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STATUTORY AGRICULTURAL MARKETING BOARDS AND
THE DEVELOPMENT OF AGRICULTURE IN ZAMBIA:
A CASE STUDY IN DEVELOPMENT
ADMINISTRATION

by

Chibwe Chibaye, B.A. (Zambia), M.P.A. (Pittsburgh)

A thesis submitted to the Faculty
of Graduate Studies in partial
fulfilment of the requirements
for the degree of
Doctor of Philosophy

Carleton University

OTTAWA, Ontario

February 1979

The undersigned recommend to
the Faculty of Graduate Studies and Research
acceptance of the thesis

STATUTORY AGRICULTURAL MARKETING BOARDS AND
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Submitted by Chibwe Chibaye, B.A., M.P.A.
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ABSTRACT

The importance of agriculture to the economies of developing countries cannot be overemphasized. Zambia's agriculture, however, has persistently lagged behind its stated goals. In this study we examine the effectiveness of the efforts which have been made through agricultural marketing to provide an incentive to the development of agriculture in Zambia during the colonial, as well as the post-Independence, periods down to 1976. We are postulating effective agricultural marketing as a sine qua non of agricultural development.

Our first attempt is to show that both during the colonial period and after, the statutory marketing board was chosen by the government as the main strategy for agricultural marketing. Secondly, we attempt to show that the instructions which were given to agricultural marketing boards as policy execution instruments were inappropriate, vague or they led to a waste of resources and therefore adversely affected the boards' effectiveness to prosecute the stated goals of agricultural policy.

The persistent mismatch of goals and goal implementing instruments is the result not of any one cause, but diverse factors. In the colonial period the general pampering of the line of rail white farmer had elements of shortsighted condescension towards African ability, as well as hypocrisy. The reasons for the mismatch of goals and instruments were different after Independence. Primarily this derived from the simultaneous crowding in of too many problems involving: (a) creating and motivating a widely spread clientele; and (b) providing the wherewithal for them in terms of inputs such as fertilizer. This led to inappropriate responses--tightfistedness when cash flow was needed, and ambitious buying schemes when caution was necessary. Over and above all that, the gradual dominance of the urban middle and working classes in the polity and the economy, led to policies pampering these classes at the expense of rural interests.

To

My Children

and

My Parents,

who have suffered the most.

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While I remain greatly indebted to them all, I accept full responsibility for whatever errors in judgement or interpretation that exist in this study.

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ABBREVIATIONS

AFC	Agricultural Finance Company
ANC	African National Congress
ARMB	Agricultural Rural Marketing Board
CMCB	Cattle Marketing and Control Board
COZ	Credit Organisation of Zambia
CSB	Cold Storage Board
CSC	Cold Storage Commission
DMB	Dairy Marketing Board
DPB	Dairy Produce Board
EPAPB	Eastern Province Agricultural Produce Board
FGMB	Federal Grain Marketing Board
GMB	Grain Marketing Board
MCB	Maize Control Board
NAMBOARD	National Agricultural Marketing Board
NETMB	North-Eastern Tobacco Marketing Board
RTMB	Rhodesia Tobacco Marketing Board
SWTMB	South-Western Tobacco Marketing Board
TBZ	Tobacco Board of Zambia
TIB	Tobacco Industry Board
UNIP	United National Independence Party

CURRENCY

Zambia's Kwacha was created in 1968. Coins are designated in ngwee, and 100 ngwee = 1 Kwacha. The exchange rate vis-à-vis the U.S. dollar was K1 = \$1.40 for January 1968 to February 1973; 1K = \$1.56 from February 1973 to July 1976; and 1K = \$1.24 from July 1976.

INTRODUCTION

This study examines the effectiveness of the efforts¹ which have been made through marketing to provide an incentive to the development of agriculture in Zambia during the colonial as well as post-Independence periods down to 1976. Effective agricultural marketing is assumed to have a facilitative role in the development of agriculture. In other words, we hold that one cannot persuade a rural population to produce beyond its subsistence requirements if there is no adequate marketing system through which surplus agricultural produce can be sold. As President Kaunda observed, "to expect our people to grow plenty of vegetables before we find them markets is a negative approach to the development of agriculture in Zambia."¹ We are, in this study, postulating effective agricultural marketing as a sine qua non of agricultural development.

Agricultural development is defined here as increased, diversified and sustained agricultural production. Such development aims at the maximization of the national agricultural output, the provision of adequate food supplies,

¹Zambia, Information Services (ZIS), Zambia's Economic Revolution, Address by His Excellency at Mulungushi, 19th April 1968 (Lusaka: Government Printer, 1968), p. 25.

preferably from within the country and, more importantly for a developing country, the equitable distribution of personal incomes.¹ It is essential that, in the absence of natural hindrances, the process of agricultural development be as widely diffused as possible.

We shall find out later in this study that this definition of agricultural development fits in with what were eventually stated as the goals of agricultural policy by the colonial government after the Second World War, largely as a result of the directives from the Colonial Office in London. It also summarizes the declared goals of Zambia's agricultural policy.

THE PROBLEM STATED

The leaders of most countries, developed and underdeveloped alike, desire to develop their nations economically and by this they mean increased material output and a greater capacity for self-sustained growth. In this study, we are defining socio-economic development a little more broadly as sustained and widely diffused improvement in material as well as social welfare.²

The term development was at first used simply to denote economic growth. It was later realised that this view was rigid and limited in as much as such growth touched on all societal aspects favourably or adversely. For example, quick development may mean capital investment but a failure in terms of full employment and resource distribution, and may even lead to greater poverty for the poor. There was considerable disillusionment with the

¹E. H. Whethan, Economic Background to Agricultural Policy (London: Cambridge University Press, 1960), p. 25.

²Milton J. Esman, "The Politics of Development Administration" (Preliminary Draft, University of Pittsburgh, August 20, 1963), p. 2.

earlier literature of development administration and considerable left-wing criticism of the policies of developing countries and of developed countries too. We are not discussing all this in detail here. We will simply mention that Zambian political leaders include in the definition of development economic growth as well as the welfare of the people.

The major problem which has confronted Zambian leaders stems from the domination of the country's economy by one resource, copper. From the late 1920s copper mining has been the prime mover of Zambia's economy. Copper is sold on world markets over which the leaders of Zambia have no control. There is no need to belabour Zambia's vulnerability stemming from such reliance on one resource. For Zambia, there is a strategic interest in developing agriculture, if only to reduce reliance on copper.

The development of the mining industry led to large-scale urbanisation. This means that there is within the country a large portion of the population not directly producing its own food. Someone else has to produce the food consumed in the urban areas and bring it there. The food requirements caused by urbanisation are compounded by the presence of a large expatriate population needed to run the complex mining industry. To make the stay of these expatriates comfortable requires, among other things, that the food they need be made easily available. If Zambia has to meet the urban population's food requirements without resorting to food imports, her agriculture has to be developed. This is especially so when we realise that Zambia's ability to import food depends on how well copper is doing on world markets, over which, as we stated above, her leaders have no control.

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During colonial rule, investment, both private and public, was concentrated in the urban areas, to the neglect of the rural areas. Most of the foodstuffs consumed were either produced by white farmers along the line of rail or imported from Southern Rhodesia and South Africa. To develop the rural areas, which were neglected by the colonial government, means the promotion of agriculture so that these areas can produce beyond subsistence needs. This is also one way of redistributing the nation's resources. As Humanists, Zambian leaders cannot stand idly by while the rural population is being left behind. A rapid and widespread improvement of living standards of all Zambians depends upon the maximum utilisation of land for agricultural purposes.

The need for agricultural development can also be examined against the background of linkages between the different sectors of the economy. The manufacturing sector, for example, gets some of its raw materials from the agricultural sector, and employs a population that is dependent on the food produced by that sector. On the other hand, increased cash earnings of the farming community enables that community to buy the products of the manufacturing sector. This is especially the case when the agricultural sector is served by an efficient distribution mechanism; herein lies the importance of the market. All the above considerations underscore the importance of agricultural development to a developing country like Zambia.

We are also examining the effectiveness with which the field of agricultural marketing has been used in Zambia to stimulate agricultural development. The efficacy of the

marketing system to facilitate agricultural development greatly depends on the price-structure used and on effective distribution. By offering attractive prices to farmers, marketing institutions can stimulate increased agricultural productivity. Conversely, in the absence of marketing arrangements and in the absence of attractive prices, farmers will find little need to produce more food than they need for domestic consumption. Increased agricultural productivity entails, if the price level is profitable, increased accumulation of capital which if properly managed permits not only improvement in the living standards but also permits a choice of alternative methods of production and thus improves even more the productivity of the farmer.

The agricultural marketing institutions that this study examines are statutory marketing boards. These boards handle the bulk of agricultural marketing in Zambia. Created by statutory instruments, largely funded by the government, and given a certain degree of operational autonomy from the government, marketing boards in Zambia are a form of public enterprise. By picking on agricultural marketing, we are not in any way belittling the role of other factors of the agricultural industry, e.g. credit, in the development of agriculture. Nor are we saying that marketing is all there is to agricultural development.

We are, however, stressing the centrality and strategic role of marketing in the efforts to develop agriculture.

In the absence of marketing, all other efforts to develop agriculture beyond subsistence needs are unlikely to succeed.

Millikan and Hapgood identify five major categories of factors that affect agricultural productivity.¹ The first category includes input factors such as land, climate, seeds, water, fertilizer, pesticides, tools and power (fuel). For Zambia, the availability of land, water and good climate present no natural hindrances to agricultural productivity. The distribution of such inputs as seeds, fertilizer, pesticides and tools is, in Zambia as we shall show, a marketing function, carried out by statutory marketing boards.

The second category of factors affecting agricultural productivity which they identify are economic factors such as transport, storage, processing and pricing. In chapter 1 of this study, we shall show that these are indeed marketing functions. They constitute facets of agricultural marketing.

The third category of factors are organisational factors like land tenure, farm size and general government services. With the exception of the colonial period when certain lands were reserved for white farmers, land tenure and farm size do not present any constraints to agricultural productivity. Land, now owned by the government, is there for any aspiring farmer to lease. As regards general

¹Max F. Millikan and David Hapgood, No Easy Harvest: The Dilemma of Agriculture in Underdeveloped Countries (Boston: Little, Brown and Company, 1967), p. 13.

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government services, we shall show later in this study that agricultural marketing boards are involved in the provision of such services to complement extension services performed by the Ministry of Agriculture. They are also involved in the distribution of agricultural credit.

The fourth category of constraints to agricultural productivity that Millikan and Hapgood identify are cultural and motivational factors. The argument here is that there are cultural barriers to agricultural productivity. We have no sympathy for this kind of cultural determinism. As we shall show later in this study, despite the presence in colonial government circles of views that the African in Northern Rhodesia was culturally incapable of behaving with economic rationality, the African responded to marketing incentives so positively that the colonial government had to devise controls aimed at depressing African agricultural productivity. When the incentive was given (and the incentive largely lies in the marketing sector), the African in Zambia has shown himself capable of responding positively.

The fifth category of factors are knowledge factors. These also include the diffusion of this knowledge. The knowledge required for agricultural productivity is generated through research, a function which in Zambia is carried out by the Ministry of Lands and Agriculture. We may mention, however, that one marketing board, the Tobacco Board of Zambia, is involved in research pertaining to the tobacco

crop. We also wish to stress that the adoption of such knowledge as is generated for the purpose of producing beyond subsistence requirements, will largely depend on the availability of the market. By taking part in extension services, marketing boards in Zambia participate in the diffusion of the available knowledge.

What we are highlighting here is the centrality of agricultural marketing in the efforts to develop agriculture. As can be observed from the above paragraphs, with the exception of natural factors, marketing is related to most of the categories of factors which Millikan and Hapgood identify as factors which affect agricultural productivity. This is what gives agricultural marketing a strategic role in the efforts to develop agriculture. We may also note that there are different strategies to choose from in the attempt to develop agriculture. A country can, for example, choose the strategy of producer cooperatives or the strategy of settlement schemes. A country can also choose between promoting small family farms and big-scale commercial farmers. These strategies can be tried one after another or simultaneously. But after all is said and done, all the strategies mentioned above require the existence of a market, in the absence of which, production would be confined to subsistence needs. This further underscores the critical role of agricultural marketing in the context of any strategy of agricultural development.

This study attempts to test the following two propositions on the basis of empirical evidence:

Proposition 1: In Zambia, successive governments have chosen statutory marketing boards in preference to other means of agricultural marketing to provide the incentive to the development of agriculture. One may add that other means of rural development have not been tried so consistently.

Proposition 2: In practice, however, government instructions regarding agricultural marketing operations have adversely affected the boards' effectiveness in the prosecution of declared goals. The main reasons for this have been vague and inappropriate government instructions and the governments' short-term perspectives and political choices.

Taken together, these two propositions postulate some relationship between the intention for creating marketing boards, and the actual performance of the marketing boards as affected by the instructions coming from the government that created these boards in the first instance. What we are investigating therefore is the extent to which the instruments of policy execution that the marketing boards are supplied with have promoted the boards' effectiveness in pursuing the goals of agricultural development. Our position

is that no organisation, however appropriate its structure or efficient its internal operations may be, would be able to achieve the set goals if the instruments it uses for implementing policy for the purpose of achieving the set goals are inappropriate or vague.

THEORETICAL SIGNIFICANCE OF THE STUDY AND REVIEW OF THE LITERATURE

This study is an examination of the contribution of a set of governmental institutions, that is, statutory marketing boards, to the development of Zambia. The study, therefore, has theoretical and practical significance in terms of development administration. According to Fred W. Riggs,¹ development administration refers to a government's effort to carry out programmes designed to reshape its physical, human and cultural environment. It also refers to the struggle to enlarge a government's capacity to engage in such programmes. In short, development administration seeks to increase the capacity of social systems to modify their environments.

In the work cited here, Riggs discusses development administration in three contexts, the economic, the political and the social. This study finds some relevance in all three contexts. According to Riggs, an adequate economic

¹See F. W. Riggs, "The Context of Development Administration" in F. W. Riggs, ed., Frontiers of Development Administration (Durham: Duke University Press, 1970), pp. 78-95.

base in its primary, that is, agricultural production, is necessary before a polity can feed primary producers and also support an army of employees, both public and private, in secondary and tertiary occupations. As Riggs aptly put it, "whether or not a salary system exists, depends not only on the mobilisation of funds by taxation and the distribution of wages through a responsible pay roll system, but also on the existence of an adequate economic base."¹

Development administration recognises the role of the state bureaucracy in building the "adequate economic base" to which Riggs referred. This is especially the case in developing countries where the government is often the only institution with resources to help bring about the desired rapid socio-economic development. The bureaucracy is therefore necessary in these countries for economic, social and political development.

As stated above, the institutions we are examining in this study are public enterprise institutions. The term 'public enterprise' is used to denote an enterprise in which the government has a majority interest of ownership and/or management.²

¹Ibid., p. 84

²United Nations, Economic and Social Affairs Council, Organisation, Management and Supervision of Public Enterprises in Developing Countries (ST/TAO/M/65), 1974, p. 1.

We can distinguish between two types of public enterprise institutions. One type, the one we are studying, is created by a statute passed by the country's legislature. The other type is a public company, limited by shares and incorporated under the corporate law. With regard to the latter, the government, like any other shareholder, buys shares in the company. Both types of institutions are given a certain degree of autonomy in their day to day operations. The idea behind this autonomy is the avoidance of the rigidity which is identified with regular government departments.

We can also distinguish between public enterprise which is production-oriented and public enterprise which aims at providing a linking service to private producers and consumers. By and large, the agricultural marketing boards that we are examining in this study belong to the latter category. There have been few cases in which these boards have been involved in direct production, and such cases have mostly involved the provision of services aimed at improving the productive efficiency of the producer. Rather, the basic service provided by these boards, i.e., marketing, has interceded between the producer, who may be a private producer (and this is often the case), and the consumer. The role of these boards has been that of facilitating improvement in the productive capacity of the producer by offering economic incentives. Marketing boards in Zambia have mostly performed this role without any profit motive. This is not

to say that a marketing board cannot operate profitably while at the same time providing incentives aimed at stimulating the producer's productive capacity. West African marketing boards have been able to do so, especially as they have largely been export-oriented.

In this study, we are looking at marketing boards from three angles. The first angle is that of marketing boards as a form of facilitative public enterprise. The second angle is managerial which in this study refers to the performance of these marketing boards and how it is affected by government instructions. The third angle is a socio-political angle, and refers to how the aims, environment and performance of the marketing boards are conditioned by social and political considerations and compulsions.

A student of development administration is easily struck by the dearth of literature on the use of public enterprise for development as such. The study of public enterprise in North America has usually belonged to economics and has often involved the study of links between private and public enterprise. Alternatively, public enterprise has been studied by students of political economy from a Marxist point of view as a form, or part, of corporatism. Development administration, on the other hand, has tended to shun public enterprise and has concentrated on the study of regular government departments, particularly as these are engaged in development plan formulation and implementation.

For the study of public enterprise for development, Hanson's book published in 1965 still remains the standard text.¹ In addition to his work, there have been publications by the Public Administration Department of the United Nations, usually on the problems of evaluating the performance of public enterprise. Other than this, much of what has been written has concentrated on public enterprise as an organisational form. This author's major concern is the implication of public enterprise for development. As against this, Frank P. Sherwood takes a different theoretical view.

After calling on development administration to pay more attention to public enterprise, Sherwood applies Riggs's prismatic model to the study of public enterprise.² He finds public enterprise to be basically an artifact of the transitional or prismatic society. To Sherwood, a fused society needing no organisational additions to its basic social structure has little place for autonomous public enterprise. The diffracted society, on the other hand, is already surfeited by institutional alternatives and thus has many options through which it can secure its objectives. Its developed infrastructure "permits use of far more subtle means of influence than heavy-handed government enterprise."³

¹A. H. Hanson, Public Enterprise and Economic Development, 2nd ed. (London: Routledge and Kegan Paul Ltd., 1965).

²F. P. Sherwood, "The Problem of Public Enterprise" in Riggs, Frontiers of Development Administration.

³Ibid., p. 356.

According to Sherwood's argument, we should expect a decline in the vigorous use of public enterprise as society develops from the transitional state to a developed stage. This argument does not hold water either in terms of ideology or practice. It overlooks ideological factors which in addition to economic considerations may affect the size of public enterprise. We find, for example, that in socialist countries there tends to be a large public enterprise sector irrespective of whether or not the polity is transitional or developed. Sherwood's model would be unable to explain the creation of statutory boards in England following the Labour Government's nationalisation measures after the Second World War; nor would it be able to explain the use of statutory boards in Australia and Canada. None of these countries can be described as prismatic societies.

Sherwood's position contrasts sharply with that of A. H. Hanson who regards the whole process of development as a vast public enterprise. As a matter of fact, before he published his ground-breaking book, Hanson's work on public enterprise dealt with nationalised industries in Britain which cannot be said to be a prismatic society. In his definitive book on public enterprise for development, Hanson observed that whatever the ultimate perspective may be, the country anxious to develop economically has no alternative but to use public enterprise, at the very least in order to get things going. How much is left to private initiative

will depend partly on ideology and, to a much greater extent, on social and economic circumstances. He observed that more is required of the state than a limited amount of investment in public services and facilities and tax remission measures. The main purpose of the state initiative in general and of public enterprise in particular, Hanson observed, is to overcome obstacles to development. He added a reminder that, for state-ownership to achieve its purpose, there must be clarity of its role in the total developmental process.

In a series of reports, especially starting with the report on the Geneva Seminar,¹ the United Nations Department of Public Administration has discussed the role of public enterprise in socio-economic development. It is worth noting that Professor Hanson had a lot to do with such reports which have mainly dealt with the organisational problems of public enterprise. They have, for example, pointed to the problem of finding a proper mix between the autonomy of public enterprise and the amount of control that governments should exercise over public enterprise to ensure its responsibility.

This problem leads to a number of other problems that cannot be ignored. For example, any movement along the autonomy-control continuum involves an inevitable exchange between the use of the self-seeking initiative of the market

¹UN, Economic and Social Affairs Council, Report of the United Nations Seminar on the Organisation of Public Enterprises, held at Geneva Switzerland, October 4, 1966 (ST/TAO/M/35), 1966.

place and the controlled achievement of some non-market welfare objectives. The aim in one direction is efficiency typical of private enterprise. In the other direction the objective is the avoidance of inflexibility of the government department, its relatively slow decision-making process, its rigid pay structure and its advancement methods, while retaining a government overview of policy.

Secondly, imitation of incentives and techniques of the private sector involves two requirements:

1. Profit Motive: this motive can also be replicated by the provision of firm goals and measures of performance. These objectives can be arrived at through cost minimisation, breaking even or any other definable objectives by which managerial performance can be measured.
2. Sufficient Freedom of Management: the goals having been set, the initiative and business acumen of management should then be applied to achieving the goals. Success of a public enterprise will depend on these two features. Finding the solution to the problem mentioned here has not been an easy thing for many decision makers including Zambian decision makers.

The literature on marketing boards per se is just as thin as the literature on public enterprise. Most pertinent to marketing boards in Africa has been the work of P. T. Bauer

who studied marketing boards in West Africa.¹ Bauer directed his attention to the role of marketing boards as price-stabilisation instruments. He criticised the inconsistency involved in the attempt to stabilise farmers' income through the technique of accumulating and running down reserves. His position was that this practice would destabilise income.

Among other things, he pointed to the problem of forecasting yields and world prices and argued that, by shielding the farmers from the influence of market forces, marketing boards would make adjustment to changed market conditions much more difficult. He also doubted the ability of marketing boards to stabilise inter-seasonal prices and even questioned the advisability of price stabilisation in a world characterised by a tendency to long-term decline in the prices of agricultural products.

As far as Zambian marketing boards are concerned, the relevance of Bauer's criticism about the advisability of price stabilisation in a world characterised by a tendency to long-term decline in the prices of agricultural products, is very marginal. Presently, the concern of Zambian marketing boards is largely with internal supplies, and not so much with exports.

¹P. T. Bauer, West African Trade (London: Routledge and Kegan Paul Limited, 1954).

Ayo Ogunshye¹ responded to Bauer's argument by stating that price stabilisation was not the only concern of the marketing boards. Other objectives were involved. Moreover, he argued the boards in Nigeria and Ghana have succeeded in the stabilisation of intra-seasonal prices. He says it is with the stabilisation of inter-seasonal prices that opinion was less unanimous. Indeed, Ogunshye says the boards were in fact successful in reducing fluctuations in producer prices between 1947 and 1960. He also adds that compared to world prices, the average fluctuation in prices in the case of palm kernels, for example, was about one-quarter or less.²

The position of this author is that the peasant needs a protective screen without which he is at the mercy of every economic ill wind that blows. This will diminish rather than enhance his incentives. On the accumulation of reserves, Helleiner³ points to the success of marketing boards in Nigeria in accumulating funds which they later lent to regional governments to be used for developmental purposes. We may, however, doubt the suitability of marketing

¹Ayo Ogunshye, "Marketing Boards and the Stabilisation of Producer Prices and Incomes in Nigeria," Nigerian Journal of Economic and Social Studies 7:2 (July 1965):131-144.

²Ibid., p. 135.

³G. K. Helleiner, "The Fiscal Role of Marketing Boards in Nigerian Economic Development," Economic Journal 74 (1964): 582-610.

boards as revenue collectors. Such reserves as may be accumulated by them should be used directly for their clients, the farming community.

On the Zambian scene, not much has been written on public enterprise as it touches on agricultural development. There have been works on Zambia's state-owned companies, especially the nationalised copper mining companies but not on statutory boards. The one work we can point to is Modibo T. Ocran's doctoral thesis.¹

Ocran's work studies the relationship between law and development. He says it is law that we are most likely to resort to for the creation of institutions needed for development and that it is law that can ensure the probability of the effective operation of these institutions. Ocran uses grain marketing boards in Zambia as a case study. What he found was that as the economic policy of the various governments broadened over the years, so did the functions, powers, and organisational structure of the marketing boards involved in the marketing of grain.

Unlike Ocran's work, this study is not confined to grain marketing nor concerned much with legal aspects but is directed at all sectors of agricultural marketing and their overall performance. Thus, in addition to food crop

¹M. T. Ocran, "Towards a Jurisprudence of African Economic Development: A Case Study of the Evolution, of the Structure and Operations of Zambia's Food Crop and Cotton Marketing Boards from 1936 to 1970" (Ph.D. thesis, University of Wisconsin, 1971).

marketing, we are studying cattle and beef, dairy produce and tobacco marketing through statutory marketing boards. As it is, this study is an investigation into the whole sector of agricultural marketing as it is affected by the instruments of policy execution with which marketing boards are instructed to work. This study does not extend to the internal ~~administrative~~ operations of the boards being investigated. Our position is that, even if the internal operations of the boards were more efficient, the effectiveness of the boards depends in the final analysis on the appropriateness of the instruments of policy execution that the boards are using. If the instruments are wrong, vague, or lead to waste of resources, an institution, however efficient its internal operations may be, will not perform effectively. Effectiveness in this study refers to the ability to meet stated goals.

APPROACH AND METHODOLOGY

This study does not rely on a purely quantitative approach. It seeks to examine the strategic role that marketing boards are playing in facilitating the achievement of the goals of agricultural development as their contribution to the socio-economic development of Zambia. Our approach is historical. We seek to show that statutory marketing boards have consistently been chosen as the main institutions for carrying out agricultural marketing in order

to stimulate agricultural development. We shall also seek to show that the instruments of policy execution with which these boards have been invested have not provided for the boards' effectiveness in pursuing the stated goals.

This study is divided into seven chapters. Chapter 1 defines agricultural marketing and establishes its importance in agricultural development. Chapter 2 gives some background information on Zambia's history, politics, economic activity and the agricultural policies of successive governments. It also discusses the various attempts which have been made to develop agriculture in Zambia. Chapter 3 examines food crop marketing before Independence. Food crop marketing after Independence is discussed in chapter 4. Chapter 5 is devoted to the discussion of cattle and beef, dairy produce and tobacco marketing through statutory marketing boards both before and since Independence. Chapter 6 draws conclusions concerning the two propositions of this study on the basis of generated information. In chapter 7, the author attempts to explain the economic, social and political considerations and compulsions which lead to the situation studied.

CHAPTER 1

A NOTE ON AGRICULTURAL MARKETING AND ITS IMPORTANCE TO AGRICULTURAL DEVELOPMENT

The introductory chapter of this study touched on the importance of agriculture to a developing country. Since this study is about the role of statutory agricultural marketing boards, we shall first discuss the implications of agricultural marketing for, and also its importance to, the agricultural development of a country before we discuss reasons for the involvement of statutory boards in the marketing process. An understanding of the implications of agricultural marketing will enable us to appreciate the complex nature of the issues with which Zambia's statutory marketing boards have to deal. The complexity of these issues stresses the need for clarity in the instructions directed at the marketing boards. In discussing these, this author would like to acknowledge his debt to the Marketing Guide Series and reports put out by the Food and Agricultural Organization of the United Nations.

MEANING AND IMPLICATIONS OF AGRICULTURAL MARKETING

The term marketing has a broad spectrum of meanings, especially as it relates to agriculture. Where producers

and buyers are geographically close and communications are effective, marketing may simply mean providing a place where both come together. Elsewhere, for example in Kenya, government involvement in marketing is concerned more with export and selling the produce overseas. In Zambia however, marketing involves all the auxilliary activities which we identify later in this chapter partly because of Zambia's economic geography as it took shape under colonial rule and partly because of the policy of the leaders of independent Zambia. The latter involves a close relationship between marketing and agricultural development and so marketing in Zambia has become so inclusive as to embrace non-marketing functions like the supply of fertilizer and distribution of credit; and as we stated in the introductory chapter, agricultural marketing in Zambia is at present largely concerned with internal trade, and not so much with exports. The definition and discussion of marketing in the following paragraphs takes an inclusive meaning in the Zambian context.

In its widest sense, agricultural marketing comprises all the operations in the movement of food and raw materials

from the farm to the final consumer. These operations include the handling of the product at the farm, initial processing of the product, grading the quality of the product and packing it conveniently. There must also be arrangements for transporting the produce from the local and central assembly points and for subsequent distribution to consumers. Pricing, selling, and levies are also important features of agricultural marketing. Other operations include information services and provision of storage facilities.

The task of agricultural marketing is determined by characteristics, requirements and conditions that are peculiar to agricultural products. Farm products, for example, have a propensity to be bulky so that their weight and volume tend to be unrelated to their value in comparison with many manufactured goods. Agricultural products' need for storage and transport facilities is heavy and specialised. Consequently, the cost of furnishing suitable transport and storage for such products tends to be high in relation to their value.¹ Most farm products are perishable and cannot last long on their way to the consumer without suffering a loss in quality. Tomatoes and many other fruits and vegetables rapidly become overripe and decay if they are not consumed soon or kept in special storage. Without refrigeration, meat keeps for only a short time in hot climates. Milk

¹United Nations, Food and Agricultural Organization, Marketing Problems and Improvement Programmes (Marketing Guide no. 1), 1968, p. 8.

is an important agricultural commodity of exceptional perishability. In hot climates and without special treatment, its effective life may only be a few hours. To make it last longer requires special attention to cleanliness in handling at all stages; it requires the use of special techniques, such as pasteurisation, if it is to move long distances in an unimpaired condition.

One other characteristic that is peculiar to agricultural marketing is the variability of farm production in contrast to consumer needs. Most farm crops mature during a relatively short period of the year. Even sales of meat animals tend to be concentrated into peak periods, as a result of seasonal shortages of foodstuffs. This seasonal punching of output places heavy demands on the marketing system. During each harvest time heavy demands are made for marketing facilities, transport, storage and buyers that may not be used to any great extent during other times of the year.

In contrast to this periodicity in output, the demand for farm products as food or industrial raw materials is generally stable in character. For example, "basic foodstuffs are needed for consumption in relatively equal amounts at regular intervals throughout the year. Most house wives do not expect to purchase more than a week's supply of food on a single occasion and in many countries they buy every day."¹

¹Ibid., p. 10.

It is the task of the marketing system to cope both with the seasonal outflow of the produce from the farm and the relatively stable and continuous consumer demand. There is therefore a demand for rapid mobilisation of transport and storage facilities, skilled handling, the provision of adequate credit and willingness on the part of farmers and distributors to accept risks and responsibilities.

To appreciate further the task of agricultural marketing, we must also take into account the demands frequently placed upon it by distance. Most farms, especially in developing countries, tend to be small in size. This means that many farm products start their journey to market as small surpluses of hundreds of individual farms. In contrast to this, consumers tend to be increasingly concentrated in cities which draw their supplies from comparatively distant areas of production. "Yet within those urban population centers each family usually forms a separate consumer unit and seeks supplies in small lots and in a convenient form."¹ There is thus a wide gap between the producer and the consumer and the consumer is demanding services which the producer cannot directly furnish. Intermediary services like storage and packaging are needed and it is up to the marketing system to satisfy such demands. This situation differs completely from one in which the producer and

¹Ibid.

consumer live close to each other and meet frequently and therefore the consumer is prepared to purchase his supplies in the same condition as that in which they are harvested. In the latter case, there is little place for intermediary services.

Having looked at the special characteristics of agricultural marketing, we can now reduce the definition of agricultural marketing to three essentials, namely: assembly, preparation for consumption and distribution. The purpose of this analysis of agricultural marketing into three components is to provide a framework within which complicated marketing operations can be seen as part of essential services.

Assembly

This is the first step in the sequence of operations which comprise agricultural marketing. Assembly refers to the collection of small surpluses from individual farms. The concentration of farm products at convenient points attracts buyers who cannot spare the time to make small purchases at scattered farms. It also permits the use of transport and processing facilities on a larger and more economical scale. Included in the function of assembly may be some preliminary processing and packing operations to facilitate transport to more distant markets.

Preparation for Consumption

This refers to the changes in form which adapt a farm product to the householders' needs and tastes. Most farm products have to undergo substantial changes before they are presented to the final purchaser. For example, meat animals are slaughtered, dressed and divided into convenient cuts. Milk is usually pasteurized, bottled or converted into butter or cheese. Some of this processing is not a consequence of the consumers direct demand but a necessary undertaking for the conservation of quality. In this case, the duration of the period during which a product has to await sale is a governing factor.

Distribution

After the completion of assembly and after the product has been prepared to the consumers' liking, distribution takes place. Distribution is the sending out of the product from storage warehouses, central wholesale markets and processing plants to retail shops and markets for sale to individual consumers.

The distributive system must be able to match available supplies to consumer demand in order to be effective. Supplies going into assembly points and warehouses often fluctuate in quantity and quality. Consumer demand can also vary, seasonally, and in type and quality of the product preferred. An effective distributive system adapts the flow of supplies to such variations in demand through experience

and market information. Supplies are released from storage or switched between areas, in order that the flow of supplies to consumers shall be in keeping with their demands. It is not sound marketing, for example, to keep a surplus of a commodity in one locality, while another locality which may be in need of such a commodity has no supply. A great deal will depend on the flow of information within the distributive system, and on transport facilities, for the marketing system to fulfill such indispensable functions.

As stated above, the functions of assembly, preparation for consumption and distribution are essential services of agricultural marketing. The methods employed in fulfilling these functions and the routes followed may differ between products in different areas and, in fact, even in the same area. For example, some commodities are assembled at local country markets and distributed immediately to local consumers, while some pass through a number of hands before distribution to retailers and consumers in cities. In addition, some commodities are processed near the farm and then go on through further assembly and distributive phases.

To carry out the three essential functions of agricultural marketing identified above, a number of subsidiary services are needed. These facilitate the concentration at convenient points of products originating at scattered farms, their conversion into convenient form and their distribution to consumers. They include the following:

Transport. Transport accounts for a very substantial part of the total marketing costs.

Storage. Access to storage is very essential at all important market centres so that goods left unsold on a particular day can be held over for subsequent sales opportunities. Storage needs for a product may vary from a few days while a product awaits sale, to more than a year when the surpluses of a good crop year are carried over to the following season. Also, the kind of storage needed varies widely with the kind of the product.

Grading and standardization. Grading is the sorting of the produce into different lots, each with substantially the same characteristics with respect to market quality, and even bearing its own label or name. Grading helps buyers to select the most suitable produce for the uses they have in mind.

Standardization refers to the establishment of uniform quality specifications as a basis for grades. Useful grading entails that certain specifications are formulated in precise terms, are agreed upon and are made known to all concerned. In this way, transactions are made a lot easier than otherwise..

More benefits accrue to the grading system when it is carried with proportionate price differentials, right back to the producer. In this case, grading becomes a means of

guiding production into the quality channels most appropriate to the consumption patterns of the time.

Packaging. If they are to be marketed widely and efficiently, most farm products have to be enclosed in some kind of container to ensure cleanliness and facilitate measurement, labelling and the attachment of sales instructions and descriptions.

Financing. For agricultural goods to pass through the marketing system, financial support is required. At any one point, the owner of the goods must either sacrifice opportunity to use his own capital or borrow the necessary capital from some other source, in order to pay for storage, to mention but one item. In agricultural marketing, there are risks like drought and deterioration of the product, which financing agencies will not normally accept. Such risks remain the responsibility of the individual producer or distributor. The burden of these risks contributes to the cost of marketing and must be covered by an equivalent expectation of profit.

Thus, in addition to providing the farmer with access to credit, the pricing structure employed must be such that it enables the farmer to realise some profit. This is necessary if his willingness and ability to continue farming and increase productivity are to be enhanced. The FAO reports, for example, that in Nigeria an announcement by a marketing board that palm oil of a certain grade would receive a price

premium led to production of that grade being raised from 50 percent to 60 percent of the total in the following year.¹

As can be deduced from the foregoing, the task of agricultural marketing is a complex one. There are many facets to agricultural marketing, each one supportive of the others. To administer an agricultural marketing system successfully requires that one understands clearly how the various parts of this system are interrelated. Instructions or actions directed at each one part of this system must be aware of their consequences on the remaining parts of the system, in order to achieve the overall objectives of agricultural marketing. To direct a marketing board to purchase vegetables brought to its buying depots by farmers, while at the same time some ministry is turning down the board's application for funds to enable it to construct depots for the storage of vegetables, would lead to losses on the part of the board.² Such losses can make the board overcautious and reluctant to buy vegetables for fear of incurring losses for which it would be criticised. This reluctance to buy vegetables would in turn adversely affect the farmers' willingness to pursue vegetable growing. This would in turn

¹UN/FAO, Marketing: Its Role in Increasing Productivity (Basic Study no. 4), 1962, p. 9.

²Ocran reports that this happened to NAMBOARD in 1970. See, M. T. Ocran, "The Agricultural Marketing Boards: A Case Study of the Structure and Institutional Problems of Parastatal Bodies," University of Zambia, p. 24. (Mimeo.)

lead to a shortage of vegetables which would adversely affect the nutritional content of the diet of those who have to depend on food grown by someone else. Similarly, one cannot expect a marketing board to effectively buy farmers' produce if the board does not have adequate means of transport.¹

The complexity of agricultural marketing in a country like Zambia is compounded by other problems, one of which is the high rate of rural-urban migration. Between 1963 and 1969, for example, the percentage increase of urban population attributable to migration was 42.2 percent.² This means that the agricultural system is faced with a continuing rise in the demand for food. To this problem we have to add also the demanding tastes of a group of consumers. The large urban population, and within it the large expatriate population, demands higher quality of food which must be made available when needed. This increases the pressures that are directed at the agricultural marketing system, whose source of supply is thinly and widely spread.

For fruit supply, for example, bananas have to come all the way from Mununshi in the Luapula Province while

¹This author found complaints about lack of adequate transport a common feature for NAMBOARD in the Luapula and the Eastern Provinces in July and August 1976.

²Robert Bates, Patterns of Uneven Development: Causes and Consequences in Zambia (Denver, Col.: University of Denver Press, 1974), p. 4.

pineapples have to come all the way from Mwinilunga in the North-Western Province, to be made available to the urban consumers of the Copperbelt, the Central and Lusaka Provinces. This movement of fruit involves hundreds of miles. In addressing itself to the need for effectiveness in instructions given to marketing boards, the second proposition of this study seeks to stress the importance of the complementarity of the various facets of agricultural marketing that we have so far identified. Failure to understand this can render agricultural marketing ineffective.

IMPORTANCE OF AGRICULTURAL MARKETING TO AGRICULTURAL DEVELOPMENT

Most developing countries have a large portion of their population living in rural areas. For them, there is no escaping the fact that an improvement in the living standards of the people will depend on agricultural development. The rural population has to be helped to produce beyond subsistence needs and the marketing system is of particular critical importance to a developing country committed to a programme of rural development. Production and marketing go together. There can be no sustained production for cash crops, unless facilities to market them exist. Even great improvements in the techniques of farming can be nullified by poor marketing. Conversely, it is no use establishing a marketing organisation unless there is a surplus or potential surplus produce to market.

At the subsistence level, conditions are such that each family unit must grow all its own food and satisfy its demands for housing, clothing, tools and all other requirements of living entirely from its own resources, irrespective of whether or not the natural and human environment is suited to all these types of production. On the other hand, when marketing facilities exist, they permit concentration on the easiest and most rewarding lines of endeavour. The products of specialisation in one area can then be exchanged advantageously for items which can be obtained more easily from elsewhere. We have two developments here: first, by concentrating effort on that which can be done most effectively, specialisation leads to higher productivity; second, because people and areas are mostly suited to different specialties, specialisation leads to diversified production. Now, in a situation in which producers of different products are able to sell their products to each other, and obtain with part of their own output more of other products than they could have produced themselves with the same efforts, all parties benefit from the transaction. Thus, improvement in marketing leads to an expansion in the volume of production and also in the volume of trade. This in turn raises the level of living of the people concerned and adds to the economic wealth of the community. In many developing countries, therefore, agricultural marketing is one of the most important prerequisites for a break through to a new way of life with higher standards of living.

Existence of an effective agricultural marketing system gives the farmer an assurance that after the harvest buyers will come who will, hopefully, pay remunerative prices for his produce in order to ship them perhaps to distant consumer concentrations. With this assurance, the farmer acquires the necessary incentive to produce more. It is essential that the existing marketing system be distributively effective. Only this will give the farmer the kind of assurance we are talking about. Lack of assurance that the farmer will be able to exchange his produce for his other needs can deter him from concentrating on profitable specialised production. The FAO reports that when peasants growing maize on the outskirts of Belgrade were asked why they did not take advantage of their proximity to the city to keep dairy cattle and sell milk, their reply was, "how could they be sure of getting the grain they needed throughout the year for their families?"¹

As a country becomes more commercialised, with an increasing proportion of its population living in towns, sound internal agricultural marketing machinery becomes essential for the satisfaction of basic food needs at reasonable prices. The provision of basic foodstuffs is a fundamental nutritional necessity and their cost and quality a major factor in consumer welfare. The ability of consumers

¹UN/FAO, Marketing: Its Role in Increasing Productivity, p. 9.

to work can be prejudiced if they cannot obtain the staple elements of their diet at a cost within their capacity to pay. Rising incomes in regions where the bulk of the population formerly lived at subsistence levels call for the development of effective agricultural marketing channels. More meat, fresh milk, fruits and vegetables, for example, "will be included in the average diet and higher standards of quality will be demanded. The furtherance of these trends and the consequent improvement of public health wait upon the development of market machinery able to convey perishable products from farm to consumer in unimpaired condition at a reasonable cost."¹

When agricultural products are the main source of the foreign exchange needed for the purchase of capital equipment and other essential imports, a sound agricultural marketing system is of critical importance. There is often competition for overseas markets. As competition for these markets intensifies, "a country's ability to make satisfactory sales may hinge upon improved grading and handling practices, speedy adaptation to changes in demand and use of transport, packing and presentation methods which minimise waste and bring produce to the consumer in an attractive form."²

The above observation attests to the importance of agricultural marketing. It is a sine qua non of sustained

¹UN/FAO, Marketing Problems and Improvement Programmes, p. 2.

²Ibid.

transformation of the rural community from subsistence standards of living to commercialised standards of living. An effective agricultural marketing system is also necessary for the improvement of productivity. Farmers, for example, need modern tools and improved seeds to increase the volume and quality of their produce. Producing for cash makes these things accessible to farmers but, in order for this situation to obtain, there must be a marketing system to buy farmers' produce. The part of the population not living on land needs foodstuffs that are nutritional, in order to be productive. An effective marketing system would be able to bring the required foodstuffs to this population and, by transmitting to the farmers information about the quality of food demanded, the marketing system helps in improving the quality of food produced for internal consumption as well as for overseas markets. Thus improvement in the quality of food produced leads to higher incomes not just for the farmers but for the country as well, when it engages in foreign trade.

STATUTORY MARKETING BOARDS AND AGRICULTURAL MARKETING

Agricultural marketing as we can deduce from the foregoing is not only important to agricultural development but is also a sensitive operation. It touches on food, which is a vital requirement for the survival of human beings, and is also a costly operation. The many facets of agricultural marketing that we looked at earlier in this chapter are all

costly operations. The consideration of cost brings us to the question of what institutions are best suitable for agricultural marketing.

There are many avenues of marketing agricultural produce to choose from. Private individuals can set up agricultural marketing organisations. Agricultural marketing can also be carried out through cooperatives. It can also be done by using parastatal institutions such as statutory boards, as is largely done in Zambia, or regular government departments. The choice of what avenue to use largely depends on local circumstances.

The Zambian circumstances are such that statutory boards are favoured. The slow decision-making process of regular government departments is usually found to be too inflexible for effective agricultural marketing. As is common in developing countries, private enterprise in Zambia is too weak to mount a successful agricultural marketing system. For Zambia, the difficulties posed for marketing by vast distances and poor communications are obvious. Any surplus production coming from places like Mongu, Kawambwa and Chipata would have to come hundreds of miles to markets within urban Zambia and might then have to be exported overseas--all on the resources of the producers themselves, if marketing is mainly in the hands of private enterprise.

Also, private enterprise poses a common danger in that private buyers normally confine themselves to operations in

the areas where their profits are highest and other difficulties the least. Production in the remoter areas faces a danger of being neglected if agricultural marketing is mainly placed in the hands of private enterprise.

Agricultural marketing through cooperatives has its own problems. Cooperatives in Zambia face problems arising from inadequate and insufficiently trained rural staff to manage them. They tend to be weak and inefficient.¹ Indeed, it would appear that until they are strong enough, marketing boards should principally handle agricultural marketing, with cooperatives working as agents of these organisations.

One other consideration that should be borne in mind is that certain crops, e.g. maize in Zambia, are so strategically important as to be the main staple crop that there is a plausible argument against leaving their marketing entirely to private enterprise or to weak cooperatives for inadequate supplies can lead to famine. In this situation, the relationship between production and prices becomes a matter of importance to the government. Leaving the marketing of a staple crop to the dictates of a free market (i.e., no fixing of prices by the government and where neither buyers nor sellers are so few or so powerful that they can exert decisive influences on prices), can threaten its production. If, for example, there is overproduction of

¹Ocran, "Towards a Jurisprudence," p. 52.

maize and profitable export opportunities are almost non-existent, consequent prices on the local market can fall so low as to threaten the maize industry as farmers react to the disincentive prices and cut down production. On the other hand, if there is underproduction, consumer prices may rise too high for many consumers and, since the crop is the staple food, its retail prices will have serious effects on the cost of living of the majority of the population. This can lead to serious political discontent. The discontent of the consumers, in a country like Zambia with a large urban population, is something which every government would try to avoid.

Similarly, when the crop is the main foreign exchange earner for the country, its marketing becomes one of utmost importance to the government. Such a crop tends to be the backbone of a country's development planning and it is in the government's interest to make sure that the produce gets into the world market with utmost speed and at the least cost.

In view of the above considerations, governments, especially of developing countries, have resorted to using the statutory marketing board. Statutory marketing boards were also used by colonial governments in Africa. Ocran tells us, "in Zambia, statutory boards did not, and do not, provide all the marketing facilities themselves. The idea has been that where private companies, cooperative societies

or any other agencies can perform the primary marketing functions efficiently, they can and should be employed under the umbrella of the statutory board."¹

Statutory marketing boards do not restrict their occurrence to African countries alone. As a matter of fact, the first marketing schemes backed by statutory powers of compulsion were introduced in Canada in 1927, and Australia.² These boards were a response to unsatisfactory attempts by some agricultural cooperatives to increase their bargaining power in face of falling prices for fruit in the 1920s. What happened was that when cooperatives stored part of their produce for marketing at a later date, they found that nonmembers profited most from any rise in prices that might result in that they sold their produce at higher prices without bearing any of the cost of storage. Nonmembers also gained most when cooperatives developed export markets because prices in local markets were low. As a response to this, farmers called for some form of government authority which would permit them to control the marketing of the whole crop. This demand gave rise to the produce marketing acts of the mid-twenties which provided that "where the majority of the producers of a commodity were willing and anxious

¹Ibid., p. 57.

²UN/FAO, Agricultural Marketing Boards: Their Establishment and Operation (Marketing Guide no. 5), 1966, p. 2.

to market collectively, they could compel the minority to do so also."¹

The departure from the tradition of leaving marketing channels and prices to the pressure of competition spread widely during the world depression of the early 1930s. Compulsory marketing schemes were applied to many agricultural products in Australia, New Zealand, Canada, the United Kingdom, the United States of America and South Africa, after the failure of voluntary attempts to maintain prices under the weight of excess supplies.² Governments introduced internal price-support schemes based upon subsidies, regulation of quantities sold and pooling of returns from internal and external markets. All producers were compelled to participate so that none could reap the benefits without sharing the burdens. The implementation of such schemes was charged to statutory marketing agencies which were granted necessary powers. After 1933 as the depression lifted, government intervention in agricultural marketing steadily gained ground. This was due to agricultural prices failing to recover to the same extent as those of industrial products. Also, world market prices fluctuated sharply.

Marketing boards were extended to Africa especially during or just after the Second World War when marketing

¹Ibid., p. 3.

²Ibid.

channels were disrupted. To protect the livelihood of farmers, but mostly to keep specialised industries alive, the government of the United Kingdom, for instance, underwrote the purchase of the cocoa crop of the British West Africa territories and set up the West African Cocoa Board to implement it. In 1942, a West African Produce Control Board was made responsible for the purchase of and sale of all the cocoa, palm oil and oilseed exportable surplus in the British West African territories.

What these wartime arrangements showed was the fact that organised marketing for producer welfare, and the interest of the whole country as a supplier of certain products to world markets could be helped by statutory monopoly marketing organisations for export products. After the war, West African countries resisted a return to prewar conditions of uncertain outlets and sharp price fluctuations. Marketing boards were set up to control the marketing of some of the most important export crops: cocoa in Ghana and Nigeria; coffee in the Ivory Coast, and groundnuts (peanuts) in Senegal and Nigeria. This development also extended to East Africa; thus there were boards to market coffee in Uganda and Kenya and cotton in Uganda. As we shall show later, this development as far as Zambia is concerned started with the creation of the Maize Control Board in 1936.

Basically, the nature of these marketing boards is such that the government "sets up a body which provides a

guaranteed market for certain products at a steady level of prices, when the products come up to certain standards of quality and quantity that the authorities may have set for them. The statutory body then markets these products itself or through agents at prices fixed by the controlling authority."¹ From the governments' point of view the advantage of statutory marketing boards over private institutions is that they can easily be controlled.

On the local market, the selling or consumer prices employed by the statutory board may deliberately be set in a manner that bears little relationship to supply and demand conditions. This may be done in order to reduce the cost of living, particularly in the urban areas. In this case, the government accepts the responsibility for meeting the losses arising out of the board's uneconomic price-fixing practices.

On the world market, on the other hand, it is the law of supply and demand and the relative strength of the producer and consumer nations which determine prices. In Africa, as Ocran observes, the producer country typically, if world prices are high, sells at prices far above those it pays its domestic producers, using the balance, hopefully, as a development surplus for the agricultural industry. The thorny issue in the relationship between the producer and the statutory marketing boards in general is the fixing of

¹Ocran, "Towards a Jurisprudence," p. 57.

producer prices, especially when the boards have the monopoly over the buying of the producer's products. Under free competition, the producer may be able to sell his products at prices higher than those at which the board compulsorily acquires these products. However, very low producer prices can also occur at any time. It is the possibility of "cashing in" on unfortunate harvest seasons that always produces some grumbling among producers against price stipulations. It is, however, important at the local level to provide at least an incentive price--the minimum price which is likely to encourage the producer to increase his production.

Statutory marketing boards provide a guaranteed market for agricultural products. It is the view of many policy makers that stable prices and a guaranteed market are essential to the success of rural development. In a relatively weak and immature economy, it is argued, there is a need "to cushion producers from undue shocks, whether resulting from changes in overseas demand or from such internal causes as droughts, floods and diseases; and that statutory boards are the best way of handling these and related problems, at least for the time being."¹

What we have done in this chapter is discuss the nature of agricultural marketing and its importance to agricultural development. We have also discussed why statutory

¹Ibid., p. 60.

agricultural marketing boards, which are the subject of this study, have been chosen as the principal channels of agricultural marketing, in developing countries in general, and in Zambia in particular. Having done this, we shall in the next chapter turn our attention to the special circumstances surrounding agricultural policy in Zambia and also to the nature of the agricultural pricing policies employed before and after Independence.

CHAPTER 2

ECONOMIC ACTIVITY AND AGRICULTURAL POLICY IN ZAMBIA BEFORE AND AFTER INDEPENDENCE

SOME DEMOGRAPHIC, GEOGRAPHICAL, HISTORICAL AND POLITICAL FACTS

Before addressing ourselves to the economic activity and agricultural policy followed before and since Independence in Zambia, we propose to look briefly at some demographic, historical, geographical and political facts about the country as these have a bearing on its economic and agricultural attributes. The country is three times the size of Britain and has no navigable rivers. Its population was estimated at 4,695,000 with an annual growth rate of 3 percent for the 1969-74 period.¹ A large proportion of this population (i.e., 35%) lives in towns, with the largest urban conglomeration lying to the north of the capital, Lusaka, in the Copperbelt, bordering the Shaba Province of Zaire. Off the north-south railway line, towns are small. Geographically, Zambia is situated between latitudes 8° 50' and 18° south of the equator and between longitudes 22° and 33° 50'

¹Zambia, Central Statistical Office, Monthly Digest of Statistics, July/August 1976 (Lusaka: Government Printer, 1976), p. 2.

east. It shares borders with Zaire, Angola, Namibia, Botswana, Zimbabwe (Rhodesia), Mozambique, Malawi and Tanzania.

Zambia's lack of a seaboard has imposed high transportation costs on her economic activity. For many years, Zambia's only outlet to the outside world ran through hostile countries to the south. After Independence, this was found unacceptable; but building new routes has diverted resources from other pressing projects.

Zambia's climate is a modified three-season or Sudanian type, with a warm wet season from mid-November to April, a cool dry season from May to August and a hot dry season from September to November.¹ Over most of the country, there is a single peak of rainfall in January but in the extreme north two peaks in December and March sometimes occur. The mean annual rainfall increases from the south towards the north and northwest of the country, from 700 mm. in the middle of the Zambezi valley to over 1,400 mm. in some northern and northwestern areas. The variability of rainfall from season to season, and also of the distribution of rainfall within each season, increases as the mean total decreases. Mean daily maximum temperatures range from around 25°C in July to around 32.5°C in October. Temperatures fall rapidly at night during the cool dry season and some areas in the southern half of the country experience a few occurrences of frost

¹See, J. E. Bessel and M. G. Daplyn, Dairying in Zambia: The Commercial Sector, UNZAMI Bulletin no. 1 (Nottingham: University of Nottingham Press, 1976), pp. 1-5.

each year. For Zambia, water availability does not pose serious problems for agricultural activity and, for the most part, agricultural activity is not hindered by weather extremes.

The predominant vegetation type is woodland. The forest is confined to a few areas in the north and west of the country, with extensive natural grasslands occurring only in swamp and flood-plain areas which are too wet for trees. In addition to these grasslands there are discontinuous smaller areas of grassland on dambos which are particularly useful for cattle grazing.

Soils of high potential for cultivation are widespread in the Southern and Central Provinces and in the eastern half of the Eastern Province. Much of the remainder of the country has soil which is subjected to leaching and therefore requires heavy fertilizer input for long-term cultivation. The climate and soils of Zambia (except for Barotse sands areas) permit cultivation of most tropical and subtropical crops. Exceptions are crops like cocoa and rubber which require constant high temperatures and humidity.

Tsetse flies and typanosomiasis are widespread in Zambia and over half of the country is affected to some degree. Major tsetse-free areas are the southeastern part of Eastern Province, a corridor from Livingstone to the Copperbelt, most of Western Province and part of Northern Province adjoining the Tanzanian and Malawi borders.

Cattle rearing is therefore confined to these areas. Moreover, the conjunction of good soils with freedom from tsetse fly, proximity to markets and relatively good communications led to a concentration of agricultural activity along the line of rail. The other area of intense agricultural activity is the Eastern Province, particularly the area around Chipata. As can be observed, there are few natural hindrances to agricultural activity in Zambia.

Outside of agriculture and tertiary services, economic activity in Zambia, as we shall show later in this chapter, has concentrated on mining, particularly copper mining. Before October 24, 1964, the day Zambia gained independence from Britain; the country was known as Northern Rhodesia. The period before October 24, 1964 is therefore referred to in this study as "before Independence" period or the colonial period, and the period after is referred to as the "post-Independence" period.

Northern Rhodesia's first experience of white rule was at the hands of the chartered British South African Company (the B.S.A.). The B.S.A. Company obtained powers of direct administration over the area north of the Zambezi river in 1899, from the British government, and administered the area until 1924, when the company ceded the administration of Northern Rhodesia, because of running costs, to the British Colonial Office. For having administered Northern Rhodesia on behalf of the British government, the B.S.A.

Company, according to the British government ruling, was to receive one-half of all net revenue from the sale of lands in one-half of Northern Rhodesia, known as the Northwestern Rhodesia, excepting Barotseland. Later, we shall show how this affected agricultural policy before Independence. The company would also retain mineral rights (the company had directed all prospecting for minerals in the area) for ever. These rights were withdrawn and compensation paid when the country became independent.

From 1924, Northern Rhodesia was administered by the Colonial Office which took over most of the administrative features developed by the B.S.A. Company. In 1953, as a result of demands by the white community in Central Africa, and despite African protests, Northern Rhodesia was made part of the Federation of Rhodesia and Nyasaland, comprising Northern Rhodesia, Southern Rhodesia and Nyasaland. It was hoped that this move would effectively bring Northern Rhodesia's copper industry under the control of the white community by bringing Northern Rhodesia closer to Southern Rhodesia's repressive settler policies, and stifle African advancement.

Northern Rhodesia had her first African majority-controlled government on December 15, 1962. It was a coalition government formed by the two nationalist political parties, the United National Independence Party (UNIP) led by Dr. Kenneth Kaunda, and the African National Congress (ANC)

led by Mr. Harry Nkumbula. The other party to the government was the British Colonial Office itself through its appointed officials. This government pulled Northern Rhodesia out of the Federation on December 31, 1963. It also negotiated for a constitution which paved the way for the country's Independence on October 24, 1964 under the leadership of Dr. Kaunda's UNIP, which had been elected to power in the January 1964 elections; UNIP has been in power ever since.

We mention all these political developments because changing governments have meant changing economic and agricultural policies for the country. In discussing economic activity and agricultural policy in the pre-Independence period, we shall seek to show the kind of economic development which the pre-Independence era produced and which the nationalist government inherited. Our discussion of economic activity and agricultural policy in Zambia after Independence will seek to show the reaction of the nationalist government to the kind of situation that it inherited on Independence Day.

A HISTORICAL ACCOUNT OF ECONOMIC ACTIVITY IN ZAMBIA BEFORE INDEPENDENCE

Central to the economy of Zambia's pre-Independence days was the fact that Northern Rhodesian colonialism was an extension of the white-dominated South. South Africa and Southern Rhodesia were the source of most of Northern Rhodesia's

white immigrants. Also, it was through Southern Rhodesia that Northern Rhodesia's first railway outlet to the sea ran. This line of rail, constructed shortly after the B.S.A. Company was given power to administer the area north of the Zambezi river, was, as Baldwin says, the artery of European economic activity.¹ Most Europeans lived either along or very close to this line of rail. The railway reached the town of Livingstone in 1905 and the mining town of Broken Hill in 1906. In 1909, it reached the Congo border. Except for one macadam-all weather road, once again running from the south to the Congo border, the railway was the only reliable means of transportation in the country for many years. Thus, from the beginning, Northern Rhodesia's economy was tied to the economies of Southern Rhodesia and South Africa.

To start with, the main economic activity undertaken by Europeans was agriculture. According to Baldwin, one-third of the European males listing an occupation in the 1921 census were farmers, and most of these lived along the line of rail, south and north of Lusaka.² They mainly cultivated maize which they exported to the copper mines in the Congo. Other sources of European farm income were cattle,

¹R. E. Baldwin, Economic Development and Export Growth: A Study of Northern Rhodesia, 1920-1960 (Berkeley: University of California Press, 1966), p. 17.

²Ibid., p. 18.

garden crops and groundnuts. Outside the line of rail the only significant European farming area was around Fort Jameson which in 1921 had thirty tobacco growers. In the latter area, transportation difficulties were considerable and only a product of high value in terms of its weight, such as tobacco, was profitable because it had to be sent by motor vehicles to Nyasaland, a distance of three hundred miles, from where it was railed to Muraco in Mozambique, carried by barge across the Zambezi and then, finally, sent by rail to the port of Beira, also in Mozambique.

Outside of agriculture, tertiary activities, mainly administration and defence, transportation, trade and services represented the main category of economic activity for Europeans. By the 1920s, a significant number of Africans participated at lower levels in these European-directed and -financed economic activities, mainly due to the labour migration system under which Africans sought employment for short periods on European farms or in urban areas. Baldwin reported that in 1921 36,000 African men worked for wages. The main forms of African employment were: farm labourers 38.5 percent, domestic servants 10 percent, mine labourers 7 percent, railway workers 3.9 percent, and carriers and porters 3.4 percent.¹ Africans also accepted jobs in Southern Rhodesia and Katanga. An important reason for African migration was the introduction of poll tax in 1900

¹Ibid., p. 19.

which forced Africans into European-directed and -financed economic activities to earn the cash with which to pay poll tax.¹

For the most part, however, the African population was left to its subsistence economy. This was especially so for the African population in areas off the line of rail. In these areas, traditional modes of agriculture (e.g., the chitemene system in the north, and hoe cultivation in the south) continued to dominate. Cattle raising was restricted to the four main fly-free areas, namely, most of Barotseland, the region flanking the railway line from Livingstone to Broken Hill, the area around Fort Jameson, and a region running along the Tanganyika border near Abercorn. One other economic activity pursued by Africans was fishing, which was centered along the Luapula river and around lakes Mweru and Bangweulu, and had its market outlets in the copper mines of Katanga. It was estimated that in 1936 800 tons of dried fish were exported to the Congo.² A small fishing industry had also developed on the Kafue river near the railway.

The transformation of Northern Rhodesia's economy began in the late 1920s but increased dramatically during

¹L. H. Gann, A History of Northern Rhodesia: Early Days to 1953 (London: Chatto and Windus, 1964), p. 103.

²Baldwin, Economic Development, p. 28.

and after the Second World War. Copper mining had a lot to do with this transformation. The existence of copper in Northern Rhodesia was known for a long time; indeed, for centuries Africans in Northern Rhodesia had worked copper deposits and had used copper as a medium of exchange. For its part, the B.S.A. Company had been encouraging prospecting for minerals in Northern Rhodesia since 1899. Despite this, Northern Rhodesia in the early 1920s benefited relatively little from copper discoveries as production was neglected in favour of the much more profitable (in terms of the processing techniques familiar at the time) mines in the Congo. The picture changed in 1925 due to the intensive copper exploration which began that year, and also due to the rise in the copper prices in the late 1920s. The output of Northern Rhodesian mines rose from a negligible quantity in 1930 to 138,000 tons in 1934, and in 1943 production reached 251,000 long tons. In 1954, the output rose to 379,000 tons, so that in 1960 Northern Rhodesian copper production was exceeded only by that of the U.S. which recorded an output of 1,100,000 long tons.¹

This development led to the much talked about dominance of the Zambian economy by copper. For example, an average of 46.5 percent of the territory's gross domestic product originated in the copper industry between 1954 and 1961. Between 1945 and 1953, copper exports accounted for an average of

¹Ibid., p. 32.

86.5 percent of the value of all exports.¹ The copper industry changed Northern Rhodesia from what Anthony Martin described as a stagnant economy into a rapidly growing one.² Unfortunately, this development has been confined largely to a small area of the country--the urban centers.

It is to the pattern of investments, which revolved largely around copper and its related industry, that one can trace the origin of the differential between the line of rail and the rest of the country. The B.S.A. Company, which held monopoly rights to the construction of railways in the British Central and Southern Africa, also held monopoly rights to the minerals in that area. It was because of this dual monopoly that the company found it profitable to invest in the extension of a railway link to Broken Hill where lead and zinc mining had been developed in the early 1900s. Before the line of rail reached Broken Hill, which was itself partly owned by the B.S.A. Company, mining at Broken Hill was hindered by lack of transport. With the extension of the rail, the B.S.A. Company as a major shareholder in the companies which controlled the two industries, mining and railway, "was in a position to capture both the benefits to the mines from the provision of rail transport and the

¹Ibid., p. 36.

²A. Martin, Minding Their Own Business: Zambia's Struggle Against Western Control (Harmondsworth: Penguin Books, 1972), p. 29.

benefits to the railways of the demand for transportation services from the mines."¹

The mining industry also necessitated investments into agriculture, which, as we observed above, developed for the most part along the line of rail. In the 1920s, the principal agricultural products were maize and beef cattle, first produced for consumption in Katanga but later for consumption in the Northern Rhodesian mining area. The significant point to note is that it was the mine market which consumed the major share of the agricultural produce. According to Baldwin, for example, in 1937 the mines purchased 80 percent of the total beef consumed in the country. The mines, therefore, stimulated demand for food and gave the initial impetus to the formation of commercial agriculture.

As in the case of investments in agriculture, the mining sector's demand for energy led to investments in this field. Indeed, one of the primary concerns for the construction of the railway was to provide the mines access to the Wankie coal in Southern Rhodesia, but soon Wankie collieries proved insufficient to meet the needs of mining companies in Northern Rhodesia. Alternative sources of energy had to be found. Thus, in 1925 the mining companies invested in the hydroelectric facility at the Mulungushi river; this was

¹R. H. Bates, Patterns of Uneven Development: Causes and Consequences in Zambia (Denver, Col.: University of Denver Press, 1974), p. 5.

followed by investments into a dam construction at Lusemfwu during the Second World War. This investment was soon followed by heavy investments into the Kariba Hydroelectric Scheme which, on its completion in 1958, sold over 60 percent of its output to the mines.¹

The creation of new hydroelectric capacity in Northern Rhodesia in turn made investments in the cement industry profitable. Indeed, many other economic activities, e.g., engineering services, construction and mechanical repair firms, and manufacturing of steel and metal products, chemicals and wearing apparel, had their development dominated largely by the needs of the mining industry, which was itself confined to only a small part of the country--the urban centres.

This situation led to a concentration of economic activity of the monetary kind on areas along the line of rail. The B.S.A. Company and later the colonial government did little to change this pattern of investment, and could not, therefore, spread economic development to areas outside the urban centres. To consolidate this situation, public expenditure unfortunately followed the pattern of private expenditure. The government's social expenditures were also biased in favour of the urban areas and, more so, in favour of the European community. Thus, whereas the absolute amount of the capital expenditure programme increased by a factor of four, when the 1947 Ten Year Development Plan was revised in

¹Ibid., p. 7.

1953, the amounts aimed at the African rural dweller declined. Bates reported that not counting loans to local authorities, "the amount unambiguously assigned to the rural sector fell from £4.6 million to £2.9m., even counting those payments, the rural dwellers' unambiguous share of the proposed capital expenditure fell from 33.4 to 15.4 per cent of the total appropriations."¹

The main cause of the proportionate decline in rural expenditures was the vast increase in the planned expenditures on economic infrastructure for the urban industrial economy. The relative decline in rural expenditure was also caused by the increase in funds for the provision of social services to urban dwellers. As Bates once again reported, "there were vast increases in spending in African housing-expenditures made only in urban townships and compounds and never in the villages; slight increases in expenditure on water development; and for the first time significant expenditures on public utilities."² This emphasis, in the pattern of public expenditures, on improving the quality of life in the urban areas, had one significant consequence, enlarging the disparity in the standards of living between the urban and the rural areas, brought about by the pattern of private investment. We therefore have a situation in which the pattern

¹Ibid., p. 11.

²Ibid., p. 12.

of public investment complemented the investment made by private entrepreneurs. Just like the expenditures of private investors, public allocations also went to the area of highest return, the urban areas. Within the urban areas themselves, public expenditures were heavily weighted in favour of the European community in all spheres.¹

AGRICULTURAL POLICY IN THE COLONIAL ERA

No developmental goals were spelled out until the formulation of the Ten Year Plan, 1947-56. The plan, which was revised several times, was the result of directives from the Colonial Office.² In the original plan, no specific goals were set for the agricultural sector. Shortly, however, three short-term goals were superimposed upon the longer run objectives of the plan. These were: (1) increased food production; (2) more European and African housing; and (3) improved roads.³

Under the objective of increased food production there emerged three subgoals. We observe, for example, that in the 1950 review of the plan, the Development Authority spelled out

¹See Baldwin, Economic Development, pp. 40-57, for a full discussion.

²D. L. Dresang, "The Zambia Civil Service: Study in Development Administration" (Ph.D. thesis, University of Wisconsin, 1971), p. 49.

³Northern Rhodesia, Development Authority, Review of the Ten Year Development Plan of Northern Rhodesia (Lusaka: Government Printer, 1948), p. 3.

self-sufficiency in food production and a "more balanced economy" in the Territory, as being the goals of the agricultural policy.¹ In the 1951 review, the Development Authority referred to the "introduction of economic crops and social amenities to discourage the drift to the towns either to buy money or to seek excitement."² Thus, as it developed gradually colonial agricultural policy sought:

1. self-sufficiency in food production;
2. a balanced economy;
3. improvement of incomes in rural areas to make rural life attractive through introduction of cash crops.

However, throughout the colonial period, the government's implicit assumption seemed to be that agricultural policy should be implemented by concentrating services on the white commercial farmers. This was the policy which had the single greatest implication for African rural dwellers.

As stated above, agricultural development after the late 1920s was viewed mainly as an ancilliary to mining. From the outset two alternative approaches for developing agriculture were possible. The government could rely on the African population to supply agricultural products, or could encourage the immigration of European farmers. The latter

¹ Northern Rhodesia, Development Authority, Report of the Development Authority for the Year 1950 (Lusaka: Government Printer, 1951), p. 6.

² Northern Rhodesia, Development Authority, Second Review of the Ten Year Development Plan of Northern Rhodesia (Lusaka: Government Printer, 1951), p. 6.

alternative was preferred. There were two aspects to this policy.¹

1. The policy aimed largely at providing services to the commercial farmers, largely European and along the line of rail, and thus enabled them to realise a higher rate of return on their farming than was allowed to anyone else.

2. As far as the policy touched the subsistence farmer off the line of rail, it did so in a way aimed at discouraging his development into a farmer whose rate of return offered a standard of living commensurate with what he could obtain in the urban sector.

To examine this policy, we shall look into how it was translated into actions involving land policy, credit and extension, and marketing services.

Land Policy

It goes without saying that, to ensure farming improvements, rights over land must be clearly and enforceably vested. Secondly, it is now an accepted practice that to secure capital flows from commercial sources, risks to creditors must be minimised by using land titles stating the enforceability of land rights.

The B.S.A. Company had by means of a series of treaties in the 1890s with native chiefs, claimed to have secured land rights over the entire territory with the

¹Bates, Patterns of Uneven Development, p. 12.

exception of Barotseland. As a result of these dubious treaties, the Company claimed authority to alienate any land outside Barotseland to European settlers. Africans occupying land which the B.S.A. Company felt should be given to European settlers were just obliged to move. The area along which the line of rail passes, as we noted above, possesses especially fertile soils, as a result of which it was alienated and set aside mostly for use by European commercial farmers, who were or were to be attracted by the B.S.A. Company for farming ventures. The other areas set aside for European settlement were the area around Chipata and the area around Mbala. By 1927, according to Robin Palmer, 12 million acres of land--about 6.5 percent of the total land--were set aside for European settlement. Of these, only 70,000 acres were actually being cultivated.¹ The Africans found on the land given to immigrants were resettled on other land.² The point to note here is that enforceable land titles involving good land went to immigrant white farmers, who could use their land titles as collateral in their applications for credit.

As far as the land policy touched the Africans, the government's attitude was simply that of maintaining the

¹Robin Palmer, ed., "Zambia Land and Labour Studies," Vol. 1. National Archives Occasional Paper No. 2 (Lusaka: National Archives, 1973), p. 56.

²Baldwin, Economic Development, p. 146.

status quo of native agricultural production. Thus indeed, the procedure followed in the establishment of native reserves in 1928-29 was to determine the number of acres used at the time by a particular tribe for agricultural purposes, and then to assign to the tribe an area sufficient to satisfy its current land requirements. The policy aimed at maintaining African agricultural income at its existing level rather than at providing sufficient land to farm successfully under modern agricultural techniques. Indeed, Baldwin notes that the decisions taken to enlarge the reserves in Abercorn and Fort Jameson districts in 1938 and 1941 respectively, were taken only because of population pressures in these regions.¹ The popular thinking in government circles was that since Africans periodically moved their villages, a programme of resettlement would not work undue hardship on them.

In concluding our observation on the colonial land policy, let us note that as far as the government was concerned, it was only by European immigration that the market demand from the mines for foodstuffs could be satisfied from domestic production. The best land, especially the best land which was close to the means of transportation, was therefore given to European immigrant farmers. Baldwin quoted a secretary for Native Affairs telling a tribal chief, "you are very

¹Ibid., p. 146.

close to the railway. Now the railway is necessary to the white farmer but the natives do not make use of it, nor do they feel the want of it."¹ This kind of thinking gives us an insight into the government's bias in favour of developing European agriculture, while ill-preparing the Africans to seize the initial market opportunities created by mining expansion.

Credit and Extension Services

Here too, the European farmer was favoured over the African. Taking credit first, even as late as July 1964, the Land and Agricultural Bank, a statutory government agency which provided credit to farmers, was lending almost exclusively to farmers who could offer security, primarily individually owned land. The Land and Agricultural Bank was therefore a service agency primarily for European commercial farmers. The white farmers' fixed assets and titles also endeared them to the loan services provided by the commercial banks. Living in reserves where land was communally owned, the African farmer could not furnish the collateral which credit institutions asked for before giving out loans. He was therefore effectively barred from the credit facility.

The bias in favour of the white farmer over the African farmer did not end with land and credit policies but also extended to research and extension services. These

¹Ibid., p. 147.

services were provided by the government but were concentrated in the central region of the country. Research facilities were situated in Mazabuka, Monze, Mount Makulu, Lusaka, and Salisbury (S. Rhodesia), all of which are centers along the line of rail, the preserve of white commercial farmers.

These centers investigated crop rotation, fertilizer application, pest controls and hybridization. But as Bates notes, few were the instances when these research centers extensively investigated the "applicability of the techniques they provided, to the soil types, climate conditions, and methods of production characteristic of the farming areas off the line of rail and even where the results were transferable--as with the important innovation of a hybrid maize in the mid-1950s--the innovations diffused at a much slower rate to the small scale farmer, for the extension staff were concentrated in the areas of higher agricultural production."¹ Thus, in the words of Dennis Lee Dresang, "governmental efforts to increase agricultural production did not extend beyond the European community."²

Agricultural Marketing Services

From Baldwin we learn that not even the severe limitation imposed by the small amount of land available to Africans near the railway could by itself remove the

¹Bates, Patterns of Uneven Development, p. 14.

²Dresang, "The Zambian Civil Service," p. 42.

possibility of a sizeable African participation in agricultural marketing, particularly maize marketing. In 1930, African producers sold about 30,000 bags to traders, but by 1935, the figure had risen to 100,000. In contrast, European output for sale increased only from 168,000 bags to 211,000 bags between these years.¹

As long as domestic production was insufficient to meet the internal demand at the prevailing prices, the rise in African share of the market did not worry European farmers. However, this attitude was soon to change drastically at the beginning of the 1930s due to the slump in copper prices. There arose, as a result of this slump, much fear among European farmers that they would be driven off their land by African competition. As the price of maize fell from nine shillings per bag to six shillings per bag in 1932, it was estimated that a farmer on a 500-acre farm would require a yield of eight bags per acre to earn £ 300 per year. The average European yield per acre was only 4.5 bags in 1931.² Thus the weakness of European agriculture was recognised, as was also the growth potential of African maize production.

The fear among European farmers with regard to the marketing of maize also extended to the marketing of cattle. As Baldwin reported, "in the marketing of cattle, Europeans

¹Baldwin, Economic Development, p. 150.

²Ibid., p. 151.

were also faced with African competition. As was the case with maize, the internal market for cattle declined sharply in the early thirties, while the African share of the market increased: in 1928, the native market share was 50%, in 1936, 67%.¹ To add to these developments, the capturing of the Congo market by Southern Rhodesia weakened all the more the position of European farmers. The attempts which were made in 1931 on a voluntary basis to maintain livestock prices did not succeed, and sales at prices below the agreed levels were common.

It was in the context of this environment, an environment pregnant with insecurity for the already favoured European farmers, that agricultural marketing services by the colonial government were begun in Northern Rhodesia. As was the case with land, credit and extension services, the marketing policy which was started also favoured the European farmer, just as much as it stifled the African farmer. The Maize Control Ordinance enacted in 1936 established the Maize Control Board and gave it power to purchase and sell all maize at fixed prices. It was clearly the insecurity of the European farmer which prompted the establishment of the Maize Control Board--as indicated by the statement of the board's chairman in 1953 that the board was "created to secure to the European growers of maize, a proportion of the

¹Ibid., p. 153.

internal market at a time when over production was threatened and the export price was very little more than three shillings a bag.¹

In keeping with the policy of favouring European farmers, the maize market was separated into an internal pool and an export pool. Domestic price was set above the international price. Any surplus above internal sales would be dumped onto the export market. African producers were allocated one-quarter of the internal pool, three-quarters of which was allocated to the European producers. If and when the deliveries of either group fell short of its domestic quota, the other group was permitted to supply and to receive credit for the unfulfilled part of the quota, otherwise any production on the part of either group, in excess of its assigned quotas, would be thrown onto the international market where it fetched a lower price. We shall discuss the Maize Control Board at length in chapter 3. Let us just add, at this juncture, that a subsidy programme was actually used to favour European farmers at the time that a levy was imposed on African farmers even though both African and European farmers produced the same quality of maize.²

European farmers' fears with regard to the marketing of cattle led to the establishment of the Cattle Marketing and Control Board in 1937. The board was given the power to fix

¹Quoted in *ibid.*, p. 155.

²*Ibid.*, p. 157.

minimum prices below which livestock sales were illegal.

In the case of cattle marketing, differentiation between European and African producers was easier than it was in maize marketing. All the board did was to raise the producer price of prime cattle which were reared by European farmers. Between 1937 and 1956, this price rose by 460 per cent.¹ In contrast, low prices were maintained for "poorer quality beef," mostly reared by Africans. Thus compound grade cattle, the lowest grade, sold for only 200 percent more per 100 pounds in 1956 than in 1937. As a result of such manipulations, the relative market supply offered by African producers fell from 63 percent in 1944 to 44 percent in 1960.

In the postwar colonial period, some attempt was made to assist the development of African agriculture.

Three schemes were introduced for this purpose,² namely:

1. The African Improved Farmer Scheme;
2. The Peasant Farming Programme; and
3. The Intensive Rural Development Programme.

We shall discuss these schemes below.

¹Ibid., p. 158.

²For a discussion of these schemes, see D. J. Dodge, Agricultural Policy and Performance in Zambia: History, Prospects, and Proposals for Change (Berkeley: University of California Press, 1977), pp. 23-30; Baldwin, Economic Development, pp. 165-167.

The African Improved Farmer Scheme

This scheme was first introduced in the 1946/47 crop season in the Southern Province and was extended to the Central Province in 1952. Under it, some African farmers were provided with economic incentives to accept change. The farmers who participated in the scheme were required to use a recommended crop rotation system, expected to adopt fallows and maintain any soil conservation works constructed by the Ministry of Agriculture.

In return, participating farmers received more for their maize than the nonparticipating or unimproved farmers. In the first year of the scheme, for example, improved farmers received K2.20 per bag for their maize compared with K1.80 which unimproved farmers received. The money which was withheld from unimproved farmers was put into a fund used for price stabilisation and the financing of soil erosion measures. In 1948, the system of price differentials was dropped and an acreage bonus was introduced instead. Dodge estimates that even in the Southern Province where the scheme started, the number of Africans participating was less than 5 percent of those occupying land in the maize areas and only about 10 percent of the maize sold to the Maize Control Board was produced by participating farmers.

As we shall find out when we examine the operations of the Maize Control Board, the difference between the maize prices obtained by African (who received less) and European

farmers went to the African Farming Improvement Fund. This fund was created to finance bonuses and subsidies to improved farmers, soil conservation works, storage and marketing facilities and equipment. Thus African farmers made a substantial contribution to the financing of general improvements. Moreover, since improved farmers received more for their maize than did the unimproved farmers, and since on top of this, improved farmers were provided with more services, the unimproved farmer in effect subsidized the improved farmers.

The one significant achievement of the African Improved Farmer Scheme was the extension of marketing services to African farmers in the Southern and Central Provinces. A full-time officer to buy African produce was appointed in 1950 and, on the recommendation of the African Farming Improvement Fund, the Maize Control Board provided and operated rural depots in the two provinces, starting with the Southern Province in the 1951/52 intake season, and the Central Province in the following year.

As regards the overall performance of the African Improved Farmer Scheme, it is ironical that there was no evidence that the improved farmer scheme resulted in higher maize yields. Dodge and Baldwin reported that in the Central Province, the average per acre yield was actually higher for unimproved farmers than it was for improved farmers. Due to crop rotation, improved farmers could only plant half of the

acreage in maize, the other half being partly planted with legumes and partly with green manure which had to be ploughed in. This explains the low yields. In the Southern Province, where improved farmers had a slightly higher yield than unimproved farmers, the explanation given is that farmers there were better educated, possessed large farms and had greater access to implements.¹

On the African Improved Farmer Scheme, one cannot escape taking note of Baldwin's conclusion that it paid the improved farmers individually to join the scheme because of the bonus, but "from a national viewpoint the subsidy may not have resulted in any greater output, especially when the output-depressing effect of the levy on unimproved farmers is taken into account."²

The Peasant Farming Programme

This programme was started in 1948 and was aimed at creating permanent African farming communities on a tenant-farming basis on the land held by the Native Authority. The government cleared blocks of land and picked volunteers for settlement. Each volunteer was given a small amount of interest-free loan capital with which to buy oxen, equipment and other farming requisites. The programme was operated primarily in the Eastern Province with a few farms in the

¹Dodge, Agricultural Policy, p. 25.

²Baldwin, Economic Development, p. 167.

other provinces. The money financing this programme came from the Colonial Development and Welfare Organisation in England.

This programme too was a failure. Baldwin reported that the programme put emphasis on trying to make the African farmer adopt modern European practices and it "seemed to be based more on physical conditions in the European areas than on economic conditions in the rural sector. . . . Attempts to raise agricultural income would have been more successful if there had been greater efforts made to provide better marketing and transport facilities."¹

The Intensive Rural Development Programme

Financed by the Rhodesian Selection Trust Copper Company, this programme was designed for the Northern and the Luapula Provinces and started in 1956. The Rhodesian Selection Trust Copper Company lent the government K4 million, interest free, to encourage rural development in the areas from which it drew much of the labour. The programme was provoked by mounting unemployment in the urban areas. We learn from Dodge that the most notable scheme under this programme was the Mungwi Agricultural Settlement and Training Scheme.² The objectives of the programme were:

¹Ibid., p. 203.

²Dodge, Agricultural Policy, p. 28.

1. to develop and demonstrate a system of settled farming to displace the chitemene system;

2. to establish a modern township with urban amenities to attract people back to the Northern and the Luapula Provinces who had become accustomed to urban life.

The Mungwi scheme was a failure. After two and a half years of existence only ten trainees had been settled on block farms and after six years a cropping system to serve as a sound basis for a settled agricultural pattern had not been found, and the original crop rotation had failed. Dodge also suggests that little prior research was carried out to determine the economic feasibility of the programmes. This is attested to by the fact that the soils in the area chosen as the site for the group farm had limited agricultural potential. Above all, else, this programme, like the Peasant Farming Programme, relied far too much on the adoption of modern European practices without taking local circumstances into account.

To summarise, the agricultural policy of the colonial era in Northern Rhodesia was based on the implicit premise that European farmers were entitled to a preferential treatment. Well before they provided competition to European producers, African producers were removed from most of the best agricultural land, especially along the line of rail. When African farmers showed ability to respond to marketing incentives, contrary to European expectations and in spite of

the hardships they were thrown into, the government introduced controls which were clearly designed to give preference to European farmers. The postwar colonial programmes for African agriculture, as we observed, lacked a lot of requirements and their failure was not surprising.

We have chosen to go briefly through the history of economic activity in Northern Rhodesia so that we can better appreciate the kind of situation which the nationalist government inherited in October 1964. The problems and prospects of Zambia at the time of her Independence were, by and large, products of the policies which had been followed during the colonial era. Let us at this juncture deal with the features of Zambia's economy at Independence.

ZAMBIA AT INDEPENDENCE

Charles Elliott wrote in 1971 that "an appreciation of the structure of Zambia's economy inevitably begins with emphasis upon the dominant position occupied by the copper industry."¹ In the section above we state that from the very early days copper became the prime mover of the economy. Other industries were started, largely as ancillaries to the copper mining industry. At Independence, the dominance of copper had still not been challenged. Thus in 1964 copper, along with cobalt, provided 47 percent of Zambia's Gross Domestic

¹Charles Elliott, ed., Constraints on the Economic Development of Zambia (Nairobi: Oxford University Press, 1971), p. 3.

Product at factor cost. As far as the country's value of exports was concerned, it was mining which provided 92 percent of the value of exports. Mining also contributed 53 percent of the government's revenue and absorbed 18 percent of African labour.¹

The new government of Dr. Kaunda viewed this reliance on one resource with a great deal of concern, and at a later stage in this chapter, we shall mention the UNIP Government's response to this situation. Suffice it to say that the dangers posed by dependence on one resource are familiar. It is realised, for example, that Zambia does not control the price of copper and that copper is an exhaustible resource. A fall in the price of copper entails a reduction in Zambia's foreign exchange earnings which, in turn, would lead to Zambia's inability to purchase some of the goods it needs from abroad. This situation can lead to a great deal of stress in the political system. Zambia would therefore like to have other resources to fall back on in the event of copper failing to deliver the goods it has traditionally delivered.

The mining industry led to the rise of urban centers. With one-third of its population living in towns, Zambia must be among the most urbanised countries in Africa. Unfortunately for Zambia, her urban centers are surrounded by a countryside which, as we have shown, was economically

¹Ibid.

neglected for a long time. Differences in the standards of living between the urban and rural areas are therefore glaring. Thus, Professor Turner reported in 1969 that over the period 1964-68 the real per capita income of Zambian mine workers had risen from K960 to K1,300 per annum, and that of the wage earners outside the mining sector from K420 to K640. In contrast, the real per capita income of the peasant farmer, who constituted at that time 80 percent of the total population, had risen from K140 to K145.¹ The growing disparity between urban and rural areas is unjust in terms of Zambia's Humanism which we discuss later in this chapter. It is also politically dangerous in that it leads to a drift of people from the rural areas to the urban areas in search of work which cannot always be found; frustrated job seekers are a breeding ground for political discontent. The new government had therefore to address itself to all these problems posed by the differences between the urban and rural areas.

In the above sections we made reference to the colonial government's preferential consideration of European interests vis-à-vis the interests of Africans. The promotion of development benefiting the Africans in Northern Rhodesia, as we learn from Dresang, "was not a major policy goal of

¹ Zambia, ZIS, Report of the Second National Convention on Rural Development, Incomes, Wages and Prices in Zambia: Policy and Machinery, Kitwe, 12-16 December 1969, (Lusaka: Government Printer, 1970), p. 1.

the colonial administration."¹ Throughout the colonial era the European community used its preponderant political and economic power to enhance its own security and comfort, rather than to improve the welfare of Africans. Thus, when the Ten Year Development Plan for Northern Rhodesia was revised in 1953, only £1.8 million were allocated for African education, as against £5.1 million for European education.² It did not matter yet to the colonial government that Africans were the majority. Indeed, whereas education was compulsory for European children between the ages of seven and fifteen, in 1960 only 60 percent of the African school-age children were enrolled in schools.³

As a result of policies like this, Zambia at the time of her Independence found herself with a serious shortage of indigenous trained manpower. At Independence Zambia had fewer educated citizens than any other African ex-British colony. In 1965, of those in Zambia with a university degree, 95.7 percent were non-Africans and usually noncitizens as well. At her Independence, Zambia had the number of African secondary school graduates which Ghana had in 1943, Uganda in 1955, Kenya in 1957 and Tanzania in 1960.⁴ This situation

¹Dresang, "The Zambian Civil Service," p. 29.

²Ibid., p. 52.

³Baldwin, Economic Development, p. 49.

⁴Jan Pettman, Zambia: Security and Conflict (Lewes, Sussex: Julian Friedman, 1974), p. 123.

could not be attributed to poverty but simply to settler influence and the deliberate policy of the colonial government. All the same, this sad state of affairs meant that the government of Dr. Kaunda was going to be hard pressed to find indigenous people to manage its development programmes. The only way out of this problem was a costly reliance on expatriate manpower, especially in the early days after Independence.

We stated in the sections above that the agricultural policy of the colonial government was mainly directed at the betterment of the European farmers. It was these European farmers who grew most of the internally produced food consumed at the mines. The agricultural potential of Africans was not fully tapped. At Independence, some European farmers would not stay to countenance an African government. This meant more problems for the new government in that it meant a higher food import bill to fill the gap which had been left by the departing European farmers. The fact that in 1966 20 percent of Zambia's food was imported owes less to the natural environment than to the ineffective agricultural policies of the colonial era. Dependence on imported food was found, as we shall show later, to be strategically unacceptable by the new government.

These, then, are the problem areas which Dr. Kaunda's government inherited at the time of Zambia's Independence. On the bright side, the new government took over the reins

of power when the price of copper was high enough to give the country surpluses on both the balance of payments and on the government's current account in the early years after Independence.¹ In addition, the ruling party enjoyed overwhelming support in the country.

ECONOMIC ACTIVITY IN ZAMBIA AFTER INDEPENDENCE

In its policies, the United National Independence Party is guided by the philosophy of Humanism developed over the years by its leader. The philosophy of Humanism gives guidelines to economic policy and consequently to economic activity which is directed by the government. The philosophy of Humanism aspires to the creation of a man-centered society in Zambia. In this society, all actions will be directed at the betterment of man, regardless of whatever station he occupies in the social setting. In an oft-quoted passage, Dr. Kaunda writes:

This high valuation of MAN and respect for human dignity which is a legacy of our tradition should not be lost in the new Africa. However "modern" and "advanced" in a Western sense this young nation of Zambia may become, we are fiercely determined that this Humanism will not be obscured. African society has always been man-centered. Indeed, this is as it should be, otherwise why is a house built? Not to give man shelter and security? Why make a chair at all? Why build a factory? Why do you want a state ranch? For what else would there be need to grow food. Why is the fishing industry there? We can go on asking these questions. The simple and yet difficult answer is "MAN." Simple in the sense that it is clear

¹ Elliott, Constraints on the Economic Development, p. 4.

all human activity centers around MAN. Difficult, too, because man has not yet understood his own importance. And yet we can say with justification and without any sense of false pride that the African way of life with its many problems has less setbacks towards the achievement of an ideal society. We in Zambia intend to do everything in our power to keep our society man-centered. For it is in this that what might be described as African civilisation is embodied and indeed if modern Africa has anything to contribute to this troubled world, it is in this direction that it should. ¹

The man-centeredness of Zambian Humanism is consciously distinguished from that of the classical Western Humanism which connotes a denial of God. For Zambian Humanism, man is the center of God's creation on earth. It is also held that from time immemorial, human activity and endeavour have been a product of man's desire and urge to change his environment and improve his economic and social conditions. Better and more improved conditions of life are the best guarantee for individual and national freedom and independence. It is further held that to improve the quality of man's life requires "a continued reassessment and reorganisation of the development of productive machinery in the economy; it requires changes in the methods of distribution of goods and services so that the whole economic machinery is geared to meet in concrete terms the goals of economic and social action; to ensure the fair and effective flow of wealth into every Zambian home."²

¹K. D. Kaunda, Humanism in Zambia and a Guide to its Implementation. Part 1 (Lusaka: Government Printer, 1967), p. 7.

²K. D. Kaunda, in Bastiaan de Gaay Fortman, ed., After Mulungushi: The Economics of Zambian Humanism (Nairobi: East African Publishing House, 1969), p. vi.

Dr. Kaunda further observes that in its practical implementation, Zambian Humanism should aim at Zambians being in control of their own economy. Only then will Zambians be able to assert their freedom, their rights and their dignity. If Zambians are to be "self-reliant, a factor which in itself is the surest way of enhancing individual dignity and self-respect, and of increasing individual liberty, then they must be the masters of the Zambian economy. They must control the means of production and distribution provided the necessary precautions are taken against mismanagement which would be detrimental to the above objectives."¹

Zambian Humanism, in short, seeks to achieve self-reliance by providing for maximum possible participation by Zambians in the development of the economy. Foreign investment usually in partnership with the government is, however, welcome. The philosophy also seeks to ensure a fair distribution of goods and services and it exalts hard work, as a precaution against mismanagement.

The Zambian control of the economy which is referred to here, is by and large control by the state on behalf of the Zambian people. To effect Zambian control of the economy, the state in a series of economic reforms starting with the Mulungushi economic reforms of April 19, 1968 took over controlling shares in Zambia's major firms, paying due compensation in all cases.

¹Ibid., p. vii.

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In the field of agriculture, the state's role is also very significant. The Land (conversion of titles) Act, 1975, for example, vests all land ownership in the president. Individuals cannot permanently own land in Zambia; they can only lease it from the government on a ninety-nine-year basis. The lease is renewable and therefore provides sufficient security for those willing to invest in land. On top of this, there are statutory boards providing services to those engaged in agriculture.

Such boards and companies are usually the vehicles through which the government's participation in the Zambian economy is effected. The number of statutory boards or parastatal bodies as they are known in common parlance, grew from fifty at Independence Day to over seventy, five years later. At that time, according to Sheridan Johns, they were generating roughly half of the national income and employing about one-fourth of the country's wage earners. Their activities touched almost all spheres of Zambian life from mining, industry, transport and agriculture to health, research, social welfare and youth training.¹ The creation and also the redirecting of parastatal bodies in Zambia are attempts at making Zambia able to structure her economy according to the aspirations of her people.

¹Sheridan Johns, "Para-statal Bodies in Zambia: Problems and Prospects," in Heide and Udo Ernst Simonis, eds., Socio-economic Development in Dual Economies: The example of Zambia (Munich: Weltforum Verlag, 1971).

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To address itself to the problems which it was about to inherit, the African government in 1963 appointed a team, headed by Dudley Seers, to carry out a comprehensive survey of the country's economy. The team produced the UN/ECA/FAO report in 1964 which established the basic strategy of development to be pursued in Zambia.¹ Recognising the features of Zambia's economy, which we outlined above, the Seers Report called for a rapid establishment of import-substitutive manufacturing industries and the transformation of African agriculture by the application of modern techniques. It was hoped that through these measures urban employment would be increased, dependence on copper would be reduced, regional disparities in income and level of living would be moderated, and per capita income and consumption would be raised. Four main tactics were proposed in order to carry out the Seers Report's broad strategy.

1. Fiscal reforms would aim at producing a substantial increase in government revenue and expenditure to form the main source of new demand in the economy.

2. Huge expenditures on education and transport were recommended: the former to breach the manpower bottleneck and the latter to widen the impact of the cash economy on the rural areas and thus increase the supply of agricultural products and demand for manufactured goods.

¹UN/ECA/FAO, Report of the Economic Survey Mission on the Economic Development of Zambia (Ndola: Falcon Press, 1964).

3. Foreign exchange reserves would be used as a necessary measure to increase the level of supply until the envisaged investments became productive.

4. Substantial investments were to be made in the rural economy: credit was to be made more readily available, mechanisation was greatly to be accelerated and marketing and extension services to be improved.

AGRICULTURAL POLICY AFTER INDEPENDENCE

For the purpose of this study, our main interest is in the last of the above tactics which, as can be observed, provided the guidelines for the country's agricultural policy. It was left to the Transitional Development Plan, January 1965 to June 1966, and the First National Development Plan 1966 to 1970, to implement some of the policy recommendations for agriculture which were contained in the Seers Report. We shall set out below the Seers' recommendations as they appeared in chapter 4 of the Report, and include comments mainly focusing on how the recommendations fared, especially during the period covered by the Transitional Development Plan and the First National Development Plan. Before we do this, however, let us warn the reader that Zambia's First National Development Plan unfortunately suffered from the economic repercussions of Rhodesia's illegal Unilateral Declaration of Independence in November 1965; and its overall performance was saved only by the high price of copper over the period, so that no dent was made into copper's dominance of the

Zambian economy. As for agriculture, the growth rate scored was only 3.3 percent against the planned growth rate of 9 percent per annum.¹

As Dodge observed, the Seers Report made no attempt to allocate the proposed expenditure for agriculture by function or programme. What it did was to present a general discussion of the problems in the agricultural sector.² The discussion as set out in chapter 4 of the Report included the following recommendations.

Land reform

Seers called for the implementation of land reforms on a local rather than national basis. It was recommended that such reforms as would be carried out should include the giving of farmers the right to bequeath land to their sons and the opening of Crown Lands (reserved for European farmers before Independence) to African farmers.

As we observed earlier in this chapter, the Land Act of 1975 has vested all land in the president. Land can now only be leased on a ninety-nine-year basis, but the lease can be renewed. Before the 1975 Act, the Government of Zambia had in 1969, by means of a referendum, removed from the constitution, clauses which had entrenched land rights, so that land owned by absentee landlords could be repossessed.

¹Zambia, Ministry of National Guidance and Planning, Second National Development Plan, 1972-76 (Lusaka: Government Printer, 1971), p. 4.

²Dodge, Agricultural Policy, p. 52.

Settlement and resettlement schemes

Seers called for the resettlement of families from overcrowded area particularly the escarpments of the Southern Province, and families dependent on shifting agriculture. The overall goal of these schemes is the expansion of commercial agricultural production by creating new farmers to replace the departing European commercial farmers who had produced the bulk of Zambian maize, dairy products and tobacco.¹ The government provides the farmers involved with such government resources as (1) physical resources, e.g., water, land, equipment; (2) personnel to provide extension advice on crops, rotation and new technologies such as irrigation; and (3) access to credit and marketing facilities. By 1974 there were seventy-two settlement schemes composed of thirty to fifty families settled on contiguous family farms supervised by the Department of Agriculture, parastatal bodies, especially the Tobacco Board of Zambia, and in the case of Rural Reconstruction Centres, by the Ministry of Defence.

Credit

On credit, the Seers Report called for reorganisation and the lowering of interest rates below the then current levels

¹See Donald I. Ray, "Zambian Settlement Schemes: Rural Development for Whom?" paper presented at the 8th Conference of the Canadian Association of African Studies, University of Ottawa, May 1978.

of up to 10 percent. The Land and Agricultural Bank was called upon to extend its lending to African farmers. It was also recommended that the Land and Agricultural Bank should replace the cooperative credit organisations which were established in 1963 and functioned essentially as a government department.

In 1965, the government created the Credit Organisation of Zambia (COZ) to act initially as an agency of the Land and Agricultural Bank. In 1967, COZ assumed all assets and functions of the Land and Agricultural Bank which was legislated out of existence. Through COZ, millions of kwacha--K18 million by 1967¹--were pumped into the countryside in the form of loans to farmers. The purpose of credit was misunderstood, the programme abused and the administrative structure proved inadequate to allocate, distribute, and recover loans efficiently. COZ folded up in 1969, bankrupt and unable to collect the millions it had so generously distributed, and was replaced by the Agricultural Finance Company (AFC) in 1970. To reverse the payment record of COZ, AFC policy states that "if a farmer borrows one year and does not repay most of the loan(s), he does not borrow the next year."² In addition AFC, as we shall observe later,

¹Dodge, Agricultural Policy, p. 66.

²Jean M. Due, "Agricultural Credit in Zambia by Level of Development," paper presented at the 8th Conference of the Canadian Association of African Studies, University of Ottawa, May 1978, p. 2.

has a better arrangement with marketing boards to ensure that farmers do not default on the repayment of loans.

Mechanization

The Seers Report called for the establishment of government administered tractor pools with a goal of 3,000 tractors by 1970. To this end, the Transitional Development Plan allocated K1.2 million and provision was made for the scheme's expansion under the First National Development Plan.

The scheme was ill fated and tractors were soon rendered useless as spare parts could not be obtained. The problem of spare parts was compounded by lack of mechanical skills. Indeed, the scheme came in for harsh criticism by the President at the Second National Convention on Rural Development, Incomes, Wages and Prices in Zambia, which was held in Kitwe December 1969, when he attacked its bias toward capital-intensive rather than labour-intensive projects;¹ indeed, the scheme folded up after the convention.

Fertilizer

Seers called for a programme aimed at fertilizer use which would exceed 40,000 tons in 1970. It was suggested that the scheme would initially require subsidisation.

Today the National Agricultural Marketing Board (NAMBOARD), as we shall learn in chapter 4, is solely

¹Dodge, Agricultural Policy, p. 62. --

responsible for administering this fertilizer programme and the scheme is subsidised so as to encourage farmers to apply fertilizer.

Cattle ranching units

The Report called for the establishment of over 300 cattle ranching units with an average of 500 head of cattle each. Cattle ranching units are administered by a subsidiary of the Rural Development Corporation.

Education and training

The report called for the expansion of agricultural education and training and a shift of emphasis in the extension services from individual farm visits to village or social group instruction. To this extent, the University of Zambia has a school for agriculture to complement other agricultural training institutions like the Natural Resources College and the Agricultural College at Monze. Like most other specialised spheres of activity in Zambia, there is a shortage of personnel to provide sufficient extension services to Zambian farmers.

Marketing

The Seers Report called for a complete reorganisation of the agricultural marketing system to ensure that the system would operate efficiently and in accordance with development needs. The report called for studies about

regional pricing and about the scope and division of responsibilities among the Grain Marketing Board, Agricultural Rural Marketing Board and the cooperative marketing societies.

As stated in the introductory chapter, agricultural marketing is the focus of this study, and it is to the historical evolution of marketing boards in Zambia that we shall turn our attention in the next chapter. Before doing this, however, we propose to bring out much more concretely what the aims of agricultural policy in Zambia are, and then dovetail the role of marketing boards into these aims.

Zambia's agricultural policy was stated much more explicitly in the Second National Development Plan, rather than in the previous development plans. The Transitional Development Plan, as its title suggested, concerned itself with the filling in of the gap between the colonial development plan and the First National Development Plan. Besides, it lasted only for eighteen months. The First National Development Plan addressed itself largely to creating an infrastructure which would facilitate a take off. Among its eight objectives¹ the First National Development Plan indeed spoke of the goal of diversifying the economy in order to reduce dependence on copper (first objective), but it did not directly mention the role of agriculture in this. In its fifth objective it spoke of the goal "to minimise the inherited economic imbalance between the urban and rural

¹See Dodge, Agricultural Policy, pp. 54-55.

sectors with a view to raising the capacity of the latter sector for transforming resources into social and economic growth." Here again, the plan seems to have shied away from specifically mentioning agriculture as a vehicle through which the goal could be realised. Indeed, only 12 percent of the total investment which the First National Development Plan envisaged, was allocated directly to crop and livestock development. Thus, it is to the Second National Development Plan that we must turn for an explicit statement on Zambia's agricultural policy.

Of the nine objectives of Zambia's Second National Development Plan, 1972-1976, the first two were:¹

1. The expansion of agricultural production as a top priority with the aim to improve income and nutritional standards of the population, cut substantially imports of food, expand economically justified exports and provide industrial inputs.

2. The increase of agricultural output and efficiency of production in the traditional farming sector as the most direct way of contributing to the solution of employment and income distributions problems between urban and rural areas will be particularly emphasised. The transformation of traditional subsistence farming into market oriented commercialised farming is a long-term process and the Second

¹Zambia, Ministry of National Guidance and Planning, The Second National Development Plan, 1972-1976, p. 33.

National Development Plan will take decisive steps towards this end by a programme of intensive development of rural areas of high natural and human potentials for agricultural development.¹

To paraphrase the above two objectives, we can reduce the policy to the following:

(a) The raising of rural incomes so as to narrow the gap between urban and rural areas. This is to be achieved by the expansion of agricultural production.

As we observed earlier in this chapter, Zambian Humanism speaks of the need to ensure "the fair and effective flow of wealth into every Zambian home." The expansion of the agricultural production of the rural areas for cash incomes is one way of ensuring that some of the resources of the nation, which have been concentrated on urban areas, are channelled into rural areas. To do this, the government has to spend money on building structures which will stimulate expanded agricultural production. Marketing structures are needed to ensure that there is a market for the expanded agricultural production; only then would the rural areas produce beyond consumption needs. Here lies their

¹The Zambian government has since dropped the strategy of Intensive Development Zones. This strategy aimed at identifying areas with the most immediate potential for increased production. Improved services would then be concentrated on such areas to attract people and stimulate production. While feasibility studies were made concerning the setting up of Intensive Development Zones in various provinces, a decision against their implementation was made in 1975.

importance, which is further enhanced by the weakness of private buyers who, in any case, tend to confine their services only to economically profitable areas.

(b) The reducing of reliance on copper as the sole earner of governmental revenues and foreign exchange earnings.

By expanding agricultural production of commodities which can be economically exported, the country would create incomes to fall back on should the price of copper drastically fall. By manipulating the prices offered for agricultural commodities, the government should normally be able to influence farmers' decisions on what and how much to grow. As institutions which administer the government's agricultural pricing policy, marketing boards have an important role to play in the government's effort to influence the farmers' decisions on what to plant and on the acreage to be planted.

(c) The satisfying of nutritional requirements and self-sufficiency in food.

It is generally held that a well-fed nation is much more productive than an undernourished nation. So if Zambia is going to be able to distribute its resources fairly and to increase production of commodities which can be economically exported in order to reduce reliance on copper as the earner of governmental earnings, its population must be well nourished. The importance attached to this objective is

attested to by the words of the President of Zambia, who declared in Humanism in Zambia and a Guide to its Implementation that, "the first thing Zambia must do is to think of how to grow the right types of food for its nationals and of course to show them how and when to use these."¹ The different types of food which are necessary for this objective to be realised can only be there when there is an increased and diversified agricultural production as opposed to increased production of one crop. Here too, price manipulations and also the effective implementation of the pricing policy by marketing structures, especially the marketing boards which handle the bulk of the marketed agricultural produce, can go a long way in making the farming community capable of not only increasing but also diversifying its production so that the necessary food for nutritional requirements is obtainable from within the country.

The objectives of the government's agricultural pricing are quite consistent with the objectives of the overall agricultural policy as expressed in the Second National Development Plan. The pricing policy's objectives were set as follows:

In general the pricing policy with respect to maize and any other agricultural commodities remained that of encouraging Zambian farmers to shift from subsistence to commercial farming, and to ensure provincial and national self-sufficiency, as much as possible, in those

¹Kaunda, Humanism in Zambia: Part 1, p. 38.

products which can be economically produced at home, and also to take advantage of export opportunities.¹

In determining the prices which are set annually, a number of criteria are taken into account. These include: the cost of production, fair return to the producer, fairness to consumers, import parity, export parity, relative crop profitability, national self-sufficiency, and also political acceptability.² The announced price is then administered by marketing boards. The strategic role of marketing boards cannot therefore be belittled. As we observed above when discussing the recommendations of the Seers Report, Zambia has experimented with a number of strategies in its efforts to develop agriculture and has not been afraid to drop what is not workable. For example, it experimented with mechanisation, the results of which were disastrous and the strategy had to be dropped. It experimented during the days of COZ with more than generous terms of agricultural credit. This strategy also floundered and millions of Kwacha were lost. Indeed, Zambia also experimented with the strategy of producer cooperatives.

The cooperative strategy was started in 1965 when the President "called on all the unemployed in Zambia to form

¹Zambia, Ministry of Rural Development, Annual Report of the Department of Marketing, 1970 (Lusaka: Government Printer, 1971), p. 1.

²Dodge, Agricultural Policy, p. 92.

cooperative societies and put their skills to work on agricultural and construction projects which the government had planned."¹ The President declared that the money was there and so was the technical know-how. A subsidy of K30 was promised by the government for each acre of land officially certified as completely cleared of woodland for the farming of cash crops by a registered cooperative with at least ten members. Indeed, if such a group cleared fifty acres, it would qualify for a grant to purchase a tractor.

Over the period 1964-69, over K14 million was spent on cooperatives, "including K1.3 million for loans, K1.2 million for tractors, and K1.2 million for stumping subsidies."² By the end of 1967, as Dodge reports, there were 446 registered farming cooperatives compared with none in 1964. Together, these cleared 45,000 acres of land. By the end of 1969, however, many were defunct and very few were functioning effectively, the government's generous financial support notwithstanding.

At the Kitwe Convention referred to above, the President blamed the failure of cooperatives on the following:³

1. the "spoon feeding approach" of government which gave the impression that the government would by itself provide all the needed resources;

¹Ibid., p. 62.

²Ibid., p. 63.

³Ibid., p. 64.

2. the one-sided emphasis on artificially created production cooperatives which negated the principle that the village was already a cooperative and should have formed the basis of the cooperative movement;

3. the neglect of service and credit cooperatives; and

4. premature introduction of technical levels of operation, particularly mechanisation, which led to dependence on expatriate skills and outside capital resources.

The President's new call was for the use of the village as the basis for cooperative organisation. To this end, the President called for village regrouping whereby villages would be grouped together in a fertile area to serve as the headquarters for the provision of government services. Also, a variety of cooperatives other than producer cooperatives were to be encouraged. In its overview of the First National Development Plan, the Second National Development Plan noted that greater problems had been experienced with communal cooperatives than with family farm cooperatives. The plan said that future emphasis would be put on the latter. This shifted emphasis away from village cooperatives and was probably opening the way for family farms, and also for Intensive Development Zones (which have since been dropped).

All in all, Zambia has tried different strategies in the effort to develop agriculture. Marketing boards have not only stood the test of time but have continued to

grow.¹ In stressing the strategic importance of marketing boards, this author is not in any way belittling the significance of other services, e.g., research and extension services, supplied by the Ministry of Agriculture. These are indeed important functions and, moreover, some marketing boards, as we shall learn later, are involved in supplying these services to the farmer. It is important, however, to add at the cost of repetition, that every farmer, every cooperative, every settlement scheme and every production unit needs marketing structures in order to produce beyond subsistence needs. Realising this, the United National Independence Party declared in 1973 that it would "reorganise the marketing organisations with a view to extending facilities to cover all areas and raise the level of efficiency and effectiveness and cut down unnecessary costs."² It also declared that it would "work out a pricing policy conducive to balanced production of all food items and raw materials essential for the establishment of agro-industries."

In Zambia, marketing boards are important in that they handle the bulk of agricultural produce and are not

¹Late in 1977, NAMBOARD was split into two: NAMBOARD, and the Lint Company; the latter to handle the marketing of cotton. In 1978, the Produce and Project Division of NAMBOARD was moved away from NAMBOARD and turned into a new marketing board, ZAM HORT, to market fruit and vegetables leaving NAMBOARD with the marketing of grains and the supplying of agricultural implements and farming inputs.

²United National Independence Party, "National Policies for the Next Decade 1974-84" (Lusaka: Freedom House, 1973), p. 25.

afraid to extend services into areas where private buyers would not. For example, of the 4,435,019 bags of maize marketed in Zambia in the 1973/74 season, 3,694,064 bags (i.e., over three-quarters of the maize produced in Zambia for that season) were marketed directly by a marketing board, NAMBOARD.¹ Other marketing structures, e.g., cooperatives, marketed most of the remaining one-quarter, functioning as agents of the marketing board. Also, marketing boards have proved useful in helping agricultural credit institutions, e.g., the Agricultural Finance Company, recover their loans from farmers in that when paying for the produce obtained from a farmer, they simply deduct the portion due to the AFC and pass this on to them later. It is against this background that we must set the important strategic role of marketing boards in Zambia's efforts to develop agriculture in order to distribute the nation's resources fairly, reduce reliance on copper as the chief earner of governmental revenue,² and to improve the nutritional requirements of the Zambian people.

¹Zambia, Ministry of Rural Development, Quarterly Agricultural Statistical Bulletin, no. IV (Lusaka: Government Printer, 1975), p. 1.

²The awareness by Zambia's leadership of the problem posed by reliance on copper is such that President Kaunda at the 1969 Kitwe Convention warned that, if it were not for copper, Zambians would be a nation of paupers.

CHAPTER 3

FOOD CROP MARKETING THROUGH MARKETING BOARDS:

PRE-INDEPENDENCE PERIOD

INTRODUCTION

There has been more involvement of marketing boards in the marketing of food crops than has been the case in the marketing of dairy produce, cattle and beef products, and to some extent in the marketing of tobacco. The number of marketing boards which have been involved in food crop marketing is much higher than that of marketing boards involved in each of the remaining three areas of agricultural marketing. Our discussion of food crop marketing will therefore be more detailed than that of the other areas, especially as some of our findings in food crop marketing will also apply to the other three areas.

For each marketing board, we shall seek to show that concern for agricultural development led to its establishment. We shall also discuss the functions along with the powers given to each board. The powers of the board will be discussed because they are aimed at achieving one or the other of the various aspects of agricultural marketing which we mentioned in chapter 1. This author maintains that providing

for these aspects is necessary for effective agricultural marketing and it is in this sense that they are mentioned. This will be followed by a discussion of the operation and performance of each board. Under this, we shall seek to show the extent to which operations were addressed to the realisation of agricultural development as defined in this study. Operations of the board resulting from government instructions are, as we said in the introductory chapter, ineffective if they are not addressed to the realisation of the declared goals of agricultural policy, either because they are vague or inappropriate.

The boards covered in this chapter will be discussed in the chronological order of their establishment. This approach gives us some idea of continuity in the problem of agricultural development to the solution of which marketing boards are intended to contribute in a changing environment. In chapter 2 we stated that whereas according to the colonial government agricultural development could be brought about by concentrating governmental services on the white commercial farmers, the nationalist government's approach is to spread governmental services as widely as possible. In the field of agricultural marketing, we intend to show that the vehicle chosen by both sets of government has been the marketing board.¹ (See table 3.1 for boards discussed in this chapter.)

¹For the historical evolution of grain marketing boards and especially for the implications of their legal aspects,

TABLE 3.1

PRE-INDEPENDENCE FOOD CROP MARKETING BOARDS

Board	Jurisdiction	Controlled Crop	Duration
MCB	Line of rail	Maize and later groundnuts	1936-1957
EPAPB	Eastern Province	Maize and groundnuts	1953-1957
FGMB	In practice restricted to the line of rail	Any crop so declared in any prescribed area	1957-1963

THE MAIZE CONTROL BOARD

The Maize Control Board (MCB) came into existence on April 1, 1936 as a result of the passing of the Maize Control Ordinance No. 20 by the legislative council and the governor of Northern Rhodesia in 1935.

The Maize Industry before
the Creation of the MCB

We observed in the previous chapter that the expansion of the copper industry in the late 1920s led to a rise in the demand for maize. European employers used maize for their African employees' rations. The favourable situation created

this author is much indebted to Modibo T. Ocran, "Towards a Jurisprudence of African Economic Development: A Case Study of the Evolution of the Structure and Operations of Zambia's Food Crop Marketing Boards from 1936 to 1970" (Ph.D. thesis, University of Wisconsin, 1971).

for maize by the expansion of the mining industry was soon to change due to the world depression of the 1930s. As a result of the depression, all but two of the copper mines in Northern Rhodesia were closed.¹ The copper mining industry in the Congo was also affected. This led to the reduction of the market for agricultural production which the copper mining industry had provided. Producers of maize in Northern Rhodesia, especially the white commercial farmers, were worried about the disposal of their agricultural surplus.

In 1936, for example, maize production so exceeded local demand that the selling price fell to a point where the industry itself was endangered. The export price of maize is reported to have been just a little more than three shillings per bag.² Adding to the problem caused by lowered internal and external demands for maize was the increasing quantity of sales by African producers, which further threatened the survival of the maize market. As we reported in the previous chapter, sales of maize by Africans rose from 30,000 bags in 1930 to 100,000 in 1935. In government circles it was feared that European producers of maize would be put out of business. It was believed that allowing this to happen would lead to the death of the maize industry

¹D. J. Dodge, Agricultural Policy and Performance in Zambia: History, Prospects and Proposals for Change (Berkeley: University of California Press, 1976), p. 9.

²Ocran, "Towards a Jurisprudence," p. 63.

because, according to the colonial government, agriculture in Northern Rhodesia depended for its development and indeed for its survival on the performance of European producers. Above all, the European producers themselves were able to use their preponderant political influence to bring their problem to the attention of the government.

In response to this situation, the government appointed a committee to advise it on what should be done to save the maize industry. The committee recommended a system of market control designed to maintain the internal price level of maize and to provide for quotas in the internal market.¹ It also recommended that consumers be obliged to pay a price covering the cost of production plus a fair profit to the producer. Consumers were, however, not to be forced to subsidize exports.

What should be noted here is that before April 1936, when the MCB was created, maize marketing was exclusively in the hands of private enterprise and a cooperative of European producers called the North-Western Rhodesia Farmers Cooperative Society.² When the maize market, and with it the maize industry itself, were in danger, the government, rather than improving upon the performance of private

¹Robert E. Baldwin, Economic Development and Export Growth: A Study of Northern Rhodesia, 1920-1960 (Berkeley: University of California Press, 1966), p. 152.

²Dodge, Agricultural Policy, p. 10.

enterprise and the European cooperative, chose instead the formation of a statutory marketing board to save the maize industry. The idea, therefore, was that only a statutory marketing board could save the ailing maize industry, by doing what private enterprise had failed to do, i.e., to maintain and develop the maize market in order to develop the maize industry. This was considered essential for agricultural development. In this spirit, the government accepted the recommendations of the committee mentioned above and decided on the establishment of the Maize Control Board to acquire compulsorily all European-grown maize beyond what was needed for farm consumption as well as African-grown maize acquired by agents of the MCB and market it itself. The choice of a statutory board strategy to carry out agricultural marketing is significant in that being a laissez-faire government, colonial rulers relied on the private sector in most other areas of economic activity.

The Statutory Structure of the MCB

We mention the statutory structure of the MCB to drive home the point that the marketing organisation which was created to save the maize industry in 1936 was a statutory body. The Maize Control Ordinance of 1935 established the MCB as a body corporate, capable of suing and being sued. The board was, except for the period between 1943 and 1948, to consist of five members appointed by the governor. The chairman was a government official. Throughout the existence

of the MCB, all the members of the board were white and the majority of them were representatives of the white commercial farmers.

The Maize Control Ordinance of 1935 gave the MCB a life span of only two years. This was extended for one more year, then for five years on three successive occasions and for one year on three consecutive times, before the MCB finally wound up in 1957. The giving of a short life span to the MCB and the need for extension of the MCB's life span which this gave rise to, suggest that there was some uncertainty on the part of the government as to how long the MCB's functions were to remain in force. A temporary life span seems to have been intended for the MCB but then this was extended from time to time.

There also seems to have been some uncertainty about whether the MCB was to function solely as a control organisation or whether it would itself participate in actual marketing operations. Thus when formed in 1936, the MCB did not even have a real organisation of its own. For handling, storage and distribution of maize, the MCB relied on the North-Western Rhodesia Farmers Cooperative Society which operated as the MCB's agent. As a result, the MCB's organisation was for the most part skeletal. Indeed, in 1936 its organisational structure consisted only of the secretary, a post at that time equivalent to the manager. This was the situation until 1948. From 1936 to 1948, therefore, the MCB

was essentially a control board administering the Maize Control Ordinance of 1935.

Things started changing in 1948 when the MCB assumed direct control of the main depots in response to the postwar acute shortage of maize, beans and groundnuts which led the government into directing the MCB to assume direct control of sheds in Pemba, Chisekesi and Monze. Choma was added to the list in 1953 and Kalulushi and Chililabombwe in 1955. There are two points to note here. First, rather than improve upon the performance of the North-Western Rhodesia Farmers Cooperative Society which was running the depots on behalf of the MCB, the government decided to direct the MCB into actually running the depots. Once again the government's attitude was that only a statutory marketing board could effectively handle the immediate postwar acute shortage of agricultural products. Secondly, it was due to the growth in its functions that the MCB started growing out of its skeletal organisational structure. In 1951, a manager for the MCB was appointed for the first time. In the same year, two area superintendents were appointed. By the time the MCB was winding up in 1957, its total staff included forty-two permanent personnel, several seasonal employees and several hundred Africans in minor roles.

Function and Powers of the MCB

The MCB was to be concerned with "the compulsory

control of the sale of maize and maize meal."¹ To this end, the MCB was given certain specific powers by the Maize Control Ordinance. As stated earlier, these powers and indeed the powers of subsequent marketing boards will be mentioned in relation to the aspects of agricultural marketing which they were designed to achieve in order to provide for effective agricultural marketing. Herein lies the significance of these powers. In addition, some of the powers given to the marketing boards are aimed at preserving their operational autonomy. Statutory boards need some freedom from the rigidity which is characteristic of the regular government department, in order to approach the flexibility and thus quick responsiveness of private enterprise. The autonomy of the statutory board is therefore provided for in order to ensure its effectiveness, while at

¹See Ocran, "Towards a Jurisprudence," pp. 64-70.

NOTE: The only maize which was exempt from the board's control consisted of the following:

- (a) reasonable requirements for consumption by the producer, his dependents, servants and stock or poultry;
- (b) maize on the cob in the green state;
- (c) an African producer could sell maize grown by him to any religious mission authorised by the board;
- (d) an African producer could dispose of maize grown by him to any other African who required the maize for his own use and who was not a trader or miller and was not employed by a non-African or a trader. However, an African employed by a non-African could purchase maize required by him for consumption while journeying through certain districts: Livingstone, Kalomo, Namwala, Mazabuka, Lusaka, Mumbwa, Kabwe and Ndola. All these were line of rail districts, i.e., districts where white commercial farmers did their farming. No one, except with the authority of the MCB, could import into or export from these districts, any maize or maize meal produced inside or outside Northern Rhodesia.

the same time an overall government control is maintained usually through the inherent government powers contained in the statute.

Assembly and distribution of the produce

If the MCB was going to control the sale of maize and maize meal as it was directed to do by the ordinance setting it up, it needed power to determine the distribution of the produce. Only in this way would the MCB ensure that the produce got to where it was needed. To this end, it was given the following powers:

1. the power to dispose of any maize or maize meal vested in it in any manner it might deem fit;

2. the power to enter into any contracts in connection with the handling, milling, treating, storage, grading and the sale of maize and maize meal, including the power to import these into or export them from specified districts within the territory itself, as well as the power to enter into agreements with any maize-selling organisation in any adjoining territory. (As can be observed, the MCB could also use this power to enforce quality standards.)

3. the power to purchase maize from Africans and to authorise any religious mission to acquire for consumption by its pupils and employees at the mission, maize and maize meal from Africans under such conditions as the board might impose, and to rescind any such authorisation. Also, anyone

holding maize or maize meal which had to be surrendered to the MCB was under duty to apply for instructions regarding the delivery of the commodities and had to make delivery at time and place directed by the board.

Quality standards

To ensure that the MCB would be able to enforce quality standards of the produce which it controlled, it was given the power to decline to accept any maize or maize meal deemed by it to be unsuitable for sale; including the power to require a producer or trader to take back for conditioning any adulterated maize or maize meal which he had tendered to the board, and to retender it in a proper condition.

Information

In chapter 1 we stated that for the marketing system, to be effective in distribution requires information concerning the produce to be distributed. Only when an effective information system is present will the board be able to tell where to obtain the produce and where it is needed. To provide the MCB with the kind of information it required, it was given the following powers:

1. the power to require any person to furnish in the required manner, information as to the transaction in maize and maize meal and stocks in his possession or under his control; and to require any transport agent to furnish returns or duplicate consignment notes demanded by the board

in respect of maize or maize meal transported by him, if these were not consigned by or to it;

2. power to require producers to register with the board and furnish the board with an estimate of the acreage grown and the quantity of the prospective harvest.

To enforce the powers of the MCB, any European police officer or any other person authorised by the board and accompanied by a European officer, could at all reasonable times, enter any land or any premises occupied by a producer or any other person, to examine all stocks of maize and maize meal, as well as all books, accounts and documents relating to them.

Autonomy of the board

To ensure that an environment to provide for effective management was not lacking, the MCB was endowed with certain powers. These were:

1. the power to appoint and employ such persons as the board might deem necessary, to fix the terms and conditions of their appointments, and to pay any of its employees any remuneration to the conditions of their appointments;

2. the power to pledge as security for a loan any maize or maize meal vested in it; to borrow money to enable it to carry out the provisions of the ordinance; to charge its administrative and other costs in a manner it deemed fit;

3. the power to make interim distributions to producers and traders of the proceeds of any sale of maize or maize meal, after deducting from it the amount of any advances or

disbursements made to them, provision for debts, costs of administration, and other costs or losses incurred.

Financial Arrangements of the MCB

In chapter 1 of this study we stated that for agricultural goods to pass through the marketing system, financial support is required. It is not only the producer but the distributor as well who needs adequate financing. In the absence of adequate financing a marketing board can fail to put up an effective performance and this would frustrate producers and consumers alike. A marketing board needs adequate financing to cover the costs of transportation, construction of storage facilities and administration. It is in this context that we are discussing the financial arrangements of the MCB and indeed of the subsequent marketing boards.

The MCB was financed by the government through loans and subsidies. Subsidies, especially after 1943, were necessary in view of the fact that the prices at which the board was instructed to sell maize and maize meal to consumers was deliberately set lower than the economic price. For example, with the 1953/54 producer price for European-grown maize standing at K4.10 per bag, the cost of maize to the MCB after paying all expenses stood roughly at K4.67. And yet the consumer price to millers was fixed by the government at K3.62.¹ As a result of this pricing policy, the government

¹Dodge, Agricultural Policy, p. 32.

paid to the MCB in the form of subsidies K20 million over the period 1942/43-1955/56.¹

The producer price of maize was also held at a level below the cost of importing.² This policy rested on the view that the country must have a cheap supply of food for its African labour. Earlier in this chapter we reported that European employers purchased most of the maize for their African employees. The policy of keeping the consumer price of maize below the import cost boils down to the argument that the cost of African labour must be kept low. It was therefore the European employers of African labour who benefited from this policy. As for the producers of maize, both European and African, we can only conclude that they suffered a loss because they received less than they really deserved during this period 1941/42 to 1953/54 when large quantities of maize were imported.

The government's instruction to the MCB that it should pay producers of maize a price which was even less than the import cost denied farmers a potential gain which could have strengthened their capital base. Farmers, as we observed earlier, need capital to enhance their farming capability. Denying them a potential gain was not in the best interests of the agricultural industry. The policy was

¹ Ibid.

² Baldwin, Economic Development, p. 156.

therefore inappropriate in that instead of strengthening the farmers' capital base, it weakened it. It was in fact ironic that the farmers' potential loss did not go to the consumers but to employers of African labour who bought the maize for their employees.¹

Before the introduction of government subsidies in the 1942/43 season, the MCB was afraid of operating at a loss. Invariably, it set a lower buying price than it actually realised on the selling side.² As a result, the MCB made supplementary payments to European producers out of the profits it realised. No supplementary payments were made to African producers because the MCB argued in its Annual Reports that it was impracticable to reach the thousands of African producers. A substantial surplus was therefore accumulated in the African pool. By 1942, the surplus had reached £85,000, an amount which Baldwin says equalled 34 percent of the revenue actually paid for African-grown maize since the 1936-37 season. At first, the MCB argued that this surplus was necessary for price stabilisation. But the fund soon exceeded what the MCB could claim was required for this purpose, whereupon the continuing surplus was justified on soil conservation grounds.

¹It was not until after 1956 that the African Mine Workers Union persuaded the mining companies to pay their African employees cash instead of maize meal rations for their food.

²Baldwin, Economic Development, p. 155.

In the board's view, the additional acreage expansion by Africans which might result from higher prices had to be discouraged because of the harmful effects of African cultivation practices on soil fertility. Had they received a higher price, African producers would have expanded their production and this would have eased the country's demand for imported maize. After all, the MCB itself reported, "it would appear that the higher price paid to African producers has tended to increase the acreage planted by them to maize."¹ However, consistent with the desire not to encourage the expansion of African maize acreage, the existing surplus on the African pool account was transferred to the African Farming Improvement Scheme in 1949.² We stated earlier in this study that agricultural development seeks to reduce a country's dependence on imported food because such dependence can be dangerous. Stifling African production of maize by consistently withholding from what they received for their produce a fee aimed at discouraging their acreage expansion, while at the same time the country was importing maize, was inconsistent with the requirements of agricultural development. From this point of view, the policy was inappropriate in that it did not do what, under

¹ Northern Rhodesia, Maize Control Board, Annual Report, 1950-51 (Lusaka: Government Printer, 1952), p. 1.

² Baldwin, Economic Development, p. 155.

the circumstances, was required to be done to reduce the country's dependence on imported maize. From 1938/39 to 1953/54 the country imported maize every now and then. The favoured European producers could not produce enough; yet African producers were not being encouraged to fill the gap.

The 1953/54 season yield of maize was declared the most favourable on record. Against forecasts for 860,000 to 900,000 bags of maize, over 1,050,000 bags of locally produced maize were received by the MCB.¹ This was followed by yet another good season. As a result, an export surplus for the first time since 1938/39 developed in the maize industry. The subsidy programme continued but its effects were totally different, as the net proceeds from exports proved considerably less per bag than the price paid to producers.² Domestic consumers were charged more than the net export price. It was now the producers and not the buyers of maize who were being subsidized. Unfortunately, not every producer benefited. European producers and those African producers who participated in the African Farming Improvement Scheme received more than they would have received if they had been required to compete in an open market.

¹Northern Rhodesia, Maize Control Board, Annual Report, 1953-54 (Lusaka: Government Printer, 1955), p. 3.

²Baldwin, Economic Development, p. 156.

In contrast, the African unimproved farmer did not always gain under the programme because, as we have said in the previous chapter, he ended up subsidizing improved farmers as a result of the levy placed on all African-produced maize. Part of this levy covered the cost of benefits which were extended to African producers participating in the African Farming Improvement Scheme. Unimproved producers, although called upon through the levy to pay for the benefits provided by the African Farming Improvement Scheme, were excluded from such benefits. Thus, the capital base of the unimproved producer was consistently weakened as he paid for services which he did not even enjoy.

In chapter 1 we said that for a lot of people in the rural areas their only hope of raising their living standards lies in agricultural development. Weakening the capital base of the unimproved farmers (a lot of whom were in the rural areas) was not the best way of enhancing their capability to produce for cash. The policy was therefore inappropriate in that it was inconsistent with what was required to be done in order to put the rural population on a footing which would lead to a strong production for cash. The MCB's price structure was determined by the government. In this case, therefore, government instruction to the MCB could not effectively stimulate rural production.

For accounting purposes, all maize surrendered to the MCB was divided into two separate pools--the export and the local.

Export pool. This pool was initially credited with proceeds of maize and maize meal sold for the following purposes: export from the territory, feeding of farm stock and poultry, and any other purposes determined by the board and approved by the governor. After 1938, this pool was credited only with the proceeds of export commodity.¹

Local pool. This pool was credited with proceeds of other sales of maize and maize meal.

In any given year for accounting purposes, maize produced by Africans was to participate in the local pool to the extent of one-quarter of that pool or of the total amount of such maize surrendered to the MCB, whichever was less.² If the European-grown maize surrendered to the MCB was less than the three-quarters of the local pool, African-grown maize would be used to fill the deficiency. However, African participation in the European pool was stopped on June 1, 1948³ after the introduction of the African Farming Improvement Scheme. From then on, improved farmers were given certificates which entitled them to the full payment per bag of maize delivered, which was made to European producers, less the discount for cash payment. Other African farmers

¹Ocran, "Towards a Jurisprudence," p. 71.

²Refer to chapter 2.

³Northern Rhodesia, Maize Control Board, Annual Report, 1946-47 (Lusaka: Government Printer, 1948), p. 9.

not farming by improved methods had more subtracted from their price of maize. This practice, as mentioned above, tended to weaken their capital base and did not therefore address itself to the requirements of farmers outside the improved farming scheme. More than anyone else, they needed capital to boost their agricultural productivity. The amount of money subtracted from the price paid to farmers outside the improved farming scheme was such that in the 1946/47 season they received four shillings (4/-) a bag less, while improved farmers received only sixpence (6d) a bag less.¹

The actual amounts withheld from the price paid for African-grown maize were, however, a lot more than the figures given above indicate as they also included the amount deducted to cover the cost of the rural marketing service itself. Thus, African producers of maize paid for the MCB's rural marketing costs. A flat rate, for example, was charged for transport.

The producer prices of maize announced annually by the government were fixed on a "cost-plus" basis according to an accepted cost of production formula for a hypothetical farming unit.² The cost of production figure varied in relation to the movement of individual items of the formula.

¹Ibid.

²Ocran, "Towards a Jurisprudence," p. 79.

The movements themselves were annually agreed upon by the representatives of the Northern Rhodesia Farmers Union (white farmers) and the government. The plus basis of the formula included:

1. a profit margin;
2. an incentive factor; and
3. a climatic factor.

Central to the prices arrived at by European growers of maize and the government was the agreement that changes in production costs had to be reflected by proportionate changes in producer prices. A percentage change in production costs had to be reflected by a similar price change. The unsoundness of the cost-price system of fixing prices is that each time the price is increased, it is likely to be followed by a further increase in production costs largely motivated by the price increase. Under these circumstances, a price rise tends to stimulate production at greater cost than before so that the average cost of production is increased. Chances are therefore that what the European growers of maize received for their produce was an artificially inflated return. The unfortunate consequence of this kind of pampering, which European growers of maize received from the government, was that they would view as an act of hostility any attempts that would be aimed at correcting the situation. It is little wonder that Zambia experienced an exodus of European commercial farmers from the country when the African

government came to power and tried to correct the situation by extending marketing services widely.

As a result of the exodus, maize production fell from 2.5 million bags in the 1964/65 season to 1.3 million bags in the 1968/69 season.¹ This fall led to a higher food import bill. The policy of pampering European producers of maize, while stifling African producers, did not put Zambia on the road to sustained agricultural development, because it created a situation in which all that had been built over the years collapsed immediately attempts were made to correct the situation. The colonial government's approach was therefore inappropriate in that it could not lead to a sustained agricultural development.

Operations of the MCB

The MCB functioned under the general direction of the governor. The board was made to function only within certain scheduled areas, which coincided with the area traversed by the line of rail from Livingstone to the copperbelt. Its activities therefore mostly covered European farming areas. Initially, the operations of the MCB were restricted to the following specified areas: Livingstone, Lusaka, Mumbwa (some parts of Mumbwa were excluded in 1939), Kalomo, Namwala (parts of Namwala were excluded in 1939),

¹R. H. Bates, Patterns of Uneven Development: Causes and Consequences in Zambia (Denver, Col.: University of Denver Press, 1974), p. 4.

Mazabuka, Kabwe and Ndola. Luanshya, Kitwe, Mufulira and Chingola were added to the list in 1939. By leaving out areas outside the line of rail, government instruction was neglecting rural areas whose advancement, as we said earlier, depends on agricultural development. The policy, especially as the favoured area could still not even produce enough of what was needed, did not therefore address itself to what was required to be done to develop agriculture in the country. The policy was lopsided and not conducive to the promotion of a sustained and widely diffused agricultural development. From this perspective, the policy was inappropriate and thus ineffective.

The MCB was under no obligation to accept maize produced outside the scheduled areas. However, this did not stop the MCB from making purchases from the Eastern Province in the early fifties. This was largely due to the postwar shortage of maize. It was also due to the postwar shortage of maize that the MCB, on the recommendation of the African Farming Improvement Fund, started buying African-grown maize in the scheduled areas, through its rural buying organisation in the 1951/52 season. As observed above, the cost of this service was charged against the full price of maize. Surplus African-grown maize in the nonscheduled areas, e.g., the Eastern Province, was ordinarily sent to the Farmers' Cooperative Society on behalf of the MCB. Ocran reports that officials of cooperatives constantly

complained as early as the 1950s about the extension of the MCB's activities to the detriment of what they considered to be a firm foundation for the cooperatives. This argument was particularly pertinent to the Eastern Province where there was a marketing cooperative as early as 1948.¹ For the Southern Province, it was not until the 1956-57 season that an experiment to permit a newly formed African Cooperative Society to operate some of the board's depots was started.² For our purposes, let us note that the government, as we shall discuss in the next chapter, favoured the statutory board in that although cooperatives were being formed, the government was at the same time instructing the MCB to initiate services which the cooperatives felt they themselves could provide.³

To summarise our discussion of the MCB, let us recapitulate that the MCB was created with the principal aim of securing a proportion of the internal market for the European-grown maize at a time when overproduction was threatened. It was felt in government circles that agriculture in Northern Rhodesia could be developed by concentrating

¹ See J. D. Mazala, "The Eastern Cooperative Union Limited," Eastern Province Cooperative Union, Chipata, August 1975. (Mimeo.)

² Northern Rhodesia, Maize Control Board, Annual Report, 1956-57 (Lusaka: Government Printer, 1958), p. 4.

³ See C. S. Lombard, "The Growth of Cooperatives in Zambia: 1914-71," Zambian Papers no. 6, Institute for African Studies, University of Zambia, Lusaka, 1971.

marketing services on the white commercial farmers. Also, it was felt that only a statutory board could save European agriculture. The postwar shortage of grain saw the board extending its services to African producers by starting a rural buying organisation, the cost of which was paid for by the African producers. In the same period, the MCB started handling a second crop, groundnuts, once again due to the shortage of groundnuts in the immediate postwar period. Although at this time the government was promoting the development of cooperatives, it was to a statutory marketing board that the government turned for efforts to save and develop the agricultural industry.

We observed that the pricing structure of the MCB, especially before 1953, benefited European employers of African labour rather than producers of maize or, for that matter, consumers of maize. This policy denied producers of maize a potential gain which could have gone to strengthen their farming capability, and was therefore inappropriate. We observed also that a levy was used to discourage African production of maize by weakening the producers capital base. The whole policy of concentrating services on European farmers put agriculture in Northern Rhodesia on an uncertain footing. The policy was not appropriate in that it could not lead to a sustained agricultural development, as the post-Independence period showed.

All in all, by 1957 when it folded up, the MCB had stabilised the internal market for maize and had succeeded in marketing and distributing a widely fluctuating crop. It had also imported a balance to meet local population needs and had, above all else, built an organisation that could easily be adapted by succeeding marketing boards.

THE EASTERN PROVINCE AGRICULTURAL PRODUCE BOARD

The Eastern Province was not included in the prescribed areas of the Maize Control Board. Although the Eastern Province had European commercial farmers, particularly around Chipata, these farmers showed no interest in producing a maize surplus which had to be transported some 350 miles to Lusaka, where it would be sold at the current producer prices obtaining there. The Eastern Province, especially after the war, experienced chaotic marketing conditions. No statutory powers by means of which the government could control prices and the buying of African produce, were applicable to the Eastern Province before 1953. Before the introduction of cooperatives (1948) and later of statutory marketing boards in the province, traders purchased groundnuts offered to them at their places of business, usually along the Great East Road. Thus, producers along the Great East Road could find a market for their groundnuts but those producers in more remote areas were neglected and no incentive

existed for them to produce what, but for the lack of marketing facilities, was a profitable crop.¹

In 1949, there was indeed an acute shortage of maize in the Eastern Province and the government had to bring maize into the province at a relatively high cost, since the province was 350 miles from the line of rail. This was inexcusable in view of the agricultural potential of the Eastern Province. It was therefore found essential to introduce sound maize marketing into the Eastern Province.

This realisation resulted in the passing of the Eastern Province Agricultural Produce Ordinance of 1952 by the Northern Rhodesia Legislative Council, and the Governor of Northern Rhodesia, which led to the setting up in June 1953 of the Eastern Province Agricultural Produce Board (EPAPB). It is to be noted that cooperative marketing had started in the Eastern Province in 1948. Agricultural marketing by private businessmen also existed in the province well before 1953 but, as was stated above, was confined to the area along the Great East Road. To develop a sound agricultural marketing system in the Eastern Province, the government turned to the creation of a statutory marketing board, the EPAPB, rather than to the improvement of the services performed by cooperatives or by private businessmen.

¹Ocran, "Towards a Jurisprudence," p. 92.

The Statutory Structure of the EPAPB

Like the MCB, the EPAPB was established as a body corporate capable of suing and being sued. The board, which consisted of the chairman and at least seven other members, was appointed by the governor. At least three of the members had to be government officials. Initially, the EPAPB's existence was to expire on December 31, 1956 unless the governor extended this date. Indeed, the life of the EPAPB was extended on two consecutive occasions for one more year. As in the case of the MCB, this suggests that the government was uncertain about the EPAPB's life span.

Functions and Powers of the EPAPB

The EPAPB was under the ordinance charged with the following functions:

- (a) to ensure the orderly marketing of agricultural produce in the Eastern Province;
- (b) to acquire and store reserves of agricultural produce, and to dispose of them for the benefit of the province in times of scarcity;
- (c) to take all reasonable and practicable measures to safeguard the supply of agricultural produce; and
- (d) to supplement the local supply of such produce by imports into the province.

In 1955, groundnuts were also made a controlled product to be handled only by the EPAPB.

The powers of the EPAPB are listed below under the aspect of agricultural marketing which they were designed to achieve.

Assembly and distribution of the produce

If the EPAPB was going to ensure the orderly marketing of the agricultural produce which fell under its control, it needed powers to determine the assembly and distribution of the produce. The EPAPB was therefore given the following powers:

1. power to enter into any contract for carrying out any work connected with the handling, milling, storage, grading, sale, and export of any product, including the power to import into or export from the region any produce, whether grown in or outside Northern Rhodesia;

2. power to authorise any Mission or Native Authority to acquire for consumption by its pupils and employees, agricultural produce on the board's terms, and to rescind any such authorisation.

Indeed, it was unlawful for producers to sell produce to any person other than the EPAPB and its authorised agents. Also, it was unlawful for any person to acquire agricultural produce from a producer directly.¹

¹Exceptions to these stipulations were like in the case of the MCB, provided for. An African producer could sell to another African as long as the African buying the produce was not a retailer, miller, or was not employed by

Quality standards of the produce

To provide for the EPAPB's ability to enforce quality standards, it was given the following powers:

1. the power to refuse to accept any produce it considered to be unsuitable for sale;
2. the power to require a producer or buying agent to take back for conditioning any damp or adulterated produce tendered to it, and to require its retender in proper condition, or alternatively, to accept the produce and pay a price below that ordinarily given for the product.

Information

To enable the EPAPB to obtain the kind of information needed for effective marketing, it was given the following powers:

1. the power to require any transport agent to furnish such returns, or duplicate consignment notes, as the board might require for any produce transported by the agent which was not consigned by or to it;
2. the power to require any person to furnish information as to the transactions in the produce and the stocks of produce in his possession or control.

a non-African retailer. The only exception to this was if the African employed by a non-African retailer required the produce for his own consumption.

In addition, producers could retain what was reasonable for them and their dependents' consumption, and the consumption of their employees. Maize on the cob or in the green state could be sold to anyone.

Autonomy of the board

To provide for the EPAPB's autonomy, it was given the following powers:

1. power to pledge as security for a loan any produce vested in it, to borrow money from sources approved by the Governor to enable it to carry out the provisions of the ordinance, and to charge its administrative and other costs in any manner it deemed fit, subject to the provisions of the ordinance;
2. power to appoint its own personnel and fix their conditions of employment.

As can be observed, the powers of the EPAPB were similar to those of the MCB. To enforce the powers, police officers of or above the rank of Assistant Inspector could at all reasonable times inspect any premises if an offence against the ordinance was suspected of being committed.

Financial Arrangements of the EPAPB

The EPAPB was required to operate a price stabilisation fund for each controlled product. If in any given pool year the sales of any controlled product yielded more money than the expenses the board incurred in handling that product, the difference was paid into the price stabilisation fund for that product. If, on the other hand, the proceeds were less than the expenditure incurred, the difference was met from the fund. If the money from the fund was insufficient, then the balance would be met by an advance from the

Legislative Council's appropriations on conditions determined by the Financial Secretary.

The prices which the EPAPB and its agents paid for the produce surrendered to them were fixed annually by the Governor. These prices differed according to the different classes and grades of the produce. Also, different prices were set for different classes of producers and different areas. As in the case of the MCB, it was the farmer in the remote rural area where the cost of providing the marketing service was usually high, who received the least for his produce. The reader is therefore referred to the criticism we raised about the MCB denying the African rural dweller an opportunity to build a strong capital base. Prices were arrived at by "adding to the producer price, an amount estimated to cover the board's expenses, transport and handling costs, storage charges, interest on loans and repayments, provision for losses and contingencies, and any other charges incurred by it in regard to particular products."¹

The selling price for any product imported into the Eastern Province was to be adjusted to take account of any importation costs. When and if the EPAPB found itself unable to sell a produce at the price previously determined, it could sell it at a price lower than the previously determined price. This provision was also used when a lower price would give effect to any required subsidy applicable to the produce.

¹Ocran, "Towards a Jurisprudence," p. 87.

Operations of the EPAPB

The EPAPB also functioned under the general direction of the Governor. In its early days, the EPAPB hardly had any administrative machinery. Although the EPAPB was responsible for the distribution of maize and after 1955 groundnuts, in the Eastern Province, most of the actual buying and selling was carried out by cooperatives acting as its agents. Thus, if it had not been for cooperatives, the ability of the EPAPB to mount an effective agricultural marketing system would have been adversely affected by the skeletal administrative machinery that the EPAPB was given.

The operations of the EPAPB, however, were such that the Eastern Province, which in 1949 was an importer of maize, was in the 1953/54 season an exporter of maize to Lusaka. Over 100,000 bags of maize were moved from the Eastern Province, which had a surplus, to Lusaka.¹ As for groundnuts, we learn from Ocran that:

By 1955, it had been established that with the exception of a few isolated areas, the production and marketing of groundnuts on a cooperative basis (under the aegis of the board) throughout the province, provided a cash return to producers which was stimulating production. As a result of the introduction of a planned marketing system, and encouragement to producers to grow groundnuts, the production of this crop for export from the province is estimated to have risen from the very small quantity of 270 short tons in 1952 to 5,500 short tons in 1956.²

¹Northern Rhodesia, Maize Control Board, Annual Report, 1953-54 (Lusaka: Government Printer, 1955), p. 3.

²Ocran, "Towards a Jurisprudence," p. 92.

Zambia is still exporting groundnuts produced in the Eastern Province to Europe. These groundnuts continue to fetch a good price abroad, where they are used for confectionery. In 1972, it was estimated that half of Zambia's groundnuts were being exported, although at the same time a large quantity of groundnut oil was being imported for the soft vegetable oil market in Zambia.¹

To summarise, the EPAPB was created to remedy the deteriorating agricultural marketing in the Eastern Province after the Second World War. Although a cooperative movement had been promoted in the Eastern Province, it was to a statutory marketing board, the EPAPB, to which the government turned to save and develop Eastern Province agriculture.

The government was uncertain about the life span of the EPAPB. The EPAPB was also denied an administrative structure which would have permitted it to carry out effective agricultural marketing. The skeletal administrative structure which the EPAPB was given by the government was inappropriate for its functions. Had it not been for cooperatives the EPAPB would have found it difficult to operate with the skeletal administrative structure which it was given. With the help of cooperatives, and controlling only a small area and only two crops, the EPAPB indeed put up an effective performance, as reported above, before it wound up its

¹C. S. Lombard and A. H. C. Tweedie, Agriculture in Zambia Since Independence (Lusaka: NECZAM, 1972), p. 35.

operations in 1958. However, like the MCB, the EPAPB paid the African producer in the remote areas the lowest return for his produce. Instead of strengthening his financial base, the EPAPB denied him a potential gain because the price structure was such that remote areas fetched the lowest prices.

THE FEDERAL GRAIN MARKETING BOARD

With the coming of the Federation of Rhodesia and Nyasaland in 1953, responsibility for European agriculture was given to the federal government, while that for African agriculture remained under the territorial governments. Agricultural marketing was, however, made a federal responsibility. The federal government set up by statute an Agricultural Marketing Council to advise it on marketing. Until 1958, agricultural marketing arrangements in Northern Rhodesia continued to function as they had done before the formation of the Federation, i.e., the MCB and the EPAPB continued to operate as they had done and they both remained under the control of the territorial government.

Agriculture Before the Creation of the Federal Grain Marketing Board

The Federation came into existence at a time when, after many years of shortage, there were agricultural surpluses. In the case of maize, the mounting surpluses had to be exported at a loss and this was a matter of considerable concern to the

government. Other grains however, e.g., groundnuts, enjoyed favourable prices on the world market.¹ The federal government therefore became interested in encouraging the production of grains suitable for the export market. The aim was to take advantage of the prevailing circumstances on the world market. To this end, the federal government, like the territorial government before it, chose a statutory marketing board as a vehicle through which it could take advantage of the prevailing circumstances on the world market. Once again, cooperatives and private enterprise were by-passed. The federal government decided on the course of a new marketing board that would market a wider category of products than had ever been done previously. Thus the marketing of maize, bulrush millet, finger millet, sorghum, beans and groundnuts was to come under the new board.

It was in 1957 that the federal legislature in Salisbury decided on the establishment of the Federal Grain Marketing Board (FGMB) to cater to both Southern and Northern Rhodesia. At her own request, Nyasaland was excluded. The federal legislature passed the Grain Marketing Act in 1957 but it was not until August 1, 1958 when this Act came into effect in Northern Rhodesia. The FGMB, which was the board created under the Federal Grain Marketing Act, replaced the Grain Marketing Board of Southern Rhodesia as well as the

¹Ocran, "Towards a Jurisprudence," p. 224.

Maize Control Board and the Eastern Province Agricultural Produce Board of Northern Rhodesia.

The Statutory Structure of the FGMB

Like the other two marketing organisations we have so far discussed, the FGMB was created as a body corporate capable of suing and being sued. The board, consisting of at first seven members and after 1962 of not less than seven and not more than nine members, was appointed by the Minister responsible for federal agriculture. Thus the appointment of the board now moved away from the hands of a nonpartisan governor to a partisan politician, the Federal Minister of Agriculture. To ensure the representation of territorial interests on the board, not less than three of the board members had to come from each of the two territories. The board was organised into regional executive committees, one for the prescribed areas in Southern Rhodesia and another for the prescribed areas in Northern Rhodesia. A regional executive committee consisted of the chairman and three other members of the board. Subject to the approval of the Federal Minister of Agriculture, the regional executive committee could exercise some of the board's powers on the latter's behalf.

For administrative purposes, each region (i.e., Northern Rhodesia and Southern Rhodesia) had its own Grain Handling Manager. The region was divided into districts each headed by a district manager. The district was itself

divided into depots headed by depot managers. Accounting and secretarial functions, like most other important services during the federal era, were centralised in Salisbury, Southern Rhodesia; and so were pest control and engineering functions. Although centralised functions had local representatives in Lusaka, Northern Rhodesia, the idea of centralising most important functions in Salisbury meant that Northern Rhodesia received less attention than did Southern Rhodesia. This did not augur well for Zambian agriculture.

Functions of the FGMB

Under the Federal Grain Marketing Act, the FGMB was given the following functions:

1. to take possession of any controlled product vested in it under the provisions of the Act;
2. to buy and sell any controlled product not so vested in it, but which might be offered to it for sale (this made the FGMB a residual buyer);
3. to provide storage and handling facilities for controlled products;
4. to import and export controlled products as it might consider necessary;
5. to do all things necessary and consistent with the provisions of the Act to ensure the orderly marketing of controlled products.

Powers of the FGMB

As can be observed from the above section, some of the powers of the FGMB were embodied in its functions; for example, under the fifth function above, the FGMB could do many things which it deemed necessary.

Assembly and distribution of the produce

To determine the assembly and distribution of the produce, the FGMB enjoyed the powers which were embodied in its first four functions. In addition, it had power to decontrol any product previously designated "controlled." It also had power to sell or otherwise dispose of any quantities of products it considered fit.

In actuality, the powers of the FGMB derived from the declarations of the Federal Minister of Agriculture which the FGMB was, under the Grain Marketing Act, required to implement. The Minister had powers to declare by statutory order any agricultural products or anything derived from them, as controlled products. The area within which agricultural products were for this purpose to be considered as controlled products, was called a prescribed area. Under such a declaration it became mandatory for the control of certain items to be vested in the FGMB. These included:

1. any controlled product grown in a prescribed area by a producer as soon as it had been harvested;

2. any such product acquired by a buying agent from African producers or African cooperative societies;

3. any such product imported into any prescribed area by any person as soon as it had been so imported.

Exceptions to the above provisions were cases in which the product was acquired for household consumption or for seed purposes. To further strengthen the powers of the FGMB to determine assembly and distribution of the produce, no one other than the FGMB could acquire any controlled product in any prescribed area from an African producer. The only exceptions were buying agents, approved missionary bodies and African cooperative societies.

Quality standards of the produce

To ensure that the produce surrendered to the FGMB met the required quality standards, the FGMB had power to impose rules relating to the terms and conditions of delivery which were made by the Federal Minister of Agriculture. The FGMB could refuse to accept any produce which did not conform to the standards set by the Minister.

Information

To ensure that the FGMB had at its disposal the information it needed about the produce, every producer, buying agent, miller, dealer and direct consumer had to register with the board; had to give the address of the place where he grew his product or kept his agricultural requisite,

and also the address of the depot where he intended to surrender his product.

Autonomy of the FGMB

The FGMB had a free hand in hiring the personnel it needed. It also had power to fix the terms and conditions of their appointments.

The powers of the FGMB, as can be observed, were quite comprehensive. They were applicable to the entire country in that any area in the territory could be declared a prescribed area. Also, any product, not just maize and groundnuts as was the case with the MCB and the EPAPB, could be declared a controlled product. To ensure compliance with the provisions of the Federal Grain Marketing Act, police officers could enter any premises and carry out any inspection.

There was some ambivalence and even hypocrisy in all this. The functions and powers of the FGMB were designed to be applicable countrywide, so that any area of the country could be declared a prescribed area, but these were restricted to the line of rail for all the duration of the FGMB. Thus once again, it was the European commercial farmer, favoured for so long, who was attended to. Areas outside the line of rail were left to stagnate. One reason students of development administration prefer a statutory board to private enterprise is that the statutory board is not afraid to go

into areas which may not attract a private entrepreneur. Yet even when a board like the FGMB with powers designed to apply to the entire country was formed, it was instructed through declarations to concentrate its functions along the line of rail and, to some extent, in the Eastern Province. A sustained agricultural development could not be achieved by concentrating services on European commercial farmers, as they would leave immediately they felt they were no longer being pampered. Above all, they were given preferential treatment even when they were not able to supply the country with what it wanted and remote rural areas were being neglected at a time when their production could have contributed to the export earnings of the country. The government's concentration of services on the line of rail, to the neglect of outlying areas, was therefore inappropriate.

Financial Arrangements of the FGMB

At the start of its operations, the FGMB had no working capital of its own. It was financed entirely by short-term borrowings or subsidies from the government. It was, however, allowed to take over short-term borrowings from the boards it replaced.

As part of its financial structure, the FGMB set up three types of funds; namely, the price stabilisation fund, the local trading equalisation fund and the export trading equalisation fund.

The price stabilisation fund

A price stabilisation fund had to be set up for every controlled product. This fund was to provide for the possibility of overproduction. A price stabilisation fund operates to create confidence in the market stability by minimising the worst effects of price fluctuation. Part of the price realised in high-price seasons is used to bring up prices in low-price seasons.¹ It is therefore of considerable benefit to the farming community. The FGMB could, subject to the Minister's approval, borrow from the price stabilisation fund for the purposes of any other fund.

The Local Trading Equalisation Fund

Each controlled product was to have a local trading equalisation fund. If in any financial year the value of the sales of a controlled product exceeded the aggregate amount the FGMB spent by way of expenses for handling that product, and the value of the product calculated at the price fixed for the portion meant for consumption or reserves, the difference was paid into the local equalisation fund. Where the value of the sales was less, the difference was met from the local equalisation fund. If still insufficient, the balance could be met by an advance from parliamentary appropriations. If the amount in the local trading

¹See S. M. Makings, Agricultural Problems of Developing Countries in Africa (Nairobi: Oxford University Press, 1967), pp. 123-127.

equalisation fund was over and above what was needed for its purposes, the Federal Minister of Agriculture could authorise the board to borrow money from the fund for the purposes of any other local trading equalisation fund or for the board's capital development. Where the board sold a product at a loss and it had been reimbursed through a subsidy, the amount standing to the credit of a local equalisation fund for that product was paid into the consolidated revenue fund.

The Export Trading Equalisation Fund

This fund operated like the local trading equalisation fund except that it dealt with the export surplus produce. When the money in the export trading equalisation fund exceeded what was needed for its purposes, the Minister could either take the surplus into consideration when determining the price to be fixed for quantities estimated for surplus, or he could order additional payments to producers according to the quantities of that product bought by the board. In the case of African producers, the Minister could, if it was impracticable to make additional payments, pay the portion of the surplus amount not used for any additional payments into an African Farming Improvement Fund. Further, in the case of African producers the FGMB could recover from any of the African Farming Funds any costs incurred as a result of additional work undertaken by it in connection with the marketing of controlled products grown by Africans.

Thus, just as they were charged a levy by the MCB, African producers continued being charged a levy by the FGMB. This, as we said in the case of the MCB, tended to weaken their capital base. For people among whom the absence of capital often tends to be the impediment to their ability to farm for cash, the instructions given to the FGMB were inappropriate in that they persistently weakened the farming capability of the African producers.

The FGMB itself, one would say, was adequately financed. The idea of stabilisation funds implied that the board was allowed to operate on a profit basis. If and when it failed to do so, there was always a government subsidy to fall back on.

The maize export surplus which we said developed after 1953 caused problems for the FGMB. It was because of this surplus that the export trading equalisation fund was created. The fund was to be credited or debited according to the performance of the export sales for each and every year. As maize continued to be exported at a loss, the consumer, who would have paid a lower price for his maize had the surplus not been exported, continued to subsidize export sales. At a time when the export value of maize was quoted at 20/- to 25/- per bag, the producer price for maize for internal consumption was quoted at 37/6 to 40/- a bag or more.¹ It must be inferred that the dual price system

¹Ibid., p. 109.

(export price and local price) operated to the disadvantage of the consumer at home and was therefore inappropriate from the consumer's point of view. Rather than reducing the burden of the local consumer while at the same time providing a guaranteed price for the producer, the dual price policy subsidized export sales.

It was not until 1962 that the FGMB was able to remedy the situation by ceasing to buy on a two-price system (local and export markets). Starting that year, the FGMB purchased all maize at one price and thus levelled out, to some extent, the loss that had been incurred on the maize earmarked for export.

Operations of the FGMB

The FGMB operated under the general direction of the Federal Minister of Agriculture. The prices which were fixed annually by the Minister for the FGMB to implement always reflected the FGMB's handling costs, thus ensuring that the board did not operate at a loss.

With regard to regulations covering the weight of the produce, it was provided for by the government that the FGMB could take in deliveries which were either a little more or a little less than the weight of a standard bag. When the weight was in excess, the FGMB flatly refused to reimburse the producers for the excess weight. It was the African producer, who in most cases did not have a weighing

scale at home, who suffered the loss under this practice.

Once again therefore, the government's approach was inappropriate in that the small farmer, to whom capital was always the impediment to agricultural development, suffered a loss. Instead of helping him out, the policy taxed him. Indeed, this practice was a subject of a litigation brought against the FGMB by the Central Province African Farming Improvement Fund, in the High Court of Northern Rhodesia, in 1964. The Fund, which was demanding £12,000 from the FGMB based on overweight deliveries made over the years, argued that the non-payment clause amounted to an involuntary gift from them to the FGMB.¹

The FGMB paid for railage cost incurred in surrendering agricultural produce to it, while at the same time it refused to pay for any other form of transport. Since the land along the line of rail had been appropriated for European farmers, this arrangement, with the exception of the few European farmers in the Eastern Province, favoured the already pampered European farmers over African farmers. More than anyone, the African farmer away from the line of rail faced more transportation difficulties than did the European farmer. Therefore, he should have been helped instead of being taxed.

The merging of the Northern and Southern Rhodesian markets was harmful to Northern Rhodesia. This was especially

¹See Ocran, "Towards a Jurisprudence," pp. 115-116.

so in the case of the export surplus, in that Southern Rhodesia's export surplus was a larger fraction of the internal sales than was Northern Rhodesia's.¹ Had it not been for the merger, farmers in Northern Rhodesia would have received more under the two-pricing system. As it was, they ended up subsidizing farmers in Southern Rhodesia. From Northern Rhodesia's point of view the merger was a losing game and was therefore not appropriate in that, instead of benefiting Northern Rhodesia's agriculture, it taxed it.

To summarise our discussion of the FGMB let us note that it was created as a body corporate and was established to be the main vehicle for marketing agricultural produce in order to take advantage of the favourable world prices for certain grains. Endowed with functions and powers that could have applied to the whole country, the FGMB unfortunately concentrated its services on the line of rail and thus continued to do what its predecessors had largely done, favouring the white commercial farmer over the African farmer, whose capital base it persistently weakened.

The FGMB nevertheless marketed a wider category of products than had ever been done before. Largely due to the activities of the FGMB, maize purchases rose from 1,432,000 to 2,028,000 bags from 1958 to 1963, and sales ranged from 1,318,000 to 1,537,000 bags over the same period.² From

¹Ibid., p. 35; and Baldwin, Economic Development, p. 157.

²Ocran, "Towards a Jurisprudence," p. 123.

the point of view of figures the FGMB did well, but it could have done better had it prosecuted the tremendous potential for increased production by African producers. The FGMB ceased its operations at the end of 1963.

Our discussion of the FGMB brings us to the end of an era; it signifies the end of marketing boards created with a colonial policy input. This era, as can be recalled, started with the MCB which was given a monopoly over maize purchases and sales along the line of rail. To this was added the EPAPB with a monopoly of maize and later groundnuts purchases and sales in the Eastern Province.

Common to instructions given to these boards was the idea that agricultural development in Northern Rhodesia could be brought about by concentrating services on the European commercial farmers, to the neglect and sometimes discouragement of the African producer. From a selfish point of view this policy might have succeeded, but it failed miserably in that whatever it achieved was precarious, and was therefore not a sustained kind of agricultural development. Used to being pampered, the white commercial farmers viewed as acts of hostility efforts to remedy the injustice done during the colonial era by the neglect of African producers. They left in numbers and the country's agriculture was back to where it had been before marketing boards were created. The country's dependence on imported food continued.

TABLE 3.2

GROSS VALUE OF EUROPEAN AND AFRICAN PRODUCTION
1955-1963 (K million)

Total Production*									
Crop	1955	1956	1957	1958	1959	1960	1961	1962	1963
Maize	4.4	6.8	9.0	2.8	6.0	6.6	7.4	5.8	4.6
Tobacco	2.2	2.6	3.0	2.2	3.8	3.8	4.4	5.4	6.2
Groundnuts	.4	.4	.6	-	.6	1.0	1.4	.2	.2
Potatoes	.2	.2	.2	.2	.2	.2	.4	.2	.2
Other Crops	.4	.4	.4	.4	.6	.6	.6	.6	1.0
Total	7.6	10.6	13.2	6.0	11.2	12.2	14.2	13.8	14.2
European Production Only									
Gross value of Crop Production	5.4	7.0	8.8	5.4	8.6	8.2	9.6	9.8	10.0
African Production Only									
For Sale	2.2	3.6	4.4	.6	2.6	4.0	4.6	4.0	4.2
For own consumption	28.4	28.4	29.4	30.6	34.6	35.8	35.2		

*Includes gross value of African sales, but excludes subsistence production.

Source: Dodge, Agricultural Policy, p. 48.

For the performance of agriculture during the colonial period, see table 3.2 which gives a gross value of European and African crop production for the period 1955-1963. The figures in the table are estimates. This is especially so

in the case of subsistence figures which, at best, should be regarded as rough estimates, but which nevertheless give some idea of the overwhelming importance of subsistence crop production. Over this period, African sales to marketing organisations ranged from 10 percent to 34 percent of total marketed production. Had the enormous potential for expanded African production been tapped effectively, the above figures would have been exceeded.

As it was, Zambia at the time of her Independence inherited two widely divergent agricultural systems--European, on an uncertain footing, and African, not effectively tapped. Within the African system there existed different levels of development--one for the farmers close to the line of rail and in the Eastern Province, and the other of farmers in the remaining areas. It should be stressed that these differences were not a result of some areas miserably lacking in agricultural potential. The country has few, if any, serious natural hindrances to agriculture.

CHAPTER 4

FOOD CROP MARKETING THROUGH MARKETING BOARDS: POST-INDEPENDENCE PERIOD

We have seen that colonial governments in Northern Rhodesia chose statutory marketing boards to carry out agricultural marketing in their attempts to develop agriculture. These marketing boards worked under the general direction of the Governor, in the case of the MCB and the EPAPB, and under the general direction of the Federal Minister of Agriculture, in the case of the FGMB. They therefore worked under the general instructions of the government.

We also showed that marketing boards during the colonial period concentrated their services on the white commercial farmers. As far as the African producer was concerned, marketing boards were instructed either to stifle his efforts by weakening his capital base or in most instances ignore him altogether. The kind of agricultural development which colonial statutory marketing boards stimulated was therefore precarious, because the white commercial farmers, on whom services had been concentrated, left the country at the first indication that under an African government they would not receive the kind of

preferential treatment they had enjoyed under the colonial government.¹ From 1,000, the number of commercial farmers sank to less than 500 between 1965 and 1971.² Much of what had been built so painfully over the years was therefore lost by the exodus of the white commercial farmers.

Unlike the colonial government, the government of independent Zambia guided by the Philosophy of Humanism (which we discussed in chapter 2) seeks to distribute resources as widely as possible. In this chapter we shall seek to show that independent Zambia has also chosen statutory marketing boards to carry out agricultural marketing in the attempt to stimulate agricultural development. We shall also seek to show that instructions given to these boards have in most cases denied the boards the effectiveness they need in order to promote agricultural development because they have been either vague, inappropriate or have led to a waste of resources.

Although formed before Independence, the Grain Marketing Board of Northern Rhodesia, and later of Zambia, spent much of its life span in the post-Independence era. Besides, it was formed according to the policy of an African government. It is therefore the first food crop marketing board which we shall discuss in this chapter. The format

¹Times of Zambia (Ndola), February 28, 1971, p. 1.

²Ibid.

TABLE 4.1

POST-INDEPENDENCE FOOD CROP MARKETING BOARDS

Board	Jurisdiction	Controlled Product	Duration
GMB	Line of rail and after 1967 the Southern and the Western Provinces	maize	1964-1969
ARMB	Areas outside the line of rail that the Minister declared ARMB areas	Monopoly over any product declared by the Minister to be a controlled product in an ARMB area	1964-1969
NAMBOARD	Countrywide	Any product so declared by the Minister, e.g., since 1973 maize and cotton	1969-

will be the same as the one we used in the previous chapter. All in all, this chapter will be devoted to the discussion of the boards presented in table 4.1.

THE GRAIN MARKETING BOARD OF ZAMBIA

The formation of the Grain Marketing Board of Zambia (GMB) was necessitated by the dissolution of the Federation of Rhodesia and Nyasaland. In July 1963, the FGMB was requested to decentralise its administration in preparation for the establishment of separate boards--for Northern Rhodesia and for Southern Rhodesia. In response to this,

the Grain Marketing Board of Northern Rhodesia was formed in January 1964, and became the Grain Marketing Board of Zambia on October 24, 1964. Along with the GMB, the Agricultural Rural Marketing Board (ARMB) was formed to operate in the rural areas (i.e., outside the area along the line of rail), in the marketing of other agricultural products besides maize (maize marketing in all areas was the responsibility of the GMB), and in agricultural requisites generally. The new government could have chosen some other form of organisation, e.g., a cooperative or private enterprise to carry out agricultural marketing, but it chose a statutory board. The preference for such a board to a cooperative is especially significant considering the kind of weight which President Kaunda was soon to throw behind the cooperative movement starting in 1965 (see Chapter 2).

Statutory Structure of the GMB

The GMB was established under the Northern Rhodesia Grain Marketing Ordinance as a body corporate capable of suing and being sued. Actually, what the Northern Rhodesia Grain Marketing Ordinance did was to amend the Federal Grain Marketing Act under which the FGMB had been created. Thus the Grain Marketing Ordinance of Northern Rhodesia abolished the FGMB and made the Federal Grain Marketing Act as amended, applicable to the Grain Marketing Board of Zambia. The changes made to the FGMB's set up were therefore quite insignificant and were simply necessitated by the dissolution

of the Federation. The reader is therefore asked to refer to our discussion of the FGMB for details.

The board of the GMB consisted of up to five members and was appointed by the Minister responsible for agriculture, who also appointed a chairman from among the five members and an official from the Ministry of Agriculture to attend board meetings and take part in the deliberations but exercise no vote. The composition of the Board was not based on the representation of special interests, but on the suitability of an individual for service.

The GMB, whose General Manager was the chief executive, was organised into a head office in Lusaka, district offices and depots. District Managers administered district operations while depot managers or capitao's administered depot operations. Between the Board's depots and the producers came buying agents who collected the products from the farms and sent them to depots. They were therefore a vital link between the depots and the producers.

The functions and powers of the GMB were to be the same as those laid down for the FGMB.

Financial Arrangement of the GMB

Here again, there were not many changes to the Grain Marketing Act as amended and applied to the GMB. The only significant changes to note were the following:

1. In cases where any amount of money standing to the credit of the local trading equalisation fund was to be paid

into the consolidated revenue fund, the amended provision required that this be paid into the general revenues of the territory.

2. In cases of surplus in the export trading equalisation fund, the new rule was that if the surplus could not be paid to African producers, the Minister would pay this into an African Farming Improvement Fund.

The Native Production and Marketing Development Fund which had referred to Southern Rhodesia, was dropped from the text. Retention of equalisation funds implied that the GMB would operate on commercial lines. However, this was not to be the case, as we shall find out later.

Operations of the GMB

The GMB worked under the general direction of the Minister of Agriculture. In 1964, the government set up an Agricultural Marketing Committee to advise it on the pricing of agricultural commodities generally. This committee differed from the Agricultural Marketing Council which had advised the federal government in that, whereas the Agricultural Marketing Council had been statutory, the Agricultural Marketing Committee was set up by executive action, which meant that it could advise the government on prices but, ultimately, it was the Minister of Agriculture who fixed producer prices. The advice of the Agricultural Marketing Committee could therefore easily be ignored. Also, the Federal Agricultural Marketing Council had its membership

based on the representation of sectional interests within the agricultural industry, whereas the Agricultural Marketing Committee was not. In 1967, for example, the membership of the Agricultural Committee consisted of a university professor, private and government lawyers, an accountant, civil servants, a farmer, a housewife and a school teacher.¹ The functions of the Agricultural Marketing Committee were taken up by the Marketing Department of the ministry responsible for agriculture in 1968, when the committee ceased to exist.

There is something to be said for an independent body (independent from the Ministry of Agriculture) to carry out investigations concerning prices and make recommendations to the government. Such a body bringing together producers and consumers and also government officials would go a long way in reflecting the interests of the groups represented in regard to the prices recommended, and could ensure that no group felt that its interests were not considered.

Before it ceased to function, the Agricultural Marketing Committee carried out detailed studies of the main commodities. It heard evidence from all interested parties, e.g., trade, producer associations, statutory boards, the Ministry of Agriculture and individuals. It made

¹Zambia, Ministry of Agriculture, Review of the Operations of the Agricultural Marketing Committee During the Year Ending 30th June 1967 (Lusaka: Government Printer, 1968), p. 11.

recommendations both on short-term and long-term guidelines on sound price settings. In setting its guidelines, the Committee studied the size of the market both at home and abroad, took into account the need or otherwise for subsidy and then recommended a price likely to lead to supplies sufficient to meet the estimated market requirement. Its long-term guidelines were also designed to maintain a balance between supply and demand, and to reflect the relative importance of crops. The Committee felt this was necessary if diversified agricultural production was going to be achieved. For example, it advised that the incentive price for maize was having a detrimental effect on the production of more valuable crops (at export prices) such as tobacco, cotton and groundnuts.¹ This warning, as we shall find out later in this study, was not heeded.

Until 1967, GMB's operations were mainly concerned with the acceptance of controlled products and residual products at the line of rail depots. Residual products were those which producers could market free of any restriction, but which they could deliver to the board until after 1967, in case of difficulties in disposing of them.

In 1965, the GMB built and started operating a cotton ginnery in Lusaka to gin the developing cotton crop. In 1967,

¹D. J. Dodge, Agricultural Policy and Performance in Zambia: History, Prospects, and Proposals for Change (Berkeley: University of California Press, 1977), p. 98.

it took over responsibility for 131 depots in the rural areas of the Southern, Central and Western Provinces from the ARMB. Nineteen sixty-nine saw the GMB become an importer and distributor of seed, fertilizers, fruits and vegetables. It was also instructed to accept all vegetables offered to it at its Lusaka and Ndola depots, and to market bananas from Mununshi and vegetables from Mushota, both in the Luapula Province. As a matter of fact, before its dissolution, the GMB was participating, although on a small scale, in the retailing of vegetables and maize. This policy of having a statutory board competing with private marketeers and cooperatives in the retail marketing of the commodities was arrived at with the following aims in mind:¹

1. to encourage production by offering a ready market, thus advancing Zambia to self-sufficiency in fruit and vegetables;
2. to reduce retail prices by entering the retail market, competing with other retailers, and thus lowering the cost of living; and
3. to control imports, thereby protecting producers at home.

When the GMB entered retail marketing, the general understanding was that this undertaking would be conducted on

¹M. T. Ocran, "Towards a Jurisprudence of African Economic Development: A Case Study of the Evolution of the Structure and Operations of Zambia's Food Crop Marketing Boards from 1936 to 1970" (Ph.D. thesis, University of Wisconsin, 1971), p. 136.

a commercial basis, that the undertaking would be applied only to the Lusaka and Copperbelt areas, and that the GMB would be the sole importer of fruits and vegetables.¹ Shortly afterwards, however, the picture changed as a result of instructions from the Ministry of Agriculture, which led to the Board operating on noncommercial lines. The Board was instructed to reduce the retail price of some products irrespective of its transport costs, to buy all vegetables delivered to its depots at Lusaka and Ndola, and to claim losses arising from these instructions from the Ministry. No doubt these instructions came as a response to complaints by the vegetable farmers in the Luanshya area in April 1969, about the GMB not buying their produce, and about GMB buyers who, instead of arriving at 8:00 A.M. as arranged, would arrive at 4:00 P.M. All told, these instructions led to substantial losses on the part of the GMB between April and August of 1969.

Intentional losses are not frustrating to management if they are reimbursed as quickly as possible. Unfortunately this, as we shall show later in this study, has not been the case as boards have had to wait for reimbursement for long periods. This practice handicaps the effectiveness of marketing boards in that it creates liquidity problems on their part. It is therefore inappropriate to instruct a board to operate at a loss, while at the same time reimbursement is delayed. This was particularly frustrating to the GMB

¹See *ibid.*, pp. 136-137.

which was instructed to go into retail marketing where it had to compete with cooperatives and private entrepreneurs. The GMB could not therefore compete effectively and thus could not have any impact on the intended reduction of retail prices.

The GMB, despite the continuance of trading equalisation funds, operated at a loss every year and had to wait for reimbursement. For the 1965/66 season, for example, the GMB showed fixed assets and work-in-progress of £652,381 as against loans of £794,098. Its current assets of £1,793,650 were covered by short-term government loans of £2,000,000.¹

During the existence of the GMB, the idea of pre-planting prices was introduced. A pre-planting price was announced each year and would then be corrected if necessary and prior to each delivery season should the yield prove to be excessively large or small. This represented a move away from the colonial pricing policy which had solely tied the price to the cost of production. The new system was an improvement over the colonial system in that it was responsive to changes in the size of production, so that it reflected demand considerations much more effectively than had the colonial practice. Overproduction, which had led to exporting maize at a loss, could therefore be controlled.

In 1965, the GMB was directed to start a lending system. Prior to 1965, credit was mostly restricted to

¹Ibid., p. 150.

those who could offer some form of security, particularly land. The GMB extended unsecured credit to the whole farming community. Relieved of pressure on loan money, improvement funds, which previously had been giving loans only to farmers, decided to generously extend credit even to nonfarmers--a practice which led to the abuse of the improvement funds, and to some people in influential positions losing their jobs.¹ There is an old adage in public administration literature that duplication of responsibility leads to waste of resources. The GMB's lending system proved just that. In other words, the instruction to the GMB to start a lending system was inappropriate. The GMB should have used the funds at its disposal to build storage facilities or improve upon its transportation means and left credit to credit organisations. This would have been a better way of improving upon its effectiveness and would have ensured that its buyers had the means to get to farms to buy vegetables, at 8:00 A.M. instead of arriving at 4:00 P.M. as was the case in Luanshya due to transportation difficulties.

One other interesting effect of the GMB's lending system was that it also undercut the capabilities of the Credit Organisation of Zambia (COZ). Farmers preferred to get loans from the GMB, which also found it easier than the COZ did to collect money owed to it, in that it simply

¹Zambia, ZIS, Report of the Commission of Inquiry Into Allegations Made by Mr. Justin Chimba and Mr. John Chisata (Lusaka: Government Printer, 1971).

deducted from the farmer's payment when he delivered his products, the amount he owed the board. Unfortunately, this made it difficult for the COZ to recover loans.

Before 1967 when it assumed responsibility for 131 depots from the ARMB, and except for the maize crop, the GMB was designed to operate only along the line of rail. To this extent, instructions to the GMB cannot escape the kind of criticism which we levelled at those to the FGMB. Like the FGMB, the GMB must have been designed with a partiality for commercial farmers along the line of rail.

The significance of this criticism is even greater than is apparent in that the ARMB which was created to serve areas outside the line of rail, was perhaps the most under-capitalised marketing board in the history of the grain marketing boards in Zambia, and was in no position to effectively serve areas away from the line of rail. It is true that, as the white commercial farmers left the country, their farms were taken by Africans, e.g., highly placed civil servants and politicians. Until very recently, however, these were people who treated the farms they acquired as prestige symbols to which they drove at weekends without working them effectively. The small-scale African producer, who had for years demonstrated a capacity to produce when the incentive was presented to him, still continued to be underserved. This was not the most appropriate way to stimulate agricultural development.

It is no wonder that the GMB's impact on production was not remarkable. At 2,000,000 bags, the 1969 maize yield was the smallest for all the board's existence. In that year, some millions of maize bags had to be imported.¹

To summarise, the GMB's formation was necessitated by the dissolution of the Federation of Rhodesia and Nyasaland. Although President Kaunda was soon to throw his weight behind the cooperative movement, the government decided to continue with the strategy of statutory boards to carry out agricultural marketing for the purposes of stimulating agricultural development. The GMB was designed to work along the line of rail until 1967, when it took over depots from the undercapitalised ARMB, which had been designed to operate in areas outside the line of rail. The GMB's performance thus far was not remarkable.

THE AGRICULTURAL RURAL MARKETING BOARD

The marketing boards which we have so far looked at operated mainly along the line of rail. This means that their services were mostly designed to serve the interests of white commercial farmers to the neglect of the indigenous farmers already in business, and to the discouragement of the emergence of new African commercial farmers by withholding a necessary service from them.

To correct this anomaly, the Agricultural Rural Marketing Service (ARMS) was started to intercede between

¹See Ocran, "Towards a Jurisprudence," p. 147.

the African producer in the field and the GMB depots. In areas more distant from the line of rail, cooperatives were encouraged.

We noted earlier in this study that the MCB operated an African Rural Buying Organisation to get African-produced maize to its depots. This service, as we pointed out, was run on behalf of the African Farming Improvement Fund and was therefore financed by levies on African-grown maize. Any deficit was met by the improvement fund. This contrasts with the marketing boards serving the line of rail, which in cases of deficit were funded by subsidies from the government. Here again is a case of government bias in favour of boards which served white commercial farmers along the line of rail. Whereas the African producer paid for whatever marketing service was extended to him, the white farmer had his paid for by the government.

The African Farming Improvement Fund was split into two in 1958, one for the Southern Province and the other for the Central Province. When the FGMB started its operations, it took over the running of the African Rural Buying Organisation, and ran it until 1960 on behalf of the two African Farming Improvement Funds. In 1960, the Department of Cooperatives and African Marketing of the Ministry of African Agriculture took over the running of the Rural Buying Organisation and changed its name to the African Rural Marketing Service (ARMS). Once again, the service was run

on behalf of the African Farming Improvement Funds. This meant that the service continued to be restricted to the areas served by the improvement funds, i.e., the Southern and Central Provinces. Areas outside the line of rail and outside the areas served by the improvement funds, were therefore left to stagnate.

When the African government came to power, it was felt that there was need for a marketing service which would not be limited in the way the Rural Marketing Service was. It was this realisation which led to the establishment of the Agricultural Rural Marketing Board in 1964. Once again, a statutory board was chosen to provide marketing services to areas which did not enjoy the facilities of the improvement funds or of the old statutory boards. The Agricultural Rural Marketing Board was entrusted with the responsibility of providing marketing services in the "non-viable" areas. A non-viable area was defined as one which had agricultural potential, but one in which the value of the surplus agricultural produce was insufficient to cover its full marketing costs without depressing producer prices.¹

Statutory Structure of the ARMB

The ARMB was established by the Agricultural Rural Marketing Ordinance of 1964 as a body corporate, capable of suing and being sued. The ordinance came into effect on

¹ Ibid., p. 154.

July 3, 1964. The board was to consist of a chairman and at least three other members appointed by the Minister of Agriculture. The board's representation was openly based on the representation of regional interests, and, as it turned out, every region was deliberately represented on the board, which also had a representative of the Ministry of Agriculture.¹

The ARMB was organised into a head office, regional offices and district depots in the ARMB areas. The chief executive of the board was the General Manager. Regional Offices were headed by Regional Marketing Supervisors while depots were run by Depot Foremen.

Functions and Powers of the ARMB

The functions of the ARMB were summed up in a "catch-all" phrase of promoting and fostering the development of agriculture in each and every area. This broad definition of functions made it difficult for the ARMB to realise when it overstepped its jurisdiction, and on occasions, as we shall find out, led to clashes with other organisations. Such clashes resulted from a duplication of effort and thus a waste of resources, which is not the best way to provide for effective agricultural marketing.

The powers of the ARMB were for the most part embodied in its broad function. For example, to determine the assembly

¹Ibid., p. 160.

and distribution of the produce: the ARMB, once the Minister of Agriculture declared an area an "Agricultural Rural Marketing Board area," enjoyed a monopoly over the marketing of certain products in that area as well as a general responsibility to provide marketing services there. The ARMB could use its broad definition of responsibility to collect the information it needed about the produce and also to enforce quality standards of the produce. It took some time, however, before the ARMB decided to enforce quality standards.

To provide for its autonomy, the ARMB had a free hand in its hiring procedures and was also specifically given power by the Ordinance to control, manage and administer all or any funds, moneys, investments and property placed under its control and disposal. Also, subject to the Minister's approval, it could borrow money and raise credit. This approval was not, however, easy to obtain.

Financial Arrangement of the ARMB

The ARMB was essentially run on government subsidies. The Ordinance setting up the ARMB provided no instructions on the financial structure of the ARMB. The instructions were therefore vague and not conducive to effective performance. Subsidies, therefore, were the answer. Had the ARMB carried the full costs of the marketing services it provided to the non-viable areas, producer prices would most likely have been lower than they actually were and unable to provide farmers with an incentive. Unfortunately, subsidies were

given to the ARMB in such a way that throughout its existence it held the opinion that it was undercapitalised.¹

To start with, the government's idea was to allow the ARMB to take over the assets of the African Farming Improvement Funds. Due to constitutional hurdles; however, it was not until January 1966 that the Minister of Agriculture was able to direct the two African Farming Improvement Funds to hand over their accumulated profits for the financial years of 1960-1963 inclusive, to the ARMB. At the same time, the ARMB was allowed to purchase the assets left by the ARMS.²

Operations of the ARMB

The ARMB operated under the general direction of the Minister of Agriculture, who also made declarations as to which areas should fall under the jurisdiction of the ARMB.

In 1964, the Mazabuka district of the Southern Province, the Western Province (excepting Kaoma district), the Central, the Luapula, the North-Western and the Eastern Provinces were declared ARMB areas. In 1965, the districts of Choma, Kalomo, and Gwembe in the Southern Province were added to ARMB areas, as was Kaoma district in the Western Province.

In 1967, however, the situation changed when the Minister of Agriculture directed the GMB to take over all the functions of the ARMB in the Southern and Western Provinces.

¹Ibid., p. 167.

²Ibid., p. 169.

Thus only the Eastern, the Luapula and the North-Western Provinces were left to the ARMB. The reason given for this development was a lack of finance and trained staff in the ARMB.¹ The ARMB was, however, allowed to continue being responsible for the primary marketing of tobacco in all provinces, as well as the marketing of rice in the Luapula Province and in parts of the Western Province. We can only conclude that before it was relieved of its responsibility to handle agricultural marketing in the Southern and Western Provinces by the GMB, ARMB's performance must have been ineffective in view of its lack of funds and trained staff, problems which the Minister acknowledged. Under-financing and understaffing the ARMB were not the most appropriate ways of prosecuting the goals of agricultural development in the non-viable areas.

In the ARMB areas, the ARMB had monopoly powers to market maize, groundnuts, tobacco, pineapples, sorghum, sunhemp, rupoko, sunflower seeds, cow peas and beans. In the marketing of tobacco, all the ARMB did was to buy the produce near the point of production, bulk it up and transport it to the warehouse on the main line of communication. Final tobacco sales were organised by auction or by private treaty sales administered by the Tobacco Board of Zambia. In 1966, ARMB started distributing seeds, fertilizer and other agricultural requisites.

¹Ibid., p. 82.

The greater part of the ARMB's marketing operations were carried out on the mobile marketing basis, i.e., buying teams went out to collect the produce on specified days.

This system demanded transport facilities. Undercapitalised, the ARMB came to depend on transport supplied by local contractors whom it could not easily get to operate satisfactorily.

With regard to the quality standards of the produce accepted by the ARMB, it was not until 1969 that these were enforced. The regulations were not adopted from the very beginning because most of the farmers with whom the ARMB dealt had just started as commercial farmers. It was felt that they needed a period of grace. All the same, this paternalistic attitude was not the appropriate way to impress the farmer about the need for high quality products.

The broad definition of the responsibility of the ARMB led to clashes between the ARMB and other organisations. We learn from Qcran that in 1965 the number of producers in the Central Province who by-passed the ARMB and registered with the GMB constituted a 300 percent increase over the 1964 figures.¹ A similar overlapping of responsibility existed between the ARMB and cooperative societies, particularly the Eastern Province Cooperative Union. One such clash even led to a meeting between the ARMB's manager and the Ministry of Agriculture's Department of Marketing.

¹ Ibid., p. 172.

Duplication of effort, as we have said earlier, is inappropriate in that it leads to the waste of resources which in a developing country are not easy to come by.

The problems of the ARMB were largely those of an undercapitalised and understaffed institution with too many jobs, all of which were not of its own making but that of the Ministry of Agriculture. Staffing in which the ARMB had a free hand unfortunately also depended on the availability of funds, a portfolio controlled by the Ministry of Agriculture. ARMB's 1967 Annual Report, for example, highlighted lack of finance as its major problem. In July 1968, the ARMB even suffered the humiliation of having its bankers refuse to meet any cheques it might draw. It should be remembered that July is the height of the maize buying season. The whole operation appeared headed for a halt. It was only after this scare that the Ministry of Finance went to the ARMB's rescue and made available K1,000,000 of the K1,500,000 which the ARMB considered necessary.¹

In view of the above problems, it was indeed difficult, as the ARMB put it in 1968, "to understand why so many eyebrows should have been raised as the general situation grew worse."² The ARMB was a victim of inappropriate

¹ Zambia: Agricultural Rural Marketing Board, Annual Report 1967-68 (Lusaka: Associated Printers, 1969), p. 1.

² Ibid.

instructions given as attempts to solve agricultural problems. This situation rendered the ARMB operations inadequate and thus ineffective. It became clear that Zambia's attempts to develop agriculture in the non-viable areas needed more than just the setting up of a marketing organisation.

THE NATIONAL AGRICULTURAL MARKETING BOARD

The National Agricultural Marketing Board (NAMBOARD) came into existence on September 1, 1969; essentially, as an amalgamation of the GMB and the ARMB. What led to the establishment of NAMBOARD was the realisation in government circles that, although the GMB was receiving the largest share of the nation's resources allocated to marketing institutions, it had a bias for serving the interests of the expatriate farmers along the line of rail. In contrast, the ARMB, which was trying to stimulate areas outside the line of rail, was being treated as an inferior organisation in resource allocation. Authorities felt that the favourable terms of trade hitherto concentrated on the line of rail should be spread so that producers, wherever they happened to be, would receive the same consideration and the same favourable treatment. Once again, the government's choice of strategy to achieve this objective was a statutory marketing board.

It was also felt that amalgamating the GMB and the ARMB would lead to a more economic use of headquarters expenses. Through stock deployment, bulk buying of requisites,

and greater integration of staff, a centralised administration, it was felt, would reduce costs and lead to efficient marketing. Thus, in one daily's headline entitled "The Board will streamline Farm Marketing," the then Minister of Rural Development, the Hon. R. Chitandika Kamanga, was quoted as saying, "the board's main objective will be to evolve a dynamic and efficient marketing system which will spearhead our agricultural development."¹

In wider terms, the choice to amalgamate the GMB and the ARMB entailed a dissatisfaction with the inherited dual marketing system based on the division between European and African agriculture, and between African farmers close to the line of rail and those in more distant areas from the line of rail. This dual system of agricultural marketing was found to be ineffective.

As a response to the above issues, the government appointed a working party to consider the formation of a national marketing board to be responsible for the marketing of all products. The Working Party actually started its work in 1966, and the following were its terms of reference:²

1. To examine the legal aspects of amalgamating the two boards (GMB and ARMB);

¹Times of Zambia (Ndola), September 4, 1969, p. 1.

²See, Zambia, Cabinet Office, "An Organisation Study for the National Agricultural Marketing Board of Zambia" (Lusaka, 1969).

2. to study and appraise the financial position of the two boards and to determine how these could be taken over by the new board;
3. to recommend the best form of organisational structure the new board should take, bearing in mind the needs of both rural and urban agricultural development.

The Working Party submitted its report in February 1967. The report recommended the establishment of an agricultural marketing board to handle all food crops including groundnuts, cotton and fruit. Dairy products, cattle and beef, poultry and vegetables were excluded from the proposed board's functions. The new board would operate throughout the country. Although the question of marketing cooperatives was considered, their role was not clarified. All the Working Party said was that marketing cooperatives should be encouraged and supported alongside the marketing board. The National Agricultural Marketing Act (N.A.M. Act) was passed by Zambia's Parliament and led to the creation of the NAMBOARD. The Act dissolved both the GMB and the ARMB and transferred their assets, liabilities and obligations to the new board.

Statutory Structure of NAMBOARD

NAMBOARD was established as a body corporate capable of suing and being sued. The board, consisting of nine members, is appointed by the Minister responsible for agriculture. To start with, the chairman of the board was

appointed from among the nine board members. Later, the Minister responsible for agriculture assumed the chairmanship of the board.

Below its headquarters administration in Lusaka headed by the General Manager, NAMBOARD has a provincial administration headed by the Provincial Manager. Below this comes district administration headed by the District Manager.

Functions of NAMBOARD

NAMBOARD's functions are much broader than those of each of the two boards it replaced. For example, unlike those of the GMB, NAMBOARD's functions are not restricted to controlled products; they also cover uncontrolled products. The functions of NAMBOARD, set out as Part III of the N.A.M. Act, are as follows:

1. taking possession of and disposing of any controlled product vested in it under the provisions of the N.A.M. Act;
2. buying and disposing of any controlled product not vested in it which may be offered to it for sale;
3. buying and disposing of any noncontrolled product;
4. buying, selling, supplying and distributing agricultural requisites;
5. importing or exporting controlled products, noncontrolled products and agricultural requisites as it may consider necessary in the interests of Zambia;

6. providing storage and handling facilities for controlled products, noncontrolled products and agricultural requisites;
7. doing all things necessary and consistent with the provisions of the Act to ensure the orderly marketing of controlled products and the orderly supply and distribution of agricultural requisites within any prescribed area.

Powers of NAMBOARD

The powers of NAMBOARD appear either in the N.A.M. Act itself or in the schedule to the Act. Some of NAMBOARD's powers are embodied in its functions.

Assembly and distribution of the produce

Except with the written permission of NAMBOARD, no one can remove a controlled product from any prescribed area. The categories of persons who can acquire products on behalf of NAMBOARD include designated agents, millers and dealers.

Quality standards of the produce

NAMBOARD has power to make rules relating to the terms and conditions of delivery and sale of products and requisites by it. The actuality, however, is that almost everything which NAMBOARD does is a result of ministerial instruction. NAMBOARD also has power to reject outright, or direct to be surrendered at a later date, any product which

does not meet the standards of classification or moisture content prescribed by the Minister.

Information

Producers are required to register with the board. For a long time, producers' response to this requirement was very poor. In 1976, however, provincial managers were reporting a favourable response to the requirement.

Autonomy

NAMBOARD has a free hand in its hiring procedures. Also, NAMBOARD has power to borrow money to enable it to carry out its functions and power to invest its surplus, if any. These powers are, however, subject to the approval of the Minister responsible for agriculture, which it is not easy to receive.

To enforce the powers of NAMBOARD, the police are permitted to search and enter any suspected premises. It is, however, required that a search warrant from the magistrate be obtained before the search is conducted.

Financial Arrangements of the NAMBOARD

The financial arrangements of NAMBOARD are provided for by Part IV of the N.A.M. Act. The funds of NAMBOARD consist of parliamentary appropriations, sums and assets payable to or vesting in NAMBOARD under the Act, and such sums as may accrue to NAMBOARD in the general exercise of its functions and powers, e.g., proceeds from sales. When NAMBOARD

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was formed, an initial sum of K50,000 was provided by the government. The board also took over the assets of the two boards it replaced.

If, in the exercise of its functions and powers, NAMBOARD's funds from the above sources are not sufficient to meet any of its lawful expenditure, section 23 of the N.A.M. Act provides that the Minister would give NAMBOARD a loan from the moneys appropriated by Parliament for the purpose. As for the structure of accounts, NAMBOARD is required to operate an equalisation fund for each controlled and noncontrolled product, and for the agricultural requisites which it acquires. Equalisation funds are basically stabilisation funds meant to use the surplus in good years to cover losses in bad years.

When the proceeds from the sales of any controlled or noncontrolled product, or agricultural requisites exceed the board's expenses for handling that product or requisite, the surplus is paid into the equalisation fund for that product or requisite. If the proceeds are less than the board's expenses, the board makes up the difference by withdrawing the amount to cover the loss, from the equalisation fund for that product or requisite. If the amount is still less, then the board applies for appropriation from Parliament. In interviews with the heads of departments at NAMBOARD's headquarters, this author was given to understand that such applications for subsidies are not often responded

to in time by the Ministry. This causes delay on the part of NAMBOARD's operations. Indeed, the then General Manager of NAMBOARD, Mr. R. B. Banda, cited the delay in recovering losses among NAMBOARD's problems.¹ This renders NAMBOARD's performance ineffective and is a patently inappropriate way to promote agricultural development.

The procedure with regard to NAMBOARD's financial requirements is that, once voted upon by Parliament, the funds come directly under the Ministry responsible for NAMBOARD. NAMBOARD would then address its requests to the controlling Ministry. As a result of the delays by the controlling Ministry in releasing funds, NAMBOARD, and indeed other parastatal bodies, sometimes made direct contacts with the Ministry of Finance, by-passing the controlling Ministry.² This annoyed the officials of the controlling Ministry, provoking them into writing circulars reminding parastatal bodies of the proper procedure. Indeed, the controlling Ministry relentlessly wanted the boards to justify every request for funds, while the board's management, on the other hand, regarded the Ministry's constant probing as an interference in managerial issues and not appropriate to the development of effective management. There was no obvious

¹R. B. Banda, "NAMBOARD's role--an Honour and a Burden," Enterprise, Lusaka, Mindeco, October 1973, p. 3.

²Ocran, "Towards a Jurisprudence," p. 208.

way of reconciling the two as long as each clung to its point of view.

Operations of NAMBOARD

NAMBOARD operates under the general direction of the Minister responsible for agriculture.¹ The Minister declares controlled products and prescribes areas in which such products will be considered controlled products. The Minister also annually fixes prices which are supposed to take account of NAMBOARD's handling costs and the equalisation factor. The Minister's directions are then implemented by NAMBOARD.

Starting in 1969, NAMBOARD has provided a wide variety of marketing functions. It has a monopoly on the purchase, sale, import, export and storage of maize on a countrywide scale. It operated two cotton ginneries² and bought cotton from the line of rail farmers, leaving the buying of cotton in the Eastern Province to the Eastern Cooperative Union. NAMBOARD also has a monopoly on the distribution and sale of fertilizers. It distributes and sells other agricultural supplies, including seeds, chemicals and oxen-drawn equipment, in competition with the commercial sector. NAMBOARD was the sole importer of fruit and

¹For a short time (1974 to 1975) NAMBOARD, along with other agricultural marketing boards, was placed under the Ministry of Commerce and Trade.

²NAMBOARD stopped handling this operation in October 1977 when this operation was passed over to a new board, the Lint Company.

vegetables, and acted as the residual buyer of home-grown fruits and vegetables.¹ As a residual buyer, NAMBOARD would buy what was presented to it in the event of the producer not being able to find a willing buyer.

The 1970 list of controlled products included maize, maize meal, groundnuts, Canadian Wonder beans, haricot beans, mixed beans, sugar beans, velvet beans, cow peas, sunhemp, sunflower seed, sorghum, soya beans and seed cotton. In 1973, however, NAMBOARD along with its agents was divested of its monopoly buying power for all crops, with the exception of maize and cotton. Thereafter, it remained a residual buyer for all other crops which were controlled in 1970.

The Working Party which looked into the establishment of NAMBOARD had actually advised against NAMBOARD going into the marketing of vegetables. About fruit marketing, the Party had said that NAMBOARD could participate if the need arose. The feeling of the Working Party was that these commodities could best be marketed by a mixture of private enterprise and cooperatives.

In June 1970, however, NAMBOARD was instructed to start marketing fruits and vegetables. The argument was that this move would provide an improved market for Zambian produce while meeting shortfalls by means of imports from friendly countries. The board was instructed to operate as

¹A new board was created in 1978 to handle vegetable marketing.

a residual buyer for home-grown fruits and vegetables. On its part, the board had not been prepared for this undertaking, especially in view of the recommendations of the Working Party. Needless to say, NAMBOARD's participation in the marketing of fruits and vegetables, especially as a residual buyer, led to serious losses on its part; which is not the best way to ensure the board's effectiveness. Caught unprepared, the board had no adequate storage facilities for fruits and vegetables. There were only two permanent depots for fruits and vegetables--one in Lusaka, the other in Ndola. A third one was built at Choma in 1971. This meant that fruits and vegetables had either to be sold immediately or moved to Ndola, Lusaka, and after 1971 to Choma for storage.

The long distance involved in moving fruits and vegetables to Ndola, Lusaka and Choma for storage made the whole enterprise cumbersome. Bananas, for example, had to be moved from Mununshi in the Luapula Province to Ndola for storage and distribution. As if this was not sufficient headache, the board was hit with the problem of lack of transport.¹ Every now and then, bananas were left to rot. Indeed, as late as 1976, NAMBOARD's transport problems had not been solved. In the Eastern Province this author found, despite NAMBOARD's intensive activity there, only one lorry, one Vannette and one Land Rover. The board was left to compete

¹Times of Zambia (Ndola), November 4, 1971, p. 2.

with the Eastern Cooperative Union for transport supplied by a transport cooperative.

The losses involved in NAMBOARD's marketing of fruits and vegetables were phenomenal. The percentage of loss on sales were 73 percent in 1970, 96 percent in 1971, 51 percent in 1972, 30 percent in 1973, and 1 percent in 1974.¹ Actually, by 1972 over K4 million had been lost.² As can be observed, the percentage of loss on sales was declining with the passing of time, i.e., as the board became more and more equipped to market fruits and vegetables. We can safely state that when the order was given in 1970 for NAMBOARD to market fruits and vegetables, no concern was shown for lack of facilities to do so, and the order just ensured ineffective performance.

Making NAMBOARD a residual buyer of such perishable commodities like fruits and vegetables had its own problems. The board was placed in a situation where it had to buy even produce it knew it would be unable to sell, and for which reimbursement for losses incurred would not be easy to obtain. Secondly, this approach to agricultural marketing taught vegetable and fruit farmers little, if anything, about the importance of commodity standards of quality. The

¹Zambia, National Agricultural Marketing Board (NAMBOARD), Annual Report 1974 (Lusaka: Associated Printers, 1975), p. 6.

²UN/FAO, Report to the Government of Zambia on Agricultural Marketing and Pricing Policies (1974), p. 14.

approach did not therefore satisfy a nutritional requirement that the food be available in high quality standards.

Once again, in 1970 NAMBOARD was instructed to start retail marketing of fruits and vegetables. This undertaking was designed to lower consumer prices for these commodities. Retail prices at NAMBOARD's stalls were set much lower than those private marketeers charged. For example, in December 1970 NAMBOARD stalls were selling cucumber at 4n. per lb., tomatoes at 15n. per lb., and onions at 6n. per lb. Respective prices of these same commodities at Mwaiseni stores were 14n. per lb., 20n. per lb., and 20n. per lb.¹ The argument was that when consumers got to know about lower prices at NAMBOARD's stalls, they would buy from there and this would persuade private marketeers to lower their prices.

The argument unfortunately overlooked the fact that unless NAMBOARD went into full-scale retailing, its retail system was not capable of supplying sufficient quantities of fruits and vegetables to affect the market. The board could not, for instance, affect the Copperbelt market with supplies from one depot, Ndola. As it was, private marketeers rushed in early in the morning to buy large quantities of supplies from NAMBOARD's stalls at its lower retail prices, and sold them later at their stalls, at higher prices. It is quite true that Zambia has price control inspectors who can force private marketeers to sell at prescribed consumer

¹See Ocran, "Towards a Jurisprudence," p. 205.

prices, but it is also general knowledge that price control regulations, especially for consumer commodities, have generally made little impact, if any at all.

The idea behind pre-planting prices is that they would influence the farmer's decisions on the acreage to plant, what to grow, and also on the crop mix. It is therefore necessary that prices be announced well before the planting season. It is estimated, for example, that maize requires a seven months notice for pre-planting prices to have an effect on the farmers' decisions on the size of acreage to plant and on crop mix. Maize prices therefore need to be announced in April for the November planting. In the case of prices which NAMBOARD has administered, this has not usually been the case. Here again is a situation in which the policy of pre-planting prices has not clearly been addressed to what it is intended to achieve. Pre-planting prices for the 1973/74 and for the 1974/75 seasons were announced too late to affect the acreage for the next season. For the 1975/76 season, the pre-planting price for maize was not announced until September 29th, 1975.¹ If these announcements are to have the intended effect, they should not come too late for them to do so. The late announcement of pre-planting prices is not appropriate for promoting the goal of increased and diversified production.

¹Dodge, Agricultural Policy, p: 102.

NAMBOARD's responsibilities are indeed very heavy.

Yet everything it does is a result of ministerial directive. The board therefore finds itself a scapegoat for faults, the causes of which may very well lie elsewhere. Selling prices set by the government have, for example, not been sufficient to cover the board's costs. NAMBOARD has therefore had to depend on government subsidies which are themselves grudgingly given, as if the need for subsidies is not a result of the Ministry's own design. In 1974, for example, NAMBOARD was instructed to buy Grade A maize at K4.30 but to sell it at K3.90 per 90 kg bag.¹ Subsidies, as we pointed out above, have led to increasing ministerial control which in itself may not be appropriate to the development of the board's managerial initiative. As we observed above, the board's management at one stage resorted to using political connections and approached the Ministry of Finance directly, bypassing the controlling Ministry--a move which in itself just led to more ministerial control. As Gouldner observed, more rules do not necessarily lead to more predictable behaviour.² In the face of more controls, the management of a parastatal body will seek to find ways of avoiding such controls.

Williams and Wardale mention two methods by which a statutory board can achieve private sector efficiency. They

¹Zambia, NAMBOARD, Annual Report 1974, p. 2.

²Alvin W. Gouldner, "On Weber's Analysis of Bureaucratic Rules" in Robert K. Merton et al., Reader in Bureaucracy (New York: Free Press, 1968).

said that something similar to the profit motive of the private sector can be introduced by the establishment of specific goals and measures of performance. Secondly, there should be sufficient managerial freedom to develop the initiative and entrepreneurial skills needed to achieve the goals proposed. In the absence of these requirements, it is unlikely that a statutory board can be successful at achieving its goals.¹ The findings of Williams and Wardale were that in the case of NAMBOARD, the requirements mentioned here are absent. It is the lack of clear and specific goals which leads to excessive ministerial control which, in turn, usurps the management's initiative, making it difficult to promote agricultural development. As far as measures of performance are concerned, government instructions to NAMBOARD are therefore vague or nonexistent.

The board, as we noted above, is the sole distributor of fertilizer. We pointed out in chapter 2 that some soils in Zambia are subject to leaching and therefore need a fertilizer input. The board's fertilizer programme is subsidized. For example, in 1974 the average landed cost of 50 kilogram pocket was K15-00, but its average selling price was K3-00,² the loss being made up by subsidy. To this extent, the

¹Zambia, Cabinet Office, "Report on the National Agricultural Marketing Board," prepared by D. Williams and T. Wardale (Lusaka, September, 1971), p. 6.

²Ibid.

board received from the government K12,250 as fertilizer subsidy. So far, so good. The fertilizer programme unfortunately has also been plagued with transportation difficulties. The problem is not so great for farmers along the line of rail and farmers who can afford to send their own trucks to distribution centers and collect the fertilizer they need, as it is for the farmer in distant areas. He has been hit, as a result of NAMBOARD not being able, due to lack of transport, to distribute fertilizer when it is needed. Explaining the delay in the distribution of fertilizer for the 1971/72 season, the then Permanent Secretary in the Ministry of Rural Development, Mr. Evans Willima, said that the fertilizer was already in the country but NAMBOARD did not have adequate transport to distribute it to the farmers.¹

The purpose of the fertilizer programme is to enable the farmer to improve on his production by improving the soil quality. If fertilizer cannot be delivered to the farmer when he needs it, it cannot be used effectively, and the money spent on the programme will go to waste-- clearly, not an appropriate way of effectively prosecuting the goals of agricultural development. NAMBOARD's transport problems should at all costs be solved, if the board is going to enable the farmer to increase his production. In his report to his Ministry, one local official in Nchelenge District is reported by R. H. Bates to have stated in 1971, that

¹Daily Mail (Lusaka), November 17, 1971, p. 1.

X

". . . the Marketing Board also did not give:

7 farmers	5X100 lbs.	Xmixture (fertilizer)
4 farmers	15X125 lbs.	maize seeds
47 farmers	204 tins	groundnuts."

The official went on to state that, "instead of having 500 acres maize we have 400 acres. Instead of having 550 acres of nuts we have 50 acres."¹

It was intimated to this author in 1976 during one of the interviews, that the late delivery of fertilizer has, on some occasions, led farmers who receive the fertilizer too late to use it, into selling it to farmers in a neighbouring country (Malawi). If this is the case, then the Government of Zambia has subsidized farmers in a neighbouring country.

In chapter 2 of this study, we stated that Zambian post-Independence agricultural policy seeks to diversify agricultural production so as to grow all the different foods necessary for proper nutrition. The subsidy programme which NAMBOARD has been instructed to work with, seems to favour maize production over the production of other crops, thus making diversified agricultural production a much more difficult goal to attain as farmers favour the growing of maize. We say this because with the exception of fertilizer, the largest amount of subsidy has gone to maize, as table 4.2 shows.

¹R. H. Bates, Patterns of Uneven Development: Causes and Consequences in Zambia (Denver, Col.: University of Denver Press, 1974), p. 4.

TABLE 4.2
GOVERNMENT SUBSIDIES TO NAMBOARD (K million)

Crop	1975	1974
Maize	13.460	11.844
Fertilizer	7.563	12.250
Seeds	.200	.404
Produce	.322	.028
Cotton	.441	.023
Sundry Crops	.011	.003

Source: Dodge, Agricultural Policy,
p. 116.

The fact that maize is a basic crop in Zambia has, no doubt, a lot to do with its favourable subsidy, but this does not destroy the argument that the favourable position which maize production enjoys, has a lot to do with turning Zambian agriculture into a 'monoculture' agriculture. Maize growing has been heavily subsidized even though successful maize growing demands less intensive initial training and follow-up extension services. Land preparation, planting, spacing, weed and pest control demands of the maize crop are relatively straightforward compared to those of tobacco or vegetables. Besides, once harvested maize is not highly perishable and it can be transported in bulk over long distances. It is therefore difficult to understand the

continued heavy subsidization which maize production enjoys.

Promotion of monoculture agriculture is clearly inappropriate to the needs of diversified agricultural production.

In a detailed analysis of the prices set for individual commodities, maize, groundnuts, cotton, rice, Virginia tobacco, sunflower seeds, soya beans, sorghum and wheat, Dodge showed that the prices set by the Ministry responsible for agriculture have often been below import and export parity.¹ Dodge's conclusion is that for most crops, regardless of the year, the majority of Zambian farmers who have sold crops to the National Agricultural Marketing Board have been taxed, not protected. This has tended to lower their income and can therefore be expected to lower the level of their production. This is equally inappropriate to the needs of the stated goal of expanded output.

Bates looked at the price of maize for the period 1963/64 to 1970/71 and showed that the price of maize over this period was in fact consistently declining and that the marketed output of maize was declining with it. A modified table of Bates's data is reproduced in table 4.3.

It is interesting that the maize price was declining when production costs must have been rising due to the Rhodesian independence. Since 1972, however, the price of maize has been revised to more profitable levels than the price of other products. This led tobacco growers in 1975

¹Dodge, Agricultural Policy, p. 118.

TABLE 4.3

PRICE AND OUTPUT OF MAIZE

Harvest Years	Price (K per 200 lb. bag)	Marketed output (Million 200 lb. bag)
1964/65	3.45	1.5
1965/66	3.45	2.5
1966/67	3.32	3.4
1967/68	3.10	2.8
1968/69	2.90	1.7
1969/70	3.20	1.6
1970/71	3.50	1.3
1971/72	4.00	2.8

Source: Bates, Patterns of Uneven Development, p. 40.

into threatening to switch to maize growing.¹ Thus, in addition to the subsidy, pricing has made maize farming more profitable than the farming of other crops, so that the movement toward diversified agricultural production is made even more difficult. With the maize price set at K4.30 per kg in 1973, it was calculated that seed cotton would have to be bought at 26.7 ngwee per kg, sunflower seed at K9.75 per 50 kg, and soya beans at K15.20 per 90 kg in order to have a parity in profitability with maize. Instead, the ruling prices for these crops were 17.7 ngwee per kg for seed

¹Times of Zambia (Ndola), October 8, 1975, p. 1.

cotton, K7.50 per 50 kg for sunflower seed and K8.50 per 90 kg for soya beans.¹

The low producer prices which NAMBOARD has been paying to farmers, have been justified in government circles on the basis of the large subsidies paid to NAMBOARD. The belief is that, if it were not for the subsidies, handling costs would be so high as to reduce the margin of profit which the farmer enjoys as a result of the subsidy. Dodge, in the work cited above, examined this argument by working out the incidence of the maize and fertilizer subsidies, with a view to determining the extent to which the subsidies have benefited either the farmers or the consumers.

To determine the incidence of the maize subsidy, Dodge subtracted from the import and export parity price of maize, NAMBOARD's marketing costs, to arrive at the unsubsidized producer price for maize. Dodge then compared this figure with the actual price received by the farmer to determine the amount of subsidy to the farmer. To arrive at the amount of subsidy to consumers, the millers' processing cost of maize meal was added to the sum of the unsubsidized price of maize and NAMBOARD's marketing costs, and then this total was compared with the retail selling price of maize meal.

¹UN/FAO, Report to the Government of Zambia on Agricultural Marketing and Pricing Policies, p. 21.

Dodge's calculations show that the line of rail consumer received a subsidy per 100 kg bag of maize meal, varying from a negligible K0.09 per bag in 1966/67 to K5.93 in 1970/71 and K4.77 in 1973/74. In contrast, the farmer was taxed for maize sold to NAMBOARD, K0.13 per 90 kg bag in 1966/67, K3.39 in 1970/71 and K2.14 in 1973/74. The actual case, therefore, is that the maize subsidy paid to NAMBOARD has gone to the line of rail consumer and not to the farmer. Taxing the farmer has therefore reduced his earnings, and with it his ability to farm more. No doubt the maize subsidy stimulates maize consumption, but giving subsidy to the urban worker who, as we showed in chapter 2, already earns more than does the farmer in the rural area, has tended to widen the incomes gap between the urban worker and the rural farmer. The impact of the fertilizer subsidy, which goes directly to the farmer, in reversing this situation is unfortunately adversely affected by the shoddy manner in which fertilizer is distributed. This is especially the case for the farmer in the remote area. This situation makes difficult the attainment of one of the goals of Zambia's agriculture--the reduction of the rural-urban gap in incomes.

Before we leave our discussion of NAMBOARD, let us say something about the position of marketing cooperatives. Currently, marketing cooperatives provide primary (assembly) marketing services in the Eastern, the Northern and some

parts of the Southern Province. They do this as agents of NAMBOARD.

We noted in chapter 3 that as early as 1950 marketing cooperatives complained that the activities of the MCB were hindering their growth. The Working Party which looked into NAMBOARD's establishment, formulated no clear role for marketing cooperatives to play beyond saying that they should be encouraged and supported.

It is, however, difficult to say that marketing cooperatives are being encouraged. The move towards regional uniform pricing which started in 1975, coupled with the narrow margin between buying and selling prices which are set by the government, has left marketing cooperatives with too small a margin to cover the costs of their services. As a result, marketing cooperatives like marketing boards have become dependent on government subsidies. These subsidies have been reluctantly given, and with considerable delay, especially as marketing cooperatives are considered essentially nongovernment institutions. Due to this delay, the marketing season in areas served by marketing cooperatives opens late--late July or early August, instead of June. The difficulties caused by this delay in the opening of the markets are such that in 1975 the Department of Marketing in the Ministry of Development had to step in by hiring vehicles from the Ministry of Defence to enable the three cooperatives to speed up their collection of the produce to avoid crop

damage by the rains.¹ It is clear that marketing cooperatives continue being by-passed in favour of marketing boards.

To summarise, NAMBOARD was created in 1969 as an attempt to correct the anomaly which had allowed the continuation of a policy which had concentrated agricultural marketing services on the line of rail, while providing a thin service to the areas away from the line of rail.

NAMBOARD was given wider functions than those of the boards it replaced. It has, however, been denied adequate powers and facilities to match the widened functions, so that its performance towards the realisation of the goals of agricultural development has been inadequate. Bias in favour of maize growing has turned Zambia's agriculture into a monoculture agriculture. Transport problems and the effect of the subsidy have continued to depress rural incomes. All these inappropriate steps have defeated attempts aimed at achieving the stated goals of agricultural development.

This concludes our examination of post-Independence food crop marketing boards. This examination started with a discussion of the GMB, created in 1964, with powers applicable only to the line of rail until 1967 when it took over 131 depots from the ARMB. The GMB therefore suffered the weakness which colonial marketing boards had suffered, i.e., concentrating services on the line of rail and thus

¹Zambia, Ministry of Rural Development, Department of Marketing, Annual Report for the Year Ending December 31, 1975 (Lusaka: Government Printer, 1976), p. 6.

rendering agricultural development precarious. The ARMB, which was created in 1964 to serve areas outside the line of rail, was inadequately funded. It could not therefore effectively prosecute the problems of agricultural development in the areas away from the line of rail. Next came NAMBOARD with functions which are not matched by the powers it is given, and almost all it does results from ministerial instructions. In this period, the boards have continued to be set up along the lines on which boards were set up by the colonial government.

The performance of post-Independence food crop marketing boards on the whole is such that the aims of agricultural development, which we looked at in chapter 2, are just not being realised. The bias in favour of maize production has led to the development of Zambia's agriculture into a monoculture, thus making diversified production difficult. We observed, for example, that at one stage tobacco growers threatened to switch to maize growing. This has also made the attainment of diversified export earnings difficult, so that copper still contributes over 90 percent of total export earnings, despite the fall in copper prices.¹ The development of monoculture agriculture has also meant that other required foodstuffs had to continue being imported.

¹Zambia, ZIS, The Year Ahead (Lusaka: Government Printer, 1976), p. 8.

From K30,451,000 worth of food imports in 1970, the import bill for food in 1975 had jumped to K35,747,000.¹ Especially the manner in which rural areas have been served, e.g., late delivery of fertilizers, has led to the continuing of the rural/urban income gap being in favour of the urban areas,² and producer prices have depressed production and defeated efforts to attain the goal of expanded production.

¹Zambia, Central Statistical Office, Monthly Digest of Statistics (Lusaka: Government Printer, January 1978), p. 20.

²Dodge, Agricultural Policy, pp. 130-137.

CHAPTER 5

CATTLE, DAIRY AND TOBACCO MARKETING THROUGH MARKETING BOARDS: BEFORE AND AFTER INDEPENDENCE

We shall start this chapter with a discussion of boards in the marketing of cattle and beef products. This will be followed by a discussion of boards in dairy marketing, after which tobacco marketing boards will be discussed.

CATTLE AND BEEF MARKETING THROUGH MARKETING BOARDS: BEFORE INDEPENDENCE

Before looking at cattle and beef marketing through marketing boards before Independence, let us introduce the reader to the nature of the cattle market in Zambia. Cattle raising in Zambia is restricted to areas which are free from tsetse flies. These have mainly been the Southern Province, the Central Province, the Eastern Province, the Western Province and a small part of the Northern Province around Mbala. In 1965, Zambia's cattle population was put at 1.3 million, of which about 0.2 million were owned by the white commercial farmers,¹ and about 1.1 million by Africans.

¹Josef Lutke-Entrup, "Limitations and Possibilities of Increasing Market Production of Peasant African Cattle Holders in Western Province, Zambia," Communication Paper No. 7 (Lusaka: Institute of African Studies, University of Zambia, 1971), p. 16.

Although white cattle owners keep fewer animals than do Africans, both groups contribute equally to the total beef supply in Zambia. For example, of the 70,000 cattle sold to boards and to butchers using boards' facilities between 1960 and 1965; roughly half came from each sector.¹ This indicates that for the period 1960 to 1965 white commercial cattle owners marketed 17.5 percent of their herds annually while African cattle owners marketed 3.2 percent of their herds.

The first attempt at controlling the cattle market in Northern Rhodesia was the enacting of the Cattle Purchase and Export Ordinance in 1913. This ordinance had two objectives:

1. to protect the interests of African cattle owners by requiring special non-African buyers to apply for permits for the purchase of African-owned cattle; and
2. to control the export of cattle from the territory.

The Cattle Purchase and Export Ordinance remained in force until 1962 when it was repealed by the African government. Of the Ordinance, the then Minister of African Agriculture, the Hon. S. M. Kapwepwe, observed that it was discriminatory in that it restricted African cattle owners to selling only to individuals with permits to buy African-owned cattle while European cattle owners could sell to whomsoever they wished.²

¹Ibid, p. 18.

²Northern Rhodesia, Legislative Council Debates (Lusaka: Government Printer, January 16, 1963), Column 69.

TABLE 5.1

CATTLE MARKETING BOARDS

Board	Jurisdiction	Duration
CMCB	Northern Rhodesia-- essentially a control board	1937-59
CSC	Federation of Rhodesia and Nyasaland	1960-63
CSB	Zambia	1964-

The first statutory cattle marketing board in Northern Rhodesia was created by the passing of the Cattle Marketing and Control Ordinance of 1937 by the Governor and the Legislative Council. This Ordinance created the Cattle Marketing and Control Board (CMCB) in 1937. Table 5.1 presents the boards which will be discussed in this section of the chapter.

THE CATTLE MARKETING AND CONTROL BOARD

Like the Maize Control Board (MCB), the Cattle Marketing and Control Board was formed as a result of the worsening economic situation which threatened the survival of the agricultural industry in Northern Rhodesia. Beef production, which had been promoted by the expansion of the mining industry both in Northern Rhodesia and in the Congo in

the 1920s, faced an uncertain future because of the economic depression of the early thirties. As a result of the closing of all but two of Northern Rhodesia's mines, the internal market for cattle declined sharply. This situation did not augur well for the white commercial farmers, whose plight, as we observed in chapter 2, was compounded by the increase in the African share of the available cattle market from 50 percent in 1928 to 67 percent in 1936, and also by the fact that the Congo market had been captured by Southern Rhodesia. In addition, the attempts which were made in 1931 to maintain livestock prices on a voluntary basis, failed miserably.

To ensure the survival of the European cattle market, the government created the Cattle Marketing and Control Board. Once again, the government preferred a statutory body to any other organisation to control the marketing of cattle. The statutory formal structure of the CMCB was similar to that of the Maize Control Board, and the reader is asked to refer to our discussion of the MCB. Also, like the MCB, the CMCB was funded out of appropriations made by the Governor and the Legislative Council; it operated according to the Governor's instructions. Unlike the MCB, the CMCB was a non-trading control organisation, as a result of which it had no other source of funds apart from government appropriations.

Functions and Powers of the CMCB

The CMCB was given the function of the general supervision and control of the cattle market in Northern Rhodesia. Its main purpose was, of course, to prevent the destruction by competition of a significant part of the European cattle industry. To achieve this purpose the CMCB was given power to regulate imports and exports of cattle by issuing licences to those importing and exporting cattle. In addition, the provision of the Cattle Purchase and Export Ordinance of 1913, requiring those buying African-owned cattle to obtain licences, continued to be applicable. In this way, the CMCB could control the sale of cattle and beef in Northern Rhodesia. The CMCB was also given power to fix minimum prices below which livestock sales were illegal. Through this, it could ensure that livestock prices did not fall so much as to put European cattle owners out of business.

To ensure that good quality beef was available, the CMCB was given power to enforce quality standards through grading. These standards were largely based on whether the animals were being sold by a European farmer--in which case the beef would be of the prime grade--or by an African farmer--in which case the beef would be of the compound grade, which was the lowest grade.¹ In this way, the CMCB ensured that white farmers obtained a premium price for their

¹See, Lutke-Entrup, "Limitations and Possibilities," p. 78.

animals. Thus, in the case of cattle marketing, the embarrassing open subsidies which were paid to European growers of maize were not required.¹

Operations of the CMCB

As stated above, the CMCB was a non-trading control organisation. The wholesale purchase of cattle and the distribution of meat in Northern Rhodesia was conducted entirely by private enterprise under the overall supervision of the CMCB. The entire meat trade in Northern Rhodesia was dominated by two companies, Werner and Company Ltd. and the Copper Fields Cold Storage Ltd. In remote areas, these companies cooperated with general retailers; e.g., in the Western Province the Copper Fields Cold Storage Ltd. cooperated with Susman Bros. and Wulfsohn Ltd. to acquire cattle from African owners. Each year, about 3,000 head of cattle were bought by Susman Bros. and Wulfsohn Ltd. from Africans in the Western Province.² The procedure was that the cattle owner would take his cattle to the nearest Susman store and bargain with the storekeeper for an agreeable price; that is, within the range set by the CMCB, with which, in most cases, the African cattle owner was not very familiar.

¹Robert E. Baldwin, Economic Development and Export Growth: A Study of Northern Rhodesia, 1920-1960 (Berkeley: University of California Press, 1961), p. 158.

²Lutke-Entrup, "Limitations and Possibilities," p. 74.

The purchased cattle were then driven to waiting grounds where they were picked by the Copper Fields Cold Storage Ltd.

The CMCB did not even operate abattoirs, for it depended on local authorities which were required to operate their abattoirs according to the standards of quality set by the CMCB. Butchers had their animals slaughtered and dressed at these abattoirs.

The prices which the CMCB set were fixed on the basis of price agreements entered into between the government and European producers' representatives. The practice was similar to the one used in the case of maize prices before Independence, i.e., price changes were based on the changes in costs of production, with investigations into these costs undertaken from time to time to give information on cost structure.¹ We have already raised some criticism of the soundness of this cost-price link in chapter 3. It has a tendency to lead to production at higher costs without necessarily tying production to demand.

In the first year of the CMCB's operation, the need for net imports of cattle developed.² This has continued up to the present time. The need for cattle imports along with the import controls which the MCB enforced, effectively permitted the raising of European cattle owners' incomes

¹S. M. Makings, "Agricultural Change in Northern Rhodesia/Zambia," Food Research Institute 1:2 (1966):240.

²Baldwin, Economic Development, p. 157.

even above their free market levels.¹ All that the CMCB did was to permit the importation of large numbers of lower grades of cattle, while restricting the importation of the higher grades.² Secondly, the CMCB, as we reported in chapter 2, raised the producer price of prime cattle 460 per cent between 1937 and 1956. By doing this, it helped the European cattle industry to flourish and also helped to raise the production of higher quality cattle.

In contrast, the CMCB throughout its existence sought to maintain low prices for lower quality beef. In keeping with this policy, compound grade cattle--which was the lowest grade, and the grade into which African-owned cattle were classified (as we shall show by figures pertaining to the Western Province, later in this chapter)--sold for only 200 percent more per 100 pounds in 1956 than 1937.³ Since this meat was largely purchased by European employers of African labour, what the CMCB achieved by this policy was to hold down the cost of African labour, just like the MCB did in the case of low maize prices. The CMCB's policy to keep down the cost of low-grade beef therefore benefited employers of African labour and not the producers, whose capital base

¹Ibid., p. 157.

²Ibid.

³Refer to chapter 2.

it weakened. As stated elsewhere in this study, weakening the producers' capital base is not the appropriate way to help the producer improve upon his productivity, nor was it an appropriate way to promote agricultural development.

It is indeed a paradox that the CMCB, which linked the definition of better quality beef to good production practices--practices which depended on capital and technology--should at the same time have sought to depress the earnings of low quality beef producers. As should be expected, the relative market supply offered by African producers declined due to the manipulations applied by the CMCB. This meant that cattle imports would continue. Had the African producers received an incentive price for their animals, two developments would have taken place: their willingness to sell cattle would have been stimulated and sustained--after all, it was their increasing participation in the cattle market which, among other things, led to the creation of the CMCB; secondly, availability of capital would have enabled them to produce high quality animals. This would have been an appropriate approach to the promotion of agricultural development, and the country would have reduced its need for imported beef.

As it was, the African share of local production, as we reported in chapter 2, fell from 63 percent in 1944 to 44 percent in 1960. In addition to the manipulations by the CMCB, the attractive price of maize, in comparative terms,

also contributed to this fall in the African share of local cattle production. Whereas the price paid to Africans for maize rose over 200 percent from 1947 to 1959, the compound grade cattle price increased by only 70 percent.¹ African cattle owners found the price of maize too attractive to resist. They turned to maize growing and planted maize on land formerly used as pasture, and used their animals for work purposes, e.g., pulling the plough, rather than selling their cattle. Among the Nsenga of Eastern Province, a new enterprise in fact developed whereby those with cattle would loan some of their animals during the ploughing season to those without in return for cash payment.² Here was a situation in which two marketing boards, the MCB and the CMCB, could not coordinate their policies in order to take into account the effect that their pricing structures were having on each others' clientele. Instead of reinforcing each other, one of the two boards was weakening the performance of the other.

To summarise, the CMCB, like the MCB, was created to protect the interests of white commercial farmers at a time when European cattle producers' share of the cattle market was threatened by a declining market, and by an

¹Baldwin; Economic Development, pp. 158-159.

²See George Kay, Changing Patterns of Settlement and Land Use in the Eastern Province of Northern Rhodesia (Hull: University of Hull Publications, 1965), pp. 87-96.

increasing participation by African cattle owners in the cattle market. The CMCB was a non-trading control board entirely financed by government appropriations. It used its power to control cattle imports and to fix prices to promote the white farmers' cattle industry while it stifled that of the African producers. As Baldwin stated, "in view of the pricing practices of the cattle board, it is difficult to sympathise with the continual lament of cattle authorities that African sales have been disappointingly low."¹

Concentrating services on the promotion of European producers succeeded from a selfish point of view. However, it placed the cattle industry in the hands of producers whose stay in the country was uncertain. In terms of the requirements of our definition of agricultural development, the policy was inappropriate in that it was not a way through which sustained agricultural development could be promoted. The Cattle Marketing and Control Board folded its operations in 1960 when the Federal Cold Storage Commission took over its functions. At that time (1960), the country's need for imported beef was still continuing as the favoured European commercial producers were far from being able to satisfy the country's beef requirements. Government instructions to the CMCB did not therefore provide for its effectiveness.

¹Baldwin, Economic Development, p. 159.

THE COLD STORAGE COMMISSION

Introduction

We reported in the previous chapter that agricultural marketing during the federal era was placed under the federal Ministry of Agriculture. In cattle marketing, what the federal government did was to amend the Cold Storage Act of Southern Rhodesia and turn the Southern Rhodesia Cold Storage Commission into a federal organ in 1957. However, it was not until January 1960 that the Federal Cold Storage Commission (CSC) extended its services to Northern Rhodesia. Making the powers of the Federal Cold Storage Commission applicable to both Northern Rhodesia and Nyasaland called for the passing of a new Act, namely, the Cold Storage Commission Act of 1960, by the federal Parliament.

When he presented the Cold Storage Commission Bill to the federal Parliament, the federal Minister of Agriculture, Mr. Graylin, observed that Northern Rhodesia was a net importer of beef and cattle.¹ He contrasted this with the successful cattle industry in Southern Rhodesia. He noted that Southern Rhodesia had been exporting beef to Northern Rhodesia well before the Second World War, and that after 1954, it was Southern Rhodesia which supplied the bulk of the short fall to Northern Rhodesia. The Minister

¹Federation of Rhodesia and Nyasaland, Parliamentary Debates, June 28, 1960, Columns 790-798.

attributed the success of the cattle industry in Southern Rhodesia to the performance of the Cold Storage Commission.¹ He hoped that what the Cold Storage Commission had done for Southern Rhodesia, it would also do for Northern Rhodesia and indeed for Nyasaland. The Minister also observed that since the creation of the Federation, he had found it cumbersome to enforce federal controls over beef imports into Northern Rhodesia, through the Cattle Marketing and Control Board of Northern Rhodesia.

By establishing a Federal Cold Storage Commission, Mr. Graylin argued that he was trying to achieve two things: to develop the cattle industry in Northern Rhodesia and Nyasaland, and to effectively extend federal controls over beef imports into Northern Rhodesia and Nyasaland. It is interesting to note that well before the Federal Cold Storage Commission extended its services to Northern Rhodesia, the federal government had ordered the CMCB to stop beef imports from Bechuanaland, a cheaper source, and directed it to import beef from Southern Rhodesia, a more expensive source.² In the final analysis, we may conclude that the Cold Storage Commission seems to have been created in order

¹Note: the Cold Storage Commission of Southern Rhodesia was created in 1937.

²See the remarks of Member for Livingstone, Federation of Rhodesia and Nyasaland, Parliamentary Debates, December 16, 1957, Column 1846.

to secure a market for Southern Rhodesian beef, and not so much to develop the cattle industry in Northern Rhodesia; or else Northern Rhodesia should not have been stopped from importing beef from Bechuanaland, which was a cheaper source than was Southern Rhodesia.

The Statutory Structure of the CSC

The Federal Cold Storage Commission Act of 1960 established the Cold Storage Commission as a body corporate capable of suing and being sued. Thus, the board structure which we observed being used by both the colonial and nationalist governments in the marketing of food crops was also used in the marketing of cattle and beef. The Commission consisted of nine members appointed by the federal Minister of Agriculture, who also designated one member as chairman, and one other member as vice-chairman of the Commission.

Functions of the CSC¹

The functions of the CSC were to:

1. purchase at the appropriate prices all livestock delivered by any person to the works of the Commission;² and
2. operate:

¹Note: the CSC was not a monopoly buyer, so that private buyers were allowed.

²Nothing, however, precluded the Commission from purchasing livestock otherwise than at the works of the Commission at such prices as the Commission deemed expedient.

- (a) abattoirs and refrigerating works for the purpose of chilling, freezing and storing beef, mutton, pork, poultry, fish and other perishable foodstuffs of whatsoever nature; and
- (b) canning factories and works for the purpose of manufacturing glue, blood meal and other by-products of the carcasses of livestock and for processing beef, pork, poultry, fish and other perishable foodstuffs of whatsoever nature and for the manufacture of ice.

Powers of the CSC

As can be observed from the above section, some of the powers of the CSC were embodied in its functions. Also, the Commission was given power to do all such things as were incidental or conducive to the exercise of its functions.

Assembly and distribution of the products

To enhance the Commission's power to determine the assembly and distribution of the products it dealt in, it was given under the Act, the power to carry on the business of importers and exporters of livestock and to import and export carcasses of livestock, whether in a frozen state or otherwise. No person other than the Commission could export from the Federation, chilled or frozen beef or other chilled or frozen meat foods derived wholly or partly from cattle carcasses.

Quality standards of the products

Under the Act, the federal Minister of Agriculture had power to provide for the appointment of graders and inspectors. Inspectors could seize books, carcasses and meat foods which in their opinion contravened the Act. By notice in the Federal Gazette, the Minister prescribed areas in the Federation within which, from and after a date specified in the notice, the carcasses of all livestock slaughtered for sale or export in any form whatsoever, were graded immediately after slaughter. The government grader examined and graded the quality of each carcass.

Information

The Act did not say anything that required producers to register with the Commission. For information about the produce within the Federation, the Commission could rely on the veterinary department in each territory.

Autonomy

The Commission had a free hand in hiring the personnel it needed. It could also make by-laws for good management and conduct of the operations and the conditions of service of persons in its employ. Even more significant, the Commission could enter into contracts with any government or authority, local or otherwise, in furthering the interests of its functions.

Financial Arrangements of the CSC

The Cold Storage Commission was specifically required by the Act, to ensure that its revenues, taking one year with another, were not less than sufficient to enable the Commission to meet lawful expenditures. The Commission's funds consisted of:

1. moneys payable to the Commission from moneys appropriated by the federal legislature; and
2. moneys or assets accruing to the Commission in the course of its operations.

The Commission was required to operate a stabilization reserve to which it could appropriate from a surplus of revenue over expenditure such moneys as the Minister might approve.

The stabilization fund was used:

1. to meet losses consequential on the outbreak of diseases of livestock and the closing of the Commission's works;
2. to stabilize the price of meat and other products dealt with by the Commission otherwise than for the account of livestock producers.

The Commission was empowered to operate an insurance fund for the payment of moneys in respect of livestock purchased by the Commission the carcasses of which were found on slaughter, to be unfit for human consumption. For this

purpose, the Commission could deduct premiums from the purchase price paid to livestock producers.

If in any given year the Commission's expenditures exceeded revenue, the shortfall could be met from the general reserve account. If insufficient, the shortfall could be met from the stabilization reserve, and if still insufficient, the outstanding amount would be met by the Minister out of moneys appropriated for the purpose by the federal legislature. Needless to say, the Cold Storage Commission was adequately funded. The idea of an insurance fund, as an attempt to somewhat help out the producers in the case of a financial loss, was very sound but like many other things under the Federation, its benefits were restricted to white farmers.

Operations of the CSC

The Cold Storage Commission operated under the general instructions of the federal Minister of Agriculture. The Minister declared prescribed areas for the purposes of the Act and also fixed the maximum and minimum prices to be paid by the Commission. He had power to make different provision in respect of different classes of livestock and carcasses of livestock in respect of different areas of the Federation. As it turned out, it was the livestock produced by African producers which received the lowest price because these continued to be classified into the lowest grades. It was also the area occupied by African producers, e.g., Western Province in Northern Rhodesia, which commanded the lowest

price paid. The Cold Storage Commission therefore just carried on from where the CMCB had left off. It too operated in a manner which tended to discourage the African producer from selling his animals, a practice which, as we have stated elsewhere, was not the appropriate way to help improve the productivity of the African producer.

When it started its operations in Northern Rhodesia, and for all its duration, the CSC used the quality grades which it had been using in Southern Rhodesia. Seven quality grades were in use; the Rhodesian best (mainly for export to U.K.), imperial, standard A, Good Average Quality (GAQ), Fair Average Quality (FAQ), compound and inferior. The extent to which African-produced cattle were classified into the lowest grades, and thus fetched a lower price, is shown by the fact that in 1963 90 percent of the cattle purchased in the Western Province (Barotse, in those days) were classified into the three low grades.¹

The Cold Storage Commission operated under the familiar cost-price formula, by which prices were adjusted at each annual price review in accordance with the changes in costs. In addition, the pricing system also concerned itself with the determination of price differentials for the various grades of cattle on a seasonal basis and in relation to each other within the framework of the guaranteed price.

¹Lutke-Entrup, "Limitations and Possibilities," p. 78.

The strategy that the flow of cattle to market could be influenced by variations in seasonal prices has continued to be applied even in the post-Independence period. Price incentives were aimed at encouraging certain grades in preference to other grades.

The federal cattle policy favoured the production of high quality cattle and beef. This was aimed at securing a sound footing on the export market with first class beef. Since only Southern Rhodesia was in a position to export beef, the policy was aimed at securing an export market for Southern Rhodesia. For Northern Rhodesia, the policy was inappropriate in that it was not responsive to her requirement which was, basically, to satisfy the home market. The prices paid for the top grades under the government's incentive price policy, in fact resulted in regular losses by the Commission in the disposal of the beef.¹ These losses were not made good by subsidy. Instead, they were recovered out of the profits made on low grade cattle and beef. What happened was that producers of low grade cattle were underpaid while consumers of lower grades of beef were overcharged in support of the policy to maintain and expand the production of quality beef.² In essence, the producers and consumers of lower grades of cattle and beef (Africans) subsidized producers and consumers

¹See, Makings, "Agricultural Change," p. 242.

²Ibid., p. 247.

of high grades. It was inappropriate to weaken the capital base of the small producer in order to subsidize producers who, as we stated in chapter 2, enjoyed preferential treatment in all spheres of the agricultural industry. The penalty prices paid for low-quality animals had one significant result; the discouragement of sales by African producers. As we have observed elsewhere, underpaying African producers deprived them of a potential amount of working capital at a time when capital scarcity was a strong barrier to more progressive farming. It was therefore counterproductive in that, instead of improving their productivity, penalty prices depressed it.

In addition, by discouraging African producers from selling, the policy encouraged the practice under which the animals which were unlikely to improve in quality and which should have come forward for disposal were held back and kept on when their place in the grazing area could have been filled to more advantage by other animals of better quality. This was a patently inappropriate way to promote the production of better quality animals by Africans; nor was it a way to stimulate agricultural development. Underpaying owners for low grade animals, which made up the greater part of their herds, did not encourage a commercial outlook.

The CSC built cattle sales grounds and held regular sales during the year (almost every quarter) but like the CMCB before it, the CSC does not seem to have taken time to

explain its pricing system to the African producer. Its prices were published in the Federal Gazette which very few African cattle owners were likely to be able to read, let alone to come by. Thus, as Colson and Chona report,¹ for the ordinary cattle owner, the CSC system of grading animals and categorising and weighing them produced results which seemed ridiculous and did not meet his standard of values. He was taken aback when a sizeable and sometimes heavier animal on weight trials fetched a lower price than a younger but high grade animal. In such cases, he took his animal back. He would then hold on to his animal and, in some cases, he would await a private buyer who would have more time for bargaining and who would not be tied to statistics and categories.

The fact that the African cattle owner could sell to a private buyer refutes the argument that the African would rather keep his animals than sell them. When the price was attractive he indeed could sell. The incidence of cattle sales to private buyers, which Colson and Chona reported, used to take place among the Plateau Tonga, and is also reported among the Nsenga by George Kay and among the Lozi by Josef Lutke-Entrup, in the works cited above.* It supports the argument that, given an attractive price, the African cattle owner could sell cattle.

¹See Elizabeth Colson and Mark Chona, "Marketing of Cattle Among Plateau Tonga," Rhodes Livingstone Journal 37 (June 1965):42-50.

The one notable scheme operated by the CSC was the grazier scheme. Under this scheme young stock (grazers) were purchased by the CSC (after 1963 by the Department of Agriculture) and were loaned to registered farmers who undertook to rear them according to approved methods of husbandry. When they matured they were sold as slaughter stock and the proceeds, less the sum paid for the young stock and handling charges, went to the grazier. The scheme was supported by African Farming Improvement Funds, so that only those areas to which these funds applied (the Southern and Central Provinces, and later the Eastern Province) could take advantage of the scheme. The appropriate approach would have been the extension of this facility. The government should have subsidized the cost of this facility for many African cattle owners to take advantage of its services.

To summarise, the Cold Storage Commission was established (according to the federal government) so that it could develop the cattle industry in Northern Rhodesia. The success story of the cattle industry in Southern Rhodesia, pioneered by the Southern Rhodesia Cold Storage Commission, was used as an example to support the federal government's argument. Like many other colonial marketing boards the CSC had a bias for serving the interests of white commercial farmers while depressing those of the African producer.

African sales, as we showed in chapter 2, declined in response to the depressing prices paid to African producers. This development started with the operations of the Cattle Marketing and Control Board. What colonial boards did to the cattle industry was thus similar to what they did to the food crop industry. They depressed the African sector of the industry and put the fate of the cattle industry into the hands of the pampered white commercial farmers. As these white commercial farmers left, the industry was dislocated. What was built over the years was therefore lost. Colonial boards therefore failed to stimulate a sustained agricultural development. Their performance was therefore ineffective. As the white commercial farmers left following the country's Independence, the number of total cattle slaughtered (graded) fell from 62,767 in 1964/65 to 30,867 in 1970/71.¹ Since African producers had not been encouraged to sell cattle, let alone to produce good quality cattle, it meant that the shortfall was going to be made up by imported beef, which meant a higher food import bill.

The Cold Storage Commission folded up in 1963.

CATTLE AND BEEF MARKETING AFTER INDEPENDENCE: THE COLD STORAGE BOARD OF ZAMBIA

The dissolution of the Federation of Rhodesia and Nyasaland necessitated the setting up of a body to control

¹Zambia, Central Statistical Office, Monthly Digest of Statistics, December 1972 (Lusaka: Government Printer, 1972), p. 11.

cattle marketing in Zambia. The Cold Storage Board of Zambia (CSB) therefore just took over the functions and powers of the Cold Storage Commission. To enable the CSB to do this required the passing of the Cold Storage Board of Northern Rhodesia (Establishment) Act, by the African-controlled Legislative Council of Northern Rhodesia, and the Governor. Rather than try any other method of cattle marketing, the African government was satisfied with the continuation of the statutory marketing board strategy. The CSB Act came into effect on January 4, 1964. The CSB was established as a body corporate capable of suing and being sued, and performing all such acts as bodies corporate may by law perform. The board consists of five members appointed by the Minister responsible for agriculture, who also appoints a chairman from among the five members. Two officers of the Ministry are nominated by the Minister to attend and take part in the deliberations but without voting rights.

For the functions and powers of the CSB, the reader is asked to refer to our discussion of the CSC, since there was virtually no change made when the CSB took over from the CSC.¹ The only change was that of jurisdiction; the new board, i.e., the CSB, had its jurisdiction applicable only to Northern Rhodesia, later Zambia. The CSB assumed all contracts and liabilities of the CSC in Zambia.

¹The handling of pork products was given to a

Financial Arrangement of CSB

The CSB's funds consist of:

1. moneys payable to the CSB from moneys appropriated by Parliament;
2. such moneys or assets as may vest in or accrue to the board whether in the course of its operations or otherwise.

The CSB is required to operate a stabilisation fund, the structure of which is similar to that of the CSC. The reader once again is requested to refer to our discussion of the CSC. The producers' insurance fund is not mentioned, however, in the case of the CSB.

Operations of the CSB

The CSB operates under the general instructions of the Minister responsible for agriculture. Like the CSC before it, the CSB is not a monopoly buyer. It buys and sells graded cattle in competition with private enterprise. It has, however, the monopoly for importing meat. The CSB buys cattle at eighty-one different rural cattle sales yards, some in remote areas. It operates abattoirs at Lusaka, Livingstone and Kitwe. In other areas, abattoirs run by local authorities are used.

As a residual buyer, the CSB buys all the animals a farmer wishes to sell but can downgrade them. It has a

subsidiary of the Rural Development Corporation while the handling of fish was given to a subsidiary of Indeco.

monopoly over the slaughter of cattle for most urban consumption, and private butchers therefore have to get their cattle slaughtered on CSB premises. In distant regions, e.g., the Eastern and the Western Provinces, cattle sales are organised in collaboration with the Agricultural and Veterinary Departments. The sale dates are fixed by the CSB in cooperation with the Agricultural Department, which informs cattle owners of the date and place of the sales.

The sale yard consists of some kraals for cattle and a pair of scales. After being graded the animals are weighed and the price is stated according to the price list which is fixed by the Minister on the basis of seasonal variations. If the owner agrees with the price, he is paid and the animal is branded and taken to a kraal. If he is not satisfied, the animal is returned to him.

Private butchers do not buy on a grade and weight basis; rather, they bargain with the cattle owners for a price, the general level of which is determined by the CSB prices. It is an acknowledged fact that private buyers offer more cash for cattle than the CSB does. The Department of Marketing itself acknowledges this.¹ The CSB therefore finds itself a poor competitor against private buyers. It is no wonder that total cattle purchases by the CSB fell from

¹Zambia, Ministry of Rural Development, Annual Report for the Department of Marketing for the Year Ended 31 December 1975 (Lusaka: Government Printer, 1976), p. 15.

38,050 in 1973 to 18,606 in 1975.¹ In contrast, cattle purchases by private buyers in 1975 were 80,927. By paying a low price for the cattle it acquires, the CSB like its predecessors is not helping the cattle industry and, as a result, is not stimulating agricultural development. Instead, the low prices paid by the CSB are discouraging cattle sales and thus leading to the overcrowding of grazing grounds which makes production of good quality cattle difficult. Secondly, by paying a low price, the CSB is sending cattle sellers to private buyers whose activities, especially in the remote areas, the CSB cannot effectively control.² Quality standards of beef sold in the remote areas cannot therefore be effectively enforced. These faults lie with the Ministry which sets producer prices. The low price is inappropriate in that it is not making the CSB effective in contributing to the attainment of the goals of Zambia's agricultural policy.

The CSB is neither a monopoly slaughterer of cattle, a monopoly wholesaler nor a monopoly retailer. It is, however, materially involved in all these activities. Williams and Wardale, in their report on the Cold Storage Board, concluded that "the partial and diffuse nature of its (CSB's) involvement in these activities . . . has caused operational and financial problems for itself but, more

¹Ibid., p. 16.

²See Lutke-Entrup, "Limitations and Possibilities," p. 81.

importantly, it has caused growing disillusionment among its major suppliers--the commercial beef producers--and lack of control and hence credibility with its customers--the butchers and, subsequently, the general public."¹ The problems indicated by Williams and Wardale must be weakening the performance of the CSB in that they discourage its clientele. Partial and diffuse operations are inappropriate in that they make it difficult to formulate managerial goals. This leads to ineffective marketing which is not the way to promote agricultural development. Also, clientele disillusionment leads to bad public relations.

Williams and Wardale go on to tell us that "not all these matters are the fault of the board itself but rather lie in the framework within which it currently attempts to operate."² This framework, which allows partial and diffuse operations, like the low producer price, is also the Ministry's creation. The framework given to the CSB is in this case vague and is rendering the CSB ineffective because there is no specific criterion around which managerial performance can be measured. This is similar to what we found about NAMBOARD. For example, like NAMBOARD's vegetable retailing operation, if the CSB's retailing operation is designed to make private

¹Zambia, Cabinet Office, "Memoranda on the Dairy Produce Board and the Cold Storage Board," prepared by D. Williams and T. Wardale (Lusaka: 1971), p. 10.

²Ibid.

retailers lower the prices they charge, the CSB cannot be expected to attain this goal given the partial nature of its retailing operation. It is not in a position to supply large quantities of beef to affect the market.

One operation pioneered by the CSB which has proved popular with consumers is the supply and retailing through shops of packaged meat. The retail price structure employed by the CSB unfortunately has its own faults, largely because it gives one price for all grades of meat, differentiating only in types of cut.¹ This is inappropriate in that it does not appear to work in the best public interest for it results, in effect, in subsidising the more affluent members of society to the same extent as those less well off.

To summarise, the CSB was created as a result of the dissolution of the Federation. The Government of Zambia chose to continue with the statutory board strategy to supervise and control the cattle market. The CSB pays too low a price to provide cattle owners with an incentive to sell. It has concerned itself far too much with providing meat to urban workers at low prices at the expense of cattle owners who in response to this retain their animals or sell them to private cattle buyers whom the CSB cannot effectively control. The partial and diffuse nature of the CSB's operations are inappropriate in that they render its performance ineffective. There should be some concentration of

¹Ibid., p. 13.

activity in order to yield the best results. The CSB over-stretches itself and ends up providing a thinly spread service. As it is, Zambia, despite its potential, was in 1976 still importing beef. Beef worth K1,135,000 was imported in 1976.¹ When foreign exchange to permit these imports is not adequate (as was the case in 1975 and 1976) these imports have to be cut down; a move which leads to serious shortages and to public frustration. In cattle marketing we find that private buyers are permitted quite readily except that they have to conform to standards set by the boards. Because of distances, control over them is not easy to enforce.

This concludes our discussion of cattle and beef marketing boards. This discussion started with the Cattle Marketing and Control Board, whose performance in the effort to develop the cattle industry was ineffective in that, instead of encouraging Africans to sell cattle, it discouraged them and thus placed the fate of the cattle industry in the hands of white commercial farmers. This was due to inappropriate government instructions which led to low prices for African-reared cattle. We also discussed the Cold Storage Commission, which continued to depress African sales of cattle through low prices just as the CMCB had done. When

¹Zambia, Central Statistical Office, Monthly Digest of Statistics, January/February 1978 (Lusaka: Government Printer, 1978), p. 21.

the white commercial farmers left the country after Independence, the cattle market was dislocated. We concluded with an examination of the CSB, whose performance has not been effective enough to stimulate cattle sales because its prices have not provided the required incentive. In all cases, therefore, low prices have not been appropriate in that they have not helped the country to increase productivity. The CSB has also been a victim of vague instructions resulting from the absence of a specific criterion around which managerial performance can be measured. This is caused by the partial and diffuse nature of its operations. It is therefore no match for its competitors, the private buyers of cattle.

The performance of the three boards has therefore been ineffective and Zambia in 1976 was still importing beef. Given its potential, Zambia should be exporting rather than importing beef. The assertion that Africans do not want to sell their cattle is not correct because, as George Kay and Josef Lutke-Entrup showed in their studies, Africans have been willing to sell their animals when an incentive price is offered. It is this which also accounts for the high purchases by private buyers who have tended to pay a higher price than the CSB is prepared to pay. What the authorities should investigate when fixing prices is the effect which alternative uses of cattle, e.g., the use of cattle for ploughing, have on cattle sales. Also, better information would help to create a better market understanding to

enable cattle owners to sell their animals at optimum conditions.

DAIRY PRODUCE MARKETING THROUGH MARKETING BOARDS: BEFORE INDEPENDENCE

Introduction

Before statutory marketing boards got involved in the marketing of dairy produce, this sector of agricultural marketing was in the hands of the Cooperative Creameries of Northern Rhodesia Limited. The Creameries came into existence in 1934 and were, to start with, solely concerned with the manufacture of butter. In the Copperbelt, the Ndola Dairies started operations in 1931 and dealt only in whole-milk, which was originally all locally produced until eventually, due to increase in demand, they drew from as far afield as Chisamba. In 1937, the name was changed to Copperbelt Dairies.

After 1945 there was a rapid increase in population in both Northern Rhodesia and Southern Rhodesia which led to an increase in demand for dairy produce, particularly fresh milk. In May 1954, the Cooperative Creameries of Northern Rhodesia took over the operations of the Copperbelt Dairies and factories were built at Kitwe and Broken Hill, in addition to the ones at Lusaka and Mazabuka.¹ The opening

¹See Federation of Rhodesia and Nyasaland, Information Department, Handbook to the Federation of Rhodesia and Nyasaland (Salisbury: Government Printer, 1960), p. 731.

of the Broken Hill factory in 1959 led to the milk intake passing the 3,000,000 gallons a year mark.¹ This development created a substantial surplus of milk available for cheese making throughout the year.

The Cooperative Creameries of Northern Rhodesia had distribution centers at all Copperbelt towns and were registered as a company. The Northern Rhodesia government was represented on the Cooperative's Board of Directors. The Cooperative Creameries also received subsidies from the government because the government sought to stabilise prices this way. The Cooperative Creameries remained in existence until 1962 when they were taken over by the Federal Dairy Marketing Board. Thus, no statutory marketing board existed for the marketing of dairy produce in Northern Rhodesia until the Federal Dairy Marketing Board extended its functions there. In table 5.2, we present the names of the dairy marketing boards which will be discussed in this section of chapter 5.

THE DAIRY MARKETING BOARD

The Southern Rhodesia government established the Dairy Marketing Board (DMB) in 1952. When the Federation was formed, it simply took over the Southern Rhodesia Dairy Marketing Board and made it the main organisation for dairy marketing.

¹Zambia, Dairy Produce Board, Annual Report for the Year Ended 30 June 1968 (Lusaka: Associated Printers, 1969), p. 2.

TABLE 5.2

DAIRY MARKETING BOARDS

Board	Jurisdiction	Duration
DMB	Federation	1962-63
DPB	Prescribed areas along the line of rail in Zambia	1964-

The activities of the DMB were, however, restricted to Southern Rhodesia until 1962 when they were extended to Northern Rhodesia by the passing of the Dairy Produce Marketing and Levy Act by the federal Parliament in 1961.

In presenting the Dairy Produce Marketing and Levy Bill to the federal Parliament, the Minister of Agriculture, Mr. Graylin, revealed that he had been requested to extend the DMB's operations to Northern Rhodesia, by Northern Rhodesian producers and also by the Cooperative Creameries of Northern Rhodesia.¹ He said that producers and the cooperatives in Northern Rhodesia felt that such a move would lead to orderly marketing and to the encouragement and development of dairy farming in Northern Rhodesia. The Minister then compared the performance of the dairy industry

¹Federation of Rhodesia and Nyasaland, Parliamentary Debates, August 30, 1961), Columns 1851-1858.

in the two countries. He noted that by 1955 Southern Rhodesia, which enjoyed the services of the DMB, was producing 13,000,000 gallons of milk a year compared to 2,000,000 gallons which Northern Rhodesia produced in 1955. By 1961, the Minister observed, Southern Rhodesian production had jumped to 18,000,000 gallons while that of Northern Rhodesia was only 4,000,000 gallons. Mr. Graylin attributed the success story of Southern Rhodesia's dairy industry to the operations of the DMB, and hoped that what the DMB had done for Southern Rhodesia, it would also do for Northern Rhodesia. The federal government's choice of organisation to carry out dairy marketing was therefore a statutory marketing board. The cooperative which had been used by the territorial government was simply taken over by the statutory marketing board.

Statutory Structure of the DMB

The DMB was established as a body corporate capable of suing and being sued, and doing all such acts as a body corporate would by law perform. The board consisted of ten members appointed by the federal Minister of Agriculture, who also designated a chairman and a vice-chairman from among the ten board members. The Minister could also designate up to two officers of his ministry to attend board meetings but without voting rights. The General Manager, resident in Salisbury, was the chief executive of the DMB.

Functions of the DMB

The functions of the DMB were to:

1. buy at appropriate prescribed prices any butter fat, cream or milk delivered by a registered producer wholesaler of butter fat, cream or milk, as the case may be, to any depot appointed by the board for the purpose;
2. manufacture and prepare milk products;
3. market within and outside the Federation, milk and milk products.

Powers of the DMB

In addition to the powers embodied in its functions, the DMB was also given specific powers to provide for effective performance.

Assembly and distribution of the produce

To ensure that the DMB would be able to determine the assembly and distribution of the dairy produce, it was given power to acquire, establish and construct dairies, creameries, factories, and other works within the Federation and to provide, maintain, and operate distributing, handling and processing facilities and depots within or outside the Federation.

In addition, no person who was not a registered producer-retailer could sell within a prescribed area cream, milk or skim milk which had not been acquired from or was not the

property of the DMB.¹ Also, the DMB had power to import or export dairy produce and ice and flavoured milk products.

Quality standards of the produce

To ensure that the DMB would be capable of enforcing quality standards of the produce, it was given power to refuse to buy produce which did not meet the fixed standards of quality. Also, the DMB was given power to make rules regulating the terms and conditions of delivery and of the sale and disposal by the board of dairy produce, ice and flavoured milk products. Inspectors were appointed by the Minister for these purposes.

Information

To ensure that the DMB had the information it needed, it was required that anyone operating as a producer-wholesaler or as a producer-retailer, register with the board. Anyone so registered had to give his address and the kind of product in which he wished to deal.

Autonomy of the DMB

To provide for effective management, the DMB was given a free hand in the hiring of its employees and it could make by-laws governing the conduct of the operations and

¹Exceptions to this rule were:

- a. sale of cream which had been sterilised and placed in hermetically sealed containers;
- b. sale of cream, milk or skim milk by or to the board or a prescribed dealer.

conditions of service of its employees. The DMB could also enter into contracts and with the approval of the Minister could raise money.

Financial Arrangements of the DMB

The DMB was required to exercise its functions and conduct its business so as to ensure that its resources, taking one year with another, were not less than sufficient to enable it to meet its outgoings properly chargeable to the revenue account. The funds of the board consisted of:

1. proceeds of any levy and such other moneys as might be payable to the board by virtue of the provisions of the Act;
2. such moneys as may be payable to the board from moneys appropriated by the federal legislature; and
3. such other moneys or assets as may vest in or accrue to the board whether in the course of its operations or otherwise.

The DMB was required by the Act to establish a general reserve account to which it could appropriate from a surplus of revenue over expenditure, such moneys as the Minister could approve. If in any financial year the revenues of the board, together with any surplus revenue carried over from the previous year, were insufficient to meet its expenses properly charged, the deficiency could be met, unless the Minister directed otherwise, from the general reserve account. If still insufficient, the deficiency could be met by the

Minister out of moneys appropriated by the federal legislature for the purpose.

The DMB was also required to establish a price stabilisation fund for the purpose of stabilising the price at which it sold dairy produce imported into the Federation and dairy produce produced, manufactured or prepared in the Federation. In addition, the DMB was required to establish and administer a fund into which it paid the proceeds of any levy. It charged a levy, not exceeding in the case of milk delivered to its depots a rate of 1d. (one penny) a gallon, as the Minister might prescribe on such dairy produce produced, manufactured or prepared in the Federation.¹ All in all, the DMB was designed to operate on commercial lines, but the need for subsidy arose due to the expanding surplus which was channeled into expensive processing and manufacture of dairy products.

Operations of the DMB

Under the DMB, the milk industry was built up to supply the upper segment of the community, within a range which put wholemilk outside the range of the great majority of people, notably Africans. To give an example, consumption of wholemilk by the urban African population was in 1963

¹Note: No levy was charged on dairy produce which:
a. was produced by Africans in Southern Rhodesia;
b. produced or manufactured by a producer and consumed by him, members of his household or servants.

estimated at 4 pints per head annually, while the estimated average European urban consumption was 240 pints per head per annum.¹ At 8½d to 9½d per pint, milk was indeed a luxury outside the range of the great majority of people. The deliberate keeping of such good quality food as milk beyond reach of the majority of people did not serve the best interests of the people or the aims of agricultural development.

The DMB bought milk from farmers, i.e., white commercial farmers (there were no African dairy farmers), according to an arrangement based on the cost-price formula which we touched upon earlier in this study. Prices were therefore subject to adjustment in accordance with changes in production costs. In the case of milk, however, there was an escape clause which freed the government of that obligation under special circumstances. The milk price arrangement embodied a dual pricing system for producers. This was designed to limit the government's commitment to subsidy. The design rested on the realisation that milk in excess of that sold as liquid milk has a much lower utilisation value on manufacture into butter, cheese or any other forms of dairy produce, so that surplus production can have a sharp effect on milk prices in the absence of some form of

¹S. M. Makings, Agricultural Problems of Developing Countries in Africa (Nairobi: Oxford University Press, 1967), p. 110.

price regulation.¹ To deal with this situation, the price guaranteed by the government was limited to that part of the supply retailed by the DMB as wholemilk.

However, the price actually paid to the producer was a compound price, called the 'blend' price which was made up from the guaranteed price for milk sold into consumption as wholemilk and the net realisation for milk disposed of after manufacture. The guaranteed price for wholemilk was usually more than twice the value of that for manufacture.² This meant that the compound price paid to the producer was strongly affected by the proportion of total supply which was surplus to the wholemilk requirement, since the produce from the manufacturing value of milk was sold internally. This led to a situation whereby the guaranteed price of milk was at a level which resulted in heavy and continuous surplus production, with manufacturing milk often amounting to more than 40 percent of the supply. As a result, there were losses within the system and a subsidy to offset them was required.

The losses incurred by the DMB could have been avoided and the taxpayers' money put to a better use by extending wholemilk sales to the African population and, as we shall find out later, this is what the government of

¹Ibid., p. 111.

²Ibid.

independent Zambia did. The DMB system resulted in the disposal of surplus milk in relatively heavy amounts on the internal market as manufactured produce. Despite this, however, there was no gain to consumers because similar produce could generally have been imported more cheaply. Had the DMB abolished the dual price pattern in favour of a guaranteed price to be varied only according to changes in supply in relation to the expanded demand (demand could have been expanded by diverting the milk used at a loss for manufacturing into consumption as wholemilk by low income groups), the dairy industry could have been strengthened. The surplus milk could thus have been put to a better use, satisfying the nutritional requirements of the population and which, hopefully, could have made the population more productive.

To summarise, the DMB was established by the federal government in preference to the cooperative which was already in business, to carry out dairy marketing in Northern Rhodesia. As was common with all colonial marketing boards, the DMB believed that production of the dairy produce could be done by the white commercial farmers. Africans were not encouraged to go into the dairy industry. This put the dairy industry on a precarious footing which was not an appropriate approach to the building of sustained and widely diffused agricultural development. The industry could not escape a collapse as half the white commercial

farmers left the country or gave up between 1964 and 1970.¹

Secondly, by confining the supply of milk largely to the European population, the DMB denied Africans an opportunity to improve the nutritional quality of their food intake. Since agricultural development has the satisfying of nutritional requirements as one of its aims, the DMB cannot be said to have significantly contributed to agricultural development by neglecting the needs of the majority. As we observed, milk sales to Africans could have been made simply by directing surplus milk into consumption and thus avoiding the loss which was incurred on manufacturing. The activities of the DMB folded at the end of 1963.

DAIRY PRODUCE MARKETING AFTER INDEPENDENCE:
THE DAIRY PRODUCE BOARD OF ZAMBIA

Once again, the dissolution of the Federation of Rhodesia and Nyasaland led to the creation of a new statutory marketing board to carry out the marketing of dairy produce. But whereas in the case of the DMB an existing cooperative was taken over, the government of independent Zambia has allowed a cooperative, the Zambezi Cooperative Dairies Limited in Livingstone, to engage in dairy marketing. This cooperative is owned by ten dairy farmers around Livingstone. Unlike cooperatives in food crop marketing which have to

¹C. S. Lombard and C. Tweedie, Agriculture in Zambia since Independence (Lusaka: NECZAM, 1972), p. 49.

operate only as agents of NAMBOARD, the Zambezi Cooperative Dairies Limited operates on its own except that it has to conform to standards set by the statutory marketing board. Secondly, the statutory marketing board has refrained from extending its operations in the purchase of wholemilk to the Livingstone area.

However, the existence of the Zambezi Cooperative Dairies Limited does not refute our proposition that governments in Zambia have mainly chosen the statutory marketing board strategy to carry out agricultural marketing for the purpose of developing agriculture. We say this because the area left to the Zambezi Cooperative Dairies Limited is smaller than the area prescribed for the statutory marketing board. Secondly, the operations of the Zambezi Cooperative Dairies are limited to the purchase and sales of wholemilk so that in all other dairy products the Livingstone area too has to depend on the services of the statutory marketing board, the Dairy Produce Board (DPB). Above all, the quantity of milk handled by the cooperative in Livingstone is quite small compared to that handled by the DPB. In 1975, for example, the cooperative in Livingstone purchased 1,325,405 litres of milk as against 11,972,000 litres purchased by the DPB.¹ The bulk of the dairy produce marketing is therefore in the hands of the statutory marketing board.

¹ Zambia, Ministry of Rural Development, Annual Report for the Department of Marketing for the Year Ended 31 December 1975 (Lusaka: Government Printer, 1976), p. 20.

In addition to the DPB and the Zambezi Cooperative Dairies Limited, the Ministry of Agriculture, Projects Division, operates Rural Dairies in Kasama, Mansa, Solwezi, Mongu and Chipata. But here too, the quantity involved is quite small--1,039,000 litres for all Rural Dairies in 1975¹--and the operation is confined to the sale of liquid milk, most of which is reconstituted from powdered milk. Thus we still end up with the DPB being in control of the dairy marketing. Besides, the government's intention is to hand over these Rural Dairies to the DPB.²

The DPB was established by the Dairy Produce Board (Establishment) Act passed by the African-controlled Legislative Council of Northern Rhodesia and the Governor in 1963. The board itself came into existence on January 1, 1964. What the Act did was to amend the Federal Dairy Marketing Board Act and made it applicable to the DPB. The DPB, like the DMB before it, was established as a body corporate capable of suing and being sued. The board consists of five members appointed by the Minister responsible for agriculture, who also appoints a chairman from among the five members. One representative of the Ministry attends and takes part in the board's deliberations but without voting rights. Three of the five members represent producers.

¹Ibid., p. 21.

²B. M. Sandala, "The Dairy Produce Board," Enterprise, no. 2, Lusaka, Mindeco, 1976, p. 23.

We shall not repeat here the functions and powers of the DPB since there was no change made to them when it was established to take over from the DMB.

Financial Arrangements of the DPB

Here again no significant changes were made. The same sources of funds as were provided for by the Dairy Produce Marketing and Levy Act were maintained except that, for the DPB, the sources meant the ~~Zambian~~ government and Parliament and not the Federation and its parliament.

In the case of the DPB Act, however, there is no mention of the price stabilisation fund. More than anything, this is due to the government's commitment to a low consumer price of milk policy. The government seeks to supply food to urban areas at low prices. This policy has tied the operations of the DPB to government subsidies, the bases of which, as adopted in 1968 are:¹

1. The bonus scheme whereby producers get a premium or deduction from their basic price on the composition and keeping qualities of milk. In 1968, this scheme cost the government K25,144.
2. The producer's subsidy whereby government makes up the difference between the board's average buying price. In 1968, the board's buying price was 29.6 ngwee and the average

¹ Zambia, Dairy Produce Board, Annual Report and Accounts for Year Ended 30 June 1968 (Lusaka: Associated Printers, 1969), p. 4.

price paid to the producers was 33.7 ngwee so that the subsidy paid to the board by the government in 1968 amounted to K156,392.

3. The consumer subsidy whereby government contributes towards the cost of the cheap milk. In 1968, the government paid the board 14 ngwee per gallon, bringing the total subsidy to K698,973.

The one noteworthy thing about these subsidies is that the DPB is reimbursed on a monthly basis.¹ These subsidies have therefore not caused problems for the DPB. It would be a great deal of relief if the approach taken to subsidies with regard to the DPB could be applied to other areas of subsidies, especially those administered by the NAMBOARD.

Operations of the DPB

The DPB operates according to the general directions of the Minister responsible for agriculture. The Minister prescribes the price structure and prescribes the areas in which the DPB enjoys a monopoly. The prescribed area has generally been the line of rail with the exception of Livingstone.

The DPB inherited a monopolistic dairy marketing system in which the artificial price pattern both stimulated

¹ Zambia, Cabinet Office, "Memoranda on the Dairy Produce Board and the Cold Storage Board," p. 3.

milk production as a whole and kept liquid milk in the category of a luxury commodity. The line of action adopted by the independent government was to divert the milk used at a loss for manufacturing into consumption by the low income sector of the population. Thus for example, the DPB discontinued the manufacture of butter in 1968.¹

Proposals were formulated for the supply of cheap milk in the high density areas occupied by the greater part of the African population. These areas were to be served by the DPB in its work as a retailer. In place of the dual price pattern which we described when we discussed the DMB, producers were to receive a guaranteed price which would be varied only according to changes in supply in relation to the expanded demand. The DPB would retail milk at its normal price except in the high density areas where in 1967 milk was offered at 2d (two pence) a pint cheaper.²

Opposition to these proposals did not only come from producers but also from the DPB. Producers opposed the abolition of the dual price pattern, and the DPB supported them. For its part, the board was convinced that differing retail prices for whole milk in different districts would involve practical difficulties. It was also held that sales of cheap milk would be largely at the expense of sales at the standard price.

¹Dairy Produce Board, Annual Report, 1968, p. 3.

²Makings, Agricultural Problems, p. 112.

The government held to its position and the cheap milk scheme was adopted. Its effect was rapid and considerable. As sales of cheap milk in high density areas mounted, the surplus position which had been inherited changed to one of shortage within a few months. Between 1965 and 1975, milk sales increased by 36 percent.¹ The DPB had to augment supplies by reconstituting whole milk powder. The government achieved a noble goal, making milk accessible to as many people as possible, and thereby helping to improve the nutritional content of their diet, which we said is one of the goals of agricultural development.

The pricing structure which the DPB operates with, provides for a guaranteed basic price to be reviewed annually and adjusted by limited increments or decrements according to changes in the supply/demand position. However, it includes a proviso to the effect that the average producer price should not fall below the cost of reconstituted whole milk made from imported powder. The producer prices with which the DPB has been operating have unfortunately tended to remain static despite increasing production costs and increasing demand. Reduced to a round figure, the producer price of milk between 1972 and 1975, for example, remained at 10 ngwee per litre.² Mr. Sandala, in the article referred to above, cited the low producer price for milk as

¹Sandala, "The Dairy Produce Board," p. 23.

²Zambia, Central Statistical Office, Monthly Digest of Statistics, January/February 1978 (Lusaka: Government Printer, 1978), p. 9.

One significant explanation for the drop in fresh milk production. He explained that with the producer price of milk remaining static while the costs of dairy herd and farm equipment had increased, the average dairy farmer was unable to raise funds for expansion, and that most of the dairy farmers could not afford to feed the cows with appropriate cattle food and concentrates. It was not until February 1976 that the producer price of milk was raised to 15 ngwee per litre. The low producer price has not provided sufficient incentive for the dairy industry's development. Instead, it has weakened the farmer's capability to produce more; and is therefore inappropriate from the viewpoint of increased production.

When the effect of the low producer price of milk is added to the effect of the exodus of white producers of milk soon after independence, it is not difficult to understand why milk production fell from 18.6 million litres in 1965-66 to 14.5 million litres by 1969-70. By 1975, milk production had fallen further to 11.8 million litres and the 1976 production was projected at 11.5 million litres.¹ As against this, the total demand for liquid milk, and other dairy products in terms of fresh milk with 3.5 percent fat, was in 1976 put at 100 million litres. Falling production figures therefore meant that progress towards the achievement of the goal of self-sufficiency was lagging behind.

¹Sandala, "The Dairy Produce Board," p. 23.

To summarise, the DPB was created after the dissolution of the Federation of Rhodesia and Nyasaland, to handle dairy marketing. Just as the federal government chose a statutory marketing board to handle dairy marketing in the efforts to develop the dairy industry, the Zambian government also mainly relies on a statutory marketing board, the DPB, for the same purpose. By extending milk sales to high density areas, the DPB stimulated a high demand which it cannot satisfy from local production, which is itself not encouraged by the static low producer prices which have been offered to the dairy farmer. The DPB has therefore resorted to imports--a course of action which eats deeply into the country's meagre foreign exchange earnings. The goals of self-sufficiency in food production and diversified sources of foreign exchange, which we said are contained in Zambia's agricultural development aims, are therefore not being realised. The static low price maintained has therefore not been supportive of the efforts to develop agriculture. For our purposes, the static low price has therefore been inappropriate.

This concludes our discussion of dairy produce marketing through marketing boards. This discussion, as can be recalled, started with the DMB which we said directed its services at the European community, to the neglect of the African community. What was built during the Federation was therefore precarious and could not hold when many white

commercial farmers left the country after Independence. The DPB, created after the dissolution of the Federation of Rhodesia and Nyasaland, expanded its services beyond racial lines and stimulated an unprecedented demand for milk. The DPB has its own problems, the major one of which has been the tendency to hold the producer price of milk static. As a result, production which should have been going up to match the increasing demand, was in 1976 going down, making difficult the realisation of Zambia's agricultural development goal of self-sufficiency.

TOBACCO MARKETING THROUGH MARKETING BOARDS: BEFORE INDEPENDENCE

Introduction

As early as 1900, the British South African Company knew of tobacco cultivation by Africans in North-Eastern Rhodesia. White farmers in Northern Rhodesia, however, did not really get into tobacco growing until 1925.¹ The operations of the United Tobacco Company, which ran a leaf-packing warehouse in North-Eastern Rhodesia, encouraged tobacco growing by white farmers and the tobacco industry expanded for three years, after which it was heavily hit by the tobacco crisis of 1928.² There was then a long lapse lasting up to the end of the Second World War before the tobacco industry could emerge again.

¹W. E. Haviland, "The Economic Development of the Tobacco Industry in Northern Rhodesia," South African Journal of Economics 2:4 (December 1954):375.

²Ibid., p. 376.

The main tobacco crop in Zambia is Virginia flue-cured which is almost exclusively grown by white farmers. Its main areas of production are along the line of rail in the Southern and the Central Provinces and around Chipata. Burley tobacco is mostly grown by Africans, especially in the Eastern Province. The third type of tobacco grown is Turkish (Oriental) tobacco which emerged as a fairly important cash crop for African farmers in the Central and the Eastern Provinces, but whose production has unfortunately been adversely affected by low demand.

The tobacco industry in Zambia has had a long association with outside markets. In 1930, for example, South Africa agreed to allow duty free imports from Northern Rhodesia with the limit set at 400,000 lb per year. The government in Northern Rhodesia stepped in and used the Tobacco Marketing and Levy Ordinance of 1936 to allocate to each individual (European) tobacco grower an equal share in the duty free quota.

In 1939, the government established tobacco auction sales in the Chipata (Ft. Jameson) area. Tobacco in North-Western Rhodesia, on the other hand, was graded by a cooperative or by private companies in Livingstone, Kalomo, Lusaka and Broken Hill. It was then sold on Salisbury floors in accordance with the requirements of the Tobacco Marketing Act of Southern Rhodesia and was required to retain its own identification during the sale.

The Fort Jameson auction floors closed in 1953 because of weak buying competition. Henceforth, the North-Eastern Rhodesia tobacco crop would also sell on the Salisbury floors, it too retaining its own identification. The reason for this identification was an alleged peculiarity of flavour which could not be discerned by visual examination. As a result, North-Eastern and North-Western tobacco fetched prices which were appreciably lower than the average, causing considerable dissatisfaction among growers, whose numbers dropped from 203 in 1952 to 79 in 1956.¹

What we have, therefore, is a situation in which tobacco growers in Northern Rhodesia participated in outside markets--first South Africa and then Southern Rhodesia. Their participation was entirely subject to the controls and demands set in these countries. Statutory board marketing in Northern Rhodesia actually started during the days of the Federation of Rhodesia and Nyasaland. But even then, the only major change brought in was, as Mr. Caldicot, the Federal Minister of Agriculture, put it in 1955 that Northern Rhodesia tobacco's participation in Salisbury auction sales would be a matter of right rather than of permission.²

¹R. L. Cole and D. S. Pearson, "The Tobacco Industry of Central Africa 1953-1963," East African Economic Review 1:3 (1965):50.

²Federation of Rhodesia and Nyasaland, Parliamentary Debates, March 1, 1955, Column 3275.

For all the period before Independence therefore, Northern Rhodesia's tobacco was sold on outside markets and was subject to controls enforced on these markets. Our coverage of the statutory marketing boards which controlled these markets will therefore be brief, since these boards mostly controlled markets outside Northern Rhodesia, later Zambia, which is the subject of our discussion. The only operation which federal tobacco marketing boards extended to Northern Rhodesia was the registration of growers, an operation which was in fact done by post. A grower applied for a registration form from Salisbury which he completed and mailed back along with the required registration fee. He would then be advised of the conditions in which he would move his crop to the Salisbury tobacco auction floors where throughout the existence of the Federation, Northern Rhodesia tobacco retained its own identification and fetched a lower-than-average price. In table 5.3 we present the marketing boards discussed in this section of chapter 5.

TABLE 5.3.
TOBACCO MARKETING BOARDS

Board	Jurisdiction	Duration
RTMB*	Federation	1955-60
South-Western) Tobacco* North-Eastern) Marketing Boards	Federation	1960-63
TIB	Zambia	1964-68
TBZ	Zambia	1968-

*Actual marketing operations by these two boards were carried out outside Northern Rhodesia

THE RHODESIA TOBACCO MARKETING BOARD

The Federal Tobacco Marketing Board Act of 1955 enabled the federal government to take over the Rhodesia Tobacco Marketing Board (RTMB), a body corporate, and made its control powers applicable to Northern Rhodesia. The board consisted of six members appointed by the Federal Minister of Agriculture. The function of the RTMB was to control the marketing of tobacco in the Federation. It had the power to require:

1. the registration of growers who were also required to submit returns so that the RTMB could obtain the required information about the tobacco crop;
2. licensing of graders in order to enforce quality standards;
3. licensing of buyers in order to determine the movement of the crop; and
4. licensing of auction floors.

In addition, no person could export tobacco from the Federation without a permit issued by the Federal Minister of Agriculture, according to whose directions the RTMB functioned. To enhance its autonomy the RTMB had a free hand in its hiring procedures and could raise a loan, subject to the approval of the Minister.

The RTMB was financed by its own operations and no government finance was involved. It charged registration fees which were required to be paid annually. For example, it charged £2 for registration as a grower, £5 as a grader,

£10 as a buyer, and £50 for the registration of the auction floor.

In addition to registration fees, it charged a levy on all tobacco. For example, every grower was required to pay a levy at the prescribed rate not exceeding one halfpenny per pound weight on each pound of tobacco grown by him, and:

- (a) sold to anyone in the Federation;
- (b) manufactured by him;
- (c) exported from the Federation in an unmanufactured state.

Operations of the RTMB

The tobacco auction floors licensed by the RTMB were in Salisbury and producers were required to move their produce to Salisbury where the crop was sold by auction. There was, however, a minimum price of one halfpenny per lb fixed by the Minister of Agriculture. Only the tobacco grown in a prescribed area, by a registered grower and conforming to the quality set by the Minister could be sold on the Salisbury floors. Every crop brought in had to be graded before and after sale. Tobacco not conforming to the standards of the RTMB could be rejected.

The distance involved in moving the produce from Northern Rhodesia, especially from the Eastern Province, to Salisbury placed high transportation costs on growers in Northern Rhodesia. When one adds to this the fact that their crop fetched a lower-than-average price on the Salisbury

floors, it becomes easier to understand why the number of tobacco growers in Northern Rhodesia dwindled from 203 in 1952 to 79 in 1956. The location of the auctions in far away Salisbury and the lower price did not promote African tobacco growing.

The RTMB dealt only with the marketing of Virginia flue-cured tobacco, which as we stated above was mainly grown by white commercial farmers. This meant that the types of tobacco grown by Africans--burley and Turkish (Oriental)--were left with no sound market facilities. For the purpose of promoting sustained and widely diffused agricultural development, this approach was inappropriate. The RTMB, like other federal controlled marketing boards, sought to depress production by African producers. By doing this, it put the industry on a precarious footing and, as a result, tobacco production dropped after Independence.¹ The RTMB folded up in 1960.

THE SOUTH-WESTERN TOBACCO MARKETING BOARD
AND
THE NORTH-EASTERN TOBACCO MARKETING BOARD

These two boards were created by the Federal Tobacco Marketing and Levy Act of 1960. The South-Western Tobacco Marketing Board (SWTMB) was given the function of regulating the marketing of flue-cured tobacco grown in Southern Rhodesia and in Northern Rhodesia, except the Eastern Province. The North-Eastern Tobacco Marketing Board (NETMB) was charged

¹Figures showing the drop are given later in this chapter.

with similar responsibility for flue-cured tobacco in the remainder of the Federation, i.e., Eastern Province of Northern Rhodesia and the whole of Nyasaland.

It was the federal government's desire to include Nyasaland in its tobacco marketing controls which necessitated the passing of the 1960 Federal Tobacco Marketing and Levy Act. Nyasaland had not been covered by the Federal Tobacco Marketing Board Act of 1955.

Together, the South-Western Tobacco Marketing Board and the North-Eastern Tobacco Marketing Board were to be known as a body corporate capable of suing and being sued. The South-Western Tobacco Marketing Board had a membership of seven, while the other one had a membership of nine, appointed by the Federal Minister of Agriculture under whose directions they operated. Each board included representatives of Tobacco Growers' Associations, and representatives of Tobacco Buyers' Associations. The North-Eastern Tobacco Marketing Board also included two members representing African growers of tobacco in Nyasaland.

The powers of each of the two boards remained similar to those we listed under the Rhodesia Tobacco Marketing Board. The reader is therefore requested to refer to our discussion of the RTMB.

With regard to the financing of the two boards, the only difference between them on the one hand and the RTMB on the other is that while the RTMB was not provided with

government subsidies, the two boards, in addition to the funds accruing to them as a result of their operations, i.e., registration fees and levies, were also provided with such moneys as could be appropriated by the federal and territorial legislatures.

Operations

As far as tobacco growers in Northern Rhodesia were concerned, the creation of the South-Western and the North-Eastern Tobacco Marketing Boards meant little difference. Growers in Northern Rhodesia other than the Eastern Province were still required to sell their crop at the Salisbury floors where high transportation costs and the low price fetched continued to depress their returns.

Growers in the Eastern Province were required to sell their tobacco at the Limbe auction floors in Nyasaland. Their tobacco was sold unidentified with the Nyasaland tobacco. They therefore received a higher price than the price received on the Salisbury auction floors. However, not even this could save production levels for the whole country, i.e., Northern Rhodesia, from continuing to fall, so that the total sales in 1965 were merely 10 percent over the 1952 level.¹ These arrangements, therefore, did not significantly help the tobacco industry in Northern Rhodesia.

¹Cole and Pearson, "The Tobacco Industry of Central Africa," p. 50.

To summarise, the Northern Rhodesia tobacco crop before Independence sold on outside markets where it was subjected to controls operating at such markets. Transportation costs and the low price fetched tended to depress production of tobacco in Northern Rhodesia. The marketing arrangements were therefore not supportive of the efforts to develop agriculture and were, from this point of view, even counterproductive.

TOBACCO MARKETING THROUGH MARKETING BOARDS: AFTER INDEPENDENCE

As was the case with the other sectors of agricultural marketing, the dissolution of the Federation of Rhodesia and Nyasaland called for new tobacco marketing arrangements. To start with, no major change could be effected even after the African government passed the Tobacco Industry Board (Establishment) Ordinance in 1963 to regulate tobacco marketing in Zambia. Major changes, as we shall find out, came with the establishment of the Tobacco Board of Zambia in 1968.

THE TOBACCO INDUSTRY BOARD

The Tobacco Industry Board (TIB) was established by the Tobacco Industry Board (Establishment) Ordinance of 1963 as a body corporate capable of suing and being sued. The board consisted of five members appointed by the Minister of Agriculture. The board membership included three representatives of tobacco growers, i.e., one each for the growers of

Virginia flue-cured tobacco, growers of Turkish tobacco and growers of burley tobacco. There was also a provision for a representative of buyers in the event of a buyers' association being established. The remaining members of the board included a ministry's representative and one member chosen for his knowledge of the tobacco market.

For our purposes, let us note that even where no structure had effectively been built previously, as was the case in tobacco marketing, the new government chose the board structure to develop tobacco marketing in order to boost the tobacco industry. As a cash crop, tobacco can contribute to one of the goals of agricultural development in Zambia, reducing the reliance on copper as the source of foreign earnings.

The TIB was under the Tobacco Industry Board (Establishment) Ordinance of 1963 to have and exercise all powers and functions conferred by the Federal Tobacco Marketing and Levy Act of 1960, which we mentioned above. The reader is therefore requested to refer to our discussion of the Rhodesia Tobacco Marketing Board for the functions and powers of the TIB. The only change was that these functions and powers in the case of the TIB pertained to Zambia and not the Federation.

The funds of the TIB were to consist of:

- (a) such sums as may be payable to the TIB under the provisions of the Federal Tobacco Marketing and Levy Act of 1960;

- (b) such sums as might be payable to the TIB from moneys appropriated by the Legislative Council, later the National Assembly; and
- (c) such other moneys or assets as might accrue to the TIB whether in the course of the exercise of its functions or the performance of its duties or otherwise.

Operations of the TIB

The TIB operated under the general directions of the Minister of Agriculture. In the interests of the tobacco industry, it was decided that the existing marketing facilities which allowed Northern Rhodesian growers of tobacco to sell their crop on auction floors in Salisbury and Limbe would be continued. The boards in Southern Rhodesia and Nyasaland were willing to cooperate and achieve this objective. However, they insisted on Northern Rhodesia growers conforming in every way to the rules and regulations imposed by them in respect of any tobacco sold on their auction floors. The TIB would maintain the required measures of control over growers in Northern Rhodesia.

In its early stages, the TIB was expected to limit its activities to advising the Minister in relation to the tobacco industry as a whole, in as much as it affected Northern Rhodesia.¹ It was also required to ensure that the

¹ Northern Rhodesia, Legislative Council Debates, November 22, 1963, Column 365.

provisions with regard to the registration of growers, the licensing of graders and buyers, and the various regulations in respect of all tobacco grown for sale, were adhered to.

The TIB did not receive any part of the levies raised against Northern Rhodesia tobacco sold either on Salisbury or Limbe auction floors. These levies were imposed and collected by Southern Rhodesia and Nyasaland governments through their respective boards.

These arrangements were, however, temporary. They were to continue as long as Zambia did not have a packing plant and had no auction floors. Auction floors opened in Lusaka in 1966 and the Lusaka Tobacco Packing Plant opened in 1967.¹ Since then, tobacco sales have been conducted in Lusaka. Tobacco purchasing in remote areas was, as we reported in chapter 4, done by the Agricultural Rural Marketing Board and then brought to the auction floors where it was sold by auction by the TIB.

The days of the TIB may as well be called foundation days. The opening of the packing plant was a major achievement considering there was no such facility before 1967. The plant has processing and marketing facilities capable of handling 30 million kilograms of tobacco a year.²

¹Dodge, Agricultural Policy, p. 90.

²A. R. B. Landless, "Let's look at Farming," Enterprise, no. 1, Lusaka, Mindeco, 1975, p. 17.

Due to the availability of these facilities and the consequent expansion of the scope of operations, the powers conferred upon the TIB were found to be too narrow. The Tobacco Act of 1967 was passed to create a new board, the Tobacco Board of Zambia, with much wider powers and responsibilities. For our purposes, we again note that a statutory board structure was chosen by the government to market tobacco for the purposes of developing the tobacco industry, as a contribution to agricultural development.

THE TOBACCO BOARD OF ZAMBIA

Approved by the National Assembly in 1967, the Tobacco Act came into effect on April 1, 1968. The Tobacco Board of Zambia (TBZ) therefore came at a time when the groundwork had been done by the Tobacco Industry Board; auction floors had been organised and the packing plant had been built. Also, growers of tobacco in the remote areas could rely on the Agricultural Rural Marketing Board (although, as we observed, the ARMB had severe financial problems) to purchase their crop, bulk it up and send it to the auction floors in Lusaka.

Statutory Structure of the TBZ

The TBZ was established as a body corporate with a common seal and capable of suing and being sued, and doing all such things as a body corporate can by law perform.

The board is to consist of not more than six members appointed

by the Minister responsible for agriculture. The membership includes a chairman, one member representing growers of Virginia flue-cured tobacco, one member representing growers of burley tobacco, and not more than three members representing the buyers of tobacco. The composition of the board is therefore based on the representation of interests.

The TBZ is different from all other post-Independence statutory marketing boards in that in its case the chairman and not the general manager, as is the case in the other boards, is the chief executive. This is, however, a new development because prior to 1969 the Permanent Secretary in the Ministry of Agriculture acted as the board's chairman. Since the chairman of the board is also the chief executive, the TBZ has escaped the latest development which has placed Ministers into the chairmanship of the boards which they are supposed to supervise. Ministers therefore have a dual role.¹

Functions of the TBZ

Under the 1967 Tobacco Act, the functions of the TBZ are:

1. to promote, protect and maintain the production, sale, preparation for subsequent use and export of tobacco;
2. to control and regulate the production, marketing and export of tobacco;

¹Early in 1979, President Kaunda announced changes aimed at removing Ministers from the chairmanship of the boards which they are supposed to supervise.

3. to carry out tobacco research;
4. to obtain and collate statistics relating to the production, marketing, manufacture and consumption of tobacco inside and outside the Republic of Zambia;
5. to provide and operate such services and other facilities as may be necessary or convenient for the tobacco industry;
6. to advise the Minister on all matters relating to tobacco; and
7. to do all things which the provisions of the Act require to be done by the board.

These functions are indeed wide. We note, for example, that unlike the other Tobacco Marketing Boards discussed above, the TBZ is asked to engage in research pertaining to the production of tobacco, and indeed to engage in direct production, and not just the sale of tobacco.

Powers of the TBZ

As can be observed from the above section, some of the powers of the TBZ are embodied in its functions; thus under item 4 above, the TBZ has power to obtain information relating to the production of tobacco. In addition, the TBZ has powers listed in the schedule to the Tobacco Act of 1967. These powers, as stated earlier, are aimed at achieving the various aims of agricultural marketing.

Assembly and distribution of the produce

To enable the TBZ to determine the quantity, the assembly and distribution of tobacco, all growers, all buyers and all graders are required to register with the board as such. Growers are also required to submit returns regarding the acreage and the expected yield. Auction floors are also required to be registered. However, it is the Minister who determines the manner in which tobacco would be sold, i.e., by auction or otherwise, and tobacco can only be exported in accordance with a permit issued by the Minister.

Quality standards of the produce

Under the Act, the Minister has power to prescribe varieties of tobacco which can be grown. He also prescribes by regulation the conditions under which tobacco may be bought by a licensed buyer at a primary or rural level and the conditions to which any resale of such tobacco shall be subject; all graders are required to adhere to the standards of quality prescribed by the Minister.

Information

By requiring growers to register and to submit returns and also by requiring buyers, graders and auction floors to be registered, the TBZ can obtain the information it needs about the tobacco crop. As we observed earlier, it can use the powers embodied in its functions to obtain

all the statistics it needs regarding the tobacco crop--its production, its manufacturing and consumption and its marketing.

Autonomy of the TBZ

Like all statutory boards, the TBZ needs a certain degree of autonomy to provide for managerial flexibility and effectiveness. To this effect, the TBZ has a free hand in its hiring procedures and in attaching remuneration to the terms of employment. In addition, the TBZ has power to raise money temporarily or otherwise by such means and for such purposes as the Minister may approve. Also, with the approval of the Minister, it can enter into and cancel contracts with any authority.

Financial Arrangements of the TBZ

The funds of the TBZ consist of the following:

1. such sums as may be payable to it from moneys appropriated by Parliament for the purpose;
2. such sums as may be payable to the TBZ pursuant to the Tobacco Act, e.g., registration fees, or any other Act, e.g., levies which are made under the Tobacco (Marketing and Licensing) Rules;
3. such other moneys or assets as may accrue to or vest in the TBZ, whether in the course of the exercise of its powers or functions or the performance of its duties or otherwise.

If the funds mentioned above are insufficient to meet the TBZ's lawful expenditures, the amount of such deficiency has to be met by advances made by the Minister out of moneys appropriated for the purpose by Parliament. What we said about NAMBOARD with regard to the late reimbursement of this kind of subsidy also applies to the TBZ. Late reimbursement, as we observed, creates liquidity problems and is therefore not an appropriate approach to effective management.

Operations of the TBZ

The TBZ operates according to the general directions of the Minister responsible for agriculture. Thus, like all the boards we have examined, the TBZ operates on government's general directions.

As stated earlier, three types of tobacco have been produced in Zambia: Virginia flue-cured, burley, and Oriental (Turkish). The production of Oriental tobacco is negligible because of low demand, so that in essence the TBZ is responsible for the marketing of Virginia and burley tobaccos only. The TBZ buys and auctions Virginia tobacco while burley tobacco is sold by a private treaty conducted by the TBZ.¹

The TBZ supervises a number of tobacco production schemes as well as training centers. It also supplies

¹Lombard and Tweedie, Agriculture in Zambia, p. 17.

agricultural requisites needed by producers, in addition to operating a processing and packing plant. In tobacco growing areas, the TBZ is responsible for all extension services. It also issues and collects credit for tobacco production as an agent of the Agricultural Finance Company.

There are three types of production schemes operated by the TBZ to encourage tobacco production by Zambian farmers:¹

Tenant farming scheme

Under this scheme, farms of proven tobacco value are leased to tenants for five years with an option to renew. The TBZ provides capital for farm improvement and guarantees loans. Beyond this, the TBZ is only responsible for the administration and general supervision of the schemes. Under this scheme, tenants are expected to crop not less than 40 and not more than 80 acres of tobacco.

Assisted tenant scheme

Under this scheme, farms of proven tobacco value, with a maximum of 360 acres of arable land, are leased to tenants for 99 years. Capital for improvement is provided by the TBZ which also guarantees loans and provides managerial assistance, consisting of extension advice, accounting services and machinery maintenance services. Under this scheme, tenants

¹D. J. Dodge, Agricultural Policy and Performance in Zambia: History, Prospects, and Proposals for Change (Berkeley: University of California Press, 1977), pp. 91-92.

are permitted to crop between 20 and 40 acres of tobacco and 80 acres of maize.

One-acre scheme or family farming scheme

Under this scheme, each family is required to grow one acre of Virginia tobacco and a small acreage of maize. The TBZ provides a complete management service. The intention of this scheme is to introduce the production of Virginia tobacco to Africans.

Roughly 10 percent of Zambia's total tobacco crop is produced by participants in these schemes.¹ The schemes themselves are said to suffer from low yields which are a consequence of lack of expertise and inadequate management, and also a consequence of little acreage being put into tobacco. Tenants find it much more profitable to grow maize rather than tobacco.

The average auction price of tobacco was 62.6 ngwee per kilogram in the 1969/70 season.² As an attempt to reverse the downward trend in tobacco production, largely caused by the exodus of expatriate growers of tobacco, the government introduced a floor price of 80.2 ngwee per kilogram--a subsidy amounting to 17.6 ngwee per kilogram. For the 1972/73, 1973/74 and 1974/75 seasons, the floor price remained static at 90.4 ngwee per kilogram--a subsidy of 4.4 ngwee per

¹Ibid., p. 92.

²See ibid., p. 111.

kilogram--despite the continually increasing production costs on which the floor price was in theory to be partly based. It was this situation which led growers of tobacco into threatening to switch to maize production and it was not until after persistent representations by the Virginia Tobacco Growers Association to the government, that the floor price was increased to K1.04 per kilogram in the 1975/76 season.

As a result of the low static price compared to the rising costs of production, and also as a result of the exodus of expatriate farmers, the volume of output of both Virginia and burley tobaccos has declined substantially. From 10,985,000 kg of Virginia flue-cured tobacco sold in 1964, the sales of the same had dropped to 6,466,000 kg in 1976. Similarly, the sales of burley tobacco had in 1976 fallen from 1,598,000 kg in 1964 to 212,000 kg.¹ Thus the pricing level used has not been enough to create a sufficient incentive to increased tobacco production. The tobacco producer price has therefore not been appropriately addressed to the stimulation of increased production. Instead of stimulating increased output, the price has been depressing it. As a result of this, copper, despite its falling price

¹See, Zambia, Central Statistical Office, Monthly Digest of Statistics February 1974 (Lusaka: Government Printer, 1974), p. 7; and also, Zambia, Central Statistical Office, Monthly Digest of Statistics January/February 1978 (Lusaka: Government Printer, 1978), p. 8.

on the international markets, has continued to be responsible for over 90 percent of Zambia's foreign exchange earnings.

To summarise, after the TIB had created the foundation for a sound tobacco marketing, the government established the TBZ to spearhead tobacco marketing. The TBZ, created in 1968, has wider responsibilities than the TIB had. Its performance to stimulate increased tobacco production, if only to diversify Zambia's foreign earning sources, -has unfortunately been adversely affected by the low producer price paid, in addition to the exodus of expatriate farmers. Low tobacco purchases have meant that the plant has to operate below its capacity, and therefore at a loss. This has led to a need for subsidy, which is grudgingly given.

We observed that before Independence no sound marketing facilities existed for Northern Rhodesia's tobacco crop which was required to depend on out-of-the-country auction sales, where it often fetched a lower-than-average price. This, plus the transport costs involved, tended to depress production. Besides, only white commercial farmers with access to capital could significantly engage in tobacco production. This meant that tobacco marketing services were concentrated on the interests of the white commercial farmers, to the neglect of African farmers. The instructions given to the colonial tobacco marketing boards were therefore inappropriate in that they did not stimulate an increased, widely diffused and sustained production of tobacco. Post-

Independence instructions to the tobacco marketing boards have also not been able to stimulate increased production. This is quite apart from the departure of expatriate farmers and is due as much to the low producer price with which the boards have been instructed to work. Price instructions have therefore fallen short of what is required to stimulate increased tobacco production and it is on this score that we find them inappropriate because instead of stimulating production, they have depressed it.

In this chapter, we have observed that both during the colonial period and after, the statutory marketing board was chosen as the main mechanism for agricultural marketing. In the cattle industry we observed that the government created the CMCB to save the cattle industry from collapsing due to the dislocation of the cattle market caused by the closure of mines in Northern Rhodesia and also the increasing African participation in the available market. During the Federation, the CSC was formed to replace the CMCB, the argument being that the CSC could perform for Northern Rhodesia, the miracles it had worked for Southern Rhodesia in developing that country's cattle industry. At the dissolution of the Federation and the attainment of self-government in Northern Rhodesia, the statutory marketing board strategy for agricultural marketing was continued by the formation of the Cold Storage Board. Private buyers are welcome but they have had to conform to the control regulations of the marketing boards.

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In the dairy produce industry, a cooperative carried out the marketing aspect of the industry, from 1934 to 1962. The federal government extended the DMB's powers and functions to Northern Rhodesia in 1962. The argument used was that the DMB would perform in Northern Rhodesia the miracles it had worked in Southern Rhodesia in the development of that country's dairy industry. When the DMB extended operations to Northern Rhodesia, the cooperative which had carried out dairy marketing in the country was merely taken over. When the African government came to power, the DPB was created to take over from where the DMB left off.

In the tobacco industry, Northern Rhodesia was for a long time without markets of her own. The Northern Rhodesia tobacco crop was therefore forced to participate in outside markets, as a result of which it was subjected to the control powers of the statutory marketing boards which operated the auction floors on which it was sold. First, the control powers of the Rhodesia Tobacco Marketing Board were extended to Northern Rhodesia; after which came the powers of both the South-Western Tobacco Marketing Board which operated the Salisbury auction floors and the North-Eastern Tobacco Marketing Board which operated the Limbe auction floors. When the African government came to power in Northern Rhodesia, the Tobacco Industry Board was formed to supervise the participation of the Northern Rhodesia tobacco crop in outside markets. Later, when the foundation

had been established, the Tobacco Board of Zambia was formed to carry out tobacco marketing in Zambia.

The above survey verifies our claim that it is to the statutory marketing board that the colonial and the independent governments turned to carry out agricultural marketing in order to stimulate agricultural development.

In this chapter we also observed that colonial marketing boards concentrated their services on the white commercial farmer, whom they heavily pampered, to the neglect of the African farmer, whose productivity was depressed. In the cattle industry the price of European-produced beef was raised to profitable levels while that of African-produced beef was depressed by flooding the market with imported low-grade beef. Denied a potential gain, the African cattle owner stopped selling his animals and could not therefore produce high quality beef due to the overcrowding of grazing fields.

The dairy industry was all confined to the European community. No African dairy farmers existed because first the cooperative, and later the DMB, could not buy African-produced milk. Africans were therefore not encouraged to go into the dairy industry. Even the distribution of dairy produce was confined to the European community. Milk, for example, was beyond the reach of African consumers due to the high price charged, despite the fact that there was surplus production. This put a particularly nutritious

food item beyond the reach of the Africans who were the majority.

In the tobacco industry, the transport costs involved in participating in outside markets meant that only the white farmers could participate. Moreover, the boards which extended their control regulations to Northern Rhodesia only bought Virginia flue-cured tobacco, which was grown by European farmers. Oriental and burley tobaccos grown by Africans were left without sound marketing facilities. Africans could not therefore continue participating in this industry.

By concentrating services on the European farmer, colonial marketing boards put the agricultural industry on a precarious footing. Used to being pampered, European farmers left the country at the dawn of Independence. Half the number of white farmers left when they realised the African government was not going to pamper them. All that had been built started to collapse at a time when the African had not been prepared to maintain production. Food had to be imported and reliance on copper as the earner of foreign exchange continued. Colonial marketing boards, therefore, did not stimulate sustained agricultural production. From the selfish point of view of the white farmer, they might have succeeded, but from the point of view of the country's agricultural development as a whole, they were a miserable failure in that they did not do what could have

produced sustained agricultural development because the instructions they worked with were inappropriate for the purpose of achieving this kind of goal.

After Independence, marketing boards continued to face problems which have made their services inadequate for the promotion of agricultural development. We noticed, for example, that they have been given vague instructions which do not give any criterion for measuring managerial performance. This produces frustration. We observed also that, instead of paying prices which would provide an incentive to increased and diversified production, these boards have been directed to work with price structures which depress production. Cattle owners have, for example, not been encouraged to sell their animals as a result of the low price which the CSB pays for their animals. The low price for tobacco has tended to encourage tobacco growers to switch to maize growing where the returns are comparatively higher--thus encouraging the development of a monoculture agriculture.

As evidence of this claim, studies of production costs made in 1972 showed that a producer price of K4.00 per kg bag of maize was substantially more profitable than the production of cotton, burley tobacco or groundnuts at their ruling prices and at the standards of farming of subsistence, emerging commercial and fully commercial farmers. The increase of the maize price to K4.30 per bag in 1973 just widened the

profitability gaps still further.¹ The trend towards monoculture of maize at the expense of the production of other crops in the Eastern Province is shown in table 5.4.

In the early seventies, consumption of maize in the Eastern Province was put at 70,000 bags per annum. The rate of increase in consumption was such that demand was unlikely to exceed 100,000 bags for some years. The high price of maize plus the subsidies which we mentioned in the previous chapter, gave the incentive to a surplus production in 1972 of over 200,000 bags. The cost to transport this maize to the line of rail was K2.00 per bag, bringing the cost of surplus maize from the Eastern Province to over K7.00 a bag, when more than enough maize was delivered to the line of rail at K4.30 a bag.² This means that the surplus maize in the Eastern Province was produced at a loss. While maize production has expanded, that of other crops which, as we showed in chapter 4, do not enjoy profitability parity with maize, has tended to decline. Table 5.4, for example, shows that this is the case with cotton and groundnuts in the Eastern Province.

The low prices paid for agricultural products in general are aimed at supplying food at a low price to the

¹UN/FAO, Report to the Government of Zambia on Agricultural Marketing and Pricing Policies, 1974, p. 9

²Ibid., p. 11.

TABLE 5.4

CROP PRODUCTION: EASTERN PROVINCE 1968/69-1971/72

YEAR	MAIZE		COTTON		GROUNDNUTS	
	Marketed production bags 200 lb/ 90 kg	Price per bag main depot K	Marketed production kg seed cotton	Price per kg Ngwee	Marketed production bags 180, 80 kg	Price per bag main depot K
1968/69	26,100	2.40	1,346,045	13.2	86,179	8.40
1969/70	15,600	3.00	738,536	13.2	32,290	9.60
1970/71	152,000	4.00	729,235	14.7	68,720	10.20
1971/72	334,000	4.30	201,158	16.1	72,120	10.80

YEAR	VIRGINIA TOBACCO		BURLEY TOBACCO	
	Market production kg	Price Ngwee per kg	Marketed kg	Price per kg
1968/69	405,837	84.54	228,590	51.68
1969/70	416,178	84.61*	246,222	56.49
1970/71	536,149	87.22*	379,315	56.16
1971/72	551,672	94.39*	377,095	57.70

Source: UN/FAO, Report to the Government of Zambia, p. 10.

*Include deficiency payments

urban areas. They are also aimed at providing raw materials to the manufacturing industry at artificially low prices. Despite this, the manufacturing industry supplies to the agricultural sector manufactured produce at prices which are higher than those which could be obtained elsewhere.¹ These findings by the FAO are backed by the earlier findings of Fabian Maimbo and James Fry who worked out the rural-urban terms of trade in Zambia in 1971.² Their finding was that the terms of trade have become substantially worse for the rural areas in the post-Independence period. Dodge updated the study by Maimbo and Fry and showed that in 1973 a typical Zambian farmer was able to buy a consumption basket only two-thirds of the size of the one that he could purchase in 1964 for the same amount of production. In contrast, the urban worker in 1972 was able to purchase a consumption basket of goods almost two-thirds larger than he could purchase in 1964.³ As the most important producer and consumer prices are controlled by the government, it is clear that the government's pricing and wage policy has contributed to a widening--not a narrowing--of the disparity between the level of well-being in the rural and urban areas. From the

¹Ibid., p. 22.

²F. Maimbo and J. Fry, "An Investigation into the Change in the Terms of Trade Between the Rural and Urban Sectors of Zambia," African Social Research 12 (December 1971): 95-110.

³Dodge, Agricultural Policy, p. 137.

point of view of one of the objectives of agricultural development set by the Zambian government, i.e., narrowing the rural-urban income gap, the pricing policy has been more than inappropriate and indeed counterproductive.

The low price paid for agricultural products depresses production so that the country has to continue depending on imported food. Thus, as we showed in chapter 4, the food import bill has been rising, not declining. The trend towards monoculture agriculture frustrates the attainment of the goal of diversified agricultural production which is necessary if the nutritional content of the food intake is to be satisfied by home production. It also depresses the production of exportable crops like tobacco and cotton, and products like beef whose production could, if raised substantially, take some of the load off copper as the earner of foreign exchange. As it is, the price structure set for agricultural products is not working towards the attainment of the goals of overall and diversified agricultural development.

CHAPTER 6

STATUTORY AGRICULTURAL MARKETING BOARDS AND THE DEVELOPMENT OF AGRICULTURE IN ZAMBIA

In the introductory chapter of this study we defined agricultural development as increased, diversified and sustained agricultural production. Such development aims at the maximization of the national agricultural output, and the maintenance of food supplies (preferably from within the country). Since in the majority of developing countries the uplifting of the living standards of the majority of people depends on agricultural development, it is essential that this process be as widely diffused as possible. This is especially so where there are few natural hindrances to agriculture.

In the second chapter of this study, we noted that when they were eventually stated, the goals of the colonial government's agricultural policy were:

1. self-sufficiency in food;
2. balanced economy; and
3. improvement of rural incomes to make rural life attractive by the introduction of cash crops.

The above goals fit in with our definition of agricultural development. The hypocrisy of the colonial

government's policy consisted in concentrating services on the white commercial farmer to the neglect and discouragement of the African farmer.

The objectives of independent Zambia's agricultural policy also fit in with our definition of agricultural development. Paraphrased, these objectives as set out in the Second National Development Plan are:

1. the raising of rural incomes so as to narrow the gap between urban and rural areas;
2. the reducing of dependence on copper as the sole earner of government revenues and exchange earnings;
3. the satisfying of nutritional requirements and self-sufficiency in food.

The strategies for achieving the above objectives, as we observed in chapter 2, are the expansion and diversification of agricultural production. We are claiming that there is also no difference between our definition of agricultural development and the objectives of Zambia's agricultural policy. Having said this, we are in a position to draw conclusions based on the information collated in the preceding chapters about how the facilitation of agricultural development has been pursued through agricultural marketing. We shall organise our conclusions around the two propositions we ventured at the beginning of this study.

GOVERNMENTS' CHOICE OF MARKETING BOARDS

In chapter 1 we said among other things that there is more than one institution for carrying out agricultural marketing. Agricultural marketing can be carried out through private enterprise, regular government departments, or statutory marketing boards. In this study, we have been seeking to show that in Zambia, both before and after Independence, the statutory marketing board has been chosen as the main institution for carrying out agricultural marketing in attempts to stimulate agricultural development.

Before Independence

We observed that in the early thirties both the maize and the cattle industries faced an uncertain future following the dislocation of their markets by the closing of most of the mines and by increasing African participation in the available market. With the price of maize falling from nine shillings to six shillings per bag in 1932, it was estimated that a farmer on a 500-acre farm would require a yield of eight bags per acre to earn £300 per year. The average European yield per acre was only 4.5 bags in 1931. In the cattle industry we observed that, whereas the internal European share of the cattle market declined sharply, the African market share increased from 50 percent in 1928 to 67 percent in 1936. Also, attempts made at maintaining livestock prices on a voluntary basis failed. It was thus

feared that the white commercial farmers would be put out of business and with that, the maize and cattle industries themselves would collapse.

The government's response was the creation of the Maize Control Board (MCB) in 1936 to secure the European share of the available maize market. Now, by and large, the colonial government followed a laissez faire approach to economic activity. But to save and develop the maize market in order to give an incentive to agricultural development, the government established a statutory marketing board where none existed before. The choice of a statutory marketing board is even more significant in that there was already a European cooperative, the North-Western Rhodesia Cooperative Society, carrying out maize marketing along with private buyers. Rather than improve upon the cooperative's performance, the government created a statutory marketing board, the MCB, which progressively took over the functions of the cooperative.

We also observed that following the 1948 acute shortage of beans and groundnuts, the government increased the powers of the MCB and ordered it to assume direct control of the main depots at Pemba, Chisekesi and Monze from the North-Western Rhodesia Cooperative Society. In addition, groundnuts became a controlled product to be marketed only by the MCB.

The government's preference for a statutory marketing board to any other marketing arrangement was again displayed in 1953 when, following the chaotic marketing of food crops

in the Eastern Province, the government established the Eastern Province Agricultural Produce Board (EPAPB), to be in charge of food crop marketing in the Eastern Province. As we observed, agricultural marketing through cooperatives had started in the Eastern Province in 1948 and in addition there was agricultural marketing activity along the Great East Road by private businessmen. Despite this, the government chose to establish the EPAPB to handle food crop marketing to forestall the necessity for maize imports to the Eastern Province, which had occurred in 1949. Later, groundnuts were added to the list of controlled products to be marketed only by the EPAPB. The complaint voiced by marketing cooperatives that marketing boards were hindering their development was ignored.

We also reported that in 1957 grains, with the exception of maize, enjoyed favourable terms of trade on the international markets. To take advantage of the prevailing circumstances on the world market, the government created the Federal Grain Marketing Board (FGMB) to market a larger category of products--maize, bulrush millet, finger millet, sorghum, beans and groundnuts, starting in 1958. Thus, in the case of the FGMB, it was not a question of saving an ailing industry but a question of promoting the industry in order to take advantage of the prevailing circumstances on the world market. The earlier boards--the MCB and the EPAPB--had only handled as controlled products, maize and

groundnuts. Also, the FGMB's control powers were applicable to the whole country in that any part could be declared a controlled area. This contrasts with the MCB whose powers were restricted to the line of rail, and also contrasts with the EPAPB whose powers were restricted to the Eastern Province. In practice, however, the FGMB also concentrated its operations on the line of rail, to the neglect of other areas. At one stage, 1960-64, a regular government department, the Department of Cooperatives and African Marketing, operated a rural buying service on behalf of improvement funds.

In the livestock sector of agricultural marketing, the government's response to the uncertain future which the cattle industry faced in the early thirties, when cattle and beef marketing were in private hands, was the creation of the Cattle Marketing and Control Board (CMCB) in 1937. The CMCB, as we reported, was essentially a nontrading control board. Actual marketing of cattle and beef was left to private businessmen, but all cattle and beef marketing was subject to the CMCB's control. In 1960, the Cold Storage Commission (CSC) of Rhodesia was given power to extend its operations to Northern Rhodesia by the federal government, supposedly to stimulate the development of the cattle industry in Northern Rhodesia which was a net importer of beef. The success story of Southern Rhodesia's cattle industry under the control of the Cold Storage Commission was used as an

argument to support the extension of its operations to Northern Rhodesia. Unlike the CMCB, the CSC even went into actual marketing and through the grazier scheme into production. Its functions, therefore, were not confined to control as had been those of the CMCB.

In dairy marketing, statutory control regulations did not start until 1962. When they did, the Dairy Marketing Board (DMB) of Southern Rhodesia, whose powers were extended to Northern Rhodesia, simply took over the Cooperative Creameries of Northern Rhodesia, which had been marketing dairy products since 1934. Only a statutory marketing board, it was argued, would enable Northern Rhodesia to raise her milk production from a meagre 4,000,000 gallons in 1961 when Southern Rhodesia was producing 18,000,000 gallons. The success story of the Dairy Marketing Board's performance in Southern Rhodesia was used to support the argument. Thus, in dairy marketing too, a statutory marketing board was preferred to a cooperative or to any other marketing arrangement, for that matter.

To provide marketing facilities for Northern Rhodesia's tobacco crop, the federal government extended control powers of the Rhodesia Tobacco Marketing Board (RTMB) to Northern Rhodesia in 1955, whereupon Northern Rhodesia tobacco was given a right to participate in sales conducted on the auction floors controlled by the RTMB in Salisbury. In 1960, the South-Western Rhodesia Tobacco Marketing Board (SWTMB) and

the North-Eastern Tobacco Marketing Board (NETMB) were created to replace the RTMB. The two boards extended control powers to Northern Rhodesia and no one, except with their permission and except in the capacity in which one registered with either one of the two boards, could engage in tobacco marketing. Before these federal control regulations were extended to Northern Rhodesia, the government of Northern Rhodesia had tried operating tobacco auction floors at Fort Jameson through the Department of Agriculture, but this had failed due to weak buying competition. Private companies and cooperatives had also graded tobacco in Livingstone, Kalomo, Lusaka and Broken Hill before selling it on Salisbury floors in accordance with the requirements of the Tobacco Marketing Act of Southern Rhodesia. When federal control regulations were extended to Northern Rhodesia, cooperatives and private buyers were replaced by the boards which became the main avenue for tobacco marketing.

Our proposition that governments in Zambia (Northern Rhodesia) have chosen statutory marketing boards in preference to other means of agricultural marketing, to provide the incentive to the development of agriculture, is for the colonial era confirmed by the above survey. By the time of Zambia's Independence, every sector of agricultural marketing in the country was under the control of a marketing board. In terms of geographical coverage, however, only those areas, e.g., the line of rail, which the colonial government thought

were the main agricultural centers, enjoyed the facilities of the marketing boards created. Where their powers were applicable, no one except with the permission of the appropriate boards could engage in the agricultural marketing of a produce declared a controlled product. But even in this case, one had to conform to the control regulations enforced by the marketing board concerned.

By and large, it was the need for a guaranteed price, and thus a guaranteed market, which was the main reason behind the colonial government's preference for statutory marketing boards to other arrangements of agricultural marketing. Experience before the formation of the MCB, the CMCB and the EPAPB, had served notice about the inability of both private enterprise and cooperatives to save agriculture in the face of a dislocated agricultural market. As we observed, the three boards mentioned above were formed initially to save an ailing industry. The committee which examined the agricultural market and whose report led to the creation of the MCB recommended internal price controls through statutory marketing boards as against free agricultural marketing by a cooperative or private enterprise.¹ The most eloquent testimony about the colonial government's preference

¹Northern Rhodesia, Report of the Agricultural Advisory Board (Lusaka: Government Printer, 1935), as described by S. M. Makings, "Agricultural Change in Northern Rhodesia/Zambia," Food Research Institute 1:2 (1966):200.

for statutory marketing boards to other arrangements of agricultural marketing was given by the Working Party appointed by the Northern Rhodesia government to look into rural economic development in 1961. After examining agricultural marketing through private enterprise, direct government department and cooperatives, the Party came out in favour of the statutory marketing board.¹

The Working Party said that private enterprise has a tendency to interest itself only after a certain volume of production has been reached and does not interest itself in remoter areas. Moreover, private enterprise, the Party said, cannot in all cases be relied upon to give a fair deal to the producer, even where minimum producer prices are fixed. About marketing through a regular government department, the Party said that it was not a method which should be generally adopted because it led to wastage and inefficiency as the government is bound to pay regard to political factors in the prices it offers. About cooperatives, the Party said that marketing was a specialised business which the producers themselves have not always been qualified to undertake. If used at all, the Party said, cooperatives should operate under the umbrella of a statutory board.

The Working Party therefore supported statutory boards because stable prices and a guaranteed market, which

¹See, Northern Rhodesia, Cabinet Office, Report of the Rural Economic Development Working Party (Lusaka: Government Printer, 1961), pp. 86-93.

are essential to the success of agricultural development, can best be provided through statutory marketing boards. As the Party itself declared, there was need in a weak economy "to cushion producers from undue shocks, whether resulting from changes in overseas demand or from such internal causes as droughts, floods and diseases."¹ It was felt that this could be done best through statutory marketing boards.

The need for a guaranteed price and market was therefore the moving force behind the preference for agricultural marketing boards before Independence. The persuasiveness of this position was also boosted by the success story of Southern Rhodesia's statutory marketing boards, in stimulating agricultural development in that country. All in all, it was through a guaranteed price and market that the colonial government sought to keep European farmers in business when their market declined in the early 1930s, sought to expand agricultural production in the Eastern Province in the early 1950s, and sought again to expand the production of justifiable export crops when the FGMB was created, in 1958.

After Independence

The dissolution of the Federation of Rhodesia and Nyasaland led to the creation of marketing boards to carry over from where the federal marketing boards left off.

¹ Ibid., p. 91.

Thus, the Grain Marketing Board (GMB) took over the functions of the FGMB. The Dairy Produce Board (DPB) took over from the DMB, the Cold Storage Board (CSB) from the CSC and the Tobacco Industry Board (TIB) from the SWTMB and the NETMB.

The Zambian government's choice of statutory marketing boards should not be looked at in terms of there having been no other choice. We have to look at their choice in terms of the weight which the government of Zambia threw behind the cooperative movement, starting in 1965. Cooperatives were encouraged in the production field of agriculture but not in agricultural marketing, except as agents of statutory marketing boards. Old cooperative marketing societies, like the Eastern Cooperative Union and the Southern Cooperative Marketing Union, were allowed to continue but only as agents of a statutory marketing board. The choice of a statutory marketing board machinery was therefore a conscious one. Indeed, in every sector of agricultural marketing, as we observed, except in cattle buying, in which private buyers are openly permitted, it is the statutory marketing boards which handle the bulk of the produce and, moreover, anyone participating does so according to the regulations enforced by the marketing boards. In non-controlled products, buyers other than the statutory boards and their agents are permitted. All in all, the bulk of agricultural marketing is carried out through statutory marketing boards, except in the livestock sector of agricultural

marketing. There is also no indication that marketing boards will be phased out.

One other factor which points to the choice of the statutory marketing boards having been a conscious one is the fact that the boards continued to grow after Independence. Thus, whereas the GMB at the beginning was little more than a continuation of the FGMB's policies and activities along the line of rail, it assumed more functions after Independence. It started operating a cotton ginnery in 1965 and in 1967 it took over the running of 131 depots from the Agricultural Rural Marketing Board (ARMB). In 1969, it became an importer and distributor of seed, fertilizer and vegetables. Moreover, the ARMB was a new board altogether in the sense that it did not inherit anything from any colonial marketing board. It was created from scratch by the African government to provide marketing facilities to areas away from the line of rail, because these areas, except the Eastern Province, had not enjoyed such facilities. When in 1969 the Zambian government decided to spread the favourable terms of trade which had been confined to the line of rail, a new board, the National Agricultural Marketing Board (NAMBOARD), with more functions and wider powers was created. Its functions are not confined to marketing alone but have extended to other areas, as shown below.

NAMBOARD became involved in supplying services which are aimed at increasing the productive efficiency of farmers,

when it was made the sole importer and distributor of fertilizer, seeds and implements. The efficacy of fertilizer in increasing output is something that has been acknowledged for a long time. The MCB, for example, had in 1950 attributed the higher increase in European production to greater use of nitrogenous fertilizers when the yield per acre increased from 5.80 bags the previous year to 8.17 bags in 1950.¹ Similarly, the Research Branch of the Department of Agriculture reported in 1973 that "with the application of fertilizer of the potassium type, yields more than doubled."² Thus, through its fertilizer programme, NAMBOARD has also become involved in direct production.

NAMBOARD's functions have also been extended to include credit. However, its role in credit is that of an agent. It acts as the Agricultural Finance Company's agent in distributing loans to farmers and also in collecting repayments on these loans.

The growth in the functions of post-Independence marketing boards has not been restricted to food crop marketing. We observed, for example, that the TIB, which replaced the two federal tobacco marketing boards, was soon found to

¹Northern Rhodesia, Maize Control Board, Annual Report 1950-51 (Lusaka: Government Printer, 1952), p. 3.

²Zambia, Ministry of Rural Development, Annual Report of the Research Branch 1972-73 (Lusaka: Government Printer, 1973), p. 19.

be inadequate to handle tobacco marketing at the rate at which responsibilities were growing. A new board, the Tobacco Board of Zambia (TBZ), was created and its functions are not restricted to the registration of growers, buyers and graders and the advising of the Minister of Agriculture, as those of the TIB had been, but extend even to tobacco production through the operations of tobacco growing schemes. Thus, like NAMBOARD, the TBZ in addition to operating a packing plant and tobacco auction floors in Lusaka, is also involved in direct production and it also acts as an agent of the Agricultural Finance Company, (AFC) in distributing loans to tobacco growers and collecting loan repayments.

The above survey shows that like the colonial government, the government of independent Zambia has turned to the use of statutory marketing boards to carry out agricultural marketing in order to stimulate the agricultural industry. We are now in a position to draw a conclusion regarding our first proposition. The proposition that, in Zambia successive governments have chosen statutory marketing boards in preference to other means of agricultural marketing to provide the incentive to the development of agriculture, is confirmed by our survey of the colonial and postcolonial statutory marketing boards. By and large, both the colonial and the postcolonial governments in Zambia have relied on statutory marketing boards as the main instruments of carrying out agricultural marketing, for the purpose of stimulating agricultural development.

From Lombard and Tweedie we learn that the 'Zambian government chose to use statutory marketing boards as "an important means to manipulate production and consumption through price fixing and subsidies."¹ Thus, in the case of the Zambian government also, it is the ability which statutory marketing boards provide for the government, to influence production trends through price fixing, which gave the rationale for the government's choice of statutory marketing boards as the main vehicle for agricultural marketing. Private enterprise does not render itself as readily amenable to government control as does the statutory board. Moreover, when Dr. Kaunda took over the reins of government, he had to address himself to large sections of the country which had been neglected during the colonial era. To spread services to these areas called for government action because as the colonial government in the study cited above admitted, private enterprise is usually unwilling to go into remote areas where profits are uncertain. Cooperatives were weak and could not effectively mount such a specialised function as marketing. The regular government department is associated with rigidity which may not be as conducive to the effective prosecution of agricultural marketing as the government of Zambia would prefer.²

¹C. S. Lombard and A. H. C. Tweedie, Agriculture in Zambia since Independence (Lusaka: NECZAM, 1972), p. 14.

²Zambia, Cabinet Office, "Report on the National Agricultural Marketing Board," prepared by D. Williams and T. Wardale (Lusaka, 1971), p. 6.

The statutory marketing board being closer to private enterprise by virtue of having less rigidity, appeared a much more potent machinery for carrying out agricultural marketing than did a regular government department.

Thus, in the case of both the colonial and post-colonial governments the ability to control production trends through price fixing made the statutory marketing board an attractive machinery for agricultural marketing. Price fixing is therefore the instrument of policy execution which both colonial and postcolonial governments have chosen in order to give an incentive to agricultural development. The machinery of implementation chosen has been the statutory marketing board because, unlike private enterprise, the statutory marketing board can be controlled; unlike a cooperative organisation, its strength can somewhat be ensured by its links to the government, and unlike a regular government department, it can be given a certain measure of autonomy which would make it escape the rigid nature of operations characteristic of regular government departments.

The efficacy of the price incentive to stimulate expanded production is something which has been acknowledged both for the period before Independence and after. The MCB, for example, admitted even in the case of African producers that the higher price paid to them tended to increase the acreage planted by them for maize.¹ For the Independence

¹ Northern Rhodesia, Maize Control Board, Annual Report 1950-51 (Lusaka: Government Printer, 1952), p. 1.

period, we can point to Bates' figures which we presented in table 4.3 to show that when the producer price of maize was reduced, there was a corresponding reduction in the level of maize production. When after 1971 the price of maize was revised upwards, the level of maize production rose with it. There is therefore a basis for the colonial and postcolonial governments' choice of pricing as the instrument of policy execution in their efforts to influence production trends.

In addition, marketing boards have also been used to promote efficiency of production. The instrument of policy execution in this has been involvement in direct production. We observed in chapter 5, for example, that the CSC was involved in direct production through the grazier scheme. The post-Independence period showed that the TBZ is involved in direct production through tobacco growing schemes. NAMBOARD is also involved in promoting efficiency of production through its function as the distributor of fertilizer, seeds and implements.

The role of marketing boards in agricultural credit is a post-Independence phenomenon. By 1976, only NAMBOARD and the TBZ were involved in agricultural credit. In any case, they performed this role as agents of the AFC.

Before examining how government instructions to marketing boards have affected effective implementation of the above instruments of policy execution, let us synthesise all that we have said about the structure and powers of the

boards we have been studying. This will tell us something about the nature of government control over these boards.

All the boards covered in this study were created by statutory instruments as bodies corporate. At each and every instance, the board created has been appointed by and made responsible first to the Governor, in the case of the MCB, the CMCB and the EPAPB, and later to the Minister responsible for agriculture, in order to ensure government control over the board's operations. Our survey of the powers of the boards shows that the boards have enjoyed autonomy in the hiring of their personnel, the gathering of information about the produce they have controlled and the distribution of the produce. They have also enjoyed autonomy in their day to day operations.

When it comes to determining the standards of quality of the produce they handle, all that the boards have enjoyed has been the power of enforcement. The determination of these standards has been the Governor's or the Minister's function. In addition, the determination of what should be a controlled product or a controlled area, has also been beyond the powers of the boards. By and large, government control over the boards has been always there in reserve.

Government control has been even more ensured by the financial structures of these boards, since the bulk of their funding has come from the government. ¹ The only board which did not have government funding provided for by its statute

¹ There are no figures available to indicate the available capital in the country or outside for the government much less for each board. Rather, the boards have been financed on an ad hoc

was the RTMB. In cases where the boards have been allowed to raise loans, there has always been a proviso that the Minister's approval be obtained first.

With regard to the financial structures, the statutes governing the boards we have examined have in some cases not given any specific guidelines regarding the profitability of the operation. This applies both to colonial and post-colonial boards. The exceptions have been in the case of colonial marketing boards; the statutes governing the DMB and the CSC required these boards to ensure that their revenues were sufficient to meet their outgoings. In the case of postcolonial marketing boards, the CSB and the DPB are also required by their statutes to see to it that their revenues are sufficient to meet their outgoings. However, even the boards which have been required to match their outgoings with their revenues have obtained the bulk of their funds from the government. We observed in the case of colonial boards that the DMB had to fall back on government subsidies because of the loss it incurred on costly manufacturing into which it channelled surplus milk. In the post-Independence period both the CSB and the DPB have operated on government subsidies.

As regards the remaining boards, there has been no specific requirement in the legislation that they must break even or operate at a profit. This has made it very difficult to judge managerial performance, in that there has been no

incremental basis without any calculations and it seems to have been assumed that due to the good price of copper in the years immediately following Independence all the needed capital would continue to be available from this source.

specific criterion against which such performance can be judged. Therefore, it has not been clear as to what is expected of such boards. In cases like this, requests for subsidies cause alarm, so that the Ministry has tended to probe the requests in minute detail as a result of which it has not reimbursed the boards on time. The boards' management have looked at such probes as interference in managerial issues and have resented them.

In the post-Independence period there has developed a practice by which Ministers have become chairmen of the boards they are supposed to control. Only the TBZ, as we showed, has escaped this practice. With all the other means of control which the controlling ministry has over the boards, one wonders if this is really necessary. No doubt, the practice is aimed at ensuring political control. What it means, however, is that the Minister is required by law to regulate the very board of which he is himself the head. This can be uncomfortable if on the recommendation of his ministry's officials he is obliged as Minister to countermand a decision reached under his chairmanship by the board.

We are now in a position to start examining the second proposition, but before we do this let us note the evolution of marketing boards in Zambia has largely been incremental. First, an agricultural problem is identified and then either a marketing board is created to handle the observed problem, as happened in the case of the MCB, the EPAPB, and the ARMB,

or the powers and functions of an existing marketing board are extended. The latter happened when the MCB started the marketing of groundnuts, when NAMBOARD began the marketing of fruits and vegetables, and indeed when the Cold Storage Board launched a retail operation. In each case, there was a lag between the time the problem was identified and the time the board was created or had its powers and functions widened to handle the observed problem. Also, in each case the response was along the lines which had been tried before, i.e., either create a new board or widen the powers and functions of an existing one. This incremental evolution explains the similarity between the structures of colonial and postcolonial statutory marketing boards.

GOVERNMENT INSTRUCTIONS AND THE EFFECTIVENESS OF BOARDS BEFORE INDEPENDENCE

Area coverage

We observed with regard to colonial marketing boards in food crop marketing that their services were confined to the line of rail, the preserve of white commercial farmers, to the neglect of areas away from the line of rail, with the exception of the Eastern Province. In the case of maize, even when large quantities of maize had to be imported, as was the case between 1941/42 to 1953/54, the government could not instruct the MCB to stimulate maize production by Africans away from the line of rail, despite the fact that Africans had demonstrated a potential to produce when attractive prices were paid for their products.

In 1958, the FGMB was created with powers which were applicable to the whole country but, even with such a board existing, the federal Minister of Agriculture prescribed only those areas which were along the line of rail and also the Eastern Province, for the FGMB's coverage. Extension of services to Africans had to await the creation of African Farming Improvement Funds after the Second World War and was paid for by Africans through levies.

Instead of maximizing production, a goal which is contained in our definition of agricultural development, instructions given to the colonial food crop marketing boards were such that they neglected the tapping of the productive potential of the African farmer by denying him a guaranteed market. If this potential had been tapped, the African producer would have contributed to self-sufficiency in food production, if only to avoid the country's dependence on imported food. For our purposes the instruction given to food crop marketing boards to confine their operations to areas occupied by white farmers, was not appropriate in that it could not lead to the maximisation of production, as it deliberately neglected the African productive potential.

In both the cattle and dairy industries, services were confined to European commercial farmers along the line of rail. We noted, for example, that the CSC's grazer scheme, which was aimed at improving the efficiency of production, could only be extended to Africans if its costs

were subsidized by the African Farming Improvement Funds. Thus, only those African areas served by the improvement funds, i.e., the Southern, the Central, and later the Eastern Provinces, enjoyed the services of the grazier scheme. The Western Province, despite its cattle population, did not because it had no improvement fund to subsidize the cost of the ~~grazier scheme~~. The dairy industry was confined to the European community, as we noted in chapter 5. Thus, although the rationale for creating marketing boards was the provision of guaranteed markets to the farming community, this was done selectively in favour of the European farming community. By so doing, African productive potential was neglected--a move which did not augur well for the goal of maximizing production for self-sufficiency, especially considering that beef was being imported.

In the tobacco industry, we noted that the boards had a bias for Virginia flue-cured tobacco grown by Europeans. There was a definite demand for burley tobacco and its production should have been encouraged rather than depressed. Burley tobacco, as we noted, was mainly grown by Africans who were thus victimised by this discrimination.

All in all, the guaranteed market which colonial marketing boards were supposed to provide for the farming community as a whole, was a guaranteed market for the European farming community. When extended to Africans, they had to pay for it through levies which went to their farming

improvement funds. African areas without such funds were left without any guaranteed market. As a result, instead of maximizing production, colonial boards failed to do so or even depressed it. As we observed earlier, the decision as to what areas were prescribed for the boards' services lay in the hands of the Governor in the case of earlier boards, or the Minister, so that when they served certain areas and clientele to the neglect of others, the boards were functioning according to government instructions. Since such instructions depressed production instead of maximizing it, especially when the country was importing supplies, they were inappropriate so that they adversely affected the effectiveness of marketing boards in prosecuting the goals of agricultural development.

Pricing

The colonial government, as we observed above, acknowledged that when a higher price was paid there was an incentive to produce more. The prices which the colonial government prescribed to be implemented by the marketing boards tended to favour European producers while denying African producers a potential gain. In chapter 1 of this study we dwelt upon the importance of capital to the farmer. Depressing African earnings must have denied Africans potential capital and adversely affected their capacity to farm more.

In food crop marketing we observed that, even though both European and African producers produced the same quality of maize, the European producer always received more for his produce than did the African producer. This was due to a levy which was charged on African-produced maize. This levy was justified on soil conservation basis, the argument being that African farming methods led to the loss of soil fertility. It was therefore felt that Africans should not be encouraged to farm more. However, we observed in chapter 3 that the fund created out of the levy charged on African-produced maize was first justified on the basis of price stabilisation but very soon it exceeded what could be justified on this basis, whereupon the soil conservation argument was used. It was out of this fund that the African Farming Improvement Fund was created so that the levy on African-produced maize continued. European producers were not asked to pay for farming improvement methods, despite the fact that extension services, as we observed in chapter 2, were concentrated on them to the neglect of African producers.

In addition, African producers paid for transportation whenever marketing services were extended to them. This contrasts embarrassingly with the practice under which the FGMB paid for costs when rail transport was used to bring produce to its depots. Since the land near the line of rail had been appropriated for European producers, only they could take advantage of this subsidy, as the FGMB refused to pay

for costs where any other mode of transport was used. We observed also that during the days of the FGMB the board refused to reimburse producers for excess weight. The African producer, who in most cases did not have weighing scales at home, suffered a loss as a result of this practice. By 1963, a sum of £12,000, as we stated in chapter 3, had been lost to the FGMB by African producers on overweight deliveries. Practices like these continuously depressed the earnings of African producers. The loss of potential earnings involved must have adversely affected the African producers' capacity to expand production as their contribution to agricultural development, and must have adversely affected the African's incentive to participate in commercial farming.

In contrast, all throughout the colonial period, statutory marketing boards sought to pamper the white commercial farmer. The prices which the white farmer received for his produce were, as we observed, tied to the cost-price formula worked out between the government and the representatives of the white commercial farmers. By neglecting demand considerations, the price-link formula, in the case of maize, led to surplus production which resulted in maize being exported at a loss after 1953. Moreover, under this formula every increase in the price of the commodity is likely to have stimulated an increase in the cost of farming inputs and implements. The kind of preferential treatment which

the white commercial farmer received could have helped to prejudice his decision on whether or not to remain in Zambia. In view of the preferential treatment they enjoyed, it appears less surprising that 50 percent of the white commercial farmers left the country after Independence when they realised that they were not going to be pampered any more.¹ What was built over the years therefore proved to be precarious, as the concentration of services on the white commercial farmer did not lead to the goal of sustained food supplies from within the country. As the white commercial farmers left the country, food supplies were disrupted and the food import bill shot up from K156,438,000 in 1964 to K340,711,000 in 1970.² The country had to start all over again. This was not an easy thing to do considering that the Africans, on whom sustained agricultural development could have been built, had not been encouraged by the inappropriate price structure applicable to them, and by mostly being left out of marketing services unless they paid for them.

In the livestock sector, colonial marketing boards, i.e., the CMCB and the CSC, set lower prices for African-produced cattle than they did for the European-produced

¹D. J. Dodge, Agricultural Policy and Performance in Zambia: History, Prospects and Proposals for Change (Berkeley: University of California Press, 1977), p. 66. Using information from the Commercial Farmers Bureau, Dodge said that by 1970 50% of the white commercial farmers had left. The Times of Zambia of February 28, 1971 reported that 50% of white farmers had left by 1971.

²Zambia, Central Statistical Office, Monthly Digest of Statistics December 1972 (Lusaka: Government Printer, 1972), p. 19.

cattle. The grading system used invariably graded African-produced cattle into the lower grades so that they fetched a low price. To compound the plight of the African producer, low grade beef was imported into the country in order to saturate its market and thus force its price downwards. This further reduced the earnings of the African willing to sell cattle. As a result of the low prices paid for African-produced cattle, the African's willingness to sell cattle declined and his share of the cattle market, as we observed, fell from 63 percent in 1944 to 44 percent in 1960. As the African's unwillingness to sell cattle developed, he tended to keep too many cattle on the available grazing grounds, a practice which made it difficult for him to produce better quality cattle. What was paradoxical was the fact that colonial boards linked the definition of better quality beef to good production practices which depended on the availability of capital and technology. By depressing his earnings from cattle sales, colonial marketing boards denied the African cattle owner the capital and technology necessary for producing better quality cattle. Discouraging Africans from selling their cattle when the country was importing beef, was surely not an appropriate way to maximise production of better quality beef.

As we observed, the disincentive prices paid for African-produced cattle led to the development of alternative uses of cattle among Africans. Cattle were now used for

ploughing, so that maize which fetched comparatively profitable prices could be grown. There also developed a system under which those with cattle could loan them to those without, for ploughing purposes in return for cash. This led to the need to keep more animals despite the fact that more and more grazing land was giving way to maize fields. Thus, the unwillingness to sell cattle was strengthened by the development of such alternative uses of cattle, which once entrenched are not easy to reverse. There is more than a possibility that the cattle industry in Zambia today is still suffering from this development which was promoted indirectly during the colonial era.

In contrast to African-produced cattle, the price paid for European-produced cattle was high, as it was fixed on the basis of price agreements entered into by government and European producers' representatives. The formula used was based on the cost-price link, which ensured that the European producer always realised a profit on his sales. To further maintain the high price paid for European-produced beef, invariably all the cattle raised by Europeans were, as we learned in chapter 5, classified into higher grades. In addition, the importation of the better grades of beef was restricted so that the market for European-produced beef should not be so flooded as to force the prices downwards. During the days of the CSC, there was even an insurance fund run by the CSC to protect the white farmer against loss

in the event of the CSC declaring his produce unfit for consumption. No such coverage was provided for the African cattle owner.

What we have in the livestock industry is therefore a situation similar to the one in the food crop industry-- the pampering of white commercial farmers while African cattle owners were being discouraged. This was irrespective of the fact that the favoured white farmers could not even produce enough to meet local demand, as a result of which the country turned to importing beef. As happened in the case of food crops, the cattle industry took a nose dive when the white commercial farmers left the country. As they left, total graded cattle sales dropped from 62,767 head in 1964 to 30,867 head in 1970.¹ The African cattle owner who had not been encouraged to sell cattle could not easily replace the departing white farmer. Instructions given to colonial marketing boards therefore failed to stimulate sustained development in the cattle industry, just as they failed to do so in the food crop industry largely because they were inappropriate policy execution instruments through which to bring about sustained development. Also, by concentrating services on the white farmer and by pampering him to the neglect of the African farmer, the instructions given to colonial boards failed to maximize home production and to distribute the country's resources fairly.

¹Ibid., p. 11.

In the dairy industry both production and consumption were confined to the European community. Dairy production was not encouraged among Africans despite the fact that Africans kept cattle. Those Africans who could have engaged in dairy production, had it been introduced to them, therefore lost a potential source of income. Instead of using agriculture to redistribute the national income, the policy given to the marketing board chose not to do so. Also, milk was priced beyond the reach of the African consumer, who was thus denied a particularly nutritious food item, despite the fact that there was a surplus production of milk which was especially encouraged by the cost-price formula of fixing producer prices.

Like the food crop and cattle industries, the dairy industry, too, took a nose dive when the white dairy farmers left the country after Independence, as milk production fell from 18.6 million litres in 1965-66 to 14.5 million litres in 1969-70.¹ The African had not been prepared for this industry, so that he could not easily replace the departing white dairy farmer. In this field also, the instructions which the marketing board, the DMB, worked with did not contribute to the redistribution of resources nor to the building of a sustained agricultural development. By

¹B. Sandala, "The Dairy Produce Board," Enterprise, no. 2, Lusaka, Mindeco, 1976, p. 23.

deliberately keeping milk out of the reach of Africans when there was a surplus production, they kept this food item out of the reach of the majority. All considered, the instructions did not do what was supposed to be done for the requirements of the goals of agricultural development, as defined in this study, and were therefore clearly inappropriate.

In the tobacco industry, colonial marketing boards largely concentrated on providing a market for flue-cured tobacco grown by European farmers. This left Turkish (Oriental) and burley tobacco largely grown by Africans without a sound marketing system, as a result of which tobacco production by Africans could not be developed. In addition, transport costs involved in moving the crop to Salisbury or Limbe, where markets for tobacco were situated, made it difficult if not impossible for Africans to engage in commercial tobacco production. As was the case with the other commodities, tobacco production also declined due to the departure of white commercial farmers. Thus, instructions to colonial tobacco marketing boards, like those to other colonial marketing boards, failed to maximize production, redistribute income and build a sustained tobacco industry. As white commercial farmers left, sales of flue-cured tobacco fell from 24,167,000 lbs in 1964 to 10,571,000 lbs in 1970.¹

¹Zambia, Central Statistical Office, Monthly Digest of Statistics December 1972 (Lusaka: Government Printer, 1972), p. 7.

From a selfish point of view the policies with which colonial marketing boards worked might have succeeded, but from the point of view of the interests of Northern Rhodesia's agricultural development, they failed. By paying lower prices for African produce they failed to stimulate maximum production at a time when the favoured producers, the white farmers, were not even producing enough to meet the country's requirements. Low prices for African produce and the concentration of services on European farmers failed to redistribute resources. By pampering the European farmers, the policies applied could have even prejudiced his decision on whether or not to remain in the country when a government that was not going to pamper him came to power. Whatever agricultural productivity was stimulated was therefore precarious and not a sustained development. From our point of view, instructions given colonial marketing boards for implementation were, in terms of the goals of agricultural development, inappropriate and thus made colonial boards' performance ineffective.

By the time of Independence, the colonial government's goal of self-sufficiency in food production had not been reached. The value of food imports for that year was K14,264,000.¹ The goal for a balanced economy had not been reached either, as we observed in chapter 2 that mining accounted for 92 percent of the country's exports and 53 percent

¹Zambia, Central Statistical Office, Monthly Digest of Statistics March 1972 (Lusaka: Government Printer, 1972, p. 19.

of the government's revenue. The third goal, improvement of rural incomes to make rural life attractive and stop the drift to urban areas, had also not been realised. As we showed in chapter 2, the real per capita income of the peasant farmer was at that time only K140.00 compared to that of the mineworker which was put at K960.00. Our second proposition is in part proved, i.e. for the colonial period. At Independence, the country was virtually starting afresh in the agricultural field. The question to ask at this stage is why it was that the kind of instructions we have been examining--instructions which favoured white producers while virtually neglecting African producers--were in force?

To start with, colonial administrators believed that Africans were incapable of responding to market demands. The fallacy of this belief was demonstrated by a rapid growth in the African share of the commercial agricultural market both in maize and cattle in the early thirties. Their initial position proved wrong by this development, colonialists resorted to using controls which, as we have observed, were clearly aimed at giving preference to European farmers.

To give respectability to a policy which clearly aimed at preserving self-interest, the soil depletion argument was developed. It was argued that the farming practices of Africans led to soil depletion and that if higher prices were offered for their produce soil fertility would deplete

rapidly and that eventually this would lead to a reduction of African income.¹ When taken together, the position described in the paragraph immediately above and the one described in this paragraph suggest a lack of consistency. If the African could not respond to market demand, how could higher prices lead to his increased use of the land in such a way that it could lead to soil depletion? Above all, why couldn't the same argument be applied to copper, if only for the sake of consistency? There is no evidence that the colonial government ever suggested that copper should not be mined because it could never be replaced.

More empirically, if soil fertility was declining with the increase in the African use of the land, then African production trends must have been declining with it. If this was not the case, then the soil depletion argument was exaggerated, or Africans changed their methods of production. Baldwin reported that, despite statements as late as 1941 to the effect that African output would not average 100,000 bags of maize, the output actually averaged 140,000 bags to 1959-60.² From C. E. Johnson we learn that there was no decline in per acre yields since 1936 despite continuous cultivation under a system of monoculture.³

¹See R. E. Baldwin, Economic Development and Export Growth: A Study of Northern Rhodesia, 1920-1960 (Berkeley: University of California Press, 1961), pp. 159-161.

²Ibid.

³C. E. Johnson, "African Farming Improvement in the Plateau Tonga Maize Areas of Northern Rhodesia," Agricultural Bulletin, No. 11 Northern Rhodesia (Lusaka: Government Printer, 1956), p. 24.

The levies subtracted from the price paid for African produce were therefore just a form of taxation.

Arguments to the effect that Africans are not responsive to price and income opportunities are still held in some circles.¹ It is argued that when prices rise Africans decrease their market offerings, and that when prices fall they increase their market deliveries. The African is said to possess a target-income notion of agricultural pursuits. With this kind of reasoning we would have expected cattle sales to increase with the decrease in prices offered for African-owned cattle between 1937 and 1960. On the contrary, African cattle sales, as we observed, decreased with the decrease in the price offered.

In addition, the development of African commercial agriculture near the line of rail defeats the argument that the African possesses a target-income notion of agricultural pursuits. Whereas the average African family's garden in the early thirties was put at 2 acres, in the mid-fifties it varied between 10 to 30 acres for unimproved farmers. It was also reported that a typical producer usually owned several oxen and a plough, and employed a cultivator.² These changes took place without any significant technological

¹See *ibid.*, p. 14.

²Baldwin, Economic Development, p. 163.

assistance from the government and without any government-sponsored changes in the tribal landholding system, for we are talking about the unimproved farmer. Economic opportunity was the force behind these changes.

The colonial government's concentration of services on the white farmers was a result of the preponderant political power which the white community wielded. The white community, for example, had the power behind the vote, which Africans did not enjoy. The colonial government therefore responded to the selfish interests of the white community.

GOVERNMENT INSTRUCTIONS AND THE EFFECTIVENESS OF BOARDS AFTER INDEPENDENCE

Area Coverage

The government of Zambia sought to distribute the nation's resources as widely as possible. When the government took over the responsibility for marketing boards, it started to reorientate their functions both in terms of geographical coverage and in terms of clientele. The main concern of the government was the rapid development of the country and the provision of economic services to the African majority which had elected it.

In keeping with this spirit, the ARMB was created to provide marketing services to the areas which had been neglected before Independence. As we observed, it was unfortunately under-financed and could not, therefore, put up an effective performance. When this was realised,

the NAMBOARD with wider functions was created and given powers applicable to the whole country. In other sectors of agricultural marketing, the boards were instructed to expand their services. No longer were these services going to be concentrated on the white commercial farmers. Thus, whereas colonial marketing boards were instructed to provide their services selectively, post-Independence marketing boards were instructed to expand their services. In this way, post-Independence marketing boards are in a better position to help in the attempt to distribute the nation's resources. Again, in the post-Independence period boards have increasingly become more involved in serving the consumer directly than did colonial boards which, with the exception of the DMB, directed services at the producer. Judging from their involvement in retailing, post-Independence boards are responsive not only to producers but to consumers as well. In terms of the spread of their services, they have thus provided a guaranteed market to more people than colonial boards ever did.

Pricing

The price incentive for expanded
(maximized) production

Our study shows that in most instances the producer prices which have been prescribed for agricultural products have been too low to provide a sufficient incentive for expanded agricultural production. In the crop marketing

sector we quoted from Dodge who, in a detailed analysis of the prices set for individual commodities--maize, groundnuts, cotton, rice, Virginia tobacco, sunflower seeds, soya beans, sorghum and wheat--showed that the prices set for these crops by the Ministry have often been below import and export parity. For most crops, Dodge concluded, regardless of the year, the majority of Zambian farmers who have sold crops to NAMBOARD have been taxed. This has tended to lower their income and can therefore be expected to lower and not to expand the level of their production. These prices are therefore inappropriate in terms of the goal for expanded production.

The justifying of low producer prices on the basis of the subsidies paid to marketing boards in order to reduce the farmer's production costs does not hold water. We showed in chapter 4 that when the largest subsidy to NAMBOARD, the maize subsidy, is examined with a view to determining the extent to which the subsidy has in fact benefited the farmers rather than Zambian consumers, figures show that the subsidy has gone to the line of rail consumers. Dodge's figures show that, rather than receiving a subsidy of K11.844 million in 1974, farmers were taxed approximately that amount.¹ The farmer's loss of potential capital lowers his capacity to expand production, so that such lack is often a hindrance to progressive farming.

¹Dodge, Agricultural Policy, p. 119.

In the dairy industry, we learned that the static nature of the producer price in the face of increasing production costs and increasing demand, made it difficult for the average farmer to raise funds for expansion and to feed cows with appropriate food concentrates. This led to a fall in milk production. From 14,817,000 litres of milk produced in 1972,¹ the production level had fallen to 11.5 million litres in 1976, when demand for milk was set at 100 million litres.² To meet the shortfall, 28,625,000 litres of reconstituted milk were imported. Thus the price implemented by the DPB up to 1976 did not give an incentive to expanded milk production. Instead, it depressed production and by so doing led to increased reliance on imported supplies.

In the livestock industry, we learned that the prices which have been paid by the CSB have been too low to give an incentive to increased cattle sales. As a result, private buyers who are paying higher prices are now buying more cattle than is the CSB. The Department of Marketing itself admits that its prices are lower than those private buyers are paying. The fact that cattle owners are selling to private buyers is an indication that, with an attractive price, cattle owners would sell their animals; a development which

¹ Zambia, Central Statistical Office, Monthly Digest of Statistics February 1974 (Lusaka: Government Printer, 1974), p. 9.

² Zambia, Ministry of Rural Development, Annual Report for the Year Ended 31st December 1975, for the Department of Marketing (Lusaka: Government Printer, 1976), p. 19.

would also lead to the production of high quality animals in that it would reduce pressure on overpopulated grazing lands. The argument that by tradition the African does not sell cattle should not be too readily accepted, for it does not tell us how it is that the same African whose increasing participation in the available cattle market, led to the introduction of controls in the thirties, has now become too 'tradition-bound' to sell cattle. It does not also explain why Africans are increasingly selling to private buyers and it also overlooks the incidence of cattle sales within the traditional sector. What should be investigated is the effect which alternative uses of cattle, e.g., for ploughing, have on cattle sales. With maize farming as attractive as it is, it is likely that many cattle which would otherwise be brought forward for sale, are being used for ploughing. As it is, the prices which the CSB is offering are not leading to increased beef production and are thus not leading to self-sufficiency in beef supplies. For our purposes, they are therefore inappropriate.

Tobacco is a cash crop whose production, if expanded, can significantly contribute to foreign earnings. The prices paid for tobacco have not been able to compete with the profitability of maize farming. This, as we observed, has tended to reduce the rate of increase in tobacco production as farmers find maize growing much more attractive.

During the days of the GMB, the system of pre-planting prices was introduced. The rationale was that, through the announcement of incentive prices before the planting season, it would be possible to influence the farmers' decisions on the acreage to plant, and also on crop mix. We observed, however, that in the case of the prices which have been announced for NAMBOARD to implement, the announcements for the 1973/74, the 1974/74 and the 1975/76 seasons came too late to have their intended impact.

By announcing preplanting prices late, and by setting prices which are too low to give an incentive for expanded production, the Ministry is rendering the efforts of marketing boards ineffective in the prosecution of the goal for expanded production, and is also making it difficult to effectively pursue the goal for self-sufficiency in food production. It is also rendering ineffective the efforts to diversify export earnings because expanded production of valuable export crops like cotton, groundnuts and tobacco is adversely affected by the low prices offered, which weaken rather than strengthen the farmer's capacity to expand production. The fault lies with the Ministry which sets prices that marketing boards implement.

Diversified production for self-sufficiency

In chapter 2, we reported that UNIP has declared its intention to "work out a pricing policy conducive to balanced production of all food items and raw materials essential for

the establishment of agro industries." We noticed, however, that instead of promoting balanced or diversified agricultural production, the pricing policy used has led to the development of a monoculture agriculture.

There has been expanded production of maize, while the production of crops like groundnuts for food and cotton for supply to established agro industries have been declining, as we showed in table 5.4. What has led to the trend towards a monoculture agriculture is, of course, the profitability of maize growing compared to the growing of other crops. We showed in chapter 4 that with the maize price set at K4.30 per 90 kg in 1973, seed cotton would have to be bought at 26.7 ngwee per kg, sunflower seed at K9.75 per 50 kg and soya beans at K15.20 per 90 kg in order to have a parity in profitability with maize. Instead, the ruling prices for these crops were 17.7 ngwee per kg for seed cotton, K7.50 per 50 kg for sunflower seed and K8.50 per 90 kg for soya beans. As long as the profitability gap persists there cannot be the slightest hope that resources will be diverted to the production of other crops giving lesser net returns.

Since national self-sufficiency in maize has been attained (e.g., with the demand for maize set at 4,945,000 bags in 1976, maize production was 8,334,000 bags¹), all that is required now is to maintain it. This calls for studies

¹Zambia, Central Statistical Office, Monthly Digest of Statistics January/February 1978 (Lusaka: Government Printer, 1978), p. 8.

aimed at establishing both short- and long-term projections concerning the production and consumption of maize, for there will be no merit in expanding the production of other crops at the expense of maize to the extent that the nation resorts to imports. Bearing this in mind, prices of other crops should be raised to ensure that their farming is also profitable.

Since farmers have demonstrated a responsiveness to price incentives, it should be possible to devise a pricing structure which can meet both these objectives. Studies aimed at showing prices which would provide the profitability parity of crops should be regularly carried out to provide guidance on the basis of which an appropriate pricing policy should be structured.

As it is, the inappropriate pricing structures with which marketing boards have been instructed to work, have not provided for the boards' effectiveness in meeting the goal of balanced or diversified agricultural production for self-sufficiency. Instead, a monoculture agriculture has developed and food requirements other than maize have to be imported.

Agricultural inputs for efficient production

In addition to the price incentive, agricultural inputs are supplied to promote efficient production methods aimed at expanding production. Not all boards are involved in this. The boards involved are the NAMBOARD and the TBZ.

NAMBOARD is the sole distributor of fertilizer, whose application is, as we observed earlier, aimed at expanding production and maintaining soil fertility. It also supplies seeds on a monopoly basis and such farming implements as ox-drawn equipment in competition with private business.

The TBZ is responsible for all extension services to tobacco growers, especially to the tenant schemes. Extension services that are run by the TBZ have, as we reported, to contend with the farmers' preference for growing maize which they find more profitable.

With regard to fertilizer, seeds and implements, UNIP has declared that it would "ensure the ready and adequate availability of inputs like seeds, fertilizers and farming tools,"¹ for the purpose of making agriculture the mainstay of the Zambian economy. This policy is to be implemented through NAMBOARD. As we learned in chapter 4, NAMBOARD's distribution programme suffers from lack of transport. We observed, for example, that for the 1971/72 season, although fertilizer was already in the country, it could not be distributed due to NAMBOARD's lack of sufficient means of transport. This malady, as we observed, was even admitted by the permanent secretary of the controlling ministry, the Ministry of Rural Development. The problem caused by late distribution, and in some cases by nondistribution of

¹United National Independence Party, "National Policies for the Next Decade, 1974-84" (Lusaka, Freedom House, 1973), p. 25.

fertilizer, seeds and implements, led to a reduction in the acreage in Nchelenge District in 1971, and what happened in Nchelenge may have happened in some other districts as well.

If the fertilizer programme is to have the intended effect, then NAMBOARD's transport problem must be solved, especially as NAMBOARD is the sole distributor of fertilizer and seeds. Nonapplication of fertilizer due to late deliveries is a costly business, especially considering the amount of subsidy paid on fertilizer. Unfortunately, NAMBOARD was reporting as late as 1974 that its fleet of transport was completely inadequate and constituted a bottleneck to the realisation of its objectives. Moreover, the board went on to report that although funds had been applied for, there was no provision for solving this problem in the 1975 budget.¹ Indeed, in 1976 when this author conducted his field research, NAMBOARD was still competing with the ECU for transport supplied by a transport cooperative in the Eastern Province. What we have, therefore, is a situation in which responsibility is bestowed on the board but at the same time the board is denied the means which would enable it to carry out that responsibility effectively. If the Ministry does not give NAMBOARD funds to solve its transport problems, there is little, if anything, that NAMBOARD can do, especially

¹Zambia, National Agricultural Marketing Board, Annual Report and Accounts, 1974 (Lusaka: Associated Printers, 1975), p. 9.

considering that the price structure with which it is instructed to work, except in the case of implements and pesticides, is such that it has to operate at a loss.

NAMBOARD was in 1974 buying fertilizer at the landed cost of over K15.00 per 50 kg, but was selling it at K3.00 per 50 kg. It was buying Grade A maize at K4.30 but selling it at K3.90 per 90 kg bag.¹ In all this, NAMBOARD had to absorb transport and handling costs, so that its losses were inevitable. Yet as we observed, NAMBOARD has not been reimbursed in time. Indeed, only the DPB seems to be reimbursed by the Ministry on a regular basis. Late reimbursement causes such liquidity problems for the board that it has at times faltered even on payments to the farmers for their produce. This causes a great deal of frustration to the farmers delivering the produce and is therefore not an appropriate way of encouraging them. This author recommends that the same method of reimbursement that is used with regard to the DPB be extended to other marketing boards. The rate of subsidy, taking into account NAMBOARD's handling costs, should be fixed for each programme, and communicated to the board. The board should then be reimbursed every month on the basis of the volume of activity in each programme. This would help to reduce the board's liquidity problems.

Sometimes NAMBOARD's liquidity problems and shoddy performance have been caused by instructions given to it by

¹Ibid., p. 2.

the Ministry without due regard to the board's preparedness to carry them out. We observed, for example, that NAMBOARD was in 1969 instructed to start fruit and vegetable marketing at a time when it had no adequate storage and transport facilities to mount such an operation. To compound the problem, it was also made a residual buyer, which meant that it had to buy everything (fruit and vegetables) brought to its depots. NAMBOARD's losses on this operation were phenomenal, but were they NAMBOARD's fault? By 1972, over K4 million had been lost. A further K900,000 had been spent on buildings and equipment.¹ Losses like this easily make NAMBOARD a scapegoat, especially as the public may not be quite aware that they are a result of inappropriate instructions. The K4 million loss could have been avoided by first providing the required facilities and then instructing NAMBOARD to launch the operation.

NAMBOARD and the TBZ are involved as agents of the Agricultural Finance Company in the distribution of loans and the collection of repayments. Government agencies and indeed the Department of Agriculture itself were reported by Ocran to be reluctant, in fact in some instances to be refusing altogether, to pay their debts to NAMBOARD,² which resulted from NAMBOARD's supply of fertilizers and seeds to them.

¹UN/FAO, Report to the Government of Zambia on Agricultural Marketing and Pricing Policies, 1974, p. 14.

²M. T. Ocran, "Towards a Jurisprudence of African Economic Development: A Case Study of the Evolution of the Structure and Operations of Zambia's Food Crop and Cotton Marketing Boards from 1936 to 1970" (Ph.D. thesis, University of Wisconsin, 1971), p. 206.

NAMBOARD's liquidity problems cause severe strains.

It cannot, for example, put up an effective performance in assembling the produce. We observed earlier in the case of the ARMB that its crop collection nearly ground to a halt as a result of liquidity problems.

Pricing and the narrowing of the incomes gap between the urban and rural areas

The narrowing of the incomes gap between the urban and rural areas is one of the objectives of Zambia's agricultural policy and is aimed at redistributing the nation's resources. In chapter 4 we reported that the prices which have been paid for agricultural products have often been below import and export parity. The agricultural industry sells food to urban workers at a low price but buys manufactured goods at a price even higher than the cost of importing. The terms of trade, as we mentioned in chapter 5, are in favour of the urban areas. The rural areas are therefore passing hidden subsidies to the urban areas, as a result of which the inherited gap between the urban and rural areas has in the post-Independence period been widening. As we have been trying to stress, the fault lies with the pricing structure whose determination does not fall within the purview of the marketing boards but the controlling Ministry. For the purpose of working towards the achievement of the set goal of narrowing the rural-urban income gap, the pricing structure has not been at all appropriate.

In the post-Independence period our survey shows that the objectives of expanded production, diversified production for self-sufficiency, diversified export earnings and the narrowing of the gap between rural and urban areas are not being realised. The explanation for this is that the instructions which should be aimed at the realisation of these objectives have been given in a manner which does not provide for effective prosecution of the set objectives. Such instructions have therefore rendered the boards' performance in the effort towards achieving the declared objectives, ineffective.

Our second proposition is therefore proved both for the colonial and the postcolonial periods. Government instructions and actual behaviour have not provided for the board's effective performance in meeting the goals of agricultural development. We have thus a situation in which statutory marketing boards are chosen consistently as the main machinery for carrying out agricultural marketing, in order to give an incentive to agricultural development. At the same time, the instruments of policy execution which these boards are given are such that the boards cannot lead to the realisation of the objectives of agricultural development.

This persistent mismatch of goals and goal-implementing instruments is the result not of any one cause, but diverse factors. In the colonial period, the pampering of the line of rail white farmer had elements of shortsighted condescension

as well as hypocrisy. Colonial administrators partly believed that the benefits granted to white farmers would trickle down and spread out into the African countryside over the rest of the century they expected to be there. At the same time, they also ignored or twisted the policy of African welfare declared by the Colonial Office--to mean the welfare of white settlers, whose pressure the local governors found it difficult to resist.

The reasons for the mismatch of goals and instruments were different after Independence. Primarily, this derived from the simultaneous crowding in of problems and a general ambivalence about the use of inherited colonial devices.

Marketing boards were openly accepted as one of the best instruments of agricultural development, in good faith and wisely. But the clientele served earlier, i.e., the white farmers, vanished from the scene. The boards therefore faced a much bigger job than simple urban marketing, involving:

- (a) creating and motivating widely spread African clientele;
- (b) providing the wherewithal for them--in terms of credit and inputs such as fertilizers; and (c) balancing the interests of urban Africans and expatriate consumers and rural African farmers. In addition to the new duties of boards the government as a whole was also wavering between:

- (a) politicized ministerial control of boards and freedom of operation; and (b) between several competing policies of

rural development such as village regrouping, rural cooperatives and intensive development zones.

The Zambian government's apparently counterproductive instructions to marketing boards may thus be seen as part of the overall complex of pressures. Directives for wider coverage in marketing were seemingly motivated by the intention to serve wider rural areas and the need to declare such good intentions. Tightfistedness in regard to overdrafts or subsidies resulted from traditional accounting and old fashioned banking ideas; frequent ministerial "interference" was dictated by exaggerated notions of ministerial responsibility as well as political pressure and lack of transport or other means to carry out new responsibilities, was perhaps the result of miscalculation of means available coupled with the political urgency to make visible gestures. The continuing mismatch of goals and instruments looks like a phenomenon of broad clear goals and confusing vague and inappropriate instructions. In reality, it is the result of several complex factors operating and even pulling in different directions.

This study has not looked at the internal operations of marketing boards, but we are saying that irrespective of whether or not the internal operations of these boards are sound, their performance in achieving the set objectives will be a function of the soundness of the policies they implement. If the policies are given in a vague and inappropriate manner,

the boards, however efficient, will not be able to achieve the objectives. As Uma J. Lele wrote:

Efficiency of the market system must be judged in the context of the constraints within which it works. Long run efficiency of the market system can be improved only by improving the conditions in which it operates.¹

The failure of marketing boards in Zambia is fundamentally due to the shortcomings in the policies they are instructed to implement. The undeveloped nature of Zambia's agriculture means continued dependence on outside supplies.

As we stated in the introductory chapter, marketing is just one aspect of the agricultural industry to which there are other aspects. There is, for example, the extension services aspect whose functions in Zambia are performed by the Department of Agriculture. This study has examined marketing because of its strategic importance in stimulating agricultural development. Indeed, quoting from the UN/FAO reports, we stress that even the adoption of advanced technological techniques in agriculture cannot succeed in the absence of an effective agricultural marketing system. We repeat here President Kaunda's teaching which we quoted earlier, if only to stress the point:

. . . to expect our people to grow plenty of vegetables before we find them markets is a negative approach to the development of agriculture in Zambia.

¹Quoted from A. N. Lewanika, "Marketing Boards and the Challenge of Agricultural Development in Zambia" (M.A. thesis, Carleton University, 1974), p. 66.

We may add that such markets as are found should be effectively pursued. In Zambia, the long emphasis on the urban sector demands that the rural areas be made attractive, and agriculture is the vehicle. The number of emerging cash crop or commercial farmers who are Zambian nationals has grown but is still not large enough both in numbers and volume of output to replace the expatriate commercial farmers. Apart from the farmers who have entered the cash economy, there are some 450,000 farm families remaining in the subsistence category.¹ To meet the ever-increasing demand for staple foods in Zambia every individual willing and able to grow crops or livestock will be greatly needed. To attract this individual, agriculture will have to be made attractive.

According to what we stated in chapter 5 about the rural-urban gap, our study shows that in incomes, urban life still offers much more attractive prospects. Table 6.1 reinforces our findings. As long as agriculture continues to remain in an inferior position, people will flock to urban centers and agriculture will remain undeveloped. Zambian leaders have stated the objectives of agricultural policy and indeed these are noble goals, but they are not being effectively pursued. We are thus left with the big question as to why this is so; which brings us to a clash of interests between the rural and urban areas. For example, if a high producer price is given in order to stimulate

¹UN/FAO, Report to the Government of Zambia, 1974, p. 5.

TABLE 6.1

AVERAGE INCOME AND TOTAL POPULATION IN URBAN, SEMI-URBAN
AND RURAL AREAS, 1972-73

	Average monthly household income	Average household size	Population	Total Yearly Income (Millions)
Urban	K 120	4.9	1,436 32.5%	K 421.7 60.4%
Semi-urban	99	5.9	244 5.5%	48.7 6.0%
Rural	29	4.2	2,742 62.0%	328.0 32.6%

Source: International Labour Office, Jobs and Skills Programme for Africa,
Narrowing the Gaps: Planning for Basic Needs and Productive
Employment in Zambia (Addis Ababa: United Printers, Jan. 1977), p. 288.

Note: Income distribution according to table 6.1 is considerably in favour of
the urban population, which constituted for the 1972-73 period one-third
of the population but claimed over 60% of the total income. The rural
population, which constituted two-thirds of the total population, claimed
only about one-third of the total income.

agricultural production, the urban areas will pay a higher price for their food items and this may entail a high political cost for decision makers. In the short run, therefore, the question boils down to whose interests will prevail--those of the rural areas or those of the urban areas? As it is, the urban areas have had the upper hand.

An explanation as to why the interests of the urban consumer have prevailed over rural interests is a field which deserves its own separate and comprehensive study aimed at identifying the nature, strength and techniques of the various influential power bases in Zambia's social edifice. The following chapter's excursion into this field should be regarded essentially as suggesting lines along which future research can be mounted.

CHAPTER 7

AN EXPLORATION OF THE CAUSES OF THE DIVERGENCE BETWEEN STATED GOALS AND PERFORMANCE

In the previous chapter, we concluded that marketing boards have consistently been chosen as the main machinery for carrying out agricultural marketing in order to facilitate agricultural development. We also concluded that the policy execution instruments with which marketing boards have been instructed to prosecute the goals of agricultural policy, have unfortunately been inappropriate or vague. This has not provided for the boards' effective performance, so that agriculture has lagged behind its goals. This situation has led to a continuing reliance on copper as the prime mover of the economy, continuing food imports and a widening gap between the urban and rural incomes.

We attributed the decision makers' inability to give instructions which would lead to the boards' effective prosecution of the goals of agricultural development to a number of diverse factors. For the colonial period, we said that the African farmers' interests were ignored in favour of those of the white farmers on whom, it was wrongly held, Northern Rhodesia's agriculture could be built.

For the independence period, the inability to give appropriate instructions has stemmed from the simultaneous crowding in of problems involving: (a) creating and motivating a widely spread clientele; (b) providing the wherewithal for them in terms of credit and inputs such as fertilizer; and (c) balancing the interests of the urban Africans and expatriate consumers, on the one hand, and, on the other, the interests of rural farmers.

With regard to the pricing structure, the balancing of the interests of the urban consumers and rural farmers has persistently resulted in the dominance of urban interests, and this has led to low producer prices being prescribed. In the colonial period, we observed that low producer prices, especially for food items produced by African farmers and largely consumed by the urban Africans, were prescribed in order to keep the urban employers' production costs low. This has continued after Independence, the only difference being that the dual pricing system, i.e., one price for white producers and another for African producers, has been discontinued in favour of a pricing policy which does not discriminate along racial lines. The incidence of government subsidy to marketing boards, as we observed in chapter 4, has also benefited urban consumers and not the rural population. As a result of these observations, we concluded that the urban areas have been given preferential treatment so that the transfer of the nation's resources has been from the

rural to the urban areas. In this chapter, we shall attempt to explain factors which have placed constraints on a fair distribution of resources between the urban and rural areas.

By and large, the factors identified here as constraints, have tended to serve short-term interests. They have revolved around the following:

1. reliance of the Zambian economy on copper, whose exploitation has among other things depended on the urban workers;
2. numerical strength, organisation and location of the urban workers;
3. presence of a crucial urban expatriate community; and
4. the rise of a Zambian middle class.

COPPER AND THE URBAN WORKERS

The reliance of Zambia's economy on copper is itself a constraint on moves aimed at redistributing the nation's resources between the urban and rural areas fairly. From the late 1920s the growth of Zambia's economy has almost entirely been tied to copper output and to the price of copper on international markets. This has given the copper industry in Zambia a special place on the priority list of decisions. Decision makers feel concerned about copper's production costs which are compounded by heavy transportation expenses whose severity, moreover, increased with Rhodesia's Unilateral Declaration of Independence.

It is therefore feared that if higher producer prices are paid for agricultural produce there would be a consequent rise in the living costs of urban dwellers, a lot of whom work in the copper and copper related industries. A rise in the urban workers' living costs would almost undoubtedly lead to demands for higher wages, which would in turn lead to higher production costs for the copper and copper related industries. The consequence of this chain reaction would be the making of Zambia's copper less competitive on the international markets and the subsequent dislocation of Zambia's economy.¹ Thus with regard to prices, decision makers in Zambia feel that only so much can be done in the efforts to develop agriculture.² Whereas decision makers in Zambia do not have control over the costs of technology used in the copper industry, nor the costs involved in transporting copper to world markets, they do have control over internal producer prices of agricultural products, and they have exercised this control in such a way that the level of producer prices does not lead to demands for higher wages.

Thus, before African miners were paid in cash for their food rations, the colonial government prescribed

¹Some aspects of the international dimension are considered in T. M. Shaw, "Zambia: Dependence and Underdevelopment," Canadian Journal of African Studies 10:1 (1976):3-22.

²See D. Rothchild, "Rural-Urban Inequalities and Resource Allocation in Zambia," Journal of Commonwealth Political Studies 10 (1972):222-239.

internal beef and maize producer prices which were lower than the import parity prices, even though there was a short supply of these commodities at home. This policy benefited employers of African labour, who bought the produce used to feed African miners, by lowering their production costs.

After Independence, the desire to keep production costs in the copper industry low assumed new proportions, especially following the government's nationalisation programme. The government now became the employer and, like any other employer, it is concerned about rising costs of production and can now directly feel the impact of higher wages.

It is no longer a question of the government mediating between employers and their employees, for it has lost its mediatory role and has become a party in the face to face relationship between the employer and the employee. Unlike the colonial government which owed no direct political obligation to African miners, the nationalist government does. The independence movement, for example, was initially largely urban based, which means that African mine workers were involved to no small degree. Secondly, the Mine Workers Union, especially after the presidency of the late Lawrence Chola Katilungu,¹ was a source of very significant support

¹ See R. L. Sklar, Corporate Power in an African State: The Political Impact of Multinational Mining Companies in Zambia (Berkeley and Los Angeles: University of California Press, 1975); chapter 4.

both in membership and finances for the United National Independence Party (UNIP) during the struggle for independence. Besides, the Zambia Trade Union Congress, whose largest and most powerful member union is the Mine Workers Union, has always enjoyed affiliate membership of UNIP. Again, although they supported UNIP during the struggle for independence, trade unions in Zambia never allowed themselves to be swamped by any political party. They have always been dedicated to maintaining a separate and autonomous identity, separate from the political party, even though some of their leaders have been coopted into government jobs.

What this account brings out is that trade unions in Zambia have never been beaten into silence. They have not hesitated to put forward demands for higher wages, and the government cannot easily stop them from doing so. The government's recourse to toning down these demands is therefore the removal of factors which tend to provoke demands for higher wages. One such factor is the cost of living. To help keep the urban dwellers' cost of living low, the government prescribes low producer prices for agricultural products.

Of late, there have been measures undertaken supposedly to instil a sense of responsibility into workers through the introduction of Workers Councils in industries. These measures are undertaken under the programme of Industrial Participatory Democracy, administered by a department of the

Prime Minister's office. A former trade union leader, Basil Kabwe, was appointed the head of the department.¹ In addition, there is an industrial court to handle industrial disputes.

Workers Councils are very recent and are just being established. What they entail is that workers come together and elect people from amongst themselves to intercede between them and the management. Although it is too early to pass any judgement on these councils, a word of caution is appropriate. Depending on the composition of these councils, there is a likelihood of a clash between these councils and trade unions in industries where trade unions are already established. Trade unions are likely to view these councils as an attempt aimed at usurping their role.

NUMERICAL STRENGTH, ORGANISATION AND LOCATION OF THE URBAN WORKERS

The size and nature of Zambia's urban population is such that they place constraints on moves to redistribute the nation's resources between the urban and rural areas fairly. With a third of its population living in urban areas, Zambia must be one of the most urbanised countries (if not the most) in black Africa. When the interests of urban dwellers are posed against those of rural dwellers, the problem faced by Zambian decision makers is certainly

¹Mr. Kabwe headed this office up to the end of 1978.

much more formidable than that faced by decision makers in Tanzania, for example.

For Zambian leaders, the political cost involved is much higher if the interests of the urban dwellers were to be neglected. They have to contend with a population which is not just large by African standards but is also very highly organised, very articulate, and is also represented in the ruling party's National Council through the Zambia Trade Union Congress. Trade union organisation in Zambia is, for example, older than political organisation. In addition to this, the urban population is highly concentrated and enjoys effective communication links, compared to the rural population which is scattered over a large area.

The urban population is therefore in a position to make more effective claims on the allocation of the nation's resources.

PRESENCE OF A CRUCIAL EXPATRIATE COMMUNITY

The urban population's strength is also buttressed by the presence of a large expatriate population especially needed to run Zambia's complex mining industry. Zambia's urban population includes approximately 80,000 Europeans and Asians.¹ Their continued presence in Zambia was assured by the nature of policies followed during the colonial period. As we said in chapter 2, the education of Africans

¹Quarterly Economic Review of Zambia, Annual Supplement (London, 1976), p. 1.

in Northern Rhodesia was grossly neglected. At Independence there were just about one hundred Zambians with university degrees--and as a result, there were very few indigenous people who could replace expatriates. Moreover, during the colonial period, no African could be apprenticed for any technical job on the mines. There was actually a law to this effect which lasted until 1959,¹ five years before Independence. In addition, even clerical jobs, which in other colonies were done by Africans, were in Northern Rhodesia reserved for Europeans, making all the more serious Zambia's manpower problem after Independence.

To obtain the technical expertise needed to run her industries Zambia has to attract the needed expatriates by making their stay in Zambia attractive. Zambia is not alone in her dependence on imported skills. As we learn from Charles Elliott, developing countries do in fact bid against each other for such skills, and also for foreign capital.² Since Zambia has to compete with other developing countries for people with skills, she has to go a long way to provide a comfortable life for them in Zambia. Thus, there is little that Zambia can do to resist the consumption patterns of the

¹Zambia, Cabinet Office, Manpower Report. A Report and Statistical Handbook on Manpower, Education, Training and Zambianisation (Lusaka: Government Printer, 1966), p. 1.

²Charles Elliott, "Growth, Development ... or Independence?" in Heide and Udo Ernst Simonis (eds), Socio-economic Development in Dual Economies: The Example of Zambia (Munich: Weltforum Verlag, 1971), especially pp. 73-86.

expatriate community. What is more serious is that there is a demonstration effect involved as Zambia's own indigenous nouveau riche have sought to imitate the consumption patterns of the expatriate community. There is thus in Zambia an intensified demand for foreign produced goods. This demand eats deeply into the country's resources which are already depleted by the transfer of profits and expatriate earnings. As a result, there is little that is left for investment in rural areas whose bargaining power is already too weak to counter that of the urban areas. Any drastic measures against the luxuriousness and lavishness of Zambia's urban areas would unfortunately also make the life of the needed expatriates uncomfortable. The presence of a large expatriate population therefore strengthens the bargaining power of the urban population in the distribution of the available meagre resources between the urban and rural areas. Urban workers in Zambia are indeed a privileged class compared to their rural brothers.

All in all, there is an element of external dependence in Zambia's inability to prosecute the development of the rural areas as effectively as Dr. Kaunda, who has emerged as the foremost defender of rural interests, would like. Reliance on copper, whose exploitation depends on imported technology and skills and the consequent depletion of the available resources which this entails, plus the demonstration effect of the consumption patterns of the

expatriate community, mean that the interests of copper and copper related industries like transport and power will prevail over rural interests. This is all the more so, given the bargaining strength and organisational skills of the urban workers whose fortunes are tied to the fortunes of copper and copper related industries.

THE ZAMBIAN MIDDLE CLASS

In a paper entitled "Ideology and Reality of Social Stratification in Zambia,"¹ Professor Subramaniam listed three basic socio-economic forces which work in favour of creating a relatively "privileged social stratum" consisting of white collar salaried public and private employees and practising professionals and businessmen. These forces operate both during the colonial period and the early post-colonial years but with different intensity. The three forces are:²

1. the formation of a derivative intermediary class or stratum to fulfil some mediatory functions during the colonial period and the perpetuation of its acquired advantages through the socialisation mechanisms of the urban white collar family;
2. the motivation mechanism operating in schools as revealed by the prestige ratings of jobs among

¹V. Subramaniam, "Ideology and Reality of Social Stratification in Zambia," paper presented to the Annual Conference of the Canadian African Studies Association, Toronto, February 1975.

²Ibid., p. 2.

school children; and

3. the quick overdevelopment of the tertiary employment sector in the years after independence.

During colonialism, colonial rulers, because of the differences between themselves and the colonised needed an intermediary class composed of teachers and clerks for the task of mediation and interpretation of the rulers to the ruled and vice versa. This class formed the core of Zambia's "middle class," to use a term borrowed from Ian Scott.¹ Ian Scott's middle class consists of businessmen, bureaucrats, leading politicians and members of the learned professions who, he says, constitute "a new ruling class." The composition of Ian Scott's middle class is similar to the composition of Professor Subramaniam's privileged social stratum.

The presence of this class has been acknowledged in most parts of the developing world, and the class itself has been called by different names. Richard Sklar calls it the "managerial bourgeoisie."² Issa G. Shivji, whose study is about Tanzania, calls this class the "bureaucratic bourgeoisie."³ Claude Ake, whose approach is general and not focused on any specific African country simply calls

¹Ian Scott, "Middle Class Politics in Zambia," African Affairs 77:308 (July 1978):1.

²Sklar, Corporate Power, p. 199.

³Issa G. Shivji, Class Struggles in Tanzania (London: Monthly Review Press, 1976), p. 61.

this class, the "bourgeoisie."¹ Professor Subramaniam coined the term "derivative middle class" to emphasize its historically and psychologically derivative character.²

In this study we shall follow Ian Scott's approach and call this class, the middle class. This class, as Scott says, is not monolithic and its members may have conflicting interests. The one thing on which all the analysts mentioned above--V. Subramaniam, Ian Scott, Sklar, Shivji and Ake--agree is the fact that this class does not have much capital of its own because it is largely a consuming class. However, it has access to large amounts of capital through credit from banking institutions and control of government funds through the bureaucracy which constitutes half of this class. It controls all this available capital largely because of its strategic positioning in crucial decision making centers.

Most analysts who have looked at the nature of the middle class have done so by concentrating on its failings. Very few have tried to explain the reasons for these failings. A penetrating insight into the perpetuation and dominance of this class is accounted for historically by Professor Subramaniam

¹Claude Ake, "Explanatory Notes on the Political Economy of Africa," Journal of Modern African Studies 14:1 (1976):7.

²V. Subramaniam, "The Derivative Middle Class: A Colonial Residue," Appendix II, Transplanted Indo-British Administration (New Delhi: Ishish Publishing House, 1977).

in his paper "The Ideology and Reality of Social Stratification in Zambia."

Arising because of the needs of colonial administrators, this class was from the very beginning imitative of its creators. This situation applied not only to Zambia but to many colonised countries, the difference being that the created middle class in Zambia was smaller than it was anywhere else, before Independence. Since then, its growth has been phenomenal. Being imitative of the colonial administrators, the middle class adopted the life styles and consumption patterns of the colonial administrators. Being largely a salaried class, it depended heavily on the economy created by those it imitated. Any serious disruption of this economy would disrupt the fortunes of the middle class. There is therefore a vested interest among the members of the middle class in maintaining the patterns of the inherited economy.

The middle class used its verbal and organisational skills to lead the struggle for independence, so that it came to constitute the ruling class after Independence. The continuation and indeed the over-representation of the middle class in the civil service and the professions was assured by the early cultivation of greater verbal ability by the children of its members. They were also assured by these children's early motivation towards achievement partly through a capacity for deferred gratification in that they could afford to remain in school longer than the children

of rural peasants. It is therefore this class which controls the decision making centers in Zambia in particular, and Africa in general.

Professor Subramaniam refers to the research studies done in Zambia by J. C. Mitchel, Robert Hicks and Matjeko, who showed that school children's prestige ratings of occupations show a disturbing tendency to replicate the prestige ratings of school children in Western countries. This situation is by no means confined to Zambia alone, but applies to other African countries. It unfortunately strengthens the inclinations of these school children, who later come to form the middle class, to imitate the life styles of the middle class in Western countries and it leads to luxurious consumption patterns, which eat deeply in the meagre earnings of their countries. The growth of this class cannot be stopped easily because it is needed to run African countries, but its consumption behaviour is unfortunately not appropriate for capital formation.

Since investment both private and public during the colonial period was concentrated on urban areas, the largest section of the middle class came from there. Most of them started as children of the urban workers. Those who came from the rural areas moved to the urban areas after school in search of jobs. The leadership in Zambia is therefore largely composed of people who readily identify with urban interests. We learn from Robert Moltens that the rural

population in Zambia has neither generated its own leaders nor been able to recruit leaders from the urban "elite." Molteno explains that, "the latter's aversion to leading specifically rural movements is that modern African leaders are creatures of the towns."¹ They grow up, live and die in urban centers. This leaves rural interests without people to articulate them effectively and leads to a continued predominance of urban interests over rural interests. The political leadership which emerged in rural areas during the struggle for independence was at Independence coopted into urban occupations as it was given government jobs. This has weakened rural leadership.

In Zambia, the dominance of the middle class has further been strengthened by the government's nationalisation policies, which started with the Mulungushi economic reforms of 1967. These policies led to the government's acquisition of shares, mostly controlling shares, in many companies. The extension of the public control of the economy promoted a rapid formation of the middle class, because it is the middle class which possesses the required skills to administer the nationalised companies. This is what Professor Subramaniam in the work cited above means when he refers to "the quick overdevelopment of the tertiary employment sector in the years after Independence," leading to a disproportionate

¹R. V. Molteno, "Cleavage and Conflict in Zambia," in W. Tordoff ed., Politics in Zambia (Manchester: Manchester University Press, 1974), p. 85.

growth of the middle class. The creation of a large middle class acts as a constraint upon broader-based efforts of economic transformation in that the fortunes of civil servants, business managers, shopkeepers and industrial workers (as we observed above) are tied directly to corporate urban life and indirectly to the fortunes of copper and copper related industries. Thus, what we have is a situation in which both the middle class and the working class have vested interests in preserving their privileged position. The equality which is preached by Humanism has to contend with these interests.

From Ian Scott we learn that the enlargement of the middle class in Zambia, plus the fact that it is the middle class which has benefited disproportionately from the nationalisation programme, has in fact shifted UNIP's power base to that class. Thus, as it turned out, the reforms not only created conditions conducive to the growth of a middle class but, as Scott observes, "the political leadership itself gradually became more dependent on the middle class for support and less dependent on the mass support of the party."¹ The 1973 election, for example, saw an increase in the number of members of Parliament with essentially middle class occupations, teachers, businessmen, civil servants and lawyers.² It is true that the rural dwellers

¹Scott, "Middle Class Politics," p. 7.

²Ibid., p. 10.

have the force of numbers but they are unorganised, and can therefore not match the articulate and better organised middle class.

There is also among members of the middle class, views which are directly harmful to the interests of the rural areas. We are reminded by Rothchild in the article cited above that there is a scattering of well-placed civil servants and businessmen sharing V. S. Musakanya's views, which he outlined in his "Consolidation Model of Development."¹ This model articulates the interests and outlook of the urban industrial and commercial sectors, and places emphasis on building on the existing bases of economic strength. The model emphasizes scarcity of resources and argues that Zambia's development must start from the centers of the population and the already industrialised areas and spill over to the rural areas. Mr. Musakanya's model could have very well been provoked by the failure of the early rural development programmes such as cooperatives, village regrouping efforts and generous loan facilities offered by the Credit Organisation of Zambia (COZ). The failure of these programmes, as we observed in chapter 2, cannot entirely be blamed on the rural population but on planning. The cooperative programme, for example, was embarked on when the country did not have adequate personnel to supervise it;

¹V. S. Musakanya, "Development Priorities," African Development Special Issue (October 1970):219.

and this applied to the COZ. Moreover, soon after Independence there was a cooptation into government jobs, largely urban based, of the political leaders who had mobilised the rural population during the independence struggle.¹ This left the rural areas without adequate staff to support the early rural development programmes, which were themselves tried one after another. On the frequent shift of emphasis from one programme to another, we wish to associate ourselves with the conclusion drawn by the International Labour Office that so many forms of organisation were introduced only to be dropped within a short time.² This provided little time for heart searching and reappraisal. The one programme which has conspicuously withstood the test of time has been the statutory marketing board strategy.

It is clear that Mr. Musakanya's stand just entails dependence on the urban areas. If the Musakanya model was effective, Zambia's rural areas would indeed have developed during the colonial era when even more emphasis in resource allocation, both private and public, was on the urban areas. Development would then have filtered to the rural areas. Instead, they have continued to remain behind, as people are attracted to the urban areas. Thus, rather than

¹ A reluctance by civil servants to work in rural areas was reported by Tordoff and Molteno; see W. Tordoff and R. V. Molteno in W. Tordoff ed., Politics in Zambia, p. 280.

² International Labour Office, Jobs and Skills Programme for Africa, Narrowing the Gaps: Planning for Basic Needs and Productive Employment in Zambia (Addis Ababa: United Printers, 1977), p. 75.

development filtering to the rural areas, the rural population flocks to urban areas.

Mr. Musakanya's model is tempting and may appear persuasive but only in the short run. For long-term perspectives, however, it is misleading. It would easily lead to the growth of an unemployed urban population which may develop a fertile soil for political discontent. The inability of the middle class to create its own capital from savings, its reliance on government funds for use as capital and the nature of imported capital which favours labour-saving technology make it difficult to foresee in the urban areas any investment pattern which would create as many jobs as would match the number of those attracted to urban life.

This author's position is that a shift in strategy is called for. The conservative approach that the decision makers have so far adopted in the allocation of resources between the urban and rural areas carries with it an implicit acceptance of the element of privilege for the urban sector, and more seriously a continued dependence on outside supplies. There is no gainsaying the fact that it is expanded agricultural production which will in the long run reduce the urban areas' cost of living and also reduce rural production costs. It is also agricultural development which will stop the drift of people from the rural to urban areas by making rural life attractive. Indeed, if they are appropriately fixed, higher producer prices would pay for themselves by cutting down on the need for the

costly imported produce and by stimulating production of profitable export crops.

As we indicated in the previous chapter, this brief survey is by no means comprehensive and has been presented so as to suggest some possible directions for future research. In addition, this survey may claim to have shown in relation to the focus of our study that although legally endowed with operational autonomy, public enterprise in production or marketing is very much a creature of its socio-political environment. It cannot be considered in isolation and, to a greater or lesser degree, it is an integral element of the total fabric of government. Its success or failure in contributing to the accomplishment of its share of national goals will therefore depend on the established relationship between it and the other parts of government. This relationship itself, as we have indicated, depends on such factors as the rise of a new middle class, the changing nature of capital investment in developing countries and Zambia's special urban-rural imbalances--all of which deserve extended research in their own right.

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APPENDIX I

CONSOLIDATED CHART OF ALL MARKETING BOARDS--HISTORICAL AND FUNCTIONAL

Type of Board	Name of Board	Functions	Duration	Replaced By
GRAIN MARKETING	MGB	Compulsory control of the sale of maize and maize meal and after the Second World War, of groundnuts	1936-58	FGMB
	EPAPB	1. to ensure orderly marketing of maize and groundnuts in the Eastern Province; 2. to acquire and store reserves; and 3. to supplement local supply by imports	1953-58	FGMB
	FGMB	1. buying and selling controlled and residual products; 2. importing and exporting controlled products; and 3. providing storage and handling facilities	1958-63	GMB
	GMB	Same as those of the FGMB	1964-69	NAMBOARD
	ARMB	Providing marketing facilities for controlled and residual products in ARMB areas	1964-69	NAMBOARD
	NAMBOARD	1. buying and disposing of controlled and residual products; 2. buying, selling and distributing agricultural requisites; and 3. providing storage facilities	1969-	

CONSOLIDATED CHART (continued)

Type of Board	Name of Board	Functions	Duration	Replaced By
CATTLE AND BEEF MARKETING	CMCB	Control of cattle and beef sales and imports	1937-59	CSC
	CSC	1. purchasing livestock; 2. operating abattoirs and canning factories; and 3. importing beef	1960-63	CSB
	CSB	Same as those of the CSC	1964-	
DAIRY MARKETING	DMB	1. buying and selling milk and dairy products; and 2. manufacturing dairy products	1962-63	DPB
	DPB	Same as those of the DMB	1964-	
	RTMB	1. registration of growers; 2. licensing of graders and buyers; and 3. licensing of auction floors	1955-60	SWTMB and NETMB
TOBACCO MARKETING	SWTMB and NETMB	Same as those of the RTMB	1960-63	TIB
	TIB	Same as above	1960-63	TIB
	TBZ	1. promotion and control of production and export of tobacco; 2. providing services necessary for the tobacco industry; 3. carrying out tobacco research; and 4. advising the minister	1968-	

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