a loan. He can only offer the crops, and the terms on which the money lender is prepared to offer assistance in the face of the risk makes the terms more severe.

Other serious disadvantages are suffered by the producer as a result of permitting the free play of world market forces upon the price at which he sells his cocoa in West Africa. Day to day alterations in the local buying price provide considerable scope for speculation and profit taken by native middlemen and brokers, and thereby deprive the farmer of the full return for his produce. All these considerations point to one conclusion, namely that the remedy for many of the evils afflicting the cocoa industry lies in imposing a buffer between the producer and the international market to protect him from short-term fluctuations of world prices and allow him a greater stability of income.

The criticism of such a system is that the farmer cannot receive more than the minimum price and the advantage of high prices will go to middlemen and speculators.

Another suggestion was to provide a cess (tax) on cocoa when prices rise above a certain level and the payment
of a subsidy when prices fall below that level.* The objection here was that a time lag between the purchase of cocoa from the farmers and its export is inevitable. The period may be from one to nine months. Thus a system under which a simple variable levy or premium was charged or paid at the point of export would not convey any direct benefit to the farmer. To meet this time lag effect it was suggested that the levy and premium scheme might be made operative at an early stage, and that liability to levy or claim to premium should be established at the time the merchant presented his cocoa for grading, levy being payable at that stage and premium being payable on export, against documents issued at the time of grading.

The scheme was rejected because there was too much clerical work and supervision involved, besides the opportunities of evasion and abuse.

As there was no ready solution, His Majesty's Government decided to establish a marketing board in each of the West African countries. This scheme provides direct participation of the farmers' representatives in the sale of cocoa.

The aim was not, however, to create state monopolies

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with an intent to influence the world market, but rather to develop the industry to an extent whereby the farmers will gradually assume responsibility in the marketing of their product.

The writer, having carefully studied the marketing problem and the remedies provided at the different stages, is of the opinion that, at the moment, the setting up of marketing boards appears to be the wisest approach to stabilizing the price of cocoa, since the farmers lack knowledge of international trade. For the boards to have effective control, the author would recommend that every cocoa farmer be a member of a cocoa co-operative. The compulsory association of the farmers will facilitate dissemination of pertinent information for their advantage and for the general economic prosperity in the various regions.

At present, neither the cocoa co-operatives nor the marketing boards have made any serious attempt at utilizing the inferior cocoa beans which have local and external market possibilities. The inferior cocoa beans can be used in making butter for local consumption. Through market research it is possible to find other uses for poor quality cocoa beans; for example, poor grade cocoa can be used as a binder in the manufacture of metallic goods.

One major marketing disadvantage of West African cocoa
is that it reaches the market later than the competing South American cocoa and therefore sells at a lower price. This problem may be partly met by introducing the new specie of cocoa that has recently been discovered by the West Africa Cocoa Research Institute, Gold Coast. It is believed that the new specie will grow to maturity after two years from planting and has the possibility of being harvested earlier.

**Old system of marketing cocoa.** Direct selling by farmers to exporting firms is not usual, but some firms buy not inconsiderable quantities in this way through their depots at the various markets. The bulk of the crop is sold through African middlemen of various types. The smallest type of buyer is the "pan buyer" or "basket buyer", who purchases cocoa at the farm by measure - baskets, tin pans, or kerosene tins being used for the purpose. The spring balance is not used. Pan buyers usually buy from a few regular customers, or are bound by loans to buyers, most of whom are also money lenders. The women pan buyers also conduct a retail business in merchandise. Most of the pan buyers operate chiefly on small cash advances made by "scale men".

The scale man has a store located at each strategic point. He is either an independent petty buyer with or
without advances from a firm or with advances from a large buyer. He buys from pan buyers and from regular customers to whom he gives advances.

At Abeokuta and Ibadan sale of cocoa in the bush is prohibited by law. The crop must be brought into one of the authorized markets at which scalmen were established. This arrangement was made through the efforts of middlemen who found the above described system very complex.

Marketing in West Africa for export. The present organizations for marketing cocoa in West Africa have developed from the endeavor to meet conditions that were considered primitive. Cocoa cultivation was, and is, carried on by a large number of African farmers, each with a small holding. The main channel for the disposal of the produce was, and is, a comparatively small number of exporting firms established on the coast, and performing the dual function of purchasing cocoa from the farmer and selling to him imported merchandise in exchange.

In recent years both demand and supply have increased. Cocoa cultivation has opened up further upcountry, and the traders' organization has followed. Today certain of the trading firms maintain an elaborate system of main upcountry stations, all in telephone communication with one another and in close touch with the head office at the shipping ports,
while ahead of the main upcountry stations are a very much larger number of advance stations spread all over the cocoa area.

The buying station is also a store for the sale of imported merchandise, and at the beginning of each season a stock, at a value up to several million pounds sterling, is remitted for distribution in this way. The transaction, however, is nowadays one of sale and purchase, not barter. It rests generally with the individuals concerned whether the proceeds of the sale of the cocoa shall be spent at once in the same store or in a rival store, or taken back to the farm.

Some of the stores are far enough upcountry to be in touch with the farmers; in such cases a native storekeeper is engaged to sell merchandise as well as to buy cocoa, earning both salary and commission on sales and purchases. Between the farmers and the merchant exporter there are usually two to three intermediaries.

The principal intermediary is the native buying agent, known locally as the broker or factor. In the cocoa season the merchant-exporter entrusts large sums of cash advances to the native brokers who go out to the remote areas to buy cocoa for their principal. It is often the case that some of these brokers act through petty dealers or sub-brokers
among whom they distribute the cash advances, and in some cases these in their turn act through itinerant buyers who go around and buy the cocoa in small quantities on the farm.

In many cases these brokers carry credit balances in the books of the firms with which they deal. These advances serve as an inducement to persuade the brokers to deal with a particular firm, both in cocoa and in imported merchandise.

London and Liverpool are the principal cocoa markets. Coconut which is brought to London and Liverpool for sale at spot prices goes into bonded warehouses, and is sold through produce brokers. Except for a negligible quantity, the sales are not by auction, but by private treaty, samples being drawn by brokers and exhibited in their offices. Sale by sample, however, covers only a small part of the business. The main business, especially in raw cocoa, is by sale on description before arrival.

Most of the West African cocoa is sold by the shippers to the merchants or manufacturers on the basis of contracts in which allowance is made for the percentage of commercial defects found in the parcel. The principal defects recognized in these commercial transactions for which allowance is granted fall under the following classifications:

1. Mouldiness, or presence of fungi in the bean;
2. "Slatiness, or color in the interior of the bean;
3. Weevil and moth attack;
4. Germination or the breaking of the seed coat by the developing germ, and
5. Other defects such as broken or undeveloped beans, and the presence of foreign matter.

Mouldiness results from excessive internal moisture. Weevil and moth attack is a danger to which the bean is always exposed, but it is particularly liable to occur if the cocoa is stored too long or in an unsuitable condition. Germination may be due to the fruit's being picked when over-ripe or to insufficient fermentation.

EFFECT OF MARKETING ORGANIZATION ON WEST AFRICAN INDUSTRY

Having outlined the present method of marketing West African cocoa, the writer now turns to the effects on the industry. In spite of some dissatisfaction, the general attitude among the trading community has been one of tolerance of conditions which are its own creation. Recently it has been recognized by the dealers that the existing methods of marketing injure the industry as a whole. Unless prices are remunerative the growers will not maintain or increase supply. The problem is not only that of a high enough price, but also high and low price levels operate
in such a way as to discourage effective improvements in the preparation of the produce.

Because West Africa supplies over half of the world's bulk cocoa, a rising market naturally means a rush to buy, not necessarily from anticipation of a shortage in supply but also the desire to buy at a lower price than later purchasers may have to pay and also to cover contracts already made. The rival interests compete through their agents and brokers and prices may rise out of proportion to the world's demand. The object of the traders at such times is quantity irrespective of quality, and in consequence, a large proportion of the cocoa so purchased is insufficiently fermented or insufficiently dried, or both. In addition, there have been occasions when trading combinations, with the intention of controlling the market, endeavored to get hold of a large share of the crop to sell at inflated prices. Such an incident occurred in 1926-27 and led to heavy losses due to successful resistance of buyers in the consuming countries.

As a remedy for inflated prices and the subsequent aftereffects, a trading agreement was therefore projected which arrived at two things: first, the elimination of unfair, cut-throat competition between rival traders on the coast; and, secondly, an arrangement by which the manufacturers would undertake to buy their quota through the
traders' organizations, according to their requirements, and at a price which would allow a remunerative price to the producer. In other words, an attempt was made to guarantee to the manufacturer his supply, and both the merchant exporter and the producers a satisfactory price, by means of a buying pool.

The object of the scheme was to maintain stable trade relations among producers, exporters, and manufacturers, which would encourage cultivation and maintain supplies, and also to prevent unfair price competition. Unfortunately, only half of the scheme functioned successfully, namely, the first section which assured an agreement to eliminate competition by fixing one price for cocoa on the Coast. The scheme was to buy products at a flat rate on the Coast. Manufacturers' agents who were buying on quality objected to a flat rate, and farmers considered the operation of the pool as a device for minimizing competition and keeping down prices. Despite the objections to the buying pool, it accounted for over two-thirds of the crop.

The fundamental defect of the buying pool was that, whereas the agreed price might vary from day to day in sympathy with the world market, it nevertheless remained a flat rate in that there was no variation which would reward cocoa of good quality or penalize cocoa which was
badly prepared. In short, it failed to provide an incentive to farmers to produce cocoa for quality buyers. As a result, after a series of protests, the farmers staged a hold-up which was partly responsible for the dissolution of the pooling system.
CHAPTER V

IMPROVEMENTS IN MARKETING METHODS

From the above account it can be seen that there are two problems that any reasonable marketing scheme should solve: first, the problem of assuring the producer a remunerative price for his products; and, secondly, the problem of promoting progress in the quality of the products. Success in the first problem may come about through the elimination of certain unnecessary stages in the marketing process. The second problem may be solved by grading the products and rewarding the producer on the basis of the quality of the products.

Among the means of reducing the cost of marketing is the reduction made in the cost of inspection by eliminating certain stages of inspection and curtailment of alien staff. The Nigerian committee recommended inspection to be made at the source of production and not at both the source and the port of shipment. The decisive advantage of the committee's recommendation of upcountry inspection lies in the fact that the effect on the producer is educative rather than disciplinary.
FARMERS' CO-OPERATIVES

Although co-operative societies have been formed in several regions of the country, particularly among producers of different economic crops, the cocoa co-operatives seem to be more progressive. The ambition may partly be a result of meeting the demand for the product and the desire to improve the methods of production and marketing of cocoa.

With some modifications, the societies are modelled on the Eastern type of rural co-operative credit societies of unlimited liability. The membership* is kept small, and the area of operations usually confined to a single village, where the members are known to one another and can exercise mutual supervision. They must be bona fide growers of cocoa, and must undertake to prepare their cocoa from sound and well-developed beans. And, unless by special permission to sell to outside dealers, the member will sell only through the society which in turn deals only in the cocoa of its members. The function of the co-operative is to provide capital for setting up of fermentaries and small stores of standard cocoa for planting, and cash reserves for immediate part-payment to growers while the co-operative sale is going through. Short-term loans are granted to

*Information from a cocoa co-operative Field Officer, 1951.
members when in need. The societies are self-supporting and operate through a committee.

The member brings his cocoa to the society's central store where it is turned out and examined by the committee. If it is found to be of acceptable quality, it is weighed, put up in bags of 140 pounds each, and stacked; a record is made in the store register and the member's pass book. If the cocoa does not come up to the standard required it is rejected. A member may then reprocess the beans to remove defective beans, but if it is again rejected permission may be given to him to dispose of it to an outside dealer. As soon as sufficient quantity has been collected in the central store, it is examined by a government inspector of produce, who issues a certificate stating the mean percentage of purity and the equivalent standard or class according to London, Liverpool, and New York classification. The certificate also states the percentage of moisture content. After inspection and grading the certified lot is then offered for sale by open tender. Forward contracts are not permissible by law.

The value of the co-operative production and marketing is two-fold. It raises the standard and the quality of the produce and reduces the marketing costs. In the Gold Coast, it was claimed that savings effected by substituting
co-operative sales in place of individual sales would amount to $2,800,000 annually.* The co-operative unit, by selling direct to merchants, reduces the cost of marketing through the elimination of commission fees and other charges. These charges were part of the farmers share of the price, and, if by co-operative marketing a portion of the cost is assumed by the farmer, the savings accrue to him in an increased share of the price. To the merchant-shipper, the value of the co-operative system takes the form of relieving him of the risks of advancing cash to middlemen as buyers, and the task of redrying, regrading, and rebagging his purchases, and all the expenses involved in reconditioning the produce, besides relief of loss of weight after sale since he will buy only certified cocoa that has been bagged.

**General set-up.** The set up in the marketing of cocoa is best illustrated diagrammatically. The following diagram shows the movement of cocoa from the farmer to the shipping store, from where it is shipped to the markets overseas:

---


**The factors are brokers who deliver cocoa beans graded and bagged, ready for shipment.
In conclusion, the author is of the opinion that the extension of both the co-operative scheme and compulsory grading and inspection to the great bulk of West African cocoa is bound to be, and indeed is intended to be, a gradual process; moreover, it is probable that the brokerage system, so firmly established in the structure of the industry, will not be entirely superseded.

CONSTITUTION AND FUNCTIONS OF THE GOLD COAST AND NIGERIA COCOA MARKETING ORGANIZATIONS

There will be established by local legislation in the Gold Coast and Nigeria organizations to be known as Cocoa Marketing Boards.* The composition of the two boards will be susceptible to modification as time goes on, and the aim of policy will be towards increased and more direct representation of the cocoa producers themselves. The initial composition of the Board will be as follows:

A board consisting of not less than three nor more than five members to be appointed by the Governor; one member to be Chairman, with a casting as well as an original vote. The Board is to be assisted by the Advisory Committee consisting of a chairman and not less than six members to be appointed by the Governor, membership to include representatives of producer and commercial interests.

The main function of the Board will be:

(a) To fix the seasonal price payable to producers,
(b) To determine purchase 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.

**Financing arrangements.** The boards' initial finances came from the surplus funds that accrued from the cocoa operations of the West African Produce Control Board. A sum of £1,377,233 was the share of the West African territories of the above surplus fund. Of this sum, the Gold Coast and Nigeria were given £782,861 respectively; the surpluses of the years 1943 to 1947 were also given to the two countries. The primary purpose of the funds is to serve as a reservoir against short and intermediate price fluctuations in the world market price for cocoa, but the boards have the right to use the funds for improvement of the industry by such means as research, disease eradication and rehabilitation, the reduction of indebtedness, the encouragement of co-operation, and provisions for other facilities and amenities to the producers.

**Buying policy.** The boards will be sole buyers of all export cocoa produced in their respective territories.
They will buy from licensed buying agents at the ports of shipment. The buying agents will be under the obligation to pay to the growers the minimum price fixed by the boards for the season. The boards will pay to the buying agent the minimum price sufficient to cover expenses with a margin of necessary profit. The buying agents can pay higher than minimum price if it suits them. The Board will set and publish minimum prices before the buying season begins.

Functions of licensed buying agents. The functions of licensed buying agents are as follows:

(1) To purchase cocoa at a price not less than the seasonal minimum price;

(2) To bag, to arrange for grading, and to make periodic reports to the Board of the quantity purchased;

(3) To provide proper storage and be responsible for maintenance of quality in accordance with regulations laid by the Inspection Departments until shipment or delivery to the boards;

(4) To transport cocoa to ports as per the Boards' instructions, to check for weight before shipment and to place on board ocean vessels, and to produce shipping documents; and

(5) To be financially responsible from the time of purchase to the shipment of cocoa or delivery to the Boards.
The Boards will publish f.o.b. price payable for each to licensed agents.*

**Boards' selling policy.** The Boards will jointly establish an organization in London to set up general marketing policy.**

Policy - To secure a fair steady return on all cocoa marketed. The Board will comply with arrangements of international allocations of supplies, if any.

General - The Boards will act as agents of, or trustees for, the producers. By fixing a steady buying price in advance of the sale of each season's crop, the Boards will cut the link between the price of cocoa in West Africa and the day to day price on the world market. Accordingly, when the world price is higher than that paid to producers, the Boards will realize surplus, and when the local price is higher, the Boards will suffer loss which will be financed from the surplus. The intention is to maintain stable prices for the producers and at the same time to protect consumer's interests.

---


GRADES

The grades vary in different markets. In Liverpool contract there are five clauses, embracing three main classifications:

(1) Clause A requires a standard of not more than 5 percent slateliness (or underfermented) beans, and 5 percent otherwise defective, and entitles the buyer to reject the consignment, if it fails to reach the standard.

(2) Clause B requires the same standard as Clause A, but provides that a fair allowance should be made for additional defects.

(3) Clause C stipulates for not more than 10 percent slatiness and 12 percent other defects, with the right to reject.

(4) Clause D stipulates for the same standard as Clause C, but with allowance as in Clause B.

(5) Clause E stipulates not more than 12 percent of all defects but does not demand a standard of fermentation. This type is largely used for expressing the cocoa butter.

SOURCE OF SUPPLIES

In the period 1935-38, the United States, the

world's largest market for cocoa, was supplied principally by South America (51 percent) and Africa (46 percent); Canada was supplied principally by the British West Indies (45 percent). * Africa provided the United Kingdom with 92 percent, Netherlands with 91 percent, and France with 85 percent. Africa supplies about two thirds of the world cocoa imports.

Table IV shows the export figures of the principal exporting countries. The relative importance of cocoa in the export trade of the producing countries as compared to other exports is shown in Table IV. Column A of Table IV shows the value of domestic exports, B shows the value of cocoa exports, and C indicates the percentage that cocoa exports are to total exports of the respective countries. Table V shows distribution of raw cocoa to importing countries from the principal exporting countries.

PRICES

As the United States is the largest consumer of cocoa, taking 36 to 40 percent of total exports, it is generally considered that the New York price reflects the world price for the more important types and grades.

### TABLE IV

**RELATIVE VALUE OF RAW COCOA EXPORTS TO TOTAL EXPORTS**

<table>
<thead>
<tr>
<th>Country and Unit of Value</th>
<th>A</th>
<th></th>
<th></th>
<th>B</th>
<th></th>
<th></th>
<th>C</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value of All Domestic Exports</td>
<td></td>
<td></td>
<td>Value of Cocoa Exports</td>
<td></td>
<td></td>
<td>Percentage of Cocoa to Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gold Coast</td>
<td>£</td>
<td>11</td>
<td>20</td>
<td>31</td>
<td>5</td>
<td>10</td>
<td>18</td>
<td>41</td>
<td>51</td>
</tr>
<tr>
<td>Nigeria</td>
<td>£</td>
<td>9</td>
<td>37</td>
<td>36</td>
<td>2</td>
<td>11</td>
<td>7</td>
<td>17</td>
<td>29</td>
</tr>
<tr>
<td>Grenada</td>
<td>£ (a)</td>
<td>272</td>
<td>977</td>
<td>882</td>
<td>127</td>
<td>339</td>
<td>527</td>
<td>47</td>
<td>35</td>
</tr>
<tr>
<td>Trinidad</td>
<td>dollars</td>
<td>34</td>
<td>82</td>
<td>127</td>
<td>2</td>
<td>3</td>
<td>8</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>French Cameroons francs (A.)</td>
<td>252</td>
<td>1,632</td>
<td>4,285</td>
<td>85</td>
<td>626</td>
<td>1,942</td>
<td>34</td>
<td>38</td>
<td>45</td>
</tr>
<tr>
<td>Ecuador (b)</td>
<td>sucres</td>
<td>168</td>
<td>614</td>
<td>493</td>
<td>39</td>
<td>182</td>
<td>138</td>
<td>23</td>
<td>30</td>
</tr>
<tr>
<td>Dominican Rep.</td>
<td>dollars</td>
<td>15</td>
<td>83</td>
<td>82</td>
<td>2</td>
<td>13</td>
<td>17</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>Fr. West Africa francs 'A'</td>
<td>1,358</td>
<td>7,496</td>
<td>18,471</td>
<td>173</td>
<td>367</td>
<td>1,531</td>
<td>13</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Brazil</td>
<td>cruzeiros</td>
<td>5,097</td>
<td>21,179</td>
<td>21,697</td>
<td>212</td>
<td>1,043</td>
<td>1,066</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Venezuela</td>
<td>bolivares</td>
<td>570</td>
<td>2,162</td>
<td>3,474</td>
<td>10</td>
<td>32</td>
<td>49</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

---

(a) Values in thousands.

(b) In 1948 exports through Guayaquil.

*Note:* The above figures show the relative importance of cocoa in the export trade of the producing countries.

*Source:* *Plantation Crops*, p. 47.
TABLE V

DISTRIBUTION OF RAW COCOA EXPORTS FROM PRINCIPAL EXPORTING COUNTRIES

(Thousand tons)

<table>
<thead>
<tr>
<th>Country</th>
<th>Gold Coast</th>
<th>Nigeria</th>
<th>Brazil</th>
<th>French Cameroons</th>
<th>French West Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>101</td>
<td>51</td>
<td>49</td>
<td>35</td>
<td>42</td>
</tr>
<tr>
<td>Australia</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Canada</td>
<td>1</td>
<td>5</td>
<td>9</td>
<td>---</td>
<td>4</td>
</tr>
<tr>
<td>South Africa</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Germany</td>
<td>45</td>
<td>---</td>
<td>---</td>
<td>17</td>
<td>---</td>
</tr>
<tr>
<td>Netherlands</td>
<td>33</td>
<td>5</td>
<td>8</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>France</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Belgium</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Italy</td>
<td>2</td>
<td>1</td>
<td>---</td>
<td>1</td>
<td>---</td>
</tr>
<tr>
<td>Scandinavia</td>
<td>8</td>
<td>13</td>
<td>---</td>
<td>---</td>
<td>2</td>
</tr>
<tr>
<td>Switzerland</td>
<td>---</td>
<td>2</td>
<td>6</td>
<td>---</td>
<td>(a)</td>
</tr>
<tr>
<td>Soviet Union</td>
<td>---</td>
<td>6</td>
<td>13</td>
<td>---</td>
<td>(a)</td>
</tr>
<tr>
<td>United States</td>
<td>49</td>
<td>75</td>
<td>73</td>
<td>26</td>
<td>52</td>
</tr>
<tr>
<td>Argentina</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Others</td>
<td>12</td>
<td>18</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>263</td>
<td>180</td>
<td>193</td>
<td>97</td>
<td>111</td>
</tr>
</tbody>
</table>

(a) If any, included in "Others".

Source: Plantation Crops, p. 46.
of cocoa beans. Ceiling prices fixed by OPA during 1941 were based on historical average prices and indicate normal price spreads. See table.

**TABLE VI**

**AVERAGE PRICE OF COCOA 1941**

<table>
<thead>
<tr>
<th>Base Grades</th>
<th>Ceiling Price (Cents per Pound)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accra (main crop)</td>
<td>3.20</td>
</tr>
<tr>
<td>Lagos (main crop)</td>
<td>2.75</td>
</tr>
<tr>
<td>Ivory Coast (main crop)</td>
<td>8.20</td>
</tr>
<tr>
<td>Superior Bahia</td>
<td>8.70</td>
</tr>
<tr>
<td>Sanchez</td>
<td>8.55</td>
</tr>
<tr>
<td>Fermented Panama**</td>
<td>9.25</td>
</tr>
<tr>
<td>Fermented Costa Rica**</td>
<td>9.35</td>
</tr>
</tbody>
</table>

**Fine Grades**

| Superior Red Summer Arriba           | 11.50                           |
| La Guayra Caracas                   | 14.25                           |
| Trinidad Caracas                    | 12.25                           |
| Trinidad Estates                    | 13.00                           |
| Trinidad Plantation                 | 14.15                           |
| Grenada Estates                     | 13.65                           |

Table IX shows the average annual price for the Gold Coast which is the principal exporting country.

The Accra price is representative of base grades from West Africa, Brazil, and the Dominican Republic. The relative high prices of the 1920's and the low


**Considered as intermediate between base and fine grades.
prices of the 1930's followed the general trend of prices for raw products for that period. However, the favourable price level of the 1920's no doubt stimulated expansion and resulted in large production during the 1930's although prices were low. The reduced shipments* from 1941 to 1945 were in part due to the shortage of ocean tonnage during the war, but also reflected a lower production, a natural result of a long period of low prices. When the wartime ceiling prices (8.9 cents) came off in October, 1946, prices of Accra trebled in a few weeks owing to a high purchasing power of consumers and a shortage in supplies. Inasmuch as cocoa products are used largely as flavoring in rather high-priced products, such as confectionery, baked goods, and ice cream, it appears that there is little flexibility in demand. Consequently, a moderate shortage will result in a substantial price increase. Within the period from 1938 to 1950 the price of cocoa per ton was raised from $105.28 to $609.28.**

** Ibid.
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\textsuperscript{**}Ibid.
CHAPTER VI

COCOA CO-OPERATIVES

The value of co-operative societies is no longer an economic dream. In all parts of the world, particularly in agricultural countries, the benefits of the co-operative movement have proved themselves.

The advantages of cocoa co-operatives are twofold, the same as any other co-operative movement. In the first place, the co-operative society provides its members an economic advantage which could not be attained individually, and in the second place it provides its members creative information regarding the industry. Thrift, self-help, fair play, and above all practical training in the working of democratic processes are all encouraged by the association of people in co-operative societies.

The principles of co-operation are well-known and need not be discussed at length. In essence, the object of a cocoa co-operative society is to advance the economic welfare of its members by providing them with services which they could not easily secure individually. Unlike the other middlemen engaged in the cocoa trade whose principal aim is to make the maximum profit in their dealings with
manufacturers and growers; the objective of the cocoa co-operative is to afford economic protection to its members by rendering financial and educational services to further the progress of the industry.

The cocoa co-operative movement was one of the earliest producer co-operatives in Nigeria. It was created by a government decree with the object of improving the plight of the cocoa farmers and the economy of the country.

For the purpose of better management, a co-operative department was created and a registrar was provided to educate and supervise the various co-operative movements in the country. Training programs for inspectors and officers of the co-operatives were instituted to provide better management and to facilitate dissemination of information.

THE STAFF

The Government, realizing the success or failure of the movement would be largely dependent on the choice of the person to act as registrar, made it a policy to engage as registrar an experienced man who was capable of recruiting a senior staff that would in turn train young men who would embark on co-operative work.
The cocoa co-operative junior officers whose work is primarily agricultural credit and marketing, are usually recruited from local areas. They are men who are familiar with the rural life of the farmers. In some instances, agricultural officers are recruited to offer special services. The role of a co-operative officer varies from place to place depending upon the activities of the co-operative farmers in a district. In some districts he is both an administrator and a social worker. Besides being an agricultural economist or technician, the co-operative officer organizes group lectures and social parties in the interest of the people. Today there are several places where co-operative officers are being trained for field work in Nigeria.

The Government of Nigeria, which exercises over-all influence on the co-operatives, renders essential services in the interest of the co-operatives. The agricultural and co-operative departments consult with each other on technical issues; also, the former recruits agricultural officers for the latter.

SUMMARY OF DUTIES AND PRIVILEGES OF MEMBERS*

The duties and privileges of members can be summarized

---

*Unpublished information from a Nigerian co-operative field officer, 1951.
as follows:

(1) To provide a constitution and bylaws of a registered society. The document so created is to be available for inspection at any time by any authorized person.

(2) To dispose of produce through a recognized society.

(3) To create charges in favor of recognized societies.

(4) To transfer interest on death of a member.

(5) To create savings on behalf of minors.

(6) To charge and credit members in proportion to their shares or interest in the capital of the society.

(7) Register members and keep proof of entries in the books of the society for inspection.

SUMMARY OF RIGHTS AND LIABILITIES OF MEMBERS*

Rights and liabilities of members are as follows:

(1) Qualifications for membership. Members should be growers who have attained the age of 18.

(2) Restriction of membership in the society. Membership is restricted to growers only.

(3) Votes of members. Every member is entitled to a vote regardless of his holdings.

(4) Contracts of society with members who are minors.

*Unpublished information from a Nigerian co-operative field officer, 1951.
Underage shall not be a ground for invalidating or avoiding any contract entered into by any such person with the society.

(5) Limits of individual interest and restriction on transfer of interest. The transfer or change of the share or interest of a member in the capital of the society shall be subject to such conditions as to maximum holdings as may be prescribed by law.

(6) Liability of part members and estate of deceased member for the debts of the society. The estate of a dead member shall not be liable for the debt of the society provided such debt was incurred two years after the time of death.

SOURCES OF FUNDS AND PROPERTY*

The sources of funds and property are as follows:
(1) Loans made by a registered society;
(2) Deposits and loans received by a registered society;
(3) Restriction of transactions with non-members;
(4) Investment of funds;
(5) Disposal of profits.

*Unpublished information from a Nigerian co-operative field officer, 1951.
HOW THE CO-OPERATIVE SYSTEM WORKS

All members are compelled by law to follow standard methods of production, and to comply with instructions with reference to planting, harvesting, fermenting, drying, and packing. The object of the co-operative in adopting a compulsory procedure in producing cocoa beans, is to improve the quality of their products so as to improve their economic position. In areas where the association maintains a technical advisor there are experimental farms which provide opportunity to the members to witness, and in such areas improved skills and methods of production prevail. A society may have its own storage and fermentation facilities. Societies which have no such facilities make use of the facilities of the larger and more prosperous members on payment of a fixed charge per bag of cocoa.

A member is by law compelled to sell all his products through the society; a penalty is imposed for failure to do so. Cocoa found to be below the standard grade is sold without guarantee in separate lots. Sales of graded cocoa are usually made twice a month. Most of the societies are attached to district unions made up of member societies within a district. Such a union has a marketing committee which is responsible for the sale of the products of its members. In general, the bulk of the co-operative sales
are made through marketing committees of the unions. For every load of cocoa sold the producer receives an average price, after deducting necessary expenses of the society.

The author finds that the co-operative societies, apart from earning a fair price for their product, are now privileged to witness in person the marketing problems of the industry. By taking a share of the responsibility in the marketing of their products they come to understand problems in international trade.

Prior to the institution of co-operative societies in the cocoa industry, producers often put the blame on middlemen whenever there was a decline in price. To them the middlemen seemed to dictate the price. Apart from social gains through voluntary association and improvements in productive facilities in the industry, there is no evidence of financial gains through the co-operative venture. The author accepts as proven, however, that on the whole, co-operative producers have not profited much by their additional expenditure and labor, as compared with intelligent and well-informed producers selling to brokers in a competitive market. Probably the most crucial economic gain in co-operative marketing is that of a guarantee of a stable price by the Cocoa Marketing Board of Nigeria.

With the expansion of cocoa co-operative societies, the associations are providing more services to their
members. Some of the larger units have started utilizing inferior cocoa in making cocoa butter, and candies and chocolates for local consumption. The common opinion is that in the course of time these associations will pull their resources together and integrate vertically, maintaining modern candy and chocolate factories.*

The credit and banking activities of the co-operative societies have developed rapidly. The societies render valuable work in providing credit to their members at the most convenient terms. The development of co-operative loans for mortgage redemption has been one of the greatest gains of the farmers.

The author's view on the cocoa co-operative society may be briefly stated as follows: The societies have rendered valuable service in educating their members in better methods of planting and preparing cocoa. The societies have also promoted a sense of solidarity and responsibility among their members. As credit and thrift societies they have done an exemplary successful pioneer work in the farming community.

The rural districts' co-operative societies initiate action on social and economic problems of the farming

community by forming a block to bring pressure on the
government for a change in the interest of the people.

In conclusion, the author is of the opinion that con-
tinued success and expansion of the scheme depends mostly
on the degree of independence enjoyed by the associations.
Government help has been, and will be, necessary to keep
the associations operating on sound policy; at the same
time much government interference will deprive the associ-
ations of full vigor and health, making it difficult for
the scheme to be administered in a true co-operative
spirit. It is inevitable that with any relaxation of
government encouragement and guidance difficulties will
emerge and may undoubtedly lead to failure and disap-
pointment. In the long run it may be advisable for the
associations to enjoy a high degree of independence and be
given the chance to learn by their own mistakes. The
policy of government should therefore be guidance, not
direction.
CHAPTER VII

COCOA AND ITS USES

It is not infrequent that authorities on food products differ in opinion as regards the use of certain vegetable products and their influence upon tissue metabolism. In the case of cocoa, for many years authorities have agreed that it exerts an influence upon the human system that is equalled by no other vegetable product. Careful analysis, combined with extensive clinical experience, has shown beyond any probable shadow of doubt that it retards retrograde metamorphosis of the body tissue. Cocoa has less stimulating effect on the nervous system, and exerts a distinctive beneficial influence upon the digestive system.*

Below is the analysis of the cocoa beans conducted by a famous authority, by name, R. H. A. Plimmer.**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fat</td>
<td>26.8 percent</td>
</tr>
<tr>
<td>Carbohydrates</td>
<td>40.3</td>
</tr>
</tbody>
</table>

---


Fibre 3.7 percent
Protein 18.1 "
Ash 6.3 "
Water 4.9 "
Estimated energy value of cocoa 2,214.5 calories per lb.

EARLY TIMES

When cocoa was introduced into Nigeria in the late 19th century, it was consumed as a food product. Several varieties of food products were and still are made from cocoa beans for local use, but later years saw the use of cocoa in the manufacture of soft and hot drinks. In the making of these drinks, cocoa is used as the staple ingredient in combination with other vegetable products. The cocoa beans are either beaten together with other ingredients or beaten separately in a wooden mottar and then mixed to form a compound. The compounded product is spread over a mat and stirred over and over in order to obtain even dryness. The drying process may be done in the open air or in an enclosure where fire provides the heat. When the compound is dry, it is seared and then dissolved in fresh water to form a glutinous substance. A few spoonfuls of honey may be added at this stage to give the solution a sweet taste. The solution is then
poured into small wooden containers, and it is left to congeal into lumps. There are two ways of using these lumps as a soft drink. One way is to dissolve the lumps in a glass of cold water and add a few drops of honey or a sugar cane juice and stir it for a few minutes. The other method is to pour the compound syrup into a glass of hot water and honey or sugar cane juice and then stir it for a few minutes.

In the preparation of hot drinks, quite a different process is used. The cocoa beans are mashed and then put into bags. The cocoa beans are left in a shade to ferment. When the beans have been fermented they are poured into big iron pots containing fresh water and left in that position for a few days, for further fermentation of the beans. When well fermented, the contents of the pots are poured into bigger iron pots with tight lids. Metal tubes submerged in cold water connect these pots to another set of pots that are emerged in cold water. A fire is made to heat the pots containing the fermented solution and causes the solution to evaporate. The vapour passes through the cold metal tubes and, on reaching the cold pots, condensation takes place. The condensed solution is what is known as "Akpatasi", a type of cocoa rum.

The author will now turn to the improved method of manufacturing chocolate and related cocoa products. The
beans are selected and cleaned from the dust and attached foreign particles, which have come from various sources during the fermentation of the seeds in the preparatory stage of cocoa production, as described in the chapter captioned "Cocoa Production". The cleaning process is carried on by means of efficient machines in order to avoid traces of foreign matter. The clean seeds are next roasted in a careful manner in order to secure a uniform effect throughout the whole mass of beans. During the roasting, the seeds change color and become more or less modified in taste. Where the beans are not properly roasted, the flavor is not well developed and where the roasting is excessive the pleasant taste of chocolate is either greatly impaired or replaced by a bitter and unpleasant flavor. The relationship between color and taste during the roasting process makes this stage of the processing a delicate one. For example, if the roasting is overdone, the taste is bitter.

By roasting, the shell becomes readily detachable, and is easily removed through a mechanical means. The seeds are then crushed into small fragments. The shells are used in the manufacture of low-priced drinks which contain a fair portion of the active principle of the chocolate with an acceptable standard of chocolate flavor.
In preparation of chocolate, the fragments are ground by a set of machines which reduce the fragments into very fine particles known as the "cocoa powder or the drinking cocoa".

In the preparation of chocolate bars, the mass of cocoa powder is turned into a paste which is pressed into molds through a mechanical means. Because of the sticky characteristics of the cocoa paste great care is taken at this stage of the processing. The cocoa paste is first poured into molds which are put into wooden trays, placed on a table which is shaken by an automatic means. The shaking causes the metal molds to get loose but keeps the paste in a uniform shape and size. The whole lot is then removed into a cooling room. If the chocolate is to be sweetened, a definite quantity of pure sugar is added before the molding process. Most of the manufacturers add the desirable quantity of sugar when the mass of cocoa powder is to be turned into a paste in order to attain uniform sweetness.

In countries where the mechanical facilities are not available, a different system of processing is practised. In such places the local manufacturers wash the beans in baskets and spread them in the open air. When the beans are dried, foreign particles are removed and the beans
roasted in a flat metal pot. The shells of the roasted beans are removed and the beans beaten with small pieces in a wooden mortar and then ground into powder which is used as a beverage. The grinding process is carried on with the aid of a flat stone measuring about 1½ by 1 foot and a "hand stone" of a few pounds weight. The small pieces of cocoa beans are poured on the surface of the flat stone, and the operator uses the hand stone in grinding the cocoa mass into powder. Still another method of manufacturing cocoa powder is as follows: the ground fragments of roasted cocoa beans are subjected to hydraulic pressure, by which a certain amount of the fat is eliminated. The pressed mass is then treated mechanically, causing the mass to divide and subdivide into very minute particles that could pass through a sieve.

The increased consumption of cocoa products has made it necessary to use a completely mechanized system of mass production as carried on in the United States. Many novel machines are now used in an assembly form, the most popular of which are called conches. With these machines the whole manufacturing process is carried on through mechanical means, thus reducing the circle of manufacture and physical labour involved.

The cocoa shells removed after roasting are used in the manufacture of "cocoa tea" and other products, such
as "compound cattle cakes".

The cocoa bean contains a very high percentage of vegetable fat, much of which is squeezed out during the grinding process. The fat is processed into butter. Cocoa butter is used in the manufacture of confectionery, cosmetics, and other toilet preparations, such as soap and lipstick. It is also used in the preparation of skin drugs that require much fat.

In all candy factories, thousands of pounds of chocolates are blended and stirred into creamy smoothness in huge metal kettles for the purpose of providing a rich coating that covers mint patties, chocolate peppermints, and other products too numerous to mention here.

Another revolutionary use recently discovered is the use of cocoa paste as a binder in delicate metal industries. The paste keeps the delicate construction in the desired form as clay would keep viscous solutions in desired shapes. After several experiments with many pastes, a company lastly discovered that the cocoa paste is the most satisfactory paste for use as a catalyst in the manufacturing of the company's delicate structure.
CHAPTER VIII

COCOA POLITICS

Although agricultural problems have arisen intermittently throughout the history of Nigeria, it has only been in the decades since World War I that the farm problem has become the concern of the Government. Prior to the war there was no specialization. Nearly all the regions of the country produced staple crops for local and external consumption.

With the outbreak of the war, the Government indirectly brought pressure to bear on the farmers to produce certain crops in which they enjoy a comparative advantage. This led to a great specialization in export crops. Emphasis was then placed on export crops at the expense of staple food products for local consumption. Farmers invested all their resources in farm equipment and enjoyed a boom export market. The price of all export commodities rose very rapidly, and farmers made abnormal profits.

Although the immediate effects of World War I were disruptive, growing for export led to the greatest agricultural boom in the history of Nigeria. As more and more foodstuffs were needed by European countries, prices of
export products soared, and with them the cost of renting farm land. At the close of the war, instead of falling back, prices rose at an even more rapid rate, as spending far outdistanced imports available for purchase. This speculative inflationary force centered over the major export crops needed by the European countries, particularly England and the members of the British Commonwealth. In general, cocoa markets did not suffer but leveled off as the war influence faded away. At that time neither the farmers nor the Government provided any measure or policy for the protection of export crops.

By 1927, the farmers began to experience an appreciable decline in price as compared to war prices. The major foreign cocoa buyers organized a pooling system whereby they aimed to control the cocoa market. The "pool" bought all available cocoa at a price fixed by them and stored it in order to create an artificial shortage of cocoa in the world market. Unfortunately, they met with a strong opposition. The U. S. manufacturers refused to buy the product at the high price set by the "pool". The result was destructive to both the farmers, the manufacturers, and the pool. The U. S. manufacturers frowned at the "pool" and the policy of the pool, and indirectly caused the pool to expire.
MONOPOLY AGREEMENT IN NIGERIA

Agreements between the main European buying firms to control the purchase and sale of local produce have been very common in Nigeria. Virtually all the export commodities of Nigeria were controlled by these "united foreign exploiters". Agreements concerning the purchase of palm oil and palm kernels have been in force for over half a century; a ground nuts (peanuts) agreement has been operated for about a quarter of a century. The latter agreements have not been fully effective because of keen competition.

Monopoly buying agreements of cocoa came into effect on the 1st of October 1937. Both the public and the press expressed feelings against the agreement. There was much outcry, notably in the West Africa Pilot, which described the agreement as a pool designed to exercise monopoly control in the cocoa trade for further exploitation of the African farmers.

There was a series of correspondence between the Nigerian Government and the Secretary of State for the Colonies on the subject. The Governor expressed concern over the fate of the middlemen whose income was most drastically affected by the pool and the probable chain reaction that the scheme would involve. For example, it
was possible for the middlemen to make attempts to recover any loss by reducing the price to growers.

On the 14th of December, 1937, the Nigeria Produce Traders Union asked the Government for an opportunity to discuss the agreement; a meeting was accordingly arranged and took place in Lagos on the 20th of December 1937. The Governor presided as the chairman; the farmers were represented by officials of the union; the press and two unofficial African members of the Legislative Council were present at the meeting.

The Union expressed themselves as apprehensive of the repercussions of the Agreement and gave logical statements in support of their opposition. The Governor's report on the results of the meeting failed to express the common anti-monopoly feelings of the people, but rather underrated the opposition in favor of the monopoly agreement.

On the receipt of the Governor's report, the Secretary of State for the Colonies consulted the contracting firms for the advisability of publishing the agreements in the Nigerian press as suggested by the Governor of Nigeria. The demand for the publication of the agreement was made by the union representatives in the meeting, whereas the firm representatives only urged that the Governor make a public statement if he found no threat to the interest of the Africans.

On the 15th of January, 1938, the Nigerian Produce
Traders' Union sent a delegation to the Gold Coast to discuss the situation in both countries. After a meeting at Accra, the delegates returned to Nigeria and summoned a mass meeting in Lagos which was attended by farmers and civic leaders. In that meeting, held February 22, 1938, the Nigerian Youth Movement pledged support against the pool. A resolution opposing the pool was forwarded through official channels to the Secretary of State for the Colonies on the 30th of January. Meanwhile the Governor dispatched a note in which he said he considered that it would be a very grave error for the Government of Nigeria to appear to defend a suspected document, the publication of which had been refused. In the Governor's estimation, the result would be a loss of confidence in the Government.

Despite a series of resolutions and demonstrations the firms succeeded in having a lion's share of the trade in 1937 and 1938.

**EFFECT OF THE BUYING AGREEMENTS**

Early in November 1937, as a result of the buying agreements entered into in respect to the Gold Coast and Nigerian cocoa by the leading European firms trading in the two countries, a general hold-up of cocoa accompanied by a boycott of non-essential European goods was started in
both countries. The hold-up and boycott were so effective in the Gold Coast that the export and internal trade in general was paralyzed. There was very little export of cocoa but virtually no sales of imported goods. The governments failed after a series of intimidations but finally condescended to effect a compromise, but neither the farmers nor the firms were prepared to give way, and the result was an accumulation of unsold imported goods stored in the firm stores and certain sheds.

There was much protest in Nigeria but not as serious as that in the Gold Coast. The Nigerian crop for that season was marketed as usual, nevertheless the farmers and the public were becoming aware of the seriousness of the situation in the Gold Coast, and a cry for a country-wide sympathy boycott of imported goods was in the process of taking form. At this stage, the governors of the Gold Coast and Nigeria requested a commission to study the marketing of West African cocoa. The commission was appointed by the Secretary of State for the Colonies. Meanwhile the buying agreements were suspended in both countries. The findings of the Commission led to the creation of a change in the policy in the marketing of West African cocoa.
COCOA AND WORLD WAR II

At the outbreak of war, His Majesty's Government guaranteed the purchase of all cocoa produced at a stable price. In the previous chapters the importance of cocoa for the export trade of the countries of British West Africa (Nigeria, Gold Coast, and Sierra Leone) has been indicated. These countries produce more than half of the world's supplies of cocoa. Cocoa, therefore, is one of the mainstays of thousands of farmers and provides a livelihood for countless numbers of wage earners who are employed by the farmers in the maintenance of their farms and the harvesting of the crops. Cocoa is one of the principal sources that provide these territories with external purchasing power; and, to a large extent, the prosperity of the government and country depends on the favorable position of the cocoa industry.

As cocoa is a seasonal crop it is subject to the hazards of seasonal crops. Buyers will normally purchase the whole crop if the demand for the crops encourages them to do so, that is, if they can be sure of selling the crops to manufacturers over the year. The outbreak of the war cut off some of the important markets for West African cocoa, and, as a result, merchants limited their purchases to meet the limited market. For example, prior to World War II, Germany
was the biggest market for West African cocoa on the continent of Europe, second only to the United States in the importation of cocoa in the world. The war cut off this important market and all other buyers in Europe and Asia.

The requirements of the United Kingdom fell far short of the output of West Africa and there was no prospect that in the ordinary course, alternative markets could be found to take the place of those cut off by the blockade, and of those others diminished by the need of conserving shipping space for essential requirements of the war. Clearly, since the merchants' firms were unable, in view of the uncertainty of disposal, to undertake the risk involved in purchasing the entire crops, in order to prevent economic disaster, His Majesty's Government purchased the surplus crops of the Gold Coast and Nigeria.

The Ministry of Food was authorized to buy all cocoa produced from British West Africa. Later the West African Cocoa Control Board, now known as the West African Produce Control Board, was assigned the task of purchasing all cocoa produced in the aforesaid fermentaries.

The decision having been taken, the first problem was to arrange for the actual mechanism and responsibility for purchase. Speedy action was necessary since the main reason for this system of government purchase was the
maintenance of the social and economic well-being of the West African territories. Accordingly, the Minister of Food, in consultation with the Colonial Secretary, formulated a general policy of purchase and control. A system of control was introduced whereby the territorial governments of British West Africa took powers to fix prices and actual handling of the export trade. The firms which were engaged in the business were granted the right to purchase cocoa up to a certain limit. In short, a quota system, based on the proportion of previous performance, was introduced. Under this system, the firms acted as agents for, and at the direction of, the government, both as regards purchase and as regards sales. The firms were reimbursed with their average out-of-pocket expense and paid for their services at an agreed profit rate per ton.

The disposal of the 1939-40 crop proved rather easier than expected because of availability of shipping space and the increased demand for cocoa in the United States and Canada. The intermediate crops were purchased and destroyed by the order of the government. The alleged reason for the destruction was that the crops were not of the standard acceptable quality. In spite of the moderately satisfactory sales receipts, they did not balance expenditure, and the season ended with a net deficit of £208,548 (about $334,192). Some part of the loss was attributed to
the offer of France to purchase about 12,500 tons which did not materialize.

The season of 1940-41. At the end of the 1939-40 season it was decided to transfer the responsibility for the purchase of West African cocoa from the Ministry of Food to an organization created by the Secretary of State for the sole purpose of buying and selling cocoa crops. This body was the West Africa Cocoa Control Board (now the West African Produce Control Board). The Board took over and used the working technique, with minor changes, of its predecessor. The Board from hence forth bought all crops and conducted all the sales. The Board also assumed the responsibility for the purchase of cocoa in the French Cameroons on the same terms as stated above.

For the season 1940-41 the Board was faced with difficult problems not only due to the debit balance but also due to acute shortage of shipping space. Because of the high rate of ocean sinkings and growing shipping stringency, prospects for sale of cocoa became very dim. In this trying situation, the Board followed a policy of drastic price cutting. As the prospect for sales improved, the cut diminished gradually. In the midst of the crisis, the Board followed a policy of shipping all available cocoa away from Africa in order to avoid spread of anti-British
feelings. For this purpose vessels were chartered at very high cost and at one time several thousands of tons were stored unsold at New York City. Fortunately, the crops brought reasonable sums when the demand for cocoa became higher than supply in the United States. In May 1941, the United States authorities placed a ban on the shipment of cocoa from West Africa in order to reserve space for more essential cargoes. However, the Board ended its first year's trading with a surplus of $2,040,473 (about $8,161,892).

The season of 1941-42. The season of 1941-42 was the most difficult one that the Board has experienced because of the fast-growing shortage of freight space coupled with scarcity of a market for the crops. Quite apart from the American ban, freight space was generally scarce, and by the end of September less than half of the total crop had been shipped either for market or stored elsewhere. The result was that a high percentage of the year's crop was purchased and destroyed. At the end of the season, despite high prices paid for the sales, the Board sustained loss of $314,051 (about $1,256,204).

The season of 1942-43. The 1942-43 season witnessed an important change in the system of control. Prior to the change, both merchants and shippers acted as the Board's agents from the point of delivery to the Board's customers.
The Board, on careful analysis of the cost of transportation from the source to the markets, discovered that it was incurring expenses on cocoa that would never be shipped by paying local transportation charges and therefore decided to destroy purchased cocoa at the place of origin. Prices were paid for it at the railway stations and not at the port of shipment in order to minimize the cost of the producer who was formerly responsible for railway freight charges. During this period there were very many changes both in the price and in the mechanism of control. The season began with a very heavy carry-over from 1941-42 which should normally have been cleared before shipping cocoa from the current season. This was not achieved until early 1943. By that time the ban on shipments to the United States had been removed and substantial provision was made in favor of the industry. The season of 1943 ended with a credit balance of $3,676,253 (about $14,705,012).

In describing the working of the Board it is not practicable to draw distinct lines of function between the various authorities who were directly or indirectly connected with the whole system. For example, the fixing of prices, production, policy, the working of the quota system and other allied programs were channeled through a hierarchy of officialdom. The Board formulated its major policies in full consultation with the territorial governments
concerned: the Resident Minister in West Africa, who performs co-ordinating functions in regard to production; the Ministry of Food as the chief customer; the Treasury; the British Colonies Supply Mission as liaison with United States authorities; and the Colonial Office itself participating in an advisory capacity. The real operation was done by the Marketing Director, his staff, and controllers in various producing districts with power to control production.

On the whole, the Board did a good job in the war years by providing a fairly stable means of income for the producers. The Board's experiences of the war years provide a guide in formulating the policy of the now existing cocoa marketing boards.

Summaries of the financial statements prepared by the West African Produce Control Board are shown in Tables VII, VIII, IX, X, and XI.

The quota system. Many people have criticized the quota system without giving thought to the needs of the time when it was introduced. It is true that trade conditions under control are radically different from those of normal times and that the ability to handle a quota under control would be no guide to ability to survive in competitive conditions. In short, the quota system, as stated previously in this
TABLE VII

STATEMENT ON FUTURE MARKETING OF WEST AFRICAN COCOA
Presented by Secretary for the Colonies to Parliament
by Command of His Majesty, November 1946

DISPOSAL TONNAGES

<table>
<thead>
<tr>
<th>Time</th>
<th>Shipments</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1943-44</td>
<td>To United Kingdom and Denmark</td>
<td>155,662</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To United States of America</td>
<td>111,864</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Other Countries</td>
<td>22,235</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Withheld for Local Manufacture</td>
<td></td>
<td></td>
<td>289,761</td>
</tr>
<tr>
<td></td>
<td>of cocoa butter</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Destroyed 1942-43 Sierra Leone</td>
<td></td>
<td></td>
<td>4,745</td>
</tr>
<tr>
<td></td>
<td>Crop</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>686</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>295,192</td>
</tr>
<tr>
<td>1944-45</td>
<td>To United Kingdom</td>
<td>128,118</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To United States of America</td>
<td>169,916</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To Other Countries</td>
<td>36,688</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>French Cameroon Cocoa Sold</td>
<td></td>
<td></td>
<td>334,722</td>
</tr>
<tr>
<td></td>
<td>back to buying agents at</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>cost for shipment</td>
<td></td>
<td></td>
<td>22,639</td>
</tr>
<tr>
<td></td>
<td>Loss in surf, etc.</td>
<td></td>
<td></td>
<td>127</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>357,488</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Gold Coast</th>
<th>Nigeria</th>
<th>French Cameroons</th>
<th>Sierra Leone</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943-1944 Main Crop</td>
<td>184,418</td>
<td>70,154</td>
<td></td>
<td></td>
<td>295,192</td>
</tr>
<tr>
<td>Intermediate Crop</td>
<td>11,662</td>
<td>738</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1944-1945 Main Crop</td>
<td>223,922</td>
<td>84,804</td>
<td></td>
<td></td>
<td>357,488</td>
</tr>
<tr>
<td>Intermediate Crop</td>
<td>4,967</td>
<td>702</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: The Future Marketing of West African Cocoa, p. 11.
### TABLE IX
WEST AFRICAN PRODUCE CONTROL BOARD
COCOA OPERATION 1943-44 and 1944-45

#### Purchase Price

<table>
<thead>
<tr>
<th>Crop</th>
<th>Gold Coast</th>
<th>Nigeria</th>
<th>Sierra Leone</th>
<th>French Cameroons</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Grades I &amp; II</td>
<td>Lagos Grade I</td>
<td>Benja Grade II</td>
<td>Calabar Grade I</td>
</tr>
<tr>
<td></td>
<td>Per ton naked ex scale railway line buying station, Senchi, Ferry, or Palmiste.</td>
<td>Per ton naked ex scale port of shipment.</td>
<td>Per ton naked ex scale buying station.</td>
<td>Per 1,000 kilos naked ex scale port of shipment.</td>
</tr>
<tr>
<td>1943-44</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main</td>
<td>13 1 4</td>
<td>13</td>
<td>12 10</td>
<td>12 *</td>
</tr>
<tr>
<td>Intermediate</td>
<td>19 12</td>
<td>10</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>1944-45</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main</td>
<td>22 8</td>
<td>23</td>
<td>21 10</td>
<td>22 *</td>
</tr>
<tr>
<td>Intermediate</td>
<td>20 10 8</td>
<td>20</td>
<td>13 10</td>
<td></td>
</tr>
</tbody>
</table>

* These prices were increased to £ 17:0:0 for Grade I and £ 16 for Grade II as from April 28, 1944.

** This price was increased to 2,950 on the revaluation of the French Franc/sterling rate of exchange on February 19, 1944.

### Financial Results 1943-44

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase and buying expense</td>
<td>6,566,084</td>
</tr>
<tr>
<td>up to f.o.b.</td>
<td></td>
</tr>
<tr>
<td>Freight and selling cost</td>
<td>719,556</td>
</tr>
<tr>
<td>Salaries and office expenses</td>
<td>3,732</td>
</tr>
<tr>
<td>Surplus</td>
<td>2,969,190</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,258,562</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>10,058,702</td>
</tr>
<tr>
<td>Cocoa butter</td>
<td>94,180</td>
</tr>
<tr>
<td>Interest for year ended</td>
<td>105,680</td>
</tr>
<tr>
<td>September 30, 1944</td>
<td></td>
</tr>
</tbody>
</table>

### Financial Results 1944-45

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase and buying expense</td>
<td>10,689,836</td>
</tr>
<tr>
<td>up to f.o.b.</td>
<td></td>
</tr>
<tr>
<td>Freight and selling cost</td>
<td>569,249</td>
</tr>
<tr>
<td>Salaries and office expenses</td>
<td>5,399</td>
</tr>
<tr>
<td>Surplus</td>
<td>2,093,328</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13,357,812</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>13,235,014</td>
</tr>
<tr>
<td>Interest for year ended</td>
<td>122,798</td>
</tr>
<tr>
<td>September 30, 1945</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>1943 - 1944</th>
<th>1944 - 1945</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold Coast</td>
<td>1,831,202</td>
<td>1,316,405</td>
</tr>
<tr>
<td>Nigeria</td>
<td>857,017</td>
<td>673,145</td>
</tr>
<tr>
<td>French Cameroons</td>
<td>265,801</td>
<td>97,390</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>15,170</td>
<td>6,388</td>
</tr>
</tbody>
</table>

Note: The above figures include the 1942-43 Sierra Leone crop of 686 tons which was destroyed up-country, but full details of which were not received in the country in time to be included in the 1942-43 report.

chapter, was arranged in such a way that the task of purchasing and exporting cocoa was shared among those already engaged in the trade in accordance with previous performance. This principle is one which is well-known in commerce, and it has merits of rough justice even though it freezes the trade in proportions by conditions which become increasingly remote in time.

The price policy (purchases). As indicated earlier, the Board was charged, as a primary responsibility, with maintaining the West African cocoa industry at a time when normal operations would have ruined the industry. To be able to perform its duties satisfactorily, the Board adopted a policy of price fixing. Many factors were taken into consideration before setting any fixed price for the purchase of cocoa. Among the many factors that entered into the picture were the following:

(1) The producer would be better off with a low price than with none at all.

(2) Prior to price fixing there was a system of price "fluttering" under which producers regardless of their locations were paid the same price per bag of cocoa beans.

(3) The war with Japan brought into prominence other West African commodities, and it was important to divert the attention of farmers from growing cocoa that had a
very limited market.

There was also the fear of inflation because of a shortage of consumer goods in these territories. To break even the Board has no alternative but to fix a price that will curb inflation and yet provide farmers with enough income for their livelihood.

Sales price. Prices offered by manufacturers and merchants vary from year to year, and according to destination. In general, the offers yield substantial profit per ton over the purchase price. The losses were in part due to destruction of purchased cocoa beans. Cocoa was sold at the free market price in the United Kingdom until 1940-41 when it was sold at a controlled price. Elsewhere, cocoa was sold at going prices. After a series of conferences about the anomaly of the price system, a formula was adopted which in essence was based on the market demand for the crop in the free market of New York.

Destruction of cocoa. Throughout 1939–43 it was rather unfortunate that thousands of tons of cocoa were destroyed as a result of freight space and storage shortages and lack of a market for the crops. This action has been the subject of criticism from time to time, but in absence of an available safer alternative, the Board carried out the policy of destruction with great reluctance. The obvious means
of dealing with the problem was to provide storage facilities, but unfortunately the space provided was not large enough to accommodate the crops. There were also limits to the amount of storage that could be built within a short period of time. Another important factor was the scarcity of building materials due to the urgent war demands that required immediate attention. On the whole, the circumstances were very much against any practical solution to the problem, and even if it were possible to install sufficient storage houses there is a limit to the time during which cocoa can be satisfactorily stored in West Africa where the climate hastens deterioration of cocoa beans in storage houses.

To avoid destruction of cocoa beans other means of disposing of the surplus were arranged; for example, the selling price of cocoa was cut down to the lowest possible minimum for consuming, and that resulted in increased consumption of cocoa in the United Kingdom. Secondly, much cocoa was supplied and used as an oil seed, and local producers were encouraged in extracting vegetable oil from cocoa beans for local consumption and for use in the manufacture of soap. That necessity is the mother of invention was illustrated during the war years when it became necessary to look for new avenues for the utilization of the surplus cocoa beans. Surprisingly enough, men and women
suddenly turned to the manufacture of cocoa butter, "cocoa soap", and cocoa oil for local use.

The experience of the war years influenced the idea of creating organizations which would have the power to purchase all cocoa beans produced in Nigeria at a fixed price and to dispose of same until such time as the producers could effectively market their products with little or no interference by the government. To advance this aim, co-operative societies were encouraged to share part of the responsibility by direct representation in the organization now known as the Nigeria Cocoa Marketing Board.

At this point it is necessary for the writer to comment on the scheme because of differences of opinion at the time when the idea was advanced in Nigeria. It is true that any control created by government over trade, even though it may appear to be reasonable from the government's point of view, has its drawbacks. Controls in general interfere with free world trade and have been criticized by and large as being unfair trade practice. With this in mind, when the ordinance of collective purchase and sale was passed care was taken to provide the means whereby the policy instituted could be fitted in without any difficulty in light of the development of general international commodity policy. The scheme, while designed to meet special circumstances of the Nigerian cocoa industry, can be geared to meet any desirable
international scheme dealing with the problems of world production or marketing of cocoa.

In the past, cocoa farmers have suffered greatly because of lack of knowledge of international commodity policy. In those days, neither government nor the monopolistic buyers were thoughtful enough to protect the interest of the farmers through legislation by the former and payment of a fair price for the products by the latter. The producers were left to suffer their own fate. Failure to realize fair income from their products greatly lowered the standard of living of the farmers. It was therefore reasonable for the government to take action in the interest of the producers and the public to create a system that guarantees the farmer a fair return for his labour in the field. Accordingly, the government of Nigeria created the Nigerian Cocoa Marketing Board whose duty it was and still is to buy all cocoa produced in Nigeria at a fixed, reasonable price and to sell directly to wholesale merchants or manufacturers, and to spend any profits realized on objects of benefit to producers.
CHAPTER IX

TRENDS IN WORLD PRODUCTION OF COCOA

World trade of cocoa in any sizable quantity is a comparatively recent development. Less than sixty* years ago (1895) world production totaled only 77,000 metric tons, compared with more than 750,000 tons in 1939. In 1895, Latin America furnished 36 percent of the total; Africa, 10 percent; and Asia-Oceania, 4 percent.

World production exceeded 100,000 metric tons for the first time in 1899. From then on progress was continuous except for a slight setback in 1905 and 1906. By 1909, more than 200,000 tons were produced and exported. The 300,000 mark was approached in 1915 and exceeded in 1916 and 1917.

Conditions arising from and following World War II made 1918-21 a period of fluctuations, but the trend was definitely upward. In 1922 and 1923, production was considerably more than 400,000 tons; and from 1924 and 1932, more than 500,000 tons. In 1933 and 1934, it exceeded

600,000 tons; in 1935, it reached 716,000 tons; and, in 1939, an estimated total of 782,000; in the same year exports of Gold Coast and Nigeria totalled 395,000 tons, thus comprising over half the world exports of cocoa. See Table III on page 36 and Table XII on page 123.

Thus, in a period of some 40 years, output increased by nearly 700 percent. During this interval, cocoa growing in South America was progressing, but the greater part of the world increase was due to the enormous expansion in Africa.

PRINCIPAL IMPORTING COUNTRIES

Cocoa consumption is highly concentrated in northern markets. Composed of fat and starch material with high caloric value, it no doubt appeals more to people in cool climates. In prewar years, the United States, United Kingdom, Germany, Netherlands, and France consistently took 80 percent of world imports over a period of 30 years or more. About 15 percent was taken by Czechoslovakia, Switzerland, Belgium, Sweden, and Canada, leaving only 5 percent for the rest of the world.

WORLD TRADE IN COCOA

Cocoa has been a commodity in world trade for over 350 years. The first exports were from Mexico to Spain.
### TABLE XII

**STATISTICS ON WORLD PRODUCTION AND EXPORT 1929-1938**

(1,000 metric tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
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<td>733</td>
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<td>1934</td>
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<td>553</td>
<td>539</td>
</tr>
<tr>
<td>1930</td>
<td>545</td>
<td>487</td>
<td>482</td>
</tr>
<tr>
<td>1929</td>
<td>553</td>
<td>542</td>
<td>559</td>
</tr>
</tbody>
</table>

10-year average 638 614 596

Source: International Institute of Agriculture
Venezuela became the principal exporter and apparently held this position for 100 years or more. About 1850 Ecuador became the principal exporter and held this position for 60 years. Then Brazil exceeded Ecuador, but 10 years later (1920) the leading position was taken by Africa, the Gold Coast becoming the principal exporter. During the next 20 years* Africa forged ahead and by 1940 accounted for 67 percent of the exports, while Latin American production remained at a constant level. However, in America there was a rapid increase in Brazil and a corresponding decrease in the oldest producing area of Ecuador and Trinidad, and some of the islands of the West Indies.

TRENDS IN AMERICA AND AFRICA

Two important factors in the past 20 years have retarded production in the Western Hemisphere. The rapid development of low-cost production in West Africa beginning in the decade 1910-20 was a major factor in the 10-year period of low prices from 1930 to 1940. This discouraged production, new planting, and care of plantations in the older producing areas.

Another important factor** that has contributed to

**Ibid., pp. 14, 15.
the decline of production in the South American cocoa-producing countries was the rapid spread of the witch broom disease over the territories of Surinam, Trinidad, and the destruction in Ecuador from the mohilla disease.

Surinam exports declined from 4,500 tons in 1885 to about 1,700 tons in the next ten years,* and since 1925 to practically nothing. In Trinidad, exports of about 28,000 tons within the period 1920-24 declined to about 5,000 tons in recent years; in Ecuador, the picture was the same, with a decline in exports from 400,000 tons to 15,000 tons in the period of 1911-20. In the meantime, the exports of Brazil to the world market increased rapidly from 30,000 tons in 1910 to 107,000 tons in 1940. See Table V on page 79, Table XIII on page 126, and Table XIV on page 127.

EXPORTS

World export of cocoa, which in 1913 reached 250,000 tons, amounted in 1939 to about 750,000 tons, the largest total export ever recorded. During the war years, export declined, and soon after the cessation of hostilities, exports recovered to about 625,000 tons in 1946, but thereafter declined to about 550,000 tons in 1947 and 1948.

*Office of International Trade, Industrial Series No. 71, p. 15.
## TABLE XIII

**EXPORTS OF RAW COCOA FROM PRINCIPAL PRODUCING COUNTRIES**

(Thousand tons)

<table>
<thead>
<tr>
<th>Commonwealth</th>
<th>1937</th>
<th>1938</th>
<th>1939</th>
<th>1940</th>
<th>1941</th>
<th>1942</th>
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<td>180</td>
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<tr>
<td>Nigeria*</td>
<td>103</td>
<td>97</td>
<td>114</td>
<td>90</td>
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<td>70</td>
<td>77</td>
<td>100</td>
<td>111</td>
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<tr>
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<td>82</td>
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Source: Plantation Crops, p. 45.
TABLE XIV

IMPORTS OF RAW COCOA INTO PRINCIPAL IMPORTING COUNTRIES
(thousand tons)

<table>
<thead>
<tr>
<th>Commonwealth</th>
<th>1937</th>
<th>1938</th>
<th>1939</th>
<th>1940</th>
<th>1941</th>
<th>1944</th>
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<td>5</td>
<td>6</td>
<td>7</td>
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</tr>
</tbody>
</table>

Total | 639 | 630 | 693 | 623 | 611 | 546 | 502 | 606 | 560 | 545 |

(a) Not available.
(b) August-December.
(c) I.E.F.C. allocation, not necessarily imported.
(d) Estimated.

Source: Plantation Crops, p. 48
Decline in the export volume of West African cocoa was mostly due to shortage in shipping space and decline in demand. Exports from Brazil, which were exceptionally large in 1939 and 1941, declined in 1944 and 1945. This was partly due to increase in local consumption of cocoa. In 1946 exports of Brazil reached a high level and declined considerably in 1947 and 1948. In 1949, exports of the Gold Coast amounted to 246,000 tons and Nigeria showed a small decline. Table XIII on page 126 shows the exports of raw cocoa from the principal producing countries.

IMPORTS

The United States came second to none among the cocoa-consuming countries of the world. European countries, though still in the second position as cocoa consumers, have suffered serious setbacks in the trade. This was due to the hazards of World War II. The imports of the United States have declined from the wartime figures to the average level of the prewar imports of cocoa. United Kingdom imports increased rapidly in the thirties and during the first years of the war and declined after 1943–44 as shipments to the United States increased. Imports of Canada, Australia, South Africa, and New

*Plantation Crops, p. 45.
Zealand have almost doubled in the aggregate since before the war. Imports to other countries are relatively small. Germany, which was formerly the largest continental European market for raw cocoa, continued to decline gradually until 1943. From 1944 Germany ceased importing cocoa but has now started to participate in the cocoa trade. See Table XIV, page 127.

**DISTRIBUTION OF RAW COCOA**

Before the war the United States was the largest market for Brazil's cocoa as Britain was the largest market for West African cocoa. Since World War II, the United States has become the largest market for both Brazilian and West African cocoa, except for that of the French Cameroons which exports mostly to France. See Table V on page 79.

**RELATIVE VALUE OF RAW COCOA TO TOTAL EXPORT**

The export trade of West Africa, as indicated in Table IV on page 78 remains to a large extent dependent upon cocoa. The value of cocoa in the economy of West Africa can not be overestimated when one considers the relative value of cocoa exports to total value of exports. In the Gold Coast the value of cocoa exported accounted for nearly 50 percent of total exports, and in Nigeria,
about 25 percent. In South America, the cocoa trade is important to Grenada but much less to Trinidad. Brazil's cocoa export accounted for only 5 percent of the value of her international export trade.
CHAPTER X

SUMMARY AND CONCLUSIONS

Considering the vital importance of the cocoa industry in the national economy of Nigeria as the principal earner of foreign exchange, the problems of the industry deserve priority of attention. Accordingly, the difficulties encountered in production and marketing have been partly solved. Though Nigeria is the second largest producer of cocoa beans in the world, it is an admitted fact that other producers, particularly the South American countries, are becoming strong competitors in the field. To meet this challenge which threatens the position of Nigeria as a producer, the government has made an elaborate program to aid production. Through the efforts of the West African Cocoa Research Institute and the Department of Agriculture, new species of the cocoa plant have been locally developed, and, in addition, South American cocoa beans have been introduced to West Africa. These new species take less time to mature, yield better quality, and can resist cocoa disease for a fairly long period. Remarkable progress has been achieved in the use of fertilizers and modern agricultural equipment and
techniques. All these improvements go to increase output and maintenance of high quality. There is every reason to believe that Nigeria will progressively maintain her position in world production of cocoa regardless of competitors.

Because of the lack of a marketing policy, the producers have suffered undue hardship from the conduct of the middlemen. The establishment of statutory board to market the commodity in the international market has greatly improved the plight of the farmers. Since the establishment of the cocoa marketing board the farmers receive guaranteed prices for their products, besides utilizing any surpluses for maintenance of useful projects and services in the interest of the industry. Although reliable customers have criticized the present system of control, and have regarded it as a restraint of international trade, the author firmly supports the system as a temporary measure to protect the interest of the producers in the absence of any direct government subsidy. It is hoped that the producers' direct participation in the management of the marketing board will in the future make them independent and able to assume full responsibility in the conduct of international trade.

The cocoa marketing board has accumulated a large sum of capital from the surplus that has accrued over a period
of years. From this sum outright gifts have been made to institutions of higher learning for research work. A tentative plan has been made to utilize part of the fund in establishing a processing industry in the country. An issue has been raised as to the advisability of investing the funds in local industries for the development of the country in place of external investment. Those in favor of external investment argue that short-term loans are not favorable to infant industries. On the other hand, the advocates of local investment contend that development of the country is by far more important than the risks of long-term loans, and that special arrangements could be effected to suit loans made to local industries.

The author favors the utilization of local funds for the improvement of the country in order to avoid ruthless exploitation of the resources of the country by foreigners.

The cocoa bean, which was once used as a perfect food, is today used in the manufacture of several different products. We see drinks and drugs and cosmetics made of cocoa products in all parts of the world. A revolutionary discovery has been made in the use of cocoa as a binder in delicate metal industry. To sum up the qualities of cocoa the author quotes the following authorities:

Edmund A. Parkes, F. R. S., in his Manual of Practical Hygiene prepared for the use of the Medical Service
of the Army,* states:**

Although the theobromine of cocoa is now known to be identical with theine and caffeine, the composition of cocoa removes it widely from tea and coffee. The quantity of fat varies even in the same sort of cocoa. The ash contains a large quantity of phosphate of potash. The larger quantity of fat makes it a very nourishing article of diet, and it is therefore useful in weak states of the system, and for healthy men under circumstances of great exertion. It has even been compared to milk. In South America cocoa and maize cakes are used by travelers, and the large amount of agreeable nourishment in small bulk enables several days' supplies to be easily carried. By roasting, the starch is changed into dextrine, the amount of margaric acid increases, and an empyrematic aromatic substance is formed.

François Joseph Victor Broussais, a celebrated physician and a member of the French Institute, says:***

Chocolate of good quality, well made, properly cooked, is one of the best aliments that I have yet found for my patients and for myself. This delicious food calms the fever, nourishes adequately the patient, and tends to restore his health. I would even add that I attribute many cures of chronic dyspepsia to the regular use of chocolate.

Christoph Wilhelm Hufeland, the distinguished German physician, says:****

I recommend good chocolate to nervous, excitable

*London, 1864.
**Walter Baker & Co., Cocoa and Chocolate, p. 36.
***Ibid., p. 39.
****Ibid., p. 40.
persons; also to the weak, debilitated, and in-
firm; to children and women. I have obtained
excellent results from it in many cases of
chronic diseases of the digestive organs.

Says M. Payen, in Des Substances Alimentaires:*

The cocoa bean has in its composition more ni-
trogen than wheat flour, about twenty times as
much fatty matter, a considerable proportion
of starch, and an agreeable aroma which excites
the appetite. We are entirely disposed to ad-
mit that this substance contains a remarkable
nutritive power. Besides, direct experience
has proved this to be the case. In fact, cocoa,
closely combined with an equal or two-thirds
weight of sugar, forming the article well-known
under the name of chocolate, constitutes a
food substantial in all respects, and capable
of sustaining the strength in traveling.

And a little farther on, he adds:

Cocoa and chocolate, in consequence of their
elementary composition, and of the direct or
indirect addition of sugar before their con-
sumption, constitute a food, respiratory, or
capable of maintaining animal heat, by means
of the starch, sugar, gum, and and fatty
matter which they contain; they are also
articles of food favorable to the maintenance
or development of the adipose secretions, by
reason of the fatty matter (cocoa butter)
belonging to them; and, finally, they assist
in the maintenance and increase of the tissues
by means of their congeneric azote substances,
which assimilate therewith.

CONCLUSIONS

The absence of a well organized production policy
was and still is found to be one of the major problems

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facing the cocoa industry. This was felt particularly during World War II when lack of efficient policy led to excessive waste.

**Production policy.** Production policy should be guided towards maintenance of an efficient system of modern agriculture that is capable of increasing output per acre of farm land. The rate of expansion and the location of cocoa farms should be carefully watched to avoid over-expansion and uneconomic use of land. Farmers should be warned about the danger of depending on one crop in case of a crop failure or abnormal declines in price. The proper authorities should encourage diversification of crop growing. The soaring high cost of living in Nigeria is partly due to regional specialization of growing one main crop, coupled with an inefficient system of distribution of food products. The author recommends establishment of a Production Board to formulate and enforce production policy that will be consistent with the needs of the industry.

In order to maintain needed annual output efforts should be made to provide adequate provision for crop forecasting. Lack of forecasting was partly responsible for the excessive production that occurred in 1936, when an underestimated crop was the contributing factor to a
violent fluctuation of the cocoa price. The production board as suggested above should be given the task of crop forecasting.

Having witnessed the financial problems of the farmers in regard to indebtedness, the author would not hesitate to recommend formation of more thrift and credit societies that will actively formulate sound policy that will protect the industry. In the future, any agricultural instruction to the cocoa farmers should be allied with economic instruction of an elementary kind. This will help the farmers to form a clearer idea of cost 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.

Labour. At present the average wage of hired labour in the cocoa industry is estimated at four shillings a day. The author considers the present wage as being very inadequate because of the increasing high cost-of-living. Since a large proportion of available labour is engaged in agriculture necessary protection should be accorded to them. The author recommends that the government take the initiative in passing a minimum wage law that is allied with the cost-of-living index of Nigeria.
Marketing and price information. The Cocoa Marketing Board of Nigeria is said to be performing a satisfactory duty as the sole buyer and seller of Nigerian cocoa. But the absence of competitors limits the author in crediting it with all the merit it deserved. The Board's policy of pooling the annual surplus to serve as a cushion to subsidize the industry deserved praise. Unless the government is willing to grant a farm subsidy it is not likely that a change to free competitive trade will be considered advisable in the cocoa industry. The author's justification of the present system is based on the experience gained in the United States and European policy of protecting farmers during periods of drastic commodity price fluctuations.

At the moment, very little is done about publicity given to prices offered by the customers. The Cocoa Marketing Board should examine the possibilities of providing regular official information regarding local and world market prices. This could be done through press releases, broadcasting, and posting price bulletins at agricultural stations.

West Africa Cocoa Research Institute. The primary objective of the Institute as of today is the eradication of cocoa disease, the discovery and introduction of new
species of cocoa in West Africa. The importance attached to the above activities tended to undermine an effective program aimed at discovering new uses for cocoa beans. The author recommends the creation of a separate research department aimed at exploring new uses of cocoa beans. Success in this direction will greatly improve the sales volume of the industry.
APPENDIX B

DEFINITIONS RELATIVE TO COCOA

The following are definitions relative to cocoa and chocolate adopted by the Antwerp Congress in 1930, and are reproduced as published:

CHAPTER I

(1) Cocoa mass is a product obtained by grinding the cocoa bean after removal of the shells and germ. The proportion of shell and germ remaining must not exceed 5 percent of the dry fat-free material.

(2) According to the use for which it is intended, a varying proportion of cocoa butter may be added to cocoa mass, but the total amount of cocoa butter in the mass must reach a minimum of 50 percent.

CHAPTER II

(3) Cocoa powder is cocoa mass, either partially defatted or not and reduced to a powder.

(4) Cocoa powder, whether rendered "soluble" or not must contain at least 18 percent of cocoa butter calculated on the dry material.

(5) Cocoa mass, which has been treated with alkaline
carbonates or with alkali, must have, after treatment owing to its natural acidity, a slight acid reaction but never an alkaline one. Nevertheless, the quantity of carbonates or alkali used in the treatment must not exceed 6 percent of potassium carbonate or an equivalent amount of other alkaline carbonate per 100 grams of cocoa calculated on the dry, fat-free material.

(6) Cocoa powder treated within the limits of article 5 may be described as "pure".

(7) The designation "solubilised" shall be compulsory.

CHAPTER III

(8) Cocoa butter is the fat mechanically extracted from cocoa mass whether "solubilised" or not.

CHAPTER IV

Chocolate Paste

(9) Chocolate paste is a mixture of cocoa and sugar with or without addition of cocoa butter.

(10) Chocolate paste must contain at least 35 percent of combined cocoa mass and cocoa butter.
CHAPTER V

Hazelnut Chocolates, almond chocolates, etc.

(11) The name "chocolate" may be given to chocolates to which hazel nuts, almonds, honey, or any other edible product has been added, on condition that these various additions are specified in the name, as, for instance, "Hazel Nut Chocolate", "Almond Chocolate", etc. The chocolate used in the manufacture of these products when separated from the admixed substance must conform to articles 8, 9, 12, and 13 of the present regulation.

CHAPTER VI

Chocolate Powder

(12) A chocolate powder is a mixture of at least 35 percent of cocoa mass, whether partially defatted or not, with sugar. Chocolate powder must contain at least 16 percent of cocoa butter.

CHAPTER VII

Milk Chocolate

(13) Milk chocolate is a mixture of cocoa mass, cocoa butter, sugar, and the dry solids of whole milk or of dried whole milk.
Milk chocolate must contain at least 25 percent cocoa mass and cocoa butter combined.

(14) Milk chocolate, described as such, must contain at least 16 percent of whole dry milk. The solids of the whole dry milk must include at least 24 percent of butter-fat.

(15) Milk used in the manufacture of milk chocolate must not contain any antiseptic or preservative.

CHAPTER VIII

Sweetened Cocoa Powder

(16) The description sweetened cocoa powder is reserved for a mixture containing sugar and at least 35 percent of cocoa powder.

(17) The cocoa powder must conform with the definitions in Chapter II.

CHAPTER IX

Covering Chocolate

(18) Covering chocolate is similar to chocolate paste.

(19) It is permissible to add to the covering not more than 5 percent of its selling weight of almonds, hazel nuts, milk, milk powder, or of honey without
declaration. Any other added substance must be declared in a visible manner on the packet and on the invoice.

CHAPTER X

Aromatic Substances

(20) Flavours used for chocolates and cocoa must be derived from aromatic substances not harmful to health.

Conforming to the decisions of the Congress at Berne (1911), the Congress at Antwerp (1930) has decided not to define:

(1) Fancy or deluxe chocolates;
(2) Chocolate bon-bons.

Source: Reports of the Imperial Economic Committee: 22nd Report - Cocoa (London, His Majesty's Stationery Office).
The beans are left to ferment for about six days to improve their flavour and keeping qualities.
When cocoa beans mature, the farmers sliced the pods off the branches and the trunk. The pods resemble a melon in shape and are rich in golden colour.

An agricultural officer inspects the cocoa so as to detect "swollen shoot disease."
At the middle-man's (broker's) warehouse the bags of cocoa beans are weighed and paid for at a regulated price. The bags are then reloaded on trucks to be transported to the nearest sea port.
The cocoa pods are split open with a long knife and the pulp beans scooped out.
Top: Cocoa beans drying after fermentation. The beans are stirred hourly by hand and drying takes from 7 to 10 days according to the weather.

Centre: The dried cocoa beans are carried by headloaders to the buying centres. Often the journeys are arduous and necessitate a river crossing.

Bottom: A licensed grader taking a sample of dried beans for a quality test. Beans are taken from three bags of a load, and after being well mixed by hand 300 of them are cut in two. On the results of this test...
SOME FARMERS call the task of farming a "Witchcraft". The work is not easy, and accounts for much of the suffering of British Administration in the Colony. The ownership of land varies from individual ownership, cooperative ownership by a few farmers or groups of farmers, to individual ownership. The hardest job on a farm is the first März, which is the clearing of the forest land in which the cocoa is grown. The cleared land is then left to rest for 20 years or more, during which time it is used for grazing and clearing. The cocoa plantation is started by planting cocoa seedlings, which are grown from seed. The seedlings are planted in rows, and the cocoa is allowed to grow for about 10 years until it is ready to be harvested. The cocoa is then harvested by hand, and the beans are transported to a warehouse for processing. The beans are then dried and roasted, and the finished product is cocoa beans, which are used to make chocolate and cocoa powder.
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