Thesis

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Maritime trade in lagos, 1914-1950 : its nature and impact

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MARITIME TRADE IN LAGOS, 1914-1950:
ITS NATURE AND IMPACT

BY

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ABSTRACT

On account of the sheer magnitude of its maritime trade, the port of Lagos has, since the nineteenth century, been regarded as the "Liverpool" of West Africa. This study is thus an analysis of the nature and socio-economic impact of the trade of the port in the period from 1914 to 1950.

The sea-borne trade of Lagos is shown to have been inherently unstable, being subject to the vicissitudes of the international economy, and was characterized by the practice of "unequal exchange" between expatriate firms and indigenous producers and traders which enabled the former to repatriate substantial profits. Other features of the trade during this period were the active intervention of the colonial state in defence of Imperial economic interests and the symbiotic relationship between expatriate firms and the colonial state which resulted in the paramountcy of these firms and the concomitant marginalization of indigenous commercial interests in the colonial economy.

Given the aforementioned lopsidedness of the exchange relations between its hinterland and forelands, Lagos secured mere crumbs from its maritime trade. For, while the steady growth of trade indicated economic growth, there was no structural

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Given the aforementioned lopsidedness of the exchange relations between its hinterland and forelands, Lagos secured mere crumbs from its maritime trade. For, while the steady growth of trade indicated economic growth, there was no structural

transformation of the economy of the port and its hinterland. Rather, Lagos enjoyed superficial prosperity which, however, had the effect of attracting a steady influx of migrants from the hinterland. The resultant population explosion then exerted tremendous pressure on foodstuff supplies, housing, the environment and social facilities in the city. Slumming, high cost of living and the under-development of youth education were, therefore, some of the social costs of the semblance of prosperity which Lagos derived from being the conduit of maritime trade between the metropolis and Nigeria. This study has thus illustrated the impact of economic dependence on colonized peoples and has shown the historical depth of the socio-economic problems which currently beset the city of Lagos.

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While I deeply appreciate the contributions of all and sundry to the completion of this long-drawn research, I remain culpable for the views expressed in the thesis.

Lagos, May, 1990 Ayodeji O. Olukoju

CERTIFICATION

I certify that this work was carried out by Mr. A. O. Olukoju in the Department of History, University of Ibadan, Ibadan, Nigeria.

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April, 1991.

DEDICATION

This work is dedicated to
the glory of God, who made
it possible.

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N.P.T.U.	Nigerian Produce Traders Union
N.T.U.	Nigerian Tenants' Union
N.Y.M.	Nigerian Youth Movement
O.A.G.	Officer Administering Government
P.A.C.	Port Advisory Committee
P.A.S.	Principal Assistant Secretary
Q.J.E.	Quarterly Journal of Economics
R.C.C.	Rent Control Committee
Resmin	Resident Minister
S.L.C.C.	Sierra Leone Chamber of Commerce
S.N.P.	Secretary, Northern Provinces
S.S.P.	Secretary, Southern Prinvinces
T.E.S.G.	Tijdschrift voor economische en sociale geografie
U.A.C.	United Africa Company
W.A.C.B.	West African Currency Board
W.A.P.	West African Pilot

PREFACE

Lagos, the Federal Capital (pending the final movement to Abuja), the premier port and the site of the heaviest concentration of industrial establishments in Nigeria, undoubtedly occupies a pre-eminent position in the nation's economy and politics. As far back as 1910, a visitor to Lagos remarked that, "Immediately on landing at the wharf the stranger who visits Lagos for the first time becomes forcibly conscious of being in the midst of the commercial activities of the country."[1] Much later, in 1934, the port-city was described as the "centre of Nigerian trade ... (by whose) import and export trade the economy of the country can be measured."[2] This has been the position to this day. It is not surprising, then, that there is an impressive volume of literature on the different dimensions of this fascinating port-city. This is especially so in respect of the economic history of Lagos, which is the focus of this study.[4]

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1. "Lagos through foreign eyes", LWR, 6 April, 1910.
2. Nigeria: Annual Report, 1934, p.21.
3. A recent bibliography is T.M. Salisu, "A Bibliography on the History of Lagos State", in Ade Adefuye et al. (eds.), History of the Peoples of Lagos State, Ikeja: Literamed, 1987, pp 364-72.
4. This review is without prejudice to references to Lagos in texts dealing with other subjects.

The earliest relevant study of aspects of the economic history of Lagos in the period covered by our study is B.W. Hodder's concise account of the dynamics of trade in Lagos in the period between 1700 and 1959.[5] Although his study encompassed the period we are studying, the wide variety of issues discussed, the breadth of the time span and the constraints of space required that he could only have done a survey of developments in Lagos. In any case, Hodder himself claimed to have examined only "some geographical factors in the growth of trade at the port of Lagos."[6] Undoubtedly, a subject of the magnitude of the dynamics of trade requires to be studied from a broader perspective that incorporates but goes beyond the geographical. It is for this reason that Hodder's study is merely prefatory to ours.

Another study in the same category is Babafemi Ogundana's Original Essay on the port of Lagos.[7] The author concentrated on the physical aspects of the port which focus is useful to our study in the area of the physical development of the port.

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5. "The growth of trade at Lagos (Nigeria)", T.E.S.G., vol.50, No. 10 (October, 1959), pp 197-202.

6. Ibid., p.202.

7. "Lagos, Nigeria's Premier Port", B.Sc. Geography Essay, University of London, 1960, published under the same title in N.G.J., vol.4 (1961), pp 26-40. His subsequent publications which are relevant to this study are cited in the

But his essay has nothing to offer on the socio-economic impact of the port. Besides, Ogundana's study was limited to the 1950s.

In respect of shipping in Lagos, there is not much to learn from Charlotte Leubuscher's otherwise admirable study.[8] For, she was preoccupied with the politics of the Conference Lines in West Africa.

Of direct relevance to our study is A. G. Hopkins' Doctoral thesis on Lagos in the period between 1880 and 1914.[9] His was a pioneering study of the interrelated themes of economic imperialism, currency and banking, transport development, colonial tariff policy and the dynamics of trade in Lagos. However, owing to the fact that his study ended where ours begins, it is only relevant to ours to the extent of providing a useful background to it. The importance of Hopkins' study is, however underlined by the fact that since its completion over a quarter of a century ago, no one has attempted a similar systematic study of the economic history of Lagos in the period after 1914.

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8. The West African Shipping Trade, 1909-1959, Leyden, 1963.

9. "An Economic History of Lagos, 1880-1914", Ph.D. thesis, University of London, 1964.

In this connection, it is remarkable that three recent texts on the history of Lagos have failed to fill this gap in the literature on the port-city. Indeed, two of them - A.B. Aderibigbe (ed.), Lagos: The Development of an African City, Longman 1975 and Takiu Folami, A History of Lagos, Nigeria: The Shaping of an African City, New York: Exposition Press, 1982 - did not make even a passing reference to any aspect of the economic history of Lagos! Yet, the city's pre-eminence in Nigeria can hardly be explained without reference to the trade of its port.

However, the third text, edited by Professor Ade Adefuye, Dr. Babatunde Agiri and Professor Jide Osuntokun[10] is a great improvement on the others, at least for containing some chapters on aspects of the economic history of Lagos. Nevertheless, it is silent on the economic history of the period between 1914 and 1960.

Against the background of the foregoing survey of the literature, this study seeks to fill the gap that has been identified in the existing studies of Lagos, by focusing on a neglected period of its economic history. It thus endeavours to enrich our knowledge of the economy and society of a city

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10. History of the Peoples of Lagos State, op. cit.

which has long been regarded as the "Liverpool" of West Africa. This study of the nature and impact of maritime trade of Lagos in the context of the economics of colonialism covers the period from 1914 to 1950, that is from the outbreak of the First World War to the point at which the effects of the Second World War could be said to have finally worn off.

On the one hand, the analysis of the nature of the trade treats such subjects as developments in the world economy, colonial fiscal policy, transport, currency, commercial organization and production for export in the port-city and its hinterland. On the other hand, the study dwells on the impact of maritime trade on Lagos in respect of demography, labour relations, capital accumulation, housing, wages and cost of living.[11] It thus highlights the social costs of maritime trade in metropolitan Lagos. Moreover, the study demonstrates that not only was there an unequal exchange[12] between expatriate firms and African producers - which enabled

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11. The need to examine such issues in studies of economy and society was stressed by Professor J. Forbes Munro in his review of Robert W. Shenton, The Development of Capitalism in Northern Nigeria, Toronto University Press, 1986 in African Affairs, vol.86 No. 342, Jan. 1987, pp 124-125.

12. A recent application - though without sufficient exposition - of this concept to the Nigerian situation is in O. N. Njoku, "Trading with the Metropolis: an Unequal Exchange," in Toyin Falola (ed.), Britain and Nigeria: Exploitation or

the former to export fat profits - but that commercial "prosperity" was fickle, being quickly superseded by a slump. On the whole, the study unmasks the urban misery beneath the glitter that is usually associated with Lagos.

There are six chapters in all. The first discusses the physical development, financial administration and co-ordination of services in the port of Lagos between 1914 and 1950. The next chapter is a study of shipping and maritime trade during the First World War while the third provides an analysis of government policy on trade in the post-war decade. The dynamics and impact of maritime trade in Lagos from 1919 to 1928 are studied in the fourth chapter. The next deals with the period from the Great Depression to the outbreak of the Second World War while developments during the War and in the post-war quinquennium are examined in the sixth chapter. The Conclusion summarises the entire study.

INTRODUCTION

Perspectives on the study of economic relations between the countries of Europe and America, on the one hand, and those of the Third World, on the other, can, for the sake of convenience, be categorised into two broad groupings: the conventional and the radical.[1] The former is what Walter Elkan has described as "textbook economics"[2] while the latter comprises variants of the dependency thesis and the Marxist mode of production approach.

The conventional view of international trade is that it confers benefits on developing countries by acting as an 'engine of growth' in their economies.[3] Trade is believed to

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1. It should be noted that many scholars would prefer to subdivide the radical school into the dependency and Marxist schools. See, for example, Frederick Cooper, "Africa and the World Economy", A.S.R., XXIV, 2/3 (June/Sept., 1981), p.3. But both can be classified as 'radical' as we have done here.

2. Walter Elkan, "Concepts in the description of African economies", J.M.A.S., 14 (1976), p.691 cited in Cooper, "World Economy ...", op. cit.

3. This view is presented in Hla Myint, 'The "Classical Theory" of International Trade and the Underdeveloped Countries', Economic Journal, 68 (June, 1958), pp 317-337; S.D. Neumark, Foreign Trade and Economic Development in Africa: A Historical Perspective, Stanford, 1964 and Leslie Stein, "Developing Countries and International Trade - An Alternative View", J.M.A.S., VIII, 4 (1970), pp 605-616.

provide a 'vent' for the 'comparative advantage' of nations whereby each specializes in and exports the commodity in which it is most naturally endowed or in the production of which it enjoys 'comparative advantage' over other countries.

The 'comparative advantage' school believes in export-led economic development and contends that steady increases in exports enable the 'developing' country to increase its imports especially of capital goods essential to promoting economic growth. The exporting country is also believed to derive gains from economies of scale since the addition of the international to the domestic market logically permits larger-scale operations than would have been afforded by the domestic market alone. The export sector is also believed to benefit from competitive pressures on the world market which compel it to keep costs low and to constantly strive for more efficient operations and improvements in the quality of exports.[4] Rapid growth in exports is also believed to induce foreign investment especially where the investment climate is deemed conducive by foreigners. In sum, international trade is believed to increase investment, consumption and the flow of technology.

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4. The discussion of colonial policy with particular emphasis on improving the quality of exports in Chapter III shows that it was informed by the 'comparative advantage' thesis.

As Neumark put it:

> foreign trade in Africa has been the decisive factor in the emergence of an exchange economy, in the growth of an urban population, and the consequent development of a local market for goods and services which, in turn, has given rise to conditions favourable to the development of agriculture and local industries.[5]

The 'comparative advantage' perspective has, however, been criticised, for one thing, for its static (rather than dynamic) analysis - it failed to see 'comparative advantage' as a passing phenomenon. In this regard, it must be recognized that today's comparative advantage could be tomorrow's disadvantage. Second, resources which enjoy current advantage might be exhausted after some time. Third, exponents of this view failed to consider that the resultant monocultural economy is at the mercy of the vagaries of international trade, the weather, natural disasters such as epidemic or crop disease and the sudden discovery of natural or synthetic substitutes. Any of these occurrences could paralyze such a vulnerable economy. Possibly the greatest weakness of the 'comparative advantage' position is the implicit assumption that the international division of labour and pattern of exchange - with all their inequities - should remain frozen in time.

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5. Neumark, Foreign Trade ..., op. cit., p.189.

The result is that 'comparative advantage' would make Third World monocultural economies permanent raw material exporters and, therefore, perpetually dependent importers of manufactures from the metropolitan countries. International trade conducted on such a basis, Professor Rweyemamu contended, "perpetuates the artificial international division of labour between the developing countries and the metropolitan centres, a division established by imperial power and maintained by lop-sided trade."[6]

The conventional view of international trade was rejected by the radical school which comprises variants of the Marxist tradition and the dependency thesis. Although these major strands of radicalism are different, they are not too distantly related as Palma[7] has shown. However, for the purpose of our study, the dependency school is taken to represent the radical tradition. For, as Professor Cooper has noted, it is "the theory of exchange *par excellence*."[8]

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6. J. F. Rweyemamu, "International Trade and the Developing Countries", J.M.A.S., 7, 2 (1969), p.212.

7. Gabriel Palma, "Dependency: A Formal Theory of Underdevelopment or a Methodology for the Analysis of Concrete Situations of Underdevelopment?", World Development, vol.6, Number 7/8 (July/August 1978), pp 881-924. This article highlighted the Marxist roots of the dependency thesis. See also, A Foster-Carter, "From Rostow to Gunder Frank: Conflicting Paradigms in the analysis of underdevelopment", World Development, vol.4, No. 3 (March 1976), pp 167-80.

The origins of this perspective lay in the period following the conclusion of the Second World War when the Cold War and the problems of economic development loomed large in international affairs.[9] It was in this circumstance that North American authors like R. Nurkse, A. Hirschman and W. W. Rostow propounded "theories of modernization" for the "economic development" of non-Western societies. These theories influenced the economic policies of Latin American nations and especially those of the Economic Commission for Latin America, founded in Santiago, Chile under the directorship of Raul Prebisch. The Commission, being an agency of the United Nations, which was then under the influence of the United States propounded a Latin American variant of modernization theory. Its economic growth ideology, el desarrolismo, held out promises of industrializing Latin America along Western lines in a decade or two by means of the infusion of foreign capital (direct investments and loans and "economic aid"). In effect, the transformation of Latin America was to take place in the context of Western Capitalism.

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9. This paragraph draws on Palma, "Dependency ...", op. cit. and Franz J.T. Lee, "Dependency and Revolutionary Theory in the African Situation", in Yolamu Barongo (ed.), Political Science in Africa: A Critical Review, London: Zed, 1983, pp 178-88.

It was in reaction to this virulent anti-Communist ideology especially its failure to yield the promised miracle that the dependencey thesis emerged. There are, however, several tendencies within the dependency school. But, its exponents, such as Paul Baran, A. G. Frank, Theotonio Dos Santos, Fernando Cardoso and Enzo Falleto, are agreed that international trade is a zero-sum game in which one party's gain is the other's loss with the cards being fully stacked against Third World primary producers. The latter are thus placed in a situation of "dependence" in which:

> the economy of certain countries is conditioned by the development and expansion of another to which the former is subjected. The relation of interdependence between two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and can be self-sustaining, while other countries (the dependent ones) can do this only as a reflection of that expansion, which can have either a positive or negative effect on their immediate development.[10]

This condition of dependence takes several forms: market, technological, managerial and entrepreneurial dependency.[11]

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10. T. Dos Santos, "The Structure of Dependence," A.E.R., LX,2 (May, 1970), p.231.

11. J. F. Rweyemamu, "International Trade and African Development", N.J.I.S., vol.2, No. 1 (April, 1978), p.32.

For the purpose of our analysis, the emphasis will be on market dependency. C.Y. Thomas has highlighted certain characteristics of this form of dependence.[12] First, there is the concentration of exports on the production of primary output. Second, is the further concentration on a narrow range of primary commodities. The third is the concentration of sales on a narrow range of metropolitan markets and, fourth, the instability of sales in the metropolitan markets due to frequent imbalances between overseas demand and domestic supply.

The thrust of the argument of the dependency thesis is that there is "unequal exchange" between the dependent Third World countries and their metropolitan exploiters. By systematically draining a huge surplus from the dependent territories, the metropolitan countries, it is contended, have accounted for the underdevelopment of these areas. Although the concept of unequal exchange does not have a uniform definition within the dependency school, it basically implies that a product manufactured in one country, say, with ten hours of labour is exchanged for another that took fifteen hours to make elsewhere. Although dependency theorists concede that

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12. C.Y. Thomas, "The Transition to Socialism: Issue of Economic Strategy in Tanzanian - Type Economies" (University of Dar-es-Salaam, 1972 mimeo.) cited in Rweyemamu, "International Trade and African Development", op.cit p.38, note 3.

item-by-item exchange is inherently unequal, they nevertheless contend that exchange is peculiarly unequal in the context of dependence. As Palma noted, "If these (trade) relationships were shaped within a colonial context, they would clearly be unequal."[13]

In spite of its wide appeal in the Third World,[14] the dependency thesis has been assailed by radical as well as orthodox scholars.[15] First, it is said to have failed to emphasise the specificity of production in the different core and peripheral economies, thus implying a uniformity in production processes all over the world. Second, especially in the initial studies conducted within the paradigm, the approach failed to incorporate local class conflicts and political struggles in its analysis. Hence, it could not adequately analyze the concept of accumulation. Failure to incorporate class analysis has thus laid the dependency thesis open to the charge of "superficial third worldism" whereby local exploiting classes could join the exploited in the

13. Palma, "Dependency ...", op.cit., p.896.

14. It has informed the works of such Africanists as Walter Rodney and Samir Amin.

15. Palma, "Dependency ..." op. cit. contains a lengthy review of critiques of this position. A non-radical critique is in A.G. Hopkins, "Clio-Antics: A Horoscope for African Economic History", in C. Fyfe (ed.), African Studies Since 1945: A Tribute to Basil Davidson, Edinburgh, 1976, pp 25-38.

periphery to denounce the exploitation of the periphery by the centre. Third, the concept of unequal exchange[16] with its corollary of the export of capital to the metropolitan countries, has also been criticised for lack of quantitative specification and the implicit assumption of a hypothetical utopia - "equal exchange".

Furthermore, by calling for the total severance or diminution of exchange relations with the core countries before meaningful development could take place in the periphery, the alternative offered by dependency analysis appears to be another utopia - autarky. Finally, from an essentially historiographical standpoint, the thesis has been criticised for denying African initiative by giving

> little room for an independent internal approach to African history in the period before the impact of the West. Pushing the period of dependence further back implies that all African history is that of dependence. The result, a new diffusionism, would exclude a great deal of indigenous political history.[17]

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16. For the concept, See Arghiri Emmanuel, Unequal Exchange: A Study of the Imperialism of Trade, London: New Left Books, 1972.

17. Hopkins, "Clio-Antics ...", op. cit., p.32.

The foregoing discussion has shown that the conventional approach is unhelpful in understanding the dynamics of international trade between the metropolis and the colony. Although the radical approach also has its shortcomings, there is no doubt that it has a lot to contribute to the understanding of the movement of capital and surplus, the changing international division of labour and uneven development. If the Marxist variant of the radical position were added, light would be shed on the production process, class formation and capital accumulation. Considering the focus of our study, a lot of insight would be derived from the radical perspective particularly its focus on metropolis - colony relations and the pattern and impact of trade. It is against this background that we shall examine the dynamics and impact of maritime trade in Lagos, the principal port of Nigeria between 1914 and 1950. The opening chapter deals with some aspects of the port itself - the outlet for trade between the colony and the metropolis.

CHAPTER ONE

PHYSICAL DEVELOPMENT, FINANCE AND THE ADMINISTRATION OF THE PORT OF LAGOS, c.1914-50

Ports and Maritime Trade

It is hardly debatable that seaports are very crucial to the conduct of maritime trade. For, in the words of the eminent port geographer, G. G. Weigend, the seaport could be "viewed figuratively as a knot where ocean and land transport lines meet and intertwine."[1] In other words, the seaport is the indispensable link between the landward areas, loosely referred to as the "hinterland" and the seaward areas which are called "forelands". In this connection, it has been rightly suggested that ports "must be studied and analyzed not as isolated phenomena but within the framework of relational patterns ... (For, a) close relationship exists between port and hinterland on the one hand and port and maritime organization on the other."[2]

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1. G. G. Weigend, "Bordeaux: An example of changing port functions", Geographical Review, vol. 45 (1955), p.237.

2. G. G. Weigend, "Some elements in the study of port geography", Geographical Review, vol. 48 (1958), p.200.

It should be stressed, however, that the concept of hinterland in relation to a port has generated some controversy regarding its definition and delimitation. Thus, the casual reference to the landward areas of a port as the "hinterland" assumes that the concept is monolithic.[3] On the contrary, it has been shown that a port has a variety of hinterlands behind it.[4] This could be illustrated with the port of Lagos which has at least three major hinterlands - the first in its close vicinity, up to Agege; the second in Yorubaland up to Ilorin and a third (and more amorphous) hinterland above the Niger-Benue confluence especially in the Kano region and even beyond. It is noteworthy in this respect that a port does not necessarily have exclusive claim to the "hinterland." Indeed, an inland area may well be the hinterland of several ports at the same time, the extent of a particular port's hinterland being determined by such factors as proximity and transport links.[5] In the case of Lagos, while it was preponderant in the first two "hinterlands", it has had to share the third with other Nigerian ports.

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3. See, for example, A. J. Sargent, Seaports and Hinterlands, London, 1938, p.16 and James Bird, Seaports and Seaport Terminals, London, 1971, p.124.

4. F. W. Morgan, Ports and Harbours, London 1952, cited in G. G. Weigend, "The problem of hinterland and foreland as illustrated by the port of Hamburg", Economic Geography, 32, 1 (Jan. 1956), p.1.

5. Weigend, "Some elements ...", op. cit., pp.185-200.

Having thus demonstrated the complexity of the "hinterland", it is important to mention the division among scholars as to the relative importance of the hinterland and foreland to a port. On the one hand, a school of thought has stressed what it considered the overwhelming importance of the hinterland in the growth of port trade. Thus, W. E. Boerman declared that, "It is the hinterland combined with transport links that gives the key to growth of port trade and development of port industries. No port structure can be understood when not seen together with its hinterland."[6] On the other hand, a number of French scholars, notably A. Vigarie and Marcel Amphoux, ascribed greater importance to forelands. It was contended that though "people commonly think of the port as their window to the sea", the port "is more significant as a window from the sea to the land." Amphoux illustrated this point with the port of Dunkirk in France which failed to develop a prosperous maritime trade despite having a rich and well developed hinterland.[7]

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6. W. E. Boerman, "The need for special examination of particular aspects of port geography", T.E.S.G., 42 (1951), p.348.

7. Cited in G. G. Weigend, "Ports: their hinterlands and forelands", Geog. Rev., 42 (1952), p.661.

Although both groups of scholars appear to have articulated contradictory views, the debate has served to underscore a fundamental point - the complementarity of a port's hinterlands and forelands. As G. G. Weigend aptly concluded: "Neither hinterland nor foreland nor the port itself alone has determined its destiny; rather, the totality of expansion and development in the world at each stage has narrowed or broadened its field of economic activity."[8] Weigend has not only stressed the symbiotic relationship between both elements but has drawn attention to the need to study port trade in the context of the dynamics of the world economy.

Be that as it may, the port is, undoubtedly, a crucial element in trade relations between the hinterlands and forelands. This is borne out by the fact that by 1970, 94% of the external trade of African countries was conducted through their seaports. It was noted that this had been the general trend since the beginning of this century.[9] One could thus appreciate why ports were of prime importance

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8. Weigend, "Bordeaux ...", op. cit., p.241.

9. D. Hilling and B.S. Hoyle, "Port Development and Economic Growth", in D. Hilling and B.S. Hoyle (eds.), Seaports and Development in Africa, London: Macmillan, 1970, p.128.

during the colonial period as they served as the conduit of trade between the colonies and the metropoles. However, many of the ports in West Africa did not have natural harbours. They were, therefore, saddled with severe physical problems such as shallow entrance, narrow and difficult channels and long approach channels from the sea.[10] Given the vital importance of seaports in the colonial economy, one could then understand why the imperial and colonial officials gave serious thought to the physical development of ports in the colonies. This was especially the case in respect of the port of Lagos which was defective in respect of port entrance and land approach. The following section, therefore, examines attempts to effect improvements in the port during our period.

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10. B. Ogundana, "The location factor in changing seaport significance in Nigeria", N.G.J., 14 (1971), pp.71-88 dealt with the physical problems facing Nigerian ports during our period.

The physical development of the port of Lagos, c.1892-1950

The bar at the mouth of the port of Lagos was a seemingly intractable problem that bedevilled shipping since the port assumed prominence in the sixteenth century. Indeed, as early as 1505, Duarte Pacheco Pereira had commented on the negative impact of the bar - the "Bugbear of the Bight" - on shipping in the port.[11] Over the centuries the bar remained a stumbling block to trade and the situation became so bad that navigation through it was temporarily suspended in 1895. The shallowness of the depth at the entrance of the harbour was compounded by silting which reduced the depth to a mere ten feet in 1899.[12]

The shallow depth of the port entrance greatly endangered shipping. Thus, in 1895 alone, the Bar steamers "Sparrow" and "York" and the "Lagoon", a steamer of some 750 tons, were wrecked on the bar to the point of total abandonment. The "Gaiser", another bar steamer, damaged her stern post on the bar and had to be subsequently employed as a Hulk in the harbour.[13] These disasters underscored the need for urgent action on the bar. Hence, Governor George Denton, in a

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11. B. W. Hodder, "The growth of trade at Lagos (Nigeria)", T.E.S.G., vol. 50 No. 10 (Oct. 1959), p.199.

12. Ibid.

13. CSO 1/1/15 185 of 7th October, 1895, Denton to Chamberlain

correspondence to the Secretary of State for the Colonies, pointed out that the record of disasters "speaks for itself and points out distinctly that if Lagos is to be the port of the future for this part of Africa an improvement in the entrance to the Harbour is a necessity." He noted that an alternative was to make Forcados the port of the Colony and connect it with Lagos by means of a railway. But this was unhelpful because the line would traverse a sparsely populated and an economically underdeveloped territory. Denton, therefore, suggested that it would be "better to spend money on opening the Bar than in building the railroad."[14]

Earlier, in 1892, the firm of Messrs Coode, Matthews, Fitzmaurice and Wilson had furnished a general description of the Port and Entrance Channels, indicating the extent of the works necessary to ensure the provision of a depth in the Entrance of not less than 21 to 23 feet at high water. In another report in 1898,[15] the firm of consulting engineers recommended that the harbour works should consist of stone

14. Ibid.

15. CSO 1/19/37 60 of 7th Feb., 1911, Egerton to Harcourt: Report on Progress of Harbour Works.

moles or break waters of "pierre perdue" construction on each side of the harbour entrance and minor subsidiary works. The entire programme of harbour works was estimated to cost £897,000. The items of the harbour works were the deepening of the entrance channel and portions of the harbour by dredging; extension and stregthening of the existing Customs wharf; construction of a branch railway line to Apapa - the wharf at Apapa was to deal with stone traffic, railway construction materials, coal and materials for the Lagos waterworks scheme; erection of quays for ocean steamers and extension of railway from Iddo to Lagos Island and Wilmot Point. The first two items were to be executed on the strength of the revenue generated locally while the others were to be funded on loans, interest on which was to be charged on the revenue of the colony.

While such long-term plans were being hatched, the trade of the port was transhipped through Forcados, some 190 kilometers to the east, in the Niger Delta. But, this was a costly and hazardous exercise which often resulted in damage to or loss of cargo through exposure or poor handling. The danger to lives was no less potent. Thus, a citizen of Lagos who returned in 1918 when the bar had been substantially improved commented that "Crossing the bar was enough to make the stoutest heart tremble in the old days, and the thought of transhipment was sufficient to give shocks to the strongest nerves."[16] In addition, transhipment added to the cost of shipping. For example, in 1907, it was said to have increased the freight by "no less than 12/6 a ton."[17] This was, therefore, considered sufficient justification for "the steady pushing on with Messrs Coode, Son and Matthews' Scheme for the improvement of the entrance and removal of the Bar which, when effected, will make Lagos one of the most convenient, safest and capacious harbours in the world."[18]

The proposals of the consulting Engineers were, however, considered expensive and, therefore, beyond the means of the Colony of Lagos with its slender resources. Hence, provisional approval was not granted by the Secretary of State until 1906. The first instalment of the works was to be carried out on the departmental system. In May 1907 the dredger "Egerton" arrived and dredging operations started on the Bar on 30 June 1907. A second dredger, the "Sandgrouse", which had a lifting capacity of 1,800 tons and operated on a 14 feet draught, arrived from England in August 1909.

16. West Africa, 6 July, 1918, p.376, culled from The Lagos Standard.

17. CSO 1/19/12 435 of 9 July, 1908, Egerton to Crewe, enc: Southern Nigeria Trade Report, 1907.

18. Ibid.

The purpose of the dredging operations was to raise what was called the "official bar draught", that is, the maximum draught on which a vessel was permitted to navigate the entrance of the port at hight water with a fine bar. Hence, it was not necessarily the actual depth of water on the bar but that "of water which a vessel may draw in crossing the bar at high water."[19] In this regard, it was pointed out that rains had "a very decided effect on the bar itself for the tendency was towards shoaling rather than deepening. As a corollary, the dredgers could not operate in the vicinity of the Bar at the height of the rains, during the "bad Bar" months of June-August inclusive.[20] Consequently, there were fluctuations in the bar draught in the period from 1877 to July 1907 when the effects of dredging had not been felt. This is indicated in the table below.

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19. CSO 1/19/25 37 of 24 Jan. 1910, Egerton to Crewe, enc. Annual Report on the Marine Department, 1908, pp.7-8.

20. CSO 1/19/37 90 of 15 Feb., 1911, Egerton to Harcourt, enc. Report on work in improving Lagos harbour by J. Percival Jones, Acting Director of Marine, 28 Jan., 1911.

TABLE 1

Changes in the Official Bar Draught
in Lagos, 1877-1907

Year	Draught	Year	Draught
1877	10ft.-11ft.	1891	10ft. 6in-11ft.
1884	12ft.	1894	9ft. 6in.-10ft.
1887	12ft.	1895	9ft.-11ft.
1888	12ft.	Jan-March 1896	9ft.6in.-10ft.6in.
Feb.&March 1889	13ft.	1897	9ft. 6in.-10ft.
April 1889	12ft. 6in.	June 1904	10ft.
Dec. 1889	9ft. 6in.	July 1905	10ft.
1890	10ft.	Dec. 1905	9ft. 9in.
Oct. 1890	10ft.6in.-11ft	July 1907	11ft.

Source: CSO 26/1 09896 vol. 1, "Lagos Harbour Survey, Southern Nigeria", enc. Abridged Report by Mr. Coode, dated 24 Dec., 1910, p.36.

The direct consequence of the fluctuations in the Lagos bar draught was that the port could not be visited by big vessels. This necessitated the use of smaller vessels called "branch boats" to convey goods across the bar. The big ships which were called "mail steamers" stood outside the harbour or called at Forcados from where their cargoes were transhipped to Lagos. The table below indicates the variety of vessels that visited Lagos during this period. A comparison of the loaded draught of the mail steamers with the maximum Lagos bar (as indicated in the table above) shows why there was the need for branch steamers whose maximum loaded draught did not exceed thirteen feet.

TABLE 2

Vessels and Craft trading to the port of Lagos in the early 20th Century

Vessel	Length Overall	Length Between perps.	Beam	Depth	Draught Loaded	Draught Light	Tonnage Gross	Tonnage Net
MAIL STEAMERS						Mean		
"Falaba"	392'	380'	47'6"	34'0"	22'6"	14'10"	4806	3011
"Karina"		370'	46'3"		23'3"	15'0" *		2538
"Burutu"		360'	44'3"		23'3"	14'7"		2441
"Max Brock"	400'	385'	51'6"	28'9"	24'6"		4626	2896
"Lucie Woermann"	384'	365'	47'0"	28'0"	21'0"		4630	2861
CARGO STEAMERS								
"Salaga"	397'	360'						
"Benue"		360'	48'3"	23'6"	21'9"	9'0"		
BRANCH STEAMERS								
"Uromi"		225'	36'3"		13'0"			554
"Governeur von Puttekamer"		214'	30'6"		11'3"			464
"Porto Novo"		202'	30'0"		9'9"			328
"Lagos"		170'	26'0"		8'6"			187
"Ogun"		153'	24'0"		10'6"			203

* These vessels drew about 16'16"-17'6" at Forcados after cargo had been discharged.

Source: CSO 26/1 09896 vol. I ... *op. cit.*, p.41.

Meanwhile, the dredging operations entailed heavy expense which strained the lean finances of the Colony. Expenditure up to 31 December, 1908 amounted to £100,745 with an additional £51,822 in the next calendar year. The aggregate total of £152,565 was more than half of the total sanctioned expenditure of £300,000.[21] Yet, the problem of the bar seemed to defy any solution. For, in April 1910, the S.S. "Ilorin" was wrecked on the bar. This must have prompted the Lagos Weekly Record to conclude, later in the year, that "after an expenditure of nearly £200,000 the problem of the Bar remains almost where it was at the start."[22] The newspaper had earlier proffered a solution which it considered most effective in the circumstances:

> the combined effort of four or more dredgers employed temporarily at a favourable season of the year and kept incessantly at work until a deep channel has been cut across the Bar to be followed subsequently by constant dredging by a local dredger for keeping the channel cut, free of the accumulated washings.[23]

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21. CSO 1/19/27 165 of 24 March,1910, Egerton to Crewe
22. LWR, 5 November, 1910.
23. LWR, 8 Oct., 1910.

Hardly any dredging work was done on the Bar in the second half of 1910 owing to the rough weather during the rainy season, the disablement of the dredger "Sandgrouse" and the decking of a second dredger.[24] In the subsequent period down to 1914, however, consistent dredging produced noticeable improvements in the bar draught. In August 1913, Lugard reported that the "unexpected maintenance for the past seven months of a sixteen feet draught over the Lagos Bar has created a new situation which demands immediate attention. Large ocean-going vessels are now entering the Port."[25] In February, 1914, the German shipping line of Woermann Linie started a direct service from Hamburg to Lagos. This event, Lugard contended, belied "previous statements to the effect that shipping has so far derived no benefits from the improvements in the Lagos Bar."[26] Other shipping lines also took advantage of the improvements in the bar draught and ships were reported to have been "entering the port direct from Europe."[27]

It should be stressed, however, that while all these developments were taking place on the Bar, a considerable

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24. CSO 1/19/37 60 of 7 Feb., 1911, Egerton to Harcourt, enc. Report on Harbour Works, p.4.
25. CSO 1/19/59 380 of 18 Aug., 1913, Lugard to Harcourt.
26. CSO 1/32/5 141 of 11 Feb., 1914, Lugard to Harcourt.
27. CSO 1/32/6 286 of 25 March, 1914 Lugard to Harcourt.

proportion of Lagos cargo was still being transhipped at Forcados. Thus, in the period from 9 January to 28 February, 1914, the character of shipping in the port was as follows: Of the total direct shipments of 30,958 tons, 23,109 tons were inward while 7,849 tons were outward cargo. The respective figures for cargo carried by branch steamers were 30,262; 20,058 and 10,204 tons.[28] This indicated that the depth of the entrance still required greater improvement. Thus, the Nigerian Pioneer noted that the "low depth of water on the Bar is still exercising the minds of the Authorities and the Shipping Companies, though we are yet far off from the old days of under 10 feet."[29] Although the Harbour Department was reported in 1915 to be "very busy of late in dredging the harbour" in anticipation of a post-war boom,[30] dredging operations during this period were constrained by the on-going World War and lack of coal. However, steady improvements were recorded in the bar draught down to 1919 as shown in the table below.

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28. CSO 1/32/7 325 of 1 April, 1914, Lugard to Harcourt.

29. NP, 31 July, 1914.

30. NP, 10 Sept., 1915, "Random Notes and News".

TABLE 3

Official Bar Draught in Lagos, 1907-1919

Year	Minimum	Maximum	Remarks
1907	9'	11'	"Egerton" arrived
1908	11' 6"	13'	East Mole begun
1909	12'	14'	"Sandgrouse" arrived
1910	13'	15'	"Sandgrouse" disabled and taken to England
1911	11' 6"	16'	"Sandgrouse" returned
1912	9' 6"	16' 6"	West Mole begun
1913	12'	18'	
1914	13' 6"	19'	East Mole stopped
1915	13'	17'	West Training Bank begun
1916	15'	19' 6"	
1917	19' 6"	20'	
1918	20'	21'	
1919	20'	20'	W.T. Bank stopped

SOURCE: CSO 1/32/49 1016 of 12 Nov., 1919, Clifford to Milner, enc. Coode et al., Report on Lagos Harbour Works. , p.5.

Dredging operations continued in the post-war period and by 1923, the depth of the entrance to the Lagos harbour was as much as 25 feet. But, as was pointed out in the same year, the "governing factor in navigating the entrance is not as many people suppose the depth of water, but the strength and direction of the tides."[31] The tides were particularly strong during the rainy season and they ran as much as five knots in the entrance. It was thus difficult in such circumstances to bring in large vessels. Pilots then asked the incoming vessels to wait for a reduction in the speed of the currents. Against this background, it became superfluous to deepen the harbour beyond 25 feet. Hence, when the Imperial Shipping Committee was asked to consider this question in its report on Nigerian harbours in 1928, it noted that shipping companies were not taking advantage of the existing depth of the entrance. For, only relatively few ships with draughts of more than 20 feet visited the port up to 1928.[32] Thus, by 1928, the problem of a shallow entrance had ceased to be a formidable obstacle to shipping in Lagos.

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31. AR.5/M1 <u>Nigeria: Annual Report on the Marine Department for the year 1923</u>, p.2.

32. M.T.A. 1/1 T.0328 "Imperial Shipping Committee: Appointments, Reports etc.", <u>Report on the Harbours of Nigeria</u>, Sept. 1928, p.101.

A concomitant of dredging operations was the construction of the moles to narrow and deepen the channel into Lagos harbour. As has been shown in the table above, work began on the East Mole in 1908, on the West Mole in 1912 and on the West Training Bank in 1915. At the end of 1918, the West Mole had attained a length of 4,090 feet, of which 412 feet were constructed in that year. The Training Bank was extended to 2,516 feet of which 490 feet were constructed in 1918 alone. At the end of 1922, the West Mole, East Mole and West Training Bank had reched a total length of some three and half miles. The construction of the moles was described as an "arduous and difficult task, for the Atlantic in those parts is as changeable and capricious as Paris used to be in the days of the Guises."[33] Stones for the construction of the moles and other Harbour works were obtained from the Aro Quarry in Abeokuta. The stones were brought down by the railway, and tipped as construction progressed. The table below gives the figures of stones used in the construction between 1908 and 1918.

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33. West Africa, 24 Feb., 1917, p.63.

TABLE 4

Tonnage of stones deposited annually in Lagos Harbour, 1908-1918

Year	East Mole		West Mole	West Training Bank	Total Tonnage deposited in Mole Work
	Mole Proper	Northern Extension			
1908	15,699	1,251	-	-	16,950
1909	39,878	14,546	-	-	54,424
1910	73,259	23,338	-	-	96,597
1911	111,501	-	-	-	111,501
1912	88,000	-	49,513	-	137,513
1913	84,709	-	101,095	-	185,804
1914	45,915	3,226	112,643	-	161,784
1915	12,884	1,892	85,320	23,664	123,760
1916	5,726	-	87,382	74,408	167,516
1917	6,412	-	58,537	74,161	139,110
1918	736	-	87,498	84,436	172,670
TOTAL	484,719	44,253	581,988	256,669	1,367,629

SOURCE: CSO 1/32/49 1016 of 12 Nov., 1919, enc... p. 13 Appendix B.

The provision of increased wharfage accommodation was the third facet of the physical development of Lagos harbour. This was a question that was central to port policy during this period. It has been pointed out that official policy before 1950 was in favour of concentration of developments at a few ports.[34] With specific reference to Lagos, the question of wharfage was part of the larger issue of the overall development of the port, that is, whether developments were to be concentrated at Lagos or Apapa. The fundamental question was that of which site was to be the outlet for the rail-borne traffic. No definite decision was taken until 1913.

In a report of 11 July 1911, the Consulting Engineers had proposed that wharves be erected along the margin of the Harbour between the Five Cowrie Creek and Wilmot Point. This would have entailed the construction of a railway bridge between Iddo Island or the mainland and Lagos Island, together with railway connection across the latter island. To obviate what was considered the excessive cost of the contingent works, Lugard in 1913 recommended that the site of the wharfage should be transferred to Apapa, to which the Railway already had access. In that case, a deep-water

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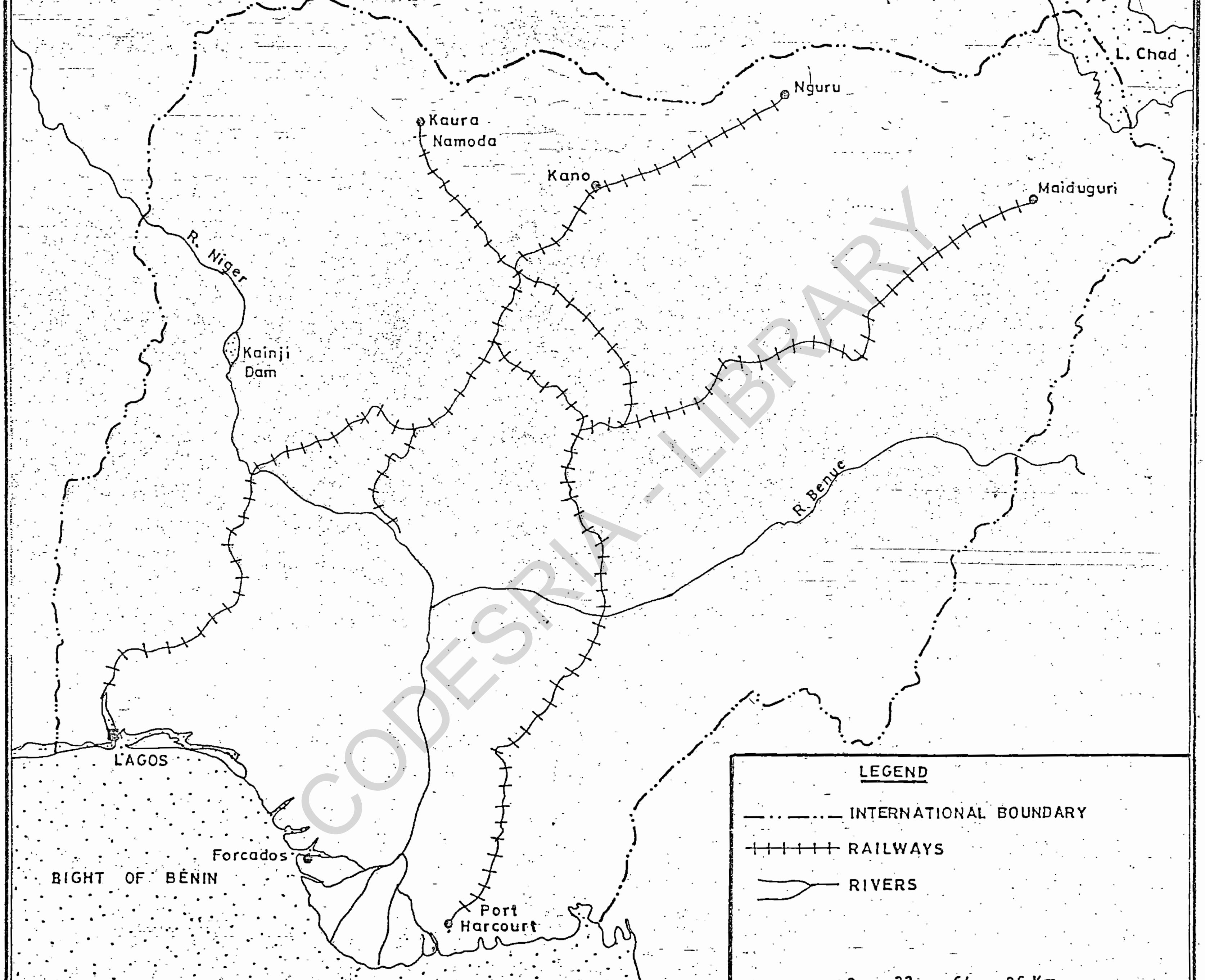
34. Babafemi Ogundana, "Ports and External Trade", in Oguntoyinbo, Areola and Filani (eds.), A Geography of Nigerian Development, Heinemann, 1978, p.338.

channel would be dredged from the vicinity of the Five Cowrie Creek to Apapa. This alternative was considered less costly than that of constructing and maintaining the bridge and railway connection to link Wilmost Point with Iddo or the mainland. The Apapa Scheme was accordingly approved by the Secretary of State in October 1913. However, except for the erection of a wharf, 180 feet in length with a depth alongside of 26 feet at low water and dredging in the approach channel, not much progress was achieved in actualizing the scheme up to 1919. By this date, however, the port of Lagos had wharves on Lagos Island, Iddo and at Apapa. The wharf on Lagos Island had grown from the Customs Pier of the 1860s, hence the reference to it as the Customs Wharf.

Meanwhile, members of the commercial community in Britain were becoming impatient with the pace of work on harbour development and general port policy. Specifically, they desired to have a say in the formulation of that policy. The Manchester Chamber of Commerce in a correspondence to the Secretary of State noted that Lagos was "the natural doorway to a vast hinterland" and that it was "<u>the port</u>" for Northern and Southern Nigeria. The Chamber, therefore, enjoined "Government ... to come to a decision without delay respecting


L. Chad
Nguru
Kaura
Namoda
Kano
Maiduguri
R. Niger
Kainji
Dam
R. Benue
LAGOS
Forcados
BIGHT OF BENIN
Port
Harcourt
LEGEND
INTERNATIONAL BOUNDARY
RAILWAYS
RIVERS

a distinguished Lagosian, expressed "satisfaction (that) ... the long delayed decision as to the provision of wharfage accommodation in connection with the main terminus of the railway has been taken in favour of Apapa." He noted that the delay had "caused a great deal of uneasiness. Today one heard that it was to be Wilmot Point and the next day it was Apapa."[38]

The Lagos Wharfage scheme which entailed the dredging of channels in the inner harbour, entrance to the Customs Wharf and the Five Cowrie Creek to Apapa was done departmentally under the supervision of Messrs Coode and Partners. This had been practically completed by 1922 at a cost of £410,000, an excess of £10,000 on the original estimate. At Apapa, work proceeded by stages concurrently with the deepening of the entrance to the Harbour under the supervision of the Consulting Engineers. The early stages of the Apapa wharfage scheme were handled departmentally but later stages were contracted to Messrs Armstrong, Whitworth & Co. Ltd. However, owing to the depression of 1920-22, which put the colony in financial straits, the Lagos Harbour Works went into abeyance. Efforts were made nonetheless to ensure that the Apapa works

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38. CSO 19/7 N2683/1919 "Nigerian Council, 1919", Proceedings of the Sixth Meeting of the Nigerian Council, 29 Dec., 1919, p.7.

were not too seriously affected. By 1924, a total of £3,344,137 had been expended on the Lagos, Apapa and Iddo schemes out of an estimate of £3,846,606.

By the mid-1920s, the trade of Lagos was handled at these three wharves in such a manner that one or the other of the wharves tended to "specialise" in a particular line of trade. For instance, the Customs Wharf on Lagos Island and the wharf at Iddo handled the bulk of the import trade. Some two-thirds of this traffic passed through Lagos. Despite the rapid development of the Apapa wharf, it was anticipated that "the great bulk of this cargo (imports) will still be consigned to the Customs Wharf, owing to the extensive private warehouse accommodation already established on Lagos Island by the mercantile community." It was noted, however, that "sooner or later the conduct of the whole of the rail-borne traffic - apart from coal - must be concentrated at Apapa, although ... the process may be gradual."[39] It was expected that the port of Lagos would have a total of sixteen berths at the completion of the Harbour Works. These would comprise four at Apapa

39. CSO 26/1 09896 vol.III "Lagos Island Wharfage", Extracts from Nigeria-Lagos Harbour: Entrance Works ..., para 74, enc. in Resident Engineer Harbour Works to C.S.G. 29 March, 1926.

with a minimum depth of 26 feet at low water; three at the Customs Wharf with a depth of 22 feet; four of a depth of 21-22 feet at the Marina Buoys; two at the Pool Buoys of a depth of 24 feet and five at the Pool Anchorages, 20 to 22 feet deep. The growth of traffic at the major wharves in Lagos from 1919 to 1929 is indicated in the table below.

TABLE 5

Total annual tonnages of imports and exports (including coal and railway materials) handled at the Iddo, Ijora and Apapa wharves, 1919-1928/29

Year	Exports			Imports							
	Iddo	Ijora	Apapa	Iddo			Ijora		Apapa		
	Goods	Goods	Goods	Goods	Railway Materials	Coal	Goods	Coal	Goods	Railway Materials	Coal
1919	85,688	-	3,049	32,696	35,582	-	-	-	-	384	16,923
1920	88,136	-	16,318	30,183	45,939 *	-	-	-	135	170	28,322
1921-22	89,527	-	11,899	28,489	52,849	-	-	-	114	13,942	39,694
1922-23	87,040	-	11,436	34,489	42,428	-	-	-	352	80	4,074
1923-24	111,258	-	17,125	32,825	80,051	62,418	-	-	58	-	5,236
1924-25	173,921	-	24,772	45,546	6,949	49,807	-	19,996	37	-	8,747
1925-26	182,609	-	55,786	55,454	7,167	-	2,362	106,219	-	-	-
1926-27	87,180	-	127,241	62,006	4,121	-	+ 7,886	100,205	9,574	1,921	-
1927-28	-	-	178,128	1,005	-	-	3,571	82,960	103,933	31,823	-
1928-29	-	417	201,307	-	-	-	11,457	74,144	111,470	14,134	-

* Railway materials and coal

\+ Timber, kerosene, etc.

SOURCE: CSO 1/32/97 702 of 25 June 1929, Baddeley to Webb, enc. 2.

These figures indicate that until 1925/26, the Iddo wharf handled the bulk of the exports, a trend that changed from that year. In respect of imports, Apapa held sway. The observation made in 1935 in respect of cargo handling at the wharves was true for the entire decade before the Second World War: "The larger proportion of imports are landed on Lagos island, exports handled at Apapa are greatly in excess of imports."[40] Although export cargo reached Lagos by three means: rail, waterways and, to a much lesser extent, road, the great bulk was, however, railborne. This accounted for the preponderance of the Apapa quay in the despatch of Lagos exports.[41] Apapa also had facilities for dealing with certain special trades such as the bulk export of palm oil at the U.A.C. wharf, fuel oil by the oil companies at the government-owned oil wharf and coal by the Nigerian Railway at the Ijora coal wharf. The pattern of trade at the wharves in the decade before the Second World War is indicated in the table below.

40. CSO 1/32/128 879 of 21 Nov., 1935, Maybin to Macdonald.

41. This section is based on CSO 26 34307 vol.II "Port Services: Organisation of", Report on the Co-ordination of Port Services in Nigeria, 14 Dec., 1939, Para 13-15.

TABLE 6

Tonnage of cargo handled per annum in the port of Lagos, 1929-38, inclusive

Handled at	Imports		Exports		Totals		Area Total	
	Tonnage	%	Tonnage	%	Tonnage	%	Tonnage	%
Customs Wharf, Lagos	138,990	65	-	-	138,990	23	LAGOS	
By Lighterage	2,500	1	152,196	40	154,696	25	293,686	48
Apapa Quay	34,140	16	225,402	57	259,542	43	APAPA	
Other Apapa Wharves	39,041	18	14,539	3	53,580	9	313,122	52
Totals	214,671	100	392,137	100	606,808	100	606,808	100

SOURCE: CSO 26 34307 vol.II "Port Services ...", op. cit enc. Report on Co-ordination ..., para. 16.

A number of conclusions could be drawn from the table above. First, that the tonnage of cargo handled on the Lagos and Apapa sides of the harbour were approximately equal. Indeed, in 1938, the tonnage was equally shared.[42] Second, only 43% of the cargo passing through the port was handled over the Apapa quay. Third, lighterage was an important activity in the port. This was so because ships berthed at Apapa quay to load rail-borne cargo also received from lighters the export cargoes brought to the Lagos wharf from the lagoon markets. However, if the quantity of the lagoon cargo at Lagos was considerable, the shipping agent could decide to load the vessel at the Pool Anchorage or the Mooring Buoys. In such a case, rail-borne cargo was lightered from Apapa quay. The importance of ligherage in the port is appreciated if it is realized that the import cargo, exports other than from Apapa quay, palm oil shipped from the UAC's wharf and cased oils from the Government oil wharf were handled by this means.

This point is driven home by the statistics. For, whereas in the period between 1929 and 1938 the total tonnage handled at Apapa rose from 314,909 tons to a peak of 499,061 tons -

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42. Ibid., para 16.

an increase of 79% - the respective figures for lighterage were 103,265 tons and 205,319 tons - an increase of 99%.[43]

Meanwhile, further developments were taking place in the evolution of port policy in Nigeria. As we have noted above, the thrust of that policy was in favour of concentration. With particular reference to Lagos, this meant a focus on the development of Apapa. It was noted in 1937 that

> Looking ahead, it is already clear that the capacity of the Lagos Island waterfront to deal with a rapidly increasing trade will soon be reached. Augmented trade and the prospects of a far greater development of the immense resources of Nigeria now make it imperative for a long view to be faced, for a positive scheme of development for the Port of Lagos to be shaped and for the first steps towards its accomplishment to be taken without delay. Failure to do this must result in further piecemeal contriving on the Lagos side of the harbour with eventual chaos due to trade overtaking port development.[44]

It was pointed out that the Lagos side was facing several congestion of trading arrangements owing to a rapid increase in population in a small area of land. Besides, it was served by only one form of inland transport and further development was stultified by the lack of land on the waterfront. "Freeing the streets of vehicles standing to load and unload," it was emphasized, "is already a live issue increasing in intensity."[45] Furthermore, the Port Engineer had given the Customs Wharf in Lagos a maximum life span of twelve years.

Speaking in the Legislative Council in March 1937, the Governor had stated that there was need for a "definite trend of port development for the future ... It appears almost certain that any extension of activities must take place on the Apapa side ..."[46] Accordingly, he asked the Lagos Port Advisory Board for appropriate suggestions.

At the Board meeting on 5 May, 1937, the chairman opined that from a purely shipping point of view, it seemed desirable to have only one deepwater wharf in Lagos Harbour. This, he explained, would save vessels the trouble of moving from one side of the harbour to the other. The shipping members of the Board, Mr. Feggetter of the Elder Dempster Lines and Captain Roberts of the Barber West Africa Line, agreed that this was the case. However, the trading members were not particularly

45. Ibid., para. 5.

46. Cited in Ibid., Folio 18: Minutes of the Second Meeting of the L.P.A.B., 5 May, 1937.

enthusiastic at the looming prospect of the abandonment of the Lagos side of the harbour. Thus, Mr. Winter of John Holt and Company noted that such a movement would affect land values - those on the Apapa side would appreciate while land and building values on Lagos Island would depreciate in value.

The lack of enthusiasm on the part of the merchants was because of their having been well entrenched on the Lagos side. As late as 1946 when this issue was still being debated, the Lagos Chamber of Commerce expressed its "concern at the future prospect of closing Lagos as a port since, in a large number of cases, it was found by local commercial concerns, that it was more convenient (to handle cargo) ... at Lagos rather than Apapa."[47] In the first instance, the Chamber argued, clearance from wharf to store was more expeditiously effected at the Lagos Customs Wharf. Second, warehousing facilities and administrative supervision existed only at Lagos and not at Apapa.

After all said and done, the Port Advisory Board made a number of recommendations in respect of port development in Lagos. First, that the Consulting Engineers should submit

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47. CSO 26/1 09860/S.7A "Lagos Port Advisory Board ..., 1946", Cassleton Elliot & Co., Secretaries, Lagos Chamber of Commerce to Chairman, L.P.A.B., 7 Oct., 1946.

draft plans and estimates for a two and three berth southward extension of Apapa Quay, equipped alternatively with single and double storied transit sheds. Second, all further extensions of the Apapa Quay was to be so designed as to allow of equal access to road and rail vehicles. Third, steps should be taken to provide a road from the Iddo end of Carter bridge via Ijora to Apapa. The Consulting Engineers would be asked to make recommendations in respect of a bridge across the Ebute Metta Creek which such a highway rendered necessary. Fourth, the mainland coastline from Apapa Quay towards Iddo should be reclaimed.[48]

Accordingly, the Consulting Engineers submitted a plan dated 15 November 1937 in respect of the extension of the Apapa Wharf. They recommended that the wharf should be extended 1,500 feet to the southward. However, until the post-war period, no progress was made in this respect. Hence, the Port Advisory Board had to make fresh recommendations in 1946 endorsing the plan of the Consulting Engineers.[49] It was suggested that the extension of the wharf be contracted out to competent firms and that the Lagos Wharf be maintained in its existing condition as far as was practicable until the

48. CSO 26/1 09860/S.7 vol. I ... op. cit., folio 25.

49. CSO 26/1 09860/S.7A ... op.cit, Meeting of L.P.A.B., 18 Feb., 1946.

Apapa extension was completed. When that was done, the future of the Lagos Wharf would be determined by the requirements of shipping.

Commenting on these proposals, the acting Chief Secretary to Government stated that since the additional 1,500 feet extension at Apapa was intended merely to replace accommodation that was available at the Customs Wharf, no real provision had been made for the handling of the expected increase in trade.[50] The Advisory Board consequently recommended that the first extension of the Apapa wharf should, therefore, be 2,500 feet.[51] This figure was based on the calculation that the Customs wharves had a total length of 1,200 feet and were designed to take three ships each less than 400 feet long. But as shipowners were building longer and larger vessels averaging 450 feet or more in length, three of such vessels would need a minimum wharfage of 1,500 feet. A thousand feet was then added to this figure as a first step towards providing for an increased tonnage. This additional length would give berthing accommodation for two more vessels. Although the additional wharfage of 2,500 feet

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50. Ibid., L.H. Goble, Ag. C.S.G. to Director of Marine, 20 Aug., 1946.

51. Ibid., Director of Marine (Chairman, L.P.A.B .) to C.S.G., 13 Sept., 1946.

fell far short of the 6,000 feet recommended by the Consulting Engineers in 1937, it was considered sufficient for a first instalment. In any case, it was envisaged that the provision of modern mechanical appliances, which ensured quicker turn round to ships, would make up for the deficiency in wharfage and berthage accommodation.

The question of shipping turn round leads us to the examination of port operations in Lagos during this period. For a better appreciation of this problem, it is necessary to describe the approach to, and system of port operations in, the harbour.[52] A five-mile (eight kilometer) fairway separating the Wharves from the Bar, followed at first the eastern side of the harbour and then divided at the Five Cowrie Point. One channel continued up the eastern side to the Customs Wharf on Lagos Island while the other crossed diagonally to the railway wharves at Apapa on the western or mainland side. The normal routine of the port was for vessels to proceed first to the Customs wharf where they discharged most of their cargo into the warehouses of the Lagos merchants for distribution inland in small quantities. The vessels would then go to the Apapa wharves to land railway material and other goods in bulk for transport by rail into the hinterland. For the return journey, the vessels loaded rail-borne cargo at Apapa and took on goods collected in Lagos by the lagoon canoe trade.

52. This paragraph draws on M.T.A. 1/1 T.0328, "I.S.C.: Appointments, Reports etc.," Report on the Harbours of Nigeria ... op. cit., pp.11-12, para 20-21.

But this system was not as smooth in practice for slow turn round - delays in loading and off-loading - was a persistent feature of port-working in Lagos. In December 1919, for instance, the Managing Director of the Elder Dempster Lines complained about "the poor despatch our steamers are getting at Lagos."[53] He then cited the following instances to buttress the point: the "Gaboon" spent four days and 19 hours discharging 760 tons; the "Shonga" arrived in Lagos on 17 November with 1,390 tons but left only on December 1, having spent 13 days discharging cargo, and the "Benin" lost two and half days in November 1919 owing to the congestion of the port. Further examples of delays were furnished by Mr. Little, the Lagos agent of the Company, in the Nigerian Council in 1919.[54] The particulars he supplied were as follows:

Steamer	Tonnage discharged	Time taken	Average per hour
"Baro"	982 tons	8 days	15 tons
"Iddo"	892 "	9 "	12 "
"Uromi"	681 "	8 "	10 "

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53. CSO 19/7 N325/19 "Exports received at and shipped from Iddo ... 1919", J.H. Sharrock to Central Sec. Lagos, 27 Dec., 1919.

54. CSO 19/7 N2683/1919 "Nigerian Council, 1919", op. cit., p.9.

Although further information is lacking on the subsequent period up to 1929, there is no doubt that the problem defied solution. Hence, in February 1929, the issue was raised in the meetings of the Lagos Chamber of Commerce.[55]

Mr. F. Bateman Jones of the Elder Dempster Lines testified that the following ships were held up during the month - S.S. "Bakana" (5 days) and S.S. "Jebba" (3 days). He calculated that the average daily discharge per vessel at Apapa was approximately 600 tons for "fine goods" despite the use of electric cranes whereas at the Lagos Customs Wharf, Port Harcourt and Calabar, where no delay was experienced and double-decked stores were used, ships worked an average discharge of 1,100 tons of cargo per day.

A number of reasons were identified as accounting for the delay. First, the electric cranage at Apapa was defective in the previous season. Second, time was wasted in slinging cargo from the cranes into the doorways of the top storey of the Apapa sheds. Third, slow work was entailed in loading goods directly into wagons and long delays were caused by shunting them. The frequent lack of wagons also caused delays.

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55. CSO 26 09756 vol.III, "Chambers of Commerce, Lagos, Minutes of Meetings", Meeting of 15 May, 1929.

Fourth, the importation of construction material in heavy quantities during the busy season at Apapa further compounded the situation at the wharf.

Accordingly, the Chamber of Commerce proffered solutions to the problem. First, the use of a large number of effective electric cranes. Second, provision of adequate spare parts and accessories to prevent grounding of cranes for three or four months on end. Third, the ledge of the top storey of the sheds to be so widened that cargo could be landed on it and labourers could remove it under safe conditions. This would put an end to the practice of swinging cargoes into the doors for labourers to catch - a dangerous and time-wasting practice. Fourth, there should be improvements in storage so that vessels could tie up alongside the shed they wished to use in discharging or loading cargo. For, under the existing arrangement, vessels along Number 1 berth drew their cargoes from Number 4 store. No arrangement could have been more time-wasting! Fifth, temporary provision for the work of handling lighters until adequate accommodation was available for all shipping. Sixth, government was to shift the period of heavy importation of construction material to prevent its further coincidence with the busy season at Apapa.

Official reactions to these suggestions are unknown for the records are silent on this issue in the period after 1929. This could be interpreted to mean that certain changes were effected or that the merchants came to terms with the apparently intractable problem. Be that as it may, the only issue of relevance to cargo handling that generated some debate during this period was that of the cargo-handling contract of Apapa Quay. The original contract had been signed in 1927 with the Nigerian Transport Company, a subsidiary of Messrs Elder Dempster. When that Company was wound up, the shipping company carried on under a day-by-day agreement. It was this arrangement that the colonial government sought to upset in 1937 when it invited tenders for a fresh contract for a specified term.[56] Government expressed preference for either of the following arrangements: (a) a complete cargo-handling contract including full responsibility to the Port Authority for the movement and safe custody of general cargo between ships' slings and rail or road vehicles either direct or through the transit sheds and including the working of the sheds, keeping of registers and preparation of documents;

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56. CSO 26/1 09860/S.1 vol.II "L.P.A.B.: Agenda and Proceedings", Folios 62-63, Minutes of the Fifth meeting of the L.P.A.B., 2 Dec., 1938.

(b) a contract for the supply of labour and headmen only, direct supervision being the responsibility of the Port Authority through the port traffic officers at Apapa Quay.

No acceptable tender was received in respect of (a) but a number came for (b). The applications were then short-listed to two to serve Lagos and Port Harcourt. Under the new arrangement, it was expected that an additional inspector would be added to the Port Traffic Staff at the Apapa Quay for direct supervision of labour. In this way, a sum of approximately £2,600 was expected to be saved in comparison with the existing system, based on the average of the tonnage and payments of the previous three years. The new arrangement, it was explained, was just a question of "policy and cost", and not an indictment of the performance of the Elder Dempster agency.

Predictably, Mr. T. Whitfield of Elder Dempster saw no need for instituting a new system of cargo-working as the "present arrangements ... were functioning well and smoothly."[57] Quoting a memorandum of wharf-working prepared by his Director, Major L.H. Cripps, Whitfield pointed out that the work of discharging and loading a ship involved a number of unit

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57. Ibid., Folios 64-65.

operations such as breaking out and stowage, making up slings, slinging, unloading or evacuating to and from rail or road vehicle. Hence, it was "at its best when the whole of such operations were carried out by the shipowner or by an export firm. It was at its worst when a number of different organizations attempted to do it, as co-ordination became difficult." He contended that at ports where Government carried out the cargo-handling operations, it had been shown that they "are the less efficient and also that pilferage shows a higher percentage."[58]

However, R. M. Williams of the U.A.C., G. Cotgreave of John Holt and C. C. Roberts of the American West Africa Line unanimously opposed the plan to institute a new system of cargo-handling under government control.[59] This could have been a reflection of mercantile solidarity to exclude government from what was considered the preserve of private enterprise. Second, this support could be interpreted as deference to Elder Dempster's strangle hold on shipping in the colony. For, all three lauded the "satisfactory" performance of Elder Dempster's cargo-handling operations. Eventually, a decision was taken after the temporary withdrawal

58. <u>Ibid</u>., folio 67.

59. <u>Ibid</u>., folios 68-70.

of the interested party from the meeting. The Advisory Board then resolved that "in view of the satisfaction which Messrs Elder Dempster's conduct of the cargo-handling labour operations at Apapa Quay had given to shipowners and traders during past years, it will be to advantage for their service to be retained ... especially having in mind the probable instability of trade and uncertainty of labour supply in Nigeria during the years immediately ahead."[60] The company was, however, advised to submit to the government a tender for continuing the work after 31 March 1939, when its existing day-by-day contract would expire. This was, in practical terms, the maintenance of the status quo.

The foregoing discussion of the process of the physical development of the port of Lagos has dwelt upon the dredging operations to deepen the entrance to the harbour, the construction of moles to narrow and deepen the approach channel and the construction of wharves for the purpose of port-working. These developments obviated the need to tranship Lagos cargo at Forcados and permitted the entry of vessels with deep draughts. Wharves were provided to cope with the increase in trade especially at Apapa which was the major focus of port development during this period. While all these changes were taking place in the port, complementary

60. Ibid., folio 72.

developments, such as the construction of a railway line to Kano and of roads in Yorubaland, were giving the port of Lagos greater access to wider areas of the hinterland. This, as would be shown in subsequent chapters, redounded to the overall benefit of the port. Lagos could then live up to its reputation as the "Liverpool" of West Africa.

Although the physical development of Lagos port underscored the importance of site and situation in the evolution of a port, these factors have to be appreciated only within the context of human activity. As Professor Weigend had observed in respect of the port of Hamburg,[61] site and situation "in themselves do not determine the process of origin and growth of the port ... The human forces affecting the development of ... (the port) throughout the centuries are ... more decisive, more varied, and at the same time much more complex than physical factors." In highlighting the importance of the "political" factor, Weigend asserted that men "with initiative and enterprise and with a great variety of motives have made use of the site and developed it within the framework of human activity." Hence, it was this combination of "human and physical factors that developed Hamburg

61. G. G. Weigend, "The functional development of the port of Hamburg", T.E.S.G., 47, 5 (May, 1956), pp.113-120.

into "a powerful international seaport." This was no less true of Lagos as the foregoing discussion has shown.

Having spent considerable sums of money developing the port of Lagos and providing several port facilities, the colonial government, understandably, levied port charges. The following section examines the evolution of and reactions to the tariff structure in the port during our period.

<u>Tariffs and Port Revenue in Lagos</u>

Port tariffs were, for all practical purposes, charges levied on services rendered to shipping. These were in respect of lighterage, lighting and buoyage, berthage, anchorage, pilotage and habour services. In the port of Lagos, berthage dues were charged for the use of government-owned wharves to cover the capital and maintenance charges on them. Lighterage charges were imposed to pay for the use of lighters. A towage due was paid by ships for the use of a tug to tow ships. Mooring buoy dues were levied on any ship that utilized the government mooring buoys while berthing dues were imposed on every ship of 1,000 or more tons nett registered tonnage which made use of government boats and boat crews to run and secure ships' lines. Anchorage dues were paid by ships which remained in the port for more than a month. Harbour dues were also charged to recompense government for the expenditure on habour works while handling and terminal charges were collected at railway-connected wharves for the conveyance of goods.

In a nutshell, the port authorities at Lagos levied a wide variety of charges ostensibly to compensate for the physical development of the harbour. This was bluntly stated in 1926 by the Treasurer to the Nigerian government - "Harbours cost money. They increase shipping facilities and the handling of cargo, and, as a reimbursement for the expenditure incurred thereon, Government charges Harbour dues."[62] Consequently, the rates of port charges were constantly reviewed partly to cope with the vagaries of trade and partly in line with recurrent expenditure on the port. For instance, up to 1917, the rate of harbour dues was 2s:6d per ton on cargo landed at or shipped from the port of Lagos. But in 1917, Lugard informed the Secretary of State that he wished to increase the harbour dues owing to the "growth of the expenditure incurred in opening and keeping open, the deep water channel

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62. CSO 26 09049 vol.IV "Berthage dues - Payment of; Maritime and Harbour Dues in Nigeria", enc. "Notes", D.S. Macgregor to C.S.G. 13 Sept., 1926.

into the Port of Lagos."[63] As against the expenditure of £92,000 per annum on the harbour works and maintenance of equipment, the charge of 2s:6d yielded an estimated revenue of £45,000 per annum. Despite opposition from the Lagos Chamber of Commerce[64] - which went as far as questioning the very basis for levying harbour dues - new rates were imposed under the Harbour Dues Ordinance XXIII of 14 December, 1918.[65]

Under the new tariffs, dues on first and second class passengers were increased from 2/- to 4/- and those on other classes of passengers rose from 6d to 1/-. The dues on commodities were: £1 per ton of 20cwt on hides and skins; 6/3d per ton of 20 cwt on groundnuts and palm kernels; 5/9d per ton of 20 cwt of palm oil and 4/- per ton of 20 cwt of tin.

In respect of the berthage due, Regulation 3 of Regulations 47 of 1917 required every ship that lay alongside any government wharf in the port to pay 1d per ton of registered tonnage of the ship for each 48 hours or part thereof of her stay there. Ships of war or auxiliary ships belonging to the Imperial Government were, however, exempt.[66]

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63. CSO 26 09049 vol. 1A "Harbour Dues", Lugard to Long, 28 July, 1917.

64. Ibid., Sec., Chamber of Commerce, Lagos to S.S.P., 23 Aug., 1917.

65. Enc. in CSO 26 09049 vol. 1A ... op. cit.

66. CSO 26 09049 vol. 1 "Berthage dues ...", Comptroller of Customs to C.S.G., 9 March, 1923.

Towage dues which were levied for the use of a tug were paid in accordance with the draught of the vessel. For instance, Regulation No. 21 of 1920 under the "Ports Ordinance, 1917" stipulated that ships with a draught not above 16 feet should pay a due of £17 per ship; those whose draught ranged from 16 to 20 feet should pay £20 while ships with draught exceeding 20 feet would pay £22:10/-. Additional charges were levied on Sundays and public holidays as follows: £1: 10/- for any period not exceeding 1¼ hours and £3 for any period exceeding 1¼ hours.[67]

In addition to the purely port charges, there were handling charges which were in practical terms a railway charge at wharves with rail connections. At Iddo, this was 5/- per ton. It should be noted that whereas the shipping firms paid virtually all the harbour charges, the handling or terminal charges were paid by the consignee of cargo. In contrast, no handling charges were paid at the Lagos Customs which had no rail connections. Consequently, the shipping companies included charges for handling cargo in the freight - that is, the consignee paid indirectly and could pass it on to the retailer or consumer.

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67. CSO 1/32/58 1059 of 1 Dec., 1920, Clifford to Milner, enc.

Although the foregoing discussion of the rates of port charges is not exhaustive, it could be seen that the charges were wide-ranging and would have added up to a substantial burden on shipping in the port. This, as expected, bred resentment on the part of the business community in Lagos and Britain. Thus, Mr. Archer of Elder Dempster, reacting to charges that ocean freights charged by his company were unduly high stated that:

> we hear much of passage and freight rates being high. That is in a large measure due to the fact that the Government levies charges which are excessive. I suggest that we ought to make this (i.e. Lagos) a cheaper port ... It must be very discouraging to bring a ship into this harbour when hardly before you touch the port or (land) any cargo you have to pay harbour dues that cost roughly on an average £60 and it requires quite a good start to make up that lee-way.[68]

Mr. Little then alluded to the fact that cheaper rates were levied in the Gold Coast.

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68. CSO 26 06788 "Governor's Address to Nigerian Council, 1923," - Proceedings of the Eighth Meeting of the Nigerian Council, 26 Feb., 1923, pp.13-14.

The Governor countered that there was no basis for comparison with the Gold Coast which, according to him, "has no harbours and you cannot expect any harbour dues to be levied on shipping lying in the open roads." On the contrary, "enormous sums of money" had been spent on the Lagos harbour. Hence, he told the shippers that "you must naturally expect to pay for the advantages which are thus secured to you as compared with the disadvantages of discharging cargo from vessels rolling about in the surf and where you have to depend upon lighters to carry your cargo ashore."[69]

Nonetheless, the Nigerian government had to admit, even if within official circles, that the Lagos port charges were on the high side. Thus, the Acting Chief Secretary conceded that "The Port is said to be one of the most expensive in the world - it is undoubtedly an expensive port."[70] This was buttressed by a list of dues paid by the ship, S.S. "Appam" in 1923.[71] The vessel, which had a gross tonnage of 7,781 and a nett tonnage of 4,761, arrived on March 9 and was

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69. Ibid., p.31.

70. CSO 26 09049 vol.1 ... op. cit., Acting C.S.G. to Comptroller of Customs, Director of Marine and General Manager, Railway, 6 April, 1923.

71. Ibid., Comptroller of Customs to C.S.G., 13 April, 1923.

cleared on the 16th. The charges it paid, excluding pilotage and railway terminal charges were as follows:

*Inward cargo 1,955 tons, approximately 4/3 per ton	Harbour Dues	£413: 1: 7
*Outward cargo 2,481 tons, " 6/- " "	Harbour Dues	734: 5:11
Inward passengers 331, Deck 1/- Saloon 4/-	Harbour Dues	33: 7: 0
Outward passengers 332 Deck 1/- Saloon 4/-	Harbour Dues	39:15: 0
Berthage dues 1d per Registered ton per 48 hours		59:10: 0
Customs overtime charges from 2/- to 10/- per hour including Iddo		31: 8: 0
Fresh water supplied to ship, 8/4 per 1,000 gallons		55: 8: 4
Light dues		39:13: 6
Trucks hired to ship		1: 0: 0
*Recovered by Shipping Co. with freight charges, direct from shippers.	Total charges	£1,407:9:4

It should be noted, however, that the shipping company did not necessarily pay all these port charges. Indeed, the charges paid depended in large measure on where the cargo was shipped or offloaded. Thus, at Iddo, the consignee was charged 5/- per ton for handling whereas at the Customs Wharf, cargo was handled by the shipping company apparently free of charge to the consignee. Then, the shipping company paid berthage dues while the consignee paid freight and harbour dues at the Customs Wharf in Lagos. On the other hand, the ship paid no berthage at Iddo and only landed the cargo on the quay. Here, the consignee paid handling charges in addition to freight and harbour dues.[72] It could be deduced from this that the handling charges covered berthage at Iddo but this ought to have been paid by the shipping company rather than the consignee.

In spite of the admission that port charges in Lagos tended to be high in absolute terms, officials sought to show that they were comparable to charges at many other ports. Thus, the Director of Marine argued with reference to the table below that "the dues on the ships, excluding those on the cargo, at this Port compare favourably with Cape Town but are much higher than Colombo."[73] He noted that it was "very difficult to make an exact comparison" between Lagos and Colombo but, all things considered, the difference was marginal - if railway terminal charges were excluded. For instance, the Lagos harbour dues of 4/- were offset by the landing and crane charges at Colombo which

72. Ibid., R.H.W. Hughes, Director of Marine to C.S.G., 28 June, 1923.

73. Ibid., Hughes to C.S.G., 7 Sept., 1923.

added up to about 4/- per ton. The table below compares the harbour charges, excluding dues on inward or outward cargo, at Lagos, Colombo and Capetown. The total charges on eleven vessels amounted to £1,213:19:1; £690:17:9 and £1,262:9:2 at Lagos, Colombo and Capetown respectively. Thus, Lagos charges were £523:1:4 in excess of Colombo's but were £48:10:1 less than at Capetown

TABLE 7

Harbour charges at Lagos, Colombo and Capetown

Vessel	Lagos			Colombo			Capetown		
	£	s	d	£	s	d	£	s	d
S.S. "Appam"	235	19	-	142	-	8	191	13	9
S.S. "Ediba"	171	-	-	161	3	10	309	3	4
S.S. "Gaboon" (out)	120	6	8	47	14	6	108	15	10
S.S. "Gaboon" (home)	61	10	-	52	7	10	79	8	4
S.S. "Italia"	72	2	4	28	1	6	77	10	10
S.S. "Hedron"	65	15	6	49	13	3	81	2	6
S.S. "Nils"	64	9	6	74	12	10	81	7	11
S.S. "Fordejard"	83	5	8	34	15	7	66	1	8
S.S. "Holmia"	77	19	4	25	11	9	67	7	6
S.S. "Scotia"	68	1	9	18	19	5	58	15	10
S.S. "Italia"	102	4	8	29	16	5	71	15	10
S.S. "Scotia"	91	4	8	26	0	2	69	5	10
Total	1,213	19	1	690	17	9	1,262	9	2

SOURCE: CSO 26 09049 vol. I ... op. cit., Schedule 'A' to Director of Marine to C.S.G., 7 Sept., 1923.

The point that it was the terminal charges that unduly inflated Lagos port charges was stressed by the Director of Marine in a later correspondence.[74] In this connection, he pointed out that it cost only 2s:6d per ton to actually handle the cargo at Iddo, leaving a margin of 2s:6d. Although he conceded that port charges ought to give sufficient margin to take care of renewals and working expenses, he considered the margin of 2s:6d rather excessive. Hence, he counselled that the charges be differentiated into two - handling and terminal charges - "so that the stigma of the extra 2/6d could be removed from the Port." He contended that the terminal charges, as railway charges, should be "kept quite separate and distinct from Port charges."

Although this line of argument purported to be dispassionate, it should be considered also from the perspective of inter-departmental rivalry. For, as will be shown later, this was an aspect of the politics of control of the port of Lagos. Thus, the Director of Marine pointed out that the Railway terminal charges were about six times the berthage dues. He noted that if half the cost of terminal

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74. *Ibid.*, Director of Marine to C.S.G., 24 Sept., 1923.

charges were deducted for the cost of handling, the remainder

> still leaves the Railway charging three times as much for the upkeep of their terminal station as being charged elsewhere for the upkeep of Government wharves. I am not aware of what the cost of maintaining a terminus station is, but it would appear that the revenue derived from this source is very much in excess of what is required for that purpose, and is thus a means of Profit to the Railway.[75]

Mr. Hughes, therefore, called for a substantial reduction of railway terminal charges from 5/- to 3s:3d.

Mr. E. M. Bland, the General Manager, Railways, in reaction to this call, first compared charges in the port of Lagos with those in Liverpool.[76] He explained that a vessel entering the port of Liverpool from West Africa and utilizing one of the docks paid 2s:8d per ton on her "Tonnage Burden." This charge, called the Dock Tonnage Rate, allowed a vessel to remain alongside for two months without incurring any extra charge. If a vessel entered the port without using a

75. Ibid.

76. Ibid., E.M. Bland, G.M.R. to C.S.G., 27 November, 1923.

dock, it paid a Harbour Rate of $3\frac{3}{8}$d on her Tonnage Burden. In addition, the port of Liverpool charged Dock Rates and Town Duties on Goods on all imports and exports. The Dock Rates were 10/- per ton on articles such as aniline, salt, biscuits, fancy, clocks and cochineal; 4s:6d on cocoa, 6d on Ice, 8d on manganiferous iron ore; 2/- on groundnuts, 4s:4d on groundnuts and 2/- on palm kernels. In general, the outward rates were half those charged on similar goods inward. From 1October 1922, these rates were, however, reduced by 5%. After all said and done, the General Manager, Railways concluded that the Liverpool rates "appear to be equivalent to those levied at the Port of Lagos."

Turning to the contentious railway charges, Mr. Bland explained that the terminal charges of 2s:6d per ton were levied on goods consigned to Iddo or Apapa (local) while handling charges of the same amount were imposed on goods conveyed to the wharves. If a ship of the "APPAM" class brought out to Lagos 1,500 tons of general merchandise and took away 2,000 tons of produce, all of which was handled over the Iddo wharf, a sum of £875 was paid by the importer and exporter. This sum or one depending upon the tonnage which was rail-borne were the terminal and handling charges which were added to those levied as port charges per se. Mr. Bland was convinced that the handling charges would reduce when new facilities were provided at Apapa and Port Harcourt.[77] Nonetheless, he contended that the terminal charge of 2s:6d should remain to cover the interest on the outlay of the warehouses, terminal station and wharves; the free storage period; booking and consignment of merchandise; cost of additional supervising staff; shunting and marshalling of trains and general maintenance and upkeep.

The issue of port charges remained unresolved until a committee of experts was instituted in 1925 to study the question and make recommendations. In the meantime, further debate was generated over charges on cargo in transit through the port of Lagos. The cargoes in transit passed through Lagos to and from Porto Novo, other Nigerian ports such as Port Harcourt and the French territories on Nigeria's northern borders. It was in respect of harbour duties on this class of goods that Elder Dempster lodged a protest in 1924.[78]

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77. In a correspondence to the C.S.G. on 27 Aug., 1923, the G.M.R. had justified the handling charges as covering the cost of labour which alone amounted to 1s 7.43d per ton; the wages of supervisors and clerks, maintenance of two shunting engines and sundry expenses. He therefore considered 2s 6d a "most reasonable charge for the service."

78. CSO 26 09049 vol.1, *ibid.*, Elder Dempster & Co. to C.S.G., 13 May, 1924.

The Company noted that such cargoes were charged the Outward Harbour rate which amounted, in the case of palm kernels, to 6s 3d per ton. This was in addition to port charges levied on the steamer itself and the ocean freight rate of 25/- per ton on that commodity. It was argued that this provided "no inducement to make the best use of Lagos." In the same vein, inward cargoes in transit drew a charge of 4/- per ton. Elder Dempster then pleaded for concessions in respect of charges on transit goods so that more use could be made of the advantage of depth which Lagos enjoyed in relation to smaller ports with shallower bars along the Nigerian coastline. This request was endorsed by the Comptroller of Customs who considered it "advisable to make a concession" since Harbour dues generated some £106,000 in 1923.[79] The shipping company then reinforced its case by showing that cargoes in transit were exempt from duties in the port of London while those not landed on the quay but delivered overside to lighters at Hull were similarly exempt. Even in Liverpool where they attracted charges, only Outward harbour dues of 1s 10d and 1s 4d per ton were paid on palm and palm kernels respectively. This, it was emphasized, was a far

79. Ibid., Comptroller of Customs to C.S.G., 27 May, 1924.

ery from the rates of 5s 9d and 6s 3d respectively in Lagos.[80]

The colonial government responded sympathetically to this plea.[81] It pointed out, however, that the dues had to be charged to make up for expenditure on the dredging of the harbour. Hence, it could only exempt branch boats which were the class of vessels that could use the harbour in its initial state. Nonetheless, concessions were granted "to encourage shipping to come to the best port." It was, therefore, envisaged to set off the freight to or from Lagos from or to the neighbouring Nigerian ports against the Harbour Dues. Thus, if palm kernels paid 4/- freight from Forcados to Lagos, Government would charge 2s 3d harbour dues only, in lieu of 6s 3d.

The Comptroller of Customs, however, objected to this proposal on the ground that it would be simpler to reduce the rate itself. Since transhipped cargo paid only one way, a reduction of the rate by one half, he suggested, was likely to result in increased transhipments through Lagos. He emphasized that such a concession should not apply to Porto Novo otherwise it would have to apply to Badagry also.

80. Ibid., Elder Dempster & Co. to Acting C.S.G., 11 June, 1924.

81. Ibid., H.O.S. Wright, Ag. C.S.G. to Comptroller of Customs, 4 July, 1924.

Rather, "only ... cargo brought in over the bar and transhipped in the harbour direct to the outgoing vessel" should benefit from it.[82] Eventually, the Comptroller's recommendations were embodied in the Lagos Harbour Dues Ordinance Cap. 101 of 1December, 1924 which reduced the transhipment dues by half.

A major landmark in the evolution of port tariffs in Lagos was the institution in 1925 of a committee to consider and report on the future administration and dues of the Port Harcourt and Apapa wharves. The Committee comprised Captain R.H.W. Hughes, the Director of Marine, who was the chairman; W.K. Duncombe, the acting Comptroller of Customs; W.C. Bostock, Deputy General Manager, Railways; G.E.B. Coulcher, Acting Resident Engineer Harbour Works; L.A. Archer, V.R. Osborne, S.H. Pearse, H.S. Feggetter and P.J.C. Thomas - European and African members of the Lagos Chamber of Commerce - and J. Cowper, the Secretary to the Committee. It met on 18, 19, 20 and 22 May and on 2 June.[83]

The Committee's first term of reference was to summarise the capital works in Lagos and Port Harcourt and to suggest equitable port charges to cover the cost of maintenance

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82. Ibid., Comptroller of Customs to C.S.G., 10 July, 1924.

83. The Committee's Report is enclosed in CSO 26 09049 vol.II, "Berthage Dues ...", Director of Marine to C.S.G. 26 June, 1925.

and, if possible, give Government some return on the capital committed to the projects. Members of the committee unanimously agreed that equal charges be established for both ports. They also resolved that the harbour dues on cocoa, palm oil, groundnuts and palm kernels should be reduced to a flat rate of 5/- per ton. All but Messrs Osborne and Pearse agreed to recommend that Nigerian coal be exported without paying harbour dues.

In respect of berthage dues, the Committee recommended a reduction to one half penny per ton of the registered tonnage on all vessels of over 100 tons net register at all government wharves, for each twenty-four hours or less that a vessel lay alongside the sharf. A number of exceptions were however, made in respect of this recommendation. First, vessels berthing for the purpose of taking fresh water only would pay one eighth of a penny per ton for the same period. Second, those proceeding along a wharf or coal tip for the purpose of bunkering only, were exempt from paying berthage dues. Third, if such vessels were meant to load Nigeria coal for export, they would also pay no dues. The Committee noted, however, that the reduced charges would not cover the cost of maintenance to say nothing of giving the government any interest on the capital committed.

The Committee recommended that no terminal charge should be levied on ships or cargo as a Port charge. But, in respect of handling charges, a rate of 3s 6d per ton was recommended for cargo handled or loaded at Railway wharves. This charge was to include the use of cranes, except special ones for heavy weights, which should attract a separate charge.

No alteration was recommended in respect of pilotage. It was reasoned that profit realised from this service would be equitably set off against a considerable deficit on Towage. The question of reducing this charge by 50% split members of the Committee: the five unofficial members endorsed it; the three officials objected while the chairman did not vote.

It was recommended that a berthing charge of £2 per ship for vessels of 1,000 net registered tonnage or over be introduced at all Government wharves at which Marine boats and crews would be provided to run ships' lines to the quay and make fast. Light and Buoyage dues, on their part, were recommended for reduction from 5d to 3d per registered tonnage in the case of vessels visiting Lagos or Port Harcourt only and in all other cases the due would remain at 5d per ton. The Committee was sharply divided over the proposal to levy charges on the use of mooring buoys in Lagos Harbour. A vote of 5-4 was recorded in favour of the principle with the mercantile members - Archer, Feggetter, Pearse and Thomas - dissenting. All but Mr. Bostock endorsed the charge of one farthing per ton on the net registered tonnage. However, the Committee recommended that cranage charges should be included in handling charges. Finally, it differentiated charges between Port and Railway, ship and cargo, as follows:

PAYEE	PORT	RAILWAY	AVERAGE RATES
Ship	Light and Buoyage		3d per nett registered ton for Lagos and Port Harcourt only; 5d for both or any other port.
Ship	Pilotage		10/- per foot, with increase over 15 ft. at Lagos
Ship	Towage		£11:5/- in/out of Lagos, 23ft. draught
*Ship	Berthage		½d per net registered ton each 24 hours
Ship	Berthing		£2 per ship
Ship	Mooring buoys		1/8d per net registered ton per 72 hours
Cargo	Harbour dues		Average 5/3 per ton exports; 4/- per ton imports
Cargo		Handling charges	3s 6d per ton

* The Berthage dues were to be credited to either the Railway or the Port according to whose capital account the cost of the wharves appeared against.

Although this Report had been submitted in May, 1925, the expected reaction from the business community - whose interests were closely affected by the recommendations - was unusually slow in coming. Hence, Governor Graeme Thomson in March 1926, almost a year later, expressed "surprise and disappointment" that the London, Liverpool and Manchester Chambers of Commerce and the A.W.A.M. had not shown any overt interest in the matter whereas the appropriate legislation was expected to be enacted in April, 1926.[84]

However, the three Chambers and A.W.A.M. despatched a joint memorandum to Lagos within a week of Thomson's correspondence to the Secretary of State.[85] The merchants, predictably, had much to quarrel with in the Report. First, they demanded explanation on the sum of £143,891 spent on dredgers and plant contained in schedule I of the Report. Second, they complained that the Committee did not give an idea of what it considered to be economic rates at Lagos and Port Harcourt - information which would have aided in determining what charges should be levied. Thus, in respect of

84. CSO 26 09049 vol. III ... "Maritime and Harbour Dues in Nigeria ...", Nigeria No. 218 of 12 March, 1926, Thomson to Amery.

85. Ibid., Sec., Incorp. Chamber of Commerce, Liverpool to Thomson, 17 March, 1926.

harbour dues, they desired to know the basis for levying equal rates at Lagos and Port Harcourt. They argued that "either port should have the full benefit of any economic advantages which it possesses." This was an allusion to the widely-held view that lower charges at Port Harcourt would drain the trade of Lagos to that port. Still on harbour dues, the British merchants called for the imposition of full harbour and berthage dues on Nigerian coal for export but that those on bunker oil should be nominal.

In respect of handling charges it was argued that these "should no more than cover expenses ex railway wagon to ship's slings." Hence, they requested to have details of the services which the committee envisaged that the recommended change of 3s 6d per ton would cover. Similarly, they sought to know the rationale for levying pilotage and towage dues. They considered objectionable the "proposal that the ship should be compelled to engage the services of the Government tug or tugs." As for light and buoyage charges, the merchants contended that if the cost of rendering such charges at Lagos and Port Harcourt were not lesser than those at minor ports, it would be "unfair to saddle the minor ports with charges under this head that are out of proportion to the expenses incurred."

After all said and done, the colonial government by regulations under the Port Ordinance No. 39 of 1926 effected changes in the tariffs levied in the port of Lagos.[86] The new rates took effect from 1 January, 1927. In respect of light and buoyage dues, ships of 100 tons or over were required to pay 3d per ton of the nett registered tonnage in Lagos and Port Harcourt and 5d per ton at other ports. If a vessel called at other ports having first entered Lagos or Port Harcourt, it paid 2d per ton. However, a number of provisos were added. First, the maximum charge paid by any vessel would be 5d per ton. Second, no ship was required to pay more than once within a period of 30 consecutive days. Third, no ship would pay twice in the course of one ordinary voyage between Europe/America and West Africa.

The Regulations further stipulated that a Towage due should be charged in Lagos for the use of the Tug. Ships with up to but less than 16 feet draught paid £17:10/-. Those from 16 to 20 feet paid £20 while those over 20 feet paid £22:10/-. For services on Sundays and public holidays, the following charges were levied:

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86. CSO 26 09049 vol. V "Maritime and Harbour Dues ...", enc. to Nigerian Despatch 1213 of 30 Dec., 1926.

	When "Rollicker", "Vulcan" or "Atlas" was used			When any other Tug was used		
	£	s	d	£	s	d
For the first hour or part thereof	1	15	-	1	-	-
For every subsequent half hour or part thereof	-	15	-	-	10	-
If a ship unnecessarily caused delay of a tug: For every half hour or part thereof	-	15	-	-	10	-

Finally, anchorage dues were to be collected on any ship that remained in port for more than one month. The charges were 4d per ton of nett tonnage for each day or part of it after the expiration of a month after ship's arrival. All government vessels - British, Nigerian or foreign- were exempted.

Although the business community had been consulted before these changes were effected, some interest groups within the community soon requested for concessions in some aspects of the tariffs. The firm of John Holt and Company (Liverpool Limited) complained that the "incidence of (the towage) ... charges is such that they bear severely upon small steamers."[87] It illustrated this point with the outward and inward charges paid by four small steamers in the

87. CSO 26/1 03535 vol. 1 "Pilotage, Towage Services ...", Agent, John Holt Co. (Liverpool) Ltd. to Sec., Port Adv. Comm., Lagos, 12 Dec., 1927.

port of Lagos. The first paid £77:10/-; the second, £80; the third, £81:15/- and the fourth, £84:10/-. As the fourth steamer had a net registered tonnage of 841 tons, this meant that she had an extremely small cargo-carrying capacity. Yet, she paid approximately the same charges as the larger vessels, charges which were inevitably paid by the cargo. Consequently, it was argued, steamers would be tempted to limit their calls to either outward or inward only - with implications for Port revenue. Messrs John Holt then proposed alternative changes in the tariffs as follows: a 10% discount on the existing charges on ships with nett registered tonnage of under 3,000 tons; 20% discount for those under 2,000 tons and 30% for vessels of smaller tonnages. The firm contended that such a concession would remove "to a certain extent what at present constitutes a very heavy charge on the small steamer as compared with large ships."

Reacting to these proposals, the Director of Marine commented that they "would seem particularly designed to benefit the vessels belonging to the firm (of John Holt) ... although ... there are other shipping firms ... who would also benefit to a certain extent, were they adopted."[88]

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88. Ibid., Director of Marine to C.S.G., 28 Dec., 1927.

He pointed out, however, that the fourth vessel cited as example must have been an extreme case in which that particular ship was very full, with corresponding benefit to her owner. It therefore seemed to the Director of Marine that John Holt's proposal, in practical terms, amounted to asking the government to subsidize the smaller vessels to the extent of the rebate. He insisted that the existing charges were not excessive in relation to the actual cost incurred by government in rendering the services. For instance, in 1927, towage services were provided at an approximate loss of £15,000. Rather than reduce towage dues, the Director of Marine suggested that government could make concession in respect of pilotage charges which yielded a profit of approximately £5,000 in 1927.

In response, Mr. V. R. Osborne, Supervising Agent of John Holt in Lagos declared that he had no apology to offer for raising the issue because of the benefits that would accrue to his firm.[89] He rejected the suggestion that his company should build larger vessels if he considered that the existing tariffs were disadvantageous to smaller ships. He argued that "every shipowner builds, and can only build,

89. Ibid., Supervising Agent, John Holt to C.S.G., 13 Jan., 1928.

the size of steamer most suitable to the requirements of his trade and that no other port of the world takes the view that small steamers should be penalised because they are small. He added that in the existing conditions of trade in Nigeria, only the members of the Shipping Conference would possibly afford to run the big steamers.[90] Mr. Osborne then resorted to thinly-veiled blackmail: "I assume there is no desire to conserve the port of Lagos exclusively for the benefit of any particular lines."[91] He, therefore, suggested that towage dues should be charged according to towage rather than draught as was done in Liverpool and Takoradi. It was "most fair", he contended, "that a charge for towing should be based on what is towed."

This attack on the basis of the computation of towage dues formed the subject of correspondence in official circles between the Director of Marine and the Secretariat. The Director explained that a "footage" basis (that is, draught) was originally introduced because draught was then a predominant factor in the navigation of the Lagos Harbour,

90. Charlotte Leubuscher's detailed study of the Conference Lines system and the politics of shipping in West Africa was published posthumously as The West African Shipping Trade, 1909-1959, Leyden, 1963.

91. He was alluding to John Holt's struggle with the Conference Lines. For details, see Leubuscher, The West African Shipping Trade ..., pp.29-31ff.

necessitating the maintenance of "large and expensive tugs in the interest of shipping."[92] He considered that there was no basis for comparing Lagos with Takoradi which was "only an enclosed portion of the sea" requiring comparatively small and inexpensive tugs to assist vessels to the berths. In contrast, Lagos Harbour was a "bottleneck" forming the sole outlet to the sea for a network of lagoons extending parallel to the coast for some 250 miles and for the various rivers draining into them. The strong currents and narrow tortuous channels in the harbour and on the bar thus necessitated special precautions for the safety of navigation. The Director of Marine then concluded that it was quite immaterial whether the basis for charging dues was draught or tonnage "so long as Government is satisfied with the revenue accruing." He explained that though the Committee of 1925 had voted 5-3 in favour of reduction in the rates, the mover of the motion subsequently withdrew it on the condition that a third tug was acquired. This was why government purchased the "Rollicker".

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92. CSO 26/1 03535 vol. 1 ... op. cit., Director of Marine to C.S.G., 30 Jan., 1928.

Powerful opposition to John Holt's request came, expectedly, from the principal shipping company, Elder Dempster and Company.[93] Its Lagos agent, H.S. Feggetter, objected to Mr. Osborne's argument in favour of "preferential" rates for small ships on the ground that larger ships paid proportionately higher Harbour Dues. He agreed that towage dues should be based on the service actually rendered but added that these services were more or less the same regardless of the size of the vessel. Besides, practically the same length of time was taken to tow all categories of ships - whether they were as big as the "APAPA" or small like the "THOMAS HOLT." He asserted that this opinion was supported by "all the Representatives of the Liner Companies - not only Conferences Lines - but also the American West African Line and the Chargeurs Reunis and Fabre Fraissinet Lines." These lines, he contended, expected government to grant some reduction in "the present heavy Towage Charges ... on a just and equitable basis for all vessels."

The Director of Marine registered his agreement with Mr. Feggetter's contention that towage charges should be levied to the extent of the services actually rendered. He added, however, that "If this is admitted, the present charges

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93. Ibid., H.S. Feggetter to C.S.G., 1 Feb., 1928.

cannot be regarded as excessive bearing in mind the heavy loss they are run at."[94]

In view of the lack of unanimity within the business community and between merchants and the government, the Ports Advisory Committee at its meeting on 7 February, 1928 set up a sub-committee comprising the Acting Director of Marine, L.J. Hall, H.S. Feggetter, V.R. Osborne and H.W. Bessant "to formulate a scheme for the assessment of Towage charges which would be equitable for all vessels." It was noted, however, that "the general feeling of the committee was that the basis of such scheme would be nett tonnage."[95]

In the final analysis, the question was resolved on three major grounds. First, from the perspective of Imperial economic interest, it was noted that "the Germans would be the chief gainers" from a change of basis from draught to tonnage. Second, from the point of view of government revenue, government would lose if smaller ships paid less unless the larger ones were made to pay more. It was felt that the burden of £15,000 per annum which government bore under the existing system could not be exceeded.

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94. <u>Ibid.</u>, Director of Marine to C.S.G., 6 Feb., 1928.

95. <u>Ibid.</u>, P.A.C. meeting of 7 Feb., 1928.

Thirdly, in terms of numbers, the beneficiaries were a minority. Thus, taking 1927 figures, the German line had 83 vessels calling, the Dutch Line 55, Holts, 29 and African and Eastern (occasionally). On the other hand, Elder Dempster had 235 vessels calling, Bull Line 21 and the French Line, 48. Noting that the "preponderating majority are for no change," the colonial government ruled that "the majority interests must take precedence and ... no change in the existing system is at present justified."[96]

On the whole, the colonial government successfully resisted mercantile pressures for changes in the tariff structure in the port of Lagos until the Depression of 1929-33. Indeed, in 1931, when the world was in the grip of the slump, the Conference Lines comprising Elder Dempster and Company Limited, Woermann Linie A.G. and Holland West Africa Lijn, complained that while "ports all over the world have reduced rates since the war, practically no reduction has been made in Lagos."[97]

Specific mention was made of "the heavy charges on all vessels" in respect of pilotage, towage, light and buoyage.

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96. Ibid., H.M.M. Moore to Director of Marine, 19 April, 1928.

97. CSO 26 09049 vol. VI "Maritime and Harbour Dues ...", H.S. Feggetter, Chairman for the Conference Lines, Lagos to C.S.G., 24 June, 1931.

It was stated that the average cost of bringing vessels into Lagos were as follows:

	Mail vessels	D Class	Explorer Class	N Class
Pilotage	£28:0:0	£13:0:0	£15:0:0	£16:0:0
Towage	42:10:0	35:0:0	35:0:0	40:0:0
Light and Buoyage	68:0:0	45:0:0	45:0:0	84:0:0

These charges were additional to berthage and mooring dues paid inside the harbour and harbour dues on outward cargo. The charges were particularly bundensome because vessels operating regular services could only obtain "very small cargoes both in and out" owing to the on-going Depression. Shipowners thus resorted to reducing the frequency of their calls to save heavy expenses. It was claimed that the net freight earned for carrying a ton of kernels from Lagos to the United Kingdom or the Continent was 20s 8d while the cost of bringing a vessel inside Lagos to the buoys amounted to at least £60. Hence, it was contended, unless a minimum of 500 tons was obtained, the Lagos charges, excluding cost of lighterage facilities, "eat up a very great proportion of the freight and leave little or nothing for the carrying vessel."

The Conference Lines, therefore, recommended that towage, which was then compulsory, should be rendered optional except in respect of Mail steamers and vessels of over 5,000 tons gross. In addition, they asked for a reduction in the towage fees because "vessels simply anchor in the pool." They considered the pilotage rates "extremely high in proportion to services rendered" and the light and buoyage dues a "very heavy burden." While acknowledging that the loss of any source of revenue in the on-going "difficult times" was not a cheering prospect, the Conference still enjoined the government to effect reductions in the port charges.

In his reply to the Conference Lines, the Governor pointed out that the heavy loss of £15-20,000 sustained on towage could not be offset by the £4,000 profit on pilotage, light and buoyage. Hence, while he sympathized with the desire to reduce shipping expenses, he could not "in the present period of financial stringency ... authorise any reduction of charges which must increase the Government's loss on these services." He added that he could not accede to the request to make towage optional given the difficulties of acute bends, narrow channels and strong tides in the harbour.[98]

The Conference Lines refused to be placated by these explanations. On the contrary, they contended that Lagos

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98. Ibid., C.S.G. to Feggetter, 21 Aug., 1931.

charges were unduly high in comparison with South and East African ports in respect of pilotage, towage and light dues. They stated that, "With one or two unimportant exceptions, the Nigerian charge is larger than the other ports mentioned, whilst in the case of Towage and Light Dues, the figures being so much in excess of other ports, speak for themselves." The Lagos charges were considered a "heavy liability" to the shipowner.[99]

The Acting Director of Marine, in reaction to this petition, pointed out that Lagos was incomparable to ports which were "wholly or partially the natural outcome of geographical and hydrological conditions, or have ... (been) cheaply constructed and easily maintained." Second, several of these ports, being under one management, such as the South African Railways and Harbours, were run in such a way that the more or less natural harbours helped to sustain the more expensive ones. Third, in respect of towage, the figure quoted for the S.A.R.H. ports (£13) covered attendance in and out only (that is, £6:10/- each way) but in Lagos no towage was charged for a shift. In contrast, each shift in the South

99. Ibid., Chairman, Conference Lines, Lagos to C.S.G., 26 Oct., 1931.

Africa Ports cost an additional £4:15/- plus an extra £4 per hour for detention if the tug was kept waiting. It was admitted that towage was not compulsory at these ports but that was because the conditions there did not warrant it. However, when a vessel had to be towed in or out, the S.A.R.H. tariff was £27 each way. If the charge for one shift were added, the grand sum of £54:15/- outstripped the sum of £42 charged in Lagos.

The charges in respect of lighting and buoyage were similarly defended on the ground that the Nigerian system was superior to the East African which had nine lights over 750 miles of coastline compared to Nigeria's 21 lights and 69 buoys along a 650-mile coastline. Yet, Nigerian charges were reduced steadily from 6d per ton in 1923 to 5d in 1925 and 3d in 1927. In conclusion the Acting Director of Marine recommended that "until general commerce improves no greater loss should be incurred by reduced charges."[100] This decision was accordingly relayed to the Conference Lines in Lagos.[101]

However, by the middle of 1932, the government granted some concessions to the shipping lines, no doubt on account of the biting effects of the Depression. It submitted a number of

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100. Ibid., Ag. Director of Marine to C.S.G. 11 Dec., 1931.

101. Ibid., Ag. C.S.G. to Chairman, Conference Lines, Lagos, 24 Dec., 1931.

proposals which were endorsed by the shipping companies.[102] Thus, the regulations concerning compulsory towage were relaxed by exempting vessels which the Director of Marine considered did not require the assistance of a tug when crossing the Bar into or out of Lagos harbour. Nevertheless, all vessels were still required to be attended by a Government tug when proceeding from the Pool to berth or vice versa and when shifting berth inside the harbour. The charges for these services were to be as follows: attendance by a tug across the bar inwards and/or outwards (which was conditional) £35; all movements inside the harbour - which was compulsory - £25. These charges were levied irrespective of draught.

The changes in the procedure were expected to reduce the time required per vessel for tug attendance by at least 50% and only one tug was expected to meet all normal requirements. The other tug would be in reserve while the "Rollicker" - which had been purchased under mercantile pressure - would be laid up entirely. In order to discourage delays, the detention charges were increased from 15/- to £2 per half hour or part thereof. Vessels attended by a tug were to have priority over all unattended vessels except recognized mail

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102. CSO 26 09049 vol.VII "Maritime and Harbour Dues ...", enc. in Director of Marine to C.S.G., 21 June, 1932.

steamers. This was because unattended vessels might have to await suitable tidal conditions.

These changes were accordingly endorsed by the representatives of Elder Dempster, John Holt and Company and the U.A.C. Legal effect was given to this agreement by Regulations No. 14 of 1932.

These tariffs remained in force in the port of Lagos until 1941 when the harbour dues were increased. This was in spite of the recommendations of the Port Advisory Board to the contrary. The Board had recommended in 1940 that Harbour Dues on imports should remain at 4/- per ton and those on exports be standardized, with certain exceptions, at a rate not exceeding 6s 8d per ton. The exceptions were petroleum, kerosene, hides and skins. Dues on cotton seed were recommended at 2s 6d per ton "so as to encourage the export of this commodity (for) ... Shipping and Railway Companies (had) already given a preferential rate with that object in view."[103]

The advice given by the Board in respect of rates was, in the opinion of a colonial official, "always (doubtless unconsciously) influenced by the fact that the members ...

103. CSO 26/1 09049/S.2 vol. I "Harbour Dues: Rates of," Chairman, P.A.B. to C.S.G., 17 Sept., 1940.

represent the interests which will be affected by any alterations." Therefore, he contended that there was "ample reason for not accepting the advice of the P.A.B. ... (for,) where charges are concerned ... the advice of the P.A.B. cannot be expected to be undiluted by self-interest."[104]

Hence, a new scale of duties was released under Regulation 55 of 1941 under the Harbour Dues Ordinance, 1926. Deck passengers were required to pay 1/- each while others paid 5/- each. Transhipped passengers paid half of these rates. Horses, mules, donkeys and cattle were to pay 3/- per head while a charge of 1s 6d was levied on dogs, sheep, goats and swine. Half the rates in each category was paid on transhipped animals. In respect of cargo, a levy of 1s 3d was imposed on motor spirits in drums of approximately 44 gallons per drum. Those in cases of approximately 8 gallons per case attracted a duty of 2 3/4d per case. Spirits imported in other receptacles paid 6d per ton eight. Rates on spirits from another port in Nigeria were 7½d per drum; 1 3/8d per case and 3/- per ton. Empty drums attracted a charge of 5/- per ton weight while all other cargo paid

104. <u>Ibid</u>., Notes to Financial Secretary, 29 Oct., 1940.

6/- per ton. These rates were in force into the post-war period.

But, by 1946, it had become clear, as the Director of Marine himself admitted, that "dues in Nigerian ports are among the highest in the world."[105] Yet, a comparison of expenditure on the ports and the revenue derived from them (see table below) induced government to contemplate increasing these duties further.[106] It was estimated that a potential deficit of £74,000 would be incurred in the 1947/48 financial year. In this connection, it was calculated that an increase in the Harbour Dues from 5/- to 6/- per ton would fetch an additional revenue of some £70,000 per annum. Accordingly, new rates were imposed by Regulation No. 23 of 1947 under the Harbour Dues Ordinance. Increases on the existing rates ranged from 6d to 1/-. No further changes in the tariff structure took place for the rest of our period.

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105. CSO 26 09049/S.2 vol.II "Harbour Dues ...", Director of Marine to C.S.G., 23 Dec., 1946.

106. Ibid., Memo for Executive Council by F.D.C. Williams, May, 1947.

TABLE 8

Total expenditure and revenue in the port of Lagos, 1928/29-1948/49

YEAR	TOTAL COSTS	TOTAL REVENUE	% INCREASE ON REVENUE TO EQUATE EXPENDITURE
	£	£	%
1928/29	382,775	151,845	152
1929/30	388,332	144,835	168
1930/31	391,459	148,855	163
1931/32	360,832	121,208	196
1932/33	329,577	160,233	105
1933/34	314,158	124,237	153
1934/35	330,376	132,150	150
1935/36	317,638	154,018	106
1936/37	343,310	191,495	78
1937/38	355,280	220,137	61
1938/39	322,127	156,195	106
1939/40	326,657	149,808	118
1940/41	283,772	144,743	96
1941/42	294,679	235,101	25 (a)
1942/43	289,758	269,447	8 (a)
1943/44	330,930	235,233	40
1944/45	293,004	209,201	40
1945/46	341,584	216,202	58
1946/47	378,538	260,258	45
1947/48	360,998	280,567	28
1948/49	380,937 (b)	337,434	13

NOTES: (a) Very little dredging and greatly reduced expenditure on harbour works in these years.

(b) Included in total expenditure is a delayed debit of £27,557 in respect of the hire charges for the dredger "Patunga"; but for this percentage would be only 5%.

SOURCE: CSO 26/1 09049/S.2 vol. II *op. cit.*, Abstract "C" enc. in Ag. Director of Marine to C.S.G., 9 Jan., 1950.

The foregoing section examined the evolution of the tariffs in the port of Lagos during our period. Port charges were levied essentially to compensate for government investment in the development of the port. However, there were complaints from shipping interests - which were acknowledged by officials - that these charges made Lagos an "expensive port." Attempts were, therefore, made by the shipping companies to secure concessions from government but these were resisted on the ground that they would jeopardise government finances. It was only during the Depression of 1929-33 that some concessions were granted but port charges were increased towards the end of our period. On the whole it was demonstrated that port revenue could not keep pace with expenditure.

Allusion was made during the discussion in this section to the question of inter-departmental rivalry in respect of terminal and handling charges which the Railway levied at Iddo. This leads us to an examination of the contentious issue of the co-ordination of services and administrative control of the port of Lagos during this period.

Administrative Control and Co-ordination of Services in Lagos, c.1914-50

Like any other hub of human activity, ports necessarily have their own systems of administration. Indeed, these are as diverse as the location and character of the ports themselves. The wide variety of port authorities could be classified into five major groups - State Control; Autonomous Control; Railway Control; Municipal Control and Private Control.[107] Each of these types of port government has its advantages and pitfalls.[108] For example, control by a Port Trust (Autonomous Control) is advantageous in that the trustees who determine port policy would comprise official as well as unofficial members. Such a body of men has an intimate knowledge of the different dimensions of the trade of the port, a steady and close intercourse with those engaged in it and the confidence of the public in its management. On the other hand, however, the success of such a system of administration is contingent upon the complete commercialization of port-working. Moreover, the Port Trust, as an independent body, would strive to attract trade to its port. This could breed intense competition with other ports which might lead to tariff wars.

Port management under Railway control is advantageous when a port is entirely dependent on railway and road

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107. CSO 26 09049 vol.III ... op. cit. enc. 1 First Memorandum on the Operation of the New Port at Apapa by M.J. Fontein, Lagos Agent for the Holland West-Africa Lijn, 4 Nov., 1925

108. CSO 26 34307 vol. II ... op. cit. Carter's Report, para 33-39.

communication. On the contrary, where there are alternative means of communication of which the railway carries only a fraction of the total freights, the railway could be accused, and rightly so, of operating the port for its own benefit at the expense of the port itself. In such a situation, public confidence, which is required for successful management would be lacking. Furthermore, as in the case of ports under the control of a Trust, a Railway-dominated port would tend to be operated in competition with other ports in the country at the expense of the general interest.

Government Control is devoid of the weaknesses associated with the aforementioned systems. Yet, it has its own shortcoming in terms of the tendency to excessive routine and conservatism. Such rigidity is likely to repress enterprise.

It is against this background that we shall examine the administration of the port of Lagos. A striking feature of the port organization in Lagos was the lack of unified control. As late as 1939 no less than five authorities controlled different aspects of port activities. Thus, the Marine Department undertook pilotage, towage and the berthing of vessels and collected dues levied in respect of these services. The Customs Department controlled the Customs Wharf on Lagos Island and collected harbour and berthage dues. The Port Department was entrusted with civil engineering maintenance and in conjunction with the Nigerian Railway supervised cargo handling at the Apapa and Port Harcourt wharves. Revenue from this service was collected by the Railway which also controlled the Ijora coal wharf. The Shipping Companies controlled lighterage in the port.

This diffusion of authority attracted the attention and comments of members of the business community and, even, some officials. Thus, speaking at a dinner in honour of the Governor of Nigeria in 1920, W.A. Evans, Chairman of the Lagos Chamber of Commerce declared that "the day is not far off when you will decide to have one authority for the Port of Lagos composed of Officials and Merchants all working together and assisting you in the great work."[109]

Then, in 1924, Lt. Colonel F.D. Hammond noted in his report on the Nigerian Railway that it was "felt generally that a better co-ordinated control will be required when Apapa is taken into use and there has been a demand on the

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109. NP, 23 July, 1920.

part of the mercantile interests for a Harbour Board on which they will be represented."[110] He warned that if Port Harcourt was under the exclusive control of the Railway and Lagos was under joint management, there was the strong possibility of the Railway doing all it could to attract traffic to Port Harcourt, to boost its own revenue, at the expense of Lagos.

He then observed that the best solution seemed to be that all wharves and harbours should be handed over to the Railway, to be administered by one large department of Railways and Harbours as was the case in South Africa. But such an arrangement would be unsatisfactory in the Nigerian case because shipping and mercantile interests would be unrepresented. He, therefore recommended the establishment of a Transport Board to control the railways, collieries, harbours and marine services. The Board would comprise four official and three unofficial members with the Chief Secretary to Government being the ex-officio chairman. It would report direct to the Governor to obviate delays entailed in dealing with the Secretariat. The General Manager,

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110. Lt. Colonel F. D. Hammond, REPORT ON THE RAILWAY SYSTEM OF NIGERIA, Published by the Crown Agents for the Colonies, 1924, p.174, para. 260.

Railways, the Harbour Engineer and the Director of Marine would be the executive officers of the Board and be responsible to it.

Colonel Hammond considered the system advantageous for giving representation to the unofficial interests and for substituting simple and direct action of board meetings for the clumsy and tedious methods of correspondence through the bureaucracy. Moreover, the Board would co-ordinate the action of the various transport agencies and would thus maintain a uniform policy not only for them but also for the two ports in line with the general policy enunciated by the Governor. In respect of larger policy concerning the construction of a new line, extension of a harbour or any other large-scale venture involving capital expenditure, the Board would advise the Governor on the basis of its close acquaintance with the financial and political aspects of the schemes. Each of the constituent departments would keep its own separate accounts of revenue and capital.

On the allocation of responsibilities, Hammond envisaged that the Railway would take charge of the physical works on and maintenance of the wharves and would collect berthage dues and handling charges. The Harbour Department would be responsible for harbour works (as distinct from wharves) such and the Public Works, as large Railway users. Second, traders would not participate in the actual administration of the terminal facilities for the role of the Advisory Committee was to offer advice and constructive criticism. AWAM contended that no useful purpose would be served by a single Advisory Committee for the three ports, each of which would rather have its own committee. It then requested that it should be permitted to examine the findings of the Committee before Government took a final decision on them.

AWAM subsequently sent in a revised memorandum dated 12 June, 1925.[112] In it, no advisory committee was proposed for Calabar. Furthermore, while the Railway would be the overriding authority for Lagos and Port Harcourt, the Marine would administer Calabar and the minor ports assisted by local committees. The motive for the revision of AWAM's views was, according to the grapevine, the fear that a single Committee in Lagos might be too powerful and either overrule the wishes of the Principals in Europe or worse still necessitate some of those Principals having to come to Lagos to serve on it.[113]

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112. Ibid., enc. in Nigerian Despatch 218 of 12 March, 1926.

113. Ibid., Director of Marine to C.S.G., 1 July, 1925.

Be that as it may, the Committee that investigated the issues of port finance and administration submitted two reports. This division arose over the ninth term of reference: the "best and most economical arrangement for the future maintenance and upkeep of the wharves, revetments, training banks and all other harbour works, and on the control generally of all Ports of Nigeria, more especially Lagos and Port Harcourt." The majority report endorsed by all but one of the members recommended that there should be an Advisory Committee to advise government on all matters pertaining to the ports of Nigeria.[114] This would comprise the General Manager of the Railways, the Director of Marine, Comptroller of Customs and the Resident Engineer, Harbour Works, as official members to complement an equal number of representatives of mercantile and shipping interests. The Chief Secretary to Government would be its chairman.

Furthermore, the Harbour Works Department would be merged with the Marine Department and the entire control of ports would be exercised by two departments - the Railways and the combined Marine/Harbour Department. However, the Customs Wharf in Lagos would, except for maintenance, remain under the control of the Customs Department.

114. Ibid., enc. in Director of Marine to C.S.G., 26 June, 1925.

Finally, the dividing line of responsibility for the maintenance of the wharves and other facilities between the Railway and the Port should be the deck level of the wharves: the Railway taking charge of whatever was on or above that level and the Marine/Harbour being responsible for everything below. However, the Customs Wharf would be entirely maintained by the Marine/Harbour Department. Under this arrangement, the latter department would take over the underwater maintenance of the Carter and Denton bridges from the Railway.

But, in a minority report, Mr. G.E.B. Coulcher, the Acting Resident Engineer, Harbour Works, dissented from the decision to merge Harbour Works with the Marine Department.[115] He contended that in "other countries, the control of the principal ports is generally vested in a Harbour Board, and some such Board was evidently in the minds of members of the Committee (when they) ... suggested that an Advisory Committee should be set up." He noted that Mr. A. T. Coode, one of the senior partners in the firm of Consulting Engineers, Lagos Harbour Works and Colonel Hammond had expressed preference for such a Board.

Mr. Coulcher based his objection to the merger plan upon the contention that none of the principal officers was

115. Ibid., "Report by Mr. G.E.B. Coulcher ...", originally enclosed in Nigerian Despatch No. 706 of 15 Aug., 1925.

"qualified to supervise the work of the others." Hence, the proposal to merge the Harbour and Marine Departments could not be advantageous either from the viewpoint of efficiency, economy or power of expansion. He pointed out that all Harbour Boards or similar organizations usually had three or more departments - Traffic, Harbour Engineer's and Port. Each could also have branch or subsidiary departments such as the Mechanical Engineer's branch in a dockyard. But in all cases, the three departments were separate and their duties were "entirely distinct and dissimilar."

In conclusion, Mr. Coulcher asserted that the duties of the Port Department were largely those of the Harbour Master and "to merge into that establishment - in a subordinate position - a highly technical department whose duties are of an entirely different nature would be without precedent and inimical to the best interests of the country. To drive home the point, he pointed out that in other ports, the office of the Harbour Engineer was frequently joined to that of Chairman to the Board in charge of the port - thus reinforcing his claims to supremacy especially <u>vis-a-vis</u> the Director of Marine.

While the two reports were being considered by the colonial government, the Dutch shipping line sent in two memoranda through the Consul for the Netherlands on the whole question of port revenue and administration.[116] In the first memorandum dated 4 November, 1925, M.J. Fontein of the West African Shipping Agency and Lighterage Company, Agents for the Holland West-Afrika Lijn, criticised the existing arrangement in Lagos which was not only under State Control but was under railway domination. He argued that under such a system ports were "naturally and obviously worked for the benefit of the system to which they belong." Railway dominance, he contended, had thus always worked against the best interests of such ports. Hence, he recommended for Lagos a Harbour Board which should have a powerful representation of commercial interests on it. Indeed, the balance of the voting power on the Board, he contended, should go to the merchants. Moreover, the Board should be instituted before any definite plans were made for operating the Apapa docks.

In the second memorandum, dated 13 November, 1925, Mr. Fontein declared that the recommendation of the Committee in respect of representation on the Port Advisory Committee

116. CSO 26 09649 vol. III ... op. cit. enc. in Consul for the Netherlands to Private Sec. to Governor, 17 November, 1925.

did "not go far enough". What was required, he contended, was "an independent Board, in whom general Administrative powers over the port, quays and sheds are vested." The Board would have independent control and management of the port, decide and carry out such a policy of harbour improvement and management as it considered best and would be directly responsible for the financing of all schemes and works, subject to legislative sanction. He then cited as example, the Calcutta Harbour Board which comprised a chairman appointed by government, a deputy chairman appointed by the commissioners, subject to government approval - both officers being on fixed wages. Furthermore, government nominated five commissioners while nine others were elected, mainly by the local Chamber of Commerce.

Mr. Fontein, therefore, recommended that the best form of port government for Lagos was "an autonomous trust with a small nominated element, but mainly elected on a commercial and shipping franchise." The balance of voting power on the Board, he emphasized, must remain in the hands of the merchants for they were better equipped to develop and administer the business of the port with despatch, efficiency and economy. Finally, the Board would have a number of sub-committees, which would meet weekly or fort nightly, to furnish the Board with reports on special questions. The sub-committees he recommended were General Purposes; Finance, Dock quays and Warehouses; Maintenance and new works; Marine and pilotage; Traffic; Plant and Appliances.

Official reaction to Fontein's memoranda was that it was "not possible to compare Lagos with Calcutta or with any other port which is controlled by a trust."[117] Indeed, government dismissed the possibility that such an arrangement could ever by fashined for Lagos. It was pointed out that the annual recurrent expenditure on the maintenance of the port was between £130,000 and £140,000. This was apart from interest and sinking fund on the £3$\frac{3}{4}$ million capital expenditure on the port. In contrast, the port hardly generated an annual revenue of £130,000. Hence, it was argued that while government was "liable for that interest it must retain control of the port." Mercantile representation on port committees was guaranteed but the fact of mutual mistrust among merchants was also highlighted as likely to vitiate their effectiveness.

117. Ibid., Minute to C.S.G., 23 Dec., 1925.

Expressing his view on the recommendation of the Committee on port administration to merge the Harbour Engineer and Marine Departments, Governor Graeme Thomson stated that given the importance of Lagos harbour to Nigeria, its supervision should be entrusted to a highly trained civil engineer whose qualifications and suitability had been vouched for by the Consulting Engineers.[118] He doubted that such a highly qualified person would accept to be made subordinate to an officer like the Director of Marine, who possessed no technical knowledge of civil engineering, regardless of his ability as an administrator. Moreover, in a combined Port Engineering/Marine Department, the responsibilities of the officer in charge of harbour maintenance would be far more weighty than those on the Marine side. Hence, the former should have the deciding voice.

Notwithstanding his own views, the governor called a conference of the heads of interested departments to harmonize the disparate views expressed on the vexed issue of the finance and administration of the port of Lagos.[119] The Conference, which held at Government House on 11 March, 1926, was attended

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118. Ibid., Nigeria No. 218 of 12 March, 1926, Thomson to Amery.

119. Ibid., Private Sec. to Gov. to C.S.G., 12 March, 1926.

by the Governor himself, the Chief Secretary, the Director of Marine, the General Manager, Railways, the Director of Public Works, the Resident Engineer, Harbour Works and Mr. Coode, Consulting Engineer. The Governor upheld the Chief Secretary's decision, when he was Officer Administering the Government, in rejecting the recommendation of the merger of the Marine and Harbour Works Departments. Mr. Coulcher's minority report was thus preferred to the main report in this respect. It is noteworthy that a joint meeting of A.W.A.M. and the London, Manchester and Liverpool Chambers of Commerce equally endorsed Coulcher's report in particular and declared support for joint official-mercantile control of the port of Lagos.[120] Another decision of the Conference was that all Shore Protection (Revetment) should be done by the Harbour Works and not by the Public Works Department.

After all said and done, the question of the co-ordination of port services remained unresolved. Indeed, the solution actually begged the question. For, the port of Lagos remained, to all intents and purposes, under a multiplicity of authorities. From this time down to the 1930s, the port was superintended by three departments -

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120. Ibid., Sec., The Incorporated Chamber of Commerce, Liverpool to Thomson, 17 March, 1926.

Railway, Marine and Harbour. However, the authorities did not feign ignorance of the shortcomings of such an arrangement. Thus, D.C. Cameron noted that these departments tended "to put their own ... interests, as they conceive them, in the forefront and as a consequence they are on many occasions pulling one against the other, public business being hampered and delayed" in the process. He, therefore, advised against making any one of the heads of department the overall authority in the port.

He then recommended that the "only present solution" was to "create a superior authority to which the heads of the three departments would be subordinate." This authority in his view should be associated with a purely advisory Committee whom he might consult in matters relating to the port. He could be designated Director of Railways and Harbours and it would require a man of wide range and experience to fill that post.[121] The Secretary of State replied that these issues were "too complex and far reaching to be dealt with as a matter of urgency." He then assured that a full reply would be given after due consideration of the matter.[122]

121. CSO 26/1 09860 vol.III "Scheme for co-ordinating all works in connection with shipping under one dept. ...", D.C. Cameron to J.H. Thomas, Sec. of State, 12 Sept., 1931 enc. Cameron's scheme embodied in Sessional Paper No. 12 of 1935.

122. Ibid., Sec. of State to Cameron, telegram dated 12 Oct. 1931.

The Secretary of State's decision took a long time in coming and was communicated to the Nigerian government only late in 1934. He stated that while the proposed amalgamation of the Railway and Port Services was right in principle, there was no pressing need to effect it especially as general retrenchment of expenditure had reduced the cost of administration. He, therefore, ruled that a final decision had to await a time that there was no serious opposition from shipping and commercial interests.[123]

Further reactions to Cameron's proposals then came from mercantile groups. For instance, A.R. Mellor, Secretary of the U.A.C., registered his firm's total objection to what it considered the subordination of port services to Railway domination.[124] "The whole tendency of the proposals now put forward", he contended, "is to rivet the domination of the Railway over the Port." The firm recalled that trading interests had always objected to the superintendence of Marine and Harbour Services by the Railway and the assurance given by government to the Joint West Africa Committee in August 1934 that it did not intend to hand over these services to the Railway. The unsuitability of such an arrangement was

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123. Ibid., Cunliffe - Lister to Officer Administering the Government of Nigeria, 20 Nov., 1934.

124. CSO 1/34/39 Desp. Confid. "A", 17 April, 1935, Cameron to Cunliffe-Lister, enc. 1: Mellor to Governor of Nigeria, 9 April, 1935.

anchored on the fact that the ports of Lagos/Apapa and Port Harcourt which had railway wharves served "no more than half" the trade of Nigeria. Second, it was considered unwise to place Marine Services under the Railway since the former dealt with inland waterways, a rival mode of transportation, whose interests were often at variance with those of the Railway.

Mr. Bulkeley, General Manager of the Railways, not unexpectedly, endeavoured to allay the fears expressed by the U.A.C. in respect of Railway domination of port administration.[125] He explained that the relationship among the three constituent departments did not entail any form of super/subordination. Rather, it was designed to ensure harmony and promote the public interest.

Be that as it may, attempts continued to be made to reconcile the positions adopted by the government and the mercantile groups. Hence, Mr. Bulkeley met with the Joint West Africa Committee of the London Chamber of Commerce in February, 1936.[126] The Joint Committee had in the meantime discussed fresh proposals put forward by the Nigerian government

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125. Ibid., enc., 2: General Manager, Railways to C.S.G., 2 May, 1935.

126. CSO 26/1 09860 vol. VI "Scheme for co-ordinating ...", Meeting between Mr. Bulkeley and the J.W.A.C., 5 Feb., 1936.

which had been endorsed by the Secretary of State. The most important of those was the creation of the office of Director of Transport to advise government on transport policy generally. This official would be assisted by a Transport Board. Second, Lagos and Port Harcourt were to have separate Advisory Boards.

At the meeting with the Joint Committee, Bulkeley declined to comment on the issue of Director of Transport - an office he subsequently occupied. He was, however, enthusiastic about the Advisory Boards based on his experience of their alleged successful introduction in East Africa from where he came to assume duty as General Manager of the Nigerian Railways. The one at Mombassa, where he was based, was fully informed of every detail of Port activities. It criticised and reviewed in detail the annual port estimates which were forwarded to Government as a direct recommendation of the Board. All appointments of staff, renewals and capital expenditure incurred by the Port were reviewed by the Board. It framed, in conjunction with the Port Manager and the legal experts, all port regulations and tariff. Mr. Bulkeley testified that there was a "very cordial and confidential relationship" between the Board and the port management. He was confident that the same results would be attained in Nigeria if the system was put into practice. The major advantage of this dispensation, he argued, was that the port would now have only one Authority.

This explanation seemed to have satisfied the business community for by Gazette Notice No. 957 of 23 July, 1936, government instituted a Transport Advisory Board.[127] The Board was expected to assist the Director of Transport in the task of advising the government on all aspects of transport policy. It was to meet four times a year only, its meetings coinciding with those of the Legislative Council. Membership of the Board comprised Chief Commissioners of the Northern and Southern Provinces (when able to attend); the Director of Marine; the General Manager, Railways; the Director of Public Works; the Post Master General; the Banking Member of the Legislative Council; the Director of Agriculture as whenever requested by the Director of Transport and Unofficial members appointed every year by the Government. The pioneering unofficial members of the Board were H.S. Feggetter, Nigerian Manager of the Elder Dempster Lines, R.M. Williams, General Manager of the U.A.C. and J.F. Winter, District Agent, John Holt.

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127. CSO 26/1 09860/S.3 "Scheme for Co-ordinating ...", enc. in Ag. C.S.G. to S.N.P., S.S.P. and other principal officials, 13 June, 1936.

Similarly, Lagos had its own advisory board which was instituted by Gazette Notice No. 989 of 30 July, 1936.[128] Its members were the Director of Transport as chairman; two representatives of purely shipping interests nominated by the Governor; three persons (accepted and nominated by the Governor) put forward by the Lagos Chamber of Commerce as representing general port interests and excluding the two shipping members and the Banking Member of the Legislative Council nominated by the Governor. Membership except in the case of the Chairman, was for one calendar year in the first instance.

The chairman of the Lagos Port Advisory Board was required to consult the Board upon the following port and marine matters:[129] (a) all matters of general policy in connection with port and marine services at the port including port engineering (b) alterations to the tariffs of rates, fares and charges (c) annual estimates of operating revenue and expenditure, including renewals (d) development and capital expenditure (e) Government Bills relating to port and marine matters at the port prior to their submission

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128. CSO 26/1 09860/S.7 vol.I ... op. cit., Minutes of the First Meeting of the L.P.A.B., 9 Dec. 1936, Folios 2 and 3.

129. Ibid., Folio 4.

to the Legislative Council (f) alterations to scales of salaries and wages or to hours and conditions of staff employment and (g) matters in regard to private wharves, jetties and other water front facilities at the port.

The inaugural meeting of the Lagos P.A.B. took place on 9 December, 1936. In his address, the chairman declared that "This Board is advisory and not executive: but if it takes its work seriously and in a far-sighted manner, it should exercise a profound effect on the port's development." He reminded the members that their primary duty was two-fold: to advise in regard to the users of the port and also in respect of the port itself. With reference to the latter, he emphasized that short-sighted port development, which was then prevalent in ports all over the world, was disastrous. Hence, he advised the Board "to keep the year 1950 and onwards in their minds when considering matters of port development." He explained that "the present policy" of port administration was "progressively to co-ordinate, on a basis of goodwill and without dislocation of port affairs, the working of the various departments and private interests concerned in the operation and maintenance of the port and its equipment." This meant that co-ordination would proceed along normal sectionalization of port activities - marine, traffic and engineering.[130]

As the discussion in the section on the physical development of the port of Lagos has shown, the L.F.A.B. was keenly interested in, and proffered advice aimed at ensuring, the transformation of the port. However, while its counsel seemed to have been above reproach in this direction, its views on port tariffs were, as we have seen, heavily saturated with the selfish interests of its members. Whatever was the efficacy of the Board, it could not overcome the difficulties inherent in the diffusion of port organization in Lagos. Hence, fresh demands were made for greater co-ordination as we approach the end of our period.

Thus, the year 1939 witnessed a number of developments which were directly relevant to port administration in Lagos. In September, the post of Port Traffic Manager was temporarily abolished while control over the Apapa wharf traffic reverted to the Railway Department. These measures were necessitated by the complication of the export trade by the convoy system and the absence of a substantive Director of Transport.

130. Ibid., folios 1, 5 and 6.

Consequently, on the 1st of November, the colonial government asked Mr. C.W. Carter, the Port Engineer, to investigate and report on the possibility of the co-ordination of all port activities, on the assumption that there would not in future be any superior authority in executive control of the Marine, Railway and Port departments.[131]

Eventually, in December, 1939, Carter submitted a report which indicted the existing system particularly the lack of unified control.[132] He considered it "cumbersome and uneconomical " as it divided port-working into "five water-tight compartments, each authority jealously guarding its own interests and being loath to delegate its power elsewhere." He contended that under this system, "port policy is haphazard, each authority dealing only with those matters which are its immediate concern." Although the appointment of a Director of Transport overcame many of these difficulties no officer was responsible to him for port affairs in general hence he had to undertake extra duties in this sphere which normally fell outside the scope of his duties.

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131. CSO 26/1 09860/S.20, "Report of Technical Committee on Absorption of Port Dept. by Marine Dept.," T. Hoskyns Abrahall, Gov.'s Deputy to Lord Lloyd of Dolobran, Sec. of State, Confid. Air Mail, 27 Dec., 1940.

132. CSO 26 34307 vol.II ... op. cit. enc. Report dated 14 Dec., 1939.

Carter also advanced a number of financial objections to the system. He pointed out that the capital, revenue and expenditure of the ports were "so intermingled between Government and the Railway that the position may be said to be chaotic." For, it was virtually impossible to obtain an accurate idea of the financial results of port working. Such a state of affairs was most unsatisfactory considering that over £4 million had been invested in the ports. Under the existing system, not only was a portion of port expenditure borne by the Railway but a section of port revenue was collected as a consolidated railway freight rate and merged into railway account under the head of traffic receipts. Mr. Carter also pointed out the system was defective in that it did not yield complete port statistics. He noted that every department kept such statistics as were necessary for its own purpose but there were no complete figures on such matters as the tonnage of cargo handled at each wharf, the tonnage of cargo handled by lighterage or the efficiency of various methods employed.

Carter, therefore, endorsed proposals by Mr. Bulkeley, the Director of Transport, to place ports on a sound financial footing and reduce the number of departments controlling port activities to two - Port and Marine. The advantages claimed for such a system were: (a) centralization of control in respect of all shore working (b) reduction in the number of departments operating in the ports from four to two (c) port revenue would no longer be "fictitious", that is, it would no longer be subsumed under Railway returns and ports would thus cease to subsidize the Railway to the tune of £22,060 per annum (d) actual expenditure on ports could readily be obtained (e) the financial results of port working would be manifest.

Carter's Report expectedly generated much controversy especially as it tended to have justified the existence of his department against the "encroachment" of the Railway and Marine Departments. The heads of these departments consequently reacted defensively to the Report. Indeed, Mr. McEwan, General Manager of the Railways wrote a twenty-five-page comment in a language that was particularly rude and overbearing. On the allegation that the multiplicity of authority generated conflict and inefficiency, he made the following comments laden with rhetorical questions:

> who, but the Marine Department should undertake the towing, pilotage and buoying of vessels and collect charges raised for these services? Who, but the Customs Department should collect customs dues and, for convenience and without extra cost, at the same time collect harbour dues? The sheds on the Customs Wharf are regarded as ships' bottoms.

> The shipping companies operate and load cargo from ships into ... (them) and the only control necessary is definitely a Customs' control. The so-called Port Department (Carter's) does not, at present, supervise cargo handling at Apapa and Port Harcourt Wharves. The Railway operates its own coal docks and wharves, and it is necessary and economic that it should continue to do so...[133]

McEwan denied that the Railway nursed the ambition of controlling any port: "all it requires to do is to control and operate its wharves." He proceeded to lambast the existing system of administration built around the Director of Transport:

> The sole result of some four years activity in this direction appears to have produced extra staff and increased expenditure. The so-called Port staff (correctly, Wharf staff) exercise no more supervision over the Cargo Contractors than was done in the past, nor were they ever regarded as a separate and independent department.[134]

All that was achieved as far as the Railway was concerned, he concluded, was "the creation of multiplicity of control and an unending volume of correspondenc (a fruitful source of confusion and friction) much of which was useless and unnecessary and produced little but increased expenditure."[135]

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133. <u>Ibid</u>., Comments on Mr. C. W. Carter's Report by General Manager Railway, para 34.

134. <u>Ibid</u>., para 44.

135. <u>Ibid</u>.

The Director of Marine, whose department had also been accused of seeking to control the port for its own purpose, also assailed Carter's Report in the spirit of inter-departmental rivalry. Indeed, he was indignant that anyone could question the Marine Department's right to control the port:

> It is the impression that no Port Authority exists and therefore there is no port control. I must dissent from those views because during the whole of my twenty-five years service here I have understood that the Port's Authority is the Director of Marine, and the harbour masters exercise that authority on his behalf. [136]

He explained that while the Department exercised control at all ports in Nigeria, it did not control shore handling of cargo over the Apapa, Lagos and Port Harcourt wharves. This control might not have been evident "because it works smoothly and the shipping companies are satisfied." He nevertheless conceded that the extent of control by the Marine Department was not as total as in some other ports of the world.

As regards cargo handling over the wharves which he termed Port Shore Traffic handling, Mr. Ivey argued that

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136. Ibid., Comments by Mr. Ivey, Director of Marine.

Nigeria was not alone in operating such a system. He referred to similar practice in London, Liverpool and Glasgow where the port administration provided and maintained the harbour, navigational, surveys, buoyage, towage and pilotage services, provided and maintained wharves, sheds and all cargo handling applicances but they did not handle the cargo. That task was left to the shipowner and the stevedores. Such an arrangement was advantageous for keeping down the costs of port administration.

In the final analysis, the Director of Marine endorsed the call for unified control of the port. "With one Port Authority", he asserted, "Government and the public will have one Department only to deal with, and doubtless, all work necessary in connection with port working will be simplified." However, he left no one in doubt which Department would be the Port Authority.

In the meantime, the Port Department, which Mr. Carter had sought to make the authority for the port, had come under sustained attack from different quarters. In March, 1940, the Standing Committee on Finance in Nigeria accepted the draft estimates on the Port Department subject to the abolition of the Department and the distribution of its duties among other departments. This was expected to ensure substantial economy without loss of efficiency. Also speaking in the Legislative Council, Hon. R.A. Williams, Commercial Member for Lagos, called for the abolition of the Department which he considered "entirely unnecessary."[137]

Then, in April 1940, Mr. Carter's Report as well as the comments on it by the General Manager of the Railways, Director of Marine and the Comptroller of Customs, were considered by a joint meeting of the Economic and Transport Advisory Board and the L.P.A.B. The joint meeting recommended unanimously that a prima facie case had been established for the absorption of the Port Department by the Marine. A technical committee was then instituted to examine the details of the amalgamation and any other possible economies.

The main recommendations of the technical committee were as follows.[138] First, the abolition of the Port Department as a separate entity. Second, responsibility for the ports of Nigeria and the duties performed hitherto by the Port Engineering Department to be vested in the Department of Marine. Third, a civil engineer, with experience of

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137. WAP, 10 April, 1940.

138. CSO 26/1 09860/S.20 ... op. cit., Abrahall to Lord Llyod of Dolobran, 27 Dec. 1940.

harbour works, to be appointed to the Public Works Department and seconded to the Marine Department as Port Engineer. He would be directly responsible to the Director of Marine with the same status and salary (£1,100 per annum) as the Principal Engineer of the Marine Department. Fourth, the European Inspectors to be appointed to the P.W.D. staff and seconded to the Marine Department. Fifth, the Railway Department to assume responsibility for all construction and maintenance above coping level of the Apapa, Port Harcourt and Ijora wharves. Sixth, the working of the Government wharves at Apapa and Port Harcourt to remain the responsibility of the Railway Department. Seventh, the Port Department and offices to be evacuated, subject to the temporary retention of certain storage accommodation. Eighth, the Aro Quarry, from which stones for the harbour works were supplied, to be handed over to the P.W.D. as soon as war-time conditions permitted. Ninth, the immediate economies anticipated was conservatively estimated at £8,815 per annum.

The main criticism of the Port Department, in the view of the technical committee, was that its existence engendered unnecessary expense and duplication of staff and equipment in the port of Lagos. It was found that the

Port Engineer's duties involved little more than routine maintenance of the moles, foreshores and wharves of the port. This required a Depot, Offices and workshops with a corresponding staff. Yet, at the same time, the Marine Department had a well-appointed dockyard, offices and workshops whose subordinate staff possessed to a very great extent the same qualifications as those employed by the Port Department. The Committee aknowledged that a separate Harbour or Port Department had had to be created in the past owing to the instability of conditions in the port which required a separate technical department under a specialist engineer to guard against the risk inherent in undetected defects in harbour works and structures. However, such a justification no longer existed in 1940, hence the need to scrap the department.

The Committee contended that its scheme for the "co-ordination of port activities" would "combine economy with convenience." That view, it claimed, was shared by the commercial interests in Lagos with whom close contact was maintained through the P.A.B. It was envisaged that thence-forth, three departments instead of four would be involved in port working - Marine, Railway and Customs. "Further centralisation", the Committee concluded, "appears to offer no advantage in present conditions."

Hoskyns - Abrahall, Governor's Deputy, however proposed two modifications to these recommendations. First, that the European inspectorate staff of the Port Department should be transferred to the Marine Department while the engineering staff would be carried on the establishment of the P.W.D. and seconded to the Marine Department as proposed by the Committee. Second, the immediate responsibility for harbour works and ports should rest with the Director of Marine subject to an annual inspection by the Director of Public Works in consultation with the Director of Marine and Port Engineer. The Director of Marine should also consult with the Director of Public Works at any time on matters of emergency. These modifications and the recommendations of the technical committee were subsequently approved by the Secretary of State.[139]

This system of port administration, which was characterized by a diffusion of port authorities in spite of the elimination of the Port Department, remained in force throughout the Second World War and into the post-war period. However, the colonial government was conscious that the arrangement was far from satisfactory. Hence, it commissioned

139. Ibid., Confid. telegram dated 29 Jan. 1941, Sec. of State to Gov. of Nigeria.

Mr. A. N. Strong, former chairman of the Colombo Port Commission and of the Rangoon Port Trust, to prepare a report on the ports of Nigeria. Mr. Strong, assisted by W.A. Flere, was to inquire into the functions of the Marine Department with particular reference to the management of the harbours of Nigeria. This was with a view of creating a body to effect a more efficient and cheaper management of the Lagos Harbour and, possibly, Port Harcourt. The Commission's Terms of Reference specifically had in view 'a more or less autonomous body, for example on the "Port Trust" model which is found in the Port of London or Liverpool.'[140]

The Report, predictably, identified several "faults in the existing system" of port administration in Lagos. It agreed with several witnesses who had described the system as "chaotic" but pointed out that the faults lay in the system rather than in the officers who operated it. "The fundamental cause," the Report continued, "is beyond question the division of responsibility and, as a feature of this division, the relegation of an integral part of the responsibility to the Railway Department. Next, but of less

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140. CSO 26 09049/S.2 vol.II "Harbour Dues ...", enc. A.N. Strong, assisted by W.A. Flere, REPORT ON PORTS OF NIGERIA, 1949, p.1.

importance, is the centralisation of control in a bureaucratic Secretariat". It was argued that inefficiency was "practically inevitable" where there was dual or divided responsibility. Hence, it was 'useless to speak of "consultation" and "co-operation" as substitutes for unified control.'[141]

In addition to the aforementioned disadvantages associated with a diffusion of port authorities, the existing system was also considered hampered by the "domination" of the Railway. The Report contended that fears expressed by the mercantile communities in the early thirties that the interests of the port would be subordinated to those of the Railway were "well-founded."[142] This was illustrated by the practice of the Railway authorities in sending empty wagons up-country for more exports while imports were waiting in the hold of ships for despatch to the hinterland. In this way, concern for quick despatch of railway wagons clashed with rapid shipping turn round. In such a situation, imports piled up, shipping was delayed and port congestion compounded. To make matters worse, congestion at the port cut off fresh consignments of produce which could not be exported.

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141. Ibid., pp 2-3.

142. Ibid., p.3.

Similarly, it was found that the Railway discriminated against road transportation which was a rival mode of conveyance.[143]

In summary, the Report highlighted three fundamental causes of the "avoidable inefficiency" of the existing system. These were the division of control; the dominance of the Railway in the ports and, to a subsidiary extent, over-centralised Government control. It was, therefore, recommended that "the entire operation of the Ports should be unified and placed under the control of a single authority and, second, that this authority should be a Board of Management on the lines of a Port Trust as generally recognized."[144] As a prelude to this, control of the ports of Nigeria would be unified under one Department - the Marine - whose "natural function" it was to co-ordinate port activities.

In the aftermath of the Report, which was completed in October, 1949, the administration of the ports of Nigeria was vested in the Nigerian Ports Authority. The Authority was subsequently established in 1954 on the lines suggested in the Report.[145] This ended the era of diffusion of authority in the

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143. Ibid., p.5.

144. Ibid., p.7.

145. Comcol 1 3424 "Nigerian Ports Authority: Proposal to establish", enc. in Ag. Civil Sec. W. Region to Ad/col, Residents, Delta, Ondo and Ijebu Provs., 20 July, 1953.

port of Lagos in particular and Nigeria in general. The operations of the Ports Authority are, however, beyond the scope of this study.

This chapter has dealt with three major themes in the history of the port of Lagos during this period. These were the physical development, financial administration and co-ordination of activities in the port. We have thus focused attention on the hub in which the developments examined in the subsequent chapters took place. The next chapter examines the dynamics and impact of maritime trade in Lagos during the First World War, beginning with developments on the eve of the war.

CHAPTER TWO

SHIPPING AND MARITIME TRADE IN LAGOS DURING THE FIRST WORLD WAR

The Structure of Trade and the Organization of the Mercantile Community in Lagos on the eve of the War

By 1914, the trade of Lagos was of two broad categories - the lagoon trade centred on Lagos :.sland and the rail-borne trade with its outlet at Iddo. The character of Lagos trade and the extent of the port's hinterland during this period were largely dependent upon transport links. Thus, until railway construction began in Lagos in 1896, the port was dependent on its "immediate" hinterland served by the Ogun river and the lagoon waterways.[1] The lagoon trade was carried on in canoes, the largest of which were about 70 feet long and over 10 feet wide with a draught of over two feet. Dug-outs, which were the smallest craft, had a draught of only nine inches. The principal lagoon market centres which fed Lagos were Ejinrin, Epe and Atijere in the east, Badagry and Ojo to the west.[2]

Over 50,000 tons of produce for export were supplied by the lagoon to Lagos Island in 1914. If imported goods and

1. For a study of the earlier period, see B.O. Okuntola, "Importance of Water Transportation in Lagos Economy in the Pre-Colonial Period", M.A. thesis, University of Lagos, 1984.

2. Ejinrin is studied in O.O. Ogunbomehin, "Port and Market Development in Ejinrin, 1851-1953", M.A. dissertation, Ibadan, 1988.

and foodstuffs for consumption in Lagos were added, approximately 150,000 tons of goods were handled by means of the lagoon in 1914. In that year, of the 63,000 tons of kernels and 13,000 tons of palm oil which were exported from Lagos, the tonnages supplied by the lagoon trade were 25,000 and 9,000 respectively.[3]

These figures indicate that rail-borne cargo was not preponderant in the export trade of Lagos in 1914 even though the railway line had reached Osogbo in the heart of the oil palm belt in 1907. Even after the line had been extended to Kano in 1911, the railway did not generate an immediate change in the character of Lagos trade. As the railway authorities admitted in 1912, "the effect of linking up with the Northern section has not been felt in any appreciable degree ... we are only now beginning to tap the trade of the hinterland."[4] Nevertheless, the railway had a positive impact on Lagos trade for it not only increased the tonnage of Lagos exports, especially with the stimulus given to groundnut production in Kano after 1912, but also increased the range of Lagos exports. Thus, in addition to cocoa and

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3. CSO 1/32/18 53 of 24 Sept ., 1915, Lugard to Law, enc. Memo by T.F. Burrowes, Comptroller of Customs, 26 Aug., 1915.

4. CSO 1/32/2 109 of 29 May 1913, Lugard to Harcourt, enc. 3: Memo by Acting General Manager of the Railway, n.d.

palm produce from the "immediate" hinterland, Lagos now served as outlet for groundnuts, cotton and tin from Northern Nigeria.

In this regard, Lagos exports demonstrated a variety that surpassed that of any other Nigerian port. The same was true of the magnitude of its trade. On the eve of the war the port was in an era of "prosperity" that began in 1906.[5] This boom was principally the result of phenomenal increases in the prices of produce. Thus, while the average European prices for Lagos palm oil and kernels in the period between 1880 and 1905 were £24:14:4d and £11:11:6d per ton respectively, the average prices in the period between 1907 and 1913 were £29:18:11 and £17:19:9 respectively.[6]

The principal cause of these increases was the rising demand for oils and fats for industrial purposes as well as the manufacture of foodstuffs like margarine. Increased produce prices induced increased production which boosted the purchasing power of the producers. This in turn stimulated demand for a wide variety of imports.

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5. This is studied in detail in A.G. Hopkins, "An Economic History of Lagos ...", op. cit., pp 377-448.

6. Ibid., p.388.

The most important items of the import trade were cotton piece goods, kolanuts and trade spirits. Cotton piece goods and spirits constituted 34.9% and 6.2% of the total imports respectively in 1910. It should be noted that these imports had suffered a severe decline compared with the period from 1880 to 1892 when they constituted 65% of the total imports. This decline was due in part to increased customs duties which reduced the volume of the spirit trade. An additional reason was the increase in the importation of items such as kerosene, silk goods, hardware, provisions, kolanuts and tobacco.[7]

With regard to the direction of Lagos trade, Britain and Germany took an average of 96% of the exports and supplied some 87% of the imports.[8] A striking feature of the external trade of Lagos was the dominance of the German firms in the kernel trade. This was simply because the Germans excelled in the crushing of palm kernels and the manufacture of cattle feed from the residue of crushed kernels which was popular in Germany. Even in the import trade, the Germans made a strong showing by supplying a wide variety of cheap manufactures which their rivals spitefully described as "inferior."

7. Ibid., p.383.

8. Ibid.

In truth, the Germans were able to manufacture beads and hardware at lower costs than their English rivals at Birmingham. In addition, the Germans imported such items as kerosene, stockfish and matches at lower costs because Hamburg was the nearest port to the manufacturing centres in Russia, Norway and Sweden. Furthermore, the Germans dominated the trade in spirits which were produced in Holland and Germany. Finally, the Germans demonstrated their well-known Teutonic efficiency by paying careful attention to the requirements of their customers, by keeping large stocks of a wide variety of goods to satisfy all possible demands and by granting generous credit to the African "middleman"[9]

In the area of commercial organization, the business community in Lagos comprised three racial groups- the Europeans, who were mainly British, French and Germans; the Levantines and the Africans. Neither the Levantines nor the Africans formed any formal pressure group. Indeed, editorials in the Lagos press of this period lamented the failure of African traders to form a "combination." In contrast, the European traders had an effective organization in the Lagos Chamber of Commerce which was established in 1888.[10]

9. Detailed information on German methods of trade is contained in Burrowes' memo, CSO 1/32/18 ... op.cit.

10. The early history of the Chamber is studied in A.G. Hopkins, "The Lagos Chamber of Commerce, 1888-1903", J.H.S.N., III, 2 (Dec., 1965), pp 241-59.

The European businessmen, irrespective of nationality, could be reclassified into three groups - those who imported and sold goods for cash and also bought produce for export; those who specialized only in the import trade, these being mainly British and French, and those who were commission agents, mainly Germans and Austrians who dealt in imported goods.[11] Prominent European firms in Lagos during this period were G.L. Gaiser, John Holt, Witt and Busch, Compagnie Francaise; McIver and Co., Lagos Stores Ltd., Paterson and Zochonis and Co. Ltd., Miller Brothers and H.B.W. Russell and Co. The German firm of G.L. Gaiser alone shipped about a quarter of the palm kernels and oil, and had a large proportion of the import trade. Seven Manchester firms - John Walkden and Co., Pickering and Berthoud; G. Gottschalk and Co.; Rylands and Sons Ltd.; Ashton and Kinder and Co.; G.B. Ollivant and Co. and Blackstock and Co. - were prominent in the import trade, their speciality being cotton goods. The French firms of H. Dupuy and J. Gros imported, manufactured and retailed spirits while the German firm of Sachse and Co. specialized in the bead trade.

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11. This section draws on Hopkins, "Lagos, 1880-1914 ...", op. cit., pp 423-431, passim.

The Levantines did direct importing in their own names but their share of the import trade was insignificant. They nevertheless sent substantial orders to Europe through the Commission Agencies and the Bank of British West Africa, the goods being paid for on delivery. The Levantines were described as "the pedlars and retailers of the country."[12] It is noteworthy, however, that it was a Lebanese, Michael Elias, who dominated the cattle trade in Lagos during this period.[13]

Most African businessmen[14] specialized in the cotton goods trade and only three - P.J.C. Thomas, S.H. Pearse and J.K. Coker - exported produce by 1914. Braimoh Igbo was the greatest name in the Gold Coast Kola trade. Professor Hopkins has argued that the Africans were more successful in the import trade because it was possible to start with meagre capital whereas the risks involved in the export trade were truly enormous.[15] He used the career of S.H. Pearse - who was bankrupt or near-bankrupt on at least three occasions - to illustrate "the extreme fluctuations which characterised

12. CSO 1/32/18 853 of 24 Sept . 1915 ... op.cit.

13. The career of Elias is discussed in Hopkins, "Lagos" ..., op. cit., p. 407.

14. Detailed analysis of the composition of this group is provided in Burrowes' memo enclosed in CSO 1/32/18 853 of 24 Sept. 1915 ... op. cit.

15. Hopkins, "Lagos ...", op. cit., pp 307-308.

the fortunes of all those engaged in the export trade (which) ... was commonly regarded as being almost a form of gambling."[16]

The foregoing has provided an outline of the dimensions of maritime trade in Lagos on the eve of the First World War. As we have noted, the trade of the port was passing through a period of prosperity, owing to a phenomenal rise in produce prices, that had begun in 1906. A significant result of this prosperity was an increase in the population of Lagos as the port-city attracted a lot of fortune-seekers from the hinterland. By 1912, Lagos had become well-known as 'the "Liverpool" of West Africa'[17] on account of the magnitude of her trade. The census of 1911 had also shown it to be "by far the largest commercial coast town in British West Africa, if not in the whole of the West African seaboard."[18] The population of the Lagos Municipal Area (Iddo Island, Ebute Metta and Apapa) had risen from 41,847 in 1901 to 73,766 in 1911, a 70% increase.

However, the stability and prosperity of Lagos trade faced a severe test sequel to the outbreak of the First

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16. Ibid., p.433.

17. CSO 1/19/45 18 of 10 Jan., 1912, Boyle to Harcourt, enc. Financial Report for the year 1910, p.2.

18. CSO 1/19/45 28 of 16 Jan., 1912, Egerton to Harcourt: Comments on the Census, 1911.

World War. The following sections deal with the dimensions and dynamics of shipping and maritime trade in Lagos during the War.

The First World War and the Eclipse of German Trade in Lagos

As is well known, the War which broke out in August, 1914 started as a European war over European issues. Ordinarily, one would be justified in expecting that such a war would have had little, if any, direct impact on such outlying areas (from the perspective of Europe) as Lagos, on the West African coast. But, on the contrary, Lagos bore a fair proportion of the brunt of the war basically because it was the premier port of a rich colony belonging to one of the belligerents - Britain. That the war had such an effect on the economic life of Nigeria", it has been observed, "showed the extent to which Africa, especially West Africa, had become part of the Western European complex."[19] The impact of the war on Lagos could thus be best appreciated in the context of a relationship of dependence between colony and metropolis.

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19. Akinjide Osuntokun, Nigeria in the First World War, Longman, 1979, p.21.

There was apparent calm in Lagos at the outbreak of the war. With reference to the "Teutonic peoples" in the city - who subsequently became the principal victims of the upheaval - a Lagos newspaper observed that:

> The terrible announcement of war has been received by such of them, as has been living in Nigeria, with that outward calmness inseparable from their being. The natives of Nigeria, following their example, have displayed such ... self possession that befits the occasion.[20]

But this proved to be the calm before the storm as revealed by the swift turn of events.

Thus, on 21 September, 1914, A. G. Boyle, the Governor's Deputy, unilaterally suspended the trading activities of German and Austro-Hungarian firms in Nigeria. Consequent upon this order, it was stated in the Lagos press that 'Much sympathy is felt generally for the German gentlemen resident in our midst, lately "our friends" but now "our friends the enemies." For none more so than the highly respected Mr. Charles Ungebauer'.[21]

Although the Colonial Office overruled Boyle within a week, German activities were curtailed by a number of stringent measures. Eventually, owing to pressure from the

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20. NP, 14 Aug., 1914.

21. NP, 28 Aug., 1914.

business community in London and Liverpool and on the basis of allegations that the Germans were inciting British subjects in Southern Nigeria against their colonial masters, the "enemy" citizens were interned as prisoners of war and deported. Of these deportees, the case of Mr. Ungebauer was particularly pathetic. Like many other German traders he had built up a solid reputation and earned for himself the goodwill and confidence of his African customers but unlike the others, he had renounced his German citizenship. Hence, faced with the horror of deportation to Germany, where he was certain to be tried for treason, he resorted to suicide.

Be that as it may, an immediate consequence of the war was the abrupt stoppage of German trading activities in Lagos. In view of the preponderance of the Germans especially in the kernel trade, this development bade fair to generate a serious crisis in the export trade of Lagos and Nigeria. For, the German firm of G.L. Gaiser alone exported from Lagos in the period January-June 1914, 32% of the palm kernels, 45% of the palm oil, 21% of the cocoa, 12% of the shea nuts and 8% of the hides.[22] With the prohibition

21. NP, 28 Aug., 1914.

22. CSO 19/3 N814/1915 Customs Report, 1914, p.1.

of trade with the "enemy countries", it became incumbent on the British government and its local agents to find alternative markets for Nigerian produce that hitherto found a market in Germany.

Finding alternatives to the markets provided by the "enemy" countries was especially difficult in the case of palm kernels, 44% of which had been absorbed by Germany at the outbreak of the War. A number of factors accounted for the German control of this trade. As identified by the Committee on Edible and Oil-Producing Nuts and Seeds in 1916, they were as follows.[23] First, the influence of the firm of G.L. Gaiser which at one time was not only an importer but a crusher of kernels in Germany. Second, the popularity of the cattle feed from palm kernel cake in Germany. Third, the (unproven) possibility that the Woermann Linie gave secret rebates to German shippers. Fourth, the financial support rendered by German banks to German businessmen. Fifth, the cheaper transit facilities between Hamburg and Harburg on the one hand and Liverpool and its out-ports, on the other. Sixth, the comparative cheapness

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23. Cd 8247 <u>Committee on Edible and Oil-Producing Nuts and Seeds - Report</u>, June 1916, pp 13-16.

of port charges at Hamburg <u>vis-a-vis</u> Liverpool, the differnnce being in certain respects (exclusive of delivery costs) up to 2s 7d per ton in favour of Hamburg. Seventh, the steady supplies of kernels to Hamburg from West Africa. Eighth, the availability of good inland waterway connections between Harmburg and Emmerich and Harburg where the crushing mills were located. Ninth, the fact that the Germans had more and better milling machines and, finally, the significantly lower cost of carriage from mill to margarine factory in Germany (some 5/- per ton) than in England (30/- per ton).

Thus, while the Germans were well entrenched in the palm kernel trade of Lagos, the British had neither sufficient crushing mills nor the ready market for cattle feed produced from crushed kernels. Indeed, in August 1914, there were only three small crushing mills in England which were grossly inadequate to handle the Nigerian kernel crop which had totalled 131,886 tons in 1913.

To stave off the imminent disaster, the British Government turned to the soap and margarine magnates to find ways of absorbing the Nigerian kernel crop. Not unexpectedly, the latter were hesitant to invest so much capital in what hitherto had been a fledgling industry in Britain. However, they pledged to reconsider their stand if the Imperial government could grant them a virtual monopoly of the kernels produced in the Empire. Furthermore, they demanded assurances that the capital invested in the enterprise would be protected against foreign competition especially in the post-war period. They expressed concern about the profitability of their investments since kernel cake was not popular with British farmers who preferred cattle feed derived from cotton and linseed.

Eventually, British businessmen were persuaded to take up the challenge of erecting crushing mills while British farmers came to adopt palm kernel cake as cattle feed. This was achieved through propaganda and representations to the business and farming groups. Thus, consequent upon the erection of new mills in Hull, London and Liverpool, these centres handled 42,549, 8,729 and 178,060 tons of Nigerian kernels respectively in 1915.[24] In the same vein, English farmers were persuaded to accept palm kernel cake by the campaign of enlightenment mounted by agricultural societies

24. Osuntokun, First World War ... op. cit., p.59 note 38.

and the discovery that kernel cake produced cheaper bacon and better milk than any other cattle feed.

It could be seen, then, that as against the uncertainty of the opening months of the War, the kernel trade had become stabilized and secure in British hands by the end of 1915. This was the result of a combination of the erection of new crushing mills, the acceptance of kernel cake as cattle feed, the boom in the margarine trade, the greater use of palm kernel oil in the manufacture of toilet soap and official protection against foreign (that is, Dutch) competition.

The need to protect the industry and to keep it in British hands after the war prompted the Imperial government to set up a Select Committee of the House of Commons to recommend ways of ensuring future British control of the kernel industry. Hence, the Committee (whose chairman was Arthur Steel - Maitland, Parliamentary Under-Secretary) stipulated in its Report that "The object to be kept in view ... is not merely to bring the trade to the United Kingdom. It must be retained in British hands."[25] It, therefore, recommended the imposition of a differential duty of £2 per ton

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25. Cd 8247, Report ... op. cit., p.23.

on kernels exported outside the Empire until five years after the war. The Committee acknowledged that this measure would restrict the market and depress produce prices but it insisted that "whatever risk there is in the matter is worth taking for the proposed term of years in view of the objects to be attained" - the capture of the kernel trade.

It is noteworthy that immediate opposition to this recommendation came from within the Committee itself. For, Mr. Wiles, M.P., submitted a minority report enumerating grounds of objection to the measure. First, he pointed out that the duty would depress prices especially as foreign competition had been eliminated and the trade had been cornered by a few 'Combine' firms. Second, that the duty amounted to £2 per ton subsidy to British crushers which would be resented by the 'unprotected' British manufacturers and would cause friction with the French who were great consumers of edible oil. Third, he cautioned that the duty could invite reprisals from friendly neutral countries which used to procure large quantities of kernels through German ports.

To this and other forms of opposition, the Imperial government remained impervious. In response to the argument that the duty infringed time-honoured principles of Free Trade,[26] it was contended that "the principles of economics which have long guided British policy will of necessity be modified in consequence of this colossal war, and its results."[27] Assurances were, however, given that the duty would not have any adverse effect on produce prices. But, as will be shown in a subsequent chapter, the differential duty and other means that ensured the chennelling of colonial trade to Britain adversely affected the interests of the producers in the West African colonies.

Be that as it may, a corollary of the "capture" of German trade in Lagos was the disposal of the property of the "enemy" firms. The magnitude of the trade conducted by these firms in Lagos and the hinterland meant that the take-over of their property was bound to generate a lot of interest in commercial circles in the colony and the metropolis. From the Nigerian perspective, the <u>Nigerian Pioneer</u> noted after the event that "perhaps nothing has touched the Colony so closely, or been so vitally important

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26. CSO 1/32/27 enc. 1 in 965 of 11 Dec., 1916, A. Alakija, Sec., Lagos Auxillary of the A.A.P.S. to Sec. S. Provs., Lagos, 9 Oct., 1916.

27. <u>Ibid</u>., enc. 2: Cameron to Sec., L.A.A.P.S., 30 Nov., 1916.

to it, as the disposal of the large Enemy Properties (sic) in Nigeria."[28]

On 5 November, 1914, the colonial government in Lagos appointed a Committee comprising Colonel Moorhouse, the Lieutenant-Governor, Mr. MacGregor, the Treasurer and Mr. Burrowes, the Comptroller of Customs, to make recommendations for winding up "enemy" estates in Nigeria.[29] The Governor-General ordered that one member of each small firm and two members of the larger firms should be detained to resolve matters affecting their respective firms. On 6 November, the "enemy" firms were asked to stop trading in Lagos and to close on the following day.

On 7 December, Burrowes was appointed Receiver of German firms in Nigeria (under the Aliens Restriction Ordinance, 1914) with effect from 19 November. The affected firms were Witt and Busch; Paul Meyer; Jackel and Co; G.L. Gaiser; Niger Benue Transport Co.; Martens and Co.; Paul Goeriche; German West Africa Trading Co.; Deutsche Kamerun Gesellschaft; Behrens and Wehner; Bey and Zimmer;

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28. NP, 12 Jan., 1917.

29. CSO 1/32/23 enc. in 305 of 18 April, 1916: Receiver's Report on enemy firms by T.F. Burrowes, 6. IV. 1916.

Oscar Kaiser and Co; Holtman and Co.; Lehman and Vietor (from 13 January, 1915) and A. Saschse and Co. (on October 28, 1915 under the Trading with the Enemy Ordinance, 1914).

Amendments were made to the orders of Court under the Aliens Restriction Ordinance as follows. On 31 December, 1914, the Receiver acquired further powers to sell all stocks and other moveable property. On 2 February, 1915, he was empowered to perform or complete the performance of contracts and on 8 February, was authorized to sublet to Government on monthly tenancy any leasehold property of the firm, irrespective of the conditions of lease.

An immediate problem that attended the liquidation of these firms was the issue of the redemption of debts owed to or by them. First, it was realized that attempts to recover debts owed to German firms by their African creditors were adversely affecting trade. Hence, the Lagos Chamber of Commerce urged that the Receiver "should not be allowed to press for outstanding debts by natives being in full as this will undoubtedly be very prejudicial to the interests of British merchants".[30] The Chamber contended that if Government insisted on the immediate repayment of debts owed by Africans, "great numbers of natives will be forced

30. CSO 19/3 N728/1915 "Chamber of Commerce, Lagos - on manner in which Receivership ... is affecting trade", Sec., Chamber of Commerce to Central Sec., Lagos, 8 May, 1915.

into the Bankruptcy Court ... (especially) when one considers how greatly the resources of the native traders have been crippled by the uncertainty ... (of) trade generally." Such debts, it was suggested, should be left for the "enemy" firms to collect at the end of the war. However, if funds were required to settle debts owed to others by the Germans, the Chamber opined that sites of the affected firms should be offered for sale. The selfish motive behind this proposal would be laid bare in a later discussion on the sale of "enemy" property.

Another dimension to the issue of debt settlement was that there were different classes of claims against the firms. Such claims emanated from (a) creditors in British West Africa (b) creditors in the United Kingdom and other British territories and (c) those in allied and neutral countries. There was a further complication in that many of the debts were incurred by the head offices rather than the local branches of the firms.

After due consideration, the colonial government decided to recognize only two classes of creditors -

(A) those who had transactions direct with the branch in question wherever they may be resident and regardless of whether they are British, Allied or Neutral and (B) those who had transactions with other branches or with the head office. The justification for this decision was stated thus:

> On the gound of expediency, ... debts of Class A are those which are readily provable by the books of the branch in question. On the ground of justice, ... Class A are those who would in the ordinary course, have been paid by the branch and who looked to the branch for payment.[31]

In the final analysis, the debt issue did not prove intractable because, as the records showed, "the branches of enemy firms are nearly all solvent, at any rate as regards local debts, with the exception of Woermann Linie, whose branches in Sierra Leone and Nigeria would seem to be insolvent." The balances of the firms by March 1916 are indicated below.

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31. CSO 26/1 03010 vol.1, "Liquidation of enemy property in Nigeria", Law to Lugard, 10 June, 1915.

TABLE 9

Balance of "enemy" estates in Nigeria, March 1916

Firm	Treasury	Bank	Total
G. L. Gaiser	£79,836. 9. 0	£2,067.13. 7	£81,904. 2. 7
Paul Goeriche	25. 8. 4	---	25. 8. 4
Bey and Zimmer	39,234. 8. 4	63. 3.11	39,297.12. 3
Paul M. L. Meyer		428.14. 1	2,228.14. 1
Oscar Kaiser & Co.	215.12.10	23.15. 9	239. 8. 7
J.W. Jackel & Co.	461.12.10	41.19. 7	503.12. 5
Niger-Benue Transport Co.	981. 1. 9	16. 6. 4	997. 8. 1
W. Mertens & Co.	---	9. 7. 0	9. 7. 0
Behrens and Werner	4,969. 4. 1	54.15.10	5,023.19.11
Holtman & Co.	200. 3. 0	32. 1. 7	232. 4. 7
Woermann Linie	5,668. 5. 0	2.17. 3	5,671. 2. 3
A. Sachse & Co.	7,700. 0. 0	3. 1. 3	7,703. 1. 3
Ring & Co.	216.10. 0	94. 3. 4	310.13. 4
Witt & Busch	45,875. 6. 9	457.16.10	46,333. 3. 7
Victor & Lohmann	600. 0. 0	32.15. 3	632.15. 3
Morin & Co.	7. 2. 7	32.19. 2	40. 1. 9
L. Pagenstecher & Co.	5,156.18. 0	---	5,156.18. 0
German W. Africa Trading Co.	13,296.16. 3	198.11. 2	13,495. 7. 5
Deutsche Kamerun Ges.	37,094.13.11	103.15. 7	37,198. 9. 6
	£243,339.12. 8	£3,663.17. 6	£247,003.10. 2
Less Debit Balance of W. Mertens & Co.	182.12. 9	---	182.12. 9
	£243,156.19.11	£3,663.17. 6	£246,820.17. 5
Receiver's Expense Account	23,500.18. 5	434.16. 5	23,935.14.10
Total	£266,657.18. 4	£4,098.13.11	£270,756.12. 3

SOURCE: CSO 1/32/23 305 of 18 April, 1916, Lugard to Law, enc.- Receiver's Report, 6.4.1916, Appendix H.

Initially, the Imperial government pursued a "conservative" system of liquidation[32] because the war was expected to be short-lived. In addition, many of the "enemy" firms had a heavy accumulation of stocks which required a gradual disposal if the produce market was not to be saturated. But by the beginning of 1916, the Imperial government constituted an Interdepartmental Committee under the chairmanship of Sir. G.V. Fiddes of the Colonial Office to reconsider the policy of liquidation of enemy firms in the British Colonies and Protectorates. The Committee recommended a "complete system of liquidation" which would include the sale of the good-will, trade-marks, land and buildings (whether freehold or leasehold) and other permanent assets of the "enemy" firms.

This change of policy was dictated by certain considerations. First, by the beginning of 1916, the accumulated stocks of the enemy firms had virtually been disposed of. Second, the war was escalating and it was felt that Government should no longer be burdened with the maintenance of the permanent assets of the liquidated firms. Third, further delay in the sale of these assets was likely to deprive the good-will and trademarks of these firms of their value. Such a prospect was considered

32. Ibid. For details of policies governing liquidation.

unjust to the creditors where there was a depreciation in the value of assets and also to the "enemy" owners themselves for they would not be in a position to resume their trading operations in British territory after the war. The stage was thus set for the sale of "enemy" property in Nigeria, an event which took place in London in November, 1916.

Long before it was given official sanction, the policy of "complete liquidation" had been foreshadowed by British merchants. Thus, the Lagos Chamber of Commerce, a local mouthpiece of metropolitan interests, had tried to persuade the colonial government that

> If the sites ... are placed on the open market an opportunity will be given to merchants already established in Nigeria to extend their business and at the same time will open the door for an influx of fresh capital from business houses in England not at present engaged in the West African trade.[33]

The Chamber warned that if the sites were left unsold, they would appreciate in value to such an extent that by the time they were restored to their owners at the end of the war, this would give an undeserved leverage to the returning "enemy" firms. In a clever combination of patriotism and self-interest, the Chamber

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33. CSO 19/3 N728/1915, "Chamber of Commerce ...", op.cit., Sec., Chamber of Commerce, Lagos to Central Sec., Lagos, 11May, 1915.

argued that it was "only ... fair and reasonable that as far as possible trade in British colonies should be handled by British firms and controlled by British capital ... and Government by releasing the sites ... for competition would render decided assistance" in achieving this aim.

However, when it was decided to sell "enemy" property in West Africa, the metropolitan and colonial Chambers of Commerce wanted the Government to exclude Neutral buyers. Hence, it was in the face of "strong protests" from such bodies that Bonar Law, the Secretary of State for the Colonies, resolved that buyers from Neutral countries should participate in the auction. The sale attracted a great deal of attention and realized a sum of £383,534. Total sums at the credit of the estates on 31 December, 1916 stood at £467,633. Competition for the lots in Lagos and Apapa was described as "very keen" because "some of the British firms established in Nigeria ... had apparently made an arrangement between themselves to purchase the best of the properties."[34] At the end of the day, all the property were acquired by British firms.

The sale of "enemy" property in far-away London, however, had significant effects on the economy of Lagos. First, the property were acquired by the entrenched British firms (which constituted

34. CSO 19/5 N221/1917 "Blue Book Report, 1916", p.9.

themselves into a Combine) whose grip on the economy of the colony was thereby further strengthened. Second, the sales had an adverse effect on the value of property in Lagos. While the sales were going on, the Lagos Weekly Record observed that:

> Some of the premises are realising fanciful prices out of all proportion to their intrinsic wealth. There can be no question that these competitive prices have exercised a reflex effect by raising the value of property in the island of Lagos.[35]

In the same vein, the Report on the Blue Book for 1916 noted that "in some cases prices were realised which must be regarded as being far in excess of the true value of the properties, with the result that the value of land in Lagos and Apapa has been inflated to a most regrettable degree."[36]

In the final analysis, the sales marked the final step in the eclipse of German trade in Nigeria until the post-war period. Consequently, the trade of Lagos in particular and Nigeria in general passed into the hands of some British firms which formed the so-called Lagos Working Agreement. The consequences of the elimination of German competition, the constriction of the export markets or forelands of Lagos and the exploits of the "Combine" firms are examined in the following section.

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35. LWR, 18 Nov., 1916.

36. LWR, 5 Sept., 1914.

The Dynamics of Maritime Trade in Lagos, its hinterlands and forelands during the War

The initial months of the War were particularly trying for traders and producers in Lagos and the hinterland. The prevailing mood of disquiet was accurately reflected in an account published in a Lagos newspaper:

> The war in Europe has produced a general paralysis in trade ... Native producers whose enthusiasm had been dampened by the outbreak of hostilities are now lying quiet like clams ... It is regrettable that the bulk of our export trade finds better market in Hamburg ... this war will be a veritable eyeopener to English merchants and capitalists by creating a very favourable market for Colonial produce in Liverpool and London.[37]

While later events fulfilled the newspaper's hopes of an alternative to the German market, its expectations of a "very favourable market" proved illusory. For one thing, while Britain succeeded in providing a market for West African kernels that could have gone to Hamburg, the British market on which they were unloaded with such suddenness simply collapsed with results that could be seen in the table below. For, the saturation of the markets resulted in a severe depression of the prices offered for produce.

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37. LWR, 5 Sept., 1914.

TABLE 10

Average produce prices in Lagos before and after the outbreak of war

	Palm Kernels	Cocoa	Groundnuts
	per ton	Per lb	per ton
August 1914	£13	$2\frac{7}{8}$d	nil
September 1914	£11	3d	"
October "	£10:15	$2\frac{7}{8}$d	"
November "	£10:10	$2\frac{7}{8}$d	"
December "	£10:10	$2\frac{7}{8}$d	£7
January 1915	£10:10	$2\frac{7}{8}$d	£6:10
February "	£11	4d	£6:15
March "	£12:15	5d	£6:15
April "	£11:15	5d	£6:15
May "	£9:15	5d	£6:15
June "	£8	$4\frac{3}{4}$d	nil

SOURCE: CSO 1/32/18 784 of 12 Aug., 1915, Boyle to Harcourt, enc. 1: Report on the trade in edible and oil producing nuts in Nigeria by T.F. Burrowes, 31 July, 1915, Appendix II.

As if that was not bad enough, a group of European firms constituted themselves into "The Lagos Working Agreement" whose price-fixing tactics further depressed the market. Members of this Combine were Miller Bros. Liverpool Ltd.; African Association Ltd.; The African Traders Co. Ltd.; Paterson and Zochonis & Co. Ltd.;

The Company of African Merchants; F. and A. Swanzy Ltd.; The Lagos Stores Ltd.; W.B. MacIver & Co. Ltd.; Thomas Welsh & Co. Ltd.; Holt Bros. & Co. Ltd.; McNeil Scott & Co.; H.B.W. Russel & Co. and the C.F.A.O. (a French company).

The Combine firms shared the produce market on the basis of an agreed proportion and reached an understanding as to prices to be paid to the producers. As Mr. C.A. Birtwistle, a former Commercial Intelligence Officer of the Lagos and Southern Nigerian administrations, admitted before the Committee on Edible and Oil-producing Nuts and Seeds in 1916, "There is some arrangement ... by the merchants to keep the prices down."[38] Mr. T. F. Burrowes, the Comptroller of Customs similarly remarked that "In spite of the good prices for produce in the Home markets the price paid to the Native has been cut down to the minimum."[39] Frederick Lugard, the Governor-General of Nigeria, while in London, confided in Lord Scarborough, chairman of the Niger Company, that he had received 'reports from many sources in Nigeria that the prices lately offered for produce are so low that they are as you expressed it "bed-rock", viz the lowest for which the native will gather produce.'[40] The table below shows the wide gap between

38. Cd 8248 Committee on Edible and Oil-Producing Nuts and Seeds, Minutes of Evidence, 1916, p.34, Answer to Que. 792.

39. CSO 20 NC 62/1916 "The position of trade in Nigeria", Memo from Comptroller of Customs to Lugard, 10 April, 1916.

40. CSO 18/1 20 "Nigerian Trade Restrictions on certain exports ... Effects of, 1916", Lugard to Scarborough, 10 Aug., 1916.

Liverpool and Nigerian prices - a direct result of the machinations of the "Combine." It should be emphasized that prices offered at the ports were necessarily higher than - and thus did not reflect, what the hinterland producer received for his export.

TABLE 11

Comparison of produce prices in the metropolis
and the colony before and during the war

Commodity	Before the war			War-time prices (1916)			
	Price paid in Nigeria	Market price in Liverpool	Difference	Price Paid in Nigeria	Market price in Liverpool	Difference	Excess Profit
Palm kernels (ton)	£14.15. 0	£19. 5. 0	£4.10. 0	£9. 0. 0	£26. 0. 0	£16.10. 0	£12. 0. 0
Palm oil (ton)	£21.11. 0	£29.15. 0	£8. 4. 0	£16.17. 0	£44. 0. 0	£27.10. 0	£19. 6. 0
Cocoa (cwt)	£ 1.12. 8	£ 2. 7. 6	16.10	£ 1.17. 4	£ 3. 8. 0	£ 1.10. 8	13.10
Groundnuts (ton)	£8/£9	£17-£20	£10	£ 2.10. 0- £ 4.10. 0	£14-£16	£11.10.0	£ 1.10. 0

SOURCE: CSO 1/34/6 enc. in Confid. 8 April, 1916, Lugard to Law.

In such a situation, the European firms, and to a much lesser extent, the African exporters, were making roaring profits. Mr. Birtwistle aptly summarised the state of affairs thus: "taking £5 at Ibadan and £15 in the United Kingdom (means that) ... there is a very substantial margin for somebody."[41]

But it should not be assumed that exporters alone benefitted from this turn of events. Rather, the kernel crushers had also taken advantage of the closure of the German market and the resultant virtual monopsony which that gave them to dictate prices to the exporters. As Lord Scarborough stated in correspondence to Lugard, "Since the notice of prohibition (of export to non-British mills) the Crushers in this country have been able to force down the price several pounds per ton as it naturally causes a glut in this country and is playing into their hands."[42] The Niger Company also lodged a formal complaint that "Crushers took full advantage of the situation: paid low prices for kernels: held the oil for extreme prices and made abnormal profits."[43] Indeed, Lugard himself described the Crusher as "the real beneficiary under the monopoly."[44] J. E. Trigge, agent of the

41. Cd 8248 ... Minutes of Evidence, op. cit., p.34, answer to Que. 792.

42. CSO 18/1 20 ... op.cit, Scarborough to Lugard, 5 Aug., 1916.

43. Ibid., "Memorandum re Palm Kernel Industry," 17 Aug., 1916.

44. Ibid., Lugard to Bonar Law, 30 Sept., 1916.

that the Ministry of Food, "anxious to put cheap food on the table of the (British) working-man", had sacrificed the interests of the West African producer because the latter had no electoral voice in Britain!

The foregoing discussion has illustrated the impact of a dependent relationship on a colonized people. First, it is shown that by the manipulation of the price mechanism, metropolitan interests were able to make "abnormal" profits thus exporting capital to the "mother" country. Second, by raising the prices of imports while depressing those offered for exports, the metropolitan interests gave practical meaning to the concept of unequal exchange. It is, however, interesting that Alexander Cowan, a self-appointed spokesman of the Combine could claim that "so far I fail to see a genuine complaint from the producer himself. Some ... have pretended to speak for him but I ... believe he is simply being exploited." In any case, he contended that "If prices rule high ... (the producers) produce less palm oil and kernels, and if low they produce more."[48]

48. CSO 19/4 N61/1916 "Produce Trade in Nigeria: Correspondence between various trading firms and Sir Frederick Lugard, 1916-17", Cowan to Lugard, 23 Oct., 1916. Cowan was alluding to the belief that Africans were target-workers. This concept is espoused in Elliot J. Berg, "Backward - Sloping Labour Supply Functions in Dual Economies - the Africa Case", Q.J.E., 75, 1961, pp 468-92.

That the producers - who lacked an organization or pressure group to articulate their interests - did not despatch memoranda and petitions to the Secretary of State must have deluded Cowan and his likes into assuming that the producers acquiesced in their predicament. On the contrary, they showed their displeasure at the unfavourable state of affairs in several practical ways. However, one should understand that they operated within, and were thus constrained by the peculiar nature of, the relationship of colonial dependence between Nigeria and Britain.

A favourite mode of reaction by the producers was to hold-up produce in anticipation of higher prices. This was observed with respect to the groundnuts of Northern Nigeria in 1914-15[49] and the palm produce trade at Abeokuta in 1916.[50] Another way was to divert produce into local industries or to convert them into food. Thus, while groundnuts were consumed in Northern Nigeria in the aftermath of the drought and famine of 1913-14, the virile local textile industry absorbed cotton that could not be sold to the B.C.G.A. at

49. CSO 1/32/14 272 of 29 March, 1915, Lugard to Harcourt, enc. "Report on cotton cultivation in the Northern Provinces ... for the year ending Dec. 31st 1914" by P.H. Lamb, 4 March, 1915.

51. NP, 7 July, 1916.

the low prices offered by the Association.[51] A third but easily misunderstood mode of reaction was to increase production. This "perverse reaction to the market"[52] by the producers was to enable them maintain their previous income levels especially as they needed cash to pay tax and to buy increasingly expensive imports. The adulteration of produce was yet another way by which the producers sought to even scores with their exploiters. But the latter employed the machinery of state to institute a system of produce inspection with appropriate sanctions for the adulteration of produce.[53]

Rather belatedly and hypocritically, Lugard admitted that "the expulsion of the large and prosperous German trading community from Nigeria has ... proved a calamity owing to the removal of serious competition." He contended that "Foreign competition is ... almost essential to preserve a healthy trade and secure to the producer a reasonable ...

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51. CSO 1/32/14 272 of 29 March 1915 ... op. cit.

52. A full discussion of this phenomenon is in Charles Kindleberger, The World in Depression, 1929-1939, Berkeley: University of California Press, 1975, Chap.4.

53. This issue is discussed in greater detail in the next chapter. An earlier study is O.N. Njoku, "Evolution of Produce Inspection in Nigeria before 1936", ODU, n.s., No. 19 (Jan./July 1979), pp 43-57.

(price) for his produce."[54] But Lugard was not necessarily interested in the well-being of the producer for his primary concern was the financial implication for government of the low prices offered the producer. Hence, he argued that:

> From the administrative, as apart from the commercial and financial point of view, it is very desirable that the native producer should receive fair value so that he may pay his taxes without difficulty, may improve his condition and standard of life, and therefore, be contented and prosperous, and that he may have sufficient capital to undertake fresh development of waste land or new industries.[55]

This should be interpreted to mean that low produce prices were deemed undesirable because they would discourage production for export and reduce the people's power to purchase imports - which came mainly from Britain - and to pay taxes.

Lugard, therefore, clamoured that foreign competition should be encouraged so as to induce a rise in prices while foreign capital should be attracted to replace German capital which had been withdrawn. His call for the infusion of American capital as a solution to the problem of combines and trusts was, however, rejected by the Imperial government.[56]

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54. CSO 1/34/6 Confid. 8 April, 1916, Lugard to Law.
55. Ibid.
56. Osuntokun, First World War ... op. cit., pp 40-41.

In the meantime, Mr. W. Nicholl, chairman of the AWAM, had put up a spirited defence of the Combine.[57] He argued that there was "no such thing as a combine in the general acceptance of the term." Rather, when war broke out, the merchants had decided that "steady buying of produce at steady prices should prevail." Otherwise, it was feared, "unnecessary competition" would have generated frenzied purchases which would have blocked "all the available storage space in Africa in a comparatively short time." In consequence, trade would have been paralyzed.

In addition to the purported desire to "stabilize" prices, AWAM justified the low-price policy on the grounds of scarcity of shipping, the speculative nature of the market, the uncertainty of freight rates, the increase in the cost of casks and bags and other marketing costs. It explained that the scarcity of shipping caused produce to arrive six to twelve months after purchase by which time prices could have fallen appreciably in Britain. This was unlike the situation in the pre-war period when produce got to England within two weeks.

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57. W. Nicholl, chairman of the AWAM, to the Editor, Nigerian Pioneer, 8 Dec., 1916.

As regards profits, the merchants admitted that:

> profits have been made, but these ... were only secured owing to the remarkable and unlooked-for rise in the price of kernels at the beginning of ... 1916 ... (This) was a mere stroke of good fortune, and it was paid for not by the native, but by the (European) consumer.[58]

It is noteworthy that the "good fortune" of 1916 was not extended to the producers either by proportionately increasing produce prices or by reducing the prices of imports. In addition, as has been shown above, the profits were made by a process of price manipulation at the expense of the African producer. Contrary to AWAM's claims, the British consumer did not pay "war-time" prices for his meals which were heavily subsidized by the Ministry of Food.

However, one unintended result of the low-price policy of the Combine was the influx of Africans into the produce export business. Lugard's Deputy, A.G. Boyle, commented that "by cutting prices so low (the Combine firms) ... have let in this new element, which formerly

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58. CSO 19/4 N61/1916 ... op. cit., AWAM to Steel-Maitland, 23 Oct., 1916.

could not come in at all."[59] The reason for this was that the African exporter could afford to offer a slightly higher price (than that offered by the Europeans) and still export at a profit. Lugard himself provided a classic example of this phenomenon. He had been informed that while the Combine were offering 13s 6d per cwt for cocoa in Oyo Province (when the Liverpool price was over 50/-), an African trader simply offered 2/- more and secured the produce trade there.[60]

This was sufficient proof that the existing prices could be bettered without injury to the trader's profit margin. So profitable did the export trade become, then, that the number of African exporters in Lagos increased from nine before the war to 70 in 1917 while in Ibadan the number increased from eight to 20.[61]

The metropolitan and colonial governments were very much conscious of the fat profits that the merchants were making. Hence, the British government imposed an excess profits tax on British companies. While this was presented

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59. Ibid., Boyle to Lugard, 17 Sept., 1916.

60. Ibid., Lugard to Cowan, 24 Oct., 1916.

61. "Nigeria's Trade Report, 1917", West Africa, 9 Nov., 1918, p.698.

as a "punitive" measure, it should rather be recognized as the British state's clever way of sharing profits with the exploitative merchants. Indeed, a merchant admitted so much when he declared that: "from the Imperial point of view low prices will work out best, as (,) if a profit is made the Chancellor of the Exchequer here will get his proportion."[62]

At the local level in Nigeria, the profits made by the firms were among the estensible reasons for the imposition of export duties in 1916. For, Lugard, who imposed them, argued that the tariff was 'the best duty calculated to fall on the shoulders of those who are making the largest profits and was the only means ... for meeting the manoeuvres of the "Combine" ...'[63] But a more fundamental reason for imposing export duties was the rapid decline in the volume of spirits imported into Nigeria. Import duty on this commodity had constituted the pivot of the fiscal system in Southern Nigeria up to 1916.

Lugard had first proposed the imposition of export duties in 1900[64] but neither this nor the later suggestion

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62. Ibid., Letter to Lugard, 1 Nov., 1915.
63. CSO 1/34/6 Confid. 8 April, 1916, Lugard to Law.
64. Osuntokun, First World War ... op. cit., p.36.

by Governor Walter Egerton in 1908[65] had elicited a positive response from the Colonial Office. This was essentially because revenue from the duty on "trade spirits" kept on increasing especially as the duty was increased progressively. These increases were presented as government's contribution to the campaign to "discourage" the trade but, in reality, they were intended to extract as much revenue as possible from this source.[66] However, when war-time shipping difficulties and trade policies rendered it very difficult to sustain the inflow of spirits, the colonial fiscal system faced an imminent crisis. The effect of the decline of spirit imports on public revenue in Nigeria is accurately reflected in the table below.

65. CSO 1/19/12 435 of 9 July, 1908, Egerton to Crewe.

66. For details, see A. Olorunfemi, "The Liquor Traffic Dilemma in British West Africa: The Southern Nigerian Example, 1895-1918", I.J.A.H.S., 17, 2 (1984), pp 229-241.

TABLE 12

Spirit imports and public revenue in Nigeria, 1914-1918

Year	Quantity in Gallons	Declared Value	Revenue from duties	Total Customs Revenue	% of Spirits in total imports
		£	£	£	
1914	3,509,344	353,637	923,065	1,493,220	5.12
1915	1,792,940	276,614	648,276	1,376,191	5.51
1916	990,034	219,194	372,982	1,144,249	3.79
1917	234,161	92,905	88,719	1,201,331	1.03
1918	260,448	163,617	100,585	1,387,332	1.96

SOURCE: CSO 1/32/49 1001 of 31 Oct., 1919, Clifford to Milner, Appendix I: Report on the Blue Book, 1918, p.24.

Against this background, Lugard's call for the imposition of export duties proved irresistible. He had justified the tax as "a war measure to make good the deficit in Revenue," promising that it would be abolished as soon as government finances were rehabilitated after the war.[67] The duties were consequently imposed on the principal exports under the Customs Tariff Ordinance No. XLVI of 7 October, 1916. The rates were £2:6:8 on a ton of cocoa; £2 per ton

67. CSO 1/34/7 Confid. 30 Aug., 1916 Lugard to Law.

of palm oil and £1:2:6 per ton of palm kernels. Later, in 1918, duties of 10/- per ton and 3d and 2d per pound were imposed on groundnuts and on tanned and untanned hides and skins respectively.

As in the case of the differential export duty, opposition to the export duty came from representatives of African interests. For instance, the Lagos Committee of the National Congress for British West Africa (N.C.B.W.A.) reacted to it "with a great deal of misgiving."[68] The fears of such perceptive observers were soon justified, as would be shown in the next chapter, because the duties were paid, in the final analysis, by the producer on whom the exporting firms simply shifted the burden of the tax. This had become all too obvious by 1922 when a Committee had to be instituted to examine the whole question of trade and taxation in British West Africa.

The foregoing examination of the dynamics of maritime trade in Lagos in the context of world economy and politics (port - hinterland - foreland relations) has shown that super profits were made by expatriate interests who exported

68. CSO 1/32/62 871 of 16 Sept., 1921 enc. Lagos Committee of the N.C.B.W.A. to Acting C.S.G., Lagos, 12 Sept., 1921.

these to the metropolis. This was accomplished by a combination of the artificial depression of produce prices and the increase in the prices of imports. The resultant situation - unequal exchange - was detrimental to the interests of the African producers. It has also been shown that the colonial state while pretending to sympathize with the producers imposed export duties to "deal" with the "Combine" firms. But this was simply a means of sharing profits with them.

In concluding the discussion in this section, it is necessary to outline the trends and direction of Lagos trade during the war. There was a depression in the months sequel to the outbreak of war in 1914 but there was a brief recovery in the middle of 1915 which gave way to another period of depression towards the end of the year right into 1916.[69] However, the year 1917 marked a positive change in the fortunes of the port as the volume of trade in the year was the largest ever, exceeding the previous record year of 1913. For the first time since 1904, Nigerian exports exceeded imports.

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69. CSO 19/4 N221/16 "Blue Book Report, 1915", p.3.

The prosperity of 1917 was amply reflected in the trade figures and the quantity of specie in circulation in Lagos and the hinterland. Lagos exports for that year were 34,484 tons in excess of 1916 and 14,674 more than those for 1915. On the contrary, imports for 1917 were less than 1916 by 14,442 tons and than 1915 by 47,299 tons.[70] One important cause of the decline in the import figures was the fall in the purchasing power of the producers due to the fall in produce prices. Another was the rise in prices of imports. A third reason was the rapid decline in the importation of "trade spirits" (see Table 12 above) in consequence of the increased customs duties and the fact that they originated mainly from the "enemy" countries.

Be that as it may, the improvement in the trade of Lagos and the hinterland in 1917 was attested by the increase in the quantity of specie in circulation. The figure for 1917 (£1,724,000) doubled that of any previous year. During the period 1916-18 there was an excess of specie imports totalling £2,979,000.[71] While this might

70. CSO 19/5 N2889/1917 "Nigerian Council, 1917 - Gov.-Gen.'s Address," p.4.

71. West Africa, 9 Nov., 1918, p.698, "Nigeria's Trade in 1917."

have indicated an extension in the use of coin currency, it could also have reflected a remarkable increase in the practice of hoarding silver money.[72] All told, the improvements in the trade of Lagos and Nigeria from 1917 continued till the end of the war. The table below summarises the trends in Nigeria's maritime trade during the war.

<u>TABLE 13</u>

<u>Total value of Nigerian maritime trade during the war</u>

	1914	1915	1916	1917	1918
	£	£	£	£	£
Imports	6,276,956	4,983,729	5,174,474	5,808,592	7,423,158
Exports	6,420,461	4,946,228	6,029,546	8,602,486	9,511,971
Total	12,697,417	9,929,956	11,204,020	14,411,078	16,935,129

<u>SOURCE</u>: CSO 1/32/49 1001 of 31 Oct. 1919, enc. **<u>Report on the Blue Book</u>**, 1918, p.8.

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72. CSO 19/5 N2889/1917 ... <u>op. cit.</u>, p.4.

As a corollary to the foregoing discussion, it is necessary to comment on the direction of the trade of Lagos during the war. Owing to war-time restrictions, Britain, the colonial power, took the bulk of Nigerian exports and supplied a similar proportion of her imports. For instance, exports to France and French possessions fell from £270,175 in 1917 to £94,341 in 1918. Exports to the U.S.A. also fell from £1,118,018 in 1917 to £571,200 in 1918. In contrast, the United Kingdom and British possessions increased their share of Nigerian exports from £7,195,438 in 1917 to £8,791,994 in 1918, an increase from 83.6% to 92.4% of the total exports respectively.[73]

This trend was also maintained in the shipping trade of Nigeria owing largely to the withdrawal of the German line of Woermann Linie. For instance, in 1918, British ships carried 392,356 of a total of 400,636 tonnage of shipping in Nigerian ports.[74]

The reference to the pattern of the shipping trade leads us to a full discussion of an important question -

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73. Colonial Reports - Annual No. 1030 Cmd 508-14, Nigeria: Report for 1918, London, 1920, p.5.

74. CSO 1/32/49 1001 of 31 Oct. 1919 ... op. cit. enc. Report on the Blue Book, 1918, p.13. Detailed statistics of war-time shipping in Lagos are provided in Table 18 below.

the politics and economics of war-time shipping in Lagos. It would be seen that the apparent community of interests between European and African businessmen in Lagos in respect of low produce prices (which brought them fat profits) could not be sustained on the issue of the shipment of produce.

War-Time Shipping in Lagos

Under normal circumstances, shipping constitutes a decisive element in the conduct of commercial relations between a port and its forelands. This importance attached to shipping is further accentuated in abnormal times such as during a world war when it provides the vital link between metropolis and colony. Attesting the crucial importance of shipping to the trade of Nigeria during the war, Lugard remarked in 1915 that "the volume of exports is at present and will be until the end of the war, controlled not so much by the production in Nigeria as by the provision of ships in which to export produce."[75]

Following the withdrawal of the German shipping firm of Woermann Linie in 1914, Messrs Elder Dempster and

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75. CSO 1/32/21 45 of 27 Jan., 1916, enc.: Address by the Governor-General to the Nigerian Council, 29 Dec., 1915.

Company Limited promptly assumed a virtual monopoly of the West African shipping trade. As an observer accurately remarked, "to speak of the West Coast one thinks instinctively of Elder Dempster and vice versa ... It is the vein of our Coast, our connection with the Mother country and our tangible link with other countries."[76] The Company's position was strengthened in the West African trade by the war-time scarcity of shipping owing to requisition by the Admirality and the effectiveness of German submarine warfare. In that event, the Company's freight policy directly affected West African trade as any increase in the freight rates was reflected in the costs of marketing produce and was promptly passed on to the producer in the form of lower prices.

However, a most immediate problem that affected shipping in Lagos was the insufficiency of tonnage which necessitated the allocation of the available shipping space. The allocation of any scarce commodity is normally a difficult proposition but the situation in respect of shipping in Lagos was rendered more complicated by the activities of the "Combine." It has been seen that the

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76. NP, 23 Aug., 1918.

pricing policy of the "Agreement" firms had afforded many African tranders entry into the export business. But, the "Combine", ever so intolerant of competition, was determined to squeeze them out of business.

Hence, the "Combine" firms bought up quantities of produce sufficient to fill all available shipping space. These were then loaded into railway wagons and sheds with the result that they caused congestion on the railway. Government was thus blackmailed into granting them priority in the allocation of space if only to relieve the congesion on the railway. In this way, the "Combine" firms succeeded in making the colonial government and the shipping company do their bidding at the expense of the non-Combine firms.

This naturally generated disaffection on the part of the disadvantaged firms. The Lagos Weekly Record reported that it had received "bitter complaints ... (regarding) attempts that are being made to boycott native shippers of produce." It declared that "We could hardly believe that Elder Dempsters could be parties to such a shameful and unfair bargain ... As common carriers ... (their) attitude should be that of unqualified neutrality."[77] The newspaper

77. LWR, 2 Oct., 1915.

then threatened that the matter would be raised in the House of Commons and that African traders would combine to charter their own ships independently of Elder Dempster.

But the state of affairs was not such that could be changed by mere threats. Hence, almost one year later, the same newspaper reported that:

> Several casks of oil purchased by ... (the African shippers) are still lying upon their beach subject to the usual wastage and depreciation. The oil was bought when high prices were obtaining. By the time they are able to clear their stocks, prices ... would have fallen so ... low as to make the investment a decided loss even at the port of shipment.[78]

Ironically, the "Combine" itself also accused the shipping company of discriminating against it in favour of certain shippers "who had not been regular purchasers of produce" before the war. It contended that these "mushroom shippers" were afforded "almost immediate shipment" while the "regular" shippers "were holding stocks of kernels purchased three to six months before."[79] The charge of unfair dealing levelled against the shipping company was directly stated by Mr. John Holt (Jnr), chairman of Messrs John Holt and Co. (Liverpool) Limited:

78. LWR, 8-15 July, 1916.

79. CSO 19/4 N61/1916 ... op. cit., Letter to Lugard, 1 Nov., 1915.

> They (Elder Dempster) are directly encouraging natives to buy produce, and make arrangements for them that none of the heavy expenses, either through storage and its attendant losses or even by paying higher freights, shall fall upon them. They are further, and I say deliberately, defrauding the British Government out of revenue that they would otherwise have derived from merchants whose domicile is in this country. I should say nearly £30,000 profit has been made by our native competitors last year, and not a penny will go to swell the war chest of the chancellor.[80]

It is clear from this statement that the Combine cleverly appeared to be defending Imperial interests whereas its primary goal was the maintenance of the monopoly of the produce and shipping trade of Nigeria. The extreme length that these firms could go in attaining this end is indicated by the attempt to incite the Imperial government against African exporters and, even, the firm of Elder Dempster. But the Combine firms conveniently forgot that it was their policy of offering abnormally low prices for produce that let in the African exporters in the first instance.

In response to the spate of accusations and counter-accusations, the colonial government, early in 1916,

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80. Ibid., Holt to W. Whitehead, Secretary, Lagos Working Agreement, 19 April, 1916.

constituted a committee to allocate the available shipping space between Combine and non-Combine firms. It is significant that the Combine - an interested party in the matter - was permitted to supply all but one of the non-official members of the Committee. This ensured the preservation of the Combine's preponderance in the commercial life of Lagos in particular and Nigeria in general. Equally remarkable is the fact that there was no representative of African interests on the Committee.

The Committee recommended that 60% of the total tonnage should be allocated to the Iddo (rail-borne) trade and 40% to the Lagos (lagoon) trade. At Iddo, 60% of the space was awarded to the Combine and 40% to the other shippers. At Lagos, the proportion was 80:20. While the Committee allocated the space for the Iddo trade, that of Lagos was apportioned by the shipping company. The criterion for the allocation of space was the record of shipments in the previous six months. The diagram below illustrates the allocation of shipping space in Lagos during the war.

FIG. I

Allocation of shipping space in Lagos
during the First World War

100 TONS

IDDO		LAGOS	
60% = 60 TONS		40% = 40 TONS	
COMBINE	BOARD OF CONTROL	COMBINE	ELDER DEMPSTER
60% = 36 TONS	40% = 24 TONS	80% = 32 TONS	20% = 8 TONS

COMBINE = 36 + 32 =	68%
BOARD OF CONTROL FOR NON-COMBINE=	24%
AT THE DISPOSAL OF SHIPPING CO.	8%
	100

SOURCE: CSO 19/4 N61/1916 ... op.cit., Taylor & Co. to Lugard, 23 Oct., 1916.

Expectedly, this arrangement provoked a storm of protests especially from the non-Combine European firms and African shippers. In a "Manifesto"[81] signed by notable African businessmen such as Karimu Kotun, Thomas Bakunbi Dawodu (Botanist and Planter), Candido da Rocha, T.A. Lawanson, Samuel William Duncan and Moses Coker, the African shippers complained that unlike at the initial stages of the war when they had succeeded in exporting "some

81. Ibid., "Manifesto" to Lugard, 12 July, 1916.

appreciable tonnage ..., the considerable pressure exerted upon Elder Dempsters by the Pool Combine" had forced the shipping company to restrict their shipments.

They objected strongly to the principle adopted in allocating shipping space - shipments in the six months previous to the outbreak of war - because they claimed to have exported the bulk of their produce (especially cocoa) to Hamburg by the Woermann Linie vessels. This arrangement, they explained, had been made with the tacit consent of Elder Dempster which had a working agreement with the German shipping firm. The African shippers therefore contended that they were placed at a serious disadvantage by the criterion adopted for allocating space on ships because records of their own pre-war shipments by Woermann Linie were no longer available. In addition, they claimed that they exported produce through certain European firms which were now unwilling to give up the share of the pre-war shipments done by the African traders.

Furthermore, since some of them had exported produce before the war, the African traders denied that they were "mushroom shippers." They defended their occasional withdrawal from the produce trade on the ground of their limitations as regards disposable capital which did not permit them to "go on for long incurring heavy losses as the Pool Combine who have tons of capital" to squander. In this connection, they contended that the African shipper, who was a "shrewd businessman ... naturally suspends shipments for some time whenever he finds that the Pool Combine are playing a losing game." They explained that such a temporary withdrawal from produce-buying "until normal conditions obtained" was "based more upon discretion which is the greater part of valour rather than upon any mushroom-like disposition."

On the lopsided composition of and non-representation of African interests on the Allocation Committee, the signatories to the "Manifesto" lamented that "matters were arranged in a manner most beneficial to the Pool Combine." They claimed that shipping space was "doled" out to them (African shippers) at the rate of about 15 to 20 tons per month. In June 1916, for instance, the African shippers were allocated 350 out of 9,000 tons, some 3½% of the total, a far cry from their ideal share of 900 tons or 10%. The implication of this sordid arrangement was grimly acknowledged by Samuel W. Duncan, Managing Director of the Association of Native Merchants: "If we are unable to obtain the tonnage in the only steamers trading with Lagos, it means we are to become the slaves of the Combine or retire from business."[82]

82. Ibid., Duncan to Lugard, 27 Octo., 1916.

Predictably, the European merchants, whose comments were sought by Lugard, peremptorily dismissed as unfounded and baseless the allegations and claims of the African shippers. Thus, Robert McNeill, agent of Miller Bros. in the Lagos Districts, believed that signatories to the "Manifesto" were inconsequential and unrepresentative of African interests. For, neither S. H. Pearse nor P.J.C. Thomas, who were the most prominent African shippers during this period, had signed the document. He, however, acknowledged that Frederick Williams, J.K. Coker and Salami Agbaje were "the only three genuine shippers" in the group. Nonetheless, he contended that even these only began direct shipping since the outbreak of the war. In any case, he asserted, they were "not even in the same class as Pearse and Thomas." As for J.H. Doherty, David Taylor and Candido da Rocha, these were "all native merchants of good repute" but they had "never been associated in my time with the export of produce either directly or indirectly."[83] It could thus be seen that rather than address the serious issue of equitable allocation of scarce shipping space, recourse was had to trivializing and personalizing it.

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83. Ibid., "NOTES" by Robert McNeill, Edinburgh, 25 October, 1916.

Be that as it may, one should not assume that it was only the African shippers that complained of unfair allocation of freight space in Lagos during the War. Rather, the non-Combine European firms also had their misgivings about the system of allocation which placed them at a serious disadvantage in the produce trade. The view of such malcontents was articulated by H.T. van Laun of the firm of H.T. van Laun of London in a letter to Lugard:

> I complain of the preference given to a combination of firms at Lagos by which 80% of the limited space in the steamers ... is retained for their sole use. The present position makes it appear that the Ports, Railways and Government of Nigeria have been brought into existence at a cost of over ten millions by the British (sic) Tax Payer to enable the seven firms of the Combine to monopolise the trade of that country.[84]

He remarked that while the Combine and Elder Dempster trembled before and came to terms with their German competitors in the pre-war period, the ordinary British firm who had desired to trade in Nigeria "was kept out even before the war by the impossibility of getting sufficient space on the steamers for their shipments." Now that the Germans had been displaced, the non-Combine European firms were placed in an impossible position.

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84. Ibid., H. T. van Laun & Co., London to Lugard, 11Oct., 1916. It should be emphasized, as has been shown in the preceding chapter, that it was Nigerian rather than British capital that built the ports and railways of Nigeria.

The crux of his complaint was that after the Combine had taken 60% of the tonnage, 10% had been allocated to the Tin Areas of Nigeria, the Kano Company and the Niger Company and 10% had been given to the African shippers, only 10% was left for the non-Combine British firms to scramble for. He, therefore, remarked bitterly and caustically that any firm wishing to trade in Nigeria would seem to have been expected to have its own landing facilities, steamships and Banking organization if it was to escape from the web of the Combine.

Mr. van Laun lamented that the old system of monopoly operated by the Dutch and the Spaniards appeared to be staging a comeback in a British Crown Colony. The features of this system - a veritable octopus - comprised a steamship company which had a monopoly with a rebate system to prevent its customers patronising rival lines; the control by that company of the landing facilities along the West Coast thus making it virtually impossible for tramp steamers to serve the coast and control of banking activities through a Bank (the B.B.W.A.) whose Board of Directors was constituted by Directors of the Combine firms!

He regretted that the colonial government appeared incapable of doing something to ameliorate the situation. He then concluded his petition with a serious indictment of the established firms "nearly all (of which) began business with a very small capital, the largest (beginning) with £3,000". That particular company, he contended, now did "more business ... in one day than the total amount of capital they started with. All their capital has been made out of the West African trade." Although this was the classic case of the kettle calling the pot black, it was an insider's admission of the systematic export of surplus capital by metropolitan trading firms out of Africa. This has buttressed the discussion on price manipulation, unequal exchange and hyperprofits in the preceding section of this chapter.

In the midst of this controversy, neither the shipping company nor the colonial government took any concrete step to redress the alleged wrongs. Elder Dempsters were blackmailed into acquiescing in the unfair allocation of shipping space by the fear that the combine firms could charter their own ships and thus threaten its monopoly. But such acquiescence did not prevent the firm of Lever Brothers from chartering their own vessels in 1916 though these were requisitioned by the Imperial government in 1917. Hence, all that Sir Owen Phillips, chairman of Elder Dempster, could say was that the allocation of space on vessels was "an exceptionally complicated problem and it has been obviously impossible to satisfy all requirements."[85] But this was nothing short of begging the question.

On the part of the colonial government, A.G. Boyle, Governor's Deputy, merely expressed "sympathy with the Native Merchant who has produce to ship", He admitted that it was "the duty of the Government to do everything in its power to see that he is not squeezed out of the export produce trade."[86] But he offered no suggestion as to how this would be done. Similarly, A. S. Cooper, General Manager of the Railways and a member of the controversial Allocation Committee, conceded that "genuine Native Traders are fully entitled to be heard" and claimed to "personally sympathise with their desire to obtain all reasonable facilities for trading."[87] But he claimed, in

85. Chairman's speech at the Annual General Meeting of the Company, held on 11 June, 1918 in LWR, 24-31 Aug., 1918.

86. CSO 1/32/26 876 of 31 Oct., 1916, Boyle to Law.

87. *Ibid.*, Memo dated 20 Oct., 1916.

a paternalistic tone, that the African shippers had not complained to him about the allocation of space to rail-borne cargo. Rather, "they have on more than one occasion expressed themselves as perfectly satisfied especially the representatives of the Agege Planters Union who do a considerable trade from their farms."

Interestingly, Mr. Cooper supplied figures of shipments which belied his own claims. Of the total tonnage of 22,720 tons, 3,290 were allocated to tin while the remainder (19,430) was allotted to trading concerns. The Combine firms were allocated 12,220 or 62.88% and the non-Combine 7,210 or 37.10%. The non-Combine tonnage was shared as follows: B.C.G.A. - 1,750; European firms - 2,950 and African shippers - 2,510. The figures indicate that while the Combine firms exceeded their quota, the non-Combine were disadvantage to the extent of the excess allocation. Second, the B.C.G.A. got what the non-Combine firms considered a disproportionate allocation. The allocation question was thus a classic zero-sum game: one party's gain was another's loss.

The explanation offered for the discrepancy in the allocation between Combine and non-Combine firms was that it was impossible to make precise allotments and that the non-Combine firms probably failed to purchase enough produce to fill their quota. In respect of the allocation to the B.C.G.A. it was resolved that the Committee should deduct that tonnage from total tonnage before division was made between the two groups of firms. On the whole, Mr. Cooper contended that "Firms, whether Native or European, are treated exactly the same. Allotment is made by the Traffic Manager as far as possible on actual stocks awaiting rail transport and this is the only basis possible."

Thus, neither the government nor the Elder Dempster Lines made any move to correct the imbalance in the allocation of shipping space in Lagos. They rather played the ostrich, wringing their hands in apparent helplessness. Consequently, non-Combine firms had to bear with the unfair allocation of shipping space throughout the war. However, while the government, the shipping company and the Combine firms were able to reach an apparently mutually-satisfying agreement on the question of shipping space, they were divided, as is discussed below, on the issue of ocean freight rates.

The practical monopoly of West African shipping which Elder Dempster enjoyed during the war, not unexpectedly, enabled it to determine almost singlehanded the rates of ocean freights between Lagos and England. Thus, shortly after the outbreak of hostilities, the company increased freight rates between Lagos and Liverpool by as much as 10%. The ostensible reason for this increase was the need to cover war-risks. Then, on 1July, 1915, the freights were again raised by 5/- per ton. Later, in October, the Company issued a new tariff without notifying the colonial government as was the practice. These changes in the ocean freight rates up to December 1915 are indicated in the table below.

TABLE 14

Changes in the ocean freight rates between Lagos and Liverpool up to December 1915

Commodity	Pre-war rates			Rates in Dec. 1915			Total	Increase %
	Rate per gross ton	+ 10% Primage	Total	Rate as quoted by Shipping Co.	Equivalent rate per gross ton	+ 10% Primage & + 10% War Risk		
Palm oil	42s 6d	4s 3d	46/9	34/-per 14 cwts	48/7	9s 8d	58/3	24
Palm Kernels	30/-	3/-	33/-	25/-per 13cwts	38/6	7s 8d	46/2	40
Groundnuts, shelled	30/-	3/-	33/-	25/-per 13cwts	38/6	7s 8d	46/2	40
Groundnuts, unshelled	not quoted	n.q.	n.q.	25/-per 7cwts	71/5	14s 3d	85/8	-
Cotton seed	22/6	2s 3d	24/9	25/-per 9cwts	55/7	11s 1d	66/8	169
Hides	57/6	5s 9d	63/3	27/6per 4 cwts	137/6	27/6	165/-	160
Copra	30/-	3/-	33/-	30/-per 10cwts	60/-	12/-	72/-	140

SOURCE: CSO 19/3 N3145/1915, "Rates of freight between Lagos and the United Kingdom", enc. in Desp. 1126 of 4 Dec. 1915, Lugard to Law.

Mr. T.F. Burrowes, the Comptroller of Customs contended that the new rates were an unjustified addition to the "abnormally high" rates charged before the war. He pointed out that there were "special circumstances ... connected with the trade of Lagos, which made it unnecessary for the shipping company to increase freight charges to maintain profits from this particular service."[88] The colonial government was particularly disturbed by these increases because they further increased the marketing expenses of the exporting firms, an excuse that the latter used in further depressing prices offered to the producers. Hence, Lugard considered that the increase in the ocean freights "promises to be disastrous to the trade and financial position of this colony."[89]

Moreover, the high freight rates nullified whatever benefit could have accrued to the export trade in groundnuts, for example, by the reduction in railway freights. As Lugard remarked:

> It is useless for the Government to reduce Railway rates if the shipping (company) is to raise them. The rates on groundnuts

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88. CSO 19/3 N3145/1915 ... op. cit., Burrowes' memo dated 12 Oct., 1915.

89. CSO 1/32/20 1126 of 4 Dec., 1915, Lugard to Law.

> will ... kill this new and growing industry, and will react directly to the disadvantage of Manchester trade, since imports to Kano which eventually pay for this crop consist of British manufactures ... (For,) in 1912 8 tons of cotton goods were carried to Kano whereas in the following year this had risen to 1,966 tons, almost entirely in payment for groundnuts.[90]

Commenting in the same vein, the General Manager of the Railways remarked cynically that "I do not pretend to know anything about the financial operations of this Company, except that they pay a very good dividend, but, to an outsider it is difficult to understand the reason for the increase."[91]

But the Company proffered a number of reasons for increasing the freight rates. First, that it had lost many vessels to Government by requisition and also to German submarine action. In regard to losses at sea, these amounted to 24 ships totalling 95,673 tons at the end of the war. These are indicated below:

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90. <u>Ibid</u>.

91. CSO 19/3 N3145/1915 ... <u>op.cit</u>., General Manager, Railways to Central Secretary, Lagos, 29 Oct., 1915.

TABLE 15

Elder Dempster's losses at sea, 1914-1918

AFRICAN STEAMSHIP COMPANY	BRITISH AND AFRICAN STEAMSHIP NAVIGATING CO.	ELDER DEMPSTER & CO. LTD.	ELDER LINE
"Abosso" (7,782)	"Adansi" (2,644)	"Andoni" (3,188)	"Agberi" (3,436)
"Aburi" (3,730)	"Addah" (3,149)	"Benito" (4,712)	"Akassa" (3,919)
"Apapa" (7,832)	"Bathurst" (2,821)	"Elele" (6,577)	"Badagri" (2,952)
"Asaba" (972)	"Boma" (2,649)	"Falaba" (4,806)	"Memnon" (3,203)
"Karina" (4,222)	" --- " (1,150)	"Gold Coast" (4,225)	
"Tarquah" (3,859)	"Obuasi" (4,416)	"Hartley" (1,150)	
	"Sapele" (4,366)	"Hunsdown" (2,899)	
	"Tamele" (3,932)		

SOURCE: West Africa, 11 Jan., 1919, p.854.

Second, the company contended that the cost of running the ships had increased and, third, that freights had to be increased on account of the large profits being made by tramp steamers and a general rise in freights all over the world.

Against the Company's justification, both the Comptroller of Customs and the General Manager of the Railways argued that no matter the magnitude of the losses sustained by the shipping company, it could easily have recouped itself given its monopoly of West African shipping. As the Comptroller remarked, "ships which in peace (time) go from port to port for cargo and eventually, in many cases, go home half laden can (now) load to full depth ... without any delay."[92] The contention that tramp steamers were making huge profits and that freights had been increased all over the world glossed over the fact that tramp shipping was practically non-existent in West Africa and that the West African shipping trade was in no way comparable to that of Europe, the Far East or the Americas.

Having regard to the gravity of the situation, Mr. Burrowes, the Comptroller of Customs, suggested that

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92. Ibid., Memo dated 12 Oct., 1915.

"Government should take steps to control shipping ... in order to preserve the trade of the country."[93] Hence, Lugard appealed to the Secretary of State to increase the allocation of shipping space to Nigeria and to prevail upon the shipping company to reduce freight charges. The latter, however, declined to intervene in respect of the freight rates in view of "the enormous increase in the general level of freight rates in other parts of the world and in the cost of chartering steamers.[94] He similarly failed to secure for West Africa an increase in the allocation of shipping space.

Nonetheless, in view of metropolitan requirements of raw materials from West Africa, the British government was constrained to assume control of West African shipping in May 1917. From that date the Ministry of Shipping requisitioned steamers at blue book rates and the shipping business was then conducted by the owners for government account. Ironically, the Ministry of Shipping proceeded to increase the freights on produce from West Africa as indicated below. It should be noted that the rates were

93. Ibid., Burrowes to Central Sec., Lagos, 19 Nov., 1915.

94. Ibid., Bonar Law to Lugard, 8 Feb., 1916.

levied per "scale-tons" rather than gross tons. This was in response to the peculiarities of war-time requirements.[95]

TABLE 16

Rates of Shipping freight on West African produce under Government Requisition

YEAR	Palm kernels		Palm oil		Hides & Skins		Timber		Ground-nuts		Cocoa		Cotton	
	s	d	s	d	s	d	s	d	s	d	s	d	s	d
1917	38	5	48	7	27	6	30	0	38	5	30	0	7	0
1918	91	6	97	6	86	0	87	9	87	9	90	9	77	6

SOURCE: A.H.M. Kirk-Greene, Lugard and the Amalgamation of Nigeria: A Documentary Record, London: Frank Cass, 1968, p.100.

In the final analysis, in spite of the losses at sea, requisition by government and inceases in the cost of running ships, Elder Dempster, like other expatriate interests involved in the maritime trade of Lagos and West Africa, made substantial profits. The steady increase in the turn-over of the Company, principally on account of its West African operations, is shown below:

95. Details could be found in CSO 26 09049 vol.IV "Maritime and Harbour Dues in Nigeria", F.A. Clinch, Compt. of Customs, to C.S.G., 13 July, 1926.

TABLE 17

Returns of the operations of
Elder Dempster and Co., 1915-1917

	1917	1916	1915
	£	£	£
Profit	366,901	358,176	349,444
Brought forward	74,679	73,878	52,809
Available	441,580	432,054	402,253
Interest and preference dividends	153,950	153,375	153,375
Ordinary dividend	120,000	120,000	108,000
Management dividend	24,000	24,000	12,000
To reserve	50,000	50,000	50,000
Pensions (extra)	10,000	10,000	5,000
Carried forward	83,630	74,679	73,878

SOURCE: West Africa, 8 June, 1918, p.302.

In concluding the discussion in this section, it is necessary to measure the volume and direction of the shipping trade in Lagos during the war. As is indicated in the table below, the number and tonnage of vessels that visited the port diminished progressively owing to the circumstances of the war which had earlier been discussed. Second, the statistics confirm the near-total dominance of the trade by British firms. especially Elder Dempster and Company.

TABLE 18

The volume and direction of the shipping trade in the port of Lagos, 1914-1918

	British			Foreign			Total		
	Vessels	Tons	Crews	Vessels	Tons	Crews	Vessels	Tons	Crews
1914 Entered	204	329,677	9,579	175	197,248	6,654	379	526,925	16,251
1914 Cleared	178	274,595	8,608	195	212,256	7,221	373	486,851	15,829
1915 Entered	159	280,648	7,961	58	15,167	938	217	295,815	8,899
1915 Cleared	109	131,724	4,404	58	15,167	924	167	146,891	5,328
1916 Entered	183	348,544	9,137	57	15,634	957	240	364,178	10,094
1916 Cleared	104	152,115	5,686	57	16,098	977	161	168,213	6,663
1917 Entered	182	357,779	9,526	73	17,568	990	255	375,347	10,516
1917 Cleared	107	175,993	5,640	73	19,341	1,041	180	195,334	6,681
1918 Entered	148	282,878	7,092	51	5,208	569	199	288,086	7,661
1918 Cleared	82	120,532	3,829	52	5,218	579	134	125,750	4,408

Thus far, this chapter has concentrated on the dynamics of shipping and maritime trade in Lagos. A complementary dimension to the discussion in the foregoing sections is the impact of trade on the society of Lagos. This is examined in the following section.

Maritime Trade and Lagos Society during the War

An important area in which the exigencies of war affected the society of Lagos was in the cost of living. This was reflected in the rising costs of foodstuffs in the city. To be sure, the food supply situation had been far from satisfactory even before the outbreak of war. Thus, on the eve of the war, the Nigerian Pioneer had bemoaned "the dependency of Lagos on the outside world for food." The paper opined that, "surrounded by good and fertile soil, blessed with population, it is bordering on madness that such a state of things can be possible."[96] However, this pre-war situation was further worsened by the peculiar circumstances of the war. Not only were African foodstuffs getting dearer, prices of European

96. NP, 7 Aug., 1914.

foodstuffs patronised by the affluent and Western-educated Lagosians had increased within a few months of the war by 20-50%.[97]

A number of factors were identified by contemporary observers as causes for the higher costs of foodstuffs during this period. Among these were the "dry weather", increasing export of foodstuff and the farmers' pre-occupation with the cultivation of cocoa at the expense of foodstuffs. Thus, in an editorial captioned "Is the supply of our Foodstuffs Adequate?" a Lagos newspaper expressed apprehension that the concentration of efforts on production of cash crops was causing the scarcity of foodstuffs. It then went down memory lane, recounting how the producers in the hinterland were first attracted by the maize export trade, then coffee and, finally, cocoa. The newspaper lamented that "whole districts formerly supplying yams and corn are now abandoned to the cultivation of cocoa." Noting that the price of three tubers of yam had risen from one shilling to 1s 3d and that of a tin of gari from 7d to 1s 6d, it called on the colonial government to urge the traditional authorities "to bring

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97. NP, 13 Nov., 1914.

pressure to bear on their people to pay greater attention than is now the case to the cultivation of foodstuffs."[98]

The rising cost of living was particularly biting on the working classes in Lagos because they were subsisting on pre-war wages. The Pioneer which enjoined the colonial government to control the rising prices of foodstuffs, remarked that the "working classes are suffering terribly (for) their pay has not gone up by the farthing, whereas the prices of necessities of life have gone up enormously."[99] One could then understand the paper's elation when the European merchants offered what it described as a "living wage for labourers."[100] The 50% increase from one shilling to 1s 6d was, in the context of the times, a fortuitous windfall to the labouring classes in Lagos. For, the 'great majority of the class,' it was pointed out, 'scarcely know what meat or fish is, and have to go content on "Garri" soaked in water.'[101]

As is shown in the table below, the rise in the prices of foodstuffs continued unabated throughout the war.

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98. NP, 18 May, 1917.
99. NP, 5 April, 1918.
100. NP, 5 May, 1918.
101. Ibid.

While fluctuations in prices or inflation should be expected in the peculiar circumstances of a World War, it would appear that profiteering further worsened the situation. Hence, the Nigerian Pioneer counselled Lagosians on how to circumvent the profiteers and secure a good bargain:

> Take the early morning train (suburban) to Agege, Alagbado or the adjacent farms. If you go a day previous so much the better. The bagful of gari obtainable in Lagos for not less than 10s 6d or 11s 9d you can purchase for 7s 6d at most. (Other foodstuffs could be obtained) ... for about two-thirds the price ... in Lagos ... Deducting your fares to and fro, and other incidental expenses, you are richer by several shillings.[102]

Many Lagosians must have heeded this advice because, as is indicated below, there were significant differences in pre-war and war-time prices of foodstuffs in Lagos.

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102. NP, 23 Aug. 1918.

TABLE 19

Comparison of pre-war and war-time prices of foodstuffs and firewood in Lagos

Article	Prices			
	Pre-war		Sept. 1918	
	s	d	s	d
3 Yams	1	0	2	6
Cowsfoot		1½		9
Native rice per pan	1	0	3	6
Native pepper per pan		6	2	0
Beef per lb.		9	1	6
Gari per pan		2		6
Palm oil (cooking) per bottle		2		3
Corn (maize) per pan		5	1	6
Eyo (Spinnach) per bundle		1		3
Shrimp (dried) per pan	2	0	8	0
Elubo (yam flour) per pan		6	2	0
Firewood, 5 bundles for		3		6
Ordinary size fish	1	0	2	6

SOURCE: Nigerian Pioneer, 13 Sept., 1918.

It could be seen that in the final months of the war, the prices of foodstuffs in Lagos were up to 400% in advance of those charged before the war. However, it is noteworthy that a similar state of affairs obtained at Abeokuta, an important settlement in the immediate hinterland of Lagos. Thus a newspaper correspondent based in the town reported that:

> It has become very difficult for the family with the average purse to make two ends meet. Gari ... sold formerly at 4d a measure is now 9d. Elubo (Yam flour) from 6d; a measure is now 1s. Maize from 7½d to 1s 1d per measure. Money is scarce and the times ahead are anything but hopeful.[103]

If the situation was so critical where a sizeable proportion of the population produced foodstuffs, one could easily imagine the gravity of the Lagos case.

A corollary to the food supply situation was the pattern of demographic changes in Lagos during this period. For, the substantial increase in the population of Lagos undoubtedly contributed to the pressure on the supply of foodstuffs. It should be emphasized, however, that the increase in the population was not the result of a high birth rate in the city. In this regard, it was observed

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103. NP, 8 Nov., 1918.

in 1914 that "Lagos has ceased to increase her population by the number of children born, and were it not for the influx of people from the hinterland, the situation would be serious."[104]

Yet, within a year, the same source was lamenting the influx of "undesirables" into Lagos. It noted that, "Getting up to Lagos from the hinterland has now become very easy. Every day a lot of indigent persons arrive without visible means of support and without friends." The newspaper envisaged a "serious problem" arising if nothing was done "to stem the (in) flow of these undesirables."[105] In this regard, it was noted that the development of Ebute Metta was "phenomenal", the increase in its population being ascribed largely to the movement of people from the hinterland.

The reference to the pressure of a rising population on foodstuff supplies and, by implication, on social amenities leads us to an event of great social significance in Lagos - the completion of the Iju waterworks. This event has to be appreciated against the backdrop of the

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104. NP, 9 Oct., 1914.

105. NP, 30 July, 1915.

gloomy medical report on the city in 1915: "Every year over 700 infants die before reaching the age of twelve months in Lagos and Ebute-Metta. Every year 1,000 children die under the age of five years" - from diarrhoea and other bowel complaints.[106]

Work on the project had commenced in October, 1910 at an estimated cost of £339,000. It was eventually commissioned on 1July, 1915 by the Governor-General, Frederick Lugard. In a speech at the occasion, the front-line Lagosian, Sir Kitoyi Ajasa, underlined the significance of the event: "With increased trade facilities, and with good and abundant drinking water, Lagos can go on its way rejoicing and looking germs in the face, with greater equanimity than has ever been hitherto possible."[107] Commissioning the project, Lugard announced that three gigantic engines had been provided to pump 5,000 gallons of water per minute into two tanks of five million gallons each. Two and half million gallons of water were expected to be supplied daily to 115,000 persons, more than half the population of Lagos.

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106. NP, 22 Oct., 1915.

107. NP, 9 July, 1915.

Considering the cost of the project, the colonial government announced that the citizens of Lagos would pay a water rate. The Governor-General had assured that Lagos would not bear more than one-quarter of the total cost of the project. He announced that all tenements whose capital value including land was less than £50 were exempt from paying the water rate. Those with a capital value of up to £300 were, however, required to pay the rate on a graduated scale. But, as earlier studies have shown, the seemingly innocuous issue of a water rate generated serious socio-political ferment in war-time Lagos.[108] Be that as it may, the completion of the waterworks was a significant landmark in the history of Lagos. In a city where many had died of water-borne diseases and some had built houses from the proceeds from the sale of well water,[109] the provision of potable water to a sizeable proportion of the population was a laudable development.

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108. P.D. Cole, Modern and Traditional Elites in the Politics of Lagos, Cambridge University Press, 1975 and R. L. Okonkwo, "The Lagos Water Rate Protest, 1908-1916", Paper presented at the Conference on the History of the Peoples of Lagos State, 23-25, April, 1986.

109. See, for example, Nina Mba, 'Literature as a source of Nigerian History: Case Study of "The Water House" and the Brazilians in Lagos', in Ade Adefuye et al. (eds.), History of the Peoples of Lagos State, op. cit., pp 351-63.

Finally, although the period of the war had witnessed the artificial depression of produce prices, the rise in the prices of imports and the liquidation of several business enterprises, the exigencies of war had also put some money in the pockets of certain Lagosians. Hence it was noted in a review of the year 1914 that "newer and finer types of buildings and living quarters are springing up (in Lagos). The ever-lasting bungalow or squarely-built fortress looking mud or brick building is slowly but surely giving place to up-to-date and comfortable as well as handsome modern edifices."[110] The significant improvement in the trade of Lagos in 1917 - which was noted in an earlier discussion - was equally reflected in the "very large number of applications for building and trading sites"[111] - in Lagos.

But, at the same time, money was spent in less edifying ways. For, the Lagos press had cause to condemn "processions of rollicking youths bedecked in gold and fine linen"[112] who gave a false picture of affluence. It was remarked that in nine case out of ten, such items put on ostentatious display

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110. NP, 15 Jan., 1915.

111. CSO 19/5 N2889/1917, "Nigerian Council, 1917", Governor-General's Address, p.4.

112. NP, 7 June, 1918.

were borrowed or stolen. The elders and leaders of the community were, therefore, enjoined to instil in the youth the doctrine of "Ṣebiotimọ" - living within one's means.

In the final analysis, the First World War came to an end in November 1918. In Lagos, the signing of the armistice marking the cessation of hostilities was signalled by the Lieutenant-Governor, Colonel Moorhouse, who fired three guns in rapid succession. The inhabitants of the city were reported to have rushed to the Marina which became a "wild scene of rejoicing."[113] There was jubilation and celebration throughout the night in Lagos and Abeokuta.

This euphoria derived from expectations of freer trading conditions and commercial prosperity in the post-war period. But, as will be discussed in Chapter Four, the trade boom in the aftermath of the war was a mere prelude to an era of trade fluctuations which culminated in the Depression of 1929-34.

Meanwhile, the following chapter examines government policy on trade for a better understanding of the dynamics of maritime trade during the post-war decade. As will be seen, official policy towards trade, with specific reference to the

113. NP, 15 Nov., 1918.

determination of customs and railway tariffs and the inspection of produce, was a critical factor in the conduct of maritime trade in Lagos during this period. The chapter begins with an analysis of the relationship of Government and Business in the colonial context.

CHAPTER THREE

GOVERNMENT POLICY AND TRADE, c. 1919 - 1928

Government and Business in the Colonial Context: The Anatomy of a Symbiotic Relationship.

Any meaningful discussion of the relationship of Government and Business in the context of colonialism must be rooted in the economics of the scramble for and partition of Africa.[1] This is especially so in respect of a colony like Nigeria whose colonizer was at the vanguard of European imperialism in Africa in the nineteenth century. Britain's leading role in this enterprise should be understood in the light of her pioneering of industrialization in Europe and the resultant need for sources of raw materials for her industries, markets for her manufactures and the avenue for the profitable investment of capital. It is hardly surprising, then, that by 1880, British capital worth some £2,000 million had been exported abroad by her nationals.[2]

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1. An illuminating study of the economics of the partition is in A.G. Hopkins, An Economic History of West Africa, London: Longman, 1975, pp. 135 - 66.

2. Ronald Robinson, John Gallagher and Alice Denny, Africa and the Victorians: The Official Mind of Imperialism, London, 1961, p. 1.

It should be noted that British overseas expansion during this period was by "informal" means as well as the outright annexations of territories. These two methods were, however, "essentially interconnected and to some extent interchangeable", for, the difference between them was "not ... of fundamental nature but of degree".[3] British imperial policy has thus been aptly described as "trade with informal control if possible; trade with rule when necessary".[4]

It could thus be seen that trade was a recurrent theme in British imperial policy. While the means differed according to changing circumstances, the end was constant - the promotion of British commercial interests. In this regard, the establishment and expansion of British rule in Southern Nigeria were predicated upon two trade - centred issues - the institution of "legitimate" commerce and the removal of "obstructions" to "free trade" between the coast and the hinterland. The abolition of the slave trade and the promotion of "legitimate" trade in Sylvan products provided the occasion for the British intervention in Lagos and the Yoruba hinterland. Indeed, the colony of Lagos was established in 1861 to provide a base from which

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3. John Gallagher and Ronald Robinson, "The Imperialism of Free Trade", A.G.L. Shaw (ed.), Great Britain and the Colonies, 1815 - 1865, London, 1970, pp. 150 - 51.

4. Ibid., p. 159.

"legitimate" commerce would be extended to the hinterland. The ground was thus prepared for the campaign for "free trade" with the hinterland which was conducted by a combination of diplomacy and force. The British encounters with Jaja of Opobo, Nana of Itsekiri and the Ijebu kingdom aptly illustrate how the quest for "free trade" was a mere prelude to the imposition of colonial rule.

However, a striking feature of British expansion was the close collaboration between Government and Business in the attainment of imperial ends. This was in apparent negation of what was popularly believed to be the ruling ideology of the times - laissez faire - which had purportedly released private enterprise from the "dead hand" of the State. But, Victorian statesmen, who were practical men of affairs, were under no illusion whatsoever as to the real relationship between the State and trade. For, practical experience had taught them that "political action aided the growth of commercial supremacy, and... this supremacy in turn strengthened political influence".[5] It was in this spirit that Lord Palmerston, the Secretary of State for the Colonies, declared in 1841 that, "It is the business of Government to open and secure the roads for the

5. Ibid., p. 150.

merchant".[6] This was to be accomplished by diplomatic means which were to be reinforced, when necessary, with blockade, bombardment or expedition.

It could thus be seen that, from the very beginnings of the colonial state in Nigeria, there was a close association between Government and Business. This was because of the community of interests shared by both parties. On the one hand, the growth of trade under government protection was bound to reflect in wider profit margins for the merchants while, on the other, public revenue would benefit from the tax on trade. In this regard, it is necessary to emphasise that imperial policy, which required colonies to be self-financing, drove the State into the embrace of the Business community. The shared interest in commercial growth explains the readiness with which colonial officials responded to mercantile pressures, for instance, for the removal of tolls on trade in the Yoruba hinterland. In the same spirit, the Lagos and metropolitan Chambers of Commerce were consulted on matters pertaining to trade and, indeed, commercial interests were represented in the colonial Legislative Council.

The foregoing has outlined the evolution of the symbiotic relationship between Government and the Business community in

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6. C.K. Webster, The Foreign Policy of Lord Palmerston, Vol. II, London, 1951, p. 751, cited in Robinson et. al, op. cit., p. 5.

Nigeria. It should be noted, however, that scholars are not agreed on the characterization of the role of the State in the colonial economy. Thus, on the one hand, some scholars have described the colonial state as a "Great White Umpire",[7] that distanced itself from or barely intervened in the economic process. The state, in this view, merely played an enabling role in the economy, concerning itself with the provision of physical and fiscal infrastructure, and the maintenance of law and order.[8] On the other hand, other scholars present the picture of a "crushingly powerful"[9] colonial state which intervened decisively in the economic process and stifled African autonomy and initiative. Sheila Smith, for instance, has highlighted the areas and the means by which the colonial state intervened forcefully in the economy to promote metropolitan interests.[10] First, she traced the origins of the intervention to the abolition of the slave trade which determined what people could trade in and on what terms. Second, she noted that colonial taxation compelled the people to produce for cash and was also a form of social control, bringing home to the people

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7. Hopkins, West Africa, op. cit., p. 189.

8. Ibid.; D.U. Ekhuerhare, "The Influence of Colonial Policy on the Nigerian Economy with Special Reference to the Foreign Trade Sector, 1919-1939", M.Sc. (Economics) thesis, University of Ibadan, October 1971, p.86.

9. This expression is Professor Fred Cooper's in "Africa and the World Economy", op. cit., p.31.

10. Sheila Smith, "Colonialism in Economic Theory: The Experience of Nigeria", J.D.S., XV, 3 (April, 1979), pp. 38 - 39.

the reality of subjugation. Third, the colonial monetary policies centralized the issue of currency thus giving the state a large measure of politico-economic power. She contended that the colonial state neither practised laissez-faire nor was as passive as certain writers had claimed.

On the balance, it is difficult to accept the view that 'the interests of the producer and the merchant are identical... (The Colonial) Government appears to be essential as "liaison officer",'[11] and that the "general policy" of the State "was to leave commerce to itself".[12] On the other hand, the State was not so interventionist that there was no room for African initiative, for in the final analysis, it was the producer that determined what he produced and the proportion that he took to the market. This is illustrated by the choice of groundnuts in preference to cotton which the Administration favoured in Northern Nigeria.

In the final analysis, the role or place of the State in the Colonial economy or of its relations with the Business community would be better understood by examing government policy as it related to trade. For one thing, it would be possible to determine the extentt and the impact of state intervention. For another, Government - Business relations would be brought into

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11. C S O 26/1 02187 vol. III "Produce Inspection and Grading of Cocoa", P.H. Lamb to H.C.S., Lagos, 19 May, 1924.

12. Michael Crowder, West Africa Under Colonial Rule, London, 1968, p. 305.

sharper focus and these would be seen as amounting to a veritable marriage of convenience. For our purpose, attention will be focused on fiscal policy (with specific reference to import and export duties), railway tariffs and the inspection and grading of produce - all of which, as we shall see in the next chapter, were intimately related to the dynamics of trade in Lagos and the hinterland during this period.

Fiscal Policy and Trade.

Customs duties constituted the lynch-pin of the colonial fiscal system in Nigeria. This was because, until 1916, it was considered impracticable to levy direct taxation in Southern Nigeria whose inhabitants lacked a tradition of such taxation. Customs duties, on the other hand, were easy to collect at the ports of entry and, being an indirect tax, did not arouse any opposition. In any case, Africans considered them another form of tolls which they were accustomed to paying to the rulers of the hinterland kingdoms.

It should be noted, however, that colonial fiscal policy as it affected maritime trade served two purposes: tariffs could serve as an instrument of fiscal policy or of commercial policy.[13] This means that customs duties, for example, could be

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13. Hopkins, "An Economic History of Lagos...", op. cit., p. 137, See, also, C. Leubuscher, "The Policy Governing External Trade", in M. Perham (ed.), Mining, Commerce and Finance in Nigeria, London, 1948, p. 158.

used to generate revenue or to promote the commercial interests of the colony or the "mother" country. In the latter case, tariffs could be used to keep out competitors or to restrict exports to a particular market. This was amply exemplified by the imposition of the preferential duty on palm kernels in 1919.

The preferential duty of £2 was levied on kernels exported from Nigeria in October 1919 and ratified in November of that year.[14] It was part of the measures taken to ensure the retention of the palm kernel trade in British hands in the post-war period. For, it would be recalled that British crushers had demanded for guarantees that their capital would be protected against future German re-entry into the kernel business. Although war-time conditions had served to eliminate German competition, it was considered imperative to adopt other measures to ensure the exclusion of the Germans. Hence, the duty of £2 was imposed on all kernels that were not crushed within the British Empire. This was based upon the recommendation of the Steel-Maitland Committee of 1916 that the duty be imposed during, and for five years after, the war. This was enthusiastically endorsed by the Nigerian colonial government in 1919. Commenting on Mr. Long's Report of the Committee on Raw Materials, the Executive

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14. H.M.P. Box 30: "Economics: Documents on Economic Activities", Cmd 1600, Report of the Committee on Trade and Taxation for British West Africa, March, 1922, p. 59.

Council resolved "That the prohibition of the export of all oil products except to the United Kingdom should be enforced except under licence by Secretary of State Milner"[15].

It was acknowledged that the collection of this duty entailed a lot of inconvenience for exporters who were required by law to show proof that their consignments were bound for British crushing mills. Hence, the Customs authorities in the West African colonies resolved to accept from the exporters a bond for the amount of duty on their consignments which would be cancelled whenever they produced evidence that the kernels had actually been crushed within the Empire. But, as such a proof often proved difficult to obtain from the crushers, the authorities later accepted landing certificates. Consequently, in spite of such measures, it was difficult to account for the destination of the kernels, a fair proportion of which many a sharp British merchant re-exported to the Continent. Such a merchant only had to bear the additional cost of reshipment and handling charges. Yet, where an exporter actually took his kernels to Britain but failed to produce landing certificates for them, he forfeited the bond. Thus while Nigerian customs figures indicated that 13,183 tons of kernels were consigned to "foreign countries" in 1920 (which would have earned a sum of £26,366), the differential duty actually fetched a sum of

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15. CSO 20/6 NC 176/18 "Mr. Long's Report on the Production and Export of Raw Materials", Boyle to Miner, 21 Jan., 1919.

£30,337.[16] The difference could only have been accounted for by forteited bonds. One could thus understand why there was sustained opposition to this fiscal measure.

Opposition to the differential duty came from metropolitan and colonial interest groups. Thus, the Aborigines Protection Society,[17] which had taken to defending "native rights" since the days of the anti-slavery campaign, arranged a meeting at Caxton Hall in London to protest the preferential duty and the accompanying trade restrictions. The Society contended that the duty violated "the right of native races to dispose of their produce in the open markets of the world".[18] In a resolution proposed by Sir. T. Fowell Puxton, the Society, _inter alia_, urged the Imperial Government to restore to the people of West Africa the right to "free trade".

In seconding the motion, Lord Emmott, a director of the Niger Company, contended that if the duty was intended to achieve self-sufficiency in the Pritish Empire, the aim was not only

16. H.M.P., Cmd 1600 _Report of the Committee on Trade and Taxation..._, _op. cit._, p. 60.

17. For a study of the Society, see Kenneth D. Nworah, "The Aborigines Protection Society, 1889 - 1909: A Pressure Group in Colonial Policy", _C.J.A.S._, vol.v, 1(1971)

18. _L W R_, 17 January, 1920.

illusory but objectionable. He believed that the duty would encourage monopolies at the expense of the colonial subjects and was likely to invite reprisals from the Americans, the Chinese and the Japanese. He wondered what would happen if the Americans decided to levy a duty on raw cotton sequel to cotton shortage in their country. Also speaking in the same vein, Mr. Ben Spoor, an M.P., drew attention to the "boomerang" effect of the differential duty in that the French had adopted quick reprisals. He argued that the imposition of the duty amounted to "ruthless exploitation, [a] ... denial of the most elementary human rights ... [and,] in so far as it takes away the freedom of natives, is nothing more or less than the imposition of slavery"[19].

Apart from genuine or feigned concern at the fate of the producers, opposition to the duty also stemmed from the dread of the possibility of the emergence of trusts in consequence of this fiscal measure. Such a view was expressed in this satirical piece in a British Newspaper:

> Said Margarine to Milk, "What shall we do if Peace breaks out and competition returns once more?"
> Said Milk to Margarine, "You live on oil seeds, I thrive and multiply on the offal of both oil beans and oil seeds; let us, therefore, summon together

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19. <u>Ibid</u>., Culled from <u>The World</u>, 29 November, 1919.

my Lords Shippingring, Milch-cow, Butter, Margarine, and visit our good friend Mr. Bonar Law [the Secretary of State for the Colonies], who will assuredly protect us in the great and terrible day of our adversity which will surely come upon us when the dreaded spectre of Peace shall herald the renewal of competition!"[20]

The author of this illuminating piece noted that the result of the differential duty was that "whilst the native will pay at one end, at the other end the British consumer will be confronted with a huge butter, margarine, and milk trust, and in between the producer and the consumer, the oil kings will rake in the cash"! But, a Parliamentary sub-committee which was instituted to "enquire into the existence of any trusts, combines or agreements in the Oils, Fats and Margarine Trade, and into the effect which their existence, if proved, has upon prices and supplier to the consumer in this country", returned a negative verdict in 1920. For, it reported that "There is no sign of any monopoly in the trade" and that "the divergent interests and aims of ... [the] groups (engaged in the business) are likely to ensure a continuance of sufficient competition to safeguard the public".[21] However, if

20. LWR, 20 Dec., 1919: "Making a New Trust: Milk, Margarine and the consumer" by Prester John. Culled from The Star, 18 Nov., 1919.

21. CSO 19/8 N3768/1920, "Report on Oils, Fats and Margarine Trades", enc. Cmd 982 Profiteering Acts, 1919 and 1920: Report on the Oils, Fats and Margarine Trades, 1920, p. 5.

it was difficult to "prove" the existence of combines, their impact on Nigeria, as wes experienced during the First World War, was too profound to be denied.

In the meantime, the differential duty had polarised Britain into two camps - the Protectionists and the Anti-Protectionists.[22] The latter contended that the tariff was a ploy by the Capitalists (the Oil Trust) to secure a monopoly of the people's food and thus be in a position to dictate the prices offered for raw materials. This school of thought contended that the duty was a threat to the interests of African producers and British consumers alike and also hinted at the possibility of retaliation by America and France.

The Protectionists, on the other hand, defended the tariff on the grounds that it afforded cheaper food (that is, margarine) to the British consumer and ensured the capture from Germany of an industry which she was alleged to have monopolised to the detriment of British interest during the First World War. Thus, G.A. Moore, a self-appointed defender of the Protectionist position dismissed Lord Emmott's Caxton Hall speech as emanating from the "unrepentant Free Trader"and the possibility of French retaliation as "that decrepit bogey" since France did not consider British retaliation when she imposed her surtax d'entrepot which she sustained by raising her import duties.[23] Resorting to

22. LWR, 28 Feb., 1920, "Weekly Notes and Comments".

23. NP, 20 Feb., 1920, culled from The Times, 29 Nov., 1919.

economic jingoism, Moore wondered if "any patriot" could continue to condone the "dependency" of Britain on German margarine which had resulted from the free access of Germany to British colonial markets. He lauded the Steel-Maitland Committee for recommending the fiscal measures that had facilitated the "capture" of the kernel trade and gleefully declared that "we can now absorb the whole of the exports of palm kernels from our Colonies, and we must have them...." He concluded on the note that if the West African colonies realized that the tariff had worked to the benefit of the Empire "to which ... [they were] proud to belong ... (they) would willingly accept it".

But it is difficult to see how cheap margarine in Britain served the interests of the West African producers if it meant that they were to receive lower prices for their produce. As Winston Churchill, the Secretary of State for the Colonies, admitted in reply to a question in Parliament: "one result (of the imposition of the differential duty) has been a fall in the price of margarine to practically the pre-war level, thus benefitting the (British) consumer. West African industry has of course suffered by the fall in the price of palm kernels...".[24] Enlightened African opinion correctly perceived the true state of affairs. <u>The Lagos Weekly Record</u>, representing what it called

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24. CSO 26/1 02794 vol. I "Questions and Answers in Parliament relating to Nigerian affairs, 1922", Q. 32, Mr. Mosley, 14 Feb., 1922.

"The African Opinion" contended that:

> The British Empire has had five years to consolidate her commerce and industry and, if what we read in English papers is true, has made good that way, then why this fear of foreign competition, and what need this artificial prop of a preference duty? Certainly we natives of West Africa will want to get the best price for our produce and any particular branch of industry whose product does not enjoy a free market will either be neglected or will die. If the native only knows he is not getting the best price for his palm kernels he will abandon the industry and England either does without palm kernels or resorts to the German method at (sic) the Cameroons or the Belgian method at (sic) the Congo.[25]

Opposition to the duty also came from other representatives of African opinion. Thus, one of the resolutions of the Conference of Africans of British West Africa at a meeting held in Accra, the Gold Coast, in March 1920 was : "That ... Trade Competition in the British West African Dependencies should be free from restriction [hence, the conference]... views with great dissatisfaction the passing of the Palm Kernels Export Duty Ordinance".[26] The Lagos Committee of the N.C.B.W.A. considered the duty:

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25. LWR, 28 Feb., 1920, "Weekly Notes and Comments".

26. LWR, 17 July, 1920.

a real handicap to the trade of British West Africa. By its operation Native producers are deprived of the free use of the world market. The produce market in British West Africa should be free to the world and enormous profits must result to the various Colonies from that healthy competition which is the soul of trade.[27]

In the face of opposition from metropolitan and colonial pressure groups, Viscount Milner advanced the facile argument that the duty was not harmful to the producer whom he contended was "enormously better off than before ... [since] the latest figure he had got was £28 while the best received by (him) ... selling at Lagos before the war was £16."[28] But he conveniently ignored the fact that exchange rates and the value of currency were not static. He could well have recalled that A.G. Boyle had reported in January 1919 that "at present the purchasing value of money in Nigeria is scarcely more than 33% of its pre-war value".[29]

While the storm generated by the question of the differential export duty raged on, a greater controversy arose over the

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27. CSO 1/32/62 871 of 16 Sept., 1921, Scott to Churchill, enc. "Opinions and suggestions of the Lagos Committee of the N.C.B.W.A. on the subject of trade and taxation in the West African colonies", 12 Sept., 1921.

28. Milner was responding to Lord Emmott's spirited attacks in the House of Lords. See, LWR 19 June, 1920.

29. CSO 20/6 N.C 176/18 "Mr. Long's Report on the Production and Export of Raw Materials", enc. Boyle to Milner, 21 Jan., 1919, Boyle and Executive Council's comments on Long's Report.

imposition and impact of export duties on Nigeria's principal exports. As we have discussed in the preceding chapter, the duty was imposed to avert the crisis engendered by the peculiar circumstances of the First World War. However, during and immediately after the war, it had become clear that the export duties were emburdening trade and giving the exporters an excuse to depress produce prices. On their part, the exporters contended that the duties increased their marketing costs - which included railway freights, handling charges in Kano, Lagos and Liverpool and Ocean freights - thus reducing their profit margins and, by extension, the prices that they could afford to pay for produce.

It is interesting to note that the merchants were unsympathetic with the colonial government's plea that the duties were necessitated by the critical financial situation in the colony. Indeed, they argued that what the problem required was a more judicious management of available revenue rather than the imposition of export duties - a position that was shared by practically all unofficial interests. <u>The Lagos Weekly Record</u> in an editorial captioned "Where Imperial Economic Protection Stultifies Itself" counselled that "Retrenchment is the only radical cure for the embarrassment with which the colony is at present confronted especially ...[since] about 60% of the actual revenue is paid away in official salaries".[30] In a later development, the news-

30. <u>LWR</u>, 5 Nov., 1921.

paper declared that "Free trade with a judicious check upon squandermania is the only consistent and rational policy" which the government should pursue in the prevailing circumstances.[31]

The opposition to the export duties was intensified during the depression of 1920 - 22 when they were held mainly accountable for the economic predicament of the West African colonies. So much was the pressure for the abolition of the duties that the Imperial Government was constrained to institute a Committee to examine the whole question of trade and taxation in British West Africa.

The Committee on Trade and Taxation in British West Africa which comprised colonial officials, including the comptrollers of Customs of the four colonies, and European merchants, had as its chairman, Nigeria's Governor, Hugh Clifford. It is significant that no African was nominated to serve on the committee, an omission that the Lagos Weekly Record decried in the slogan, "No representation, No taxation".[32] Be that as it may, the Committee took evidence from a cross section of colonial and metropolitan interest groups from October 12 to November 3, 1921. Its report was dated 15 December 1921.

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31. LWR, 19 Nov., 1921 : Comments on the Report of the African Trade Section of the Liverpool Chamber of Commerce.

32. LWR, 8 October, 1921: Editorial.

The Report noted that indirect taxation accounted for the bulk of the revenue of the West African dependencies, being 91.0% of the total revenue in 1911, 90.2% in 1914, 88.7% in 1915 and 1918, 90% in 1919, 92.3% in 1920 and from January to July 1921, it was 86.7%. There was thus an average of 10.40% direct and 89.6% indirect in the period 1911 - 1921.[33] With respect to the indirect tax, the Report noted that Customs Duties were "by far the most important item" under this head, accounting for 55.8% of the total in 1913, 38.6% in 1919, 46.4% in 1920 and 32.4% in January to July, 1921. Prior to 1916, the bulk of the returns from customs duties was derived from import duties on "trade spirits". It was in consequence of the rapid decline in the imports of "trade spirits" (culminating in total prohibition in 1919) that necessitated the imposition of export duties. But, as is shown in the table below, export duties failed to compensate for the shortfall in the total revenue caused by the eclipse of the liquor trade. For instance, the committee noted that, even in 1920, when export duties yielded the record figure of £838,000 and spirits fetched £243,000, the grand total of £1,081,000 from these sources was £59,000 short of the figure

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33. Cmd 1600, Report of the Committee ... op. cit., pp. 9 - 10.

of £1,140,000 collected from the duty on spirits alone in 1913.[34]

TABLE 20

Comparison of proceeds of import and export duties in Nigeria, 1916 - 1920.

Year	1916 £	1917 £	1918 £	1919 £	1920 £
Import Duties	1,086,625	861,692	896,415	1,221,150	2,278,863
Export Duties	57,624	339,639	490,917	612,124	837,853
Total Customs Duties	1,144,249	1,201,331	1,387,332	1,833,274	3,116,716

SOURCES: Nigeria Handbook, 1919, p. 150 and Annual Report Customs Department, 1923, p. 3

Ironically, while the export duties failed to meet the requirements of public revenue, representations were made to the Committee to abolish them. The Committee stated in its Report that

> It has been strongly urged upon [us]... that the export duties on produce are bad in principle, in that they impose a tax upon industry, thereby tending to discourage production, and that they are dangerous, inasmuch as they may unduly handicap West African produce *vis-a-vis* its competitors in other lands ... [Furthermore, it is

34. Ibid., p. 31.

> claimed that they_7... are unfair in their incidence, in that they are paid exclusively by the producing sections of the community.[35]

The Committee dwelt at length on the effects of the export duties on production and exportation. With reference to the table below, it was pointed out that in all cases, exports of produce had exceeded pre-war figures, that is, when the export duty had not been imposed. It was on the basis of these figures that the Committee reached "the general conclusion ... that the imposition of the export duties on palm kernels, palm oil and groundnuts do not, in practice, check the volume of exports of these commodities".[36] But this assertion ignored the reality of what has been called the "perverse reaction" of the producers to the market, which we have observed in the preceding chapter.

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35. Ibid., p. 36.
36. Ibid., p. 39.

TABLE 21

Comparison of produce export figures before and after the imposition of export duties, 1910 - 13; 1917 - 20.

Year	Palm kernels (tons)	Palm oil (tons)	Groundnuts (tons)	Year	Palm kernels (tons)	Palm oil (tons)	Groundnuts (tons)
1910	230,677	88,060	-	1917	248,318	77,711	-
1911	232,980	89,121	1,179	1918	255,560	90,305	57,554
1912	250,449	86,048	2,158	1919	278,099	108,331	39,334
1913	234,209	89,245	19,288	1920	265,507	89,545	45,409
TOTAL	948,315	352,474	22,985	TOTAL	1,048,484	365,892	142,297

SOURCE: Compiled from Report ... op. cit., pp. 37 - 38.

In the final analysis, the Committee indicted colonial fiscal policy in British West Africa. It noted that the "abnormal and, in a measure, the fictitious prosperity" of the immediate post-war period had induced the colonial governments to embark upon work of reconstruction "which in almost every Public Department was demanded at the end of the War in the interests of efficiency". However, the projects were, in the view of the Committee, "undertaken... on too lavish a scale and with too great rapidity". The Committee in this respect aligned itself with the position of European mercantile interests and African opinion. It further contended that "the taxation at present in force imposes upon commerce and upon the the West African producers burdens which they are ill able to bear in existing circumstances". It, therefore, advised the colonial governments "to submit their expenditure to drastic revision, and (when possible) to remit taxation".[37] Surprisingly, the Committee stated that, in view of the existing financial positions of the colonies, their commitments and the heavy fall of revenue in the on-going depression, it was

> Unable to recommend any immediate reduction of the existing export duties or any alternative means of raising revenue which, while meeting the financial necessities of these colonies, and proving at once inadequate and stable, will be less injurious to trade and industry than are the export duties on produce.[38]

Thus, as far as the export duties were concerned, the institution of the Committee served merely to legitimize the existing tariffs on trade. This is hardly surprising considering the preponderance of official interests on the committee whose chairman was the governor of one of the colonies! However, the Committee took a different view of the differential export duties. It noted that the imposition of the duties had produced the intended results— the near-total diversion of the whole of the British West African kernel crop from Germany to the United Kingdom, the establishment

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37. Ibid., p. 58.
38. Ibid., p. 59.

of the kernel - crushing industry in Britain - where it was practically non-existent hitherto - and the emergence of an export trade in palm kernel oil. On the other hand, it was acknowledged that the duty had placed the producer of kernels in British West Africa at a certain disadvantage since the non-British West African colonies did nor levy such a duty. The differential duty, therefore, exemplified the sharp cleavage between Imperial and colonial interests.

Thus, on the one hand, the duty served Imperial interests by protecting British capital invested in the crushing industry in the face of possible German re-entry. Second, it ensured the survival of the British margarine industry which was based on kernel imports. For, by diverting British West African kernels to the metropolis, the duty made it possible for Britain to cease the importation of margarine which had been done on a large scale before the war.[39] Third, even when the kernels were re-exported from the United Kingdom, the expenses incurred by the foreign buyer in terms of handling, freight and other charges, which approximated some 30/- per ton, were paid into British pockets. On the other hand, British monopoly adversely affected prices offered to the African producer. Hence, the Committee "strongly recommended that an open and unrestricted market would be unquestionably to their (that is, West African Colonies') best advantage and felt that

39. Ibid., p. 63.

there was no sufficient justification for the retention of the differrential duty".[40]

Consequently, the Imperial Government abolished the differential export duty in August, 1922. However, the export duties were retained as the Committee had recommended. This generated a spate of criticisms particularly from the business community in Lagos and the metropolis and also in the Lagos press. Thus, the Earl of Selborne, presiding at the 28th Annual General Meeting of the B.B.W.A., declared that "no greater service could be done to trade than at the earliest possible moment some reduction of the duties which were hampering alike exports and imports".[41] Similarly, Mr. J. H. Batty of the African and Eastern Trade Corporation Limited criticised what he called "the mistaken fiscal policy of taxing products exported".[42] Perhaps the most trenchant criticism came from Lord Leverhulme[43] who declared that West African trade was "staggering under the prohibitive high duties on exports of produce". He then attributed the high duties to the "extravagantly high expenditure" of colonial budgets. He noted that in 1913 the expenditure of the Nigerian government was £2,916,801 but, in 1920/21, it had jumped to what he called "the inflated figure" of

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40. Ibid., p.
41. NP, 18 August 1922, London Letter, 24 July, 1922.
42. Ibid.,
43. NP, 25 May, 1923, London Letter: Annual General Meeting, Lever Brothers at Port Sunlight, 12 May, 1923.

£7,171,997. This increase, he pointed out, was out of all proportion to the increase in revenue from £3,462,507 in 1913 to £4,876,246 in 1921/22. While the revenue figure for 1913 afforded a comfortable surplus of over half a million pounds over expenditure, that for 1921/22 saddled the government with a deficit of over £2½ million.

Against this background, Lord Leverhulme contended that "taxation and expenditure ... [were] out of all proportion to the trade of Nigeria." In this regard, he noted that the total cost of marketing West African oil in Britain had increased from £9:1:4 per ton in 1913 to £15:1:3d per ton in 1922. Out of the difference of £6 per ton, the colonial government accounted for £3:11:5, 83% of which was in respect of export duties. He refused to be placated by the explanation of the Undersecretary of State for the Colonies that the increase in government expenditure resulted from the salary increases of 1920 which were meant to enable workers cope with the rising cost of living. As far as he was concerned, "the income of the native, notwithstanding the increase ... has been reduced by taxation to practically one-half". He concluded that "this wonderful indifference to the welfare of the native is contrary to the best interests and progress of our Crown Colonies".

At the local level, the Lagos Chamber of Commerce, in a series of correspondence, engaged the colonial government in a protracted debate over the economics and impact of government fiscal policy. But, the government categorically ruled out the possibility of reducing, much less, abolishing the export duties. This position was predicated upon certain salient arguments. First, it was claimed that the duty had no "visible effects" on export figures. Second, that the financial position of the government precluded sacrifice of revenue which a reduction entailed. In this respect, it was pointed out that a fifty per cent reduction in the duties on palm oil and palm kernels would cost the government £300,000 per annum, a shortfall that could only be offset by further increases in the import duties. Third, that it was inadvisable to increase import duties beyond prevailing levels. Finally, that critics had not suggested alternatives, that is, "any means whereby the money sacrificed to the public Treasury can be made, with any certainty, to reach the hands of the actual producers".[44]

In a pointed reaction,[45] the Chamber remarked that it could not be said that the duties did not have "visible effects" on exports. For, when the duty on palm oil was increased from £2 to

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44. John Scott, Acting C.S.G. to Secretary, Lagos Chamber of Commerce, 19 February, 1923. Full text in NP, 22 June, 1923.

45. Ibid., J.T. Wagstaffe, President, Lagos Chamber of Commerce to Acting C.S.G., 30 May, 1923.

£3 per ton in February, 1920, there was an immediate drop in exports from 100,967 tons in 1919 to 84,856 tons in 1920 and 52,771 tons in 1921. Similarly, the increase in the duty on palm kernels from 22/6 to 40/- per ton in February, 1920, was accompanied by a fall from 216,913 tons in 1919 to 207,010 tons in 1920 and 153,354 tons in 1921. The Chamber pointed out that the heavy fall in the figures for 1920 were cushioned by the stocks accumulated at hinterland centres from the previous years. As attractive as this argument seems to be, such a monocausal explanation unduly simplifies what was a complex phenomenon.

Turning to the realm of government finance, the Chamber drew a sharp contrast between the styles of administration in the colony and the metropolis. It extolled the "severe economy and retrenchment" in the United Kingdom in response to the prevailing "financial stringency". There, the "estimates are subjected to strong criticism by Parliament, Press and public opinion and it is this control which differentiates Parliamentary Government from Crown Colony Government". The Chamber lamented that in Nigeria, "the draft Estimates are presented for the unofficial, and ineffectual consideration of the Legislative Council .../which comprised the/ nominees of the Governor ... In effect this gives the colonial Government an absolutely free hand". In that regard, the chamber criticised the "continuous increase in Expenditure which /was/... out of all proportion to actual requirements, especially during a period of abnormal financial stress and difficulty".

It expressed dismay at the fact that the estimates for 1923-24 put total expenditure at £6,026,692 (excluding expenditure of £2,840,190 on Loan Works) of which salaries alone would consume £2,541,478 (excluding the cost of passages, allowances, housing and other allowances). This meant that the salary bill for 1923-24 would be only a little less than the total government expenditure of £2,916,801 in 1913. To make matters worse, majority of the recipients of these emoluments had pensionable appointments, with severe implications for government expenditure on wages. This was attested by the increases in pension votes from £78,000 in 1919 to £174,755 in 1921-22 to an estimate of £190,000 in 1923-24. The Chamber then concluded that "continual increases in the personnel such as are indicated by the foregoing figures, are in strong contrast to the action of the Imperial Government". Particular attention was drawn to the "lavish manner in which public money is being expended at the official reservation at Ikoyi where residences are being provided for officials on a most expensive scale". The Chamber therefore called for an "Inchcape Commission" to probe the expenditure of the colonial government.

The exchange of correspondence between the colonial government and the Lagos Chamber of Commerce was conducted with vigour and passion as each side countered the arguments or charges of the other. For instance, in a correspondence dated 5 July, 1923,[46]

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46. NP, 28 Sept., 1923.

the government rejected the suggestion that export duties were responsible for the decline in export figures in the post-war period. Rather, the post-war boom gave the producers "a great deal of money probably more than they have ever possessed before in their lives". Hence, they "relaxed their efforts in 1920 and 1921" with adverse effects on the export figures. No doubt, this monocausal explanation is as inadequate as that proffered by the Chamber. In respect of an inquiry into government expenditure, the acting Governor considered the suggestion premature, adding that only the Secretary of State and the colonial governor could authorize such an investigation. The Chamber was then advised to air its views through its representatives in the Legislative Council.

The Nigerian Pioneer, a pro-Business newspaper, fully endorsed the Chamber's call for an independent inquiry into the finances of the Nigerian government. It noted that a "Commission on public expenditure in India and the Geddes Commission ... in England both effected tremendous economies to the benefit of the countries concerned".[47] The clamour for such an inquiry was taken up severally in Britain by Mr. J.H. Batty, chairman of the African and Eastern Trading Corporation, Mr. E.B. Trewden, chairman of the West African Committee of the London Chamber of Commerce and Lord Leverhulme of Lever Brothers.[48]

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47. NP, Leader, 28 Sept., 1923.

48. NP, 28 Sept., 1923, London Letter, 3 Sept., 1923.

Lord Leverhulme's speech at the Annual General Meeting of the Niger Company in 1923 was particularly critical of British colonial administration in West Africa which he described in the following words:

> an autocratic bureaucratic form of Government... a Colonial Office system of government... which has been discredited and discarded by the Anglo-Saxon race in every progressive portion of the Empire ... [Its] bureaucratic and autocratic ... officials ... interpret their powers to include the worst features of our Colonial Government system two centuries ago and which cost us our American Colonies ... In British West Africa our Colonial Office exalts the machinery of government above all other consideration.[49]

This fiery speech generated much controversy in Britain especially as Lord Leverhulme seemed to have spoken the minds of many. The Colonial Office was reported as having been "a lettle (sic) bit exercised over the matter" and there was hope of "a stirring of the dry bones in the near future."[50]

But hopes of a radical change in colonial fiscal policy were rudely dashed. The Chief Secretary to the Nigerian Government,

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49. Ibid.,
50. NP, 5 Oct., 1923, London Letter, 11 Sept., 1923.

speaking in the Legislative Council in 1923, contended that revenue from export duties could not be replaced and, citing the Gold Coast example, argued that a reduction of the duties would not be reflected in the produce prices. Furthermore, he pointed out that "exports are not on the decline, and as long as that fact is admitted, it seems premature to cry that the export duties are having a depressing effect on trade".[51]

The Governor himself erected another line of defence by emphasizing the revenue angle. He declared that:

> you are asking me to embark upon what I regard as a dangerous gamble. You are asking me, with my eyes wide open, to forego (sic) a revenue of £300,000, - which is the lowest possible amount that would be sacrificed if we were to reduce by 50% the export duty on palm oil and palm kernels only; - you are asking me to sacrifice this certain revenue of £300,000 odd, when I can only just make both ends meet.[52]

He therefore, peremptorily stopped further debate on a motion for abolition moved by Mr. Frank Brown, the representative of Commerce in the Legislative Council.

However, Governor Clifford subsequently reconsidered his position on the matter at a dinner party hosted by the African

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51. CSO 26 06788, Proceedings of the Nigerian Council, 26 Feb., 1923, p. 25.

52. Ibid., p. 27.

Trade Section of the Liverpool Chamber of Commerce. He denied that there was "anything radically wrong with West Africa" since the on-going depression was a worldwide phenomenon. Claiming that he had been eager to abolish the export duties but lacked the powers and suitable circumstances to do so, Clifford promised to consider the possibility of a reduction on his return to Nigeria.[53]

Clifford proved as good as his word for, in his Address to the Legislative Council, he announced the reduction in the duties on palm oil, palm kernels and groundnuts to the rates charged before February 1, 1920.[54] The rate on cocoa remained the same because it was the same as that charged in the Gold Coast. The new duties, which were to take effect from November 1, 1923, were as follows: cocoa - £2:6:8 per ton; Groundnuts - 10/- per ton; Raw cattle hides - ½d per lb; Raw sheep skins - ½d per lb; Raw goat skins - 1d per lb; Tanned cattle - ½d per lb; Tanned goat and sheep skins - 1½d per lb; Palm kernel Oil - £2 per ton; Palm kernels - £1:2:6 per ton and Palm Oil - £2 per ton. This announcement was well received by members of the Council and visitors to the chamber.

However, Clifford pointed out that this concession would cost his government an annual loss in the range of £252,000. Indeed, he calculated that it would lose some £105,000 in the remaining

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53. NP, 5 Oct., 1923, London Letter.

54. NP, 2 Nov., 1923.

five months of the 1923-24 fiscal year. He hoped that what the government lost would find its way into the pockets of the producers and that the reductions would stimulate trade. He warned, however, that if the "experiment" failed, "the Government will not hesitate to reimpose these duties, or to take such other actions as may be found advisable in order to raise the revenue required for the service of Nigeria".[55]

The reduction in the export duties was, in a sense, a capitulation to mercantile pressure. Hence, the local and metropolitan Chambers of Commerce engaged in some self-congratulation. Even the government, gracious in defeat lauded what its Chief Secretary, Cameron, called the "stimulating" criticism of the Chambers. He therefore, appealed to the Lagos Chamber of Commerce for such co-operation in future - "we should come together as closely as possible and endeavour to co-operate for the common benefit, in a spirit of goodwill".[56] It was in such a spirit that the colonial administration donated a horse-shoe table to the Chamber.[57]

But the last was not yet heard on this matter. For, Lord Leverhulme, while commending government for reducing the duties, stated that their abolition was the logical and desirable end. Then, the A.W.A.M., in a conference in Liverpool in 1925, declared that "The Merchants make no apology for bringing up once again the oft-discussed subject of export Duties, as they all feel that the

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55. NP, 9 Nov., 1923.
56. NP, 14 Dec., 1923.
57. NP, 9 Nov., 1923: Minutes of Meeting of the Lagos Chamber of Commerce on 16 Oct., 1923.

sooner these can be removed or reduced, the better it will be for trade".[58] The Association contended that the export duties were bad in principle and application. First, because only the producers of dutiable exports paid it while those who produced foodstuffs and livestock for local consumption, benniseed, sheaproducts, cotton and rubber for export were all exempt. Second, the duties were a form of taxation at source, hence, it was to a certain extent a discouragement to efforts to produce. In this connection, the Association contended that the higher the price offered, the wider would be the radius of the circle round the rail or road transport station within which people could profitably produce and transport commodities. The argument was that remission of export duties would eventually improve the producer's earnings, stimulate production, result in a greater movement of money which would thus stimulate trade all round.

Taking a global view of the issue, A.W.A.M. argued that the duties were, for all practical purposes, a subsidy to other tropical countries which exported similar products free of export duty. In this connection, the Brazilian producer of Oil seeds - a product that competed with palm kernels in the world market - was better paid for his product by at least the sum of £1:2:6 per ton which his Nigerian counterpart paid as export duty.

58. CSO 26/1 09947, vol. II "Association of West African Merchants": Report of a Conference held at Adelphi Hotel, Liverpool, 27 Oct., 1925.

All said and done, no further concession was granted in repect of export duties during the post-war decade. But it should be stressed that, in practical terms, it was the producers that bore the brunt of the duties. As Governor Clifford himself admitted in a confidential despatch:

> the export duties hit them directly and hit them hard by proportionately reducing the prices - already depressed to abnormally low levels by unfavourable trade conditions - that the European merchants (were) ... prepared to offer for their produce.[59]

The adverse effect of the duties on palm kernels in particular was noted by the Committee on Trade and Taxation in 1922. It stated in its Report that

> Producers of kernels were receiving prices not only relatively, but actually less for their produce than they were receiving during the three years preceding the outbreak of war ... The export duty of £2 per ton which had not to be met in pre-war days caused a further reduction of the price actually received by the producers. The lower the market price the more important becomes the effect of the duties on production.[60]

Against this background, the duties reduced the purchasing power of the producers. Thus, Governor Clifford who was the chairman of the Committee of 1922 admitted that

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59. CSO 1/34/18 Confid. 11 Feb., 1918, Clifford to Churchill.
60. Cmd 1600, <u>Report</u> ..., <u>op</u>. <u>cit</u>., p. 41.

> the purchasing power of the native population has been diminished to the extent of some £600,000 per annum, for it is the native producer, not the exporter, who feels and pays these taxes ... (which) are operating as a discouragement of industry and production.[61]

We should note, however, that this observation was not necessarily informed by feelings of altruism. For, on the one hand, Clifford must have realized that the declining income of the producers would necessarily affect the power to purchase imports and the resultant decline in the volume of imports would yield lower returns from duty on imports. On the other hand, "the discouragement of industry and production" was bound to adversely affect the volume of exports of raw materials to the metropolis.

Having thus dwelt upon duties on exports, it is necessary to consider their complement - import duties - which provided the bulk of government revenue. For a clearer perception of this aspect of fiscal policy, it is necessary to point out that there are two classes of import duties - specific and *ad valorem*. The former refers to duties expressed in terms of specific sums of money, such as a duty of 5/- on a gallon of spirits. The latter are computed according to the value of a particular article and are, therefore, stated in percentages. Thus, an *ad valorem* duty of 10% on a consignment of textiles valued at £100 would yield £10. *Ad valorem* duties are thus more flexible for they are adapt-

61. CSO 1/32/64 95 of 6 Feb., 1922, Clifford to Churchill: Draft Estimates of Revenue and Expenditure, 1922-23.

able to changes in the value of dutiable goods. In this regard, it should be noted that there are two bases for computing the value of an article - "Free on Board" (f.o.b) and "Cost, insurance, freight" (c.i.f.) The latter refers to f.o.b plus insurance and freight. Hence, duties levied on an f.o.b. basis fetched lower returns.

Although merchants generally opposed any increase in customs duties, the question of the basis to be adopted in computing import duties - specific or ad valorem, f.o.b. or c.i.f. - loomed large in debates on customs duties during this period. A landmark legislation on this subject was the Customs Ordinance of 1916 which required that duties be computed on the invoices produced by importers which were attested in accordance with Schedule 2 Form 37 of the Customs Regulations, 1916.[62] Under the form of attestation the value of the goods was declared to be (a) the price paid or to be paid for the goods and (b) the fair market value of the goods at the time and place of their direct exportation to Nigeria.

The invoice of the manufacturer or seller was not, as a rule, produced and by and large customs authorities had had to rely on the invoice of the consignor. Occasionally invoices were compared with one another to check for irregularities. This was especially so in Lagos but the practice of comparing invoices ran into serious difficulties where there were differences in the qualities,

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62. CSO 1/32/60 494 of 20 May, 1921, Cameron to Churchill.

lengths and widths of cotton piece goods imported by different firms. It was noted that, on the whole,

> the practice of assessing duty on the basis of purchase price of the goods has ... operated to the advantage of the importers for a longer period than it has operated to their disadvantage ... [Too often] the purchase price of the goods, at which they were being declared, did not represent their fair market value at the time and place of shipment. The result ... is that importers will have the advantage (which they ought not to have enjoyed at all) adjusted to them, as against the revenue, as soon as the shoe begins to pinch.[63]

The Manchester Chamber of Commerce then suggested that the exporter of goods from Britain should declare the market value on the invoice and that the signature of the partner or director making this declaration be attested by the Secretary to the Chamber of Commerce. But, the Secretary of State rejected this proposal because, as he put it, it "does not furnish any prospect of such proof" (that is, of market value).[64]

Then, in 1922, the Conference of the Comptrollers of Customs in the British West African Colonies recommended that the basis for the assessment of ad valorem duty should be "the current

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63. Ibid.,

64. CSO 1/32/63 980 of 26 Oct., 1921, Cameron to Churchill, enc. J.D.B. Sealey, Comptr. of Customs to C.S.G., 14 Oct., 1921.

domestic value of the goods in the finished condition at the date of delivery from the warehouse for exportation".[65] This recommendation followed that of the Imperial Customs Conference of 1921 which most Dominions had accepted. However, Nigeria's Mr. Milne - Stewart expressed preference for the system hitherto in force in Nigeria under which the duty was assessed on the price paid for the goods. He explained that the revenue was well secured under that system. On the other hand, the Conference of West African Comptrollers claimed that the Liverpool and Manchester merchants were unable to produce documents from the manufacturers in support of the declared value of the goods and revenue could thus not be safequarded. The issue was resolved by the acceptance of invoices prepared by a principal while sending goods to his agent in Nigeria. Governor Clifford therefore argued that he could "see no reason why the concession should be made any wider". Hence, he strongly recommended the retention of the practice of assessing ad valorem duties on the purchase price.[66]

Another issue in the calculation of ad valorem rates was the percentage to be charged. From the establishment of the Lagos Colony in 1861 the rates had been on the increase as follows: 1862-2%; 1863-3%; 1864-4%; 1893-5%; 20 December 1899-10%; 20 December 1919-12½% and, on 28 April 1922, it was raised to 15%.[67] Proposing

65. CSO 1/32/65 306 of 3 May, 1922, Clifford to Churchill.
66. Ibid.
67. H.M.P. , Box 30: "Economics: Documents on Economic Activities", Comptroller of Customs to Macaulay, 5 Oct., 1927.

the increase in the Legislative Council in 1922, the Comptroller explained that it would generate an additional sum of £60,000 per annum, that its incidence would not be "very greatly felt" owing to a recent reduction in outward ocean freights and that it compared favourably with rates in the Gold Coast (20%) and Sierra Leone (25%).[68] In addition, a number of imports were transferred from the specific to the *ad valorem* list. These were glassware, haberdashery, hardware, including articles of brass, copper and zinc manufactures, brooms and brushes, candles, cordage and twine, jewellery and plate, musical instruments, perfumery (other than perfumed spirits), smoking pipes, prints and engravings, toys and games. The *ad valorem* duties on these articles were expected to yield £27,000 in a full year.

It should be noted in this regard that the Lagos Committee of the N.C.B.W.A. had petitioned the colonial government in 1921 asking that an *ad valorem* duty of 12% be imposed on the free list with the exception of Agricultural Implements and Machinery of all kinds. The Congress calculated that duty on such items hitherto on the free list (valued at over £5 million in 1920) would yield about £600,000 to the revenue.[69] Although the changes in the tariff structure in 1922 were not as far-reaching as the Congress had demanded, they, at least, demonstrated a positive response

68. CSO 1/32/65 375 of 23 May, 1922 enc. Proceedings of the Legislative Council, 28 April, 1922.

69. CSO 1/32/62 671 of 16 Sept., 1921 ... *op. cit.*

to its suggestions.

A third proposal put forward by the Comptroller was the imposition of a duty of 10% on corrugated iron sheets. This was expected to yield some £7,000 per annum. The duty was expected to contribute to the revenue because this item was a growing import which jumped from 206 tons in January - March 1921 to 1,581 tons in the equivalent period in 1922.

Fourthly, it was proposed to levy a 15% duty on provisions, that is, bread and biscuits, fish other than fresh fish, flour, provisions other than fresh provisions, rice, sugar and tea. Duty on these items was expected to yield £67,000 per annum. The Comptroller recalled that these items had been taxed in Lagos until 1907 when they were placed on the free list because sufficient revenue was generated from the duty on "trade spirits". But, owing to the adverse changes in the economy, it was now necessary to tax them. He defended this measure on the ground that "there are few Governments which do not tax sugar, tea and probably many other articles which come under provisions". He added that Nigeria had "always enjoyed a very comprehensive free list, and the articles mentioned will not reduce it materially". In any case, an estimated sum of £161,000 was expected from tax on these items in a full year.

These sweeping changes in the tariff structure have to be appreciated against the background of certain developments in the fiscal and economic systems of Nigeria. First, the loss of revenue from trade spirits placed the fiscal system on the brink of a crisis. Thus, Governor Hugh Clifford had cause to lament that "the expenditure of the country ... (had) definitely out-run its revenue sources ... the inevitable consequence of the liquor policy which was adopted by his Majesty's Government in December 1918".[70] This policy, he contended, had been "largely responsible for the crippling of the financial resources and the retarding of the normal development of the country".[71] Second, Nigeria was in the grip of a trade depression, which naturally affected government revenue.

Hence, the governor in defending these measures in the Legislative Council stated that "it is with the greatest reluctance that my Government find (sic) itself compelled to impose further import duties. At the present moment we are going through an extremely difficult period. Trade in Nigeria has, during the last six or seven months, been worse than in any previous period I think on record". He reasoned that the tariffs "will most surely produce the revenue required and... will impose increased burdens on the more well-to-do sections of the Community rather than upon the agricultural and producing masses". He expressed regret that provisions had to be taxed after being on the free list for fifteen years but argued that "the tax on provisions will be paid mainly

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70. CSO 1/32/64 95 of 6 Feb., 1922 ... op. cit.
71. CSO 1/32/69 140 of 7 Feb., 1923, Clifford to Devonshire, Draft Estimates of Revenue and Expenditure, 1923-24.

by the more well-to-do sections of the Community - European and African ..." But Mr. Harvey and Dr. Obasa argued in favour of the removal of bread from the list because even "the masses" ate it. Their dissenting voices were, however, drowned by the official majority when endorsed the new tariffs.

Nonetheless, criticism of the measures came from outside of the Council Chamber. Thus, the Incorporated Chamber of Commerce of Liverpool objected to practically all aspects of the new legislation.[72] These were the increase in the ad valorem duties from 12½ to 15%; the transfer of articles from the free list to the dutiable list; the 10% duty on corrugated iron sheets and the 15% duty on provisions. In a cable to Clifford, the Chamber warned that "UNLESS INCREASED DUTIES ARE ACCOMPANIED BY A REDUCTION (OF) EXPORT DUTIES TRADE REVIVAL (IN) NIGERIA (WILL BE) FURTHER HANDICAPPED". It described the duty on provisions as "most undesirable" and considered that the duty on galvanized iron would also "retard the necessary improvement which is required in Native dwellings". In a clever linkage of business interests with the "civilizing" mission, the Chamber pointed out that the new tariffs would thwart efforts to encourage Africans to use galvanized iron sheets to roof their homes and thus prevent the risks of fire.

In the final analysis, one could see that concern for the revenue informed the attitude of officials in the enactment of

72. CSO 1/32/66 498 of 3 July, 1922, Clifford to Churchill enc. J.L. McCarthy, Sec., the Incorp. Chamber of Commerce of Liverpool to Clifford, 9 May, 1922.

trade-related laws. Thus, recourse was had to <u>ad valorem</u> rather than specific duties because they secured greater revenue. Second, fiscal policy was responsive to economic conditions, hence, tariffs were "adapted to changing circumstances".[73] We have seen that <u>ad valorem</u> duties were better able to achieve this. The tendency was to increase import duties to make for shortfalls caused by adverse trade conditions. Third, tariff policy during this period was conditioned by the prohibition of "trade spirits" in 1919. This, as we have seen, necessitated the imposition of new duties such as the export duties in 1916 and the broadening of the range of import duties as was done in 1922.

Although there were complaints against taxation on trade, it should be emphasized that this was the common stock-in-trade of merchants all over the world. For, while they relis hed government intervention in creating the right atmosphere for trade, they resented same when they had to pay any form of tax on trade. Ultimately, where they could not make government change its tariffs to suit themselves, the merchants took solace in the assurance that they could always shift the burden of the tax on the producers. This was an important factor in the high prices of imports relative to prices offered for produce - which created room for unequal exchange. One could thus see that taxation on trade was

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73. Kalu A. K. Udochu, "A History of Customs Administration in Southern Nigeria, 1861-1960", M.A. Dissertation, University of Lagos, 1987, p. 125.

a veritable burden on traders but to a greater extent on the producers.

No less burdensome were transport charges especially railway freights. As is discussed in the following section, these had some impact on the determination of marketing costs and, thus, of produce and merchandise prices.

Railway Tariffs and Trade

As has been seen in the preceding section, the colonial state was keenly interested in developing trade to serve local fiscal and imperial commercial interests. Hence, the state endeavoured to create the conducive atmosphere for trade to flourish. This was especially so in respect of the provision of infrastructures. One important infrastructure required for the growth of trade was transport, the importance of which was underlined by Lugard's famous dictum: "the material development of Africa may be summed up in one word - Transport".[74] While this statement furnishes one more example of monocausal explanations, it is hardly debatable that railways were crucial to the "opening up" of the hinterland to coast-based European merchants. However, while railways were meant to serve the fiscal and economic interests of Government and Business, they were not supposed

74. F.D. Lugard, The Dual Mandate in British Tropical Africa, Edinburgh: William Blackwood and Son, 1922, p. 5.

to be operated as a charity. For, loans were taken to construct them and these had to be repaid with interest.

The need for the railway to be run as a profitable commercial undertaking was stressed as far back as 1901 when Governor William Macgregor was asked to stop the railway carriage of liquor. While he himself was a teetotaller and shared the sentiments of the anti-liquor crusaders, he pointed out that it was imperative for the railway to pay its way. He declared that:

> It would be senseless folly to build a railway at enormous expense, and to force goods of any kind the importation of which is allowed into the Colony, to be carried alongside of it on men's heads when we know perfectly well that the goods will in any case be taken to their destination. *How if prohibitive rates are imposed would interest on such a railway be paid? Or how would the cost of keeping it running be met?*[75] (Italics added).

However, if Macgregor in his days resisted the call to impose "prohibitive rates" on a certain rail-borne cargo, railway authorities in the post-war period were accused of doing the exact opposite. For, there were complaints in respect of railway freights on certain exports: cocoa, groundnuts, cotton, hides and skins. This issue is examined in the following discussion.

75. CSO 1/1/35 278 of 21 Sept., 1901, Macgregor to Chamberlain.

Except for cocoa, the aforementioned exports were produced in Northern Nigeria which was located several hundred kilometres from the port of Lagos. Hence, the cost of transporting them tended to be high especially because they are bulky items. Such high costs increased the merchants' marketing charges and adversely affected his profit margins and the price that he could offer the producer. The freights were particularly biting during the post-war depression.

In respect of groundnuts, an early voice of protest was raised in the post-war period by Mr. C.A. Birtwistle, the Managing Director of Jurgens Colonial Products who had been the Commercial Intelligence Officer of Lagos and Southern Nigeria. He contended that "excessive" railway freights and the export duties "unduly handicapped" the industry.[76] He explained that while groundnuts attracted about £20 ex-quay Europe, the cost of bringing them to Europe was no less than £14 2/- of which rail and ocean freights accounted for £11:13:3. In that case, only about £6 was left to take care of the merchant's profit, establishment charges and price to be offered the producer. Even if the total sum of £6 was offered the producer in Kano, it was a far cry from the £30-odd which he had received in the immediate post-war period.[77]

76. CSO 19/9 N3097/1921 "Groundnuts: Export Duties on (2) Substantial reduction in railway freight", Birtwistle to UnderSec. of State, 29 Dec., 1920, enc. 1 in Milner to Clifford, 4 Feb., 1921.

77. Ibid., enc. 2: Birtwistle to Messrs Elder Dempster & Co., 29 December, 1920.

The marketing charges submitted by Birtwistle are tabulated below:

Table 22

MARKETING COSTS OF GROUNDNUTS, DECEMBER 1920

Item	Cost			Item	Cost		
	£	S	D		£	S	D
Ocean Freight	6	2	*	Bags		14	
Rail "	4	11	3*	Marine Insurance		2	
Export Duty	1			Cost of money at Kano and interest		8	
Harbour Dues		6	3	Liverpool Charges		6	6
Labour Lagos/Kano		7		Allowance for loss in weight		3	
				Total	14	2	6

* Including weight of empty bags

Source: CSO 19/9 N 3097/1921 Groundnuts: Export Duties on (2) Substantial reduction in railway freight", enc. 2. in Milner to Clifford, 4 Feb., 1921.

Considering that railway freights alone accounted for more than a quarter of the total charges, Birtwistle called for their reduction in the interest of the groundnut industry. He pleaded that they be adjusted on a sliding scale "with the absolute minimum when this produce falls to £20 or under in Europe, and subject to a premium on these minimum freights say for every £2 or £3 rise in the home markets." He reminded the shipping company that failure to reduce transport charges would result in low produce prices, the curtailment of production, a drop in the exports and a loss of freight for the shipping company and the railways.

The shipping company would seem to have been impressed by the argument for it agreed to reduce homeward (that is, Britain-bound) freight from West Africa to the United Kingdom by 20% from January 1, 1921.[78] But, even with this reduction, the margin between the Liverpool price of £20 and marketing expenses of £13 per ton was only £7. To make matters worse, Liverpool prices fell in less than three weeks to £18 per ton, leaving the merchants a margin of £5 per ton.[79] Birtwistle declared that no producer would sell at that price which was, in fact, less than the combined sum of rail and ocean freights! He, therefore, renewed the call for a sliding scale of railway freights, the alternative to which was to "risk killing the trade". A.W.A.M.

also pleaded that it was imperative, "in the general interest", that export duties on groundnuts should be abolished and railway freights substantially reduced. Failure to do so, it was argued, would result in the crop being held up by producers who would not take the unremunerative prices.[80]

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78. Ibid., enc. 3: Birtwistle to UnderSecretary of State, 3 January, 1921.
79. Ibid., enc. 4: Same to same, 19 Jan., 1921.
80. Ibid., Telegram from A.W.A.M., Liverpool, 4 Feb., 1921.

In a pointed reaction to A.W.A.M.'s petition, A.C.G. Hastings, the then acting Resident, Kano Province, first questioned the claim that A.W.A.M. represented the "general interest".[81] He then identified the interests encapsulated in the "general interest". These were, in his order of importance, (i) the local or producer's interest (ii) British public interest (as dependent on groundnuts) (iii) the Nigerian government interest and (iv) the Commercial interest.

With respect to the interest of the producer, Hastings argued that the non-purchase of groundnuts would not be as injurious as A.W.A.M. had claimed. The basis for this contention was as follows. First, much of the groundnut crop could be held over till the following year. Second, some of the nuts would be converted into oil for local needs. Third, some could be eaten as food. Fourth, some would be sold to firms wishing to complete old contracts or firms buying cheap in anticipation of a recovery in the metropolitan markets. Fifth, the next season's crop was expected to be normal in spite of the on-going slump. Sixth, whatever reductions were effected in respect of railway freight or export duties, producer's profit would remain slim since metropolitan prices were still low. Seventh, the general fall in prices - a result of the slump

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<u>Ibid</u>., Hastings to Sec. Northern Provs., 12 Feb., 1921.

- had been beneficial to the colonial subjects in the Province. For, the people now paid less on foodstuffs, horses, cattle and other local products. Hence, it was only "the fortune maker of Kano city" - the "middleman" - who was adversely affected by the low prices.

Considering the British interest, Hastings contended that if the groundnut crop was very necessary to the metropolitan consumer, the market there would offer a price sufficient to ensure its delivery. He declined to comment on the interest of the Nigerian government which he defined as "a question of revenue coupled with other expediencies". He dismissed the commercial interest as "subservient to one or other or all of the above three". He concluded that while the interests of the colonial subjects and the Imperial government were not in danger sufficient to warrant the abolition of the export duty, a reduction of railway freight was required to alleviate the position of the market.

Understandably enough, railway officials were not favourably disposed towards a reduction in railway freight. In defending the position of the Railways, the General Manager, E.M. Bland, first reviewed the changes in the tariffs since 1914.[82] He

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82. Ibid., Bland to C.S.G., Lagos, 20 Feb., 1921.

pointed out that a special rate on groundnuts from Kano to Iddo was approved in May 1914. This comprised railway freight of 82/- 4d per ton plus 1s 3d terminal charges. However, on November 7, 1914, the rates were reduced to 55/- per ton plus 10% surtax, making a total of 60/- 6d plus 2s 3d terminal charges. This rate was in force till February 1, 1916 when a "class A" rate of 66/- 4d plus 30% surtax of 19/- 11d, all totalling 86/- 3d, was adopted. The addition of handling and terminal charges of 5/- took the total cost of getting a ton of groundnuts from Kano to Iddo to a grand sum of 91/- 3d. This was the rate in force in 1921 when the agitation for reduction reached a peak. However, when the ocean freight was reduced by 20% to 95/- per ton in 1921, total charges Kano to Liverpool stood at £9:6:3d.

Turning to the clamour for a reduction in the railway freight, Mr. Bland registered his objection on the basis of the relatively high cost of running the railway. He pointed out that the costs of working the line had gone up from 1.35d per ton mile in 1919 to 1.55d in 1921. The actual cost had increased from £843,767 in 1919 to approximately £1,112,267 in 1920, nearly 30%. The estimated working cost per ton mile on the basis of the 1920 figure was thus 1.67d and when interest and sinking fund charges were added, it rose to 2.5d. The General Manager, however, conceded that the haulage of groundnuts was cheaper than this average because it was a long haul without break in bulk. Nonetheless, he refused to consider any reduction in the railway freights on groundnuts.

First, he argued that such a reduction would in no way "affect the present position or induce buying". He contended that "the merchants paid for the existing stocks at an unnecessarily high rate and now wish Government to stand a portion of the loss which they are faced with". Unlike the merchants, he maintained, the Railway did not take advantage of the high prices of the boom era. Second, he emphasized that the maximum surtax of 30% was not applied to all commodities and that, in any case, the increase in Railway charges in Nigeria was lower than in other countries. He cited the examples of the U.S.A. and Canada which increased their goods rates by 40%; Sweden by 150%; Great Britain by 30-60% from January 1, 1920; Norway by 70-100%; Switzerland by 65%; France by 31¼ - 37½% and Egypt by 50-150%. It should be noted, however, that in the absence of absolute figures it is difficult or even unhelpful to compare Nigerian figures with those cited by Mr. Bland. In any case, the comparison will be misleading because the economies served by the railway systems were at different stages of development. On a note of finality, Mr. Bland declared that "I cannot see that by reducing our charges we would increase our tonnage and moreover in view of our higher working costs to do so would only be subsidising the merchants at the expense of the Administration which... we cannot afford."[83]

Criticisms of railway tariffs were not, however, limited to groundnut interests. Rather, exporters of cocoa, hides and skins, cotton and tin severally requested for a reduction in the prevailing rates. Thus, the Nigerian Chamber of Mines in London complained to the Secretary of State about the "Excessive Railway Rates charged for the conveyance of Tin concentrates on the Nigerian Railway".[84] The Chamber compared the rate of freight from Bukuru to Lagos, a distance of 750 miles, which was £11 1/- per ton or 3½d per ton mile with the average cost of running the railway which was 1.72d per ton mile in 1920. The argument was that the Railway was making a profit of about 1¾d per ton mile on tin whereas it was losing on groundnut trafficking. In other words, as the Chamber put it, "Tin is penalised heavily in Railway rates as against ground nuts, and Tin is similarly penalised as against other produce carried on the Railway". In calling for an adjustment of the rates "on a fair and equitable basis", the chamber lamented that the Tin Mining Industry in Nigeria which was "a young and a struggling one" was not being given "the measure

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83. <u>Ibid</u>.

84. CSO 26/1 03925 vol. I "Railway freight on Tin", W.J. Eales, Secretary, Nigerian Chamber of Mines, London to Sec. of State, 20 May, 1922.

of assistance to which it is justly entitled".

But the Secretary of State was unimpressed by the reasoning of the Chamber of Mines.[85] Hence, he refused to consider the request for any reduction in freight charges. He contended that the tin industry had received exceptional treatment from the Nigerian Government in respect of railway rates and concessions in the areas of royalties, rents and working conditions. For instance, it was given a special flat rate of £11:1/- (as demanded by the Chambers in London and Nigeria) when prices soared to £300 or more per ton. "Now that the price has dropped", he noted, "they asked that the rate should be reduced once more". Apart from the fact that Government felt it had been generous enough, the Secretary of State adduced another reason for the refusal to grant any reduction in railway freights: "the Nigerian government does not desire to encourage production of tin, with tin at present prices. It would prefer production to decrease" - in anticipation of a rise in prices. Moreover, the Chamber was reminded that the Committee on Trade and Taxation did not recommend any reduction in the railway freight rates on tin ore.

As regards the comparison with groundnuts, it was pointed out that it was the policy in most developing countries to quote

85. Ibid., Sec. of State to Sec., Chamber of Mines, 19 June, 1922.

specially low rates for a few articles the production of which was considered specially desirable of encouragement with a view to future railway traffic. That is, the freight rates were an inducement to the groundnut industry. Besides, groundnuts were very much less valuable, ton for ton, than tin ore and had a very large local market.

Ironically, the Nigerian government reduced railway freights on palm produce in 1922 though no formal complaints had been lodged concerning them. The concession was granted as an encouragement to the industry as it was noted in July 1922 that for several months, the railway had not carried kernels from Ibadan and stations north of it.[86] The lower rates were thus expected to stimulate the purchase of palm oil and kernels in consequence of which the revenue of the Railway would increase rather than suffer by the concessions. The changes in the tariffs on palm produce from about 1917 to 1922 are indicated in the table below.

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86. CSO 1/32/66 498 of 3 July, 1922, Clifford to Churchill.

TABLE 23

Nigerian Railway rates for palm produce, c. 1917 - 22

Stations	Rates prior to 1 Aug. 1917		Rates in force from 1 August, 1917		Class 5 rate for Oil and kernels from 1922
	Palm kernels	Palm oil	Palm kernels	Palm oil	
Agege	7/1	6/10	9/8	9/4	8/11
Agbado	8/5	8/2	11/5	11/1	10/9
Olomu	11/9	11/6	15/9	15/5	15/5
Agbesi	13/11	13/8	18/7	18/3	16/10
Itori	14/9	14/6	19/8	19/4	18/3
Wasimi	15/10	15/7	21/-	20/9	20/1
Owowo	17/6	17/3	23/2	22/11	21/6
Abeokuta	20/10	20/7	27/6	27/3	26/5
Lafenwa	20/10	20/7	27/6	27/3	26/5
Ibadan	48/5	39/-	63/5	51/2	47/11
Ede	67/6	53/11	88/2	70/7	66/10
Osogbo	71/1	56/9	92/10	74/3	70/1
Ikirun	76/2	60/10	99/6	79/6	75/1

SOURCE: CSO 1/32/66 enc. 3 in 498 of 3 July, 1922

As in the case of the debate over trade and taxation in West Africa, the controversy over railway freights in Nigeria was climaxed by an investigation conducted by Lt. Colonel F.D. Hammond who submitted a report in 1924. In respect of groundnuts, which attracted a rate of 86/- 3d per ton from Kano to Iddo (excluding port charges), Hammond noted that people objected to the rate when commercial conditions were bad. But, "once the season opened, the interest passed from the rate charged to the rate at which the groundnuts could be moved". That is, the rates appeared excessive when prices fell but as soon as they rose the rate was no longer considered prohibitive. Thus, when prices in Kano "soared from £11 a ton up to £14:10 and even £15 a ton... [interest] then centred mainly on how fast it could be brought down" to Lagos.[87]

In the case of cocoa, railway rates at the time of the investigation were 85/- 10d per ton from Ibadan ("by far the largest booking Station"), 105/- per ton from Osogbo and 110/- per ton from Ikirun. The Lagos Chamber of Commerce protested vehemently against these rates which were said to have increased marketing costs. Taking Osogbo as an example, marketing charges were itemised as follows - railway charges (£5:10); handling and terminal charges (5/-); export duty (£2:6:8); inspection fee (1/- 8d); harbour dues (7s 6d); coast expenses, bags, loss in weight etc (£1:17:6); ocean freight (£1:10); insurance, commission and home marketing expenses (£2:2); Total (£14:0:4).[88]

The contention of the Chamber was that when the total sum of £14:0:4 representing marketing charges was deducted from the price

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87. F.D. Hammond, Report on the Railway System of Nigeria, op. cit., p. 107 para. 173.

88. Ibid., para. 174.

of £30 offered for f.a.q. Lagos cocoa at Liverpool, the merchant had £16 per ton at Osogbo to cover price paid to the producer, middleman's profit and transport from outlying stations to Osogbo. In respect of transport charges from out-stations, the rate from Ilesha, from which emanated a considerable quantity of the cocoa railed from Osogbo, was £2 a ton. The Chamber argued that the critical situation would be better appreciated by basing calculations on Lagos prices. On the day the Chamber met Colonel Hammond in December 1923, the Lagos price was £15 per ton which was, however, said to be low. Deducting rail freight and terminal (but not handling) charges, the margin would be £10:11:10 in Ibadan, £9:7:6 in Osogbo and £7:7:6 in Ilesha, these figures excluding allowances for cost of bags or transport.

The Chamber also presented a strong case in respect of hides and skins which drew a freight of 153/- per ton from Kano to Iddo (including terminal charges).[89] It was stated that untanned hides cost 4d per 1b in Kano, paid a duty of ½d per 1b, handling charges of 1/8 per 1b; ocean freight, insurance, landing, delivery and selling commission of ½d per 1b and railway freight from Kano to Iddo of 13/16d per 1b, all totalling 5 15/16d per 1b. Compared with the selling price of 5½d per 1b in Liverpool, there was

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89. Ibid., p. 112, para. 128.

already a loss of 7/16d per 1b without any provision having been made for depreciation in weight or rejections. Hammond commented that "The figures tend to prove ... that nothing which the Railway can do, short of carrying the hides free of charge, will be sufficient relief to the trade, unless it is accompanied by a reduction in the export duty".

After what appears to have been an exhaustive consideration of railway freights in respect of all the major imports and exports - palm produce, tin, groundnuts, hides and skins, kola and salt - Hammond submitted a number of recommendations. He reported that as far as groundnuts were concerned, the rates were excessive only in times of low prices. Hence, he considered the existing rates equitable. Similarly for cocoa, he concluded that what the Chamber complained about "is not so much that the rate is too high for cocoa grown close to Osogbo and Ibadan, but that, if it was lowered. more distant areas could be brought into cultivation with profit". Hence, no recommendation was made for reduction in respect of freights on cocoa and kernels, the latter because of decreases in 1922 already alluded to Railway freights on palm oil, salt and kola-nut were considered fair and needed no adjustment.

In contrast, Hammond recommended the reduction of railway freight on untanned hides and sheepskins from Iddo to Kano from 153/- 2d to 120/- a ton. He had been persuaded by the representations by the Lagos Chamber of Commerce that exporters of these items were losing 7/16d per 1b, exclusive of depreciations in weight and rejections, on a cost price of 5 15/16d per 1b as against a Liverpool selling price of 5½d per 1b. But reports on the hides trade by Messrs Robinson and Hadwen of Liverpool published in the <u>African Industries</u> revealed that the Chamber's quotation of a Liverpool price of 5½d per 1b was "deceptive and inaccurate".[90]

The Acting General Manager of the Railways calculated that even at the cost of 5 15/16d per 1b as against the true selling price of 8d per 1b, the merchants were bound to gain £115 10/- on six tons of hides. For, while it would cost £332 10/- to convey six tons of hides to Liverpool at 5 15/16d per 1b (and inclusive of rail and sea freight), the same quantity of merchandise selling at 8d per 1b in Liverpool would yield £448. Indeed, a higher profit of £227 10/- was made on better quality hides of the same quantity selling at 10d per 1b. Moreover, Governor Clifford explained that since the quality of Nigerian hides had improved tremendously in the preceding eighteen months and in view of the fact that railway rates were charged according to weight, "the benefit of the improvement has been reaped by the exporting firms". Consequently, the government rejected outright the recommendation for the reduction of railway freights on hides.[91]

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90. CSO 1/32/79 256 of 13 March, 1925, Clifford to Amery.
91. <u>Ibid</u>.

To further justify its stand, the government drew attention to statistics of railings of hides and skins from 1917 to 1924 to ascertain if indeed the freights had a negative impact on the hides trade. Referring to the table below, the acting General Manager of the Railways declared that "it would appear from these figures that the export trade is not being strangled by excessive railway rates".[92]

TABLE 24

Tonnage of undressed hides and skins carried by the Nigerian Railway, 1917 - March, 1925

Period	Hides	Skins	Total
Year ending 31 Dec., 1917	4,184	690	4,874
" " " " 1918	2,886	245	3,131
" " " " 1919	5,824	692	6,516
" " " " 1920	4,145	1,271	5,416
15 months 1/1/21-31-3-22	Tonnages	include all	2,798
Year ending 31 March 1923	hides, sheep	and goatskins	4,068
" " " " 1924	No separate	statistics	5,790
7 months to 30-11-24	for goat-skins.		2,840
Year ending 31 March, 1925			4,865 (estimated)

SOURCE : CSO 1/32/79 256 of 13 March, 1925, Clifford to Amery, enc. 2.

92. *Ibid*., enc. 2 Memo from G.M.R. to C.S.G., 24 Feb., 1925.

Meanwhile, if the government refused to grant the request for the reduction of railway freights on hides and skins, it could not ignore the case of the cotton lobby. This was because of the imperial significance of the cotton crop. Hence, it is easy to explain why cotton was granted a special concession in respect of railway freights. Thus, in 1921, an agreement was reached between the Railway authorities and the B.C.G.A. to rail cotton from Zaria to Iddo at the reduced rate of 35/- per ton including all terminal and hadling charges. This was a very substantial reduction on the ordinary rate of 45/- per ton. However, the B.C.G.A. had to guarantee a minimum consignment of 1,500 tons by the end of June of that year while a guarantee of an immediate shipment was extracted from Elder Dempster's. But as the General Manager of the Railways admitted, the special rate for cotton "only pays bare running expenses - i.e. fuel, Engine and train staff ...".[93]

Much later in 1926, a similar concession was granted to the cotton interests. This was sequel to complaints that the prohibitive cost of marketing had made merchants incur heavy losses.[94] Consequently, railway authorities secured approval for the proposal to reduce rail freight on cotton seed by 5/- per ton from all

93. CSO 26 50525 vol. I "Transport Charges on Cotton Seed and Lint", G.M.R. to C.S.G., 18 June, 1921.

94. Ibid., enc. Messrs William Redfearn & Son, Liverpool to Comptroller of Customs, Nigeria, 9 March, 1926.

points situated 401 miles or more from port of shipment from 1 June to 31 December, 1926.[95] Similarly, the rate was reduced by 10/- per ton on seed cotton for points 651 miles or more from port of shipment in May 1926.[96]

In the meantime, the Lagos Chamber of Commerce, having lost the battle to secure a reduction in the railway freights on hides and skins shifted the focus to cocoa. Thus, in April 1926, it drew attention to the success with which motor transportation was drawing the produce traffic to the lagoon markets at the expense of the railway.[97] This was because it was cheaper to convey produce by road. The Chamber argued that while the construction of new roads and the decreasing cost of road transportation tended to encourage cocoa production, the railway seemed to "discourage production owing to ... [its] high rates". For, while it cost 70/- to convey a ton of cocoa by road, the railway charges (including terminal) stood at 90/- 10d. To make the railway competitive, the Chamber suggested a special rate from Iddo to Ibadan of 60/- per ton with a taper from Ibadan to Osogbo of 70%.

95. Ibid., E.A. Weston (for C.S.G.) to G.M.R. 6 April, 1926.

96. Ibid, Weston to G.M.R. 17 May, 1926

97. CSO 26/2 16570 "Railway freight on cocoa", enc. Lagos Chamber of Commerce to C.S.G., 16 April, 1926.

The government was advised to consider that while railway freight was calculated on what the railway authorities considered a commodity could stand, road transport was based upon the cost of transport per ton. The freights suggested by the Chamber compared to Hammond's and the existing rates are as follows:

	Ibadan	Osogbo
Existing rates	90/10d	110/-
Rates proposed	60/-	70/-
Rates suggested by Hammond	c. 70/-	c. 88/-
Rates for Palm kernels	47/11d	70/1d
Railway cost per ton mile	.98d	

Although the General Manager, Railways considered these figures unhelpful since road mileages were not included and because he could not reconcile their cost figures, he noted that "there does appear to be a case to reduce freights to compete with motor transport from Ibadan but not to the extent suggested by the Chamber ..."[98] Reductions were, however, subsequently approved for areas beyond Lafenwa (Abeokuta). Rates approved for Ibadan and Osogbo were 71/- and 89/1d per ton respectively.[99]

The Chamber of Commerce made further attempts to secure reductions to the levels proposed in April 1926. The General Manager Railway then expressed willingness to accede to the request provided the merchants guaranteed that they would rail their cocoa

98. Ibid., G.M.R. to C.S.G., 22 June, 1926.

99. Ibid., Weston (for C.S.G.) to Lagos Chamber of Commerce, 12 July, 1926 and CSO 26 09756 vol. II "Chamber of Commerce, Lagos: Copies of Minutes and Meetings", p. 57, meeting held on 3 January, 1927.

to Lagos rather than transport it by road - a pledge that the Chamber declined to make.[100] The matter was closed by the General Manager's declaration in 1927 that "the present moment... is inopportune to effect a reduction" in railway tariffs.[101]

On the whole, one could discern a tendency in railway tariff policy against any concession to agitations for reduction. Exceptions were, however, made in respect of cotton, which had imperial significance, and palm produce, especially kernels, as a stimulant to greater production for export. Such a concession was not extended even to a fledgling export like hides and skins which needed such an incentive. In general, government could not afford to be flexible in the calculation of freight rates because the railways needed the maximum receipts that could be mustered to offset running costs and the repayment of the loans taken to construct the line. Thus, the Commercial member for Kano noted in the Nigerian Council in 1924 that the railway freight on hides and skins (£8:5:11 per ton) constituted "an indirect export duty".[102] He was alluding to the fiscal (revenue-generating) aspect of railway tariff policy.

The discussion in the preceding sections of this chapter has centred on fiscal or revenue-generating aspects of official policy towards trade. A complementary dimension of government policy

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100. Ibid., p. 60, Meeting held on 17 Jan., 1927.
101. Ibid., p. 63, Meeting held on 31 Jan., 1927.
102. NP, 14 March, 1924.

which sought to enhance the quality of Nigerian exports is discussed below.

The Inspection and Grading of Produce for Export

The earliest system of produce inspection in Lagos and the hinterland was instituted in the nineteenth century. This was sequel to a wave of adulteration of produce during the Depression of the 1880s and 1890s down to 1905. Producers had resorted to this device when importers indulged in such sharp practices as the short-folding of cloth in an attempt to arrest the fall in their profit margins. When both parties had recourse to such malpractices, there was a stalemate which invited the intervention of the colonial government.[103] Although one could describe government's intervention as another illustration of the conspiracy between the colonial state and metropolitan mercantile interests against African producers, it has to be emphasized that this intervention was in the selfish interest of the colonial government. For, adulteration of produce was giving Nigerian produce an unsavoury reputation in international markets leading to the offer of poor prices which eventually affected the purchasing power of the colonial subjects and, thus the volume of imports. Since exports generally dictated the volume of imports and since government revenue derived from duty on imports, it was in its interest to

103. Hopkins, "An Economic History of Lagos...", op. cit., pp. 89 - 94.

intervene decisively. This was without prejudice to the benefits that accrued to metropolitan commercial interests in the process.

It should be noted that, from the very beginning, the question of produce inspection was very controversial. Thus, on the one hand, mercantile interests clamoured for the enforcement of the adulteration of produce Ordinance obviously to serve their own interests. At a meeting of the Legislative Council on 16 April, 1891, Thomas Welsh, a British merchant, read a letter from the Lagos Chamber of Commerce decrying the "excessive adulteration of palm kernels by means of shells, dust and water-soakage; and of the very serious loss thereby in the Hamburg markets to merchants".[104] On the other hand, the Reverend James Johnson opposed the one-sidedness of the whole exercise. "Why give protection to foreign traders", he asked, "when indigenous ones don't enjoy the same rights?"[105] But owing to the collaboration of Government and expatriate Business in the matter, such voices of opposition failed to make any impact on official policy.

Another controversy later arose over the correct method of inspection - in the hinterland markets by African inspectors before purchase by the European trader or at the port of export

104. H.M.P. Box 30 File 1: "Banking in the Colony"... *op. cit.*, p. 26.

105. *Ibid.*

before shipment.[106] The first method was favoured by the Liverpool and Manchester merchants and Mr. T.F. Burrowes, the Comptroller of Customs who instituted it. The second method was endorsed by Lugard, Mr.Boyle, the Lieutenant - Governor Southern Provinces, Mr. Cameron, the Chief Secretary to Government, Mr. Birtwistle the Commercial Intelligence Officer and Mr. Trigge of the Niger Company. Mr. Trigge had testified before the Committee on Oil Nuts and Seeds in 1916 that though Burutu exports had never been inspected, they were always of high quality, comparable to the inspected ones.

Lugard introduced a new dimension to the controversy by insisting that Government should not interfere in a matter that was primarily of concern to merchants. For him, such an interference was wrong in principle. He considered it the responsibility of the purchaser to ensure that he bought a good article and to graduate his prices according to its quality. He contended that it was not the business of Goverment to remedy the effect of competition among traders by what a Mr. Grey, an experienced African trader on the Gold Coast, had called a "grandmotherly legislation". It was his view that that the role of Government "should be limited to protection of the source of supply... or to the detection and punishment of fraud. But there is no fraud

106. CSO 1/34/5 Confid., 4 Oct., 1915 Lugard to Law.

in exposing for sale palm kernels or oil, the impurities in which are patent to the eye".[107] He expressed the fear that the assumption by government of the responsibility for the quality of produce would lay it open to criticism and blame if adulterated produce was delivered in Britain. Lugard concluded that traders were better judges of quality than African inspectors and, since bad produce would attract a low price in Britain, a merchant would refrain from exporting it - as such produce would nonetheless pay export duties.

Lugard also attacked the question of inspection from another dimension - that it involved considerable interference with individual liberty. Thus, an African who sold inferior produce would be fined even though he had not intended to defraud. Similarly, a merchant would not be able to buy if the inspector happened to be unavailable. He, therefore, considered such restrictions "arbitrary or inquisitional".

It should be noted that merchants, in particular, disagreed with Lugard especially in respect of the role or involvement of government in the improvement of the quality of produce. Thus, unlike Lugard's laissez-faire view, merchants demanded an interventionist role for government à la Palmerston. For example, Robert Miller of the well-known firm of Miller Brothers, contended

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107. Ibid.

that "it is the duty of a Government to secure the economic position of the country under their control by endeavouring so far as in their power, to have all produce for export prepared in such a way that it will secure a ready sale and at the best prices in the world's markets..".[108]

In the final analysis, it was the Lugardian conception of produce inspection that carried the day. Thus, under an Ordinance published in September, 1916, government made a distinction between offering for sale adulterated produce - a fraudulent and criminal act - and offering for sale produce which did not conform to an arbitrary standard of quality. As A.G. Boyle, Lieutenant - Governor Southern Provinces, explained, it was "no crime to offer goods however poor their quality for sale. The only crime is when a man offers an article for sale with intent to deceive the purchaser as to its quality."[109] If inferior produce was offered for sale, the merchant could buy it or leave it. In confining inspection only to the port of export, the Ordinance was "in short, throwing on the Government the onus of examining the produce of the merchants at the port... and throwing on the merchants the onus of buying... only produce

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108. Miller to Ed., NP, 25 Nov., 1918.

109. Nigerian Despatches, no 66 of 31 Jan., 1917, Lugard to Long, enc: Proceedings of the Nigerian Council, 28 and 29 Dec., 1916.

which is fit for export".[110] Nonetheless, government in November 1917 enacted an Ordinance which penalised the adulteration or sale of adulterated produce. A first offender paid a fine of £25 or went to jail for three months while subsequent infractions attracted a fine of £50 or six months' imprisonment. The offender also forfeited the produce and the receptacle by which the offence was committed.[111]

In spite of such penalities, however, the practice of adulteration and the marketing of produce of low quality persisted into the post-war period. This was particularly so in the immediate post-war period of sudden prosperity. The Nigerian Pioneer observed the trend in 1920 and forewarned of its consequences:

> The rush to get rich as quick as possible, to buy produce and get them away to foreign markets, regardless of the quality or the condition of the same, will, if not checked betimes, do Nigeria great harm from which it will take years to recover.[112]

The paper subsequently urged the colonial government to take urgent steps to improve the quality of produce considering the intensity of the competition in the world markets. It declared emphatically that the "experiment of Produce Inspectors (sic) is a failure and has been a failure all the way".[113] First, it pointed out that the inspectors had no technical knowledge as to

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110. Ibid.
111. Enc. in No. 837 of 16 Nov., 1917, Lugard to Long.
112. NP, 19 Nov., 1920.
113. NP, 18 Feb., 1921, Ed. "Preparation of Produce".

the quality of produce. For most of them were "mere school boys" who needed to have undergone further training for upwards of three years. Second, the wages of the inspectors were so poor that they were easily susceptible to temptations and bribes. The paper noted that this was confirmed by the rate at which well-paid clerks resigned their appointments to take up the less remunerated post of produce inspector. Third, the failure of the scheme was confirmed by the consistency of adverse reports from Liverpool about Nigerian produce. The Pioneer then called on government to "discontinue with these parasites and supply instead trained young men from the Agricultural Department not here along the buyers stores but in sufficient numbers in the districts producing oil, kernels and cocoa".

That the system was far from satisfactory was very clear to perceptive observers even in the earlier period. Under this arrangement, produce examiners were stationed at merchants' stores and "native" barracoons for daily inspection. In this way, owing to shortage of space, only random sampling of produce could be, and was, done. For instance, only fifty out of 250 bags would be examined and their quality was taken as representing that of the entire consignment. But, if the impurities in these bags exceeded 5%, the trader would then "pick" the entire consignment.

But, as the Lagos Weekly Record found out after an indepth investigation, the traders were being unfairly penalized owing to inherent defects in the system. It noted that the African "middlemen" could do little to ascertain the quality of produce they bought because they had only five or six hours in the district markets to haggle about prices, "discuss other niceties inseparable from a bartering trade" and load their canoes for Lagos. The Lagos trader merely examined about half a dozen bags of kernels from the top without pouring out all the contents on the ground. After such a perfunctory examination, the kernels were loaded into the canoes bound for Lagos. The predicament of the Lagos "middleman" in such circumstances was accurately reflected thus:

> Even the weights of the bags are taken on faith from the producers, since it is impossible ... to measure (no weighing scales are allowed by native custom in the district markets) the contents of 250 bags of kernels within the space of 5 or 6 hours and it is only when he arrives at Lagos that he discovers whether he has been seriously duped by the producers and whether the kernels are shelly or not [114]

The alternative for such a trader was to limit his purchases to a quantity (for example, 30 bags) that he could examine properly. But if all traders reduced their purchases in a proportionate manner, the effect on the trade of Lagos would be too devastating. The Record, therefore, called for an alternative system of stationing produce inspectors in the district markets.

While the system of produce inspection was assailed all along only by the merchants and the Lagos press, the first major

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114. LWR, Nov. 25 - 2 Dec., 1916.

criticism from official circles came in 1921. This was sequel to the appointment of O.T. Faulkner as the Director of Agriculture. Faulkner subsequently made a mark by re-organizing the Department and floating a number of "revolutionary" ideas in the realm of agricultural "development" in Nigeria. One of the most immediate of these was that of reforming the produce inspection system.

Faulkner began his campaign by despatching a memorandum on the subject to the Lagos Chamber of Commerce early in 1922.[115] In proposing a system of cocoa grading, he highlighted defects in the existing system of inspection which was carried out by the Department of Customs. First, it amounted merely to the prohibition of the export of inferior produce. Second, it failed to assist in the efforts to improve the quality of cocoa. Third, it prevented the export of damaged cocoa for which there was a demand especially as it could be put at the lowest scale of a cocoa grading system. "In general", he contended, "the system is too crude and inelastic to facilitate progress".

Under the proposed scheme, produce inspection would no longer be carried out at the Customs Shed. First, this would remove expenditure for sheds and handling charges. Second, if the entire

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115. CSO 26/1 02187 vol. I "Produce Inspection and Grading of Cocoa", O.T. Faulkner to Lagos Chamber of Commerce, 14 Feb., 1922.

concept of grading and inspection was to ensure the improvement of produce by encouraging careful preparation, the grading should be taken as near as possible to the producer. That way, he would receive as much as possible of any premium paid. Cocoa would thus be inspected when purchased by the buyer who would then export it or despatch it to the port of shipment.

Faulkner explained that his scheme would entail, in practical terms, the establishment of cocoa markets at important commercial centres such as Lagos, Abeokuta, Ibadan and Osogbo. He envisaged that such markets would develop into general produce markets which would ensure the presence of buyers of the different crops at one place. This, he contended,

> would be a great preventive of any corrupt practices on the part of inspectors. The greatest advantage of such a central market would be the educative effect on sellers of seeing their cocoa carefully graded, and of seeing open and obvious competition resulting in the best price being paid for the best produce. Further, such markets would no doubt tend to encourage producers, who were able to do so, to bring in their produce themselves, and thus to restrict the operations of middlemen to ... very distant and scattered producers.[116]

Finally, Faulkner urged the Chamber to determine whether such inspection would be compulsory or voluntary.

But, before the Chamber could react to these proposals, opposition to the scheme emanated from official circles. Governor

116. Ibid., Faulkner's memo.

Clifford himself cited his Gold Coast experience to buttress his rejection of a cocoa inspection and grading scheme.[117] First, he pointed out that cocoa, unlike most West African produce, was not saleable locally and was thus of value only as an article of export. Second, if therefore, the Government stepped in and forbade the export of any given parcel of cocoa, its owner sustained a dead loss such as could not be sustained by the owner of a rejected parcel of palm kernels. For, such kernels could then be put to other uses locally. Third, Government could undertake destruction without compensation only where the article in question was poisonous or otherwise noxious - and cocoa was not. Fourth, the only public grounds for denying inferior cocoa right of export was if it was so bad that it would earn for Nigeria "so sorry a reputation that the general interests of the Colony demanded that it should be with held from sale". Having regard to the foregoing proviso, Clifford contended that "interference by the Government is not capable of vindication and justification".

In a related development, the Chief Secretary to Government in a letter to Faulkner restated official policy on the subject - "to refrain from interference in the sale of produce except to punish adulteration, which is a criminal offence", the merchants

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117. Ibid., Governor's minute, 23 Feb., 1922.

being left to encourage the production of high quality produce by offering appropriate prices.[118] Second, Faulkner was informed that his predecessor, Johnson, had proposed such a scheme in 1912 but it had been rejected by the Secretary of State. Faulkner was then reprimanded for failing to seek the counsel of Government before addressing the Chamber of Commerce. He was, therefore, asked to justify his call for a new grading system.

In justifying the scheme, Faulkner noted that, having read the correspondence on the subject, the proposals submitted in 1912 were rejected owing to opposition mounted by the business community. Hence, he thought it natural to sound the opinion of the merchants before making a definite proposal to Government. He explained that he proposed the scheme "in the interest of the producer, to enable him get a higher price for his produce if he prepares it properly". He argued that the existing system which merely discriminated against very bad produce could be used by the "middlemen" to depress the price of poor cocoa while the producer got no advantage for preparing cocoa of a high grade. He added that the "temptation to evade inspection, and to corruption are (sic) also greater under the present system".[119]

While officials expressed scepticism about the Faulkner

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118. Ibid., C.S.G. to Faulkner, 11 March, 1922.

119. Ibid., Faulkner to C.S.G., 20 March, 1922.

Proposals, the business community was, understandably, very enthusiastic about them. The Lagos Chamber of Commerce held a meeting with Faulkner where both parties agreed on a number of points.[120] First, that produce inspection should be transferred from the Customs to the Agricultural Department. Second, that "the point of cardinal importance was the securing of a really efficient service". Third, that cocoa grading was desirable, bags of graded cocoa to be sealed indicating grade and date of grading. Fourth, grading was to take place at the point of railment for export. Fifth, there would be four grades — F.F.; F.A.Q; Good Nigerian Old Crop and Rejects (cocoa not conforming to other grades). Sixth, an African inspector was to be stationed at every railway station except where this was not justified by the volume of traffic. Seventh, twelve trained European inspectors would be appointed for general supervision. Eighth, the Director of Agriculture would arrange for private railway coaches for the European inspectors to secure "maximum efficiency". Ninth, that legislation should provide that no cocoa be accepted for railment except after inspection and grading, or to a grading station from a non-grading station. Tenth, an Advisory Board, comprising the Director of Agriculture and some of his officers and three representatives of the Chamber, was to

120. Ibid., G.F. Hannah, Sec., Lagos Chamber of Commerce to Director of Agriculture, 11 April, 1922.

meet regularly to deal with difficulties as they arose and to exchange views between Government and the Chamber. Eleventh, the produce grading and inspection service was to be financially autonomous, all fees accruing from it being expended on the development of the service. Twelfth, the Director of Agriculture was to prepare a detailed scheme on the lines agreed upon, estimating the cost per annum of such a service, probable cost per ton and other details.

Faulkner accordingly submitted detailed proposals in a subsequent correspondence to the Chamber.[121] But, in the same month, the Comptroller of Customs registered his objection to the proposed scheme. He contended that "far better results would be attained by the employment of instructors who would be more in touch with the producers than any persons employed to grade cocoa at the buying centres could be".[122] Such an objection as this, was, undoubtedly, a product of the inter-departmental rivalry that bedevilled the colonial administration during this period.

Meanwhile, enthusiastic support for the Faulkner Proposals came from the African Trade Sections of the Liverpool and Manchester Chambers of Commerce.[123] Following discussions with Faulkner himself, the two Chambers unanimously agreed that the existing system of produce inspection was "not satisfactorily and efficiently

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121. Ibid., Faulkner to Lagos Chamber of Commerce, 5 May, 1922.
122. Ibid., Comptroller of Customs to H.C.S., 29 May, 1922.
123. Ibid., Incorporated Chamber of Commerce of Liverpool to Clifford, 30 August, 1922.

carried out"; that the inspection of produce should continue if only it could be efficiently carried out; that revenue derived from the fees levied for the inspection of produce should be utilized by the Department of Agriculture for inspection purposes; that details of any scheme for the inspection of produce should be settled only after consultation with the merchants and that the grading of cocoa should, in the meantime, be on a voluntary basis.

In a later development, the Chamber of Commerce, Liverpool made further recommendations sequel to a meeting between representatives of the Liverpool and Manchester Chambers and Mr. Faulkner on 17 October, 1922.[124] First, particular focus of inspection was to be on the Colony of Lagos and the Provinces of Oyo, Abeokuta, and Ijebu. Inspection on Lagos Island was to be confined to cocoa, kernels and palm oil marketed there in addition to any brought by "middlemen". Cocoa so inspected would be classified as Grade I or Grade II according to whether it contained under or over 20% of defective beans. This would then render unnecessary the issue of any licence for the export of poorer quality cocoa. Second, produce brought in by rail to Lagos would be under a certificate issued by an inspector. Those brought in by other means would be inspected at Lagos. Third, except for kernels whose fee remained six pence per ton, other crops were to attract

124. Ibid., J.L. McCarthy, Sec., Chamber of Commerce, Liverpool to Clifford, 31 October, 1922.

higher inspection fees. The charge for cocoa was to increase from 1s 8d to 2s 6d per ton while that for palm oil would increase from six pence to one shilling per ton. Revenue from the scheme would go to the Department of Agriculture for inspection purposes. Fourth, the scheme would be extended from Lagos only when there was a deterioration of quality in a particular area and this had to be on the recommendation of the merchants. Fifth, inspection outside Lagos was to be continued at the existing rates under the Department of Agriculture. The scheme had to be perfected in Lagos before it could be extended to other parts of Nigeria. The inspection scheme was also to be complemented by the education of the producers through propaganda. A.W.A.M., in a letter to Clifford, expressed "full sympathy" with these views.[125]

In contrast, the London Chamber of Commerce rejected the scheme as proposed by Faulkner. It declared that "the export of produce and the quality and prices obtainable should be left to be governed by the usual economic practice, and... any intervention by Government in trading transactions is unnecessary, and would in the end be more harmful than otherwise".[126] In a rather dismissive reaction to the views of the London Chamber of Commerce, P.H. Lamb, the acting Director of Agriculture, declared that "it

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125. Ibid., A.W.A.M. to Clifford, 7 Nov., 1922

126. Ibid., A. de V. Leigh to Lord Arnold, UnderSecretary of State, 7 April, 1924.

is time for the Nigerian Government to take a strong line in the management of its own affairs, and to put the scheme into force forthwith. It is very rarely the case that any proposal meets with unanimous support from the outset".[127] He contended that men on the spot were best able to judge the case on its merit and that, in the final analysis, the scheme would be justified by the results. The London Chamber of Commerce appeared to have been unimpressed by such arguments. For, as late as September 1924, over two years since Faulkner first proposed the scheme, it was reported that the Chamber "still maintain strong objections to the scheme".[128] Indeed, Mr. J.H. Batty, an influential member of the body, was reported to have endeavoured to persuade the Liverpool and Manchester Chambers to withdraw their support to the scheme.

Although the new scheme generated a division in official and mercantile circles in Lagos and Britain, its opponents and supporters were agreed that the existing scheme was unsatisfactory and that Nigerian produce was the worse for it. Thus, West African, including Nigerian, cocoa commanded the lowest prices in the world markets. This was because 'good, bad and indifferent .../were/ all mixed together and sold as one quality,... known in the market as "Fair Average Quality Lagos"'.[129]

127. Ibid., Lamb, Acting D/Agric., to H.C.S., 19 May, 1924.
128. Ibid., Acting C.S.G. to D/Agric. 22 Sept., 1924.
129. Ibid., ED. & F. MAN, London, to Sec. Chamber of Commerce, Liverpool, 29 Sept. 1922, enc in Liverpool Chamber of Commerce to Clifford, 7 October, 1922.

The following table compares prices of brands and qualities of cocoa in the world market.

TABLE 25

Quality and prices of cocoa in the world market, 1914, 1920, 1921.

	July 1914	April 1920	December 1921
Guayaquil (best quality)	66/- per cwt	180/- per cwt	75/- per cwt
Trinidad (middle)	58/- " "	137/- per cwt	50/- " "
West Affrican (lowest)	53/6 " "	105/- per cwt	35/- " "

SOURCE: CSO 26/4 37468 "Cocoa Market Prospects and Market Reports", A.W. Flux, Board of Trade Statistical Dept. to Under Sec. of State, 7 Jan., 1922.

Commenting on these figures, Mr. Faulkner stated that they showed "how much more Nigeria could gain now by an improvement in the quality of her cocoa than was the case in 1914". For, while in 1914 West African cocoa was worth only 12/6 a cwt less than Guayaquil (i.e. it was worth over 80% of the price of the latter): it now fetched 40/- a cwt less than Guayaquil (i.e. it was not worth half as much).[130]

After all said and done, the colonial government in Nigeria finally resolved to put the Faulkner Proposals into practice in 1926. In that year produce inspection was transferred from the

130. Faulkner to H.C.S., n.d., in CSO 26/4 37468, "Cocoa Market Prospects...,", *op. cit.*

Customs to the Department of Agriculture. This had been one of the changes proposed in Faulkner's blueprint of 1922 and had been ably justified by the Nigerian Pioneer in an editorial in 1923. The paper which was speaking the minds of the merchants had stated that

> the Customs Department, which is essentially a Revenue collecting and Preventive Service, could not be expected to encourage growers to produce better quality of Produce; it could only prevent the export of bad quality, and this negative policy is not very helpful in developing the natural resources of the country.[131]

The produce inspection system was reorganised by virtue of Regulations 4 and 5 under the Adulteration of Proudce Ordinance, chapter 136 of 24 March, 1926.[132] The Ordinance stipulated that palm oil for export should not contain more than two per cent of water or extraneous substances while palm kernels should not have shell, fibre and rotten or damaged kernels or extraneous matter in excess of seven per cent by weight. Besides, the kernels were required to be thoroughly dry and hard. Cocoa also had to be thoroughly dry and should not contain mouldy, weevily, decayed or germinating beans exceeding 10% by weight. Furthermore, produce had to be exported from the port of Lagos in bags, casks or other

131. NP, 19 Jan., 1923, ed.: "Transfer of Produce inspection from Customs Department to Dept. of Agriculture".

132. Enc. in CSO 1/32/83 322 of 9 April, 1926, Baddeley to Amery.

receptacles clearly marked with the words "ex-Lagos", It was stipulated that no produce could be exported from Lagos unless it had been inspected and graded. The penalty for infringing the provisions in respect of receptacles or inspection was a fine of £50 or six months' imprisonment or both.[133]

Under the new dispensation, produce were graded as follows:

Palm Oil - Grade I - oil containing not more than 2% of water or extraneous substances

Grade II - All other oil.

Palm kernels - Grade I - kernels containing not more than 7% by weight of shell, fibre, rotten or damaged kernels or extraneous matter and which are thoroughly dry and hard.

Grade II - All other kernels.

Cocoa - Grade I - Cocoa which is thoroughly dry and contains not more than 10% by weight of mouldy, weevily, decayed or germinating seed.

Grade II - All other cocoa.

Special Grade - Thoroughly dry cocoa containing not more than 1% impurities and not more than 1% slatey beans. This grade shall be bagged in the presence of an examiner and sealed with a special seal.

The inspection fees were as follows: palm oil (1/- per ton) kernels (9d per ton) and cocoa (2s 6d per ton).

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133. CSO 1/32/83 342 of 15 April, 1926, Baddeley to Amery, enc., Regulations No. 5 of 24 March, 1926.

Before the end of 1926, however, a number of changes were introduced into the inspection and grading system. Thus, by Regulations 7 of 31 March, 1926, the regulation requiring produce to be exported in receptacles marked "ex-Lagos" was repealed.[134] Under Regulations 29 of August, 1926, the maximum proportion of impurities in kernels was reduced to four per cent.[135] Then, in 1928, inspection fees were raised in respect of palm oil to 2/- per ton and kernels to 1s 3d per ton.[136] This was necessitated by the losses which government was incuring in its produce inspection operations.[137]

As had been envisioned, the new measures had a salutary effect on the produce inspection system in Lagos and the hinterland. This was in consequence of posting examiners to places outside Lagos. Thus, in the Lagos districts, three each were stationed at Epe and Ejinrin and one in Ikorodu, for the first time. A European inspector was posted to Epe in September, 1926. It was reported that as "a result of precept, warning and prosecutions some improvement in produce ... is noticeable both in quality and preparation ... The improvement applies principally to the preparation of cocoa which comes to Epe from the Ajebandele,

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134. Ibid, enc. 2: Regulations No. 7 of 3 March 1926...
135. CSO 1/32/84 779 of 23 August, 1926, Thomson to Amery, enc.
136. CSO 1/32/92 784 of 2 August, 1928, same to same, enc., Regulations No.20 of 1928 under the Agric. Ordinance No.4 of 1926.
137. CSO 26 09756 vol. II "Minutes of Meetings, Lagos Chamber of Commerce...", op. cit, pp. 166-67 and 170.

Jebu Ode (sic) and Ibadan areas".[138]

It was reported in 1927[139] that inspection was also carried out in Lagos, Badagry, Ojo and Itori (for the Agege District) in addition to the aforementioned lagoon markets east of Lagos.

An average of 27 African examiners were employed in the Colony in that year and these were deployed as follows: Lagos (13-17), Badagry (3), Ikorodu (1), Epe and Ejinrin (3 each), Agege (1-3) while two examiners from Badagry visited Ojo on every market day. In 1927, approximately 17,000 casks of palm oil, 350,000 bags of kernels and 100,000 bags of cocoa were inspected and graded in Lagos Colony.

Nonetheless, the system was not fool-proof. For there were complaints by Lagos African "middlemen" traders that the system of produce inspection at the lagoon ports and Agege was checking the flow of produce for sale at Lagos. This was said to have been obviated by "the middlemen moving from Lagos and the lagoon-side markets, and by the farmers themselves selling purer produce".[140] The system was said to be "working smoothly in the Colony and the native farmer and his wives are getting a better price than formerly for their oil and kernels".[141] It should be stressed, however, that if better quality produce fetched the producers better prices,

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138. CSO 26 09512 vol. III, Colony Annual Report, 1926, p. 70.
139. CSO 26 09512 vol. IV, Colony Annual Report, 1927 paras.44-46.
140. Ibid, para. 43.
141. Ibid.

it could not have failed to boost the profit margins of the exporters. For, there was a direct correlation between the profit margins of the merchants and the prices offered for produce.

While it could be concluded from the foregoing that Faulkner had succeeded by 1928 in instituting his dream inspection system with some measure of success and acceptability, his proposal for central produce markets in Northern Nigeria met with stiff opposition from mercantile and official circles. It should be noted, however, that the system of gazetted cotton markets under government control, a forerunner of Faulkner's scheme, was instituted consequent upon the introduction of American "Allen" cotton seed. The cotton markets were established for four principal reasons. First, to exclude the local varieties. Second, to preserve the purity of the improved American cotton. Third, to maintain the high quality of its grade and, fourth, thus securing for the producer the highest price for his crop as an incentive to greater production. Grading of exotic ("Allen") cotton was started in 1923 on an experimental basis at stations on the Bauchi Light Railway, preparatory to application to other areas.[142]

But while the creation of cotton markets could be justified on grounds stated above and in view of the Imperial significance of the crop, Faulkner's proposal for central produce markets ran

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142. CSO 26/1 09987 "Creation of Central Produce Markets in Nigeria", E.H.B. Laing, Snr. Resident, Zaria to S.N.P., 13 April, 1926.

into stormy weather all the way. Thus, John Holt, the influential British merchant, speaking at a conference between AWAM and Governor Clifford stated that "The merchants are dead against the creation of Central Produce Markets. They desire that those already existing should be abolished, principally the Zaria Cotton Market, and the Kano Ground Nuts Market".[143] He then highlighted a number of disadvantages characteristic of the system. First, that special clerks had to be employed to buy in such market. Second, there was the risk of clerks giving out cash without authority. Third, that the system created a host of "middlemen" who preyed on people bringing produce to the markets. Fourth, since the merchants had paid high premiums for trading plots and, substantial rentals also, they should be allowed to use them for purposes intended by the government.

The opposition from the business community received support from official circles especially in Northern Nigeria. As the Secretary to the Northern Provinces informed the Secretary to Government in 1923, "the abolition of the Produce Market has now been urged for three years and more by the Kano Chamber of Commerce, is recommended by the Resident and concurred in by the Advisory Board",[144] The Lieutenant-Governor, Northern Provinces, therefore,

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143. Ibid, extract from a conference between AWAM and Sir Hugh Clifford (n.d.)

144. Ibid, Sec. N. Provs. to C.S.G., 9 October, 1923.

enjoined Governor Clifford to endorse the proposal for the closure of the market.

Not unexpectedly, the scheme was stoutly defended by its supporters within government circles. It was contended that it was laudable for restricting the operations of "middlemen" to recognized markets, a measure that had been applied with remarkable success in the Oyo Province.[145] Consequently, it was argued, the revocation of the policy would increase rather than decrease the number of "middlemen". Moreover, defenders of the scheme wondered why merchants in Kano were complaining when their counterparts in Ibadan, a big trading centre, where central markets had been established longer than at Kano, were not. Indeed, the merchants themselves were blamed for the atrocities which they alleged that the "middlemen" were perpetrating. It was contended that the "middlemen exists because the merchant not unnaturally prefers to buy produce by the Ton instead of by the pound".

Further support was forthcoming, expectedly, from O.T. Faulkner, the chief apostle of the scheme.[146] He noted that all the cotton for export in the Northern Provinces was purchased in central cotton markets. He pointed out that the markets were introduced

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145. Ibid, S.M. Grier to Governor, 30 October, 1923.
146. Ibid, Faulkner (D/Agric.) to C.S.G. 31 October, 1923.

"not primarily on account of the idea that central produce markets in themselves are generally beneficial but as a necessity ... to enable the inspection, and recently grading, to be carried out effectively". Describing himself as "a very strong believer" in the concept of central markets for produce buying, Faulkner contended that the markets had contributed immensely to the success of the American cotton in the North in addition to the part played by produce inspection which the markets made possible. He claimed that the markets were "popular with the producer, because he sells in a truly and obviously competitive market, and the conditions in a central market necessitate keen and honest trading".

The scheme was, in his view, of great benefit not only because the producer got the proper prices as a result of competition but that he could see that this was the case. He was thereby encouraged to bring his produce in himself, rather than sell to a "middleman". In this respect, Faulkner was of the view that most of the opposition to the central markets emanated from "middlemen" and the so-called "produce clerks", who bought on behalf of the European firms. He contended that these men always endeavoured to buy from the producer as cheap as they could but if they had to transact the business "in sight and hearing of each other", under conditions in which competition was keen and seen to be so, they would not find it possible to cheat the producers. It was for this reason that Faulkner was persuaded that the markets had enabled the groundnut producer at Kano to actually receive "the local equivalent of the maximum value of his product in the world market" and he was thus "more fortunate in this respect than most sellers of cocoa and kernels".

Such arguments did not seem to have convinced opponents of the scheme. Indeed, opposition to the scheme continued unabated and reached a head in 1926. Ironically, it was masterminded by colonial officials in Northern Nigeria. First, in a full-blooded attack, Mr. Laing, the Senior Resident, Zaria, faulted the scheme on a number of grounds. He claimed, for example, that the quantity of cotton brought to the markets in that year by the producer was "almost negligible". He ascribed this to the treatment which the peasant received there. For, the producer was

> expected to pay for the privilege of having his cotton graded and unless he chooses to bribe the cotton mallams who do the grading he remains all day unattended and finally disposes of his cotton outside the market to some waiting middleman below its proper value. He does not return but in future sells his cotton at his house or farm to a middleman for what he can get for it.[147]

Taking a hard look at another aspect of the problem, Laing contended that apart from driving the producer out of the markets, "one of the worst features of the system ... is the undoubted fact

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147. Ibid., Laing to S.N.P. 13 April, 1926, para 13.

that only a very small percentage of the enormous quantity of cotton which reaches these markets is graded at all". For the "middleman" bribed the examiners who graded his cotton "first quality without examination". Laing emphasized that, in this way, "the grading mallam is enriching himself at the expense of the industry". He concluded that "except during the odd moments when an Official of the Agricultural Department happens to be in the market, it is safe to say that no grading of any consequence is done at all".148 Laing also indicted European buyers for encouraging such practices. He cited the District Officer, Zaria, as reporting that the Emir, Waziri and Council assured that it was "due solely to the cupidity and unscrupulousness of the officials at the cotton markets that the peasantry no longer make use of them".

Reacting to these charges, P.H. Lamb, the acting Director of Agriculture commented that "We are all of us perfectly aware that the system of cotton markets, as it exists, is not perfect. We know that bribery and corruption exist ... [But, the] idea that the actual producer does not generally patronise the markets is, ... quite untrue".149 Lamb was certainly right in questioning the claim that producers were deserting the market for Laing himself had admitted above that an "enormous quantity of cotton" passed through the markets though he was probably right in asserting that only "a very small percentage" was graded.

148. Ibid., para 15.

149. Ibid., Lamb to C.S.G. 28 June, 1926.

In a related development, the Residents of the Northern Provinces at a Conference in 1926 unanimously registered their opposition to the extension of the inspection and grading system to other commodities.[150] They contended that the success of such a scheme required the provision of a large and expensive staff; that the cotton markets themselves had not proved an unqualified success; that the producer would probably not obtain any benefit and might be discouraged; that the merchants themselves were not unanimously in favour of it and that it would encourage undesirable "middlemen".

The Kano Chamber of Commerce also added its voice to the agitation for the abolition of the cotton markets. But it had no objection to their existence in the outlying districts. It rather called for the abolition of the Kano market so that the mallams employed in it would then examine and grade cotton at the merchants' premises only. Referring to "the huge quantity (of cotton) consumed in the Kano Province for local weaving, and ... a large quantity going over into French Territory", the Chamber argued that "the present system of marketing is responsible to a large extent for this state of affairs".[151]

In response to this, P.H. Lamb declined to support the call for the transfer of inspection and grading to the merchants'

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150. Ibid., "Residents' Conference, 1926", enc. in K.L. Hall (acting C.S.G.) to D/Agric., 15 October, 1926.

151. CSO 26/1 06674 vol. I "Cotton Markets in Nigeria", Sec., Chamber of Commerce, Kano to D/Agric., 2 June, 1928.

premises.[152] In the first instance, he contended that cotton could be more easily graded in the cotton-producing areas. Second, the number of examiners required to visit the plots of the buyers individually would be excessive as would also be the incidence of bribery and corruption to which the mallams would be prone as influential "middlemen" traders strove to obtain high prices for inferior cotton in bulk. Third, he highlighted the difficulty of proper supervision by the Agricultural Officer in charge.

Finally, in June 1928, a meeting was arranged between the Lieutenant-Governor, Northern Provinces, the Kano Chamber of Commerce and the Superintendent of Agriculture to resolve the matter. The Superintendent informed the meeting that the local demand for cotton and the high price ruling in the local markets, rather than the unpopularity of the central markets as such, accounted for the small quantity of cotton offered in the gazetted cotton markets. He, therefore, supported the retention of the Kano market. The deputation of the Chamber thereupon resolved to drop the matter.[153] It was in this way that opposition to the idea of central markets petered out.

This chapter has examined colonial policy as it related to trade between 1919 and 1928. First, it has been demonstrated that government policy was an adroit combination of laissez-faire

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152. Ibid., Lamb to Sec. Chamber of Commerce, Kano, 25 June, 1928.
153. Ibid., Acting Sec. N. Provs. to C.S.G. 16 July, 1928.

idealism and the pragmatic interventionism of Palmerston. But, there is no doubt at all that the colonial government intervened decisively in defence of its interests.

Second, we have highlighted the symbiotic relationship or the alliance of convenience between Government and Business during this period. As we have pointed out, this was because of the community or complementarity of their interests. One could thus understand why the colonial government was very responsive to mercanctile pressure in the formulation of policies. As the Lagos Weekly Record observed as far back as 1910, "the British Chambers of Commerce have proved a potent factor in influencing the governments of the West African Colonies."[154]

Nonetheless, it should be emphasized that there was not always a unanimity of views between Government and Business. This was illustrated, as we have seen, by the controversies which surrounded the issues of export duties, the inspection and grading of produce, and central markets. In this regard, the relationship between both parties in Lagos was akin to that on the Gold Coast where "the [colonial]... state ... served the merchants' interests when they coincided with (its own)".[155] Undoubtedly, such a coincidence of interests was the rule rather

154. LWR, 16 July 1910 - Epitome of News: "The British Chambers of Commerce and West African Affairs".

155. Susan Kaplow, "Primitive Accumulation and Traditional Social Relations on the 19th Century Gold Coast", C.J.A.S., XII, 1 (1978), p. 23.

than the exception. For, both had a common stake in the growth of trade in pursuit of their complementary economic interests.

The foregoing discussion of the formulation and application of trade - centred official policies provides the context in which the dynamics of maritime trade in Lagos in the post-war decade could be better appreciated. It is against this background that the following chapter analyzes the nature and impact of maritime trade in Lagos between 1919 and 1928, beginning with the "boom" of 1919 - 20.

CHAPTER FOUR

THE DYNAMICS OF MARITIME TRADE IN LAGOS, 1919 - 1928.

The Post-War Boom, 1919 - 20.

True to the expectations of jubilant Lagosians, the end of the First World War ushered in, albeit temporarily, an era of commercial prosperity. This was reflected in a phenomenal and an unprecedented rise in prices accompanied by a commensurate increase in commercial activities. The then governor of Nigeria, Sir Hugh Clifford, later described the period as one of "excited, feverish and unwholesome reaction, (when) men bought and sold in the market of the world with a recklessness to which recorded history supplies few parallels".[1] This state of affairs could be ascribed to a number of factors. First, there was the removal of restrictions on exports to Germany which resulted in keen competition among buyers. Thus, palm oil, oil seeds and nuts were released from requisition in that order. On 30 April, 1919, the maximum price for palm oil fixed by the Imperial Government was abolished and this was extended to the other produce by the end of May. Second, the entry of Allied and Neutral firms into the West African market fostered the spirit of competition. Third, there was an increased demand for tropical raw materials

1. N.A.I. CSO 26 06788 "Governor's Address to the Nigerian Council, 1923", 26 February, 1923, p. 19.

to feed the starving industries of Europe to raise productivity to pre-war levels.

The consequence of these developments was a sudden rise in produce prices far above pre-war levels. Thus, while in the pre-war months of 1914 the prices of palm kernels varied from £14.10 to £18.15, averaging £17 and those for palm oil ranged between £22 and £25 averaging some £23, the prices offered for palm oil shot up from £22.10 per ton in January to £62.16 in December, 1919. Those for palm kernels rose from £15.15 to £30 within the same period.[2] Indeed, palm kernel prices reached a peak of over £36 per ton in February, 1920. An indication of the remarkable growth of Lagos trade during this period is given in the table below.

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2. CSO 21 CSO 1615 Annual Report on Trade and Customs, 1919, p. 22.

TABLE 26

Lagos principal exports 1918 - 1920

	1918		1919		1920	
	Quantity	Value £	Quantity	Value £	Quantity	Value £
Palm kernels tons	92,255	1,483,020	89,870	2,[illegible]6,664	80,386	2,400,859
Palm oil tons	16,212	501,337	21,199	1,061,487	13,444	845,304
Cocoa(cwt)	193,469	223,037	507,727	1,056,382	334,300	1,215,453
Groundnuts tons	42,081	651,656	24,332	411,760	31,053	845,158
Cotton lint(cwt)	10,045	71,652	56,163	451,649	60,249	661,772
Tin ore tons	n.a	n.a	7,685	1,324,074	7,781	1,757,190

SOURCES: CSO 21 CSO 1615 Annual Report on Trade and Customs, 1919, pp. 38 and 42; Nigeria: Annual Report, Customs Department, 1921, p. 9 and Colonial Reports-Annual, Nigeria Report for 1919, p. 4.

It should be emphasized, however, that as helpful as these aggregate figures are, they mask fluctuations in trade during a calendar year. As a colonial official noted, they "are useful and of interest in themselves more particularly from the point of view of the light they throw on the movement of trade balance, but for purposes of comparing the volume of trade in previous years, their significance is obscured by the wide changes which have occured in the level of prices."[3]

3. Nigerian Annual Reports, 1922: Annual Report of the Customs Department for the year 1922, p. 5.

The trade boom expectedly had a resounding impact on many facets of Lagos life. Possibly the most immediate impact was a sudden rise in the number of exporters. Thus, while only nine (European) firms handled the produce trade of Lagos in 1914, as many as 362 exporters, European as well as African, were involved in the trade in 1919.[4] In the words of the Nigeria Pioneer, "the produce boom has given birth to upstarts".[5] As we shall see in a subsequent section, many of these newcomers were drawn from the ranks of young men who abandoned their studies for the world of business.

In the same manner, many farmers in the hinterland abandoned their farms and flocked to Lagos where they took up employment as port labourers. Those who became porters (alaaru) were said to have "made plenty of money" as they earned ten to fifteen shillings per day as against the pre-war rates of eight to ten pence.[6] It was noted that the "big takings and the attractions of town life [proved]... too strong a temptation for this class". In general, the cost of hired labour was so high that there were complaints of "labour scarcity" in the city.[7] It would appear, however, that labour was "scarce" only from the perspective of

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4. CSO 21 CSO 1615 Annual Report on Trade and Customs, 1919, p.21.
5. NP, 4 November, 1921.
6. NP, 24 July, 1920.
7. NP, 13 February, 1920.

those who wanted to exploit cheap labour by paying pre-war wages in an era of boom and rising costs of living. Such an "upper-class" view of the question was articulated by a Lagos newspaper:

> The boys, who are to be had, are demanding far more pay than their elders are wont to ask before the war. It will be a real blessing when the new Motor Company place Taxis on the road, for the present demand for pulling or drawing Go-Carts is too costly .[8]

A significant way in which the "boom" registered an impact on Lagos was in the spending habits of the people. It would appear that money was spent at the rate it was earned. First, Lagosians spent thousands of pounds on luxury cars. West Africa aptly called the phenomenon 'The Motor "Boom"'. It noted the delivery of 200 Ford motor-cars in addition to "numbers of other well-known makes".[9] Many of the Ford cars, however, arrived without bodies and were thus fashioned into transport cars with timber platforms (mammy wagons). It was estimated in 1920 that some 600 motor vehicles plied on the "narrow roads" of Lagos.[10] Indeed, as many as 200 cars were on display during the Muslim festival of Id el-Fitri (Ileya) in 1920.[11] But a critical observer contended that "save to the few whose business necessitate much moving about, a Motor car is ... but a useless luxury"[12] in Lagos.

8. Ibid.
9. West Africa, 18 September, 1920, p. 1214.
10. NP, 29 October, 1920.
11. NP, 25 June, 1920.
12. NP, 18 November, 1921.

The "boom" also engendered heavy investment in real estate. It was noted during this period that

> New buildings for business purposes and storage are springing up all over Lagos. Judging from the number of plans forthcoming, the commercial centre of the island will almost be renewed before many years have elapsed. Many of the large, new merchant houses are being rebuilt on their present sites ... These buildings are being rebuilt up on the old roadway, leaving little road space for the ever-growing motor traffic.[13]

The new-found prosperity also ushered in a new culture of dress in Lagos. This was the concept of "aso ebi" - uniform dress worn as an indication of co-operation on festive occasions. This novelty was roundly condemned by the <u>Nigerian Pioneer</u> which declared that "it is not the custom as handed down to us by our forefathers". The newspaper highlighted the "waste and debt which are associated with it" as sufficient reason for the practice to be nipped in the bud.[14]

The reckless abandon with which the wealth that accrued from the "boom" was spent was a source of concern to perceptive observers of the times. The <u>Lagos Weekly Record</u> in a thought-provoking editorial titled "Whither are we going?" stated that

> Very few thoughtful people will view with anything but alarm the rate at which we are spending. No doubt the increased prosperity occasioned by the greater demand and higher price paid for produce of late years is responsible for this ... Do we realise that whatever money we get now on our palm oil and palm kernels is our capital and that in spending it

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13. <u>West Africa</u>, 18 September, 1920, p. 1214.

14. <u>NP</u>, 11 March, 1921.

> outright we are spending our capital?... we are frittering away with hopeless want of foresight, rather characteristic of our people that capital which alone can give us economic liberty in the future ... The feverish desire to make a show of our wealth has got a firm grip on our people.[15]

Unfortunately, however, such pleas for prudence fell on deaf ears. It required the depression that followed the boom to clip the wings of the spendthrifts. But the fact that this kind of wastefulness has remained characteristic of Lagos society to this day shows that the people have learnt nothing from their past.

In the meantime, the influx of fortune-seekers to the city placed a burden upon its housing and food supply. The scramble for the available housing predictably raised the house rents in Lagos. Landlords not only raised rents but demanded two or three months advance payment.[16] The situation was so grave that the colonial authorities stepped in to control house rents as part of efforts to curb profiteering in general. The debate on "An Ordinance to restrict the rent of dwelling houses" on 4 July, 1920, however, showed that the authorities either misunderstood the problem or were bent on applying the wrong solution to it. For, the Bill only aimed at controlling rents from a minimum of £200 per annum!

In his contribution to the debate, Mr. S.H. Pearse, one of the Governor's African nominees, contended that the minimum was too high

15. LWR, 17 September, 1919.

16. LWR, 14 June, 1919.

to cater for those who were really hard-hit by the high rents. He argued that tenants who could afford to pay a rent of £200 would be sufficiently able to protect their own interests. The empasis should rather have been on low-income earners who lived in one-room apartments in shanty dwellings. This position Was buttressed by another African member of the Nigerian Council who pointed out that a Chief Clerk who earned £300 per annum was most likely to pay a rent of between £5 and £6. He, therefore, proposed that the Bill should control rents up to a maximum of £84 per annum so as to give adequate protection to the low-income group. The African members, Pearse and Moore, later settled for a ceiling of £75 but it was the Governor's revised figure of £100 that carried the day.

But, as Mr. Pearse remarked, "the class of people that will be prepared to pay £100 a year need no protection under the Bill since they can afford to pay it ... Ordinary clerks will not pay a rent of £100".[17] All said and done, it is doubtful that the Bill made any real difference to the problem of housing shortage and high rents. Indeed, as Mr. Pearse pointed out, the rent question could not be treated in isolation from the general

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17. NP, 3 September, 1920.

socio-economic milieu, particularly the rise in the price of foodstuffs, the high cost of labour and the 400% increase in the cost of building materials which was proportionately reflected in the rents charged.

Looking at the issue from another dimension, Moore argued that government had not tackled the "real root of the evil" - general profiteering. He wondered why European merchants were allowed to charge unduly high prices for their manufactures while the "poor landlord" was prevented from charging what he liked for his house. In that regard, Pearse believed that the Bill was simply a "class legislation" which "will not be helpful". The <u>Nigerian Pioneer</u> shared such sentiments, contending that limiting the rents to 50% increase on 1914 rentals was unfair as the European merchants had raised their prices by 100-200%. It expressed sympathy for the "poor landlord whose money invested in property is regulated in the profit it makes by State intervention".[18]

All said and done, legislation does not seem to have had any impact on the housing crisis in Lagos. This was especially so because of the "overcrowding" in Lagos, a question that

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18. <u>Ibid</u>.

invited comments in the local press. It was widely believed that there was a direct correlation between overcrowding and the spread of diseases in Lagos.[19] With particular reference to tuberculosis, it was noted that there had been a 50% increase on the number of cases reported in 1911.[20] This was ascribed to the lack of space for building in Lagos which had compelled the people to build in the reclaimed but still swampy areas of Elegbata, Alakoro, Anikantamo, Idumagbo, Oko-Awo and Sandgrouse. Virtually all of these buildings were bamboo huts and even where brick buildings were erected, the floors were constantly damp. Indeed, the premises were mostly under water during the rainy season. Yet all the dwellings, even the bamboo huts, were overcrowded.[21]

The issue of overcrowding and insanitary conditions in Lagos generated interest in Lagos because it entailed the quest for land for building purposes on the congested island. The situation was aggravated by the expropriation of land by the colonial government in the Ikoyi Plains, an area that was considered "the natural area of expansion for the people of Lagos".[22] The area had been suggested for occupation by Lagosians by the Municipal

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19 Ibid LWR 27 Aug 1919

20. LWR, 13 September, 1919.

21. LWR, 29 August, 1919.

22. Ibid. Also, "Justice" to Editor, NP, 19 Sept., 1919.

Council in 1917 but to the "consternation and dismay" of Lagosians, the colonial government in the opening months of 1919 expropriated the entire area for European settlement. With the only avenue for expansion blocked, the people were, in the words of the Pioneer, "compelled to live in the circumscribed area of Lagos town like herrings in a barrel".[23] As would be shown in a subsequent discussion, Lagos was sitting on a powder keg which exploded in the form of a bubonic plague in 1924.

Meanwhile, the critical socio-economic situation in Lagos was further compounded by the astronomical rise in the prices of foodstuffs, a carry-over from the War period. By the middle of 1919, the prices of foodstuffs in Lagos had advanced on the admittedly high war-time figures. It was observed that "no sooner were the restrictions [that is, price controls] withdrawn than prices went up by leaps and bounds".[24]

Coincidentally, the European merchants also raised the prices of imports on the ground that the costs of production in England had risen on account of labour difficulties. Foodstuff traders then took a cue from them by further raising their own prices so

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23. NP, 29 August, 1919.
24. LWR, 7 June, 1919.

they could "survive". A farmer was reported to have argued that the high prices were meant to "cope with the prices of imported articles such as clothing, building materials and cooking utensils which had risen by about 300%".[25] The outrageous pricing policy of importers was illustrated by the fact that a barrel of flour which was sold for £5 as soon as it landed in Lagos went for £8 as soon as the ship which brought it had gone. The Record, therefore, concluded that "there is a great deal of profiteering being carried on by both European and Native Traders, and the former is the principal offender".[26] Its reasons for heaping the blame on them were that: the demobilization of soldiers had eased the labour supply situation in England; ocean freights had been reduced: more regular sailings of steamships had tended to decrease the cost of goods while prices had fallen in England.

Turning to the local foodstuff dealers, the Record opined that the high prices they charged were unjustifiable because there was no war-induced dislocation in Nigeria on the European scale and, therefore, no labour problem. However, the traders and their sympathizers adduced reasons in support of their action. In addition

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25. Adelayo to Editor, LWR, 27 December, 1919.
26. LWR, 7 June, 1919.

to the need to match the price of imports, they highlighted the difficulty of railway transportation and the diversion of a great quantity of food to other parts of Nigeria and neighbouring colonies such as the Gold Coast and Porto Novo.

The issue of high prices of foodstuffs generated debate in the press as contributors differed on the causes of the phenomenon. On contributor, who dwelt on the rise in the prices of beef and fish, noted that with the construction of the mole, fishermen had had to "pursue fish on the high sea" and to equip themselves with larger vessels which meant an increase in the cost of production. He attributed the scarcity, and thus the high prices, of meat to the fact that one man, Elias, monopolised the cattle trade in Lagos and also the insufficiency of waggons required to supply cattle.[27]

Yet another contributor proffered different reasons for the high prices of foodstuffs in post-war Lagos.[28] He contended that sending the police to the market to make the women sell gari and palm oil at cheaper rates was like "looking to the leaves [while] ... the roots are left unnoticed". In his view, the real causes were as follows. First, a bundle of 200 sticks of cassava which

27. "K-Nut" to Editor, LWR, 1 November, 1919.

28. "Publicus" to Editor, LWR, 17 April, 1920.

used to sell for 5/- now went for £2. This phenomenal increase in the price of the raw material necessarily reflected in the price of gari. Second, there were insufficient rains in the preceding year in consequence of which many crops simply dried up and those that managed to survive on good soil produced much lesser tubers. Third, farm labourers who were formerly paid five shillings a month could no longer be had at £1. Hence, the big farmers who used to afford to employ from fifty to one hundred labourers could no longer employ more than ten to twenty. On the other hand, the small farmers had nobody to help them. Fourth, the scarcity of silver coins meant that one paid £1 in currency notes for what should have cost 10/- in silver.[29] Hence, the retailer of foodstuffs in Lagos had to include the extra 10/-, his train fare and a fair margin of profit in the ultimate price that he charged. Finally, there were delays on the railways which caused food consignments to arrive many months behind schedule. By this time, prices might have fallen or the goods had been spoilt, either of which ruined the trader.

One factor in the food crisis was the development of the cocoa industry in the Yoruba hinterland of Lagos. The Nigerian Pioneer

29. The currency crisis necessitating the discounting of currency notes is discussed later in this chapter.

had noted that "the craze for cocoa has caused farmers to neglect the growing of foodstuffs, coupled with the dearth of hands. It is so easy to get five shillings a day in Lagos, the labouring class are leaving the farms...".[30] It was noted by a contemporary observer that "lands within easy reach of Lagos and other large and populations centres on which food was previously grown for sale on the markets is now under Cocoa...".[31] The situation was paradoxical: while cocoa exports had enriched Lagos, cocoa-growing bade fair to starve the city.

The foregoing discussion has shown that the food crisis in Lagos was the product of an interplay of factors. It should be noted, however, that while the high prices of the post-war period compared favourably with those charged in September 1918 (see Table 19 above), certain food items experienced an advance of as much as 300%. Thus, the price of a pan of gari had increased from 6d to 9d, that for palm oil from 3d to 10d while a bundle of firewood went for 6d as against the 1918 price of 6d for five bundles.[32]

On the whole, Lagos experienced what was described as "very hard times". It became "almost impossible to buy anything at the

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30. NP, 16 January, 1920.

31. NP, 21 May, 1920.

32. See, LWR, 9 August, 1919.

market... [for] five shillings will not purchase the bare necessities of life which one shilling was able to procure a short time ago".[33] Appeals were, therefore, made to the colonial government to obviate the "mischief (which) empty stomachs engender". The Record[34] claimed that the people were "underfed" and "practically starving while the merchants and dealers rake in their profits with both hands". The newspaper enjoined the government to intervene on behalf of the people as the situation had "become indeed very critical, and living... more than a problem". Government was advised not to wait for pressure to be exerted by the people before it acted.

Suggestions were made as to how government could intervene. The Pioneer, for instance, made the extreme suggestion that the state should intervene in the production process. It asked the government to emulate Lord Allenby's order under the Martial Law administration that cultivators who rooted up cereals for cotton should pay a fine of £100 per acre.[35] Although the paper later acknowledged that such heavy-handed intervention would cause disaffection among the producers, it was convinced that the critical situation in Lagos needed to be "handled in a similar manner".[36]

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33. NP, 16 January, 1920.
34. LWR, 6 March, 1920.
35. NP, 30 April, 1920
36. NP, 28 May, 1920.

The *Pioneer*, however, made the more rational suggestion that railway freights be reduced temporarily to encourage the transportation of foodstuffs to Lagos and that foodstuffs should be given priority by the railway authorities.

As the colonial government was fighting shy of direct and decisive intervention in the matter, the firm of Messrs Lagos Stores Limited decided to bring down foodstuffs from the hinterland to ease the supply situation. The firm was reported on one occasion to have brought a consignment of five tons of yam which it sold at 16/- a hundred weight or 2d a pound.[37] As laudable as this was, it must have been an insignificant drop of water in the desert of food scarcity in Lagos.

While the colonial government appeared to be "studying" the situation, Railway workers seized the initiative by going on strike on 5 January, 1920.[38] At dawn on that day, some 50 yard labourers met to draw up a petition to the General Manager of the Railway concerning the wide gap between their wages and the high cost of living in Lagos. After collecting their wages on 6 January they sought audience with the District Locomotive Superintendent, but he rebuffed them. The yard labourers then went on strike on the 7th.

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37. *LWR*, 21 February, 1920.

38. For accounts of the strike, see *LWR*, 31 Jan., 1920 (written by Herbert Macaulay, Vice-patron of the Mechanics Union) and *NP*, 20, 23 and 30 Jan., 1920.

On that day, artisans were drafted to do the job of the striking workers but they quit by 10.30 a.m. A fitter was sacked for refusing to do manual labour whereupon twenty of his colleagues left with him. On Thursday, 8 January when four artisans were similarly fired, about 300 other workers left the yard. On Friday, the remaining workers returned but refused to enter the yard. A section of the artisans in the Locomotive branch sent in a petition on the 9th but when no reply was forthcoming on Saturday the 10th, they too refused to show up for work on Monday. On that day, the executive officers of the "Nigerian Mechanics Union" addressed a petition through the Chief Secretary to the Lieutenant-Governor urging "an amicable adjustment of matters" - an increase in the wages of Railway workers. It was contended that the existing pay was "only two-thirds or perhaps just one-half of what the man in the street pays for ordinary labour at the present time".[39]

At a meeting with a deputation of the Union on 15 January, the Lieutenant-Governor expressed government's willingness to hold an inquiry into the wages of the workers. But he explained that since the workers were of different cadres, it was difficult to fix a minimum wage. He conceded that it was necessary in the meantime to increase the pay of the labourers to 1s 3d per day in the Lagos area. Any further advance was to depend upon the

39. LWR, 31 January, 1920.

outcome of the inquiry. He, however, insisted that the strike had to be called off before the inquiry could begin.

Earlier on 13th January, the on-going strike had formed the subject of discussion between the Eleko (traditional ruler of Lagos) and the Lieutenant-Governor at the end of a meeting of the Central Native Council. The Eleko was enjoined ~~to assist~~ in resolving the crisis considering "the serious inconvenience to the Government, to trade, and partiuclarly to the general public, which this strike entailed".[40]

Accordingly, the Eleko met with the Mechanics Union[41] on 16 January urging the Railwaymen to return to work and trust the colonial government to conduct a fair inquiry into their grievances. The men agreed to comply provided the strikers would not be victimized and on the condition that the inquiry would be concluded with despatch. Another meeting on 17 January at Ilupesi Hall which was presided over by Chief Oluwa and Chief Ologun Adodo (White Cap Chiefs) was informed of the Lieutenant-Governor's accession to the workers' conditions for resumption of duty. The meeting resolved that the men would return to work on Monday, 19 January, 1920, accompanied by the Staff of Office of the Eleko escorted by two White Cap chiefs. This took place accordingly on the morning of the 19th at the Railway premises at

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40. Ibid.
41. This union which comprised workmen on the Railway, Marine, Public Works and Harbour Works took the opportunity of the strike to inform the General Manager, Railways of its existence and urged that the workers' demand be met. See, NP, 23 Jan., 1920.

Ebute Metta. The White Cap chiefs apologised that the men went on strike without notice while the Assistant General Manager thanked the Eleko and the chiefs, promising to convey their message by train to the Governor who was then in the Northern Provinces.

Thus ended the Railway workers' strike. However, the strike had a crippling effect on the social and economic life of Lagos and the hinterland particularly because of the on-going food scarcity in Lagos. This was with special reference to the supply of meat. For while the strike lasted, cattle could not be brought down to Lagos where the inhabitants were forced to do without beef. This further aggravated the food supply situation. In addition, the Railway operations and revenue were adversely affected as only two up-trains out of the required number of six ran from Iddo while the strike lasted. This prompted the pro-establishment Pioneer to admonish that "the public convenience and the good of the country must be looked to before launching out a strike... We counsel a halt when the calling out of labour to strike hits the economic life of the country and brings misery and sufferings in its train as has been the case in this instance". The newspaper nonetheless conceded that it was "not surprising that our workmen have gone on strike for more wages seeing that the cost of living instead of decreasing is becoming higher and higher daily". It therefore urged the government to conduct a speedy inquiry into the problem and find a satisfactory solution to it.[42]

In the final analysis, the strike, which had not been consciously planned, succeeded in forcing the government to look into complaints regarding adverse living conditions in an era of trade boom. A commission of inquiry was set up to consider the workmen's grievances and submit a report within a month. The Lieutenant-Governor and the General Manager, Railways were reported to have "accorded the (Mechanics) Union their unreserved recognition" in the expectation that it would "maintain order and discipline among the workmen".[43]

Available sources are silent on the conduct and outcome of the inquiry. In the absence of evidence to the contrary one could conclude that both parties reached an agreement on the issues at stake. Nonetheless, the problem of a rising cost of living remained unresolved because in addition to the scarcity and rising costs of local foodstuffs, imports were being priced out of the reach of the common people. It was, therefore, the view of a cross section of the community that the colonial government needed to control the price of imported foodstuffs as it did during the First World War.

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42. NP, 23 Jan., 1920. For the view that the strike was instigated, see, NP, 30 Jan., 1920.

43. NP, 23 Jan., 1920.

Such a position was canvassed by the Pioneer which contended that

> When the selling prices of both food and clothing go to such a height that it becomes almost prohibitive for the bulk of the population to purchase either of them it is surely time for the administration to step in and use its authority to control and regulate the prices at which they should be sold to the consumer.[44]

In this regard, the paper accused the government of "evading" the European merchants. It condemned "the government's hesitating two-step that has throughout the last two years kept carefully clear of the importers' diving board in true calisthenic fashion". The Pioneer was convinced that "the prices of locally grown food-stuffs will fall rapidly whenever the inflated profits on imported goods are brought within a more reasonable margin".[45]

As expectations of government intervention remained unfulfilled and as pressure continued to be exerted on housing and food in Lagos, the situation remained as critical as ever. It was further aggravated, as will be shown below, by the currency crisis of 1918 - 1920.

The Currency Crisis, 1918 - 20.

As a background to an examination of this phenomenon, it is necessary to outline the evolution of the currency system in Lagos

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44. NP, 3 September, 1920.

45. Ibid.

and the hinterland prior to the First World War. Before 1914, there were in circulation in this area silver coinage and what was called subsidiary coinage - pennies, half-pennies and tenths of pennies - made of nickel-bronze. The use of nickel-bronze coins was necessitated by the constant shortage of silver coins. The scarcity of silver coins was due in part to the increasing cost of silver and the practice of hoarding silver which was widespread among the African population. The hoarded silver coins were generally melted down and worked into ornaments.

The alloy pennies and tenths were introduced in 1907 while the half-pennies were introduced in 1911. Aluminium tenths were first put into circulation but they proved very unpopular because of their rapid loss of colour and consequent rejection by the people. Recourse was then had to nickel-bronze tenths which were more successful. The coins were obtained through the Crown Agents. The table below indicates the amount of subsidiary coinage in circulation in Lagos between 1907 and 1913.

TABLE 27

Receipt and issue of subsidiary coins at Lagos 1907 - 13

	RECEIVED				TOTAL FACE VALUE	COST	ISSUED				TOTAL FACE VALUE £	RTD TO CROWN AGENTS ALUMINIUM TENTHS
	PENNY	HALF PENNY	ALUM. TENTHS	N-BRONZE TENTHS			PENNY	HALF-PANNY	ALUM TENTHS	NICKEL BRONZE		
	£		£	£	£	£						£
1907 1908	16,000	-	3,916	2,000	21,916	8,616:13:6	16,000	-	-	2,000	18,000	2,881:15:5
1909	5,000	-	-	4,000	9,000	10,083:5:9	5,000	-	798:2:5	4,000	9798:2:5	236:2:2
1910	10,500	-	-	3,000	13,500	4,453:14:6	10,500	-	-	3,000	13,500	-
1911	8,000	7,000	-	3,000	18,000	8,996:19:7	8,000	7,000	-	3,000	18,000	-
1912	6,000	5992.10	-	3,689	15,681.10	8,944:19:9	6,000	5,992	-	3,690	18,882	-
1913	7,000	2888.10	-	2,240	12,128.10	6,755:7:11	7,000	2,888	-	2,240	12,128	-
TAL	52,500	15881	3916	17,929	90,226	47,85:1	52,500	15880	798:2:5	17,930	87108:2:5	3117:17:7

RCE: CSO 1/32/10 857 of 15 Sept. 1914 Lugard to Harcourt enc. Return 'A'

Consequent upon the outbreak of the First World War in 1914 and the sharp fall in commodity prices, there was a surplus of coin as supply exceeded local demand.[46] Indeed, the West African Currency Board had to ship out the surplus silver coinage both to relieve the storage problem in West Africa and to recover the bullion value of the silver. But, considering the rise in ocean freight rates, the repatriation of surplus coin was an expensive and a wasteful exercise. Ironically, an improvement in the commercial fortunes of West Africa in 1915 caused an abrupt reversal of the currency situation. For the rise in cocoa prices escalated the demand for coinage in West Africa which the Royal Mint could not meet because of a rapid increase in domestic demand in Britain itself. The W.A.C.B. hurriedly shipped out some United Kingdom silver at its own expense but this was of little avail. The Board was thus compelled to introduce currency notes as an emergency supplement to its silver supplies. The first consignment was despatched to Nigeria in June 1916 in denominations of £1 and 10/-. A paper florin (2/-) was introduced much later. The table below indicates the amount of money in circulation in Nigeria from 1916 to 1921.

46. This section draws on CSO 19/3 N774/1915, W.A.C.B. Annual Report, 1914 - 15 and CSO 19/5 N436/1917 W.A.C.B. Report for 1916.

TABLE 28

Amount of currency in circulation in Nigeria, 1916 - 1921

Year	Silver	Alloy	Nickel	Notes	Total
	£	£	£	£	£
1916	2,809,500	-	159,500	51,000	3,000,000
1917	4,275,300	-	165,000	59,700	4,500,000
1918	4,801,705	-	170,000	278,295	5,250,000
1919	5,204,900	-	200,000	2,895,100	8,300,000
1920	6,293,905	683,400	437,225	838,486	8,253,000
1921	4,414,561	780,986	398,766	187,565	5,781,878

SOURCE: CSO 1/34/18 Confid. 11 Feb. 1922, Clifford to Churchill, p. 17.

Ordinarily, paper currency would have conferred a number of benefits on its users.[47] First, it was less bulky than coins and would, therefore, save freights whenever great sums of money had to be transferred. Second, unlike silver which the colonial government accumulated during the "off season" - and which had no value for such periods - paper currency could be held without cost while the silver held in stock had to be redeemed in Europe in gold or its equivalent in credit. Third, paper money did not involve freight charges in inter-colonial financial transactions.

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47. This issue was discussed in NP, 9 March, 1917.

centres in each province with the principal produce "middlemen", local chiefs, principal European merchants and, where applicable, representatives of banks where the dignitaries would "impress on the audience their complete confidence in the Notes which represented silver in a more easily portable form".[51] Two points were to be stressed - that the rejection of the notes in view of the on-going silver shortage meant that merchants would not be able to buy produce and, secondly, that currency scarcity would depress prices as produce buyers would have less money to offer.

This was the prelude to the currency crisis which engulfed Lagos and the hinterland in the closing months of 1918. On 3 December, 1918, A.G. Boyle, Governor's Deputy, in a cypher telegram to the Secretary of State reported that "A crisis is arising here in regard to currency matters. It may possibly be necessary to issue local temporary notes under urgent legislation but this will be done as a last resort".[52] The alarm was sounded when it became clear that there was only £150,000 in Kano where a groundnut crop of £700,000 was being expected.[53] In Lagos, there was "practically no money for trade purposes."[54] Yet, banks in

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51. Comcol 1 530 "Currency Notes - circulation of," Moorhouse to Residents, 5 Nov., 1918.
52. CSO 20/6 NC 17/18 "Currency Crisis, 1918", Boyle to S of S 3 December, 1918.
53. Ibid., Boyle to Long, 6 Dec., 1918.
54. Ibid. Indeed, the B.B.W.A. is said to have "returned several cheques - a fact well known in Lagos". See Boyle to Milner, 20 Jan., 1919.

Lagos received orders for the supply of considerable sums of money from several other commercial centres in Nigeria.

Boyle then convened an emergency meeting with representatives of the B.B.W.A. and the Colonial Bank; the leading firms; the acting Lieutenant-Governor, Southern Provinces; the Treasurer and Mr. W.F. Gowers, Resident Kano, who was on a visit to Lagos. The meeting resolved to issue local notes in denominations of £1, 10/-, 1/- and 6d; that £50,000 be brought down at once by the Banks from Kano and that the Currency Officer should release £32,500 in his custody. The Note issue was to be confined as much as possible to the Southern Provinces. Producers were to be paid partly in cash and partly in notes to get them used to the notes. The Lieutenant-Governor Northern Provinces was instructed to mobilize funds from the Native Treasuries - as much as they could spare - perhaps up to £15-20,000.

The Secretary of State approved the issue of local notes as an emergency measure which must however be kept distinct from issue of the W.A.C.B.[55] Eventually, by May 1919, D.S. Macgregor, the Treasurer, reported that the Nigerian Currency Notes, worth £79,900, were coming back and were being cancelled and destroyed. Notes worth £20,000 had been redeemed and £22,000 more were ready

55. *Ibid.*, Telegram, S of S to Boyle, 7 December, 1918.

for redemption. The exercise was expected to be completed by the end of the year.

Nonetheless, the currency notes saga did not come to a quick end owing to a severe shortage of silver in 1919. This was due to a world-wide shortage of silver.[56] Commercial life in Lagos and the hinterland was disrupted as the bulk of the silver money disappeared from circulation into private hoards. At the same time there was the prejudice against currency notes. Not only were the notes vulnerable to damage by sweat, fire and water, the illiterate producer in the hinterland could not distinguish the different denominations of the currency notes.

In Lagos, the shortage of silver coins adversely affected practically all business transactions because small denomination coins required for "change" purposes were not always availabe to satisfy the requirements of buyers and sellers. The sellers took undue advantage of the situation by giving the customer a choice between buying more articles to cover his balance or forgoing his "change". Even the Railway was involved in this practice.[57]

The effect of the shortage of silver coin on the one hand and the unpopularity of currency notes on the other, was far-reaching. As we have noted, the prices of local foodstuffs as

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56. CSO 19/7 N 2683/1919 "Nigerian Council, 1919", pp. 19-20 and CSO 21 CSO 1615... op. cit, p. 14. But, "nine-tenths" of Africans were reported as believing that the shortage was a plot of the whiteman. See LWR, 21 February, 1920.

57. NP, 16 April, 1920.

well as imported articles rose astronomically as sellers demanded payment in the scarce silver coins. Buyers were thus compelled to devalue their currency notes by discounting them for coins. This practice also extended to the produce business whereby Lagos traders were reported to have bought palm oil selling in the Benin River area at £30 a puncheon in paper money for £15 in silver. They then took the oil to Lagos for resale at £40 a puncheon.[58] As we have also noted, the shortage of silver affected the cost of labour and living conditions - as the Railway strike demonstrated.

The shortage of silver similarly affected the Banking business in Lagos and the hinterland as pressure was exerted on the banks to convert notes to coins. This consequently generated an intense competition between the two banks in Lagos - the B.B.W.A. and the Colonial Bank. The bone of contention was the proportion of coinage to be allocated to the respective banks. Hence, the W.A.C.B. requested the Treasurer, Mr. D.S. Macgregor, to suggest an equitable allocation formula. The latter opined that since the "commitments of B.B.W.A. must necessarily be very much greater than those of the Colonial Bank... the former should receive at least two thirds: <u>three quarters would perhaps be fairer</u>".[59] It was noted that while

58. CSO 21 CSO 1615... <u>op</u>. <u>cit</u>., p. 24.

59. CSO 20/7 NC 1/1919 "(1) Division of silver shipments between Col. Bank and BBWA (2) Supply of silver to firms", Macgregor to Boyle, 24 December, 1918.

the colonial Bank had applied recently for only £15,000 the BBWA had asked for £62,600, though it only got £58,900. Consequently, A.G. Boyle, Governor's Deputy suggested a ratio of 75:25 in favour of the BBWA.

But the Colonial Bank strongly objected to this formula arguing that while the ratio was fair in respect of the Gold Coast, it was not so in Nigeria.[60] For, while the BBWA had ten branches in the Gold Coast as against two of the Colonial Bank, the ratio in Nigeria was 15:8. Second, the Colonial Bank had a proportion of Government Accounts in the Gold Coast whereas the BBWA monopolised those in Nigeria. This, according to the Colonial Bank, gave their competitor "a large amount of silver... whereas we are absolutely dependant (sic) upon the supplies coming in through the Currency Board", The Bank therefore demanded 75% of the silver allocated to Nigeria. It pointed out that while the BBWA could still afford to pay its customers in equal proportions of silver and notes, the Colonial Bank did so in ratio 25:75.

To buttress its case, the Colonial Bank resorted to subtle blackmail and insinuations. Thus, E. Hyslop Bell, the spokesman

60. *Ibid.*, Senior Rep. of Colonial Bank in West Africa to Boyle, 8 January, 1919.

of the Bank, enclosed a letter from the Naraguta Extended (Nigeria) Tin Mines Limited in which the company threatened to transfer its accounts to an alternative bank (obviously the BBWA) if the Colonial Bank could not provide coins which the labour market required. Bell therefore concluded with a thinly-veiled blackmail: "We are quite sure it is not the wish of the Colonial Office. to squeeze us out of this Colony but a continuance of your present attitude towards this Bank will have that effect".[61]

The BBWA, on its part, contended that with the exception of Messrs W.B. MacIver & Co. Ltd. and the Tin Areas of Nigeria Ltd. (whose business in each case was equally shared by the two banks), "all the larger Produce buying firms look to us for their cash supplies". The Bank listed among its customers the African Association, John Holt, & Co. Liverpool Ltd., Lagos Stores Ltd., Miller Brothers, G.B. Ollivant, Paterson Zochonis and Co., the Niger Company Ltd., French Company and S. Thomas & Co. apart from "a large majority of the firms and Native Traders of less importance". It stated that the large oil-producing areas around Calabar and Warri, at neither of which the Colonial Bank was established, were supplied from Lagos. Similarly, the Niger Co. and John Holt which dominated the Niger Trade from Forcados to Lokoja were also "dependent upon us (that is, BBWA) for cash, a

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61. Ibid., Bell to Boyle, 17 March, 1919.

shortage of which has already according to reports... completely dislocated their trade".[62]

The BBWA pointed out that it was common knowledge that traders who were able to offer coin to the producer had "a great advantage over those who can tender only paper money or goods". In that regard, the Bank argued that its customers, who were more numerous than those of the Colonial Bank, would suffer, In this vein, the Treasurer, Mr. Macgregor noted that "the few customers of the Colonial Bank could get half the available supplies (of silver) divided between (sic) them, and the many customers of the BBWA could get no more than half the available supplies divided between them",[63]

Support for the BBWA came from the local and metropolitan chambers of commerce. The Lagos Chamber of Commerce called for a 75:25 allocation in favour of the BBWA[64] while the Liverpool Chamber of Commerce and A.W.A.M. rejected an equal share of silver

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62. *Ibid.*, W.E. Becker, (Manager BBWA, Lagos) to Currency Officer Lagos, 28 May, 1919.

63. CSO 19/7 N 1738/1919 "Silver currency reserve in Nigeria...", Macgregor to W.A.C.B., 19 February 1919.

64. CSO 20/7 NC/1/1919 .... *op. cit* Telegram to S of S 9 January, 1919.

by both banks. The Liverpool Chamber of Commerce suggested a ratio of 85:15 while AWAM, which pointed out that the BBWA had been in existence for twenty-three years before the establishment of its competitor, argued that the "principal merchants" would be "unfairly handicapped" by an equal allocation of silver.[65]

But the Colonial Bank countered by exposing the selfish interests of the merchants in the matter. It contended that the Lagos Chamber of Commerce "very naturally... express the view that is going to operate to their benefit and to the detriment of the smaller and more numerous (European) traders and native traders, among whom are many of our customers".[66] The Bank dismissed the view of the African Trade Section of the Liverpool Chamber of Commerce because the body was

> to a very large extent composed of members or representatives of large firms which have for many years past been affiliated with the Bank of British West Africa and in some cases at least are under definite agreement (to) do for a specified time all their business with that bank, with which some of them are also connected by means of interlocking directorates, and holding of shares in the bank.[67]

The controversy was cut short when Lord Milner, the Secretary of State, ruled that "Except for special reasons to be reported by

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65. Ibid., AWAM to Central Sec. Lagos, 3 June 1919 and protest telegram from Liverpool Chamber of Commerce to Acting Gov., Lagos, 2 June 1919.

66. CSO 19/7 N1738/1919... op, cit., Bell to W.A.C.B, 24 Jan., 1919

67. CSO 20/7 NC 1/1919... op, cit., Bell to S of S 23 May, 1919.

telegram to me silver available should be divided equally between (both) Banks".[68] The Central Secretary had earlier defended the equal division of the silver on the ground that the sum involved from this source was "small in comparison with the amount of silver which flows into the branches of the BBWA owing to that Bank 's having the monopoly of the Government Accounts".[69]

Such explanations failed to pacify the Liverpool Chamber of Commerce and the BBWA. The latter, for instance, pointed out that it had had to curtail its operations in Calabar, Port Harcourt, Forcados, Abeokuta and Lokoja owing to lack of silver. It expressed the fear that Lagos might follow suit "unless the unexpected happens". The Bank lamented that "the present lack of /silver/... is hindering trade throughout Nigeria and is rapidly placing our Bank in a most impossible position".[70] The plea of the Bank finally elicited a favourable response from the Colonial Office following investigations by Sir William Mercer of the WACB. The Secretary of State then ruled that "while demand is greater than supply division should be notes equal division coin two-thirds to BBWA and one-third to Colonial Bank".[71]

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68. CSO 19/7 N1738.. op. cit., Telegram, Milner to Acting Gov. of Nigeria, 7 June, 1919.
69. CSO 20/7 NC 1/1919... op cit., D.C. Cameron to Liverpool Chamber of Commerce, 6 June 1919.
70. Ibid., Becker to Currency Officer, Lagos, 28 June, 1919
71. CSO 19/7 N1738/1919... op. cit., Telegram, Milner to Gov. of Nigeria, 22 Sept., 1919.

While it was relatively easy to solve the problem of allocation of silver, the currency crisis did not lend itself to such an easy solution. For the shortage continued to have a biting effect on economic activities. Such was the situation that French coins - pennies and half-pennies - inundated the markets of Abeokuta in the immediate hinterland of Lagos. It was reported that the circulation of these coins was "so great and free that one is tempted to ask if these foreign small changes have not now replaced English coppers, the latter being very conspicuous by their absence in the markets".[72]

Meanwhile, the currency notes remained unpopular and heavy discounting continued. In Abeokuta, it was reported that as much as five to six shillings was charged on £1 while kernels which sold for £30 in notes could be had for £9 less in coins.[73] The Alake and Council then made it illegal to refuse the notes while the Egba N.A. Police made some arrests at Shapon market.[74] The colonial government followed suit with an ordinance prohibiting and penalising discounting. Titled "An Ordinance to prohibit certain acts tending to depreciate currency", it imposed a penalty of five years' imprisonment or £500 fine or both on the sale of

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72. NP, 28 November, 1919.
73. NP, 6 February, 1920, Abeokuta Notes and News.
74. NP, 30 January, 1920.

coin or currency below or above its face value.[75] A number of culprits were apprehended and penalised. For instance, Mrs. Ferris George, wife of a notable Levantine merchant, was jailed for discounting £77. She was sent to prison when she could not pay the fine of £ 7,700.[76]

In spite of such harsh penalties, the notes were held in contempt by the people. For one thing, as the Liverpool Chamber of Commerce pointed out, they "will be never (sic) accepted by Interior natives... for the simple reason that any dishonest person could hoist(sic) on to an illiterate man a 2s note and persuade him that it was worth £2". Besides, the notes rapidly dissolved in wet or rainy conditions and could be soiled by oily hands. The Chamber pointed out that "most interior natives have only two purses, that is their few inches of loin cloth and their mouth".[77] Writing in a more colourful language, the Pioneer observed that the "money was not considered worth keeping because it consists of mere paper which white ants and rust and moth do corrupt, and pickpockets easily steal".[78] Indeed, traders in the markets were reported to have refused to take any note that was torn or soiled.[79] Disrespect for the notes was taken to an extreme by certain groups of muslims

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75. CSO 1/32/75 864 of 15 Oct., 1920, Clifford to Milner, enc.
76. LWR, 2 Aug., 1919, Epitome of News.
77. LWR, 26 July 1919: Excerpts from the Monthly Journal of the Liverpool Incorporated Chamber of Commerce for May, 1919.
78. NP, 19 December, 1919: Abeokuta Notes and News.
79. NP, 23 January, 1920.

in Abeokuta who were reported to have taken to dancing and drumming on Sundays. Some of them would "hold a number of currency notes in their hands, and in full view of the onlooker, whilst the play is in full swing, tear them to pieces or roll 10s or £1 notes into cigarette shape and smoke them off". The Alake and Council promptly prohibited such "criminal waste of currency notes".[80]

A different dimension was introduced to the currency saga by the upsurge of a wave of currency counterfeiting. The practice was particularly rife in the Ijebu Province and to a lesser extent at Ibadan. Five of such coiners were identified at Ijebu-Ode, one at Iperu, at least one at Ijebu-Igbo and one at Okun. Only the English and West Africa silver and West African alloy shillings and two shilling pieces were imitated. The bulk of the counterfeit coins were, however, sent up north through the agency of Ijebu cattle dealers. It was noted by colonial officials that the process of manufacture was simple hence the ease with which it was done. An additional reason for its widespread practice was the difficulty in apprehending the culprits. It was asserted that "informants, following a well established custom of the Jebus, have been at pains to see that those incriminated should receive due warning when arrest was imminent".[81] It was, therefore,

80. NP, 14 November, 1919.

81. CSO 20/9 NC 75/1921 "Counterfeiting of coinage at Ijebu-Ode", W. Buchanan Smith to Chief Sec., Lagos, 3 April, 1921.

difficult to establish a watertight case against many of the known counterfeiters. Nonetheless, one Sani Gegele was sentenced in the Ibadan Provincial Court to ten years imprisonment while a certain Amusa got three years' sentence.[82]

Against the background of silver shortage and the unpopularity of the currency notes, the colonial government was constrained to act to give stability and credibility to its currency system. For, as Governor Clifford observed in a later period, "a sound coinage system is the very foundation of the commercial life of any country and its maintenance is essential to continued prosperity. If we fail to maintain such a system we fail in one of our first duties to the people whose welfare is entrusted to our charge".[83] Hence, he endorsed the suggestion by Sir William Mercer of the WACB that token coins be issued, made of a special alloy, of a type not too easy to counterfeit, having the same face value as the existing shilling, six pence and three pence and exactly resembling them in form. Clifford described himself as a strong advocate of alloy coins for there was no "other means of extricating ourselves from our present very difficult and embarrassing situation".[84]

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82. Ibid., A.W. Nolan to Inspector Gen. of Police, memo, n.d. enc. in SSP to C.S.G., Lagos, 2 Nov. 1921.

83. CSO 1/32/78 112 of 6 Feb, 1925, Clifford to Amery. He was reacting to the alarming wave of counterfeiting at this time.

84. CSO 19/7 N2683/1919, Nigerian Council, 1919, p. 20: Governor's Address to the Council.

Both the colonial government and the WACB conceded that problems were certain to arise if the alloy coin was introduced while the silver coin was still in circulation. An official of the Board aptly described the situation: "The cheaper coins will no doubt, when in circulation, tend to drive out the dearer coins".[85] The WACB therefore resolved not to introduce the alloy coins until it had a sufficient stock of coins and could maintain regular supplies. As supply became commensurate with demand, issues of silver coin would be reduced and finally discontinued. But, the Lagos Chamber of Commerce opined that the simultanenous use of two coinages - silver and non-silver - was bound to aggravate the currency problems. The Chamber, therefore, suggested that silver coin should be withdrawn when the alloy was about to be introduced. Otherwise, "Paper Currency and two Coinages will result in three prices for Produce".[86] This position was endorsed by the banks and the Governor. In the final analysis, the alloy co-existed with and finally displaced the silver. For it was noted in 1925 that the "silver coins are now fast disappearing, without any apparent ill-effects".[87] By 30 June 1924, the alloy coin in circulation in West Africa amounted to £6,500,000.

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85. CSO 19/8 N1455/1920 "Proposed new alloy metal coinage...", A.A.L. Wickhart, Sec., WACB to Currency Officer, Lagos, 20 April, 1920.
86. Ibid., Telegram, Currency Officer to WACB 30 March, 1920.
87. NP, 1 May, 1925 Article by Leslie Couper, General Manager, BBWA and member, WACB, culled from Financial Times, 26 March 1925

The currency situation in Lagos and the hinterland in the post-war period was aptly summarised by the <u>Lagos Weekly Record</u> in its review of the "Money Market".[88] The paper contended that when the alloy came into circulation it was bound to exemplify the truth of Gresham's Law that "bad money drives out good money but that good money cannot drive out bad money". The paper then outlined the evolution of the currency system in Nigeria noting that initially there were British silver coins which were then joined by British West African coins (the palm tree brand). But, the British silver coins, even before their official withdrawal, were driven out of circulation by hoarding or melting. Then the West African paper currency was introduced and, since it was considered inferior to the "palm tree" silver coins, it caused the latter to appreciate in value. Consequently, the silver coins were driven out of circulation as attempts were made to get rid of currency notes and to hoard the silver coins. Now that nicked coins were being introduced, they would be considered better than the paper currency for being more convenient for circulation. There would then be the tendency to get rid of the paper money but as soon as they were withdrawn, the palm tree coins would appreciate in the esteem of the public and attempts would be made to get rid of the nickel coins. According to the <u>Record</u>, "Thus is the truth

88. <u>LWR</u>, 10 July, 1920.

of Gresham's Law abundantly verified by the circulation of Nigerian currency".[89]

This then was the state of affairs in Lagos and the hinterland - scarcity of coinage and a rising cost of living in an era of economic boom - when the world experienced a severe slump in the second half of 1920. The causes, course and consequences of this phenomenon are examined in the following section.

The Depression of 1920 - 22.

As sudden as it had begun, the post-war boom came to an abrupt end by the middle of 1920. A Lagos newspaper considered that it was "a temporary paralysis of trade". It opined that "a period of commercial boom, wherein the prices of commodities are being inflated out of proportion to their relative cost, must be succeeded, sooner or later, by a crash when prices begin to seek adjustments to their normal levels".[90]

It is noteworthy, however, that, as was the case during the World War and the post-war boom, the slump of 1920-22 in Lagos took its cue from developments in Europe. This was a logical consequence of a situation of dependence in an interdependent world. Like any other social phenomenon, the depression arose from an interplay of several factors, the great bulk of which were of metropolitan origins. An illuminating analysis of this occurrence

89. Ibid., For the study of the situation in a British Dominion, see, Angela Redish, "Why was Specie Scarce in Colonial Economies? An Analysis of the Canadian Currency, 1796-1830", J.E.H., XLIV, 3, Sept. 1984, pp. 713-728.
90. LWR, 10 July, 1920.

was provided in an editorial of the Record in 1921.[91]

The paper identified no less than nine reasons for the commercial crisis. The most fundamental was the attempt to make English produce markets the great distributing centres for the Continental markets in respect of palm produce. Hence, the British imposed an imperial tax of £2 per ton on kernels to ensure the diversion of kernels produced in the Empire to Britain. The aim was to make other European nations and even the United States of America buy only from British markets. Next, the paper highlighted the temptation to speculation and profiteering[92] which such a state of affairs was bound to generate. The English merchants were said to have resorted to "wriggling of the market", that is, supplying in driblets rather than deliverying in large tonnages so as to force up artificially the price of produce. This policy ignored another factor in the crisis - the impoverishment of Germany, Italy and France - which also produced another factor - violent fluctuations of the foreign exchanges due to the disorganized credit systems in those countries.[93]

Against this background, the Continental buyers could not afford to buy produce especially as there were no approved or permanent international instruments of credit for relieving their

91. LWR, 8 January, 1921.

92. It is ironical that a Parliamentary subcommittee reported that there was no sign of a monopoly in the Oils, Fats and Margarine trades, "for controlling sources of supply". See, CSO 19/8 N3768/1920, Cmd 982 Report on Oils, Fats and Margarine Trade, 1920, p. 5.

93. It was reported in 1920 that Germany had had to "pay £7 for every £1 worth of goods bought from British markets". LWR, 2 Oct., 1920.

financial distress. Yet, the maintenance of the consuming or purchasing power of these nations was crucial to the maintenance of the stability of world trade. The disadvantaged states then ceased placing orders "rather than be ground to death". This had a number of far-reaching consequences; the limitation of world consumption of raw materials and of manufactured products and the accumulation by British speculators of huge stocks of unsold produce, which had been heavily financed by the banks.

The banks then delivered the coup de grace by calling in their advances. This they did to obviate a repeat of the experience of their American counterparts in 1907. This caused a stampede in the Produce markets as enforced sales had to be made to meet the demands of the banks. Merchants sustained huge losses in the process, many becoming bankrupt. There was a sharp fall in prices and a consequent collapse of world markets.

Expectedly, the crisis in Europe had a resounding impact on the colonial economies. In Kano, in the distant hinterland of Lagos, the Resident reported that sequel to the slump in the "home" markets, "all buying ceased under instructions from England".[94] In Lagos, there was "an all-round stoppage" in the produce market. Few firms were reported to be doing anything at all and many were saddled with large stocks. It was felt that "when these are shipped

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94. CSO 26/1 03688 vol. I Annual General Report for 1920, para. 18.

the results will not be commensurate with the expenditure involved in handling".[95] The depression in the produce trade also affected the retail trade in Lagos. "The shops at the Marina", it was observed late in 1920, " are not doing one quarter of the business they are wont to do about this time of the year".[96] This was because the low produce prices had effectively reduced the purchasing power of those who could have patronized the shops. Indeed, a Lagos firm was reported to have had cotton goods worth over £220,000 which it could not dispose of even at highly reduced prices. Some firms were compelled to sell at "fifty or sixty per cent below cost merely to realise cash to meet the most pressing liabilities". There was thus the real fear that an undue prolongation of the slump would cause the collapse of some of even the older and well established firms in Lagos.[97]

The critical situation in Lagos was no better than that in the hinterland where producers had had to devise means of coping with the sudden calamity. However, it should be realized that the slump had a differential impact on the hinterland. Thus, the Resident, Ondo Province, in Eastern Yorubaland, reported early

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95. West Africa, 9 October, 1920

96. NP, 17 December, 1920.

97. LWR, 11 December, 1920.

in 1921 that "So far as Ekiti is concerned the slump is felt comparatively lightly... All the people are primarily food producers and depend more upon that for their means of livelihood than upon the sale of produce".[98] But, as will be shown below, the situation was different in areas where the people were deeply involved in production for export.

In such areas, reactions to the prevailing depression varied according to individuals and export crops. In certain areas, people still tended and harvested their palm trees but stockpiled the bulk of their produce in anticipation of better prices. Some others decided to sell in the Northern Nigerian markets rather than accept the low prices offered by exporters. In Epe Division, just east of Lagos, the low prices were accepted only if a debtor wanted to balance his account with his creditor.[99] In Ibadan and Ife, where high transport costs further compounded the problem, farmers were reported to have left their cocoa to rot on the trees as it was not profitable to process them for sale.[100]

98. CSO 20/9 NC 41/1921 "Reports as to the attitude of producers of Palm oil and Palm kernels with regard to the slump in the Produce Market", J.C. Wann to S.S.P., 25 Feb., 1921.

99. Ibid., J.H. Kirk, Ag. D.O., Epe to Resident Colony, 15 March, 1921.

100. Ibid., F.H. Rosedale, D.O. Ibadan, memo dated 17 March, 1921, enc. in Snr. Resident Oyo Prov. to S.S.P., Lagos 30 March, 1921.

On the whole, it was observed that there was "no despondency at all among the producers of cocoa or kernels for they know quite well that inflated prices of last year's cocoa at £70 a ton and kernels at £60 per ton could not last".[101] In the Ijebu Province, the producers were said to have been "singularly philosophical" about the sharp fall in their profits. A number of reasons were adduced for this attitude. First, they were aware that the profits of the few years previous were abnormal. Second, they could see that the "middleman" was getting little more than he paid them. Third, they were making reasonable profits by selling palm oil in the North. Fourth, they could see that the prices of every other commodity had fallen and, fifth, it was realized that even during the era of boom, the high prices were undermined by the heavy discounting of the currency notes.[102]

The palm oil trade with the North was a very profitable proposition. Thus, a kerosene tin of palm oil which cost 7/6 in Sagamu was purchased for 9/- by the "middleman" at the Ikenne waterside market. On getting to Ibadan the price had shot up to £1. Some of these enterprising traders then railed the oil

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101. Ibid., F.S. Purchas, D.O. Ibadan, to Resident, Oyo Province, 9 March, 1921.

102. Ibid., W. Buchanan Smith to SSP, 28 Feb., 1921.

to Jebba and places beyond where they were able to sell a tin of oil for 30/- or 90/- per hundredweight. This worked out at £90 per ton, a far cry from the £15 per ton (5/- per kerosene tin) which the European firms were offering.[103] The table below indicates the movement of prices at the Lagoon markets. It should be realized, however, that the producer only got from one half to two-thirds of what the "middleman" trader earned at the lagoon markets or at Ibadan.

TABLE 29

Prices ruling at the water-side markets

	Pre-war/ton	(1920) Last year's maximum	(1921) Present price
Kernels	£19*[Disputed]	£48	£8
Oil	£27	£68	£14
Cocoa	£40-45	£90	£16

SOURCE: W. Buchanan Smith, Ag. Resident, Ije Prof to SSP, 28 February, 1921 in CSO 20/9 NC 41/1921... *op. cit.*

While producers in the hinterland had elbow room for manoeuvre, Lagosians paid the price of overdependence on trade. For the depression deeply affected the economy and society of

103. NP, 18 March, 1921.

Lagos in their ramifications. The Pioneer observed that "The depression is not limited to any particular business but it is to be felt in every trade and profession".[104] It had noted that as Christmas approached, there were "unmistakable looks of anxious faces about". For the price of fish had "grown beyong(sic) the pockets of very many... Eggs are now one for three pence, a price our fathers would never have believed possible in their days".[105]

Business was generally bad and this was not confined to any class of traders - African, Levantine or European. However, the Africans were the earliest and heaviest casualties. Many of the nouveaux riches produced by the boom of 1919-20 simply disappeared. These "upstarts", according to the Pioneer - which had decried their emergence - "swam beyond their depths and are now at the mercy of the rude stream that swept them away, and must forever hide them".[106] Of the 362 African shippers in Lagos during the boom, 260 disappeared from the shipping list during the slump.[107]

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104. NP, 17 December, 1920.
105. NP, 3 December, 1920
106. NP, 4 November, 1921
107. The Nigerian Trade Statistical Abstract for 1920, para. 4 culled from West Africa, 29 October, 1921 by LWR, 19 November, 1921.

The critical situation was graphically described thus: "trade is tottering and profits to merchants are on the decline, so much so that at present there is nothing more than debt contracting".[108]

A number of merchants tried to stay afloat by reducing their prices. For instance, W.A. Dawodu, the pioneer motor magnate in Lagos,[109] reduced the price of the Dodge Brothers motor car from a pre-slump price of £480 to £375.[110] But, such desperate measures availed little, indeed they deepened the crisis. The grim situation was thus summarised by a newspaper correspondent: "Business could not be worse; that is not possible. Was there a large firm in Lagos who made money last year? I do not think so".[111] The African businessmen were hard-hit and they

> continually complain bitterly of the loss, not only of profit, but the disappearance of capital invested in business. The number of men and women traders who have left for the interior trade in order to accumulate a little fortune is great; many of them who have been trading in Kano and parts of Northern Nigeria within recent years have become bankrupt and stranded, and are just grateful for being able to pay their Railway fares to Lagos.[112]

However, the depression was not an unmitigated disaster. For one thing, the fall in the price offered for export produce

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108. NP, 13 May, 1921.
109. For short accounts of Dawodu, see A.G. Hopkins, "An Economic History of Lagos"... op. cit, pp. 370-72 and the pamphlet on the history of the Mabinuori Dawodu family. Copy obtained from Madam Tola Dawodu, Molete Ibadan.
110. See the advertisements in NP 14 Jan., 1921 and 20 Jan., 1922.
111. NP, 30 June 1922, "Random Jottings by Pillar Box".
112. NP, 28 July, 1922.

had the unintended effect of enhancing the development of an internal market for palm produce. First, we have shown how the palm oil trade with the Northern Provinces assumed unprecedented proportions. Second, a greater quantity was diverted to the local industries or eaten as food. In the Oyo Province, for instance, prices of palm kernels fell to a point that producers had better bargains by selling the commodity to the local manufacturers of soap, lamp-oil, hair oil and emollients.[113] These products had good patronage because of the high price of imported soap and kerosene. In the circumstance, soap-boilers and oil-makers were reported to be making profits as they bought cheap from the accumulated stocks that could not find an export market owing to the low prices.[114]

For another thing, the depression provided a solution to the seemingly intractable problem of currency scarcity. The general scarcity of currency forced many people to dip into their hoard of silver which now re-appeared in circulation. It was concluded by colonial officials that this "reappearance of quantities of silver indicates that they are already drawing on

113. CSO 20/9 NC 41/1921... op cit, Snr. Resident, Oyo Prov, to SSP, Lagos, 13 March, 1921.

114. Ibid., F.S. Purchas to Resident.... op. cit.

their reserves".[115] This was especially so in Kano where the following report was filed on the currency situation:

> Disastrous to trading ventures genuine or speculative, the slump nevertheless helped much to the solution of another problem - the stabilisation of the currency. The long hoarded silver, kept specially for groundnut purchase, and speculation in currency fluctuation, came rapidly into circulation or poured into the banks. The notes of all denominations returned to fair value and the new mixed metal coinage, coming just at the right moment, found ready acceptance at face value, and there is now no fear of its depreciating in the smallest degree.[116]

All said and done, two major conclusions emerged from the contemporary analysis of the depression and lessons that could be learnt from it.[117] One of these was the general acknowledgement that colonial fiscal policy particularly duties on exports greatly emburdened, and thus hampered the growth of, the trade of Nigeria. The other was that the quality of Nigerian, nay West African, produce had to be significantly enhanced if

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115. Ibid., Wann to SSP, 2 March, 1921.

116. CSO 26/1 03688 vol. I ... op cit, A.C.G. Hastings, Ag. Resident, Kano to SNP, 8 April, 1921, "Brief Notes on Matters of Interest in Kano, 1920", para. 19.

117. See, LWR, 8 and 22 January, 1921.

the produce were to be competitive in international markets. These conclusions have thus buttressed the discussion in the preceding chapter. In the meantime, we shall examine the trends of trade in Lagos between 1922 and 1928.

Fluctuations in Lagos Trade, 1922 - 28.

Undoubtedly, the period between 1922 and 1928 was one of fluctuations in the trade of Lagos and Nigeria. Initially, Lagos was in the grip of the Depression for it was noted that the middle of 1922 "witnessed the lowest point in the curve of post-war trade depression".[118] Some progress was made between 1922 and 1925 but there was a slight setback in 1926. A good indication of these trade trends was the instability in produce prices. As is indicated in the table below, prices fluctuated such that each year that recorded an increase such as 1925 and 1928 was succeeded by another of lower prices. It should be noted that produce prices in Nigeria took a cue from developments in the metropolitan markets. Thus, commenting on the prevailing prices, the report on trade for 1922 stated that the "prices offering at home (that is, Britain) allowed no margin for profit to the exporter; in fact, losses on shipments were quite

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118. <u>Nigerian Handbook</u>, 1927, p. 42.

common..."[119] The produce prices in Lagos between 1924 and 1929 are indicated below.

TABLE 30

Produce prices in Lagos, 1924 - 29.

	1924	1925	1926	1927	1928	To end of Sept. 1929
Kernels	£14.16.0	£15.1.6	£14.1.0	£14.5.8	£15.8.0	£13.8.0
Palm oil	£25.16.6	£26.1.0	£24.5.0	£22.9.0	£24.4.0	£23.13.0

SOURCE: NIGERIA - COLONIAL REPORTS, ANNUAL, REPORT FOR 1929, no. 1493, 1930, p. 12.

A clearer indication of fluctuations in Lagos trade is given by the export figures. Regardless of the fact that they mask fluctuations within the calendar year, they, at least, provide a guide to the trends in the trade of the port. A striking feature of the export trade of Lagos, as indicated in the table below, was its rich diversity and great magnitude. The port was superior to any other in Nigeria in these respects. This was largely on account of the population and natural resources in the hinterland tapped by the port. Thus, the Western Railway connected the port with such populous Provinces as Kano and Oyo - which were estimated to have had three and half and over one million inhabitants respectively in 1924 - and large settlements like Ibadan, Kano, Ogbomoso, Abeokuta, Ilorin, Osogbo and Iwo.[120]

119. CSO 1/32/69 78 of 18 Jan., 1923, Clifford to Devonshire, enc. Progress Report of Trade, Agriculture and Industry, p. 9.

120. Nigeria: Report on Trade - Annual Report on the Customs Dept., 1924, p. 4.

The export trade of Lagos thus gives "a general idea of the magnitude of trade in the western and northern parts of Nigeria which passes through the port".[121] The table below gives the value of the principal exports of Lagos between 1921 and 1928.

TABLE 31

Value of the principal exports of Lagos, 1921-26, 1928.

	1921 £	1922 £	1923 £	1924 £	1925 £	1926 £	1928 £
Palm Kernels	1,108,354	1,012,774	1,425,991	1,774,070	1,929,162	1,696,545	1,514,337
Palm Oil	135,639	378,103	489,753	610,171	712,051	678,083	452,532
Cocoa	422,725	861,254	903,311	969,319	1,357,578	1,252,846	2,237,757
Groundnuts	866,153	418,219	362,113	1,232,431	2,133,902	1,862,494	1,434,263
Cotton lint	346,152	242,709	365,505	723,569	752,396	1,137,145	336,944
Hides & Skins	262,624*	315,829*	552,093	556,617	655,052	608,626	945,560
Tin Ore	n.a	n.a	1,183,276	1,537,088	1,724,773	2,203,465	453,890

Note: *Untanned only.

SOURCES: Annual Reports on Trade and Customs, 1921 - 30

121. Nigeria: Report on Trade, 1925, p. 22

It is noteworthy, however, that volume did not always correlate with the value of trade in Lagos. For instance, Lagos exported 69,762 tons of kernels in 1922 as against 58,048 tons in 1921. Yet, the value of kernel exports in 1921 exceeded that of 1922 by well over £95,000. The obvious explanation for this seeming paradox is to be found in the produce prices and the fluctuations in the value of money. Nonetheless, an item-by-item analysis of the exports would not only confirm this postulate but would bring to the fore the role of other factors in the dynamics of trade.

Thus, the increase in the volume of kernel exports in 1922 over 1921 was attributed to the producer's decision to bring in his stocks for sale instead of holding them for a higher price.[122] As we have noted earlier, this was the producer's classic "perverse reaction to the market" - he increased output in the face of declining prices to maintain his level of income. On the contrary, a higher price for palm oil in 1922 as compared with 1921 is said to have encouraged the production of a larger crop. Thus, the palm oil export figure of 12,929 tons in 1922 almost tripled the 1921 figure of 4,352 tons.[123] Better prices were also

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122. Annual Report, Nigeria, 1922: Annual Report of the Customs Department for the year 1922, p. 16.

123. Ibid., p. 17.

identified as the reason for the increase in hides and skins exports in 1922. For instance, the f.o.b. price per 1b for raw hides in Kano increased from 11.7d in 1921 to 8.9d in 1922. This rise, which was noticeable from the middle of 1922, stimulated shipments for the rest of the year.[124]

On the contrary, groundnuts experienced a considerable decrease in the volume of exports in 1922 compared with 1921. The drop from 39,073 to 20,602 tons was almost 100%, the value of which was well over £400,000. This development could be ascribed first to the prices which the producers did not consider enough inducement to make them sell their crop.[125] Second, there was a partial failure of local food crops which necessitated a diversion of the nuts from the export to the local markets. In like manner, cotton lint exports dropped in 1922 mainly in consequence of unfavourable conditions but also because the local spinning and weaving industries made a heavier demand in many Northern Nigerian districts for cotton.

The trade of Lagos, and thus of Nigeria, improved in 1923

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124. *Ibid.*

125. *Ibid.*, p. 18. The local price in Kano varied between £10 and £15 in 1922 as against £14:10 and £15 in the previous year.

compared to 1922.[126] Indeed, the total value of the trade of Nigeria increased by £2 million. But, as in the previous years, produce prices fluctuated throughout the year. For instance, palm produce prices increased gradually up to April when they started declining until they reached the lowest figures of £20 per ton of palm oil and £10 per ton of kernels in August. The produce markets were severely depressed from July to September but from October to the end of the year there was a trade revival which took the prices of palm produce to £27 per ton of palm oil and £14-15 per ton of kernels. Consequently, total Nigerian kernel exports for 1923 (223,000 tons) exceeded the previous record figure for 1919 by 6,000 tons. In like manner, the palm oil export figure of 99,000 tons was, with the exception of the 1919 record figure of approximately 101,000 tons, the highest since 1900. On the contrary, cocoa remained depressed throughout the year. The severity of this depression was a factor in the decision to reduce the export duties on palm produce and groundnuts from 1 November, 1923.

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126. This paragraph draws upon CSO 1/32/72 171 of 28 Feb., 1924, Clifford to Thomas,, enc. Nigeria: Annual General Report, 1923: Annual Progress of Trade, Agric. and Industry, p. 11.

A much more palpable improvement in trade was manifest in 1924. In that year, the value of total Nigerian trade was £4 million in excess of the previous year's. The year was a boom one indeed for none of the principal agricultural exports of Lagos suffered a decline in volume and value. In fact, the increase in respect of groundnuts - 20,806 tons, valued at £362,113, in 1923 to 65,261 tons (£1,232,431) in 1924, was phenomenal. The Pioneer reported, albeit on a cautionary note, the "reckless buying of cocoa by certain persons engaged in the trade" towards the end of 1924.[127]

The steady improvement in the trade of Nigeria was carried over to 1925 when the value of the total trade of Nigeria including specie exceeded that of 1924 by £5,530,956 and that of 1923 by over £10 million.[128] Indeed, the year witnessed the establishment of fresh export records in all the staple commodities. Yet, as in previous years, prices fluctuated throughout the year. The range for palm oil was between £19 and £29 per ton;

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127. NP, 24 November, 1924.

128. The discussion in this paragraph is based on Report on Trade 1925, p. 9 and CSO 1/32/84 795 of 25 August, 1926, Thomson to Amery enc. Nigeria - Annual General Report for 1925..., p. 10,

for kernels, from £9 5/- to £16 10/- and for cocoa, from £18 to £32. Groundnuts, which recorded a 62% increase on Nigeria's exports in 1924, however, attracted relatively steady prices ranging from £12 to £14 per ton. It should be noted that the groundnut trade was very sensitive to price changes no matter the margin of the change. In this regard, it was reported that while the "difference between £25 and £21 per ton at Liverpool may not appear very serious,... a drop from £14... to £10 at Kano makes a great difference". Hence, purchases were said to have been "immediately curtailed" early in 1926 when prices fell by £4 against those ruling late in the previous year.

As is indicated in table 31 above, the trade of Lagos, and thus of Nigeria, suffered a setback in 1926. The total trade of Nigeria for the year which was valued at £30,573,000 represented a decrease of some £2½ million on 1925.[129] Ironically, prices were fairly steady in the year. Those for palm oil ranged from £22 to £28 per ton though the annual average was in the neighbourhood of £23:10 per ton. Yet, Nigerian exports of palm oil were approximately 113,000 tons lower than the figures for the previous two years. Palm kernel prices were also fairly steady, varying between

129. CSO 1/32/86 237 of 11 March, 1927, Thomson to Amery, enc. Nigeria - Annual General Report for 1926..., p. 11.

£13 and £15 per ton. Cocoa prices ranged from £30 per ton at the beginning of the year to £52 per ton in December. Prices for groundnuts were uniformly low, for, except for a brief rise to £14:10 in June, the average for the year was £11 per ton. Nevertheless, for the first time in the history of the groundnut export trade, exports of the crop exceeded those of palm oil. It was only cotton lint that recorded an excess over 1925 figures. The figure of 179,000 cwt was 46,000 higher than the record crop of 1925. This record was set in the face of such adverse circumstances as the bumper harvest of cotton all over the world (which reduced the market) and the consequent fall in price.

The general decline in the volume of exports in 1926, especially those that derived from Northern Nigeria, was ascribed to "unfavourable" climatic conditions.[130] With particular reference to cotton and groundnuts which needed late rains to blossom, it was reported that "Everywhere the rains ceased unusually early and in many places earlier than in any other year since the beginning of the century".[131]

The year 1927 recorded a slight improvement in the trade of Nigeria *vis-a-vis* 1926. However, the difference was only in the

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130. *Ibid.*, p. 12.
131. *Ibid.*

range of £2 million. Indeed, the situation in the first half of 1927 was far from satisfactory. This was because an extraordinarily big cotton crop in the United States in 1926 had forced down the world's prices for cotton, palm produce and groundnuts, a trend that spilled over to 1927.[132] However, as soon as it was clear that there would be a small American crop in 1927, prices were steadied and in August, 1927, they began to rise. This was another apt illustration of how external forces buffeted the dependent economy of Nigeria during this period. In this regard, it was noted that, "apart from occasional changes in sea freights, the local price (in Nigeria) follows the world price very consistently".[133]

The trade of Nigeria in 1928, the last year of the period under consideration, registered a slight improvement upon the preceding year. The value of Nigeria's total trade increased from £32,005,594 in 1927 to £33,870,458 in 1928.[134] The prices of exports were steady throughout the year on late 1927 levels except cocoa whose price fell £10 below that of the previous season which was, however, exceptionally high.[135] The acute food shortage in the North which assumed famine proportions in 1926

132. Nigeria: Colonial Annual Reports for 1927 no. 1384, 1928, p.10
133. Ibid.
134. Nigeria: Report on Trade, 1928, p. 8.
135. Nigeria: Colonial Annual Reports for 1928, no. 1435, 1929, p. 11.

affected the volume of cotton exports in particular. The low figure of 16,000 bales in 1927-28 was thus ascribed "partly to the low prices of 1926-27 and to the devotion of an exceptionally large area of land to the production of foodstuffs to make up the shortage of the 1926 (food) crop".[136]

A conclusion that could be drawn from this analysis of the dynamics of the export trade is that exports were sensitive to prices. Prices had a number of effects - they either discouraged producers from selling, resulting in lower export figures or they could induce him to increase production if they were attractive.[137] On the other hand, producers might increase output in response to low prices so as to maintain previous income levels. The tendency for prices to stimulate production was noted in 1927: "exports in the early part of the year were relatively less than those of corresponding periods in recent years; but immediately the price began to rise the export trade responded very promptly".[138]

The export trade was also responsive to other types of pressure. First, as we have noted, adverse weather conditions affected Northern Nigerian exports such as cotton and groundnuts. Second, the existence of an alternative market in the areas of

136. Ibid., p. 13.
137. In contrast, there was a decrease in acreage of cotton planted in consequence of a fall in price in 1925-26 over 1924-25. See, CSO 1/32/88 609 of 9 July 1927, Baddeley to Amery, enc. Nigeria-Annual Report on Agric. Dept., 1926.
138. Nigeria: Colonial Annual Reports, 1927, p. 11.

production reduced the volume of exports when prices offered by the exporting firms were deemed unremunerative. In that event, groundnuts could be eaten and cotton lint diverted to the local looms. In addition to the reaction to low prices, this tendency was also accentuated, especially in respect of groundnuts, by prolonged droughts or the failure of food crops. This latter factor is said to have contributed in large measure to the fall of over 36,000 tons in groundnut exports in 1926.[139] In like manner, the fall in the export of "American" cotton in Northern Nigeria from 37,000 bales in 1925-26 to 16,000 bales in 1926-27 was attributed partly to the weather and partly to an increase in local consumption and overland export to French territories owing to the low price that the exporters to Europe offered.[140]

On the whole, the export trade was the basis of the economy of Lagos and Nigeria. If for no other thing, it was a principal determinant of the volume of imports, because "the latter depended primarily on purchasing power earned in the export trade".[141] Nonetheless, the import trade was important in its own right. Indeed, the shortage of imports often had a severe effect on exports.[142]

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139. Ibid., p. 13
140. Ibid., p. 12
141. Hopkins, "An Economic History of Lagos..." op. cit., p.28
142. For details, see CSO 20/6 NC 31/18 "Shortage of imports - Effects on Native Produce".

Be that as it may, there was a major contrast between the export and import trade of Lagos and Nigeria. This was in respect of their composition. Whereas the export trade of Lagos, for instance, differed from that of Calabar since both tapped different hinterlands, there is a remarkable similarity in the composition of the import trade at all Nigerian ports. The range of Nigerian imports were aptly described as "manufactured articles of every imaginable kind".[143] It should be noted that non-European, non-manufactured items, such as kolanuts, featured in the list of Lagos imports.

The import trade does not, therefore, lend itself to a neat categorization or easy generalization as the export trade. Indeed, trade and customs reports do not isolate the import trade of individual Nigerian ports because of the unwieldy nature of the traffic. This was unlike the handling of the export trade. Nonetheless, the Blue Books categorized imports into four major classes: Food, Drink and Tobacco in class I; Raw materials and Articles mainly manufactured in Class II; Articles wholly or mainly manufactured in Class III and Miscellaneous and Unclassified in Class IV.

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143. Report on the Trade of Nigeria, 1927, p. 24.

The principal imports were textiles, tobacco, salt, motor spirit, cigarettes, kerosene, kolanuts and matches. The table below indicates the volume of the import trade in these items. The statistics are, however, Nigerian rather than those for the the port of Lagos which nonetheless handled the bulk of Nigeria's imports.

A chief characteristic of the import trade, to which allusion has been made, was the tendency for it to respond to the trend of the export trade, for the latter provided the purchasing power required to acquire imported goods. A rise in imports could then be taken as a fair indication of a revival in trade. Another feature of the trade was the tendency to overstocking which resulted from the failure to dispose of existing stocks before the arrival of fresh consignments. This distorted annual trade figures which then inaccurately reflected an "increase" in the magnitude of imports for a year that had experienced overstocking.

TABLE 32

The Principal merchandise imported into Nigeria, 1923 - 28

Item	Quantity	1923	1924	1925	1926	1927	1928
Cigarettes	Hundreds	1,652,635	1,856,234	2,588,174	2,862,251	3,148,737	3,456,519
Gin	imp. galls	200,233	309,668	469,614	500,423	549,166	506,528
Kolanuts	Centals	139,473	193,979	157,705	156,579	161,864	142,250
Matches	gross boxes	200,370	301,464	420,699	414,971	469,062	471,412
Motor Cars	No	310	637	878	1,315	1,869	2,215
Motorcycles	"	352	297	473	577	548	443
Rice	Cwt	115,406	148,478	208,271	195,101	184,873	186,390
Salt	No	800,735	1,026,679	1,005,050	990,475	1,113,591	1,066,149
Tobacco (unmfd)	lb	5,744,112	4,493,657	5,627,116	4,446,058	5,316,438	5,188,456
Lead Manufactures	lb	352,242	538,029	275,158	130,436	303,515	83,772
Gunpowder	lb	695,283	690,917	935,628	1,052,424	1,084,525	881,119
Fish (other than fresh.	Cwt	138,767	257,200	217,268	252,438	301,075	358,529
Cement	tons	31,591	31,343	33,428	48,608	60,138	77,779
Beads	lb	425,291	716,799	1,516,016	997,117	1,149,301	1,079,333
Ale, beer etc	imp. galls	274,262	439,730	545,362	736,475	1,043,306	1,126,256
Cotton piece goods	sq. yds.	52,534,789	55,655,958	76,850,409	n.a	100,639,658	119,983,108

SOURCES: Report on Trade, 1925, p. 22; The Nigerian Handbook, 1927, pp. 43-44 and The Nigerian Handbook, 1933, p. 39.

overstocking. Thus, the value of Nigerian purely commercial imports in 1927 exceeded that of the previous year by £880,000 because of overstocking.[144]

As could be deduced from the table above, the magnitude and composition of the import trade give a good indi ation of the pattern of consumption of foreign goods and the cultivation of new habits and tastes by Nigerians. The growing trade in cigarettes, for example, suggests a growth in the popularity of the smoking habit. It was observed in 1925 that "In food as in dress ... the Native is quick to adopt European ways".[145]

On the whole, the import trade, like its counterpart, was conditioned by certain factors. One of these was the incidence of taxation. For instance, it was noted in 1924 that the high rate of import duty on spirits redounded to the advantage of their close substitutes (light beer and wines) which attracted lower duties.[146] This meant that the latter were retailed at cheaper rates and thus enjoyed greater patronage. Similarly, the increase

144. Ibid., p. 10.
145. NP, 5 June, 1925.
146. Report on Trade, 1924, p. 5.

in the volume of the bead trade in 1924 compared to 1923 was attributed to the reduction in the duty charged on it.[147] In the same vein, kolanut imports fell in 1921 owing to the imposition of an export duty on the commodity in the Gold Coast.[148]

A second factor in the dynamics of the import trade was the trend of the export trade. In addition to the question of purchasing power, the requirements of the export trade often generated positive developments in the import trade. This could be illustrated with reference to the increase in the importation of bags and sacks in 1924 in response to the packaging needs of the export trade.[149]

Third, the development of transport facilities had a beneficial impact on the import trade. In this regard, the increase in the importation of food, drink and tobacco in 1925 was accounted for not only in terms of the general revival in trade but also of the rapidity with which the country was being "opened up". It was reported that " improved means of communication now make it possible for all classes of manufactured goods to reach the consumer at a moderate cost".[150]

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147. Ibid., p. 7
148. Nigeria: Annual Report Customs Dept., 1921, p. 7.
149. Report on Trade, 1924, p. 7.
150. Annual Reports, 1925: Report on Trade, 1925, p. 10.

Fourth, the prevailing economic conditions whether favourable or otherwise reflected on the import figures. Thus, the decline in the kolanut import figures during the post-war depression was explained partly in terms of the decreasing spending power of the consumers in the interior which was a reflection of the prevailing economic situation. This also affected the importation of unmanufactured tobacco and cigarettes in 1921.[151]

Fifth, the existence of local alternatives also affected the volume of certain imports. For instance, the Depression of 1920-22 and the consequent reduction of produce prices (and thus the purchasing power of the people) adversely affected the imports of kerosene and motorspirits whose prices tended to be prohibitive. Hence, it was reported that there was a general "recourse to vegetable oil as illuminants".[152] at the expense of the affected imports.

The direction of the trade of Nigeria (and thus of Lagos) aptly reflected the dependent economic relationship between the colony and the metropolis. For the bulk of Nigerian trade was conducted with the colonizing power. As is indicated below,

151. Annual Report, Customs Department, 1921, p.7
152. Ibid.

Great Britain was virtually unassailable in the import trade of Nigeria. Thus, in the decade between 1919 and 1928, she supplied an average of 75.5% of Nigerian imports. Nevertheless, Britain's powerful hold on this trade was challenged by her commercial rivals, especially Germany, which made inroads into the Nigerian market. Germany, in particular, consistently improved her fortunes from zero per cent in 1919 to over ten per cent in 1928. The United States, on the other hand, experienced fluctuating fortunes in that her share of the import trade fell from a high mark of 11.4% in 1919 to 6.2% in 1922 only to have risen to 8.5% in 1928.

TABLE 33

The direction of Nigerian trade, 1919 - 1928

	Imports			Exports		
	U.K.	Germany	U.S.A.	U.K.	Germany	U.S.A.
	%	%	%	%	%	%
1919	82.8	-	14.1	84.0	-	11.3
1920	82.0	0.2	11.8	91.3	0.1	3.5
1921	80.8	1.2	7.5	80.1	7.3	4.2
1922	80.0	3.7	6.2	75.6	5.7	8.7
1923	77.2	5.2	7.7	66.9	11.9	9.7
1924	69.1	7.5	7.6	60.1	20.3	5.6
1925	73.8	8.52	6.54	54.74	21.26	9.58
1926	69.64	8.89	7.75	55.86	22.77	7.7
1927	69.86	9.74	8.94	48.36	24.1	12.8
1928	69.82	10.28	8.56	43.54	23.0	12.4

SOURCES: The Nigerian Handbooks 1927, p. 43 and 1929, p. 40.

The export trade of Nigeria presented a strikingly different picture where British dominance was successfully challenged. Again, with the exception of 1922, Germany proved the most successful competitor to British commercial paramountcy during this period. Thus, from a low figure of 0.1% in 1920, her share of the export trade of Nigeria reached a peak of 24.1% in 1927. The U.S.A. also recorded similar successes but except for the double-digit figures in 1919, 1927 and 1928, her share was modest indeed. On the other hand, Britain rapidly lost commanding control of the export trade of Nigeria: her share plummeted from a peak of 91.3% in 1920 to a remarkably low figure of 43.54% in 1928. This spectacular fall could be ascribed to the relaxation of war-time controls in the post-war period. In particular, the abolition of the differential duty on kernels in 1922 (which has been discussed in the preceding chapter) led to a diversification of Nigeria's export markets.

While the foregoing discussion has dwelt on the respective share of Britain, Germany and the U.S.A., it should not be assumed that Nigeria's forelands were limited to these three countries. It is thus necessary to highlight the sources of Nigerian imports and the consumers of her principal exports.

In respect of imports, cigarettes, cotton piece goods and salt came chiefly from the U.K. while practically all the salt fish came from Germany and Norway. By the end of our period the fish trade was noted to be "a large and growing one".[153] The U.S.A. supplied kerosene, petroleum and unmanufactured tobacco while kolanuts and gin came from the Gold Coast and Holland respectively.

The same diversitifcation was demonstrated in the export trade. This is aptly illustrated by an analysis of the direction

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153. Nigeria: Colonial Annual Reports, 1927, p. 20.

of the export trade in 1927.[154] In that year, 50% of the palm oil exported from Nigeria went to the U.K., 25% to the U.S.A., 10% to Italy and the remainder to Germany, France and Belgium. Britain again took 50% of the palm kernels while 45% went to Germany. All of Nigeria's tin exports and over 95% of the cotton went to the U.K. France and the U.K. shared the hides and skins equally while roughly 25% of the total was shared by Germany, the U.S.A., Italy, Belgium and Holland. The U.S.A. took 30% of the cocoa while the U.K., Germany and Holland shared 60% of the trade. Germany had 60% of the groundnuts while 20% went to France. Britain took 1%, the balance going to Holland, Belgium, Italy and Spain.

Although the foregoing discussion tends to suggest a loosening of the grip which Britain had on Nigeria's foreign trade in the post-war decade, it should be realized that this was in relative rather than absolute terms. In view of her control of an average of 66% of the export trade and some 70% of the import trade during this period, Britain was still doing good business in Nigeria, the challenges of the Germans, the Americans and the French notwithstanding. There was no doubt as to her "ownership" of the colony. Nonetheless, the

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154. Ibid.

return of the Germans and the removal of war-time controls did much to restore some equilibrium in the direction of of Nigeria's foreign trade during this period. Such an equilibrium was not, however, attained in the social life of Lagos during this period. Indeed, as is discussed below, trade generated insalutary conditions in Lagos society in the post-war decade.

Trade and Lagos Society in the post-war decade.

Undoubtedly, the impact of trade on Lagos was most visible in the realm of a consistent increase in the population. For, as we have shown, the post-war boom made the city an irresistible attraction to hinterland dwellers. Hence, it was observed in 1921 that "Lagos has outgrown itself".[155] Such was the influx that the city was described in 1927 as the "dumping ground for all sorts and conditions... from everywhere even from the neighbouring Colony of Dahomey".[156] Nonetheless, procreation also contributed to the increase in the population as birth rates outstripped death rates. Thus, in 1920 there were 2498 recorded births as against 2120 deaths. In the next year, the respective figures were 2579 and 2159.[157] For whatever they are worth,

155. NP, 2 December, 1921.
156. NP, 24 June, 1927.
157. NP, 10 February, 1922.

the statistics indicate that procreation was a factor of importance in the growth of the population of Lagos. While we have discussed the adverse effects of the growing numbers on housing and food supply in the city, the health aspect of the question requires some elaboration . We shall, therefore, examine the related issues of overcrowding, sanitation, resettlement and land acquisition in post-war Lagos.

These were issues of great moment in Lagos during this period. Hence, the Lagos Community addressed a petition to the Governor on the "congestion of the town" which was described as "a very vital question" richly deserving "close attention". It was stated that "the consensus of Medical opinion (was) that were any plague or epidemic to break out in the Island of Lagos, the mortality-roll would be somewhat appalling". In this connection, the community pleaded with the Governor to reconsider the whole question of government acquisition of the Ikoyi Plains - "the natural outlet for expansion of the town" - so that the people could expand in that direction and decongest the town.[158]

But the Governor refused to share the Community's perception of the entire question. He contended that the

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158. The Address and the Governor's Reply are contained in NP, 24 March, 1922.

business life of Lagos was concentrated in an area far removed from Ikoyi, an area in which the people of Lagos had not bothered to establish even a market. On the contrary, the construction of wharves at Apapa and of the railway workshops between Iddo island and Yaba were stimulating the tendency on the part of Lagosians to expand in that direction - which was the direct opposite to that of Ikoyi. The Governor argued that the selection of Ikoyi for European settlement was "much less likely to restrict the natural expansion of Lagos than would have been the case if a site for this purpose had been chosen on the mainland". In any case, he held out the hope that, in spite of the European presence at Ikoyi, there would still be "ample space" for Africans who wished to settle in that part of the Island. He thus dismissed as "wholly imaginary" the charge that "the interests of the native population of Lagos have been wantonly sacrificed to those of its European inhabitants".

In the meantime, however, lack of suitable land for building purposes had forced the people to expand into the swampy areas of Elegbata, Alakoro, Anikantamo, Idumagbo, Oko-Awo and Sandgrouse. Although these areas had been reclaimed as part of Governor William Macgregor's sanitary measures for a better environment in Lagos, conditions were far from ideal. Indeed, Oko-Awo was a truly appalling case as it was said to be "lying below the Lagoon and very difficult to fill".[159] The insanitary condition in this area was lamented by the Pioneer in a leader ironically titled "Lagos, the Liverpool of West Africa" -

> The virility of the African is generally conceded, but no where has the ability to exist anywhere and anyhow apparently impervious to bad surroundings been demonstrated by our people than the denizens of this most unhealthy and pestiferous district... Such a place as Oko-Awo should not be allowed to continue in the middle of the Municipal Area of Lagos to the danger of lives in surrounding areas and the detriment of trade..[160]

In the final analysis, just as had been forewarned by representatives of the Lagos Community in 1922, there was an outbreak of plague in Lagos, a direct consequence of overcrowding in insanitary conditions. Predictably, the outbreak of the bubonic plague, which ravaged Lagos into the 1930s, started from Oko-Awo in 1924. Conditions for its outbreak - filth, overcrowding and a large population of rats-were sufficiently satisfied in Lagos of the times. The plague had a devastating effect on the community, claiming 318 lives in three months.[161] Over 60,000

159. NP, 29 Aug., 1924, Random Notes and News.
160. Ibid., Leader. Also, NP, 5 Sept., 1924, Ed.
161. NP, 21 Nov., 1924.

people were innoculated while Oko-Awo was evacuated.

Other steps were then taken by the government to rid the city of the menace.[162] These included physical destruotion of rats and the cleansing and disinfection of infected premises. It was reported that as many as 400 rats per day were brought to the offices of the Town Council up to November 21, 1914 after which date the figure dropped to 85 and then to 60 per day. This great reduction - in spite of an incentive of two pence for each rat killed - was attributed to a rumour that houses where infected rats were found would be disinfected. Government then endeavoured through the press to dispel the rumour.

The plague was most devastating in 1926 when there were 476 deaths out of 490 cases that were reported. There was a drop to 163 cases and 159 deaths in 1927 (up to December 22) while the respective figures rose to 514 and 504 in the next calendar year.[163] The incidence of the plague proved that the anti-plague measures designed by Sir Thornton, the officer in charge of the campaign had been largely ineffective. In an editorial on the plague, a Lagos newspaper lamented the failure of "Sir Thornton's theories" and called for an alternative.[164] It noted that

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162. William S. Clark (for Deputy Director of Sanitary Services) to Ed., NP, 5 Dec., 1924.
163. NP, 28 Dec., 1928
164. NP, 9 Nov., 1928.

"the Community ... are (sic) rightly becoming alarmed not so much at the loss of life and the considerable harm being done to trade and shipping, but at the sad prospect of the plague becoming endemic in the country!" The paper then called on the government to effect a compulsory evacuation of the slums of Lagos since it had the power under the Health Ordinance to do so. It nonetheless raised the issue of adequate compensation for the evacuees.

Meanwhile, while the plague took a heavy toll on life and trade in Lagos (because quarantine regulations affected shipping and maritime trade), it was not without some positive impact. This was in respect of the evacuation and resettlement of people in a more conducive living environment. As the Pioneer noted, "One of the good results of the Bubonic Plague ... is the energetic way the Government have (sic) taken to relieve the capital of Nigeria of its seething and overburdening population"- a move that was nonetheless criticised as "belated"[165]. This then leads us to a consideration of the development of the Yaba Housing Scheme and markets in Lagos.

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165. NP, 9 Jan., 1925.

The Lieutenant-Governor, Southern Provinces and Administrator of the Colony, had met with representatives of the Lagos Community on the issue of the Yaba Housing Scheme on 1 October, 1924.[166] He explained that the scheme was designed to provide the kind of accommodation that "would prevent a repetition of the over-crowding in Lagos, and at the same time provide an outlet for the dispossessed population". The estimated cost of the scheme, road-making, erection of huts, provision of water and electricity was stated to be between £200,000 and £220,000. The scheme was expected to cater for some 10,000 evacuees from Lagos Island. In order to obviate the technical and legal difficulties involved in the enterprise, the government decided to acquire the area under the provisions of the Public Lands Acquisition Ordinance, vest the land thus acquired in the Lagos Town Council and provide funds on loan with 5% interest per annum to the Council. The latter was to form a sinking fund of 1% per annum to cover the eventual repayment of the loan.

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166. The meeting was copiously reported in NP, 3 Oct., 1924. Our discussion is based upon this source.

The reaction of the Community to these proposals centred upon three crucial questions. The first was the desire of the evacuees to retain as far as possible their free-hold status. To this, the government expressed the hope that it would "as far as possible ... meet that desire". It was pointed out, however, that the colonial government could not sell land without the Secretary of State's approval - which was nonetheless expected to be granted. The second issue was the need for transport facilities between the new settlement and places of work on the Island. Government envisaged that a combination of a local train service and private transport service would solve the problem. Third, the Community called for sale of land on easy terms spread over a number of years. This issue was left for the Town Council - the eventual executing authority - to handle. The stage was thus set for the construction and occupation of the Yaba Housing Estate.

In addition to evacuating people from the worst areas on the Island and building a model estate at Yaba, the colonial government also embarked upon schemes of town planning and the improvement of sanitary conditions. Bye-laws were passed making provision for all new buildings to be rat-proof; for the inspection of canoes; the ridding of vessels of rats and the general destruction of rats on the Island.[167] Indeed, a special corps of European inspectors was raised for this purpose. The success of these efforts was, however, vitiated by the practice of dumping food waste and unsold vegetable produce down the drain by itinerant hawkers of foodstuffs. This gave a great boost to the multiplication of rats.

Against this background, it became clear that as "an anti-plague measure, the provision of suitable sanitary markets in Lagos is of paramount importance".[168] But this was a task that required a lot of money and time to accomplish because there were as many as 10,000 itinerant hawkers in the city. The situation was aptly summarised by A.W.S. Rumens, Secretary to the L.T.C. when he stated that "Lagos island is in fact one huge market... almost every street ... is used for the sale of food stuffs".[169] Plans were then made to have one large market at Yaba from which produce and foodstuffs would

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167. NP, 29 April 1927: "The Port of Lagos - A Town Planning Scheme", Culled from The Times, 18 March, 1927

168. CSO 26 06222 vol.I "Provision of Markets in Lagos", W. Allen, Snr. Sanitary Officer in charge of the Plague, to Sec. L.T.C., 23 Nov., 1926.

169. Ibid., Rumens to S.S.P., Lagos, 20 Jan., 1927.

be distributed to subsidiary markets.[170] Four of these markets were to be on Lagos Island for the sale of meat, market produce and foodstuffs generally. A market was also earmarked for Apapa in anticipation of its future needs. Markets were subsequently established at Yaba and Oyingbo. By January 1929, it was reported that several hundred temporary sheds had been erected at the Obada market, Yaba, by the stall-holders themselves at their own expense. No rent was charged on the sheds but 1/- per month was charged for the occupation of a plot.[171] On the whole, while market development was a positive, though an unintended, consequence of the Plague, it could hardly have been expected to provide a permanent solution to the problem of over-crowding, which still remains the bane of Lagos to this day.

In addition to its impact on the environment, trade also affected Lagos society in the area of youth education. The negative impact of trade on the educational career of the Lagos youth was observed in 1920 by a correspondent of <u>West Africa</u>.[172] "Educated Lagosians," he noted, "deplore

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170. <u>Ibid</u>., These plans were based on the recommendations of a Conference of principal government officials.
171. <u>Ibid</u>., Commissioner of Lands' answers to questions in the Legislative Council in respect of market construction
172. <u>West Africa</u>, no. 190 vol. IV Sept., 18, 1920, p. 1216.

the present tendency of young lads who choose to leave school with a smattering of education in the hope of being able to earn money for themselves as petty clerks in the employment of commercial firms". He blamed parents for exercising little or no supervision over the young men and predicted that "in a few years the labour market will be overflowing with a type of lad ill-fitted to earn a livelihood, and of little assistance to anybody, on account of poor education". He noted that once a boy could speak English fairly well, he was considered learned enough to secure a clerical job in some of the merchants' stores. The young men thus left school "in the third, fourth or fifth standard ill-fitted to compete with better-educated lads". The result was that

> in Lagos we have a whole army of young men who can only undertake clerical duties of a simple nature, and have little hope of improving their positions. Consequently, after a few years in an office, they drift to swell the already over-crowded ranks of produce buyers, or "contractors," while not a few are glad to eke out a living writing letters for illiterates.[173]

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173. Ibid.,

The local press was also sufficiently bothered by this unwholesome development. The Pioneer, for instance, expressed its misgivings as follows:

> It is painful to think that Lagos with all its advantages is so far behind other centres of education in Nigeria ... It is known that the Lagos youths are being generally and gradually supplanted in Government and Mercantile Offices. To find a good and capable clerk who is a Lagos boy or young man, is an exception. They are so deficient in general education that some firms have to import clerks from abroad. It is no exaggeration to say that there cannot now be found in Lagos a dozen capable shorthand clerks or typists who are able to give satisfaction. The fact is the boys' minds are too much distracted.[174]

As we have seen in an earlier discussion, many of the African businessmen who ventured into the export trade during the post-war boom were swept away by the subsequent depression. Undoubtedly, practically all the young adventurers who had abandoned their studies for business were early casualties of the crash of 1920-22. Hence, Lagos newspapers began to carry news of a "steady increase in the number of unemployed in this town" and "Our unemployment problem".[175] By 1929, it was still being lamented that the "education system" was turning out 'half-baked "school-men"' who became "learned letter writers, as Sir Hugh Clifford once remarked ..., for those more ignorant only than themselves".[176]

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174. NP, 6 Oct., 1922: Random Notes and News: "Lagos Far Behind".

175. See, for example, NP, 2 Feb., 1923, RN & N.

176. NP, 13 September, 1929.

One could thus see the paradox in the situation in Lagos during this period. On the one hand, the city was justifying its appelation as the "Liverpool" of West Africa on account of the magnitude of its maritime trade. On the other hand, as has been illustrated by the issues of insanitary living conditions, rising cost of living, the plague and the educational backwardness of her youth, there were social costs of trade in the city of Lagos. The commercial "prosperity" of the city should then be juxtaposed with these social costs for us to see Lagos as a giant with feet of clay. For, beneath all the glitter were squalor, disease and urban misery.

This was the situation in Lagos when the world economy fell into the grip of the Depression of 1929-34. This great event provides the starting point for the study of Lagos trade and society, from the onset of the Depression in 1929 to the outbreak of the Second World War in 1939, in the next chapter.

CHAPTER FIVE

GOVERNMENT, TRADE AND LAGOS SOCIETY 1929-38

The Dynamics of Maritime Trade in Lagos in the Pre-War Decade

As has been seen in the preceding chapter, the post-war boom was superseded by the slump of 1920-22 and fluctuations in trade up to 1928. However, as the situation in 1928 was not as grave as that in 1920-22, no one expected the severity of the adversity that befell Lagos trade in 1929. Indeed, a Lagos newspaper's preview of the year was optimistic that "disappointments...(would) be far and few" in 1929.[1] Such an expectation was let down heavily by the events that started unfolding in the last quarter of that year.

The world economy was shaken to its foundation by the Depression of 1929-34 which was signalled by the stock market crash in the United States of America in October, 1929. That this event, like the First World War, affected practically every part of the world underscored the high degree of interdependence of the constituent parts of the world economic system and the centrality of the U.S.A. in

1. <u>NP</u>, 4 Jan, 1929, editorial

that system. It should be noted, however, that the impact of the Depression varied in accordance with the extent of the dependence of the affected parts on the metropolitan economies.[2]

In Lagos, there had been a definite tendency towards a Depression even before the collapse of the New York Stock market. For, in September, the month before it occurred, the Lagos Daily News had observed that there was "very little money circulating on the Island of Lagos to-day (sic). It is very difficult to get money anywhere." Business in the port-city was reported to be "dull if not really dead; and stock is lying upon stock in every shop, and in every store in town".[3] A shopowner was quoted as saying: "We are selling 10s stuff for 3s and losing seven shillings on each piece. What else can we do? We must get cash in even at a heavy loss."[4] The situation was further aggravated as the Depression deepened in the early 1930s.

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2. The effect of the Depression on a dependent economy is studied in Kehinde Faluyi, "The Impact of the Depression of 1929-33 on the Nigerian Economy", J.B.S.S, vol. 4, No. 2, 1981, pp. 31-44

3. LDN, 6 Sept., 1929

4. LDN, 17 Sept., 1929

The Depression of the 1930s was reflected in the sharp fall in local produce priees. It was stated in 1930 that the prices had "never been so low for decades, even if ever".[5] The price of palm oil, for example, dropped from a peak of £23:10 in 1929 to £4:5 in 1934, a fall of some 600%. It should be emphasized, however, that there were price fluctuations within a month, a season or the calendar year. For instance, the price of cocoa in 1934 attained a peak of £17:8:9 in mid-February only to have dropped to £13:2:6 in April.[6]

The continuing fall in prices expectedly affected the volume and value of the trade of Lagos and Nigeria as producers reacted to the adversity in various ways. Thus, in reaction to the all-time low price of cocoa at the beginning of the 1930-31 season - £18:11:7 (Lagos) as against the maximum price of £29:16:3½ in 1929/30 - producers and "middlemen" simply held up their produce.[7] On the other hand, the low price of groundnuts did not seem to have deterred producers of the crop who placed new areas

5. <u>Nigeria: Report on Trade</u>, 1930, p. 7

6. CSO 1/32/120 313 of 12 April, 1934, Hemmant to Cunliffe-Lister.

7. <u>Nigeria: Report, 1930</u> no. 1528, 1931, p. 12

under cultivation.[8] Similarly, steady (even if low) prices for cotton induced increased production and export.[9]

While low prices seemed to have dampened the enthusiasm of oil palm producers, groundnut farmers defied all logic by producing at higher levels even when prices were as low as between £3 and £3:10 per ton in November, 1933. Although some traders were reported to have withheld stocks in anticipation of higher prices, it was stated that there was "no evidence that the low price is deterring farmers from selling".[10] Even when prices were as low as £2:15 per ton in Kano in December, 1933, it was noted that groundnuts were "coming in freely". By January 1934, groundnut prices fell to £2:5 and then to £2 per ton in February. Yet, the crop continued to be marketed. Not even the higher prices - £4 per ton at Magaria[11]- offered in French Niger were sufficient to capture the Lagos - bound groundnut trade in Kano. Rather, the bulk of the crop was marketed at the lower

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8. Ibid., p. 13

9. Ibid., p. 14

10. CSO 26/1 03109, "Nigerian Groundnuts", S.N.P. to C.S.G. 30 Nov., 1933.

11. Ibid., Paraphrase of cypher telegram from S.N.P. dated 27 Feb., 1934.

prices offered in Kano.[12]

The explanation for the increased production of groundnuts during this adverse period lay in the producers' desire to maintain their income levels to be able to pay tax and fulfill other social obligations. A colonial official expressed doubt as to whether "when the tax is completed farmers will be anxious to sell at present prices".[13] Thus, the colonial government derived two benefits from tax collection: the sustenance of public revenue and the inducement of increased production for export.

In the case of palm oil, low export prices while not actually boosting production did not depress it to any great extent. For, the producers could put their crop to personal use or dispose of it in the internal retail market. Local consumption of these kinds was held accountable for the slight decrease in palm oil exports in 1932.[14] Palm kernels, which did not have a large internal market, was more sensitive to prices. Thus, while there was a Nigerian record export of 309,061 tons in 1932 (when the price rose

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12. Some of the border villages, however, took their crop to Niger. The transborder smuggling is discussed in J.D. Collins, "The Clandestine Movement of Groundnuts across the Niger-Nigeria Boundary", C.J.A.S., vol. 10, no. 2 (1976), pp. 259-78.

13. CSO 26/1 03109... op. cit, S.N.P. to C.S.G., 29 Dec. 1933

14. Nigeria: Trade Report, 1932, p. 9

to £6:17 per ton as against £6:6:5 in 1931), there was a reduction by almost 50,000 tons when prices fell to £4:18 in 1933.[15]

In sum, while falling prices induced a "perverse reaction to the market" on the part of the producers (especially those of groundnuts), it is important to note that there were exceptions to such a mild reaction to the Depression. Apart from the diversion of crops to alternative (internal and trans-border) markets, the hold-up of produce represented a more militant reaction to the situation. Though this was not a general phenomenon, it is important to cite the instance of such a holdup: that of the Urhobo ("Sobo") settlers in the Okitipupa Division of the Ondo Province in 1934.[16]

The holdup which began in July 1934 - with a brief truce in November 1934 - persisted into the following year. It was later resumed in 1938. The Urhobo planters considered that the prices offered for palm produce (30/- per ton of palm oil and 50/- per ton of kernels) were too low a remuneration for their efforts. Even when prices improved slightly in September, 1934, they continued the

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15. Nigeria: Trade Report, 1933, p. 9

16. Details of the holdup are contained in IBMINAGRIC 10574 vols I-III: "Produce Boycott - Ondo, Warri and Benin Provinces, 1934-35".

holdup believing that it would fetch much higher prices. Indeed, they expected that the minimum price for their produce should be in the region of £7:10 per ton.[17]

In November, the holdup was eased as the ban on the harvest of palm fruits was lifted and oil was sold to the firms. The ostensible reason for this was the desire to earn sufficient cash to pay tax which the Urhobo had defaulted paying. During the same period, prices improved from £4:15 per ton of palm oil and £3 per ton of kernels in November to £5:15 and £4 respectively in December, 1934. By January, 1935, prices had risen to £6:10 per ton of hard oil, £8 for soft oil and £4:5 for kernels. Prices rose to £9:10:9d per ton of palm oil and £5:9:11 for kernels in April by which time the holdup had been called off.[18]

Although the cessation of the holdup coincided with a general return to prosperity in 1935, the Urhobo producers must have attributed the rise in prices to their protest. Hence, when the market situation worsened in 1938, they resorted to another holdup to buttress their

17. Ibid, vol. I, Resident, Warri to S.S.P, Enugu, 26 Sept 1934

18. Ibid, Resident Ondo Province to S.S.P., 23 Nov., 1934, 9 March and 30 April, 1935.

demand for remunerative prices. Even the Area Agent of the U.A.C. agreed that a producer with, say, two wives and three children would require five to six days to produce one tin of palm oil for which he would be offered a "Beach" price of a measly 11d.[19] A member of the Okpe Urhobo Welfare Union told the Resident, Warri Province that accepting such a low price amounted to doing "profitless work". This was especially unacceptable as a Lagos newspaper had just alluded to the huge profits being made by the U.A.C.![20]

The Urhobo of Ijebu Waterside were reported to have staged a sympathy strike with their compatriots in the OkitipupaDivision.[21] In Ijebu Ode, produce dealers boycotted the big firms - the U.A.C. and John Holt - which supported the "Pool". On the contrary, the Co-operative Wholesale Society and G.L. Gaiser and Co. were buying palm produce freely. The holdup in Okitipupa Division continued into 1939 when it was reported to be "solid". It finally ended in July, 1939 when the Urhobo resumed

19. Ibid, vol. II, Acting Resident, Warri Prov. to S.S.P., 23 July, 1938.

20. West African Pilot, 1 June, 1938.

21. IBMINAGRIC 10574 vol. II...op.cit, Ag. Res. Ijebu Prov. to S.S.P., 26 Aug., 1938.

trade in palm produce.[22]

On the whole, the boycott of trade by oil palm producers in the waterside districts of the Ondo and Ijebu Provinces in the 1930s was an exceptional response to the Depression. Farmers and traders, in general, continued to put their produce on the market to make the best of the situation. The result was that even in the midst of adversity, the export trade of Lagos was sustained and it even experienced occasional growth as is indicated in the table below.

TABLE 34

The value of the Principal Exports of Lagos during the Depression, 1929-34

	1929	1930	1931	1932	1933	1934
	Value £	Value £	Value £	Value £	Value £	Value £
Cocoa	2,129,090	1,617,501	974,731	1,295,253	982,380	1,122,457
Cotton	529,694	601,719	145,026	37,693	98,751	92,471
Ground-nuts	1,796,638	1,481,277	1,174,652	1,287,115	1,486,555	1,494,969
Hides & Skins	920,902	861,816	719,775	598,636	551,467	667,729
Palm Kernels	1,423,713	1,197,041	739,207	944,917	630,619	504,663
Palm Oil	374,657	424,634	142,115	84,867	78,619	24,295
Tin Ore	922,018	339,769	178,276	91,072	46,591	21,511

SOURCE: Nigeria: Trade Report, 1932, p.47.

22. Ibid., Vol. III, S.W.P. to C.S.G., 19 July, 1939

Trends in the import trade of Lagos during this period dovetailed closely with those in the export trade. But while the latter involved only seven principal items, the import trade encompassed a bewildering array of merchandise from practically all parts of the world. However, like Lagos exports, the imports were susceptible to the vagaries of international trade. For one thing, low produce prices translated to weak purchasing power on the part of the producers and this reflected directly on the volume of imports. Thus, in 1934, it was reported that produce prices "were so low that scarcely any surplus remained after costs of production were met and imported luxuries had to be left severely alone."[23]

Moreover, since money was scarce and the prices of imports were often high, the producers resorted to substituting imports with local equivalents. When this was done on a large scale it adversely affected certain lines of import. Thus, in 1933, there was a decrease in the consumption (and thus imports) of kerosene and candles

23. Nigeria: Annual Report 1934: Trade Report, p. 16.

owing to the increased use of palm oil as an illuminant.[24] Similarly, the fall in kola imports during this period derived from a corresponding increase in local production.[25] The fluctuating fortunes of the import trade of Lagos between 1929 and 1932 are reflected in the table below.

TABLE 35

The Volume of the Principal Imports of Lagos, 1929-32

	1929	1930	1931	1932
Ale, beer etc. (imp. galls)	482,490	403,454	289,768	174,265
Cigarettes (hundreds)	2,042,227	2,681,244	1,904,965	2,081,917
Cotton piece goods (sq. yds)	74,266,213	74,055,818	47,891,199	85,140,071
Fish(cwt.)	87,138	109,481	64,973	84,469
Kerosene (imp. galls)	2,731,075	2,832,879	1,908,202	1,158,806
Kolanuts (centals)	95,687	98,270	34,808	27,690
Motor Spirit (imp. galls)	2,473,271	5,216,937	2,949,416	3,086,193

SOURCE: Nigeria: Trade Report, 1932, p. 47.

24. Nigeria: Annual Reports, 1933: Trade Report, p.9

25. CSO 26 28306 vol.1: "Kolanut Trade", Comptroller of Customs to C.S.G. 23 Feb., 1933. Also extracts from Agricultural Dept. Annual Report, 1933 File 03775 in the same file.

The year 1935 was a turning point in the commercial fortunes of Nigeria. This was indicated by the rise in the prices of palm produce, an advance of 50% on those offered in 1934. There was a further improvement in 1936 - which was considered a "very prosperous" year - as higher prices were paid for produce. The trend continued till late in 1937 and the increase in the volume of trade for that calendar year was attributed largely to higher prices. This is confirmed by the fact that while the values of all the principal Nigerian exports rose, the volume of palm oil, kernel and cotton exports declined.

A downward trend in the fortunes of Lagos trade began late in 1937 and reached a peak in 1938. This period witnessed a fall in prices which accounted for the reduction in the volume of palm oil and groundnut exports in that year. On the whole, there was as much as over 50% fall in the produce prices in 1938 compared to 1937.[26] When the Second World War broke out in 1939, the trade of Lagos was in the doldrums. The post-Depression trends of trade at Lagos are reflected below.

26. A comparison of January and December prices in 1938 is in CSO 26/4 09512 vol. XI "Colony Annual Reports, 1936," 1938, para. 49.

TABLE 36

The Principal Exports of Lagos, 1935-38

	1935		1936		1937		1938	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
		£		£		£		£
Cocoa (tons)	76,371	1,377,972	68,303	1,727,408	86,999	3,077,512	85,082	1,364,606
Cotton Lint. (Cwt.)	125,437	369,510	114,709	327,689	93,918	316,491	79,096	176,027
Groundnuts (tons)	136,872	1,637,116	180,749	2,421,016	267,112	3,366,593	152,512	1,065,126
Hides & Skins (lbs.)	15,584,845	764,852	15,097,301	751,380	16,006,903	862,935	12,566,979	506,891
Palm kernels (tons)	122,564	924,986	151,261	1,515,901	111,778	1,218,033	100,468	668,125
Palm oil(tons)	13,123	162,426	18,731	254,335	9,290	146,832	735	7,121

SOURCE: Nigeria: Annual Reports: Reports on Trade, 1935-38.

The post-Depression import trade in Lagos followed the pattern outlined above in respect of the export trade. For instance, the great improvement in the export trade in 1936, which surpassed the levels attained in several previous years, was "immediately felt in the United Kingdom by the demand for manufactured goods of all kinds".[27] On the contrary, the fall in produce prices in 1938 adversely affected producers' purchasing power and "purchases /of imports/ were correspondingly restricted to the minimum".[28] Indeed, Lancashire's textile exports to West Africa fell from 178 million square yards in 1937 to 70.6 million in 1938.[29] Nigerian imports as a whole declined 30 to 70 per cent in value and from five to 25 per cent in quantity on 1937 figures. Details of the volume of Lagos imports are stated below.

27. CSO 26 09419 "Manchester Chamber of Commerce: Annual Reports etc. of the Africa Section", 45th Annual Report, 1936, p. 4.

28. *Ibid.*, 47th Annual Report, 1938, p. 4

29. *Ibid.*, p. 5.

TABLE 37

The Volume of Principal Imports to Lagos, 1935-38

	1935	1936	1937	1938
Tobacco, unmanf.(lb)	807,988	831,670	874,990	712,932
Cigarettes (hundreds)	1,667,762	2,165,843	2,943,676	2,442,342
Kerosene (imp. galls)	1,053,003	1,735,128	2,718,445	2,241,077
Motor spirit (imp. galls)	2,902,631	4,221,937	6,002,268	5,157,329
Spirits, gin (imp. galls)	48,392	69,097	99,501	39,228
Spirits, Whisky (imp. galls)	12,731	12,661	14,537	14,312

SOURCE: Reports on Trade, 1935-38

In terms of the direction of trade, the British Empire share was 54.78% in 1932, 60.06% in 1935 and 70.29% in 1938. Of these, the United Kingdom share was 52.53%, 55.69% and 66.38% respectively. As the U.K. and British Empire share of Nigerian trade rose during this period, that of "Foreign

Countries" fell proportionately. The percentages were 45.22 in 1932, 39.94 in 1935 and 29.71 in 1938.[30]

The foregoing has outlined the dynamics of the import and export trade of Lagos between 1929 and 1938. The first six years of this period was characterized by an acute worldwide trade depression which was superseded by a brief return to prosperity from 1935 to 1937. However, adversity set in again in 1938 and this was the state of affairs when the second World War broke out in 1939. In spite of the respite from the Depression from 1935 to 1937, the pre-war decade was certainly a period of enormous challenges to Government, Business and the Producer. The reactions of these interests to the fluctuating fortunes of Lagos trade are examined in the following section.

Government, "Business" and Maritime Trade in Lagos 1929 - 38

The suddenness and severity of the Depression of 1929 - 34 placed Nigeria's colonial government in a difficult situation for low produce prices had serious implications

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30. Nigeria: Report on Trade, 1938, p. 23

the crisis.[32]

The N.N.D.P. insisted that "the big Merger or Trust" - the U.A.C. - and its "ingress... into the District Markets" had been the fundamental cause of the trade depression. For, according to the party, as many as 28,000 "Native traders" had been displaced by the European firms as they penetrated the hinterland.

In a detailed reply to the N.N.D.P. the Governor contended that the Depression was not an event of local derivation. He explained that the trade depression in Lagos and the hinterland was a mere reflection of global developments. On the expansion of the European firms into the hinterland he considered that it was good for the country if it would eliminate "middlemen". For, to "increase the number of middlemen", he argued, "is to encourage the trader to overtrade on borrowed capital and can result in nothing but harm to everyone concerned". While acknowledging that trusts could be harmful in certain circumstances especially where they monopolised trade, he denied that there was evidence to show that such a monopoly existed

32. The N.N.D.P. memorandum and government's detailed reply are contained in H.M.P. Box 33, "Economics: Documents on Economic Activities" File 7: "Activities of the N.N.D.P..." and Comcol 1 894 vol. 1, "Unemployment in Lagos".

in Nigeria or that the "powers" possessed by the U.A.C. had been "improperly exercised". In any case, he believed that a trust ensured "the stabilisation of prices", encouraged "more scientific methods of production" and eased trade by coming to the doorsteps of the producer.

On Nigeria and the Depression, the Governor-General explained that the palm produce trade was feeling the effect of the competition from Java and Sumatra while the increase in the exports of cotton, cocoa, groundnuts and tin had resulted in a glut and a steady fall in the world market prices. He attributed the decline in the trade of Lagos principally to the "opening up" of the country at large as firms expanded into the hinterland in response to the stiff competition in Lagos and Districts, the decision of the Shipping Companies to provide lighterage facilities at Epe, Ejinrin and Badagry where produce was captured before it got to Lagos, and the plague and the accompanying quarantine regulations which frightened traders away from the port.

From a global perspective, the Governor explained the Depression in terms of a steady decline in the prices of raw materials in the previous twelve months "due wholly to circumstances over which we, in Nigeria, have little or no control." In addition to the collapse of the American stock market, Britain, the colonial power, had been compelled by its financial obligations - payment of War debts on munitions - to ask for high prices for its products. "Foreign countries" with cheaper labour consequently undersold Britain in the overseas markets. In that event, it was not surprising, the Governor pointed out, that, "depending as it does on the purchasing power of Great Britain, the trade of Nigeria should be affected adversely". This was an acknowledgement of the price being paid by colonial dependencies such as Nigeria.

In the final analysis, the meeting between the Governor of Nigeria and the N.N.D.P. failed to reach a consensus on any issue. This was because the colonial government pitched its camp with expatriate business interests at the expense of those of the colonial subjects. It was in such a milieu that there arose a spirit of African economic nationalism as represented by the formation of banks and credit institutions with the avowed aim of supplying the capital which African businessmen needed to offer an effective challenge to the combine.[33] This was the context within which the

33. This is studied in A.G. Hopkins, "Economic aspects of political movements in Nigeria and the Gold Goast, 1918 - 1939", J.A.H., 7 (1966), pp. 133-52.

ill-fated Industrial and Commercial Bank Limited, a brainchild of W. Tete-Ansa, was established. The enterprise had the spirited support of the N.N.D.P., its mouthpiece, the Lagos Daily News, and stalwarts like Herbert Macaulay and Tete-Ansa. It failed, however, to justify the aspirations of its founders and supporters as it collapsed in 1930.[34]

In the meantime, as prices plummeted and the business outlook worsened, the expatriate firms began to prune down their organizations in Lagos and the hinterland. As they retrenched their staff they compounded the socio-economic problems of Lagos in the 1930s. It was, therefore, fashionable to attribute the economic woes of the period to the merger of firms. Even the conservative Nigerian Pioneer in an editorial titled "The Menace of Mergers" contended that the people were "suffering from these amalgamations, so many clerks have joined the increasing number of unemployed - the farmers are complaining of low prices offered for their products..." In consequence, farmers had to lay

34. Hostile and uncomplimentary views of the enterprise were expressed in the Nigerian Pioneer, 12 Dec. 1930 and 11 Sept., 1931.

off their labourers while some plantations were overgrown with weeds.[25]

The big European firms vehemently denied charges that they had been instrumental in the outbreak of the Depression. Their views were represented in a confidential circular sent to the Nigerian agents of John Holt and Company (Liverpool) Limited by its Manager, W.S. Rawlings.[36] He described as a " complete fallacy" the allegation that the margarine Combines had caused the "trouble of the Nigerian oilseeds producer". He pointed out that it was not in the interests of the Combine to let such a state of affairs persist if they had the power to remedy it. For, as margarine producers, it was in their interest to sell as much margarine as they could "profitably market". What really caused the problem, he explained, was the butter glut which was outside their control but which required that margarine must be produced to sell competitively. This was why the margarine combine could not afford to pay high prices for raw materials.

Since the firms sought to absolve themselves from blame, they naturally turned to Government for solution or recrimination. Government intervention during such crises was taken

35. NP, 12 Sept. 1930

36. CSO 26/1 03109 vol. IV " Nigerian Groundnuts", enc. in Ag. S.N.P. to C.S. G., 12 June 1934.

for granted bedause, as chapter three has demonstrated, both had common interests. W.S. Rawlings of John Holt aptly described the situation: "We shard with the Political Officers their grave disquiet and disappointment (with the on-going Depression) for <u>our interests in this matter are theirs also</u>".[37] (emphasis added) Consequently, merchants in the different trade lines asked for concessions to cushion the impact of the Depression.

First, there were requests for tariff concessions to reduce marketing costs so as to increase the margin for producer's prices. In this regard, groundnut interests in Kano and Lagos requested for a reduction in rail freight which was said to be "the most expensive" item on the list of marketing charges. For it constituted 50, 55.8, 60.3, 59.2 and 61.5 per cent of total costs in each of the respective seasons from 1928/29 to 1932/33. To drive home the point, it was pointed out that while in August 1929, the farmer was obtaining twice as much as the Railway for a ton of groundnuts, by May, 1933, he was getting less than the Railway for the same quantity![38]

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37. Ibid.

38. CSO 26/1 03109 "Nigerian Groundnuts", Georges Calil to Resident, Kano, 5 May, 1933.

The Railway authorities were, expectedly, unwilling to consider a freight reduction because of the implications of such a measure for government and railway revenue.[39] Despite further appeals by the Kano Chamber of Commerce, the officials stood their ground. The acting Resident, Kano, stated that he was not fully convinced of the necessity for a reduction of freight. If the Combine did not buy he was sure the Independents would. The strongest factor in support of a reduction, he admitted, was that without it the producer would suffer and, by extension, the public revenue. However, he condemned the firms' "philanthropical attitude of pitying the poor producer". For, they were merely "trying to jockey Government into such action as they desire".[40] In the final analysis, the colonial authorities in Lagos refused to concede any reduction in railway freights on account of the implications for the public revenue.[41]

The merchants involved in the groundnut export trade were, however, undeterred. For, they continued to press for government assistance to alleviate the problems caused

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39. Ibid., G.M.R. to C.S.G. 10 Aug., 1933
40. Ibid., Confid. Ag. Resident Kano to S.N.P., 26 Sept., 1933
41. Ibid., Burns to Ferris George, Lagos, 16 Oct., 1933

by falling prices. The call for official intervention was hinged upon the international economic situation particularly the abundance of competing oilseeds which had made the marketing of the Nigerian groundnut crop "a very difficult proposition". The Kano Chamber of Commerce pleaded that government should obviate the great disadvantage suffered by Nigerian groundnuts by virtue of the costly haul several hundred miles to the coast by reducing railway freights.[42]

Compared to Indian Coromandels, Nigerian groundnuts were indeed dearer to market in Liverpool. While it cost £3:18:11 per ton to land Coromandels in England, Nigerian groundnut marketing costs were £6:13:2 in 1933 and £6:6:11 in 1934.[43] Whereas Nigerian groundnuts had a longer railway haul and shorter sea haul, the reverse was the case with Coromandels. However, having regard to the implications for the revenue of rail freight reduction, the Railway authorities advised the groundnut merchants to secure concessions from the shipping companies.

42. CSO 26/1 03109 vol. IV op. cit., Chamber of Commerce, Kano to C.S.G. 25 May, 1934.

43. Ibid., G.M.R. to Ag. C.S.G. 7 June, 1934.

The cotton lobby was, expectedly, luckier in its dealings with the government considering the Imperial significance of the crop. The B.C.G.A., Messrs Ollivants Holt and Tangalakis contended that they would not be able to export cotton unless railway and ocean freight were "consistently reduced."[44] This plea coupled with the shipping company's grant of a reduction of ocean freights for the season induced the railway authorities to recommend a reduction of freight on cotton to 45/-, 3s 6d lower than the reduced rate for 1927. This was accordingly approved by the colonial government in Lagos.[45]

This concession seemed to have whetted rather than satiate the appetite of the B.C.G.A. as it made further demands for reductions in rail freights. Thus, the Association submitted another request for reduction in December of that year following a precipitous fall in the "home" prices of cotton. The body admitted that it was time for cotton to "take its place with other products without artificial bolstering" but pleaded that the industry

44. CSO 26 50525 vol. II "Transport Charges on Cotton seed and Lint", G.M.R. to C.S.G. 3 March, 1930

45. Ibid., Ag. C.S.G. to G.M.R., 5 March, 1930

needed to be saved from imminent collapse.[46] As was the case on previous occasions, the railway authorities and the colonial government granted the cotton industry further transport subsidy by way of reduced freights. The difference between the old and new rates was 20/- to 25/- per ton.[47]

As the Depressssion deepened and prices fell, it was considered necessary to reduce rail freights on cotton, first to 40/- per ton, then to 30/- in March 1935.[48] In the Southern Provinces, special rates were offered to make the railway compete effectively with road transportation which was less costly. Hense, rail freight rates were reduced from 20/- to 15/- per ton in 1935[49] to match the average Road rate for cotton. Furthermore, the incentive of free rail transport of cotton seed was granted to aid Native Administrations in their efforts to propagate cotton cultivation.

The oil palm industry was not as lucky as cotton as it had to contend with two formidable competitors - products

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46. Ibid., D. Adams, Manager B.C.G.A., N. Provs. to G.M.R., 1 Dec., 1930

47. Ibid., Ag. C.S.G. to G.M.R. 5 Jan. 1931; Ag. G.M.R. to C.S.G., 7 Jan., 1931.

48. Ibid., Ag. C.S.G. to G.M.R. 14 March, 1935

49 CSO 26 50525 vol. III "Transport Charges...", G.M.R. to C.S.G., 15 April, 1935.

of the Indonesian oil palm industry and Whale oil - over which the colonial government had practically no control. By 1933, whale oil had become a serious threat to West African oilseeds and this issue provoked a lively controversy in the mid-1930s.

In a letter to the editor of the Manchester Guardian, a commentator supplied figures to show that there was a steady decline in British imports of West African palm oil whereas there was an impressive increase in whale oil imports to Britain.[50] He also contended that the unlimited production of whale oil had had the effect of causing a severe depression of the prices of all oils and fats and especially those of West African palm produce between 1931 and 1933.

Against this background, the anonymous contributor opined that transport charges and export duties made West African palm produce less competitive. The situation was further compounded by the "unrestricted competition" of whale oil which, if unchecked, was certain to lead to the complete collapse of the trade of West Africa. He pointed

50. CSO 26 28659 "Whale oil competition with the West African Oil Palm Industry", Subenc. to enc. in Desp. 351 of 8 July, 1933, C.E. Cookson, Ag. Gov. S. Leone to Cunliffe-Lister, 28 June, 1933: Letter to Ed., 15 May, 1933.

out that such an occurrence would be disastrous for British manufactures especially cotton goods. He then drew attention to and lauded American and German efforts to counter the "disturbing influence" of whale oil on their home products. The U.S.A. had imposed a prohibitive duty on it while Germany had restricted its importation. Britain was enjoined to take similar steps in defence of the West African oil palm industry.

Ironically, shortly after the alarm was sounded in the Manchester Guardian, Britain entered into a trade pact with Norway which imposed an *ad valorem* duty of 10 per cent on Norwegian whale oil - the same as levied on other foreign whale oil - with provision for a future free entry of Norwegian whale oil. This development was decried by the Sierra Leone Chamber of Commerce which considered it inimical to the interests of West African palm produce. It, therefore, called for the retention of the 10 per cent duty and a general review of the agreement with Norway.[51]

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51. *Ibid.*, enc. in Desp. 351 of 8 July 1933, C.J. Kempson, Sec., S.L.C.C. to Col. Sec., Freetown, 28 June, 1938.

In its reaction to calls for effective British action, the Colonial Office pointed out that matters were more complex than they seemed.[52] In the first instance, there had to be the exhaustion of Whaling through ruthless exploitation, restriction of catch by regulations or prevention of a glut (as in 1930-31) by joint action on the part of the producers, for oil palm exports to attain previous levels. In any case, whale oil was not all that a foreign product since Britain herself had a substantial share of world production - 33½% in 1925, 41% in 1930-31; 85% in 1931-32 and 52% in 1932-33. Moreover, over four-fifths of the ships engaged in whaling were British-built. By extension, annual extensive repairs of these vessels, which operated in and were buffeted by extreme weather conditions, gave valuable work to British shipyards. In effect, Britain had equally vital interests in West African palm produce and whale oil. In each case it controlled some 50 per cent of world production but its share in production greatly exceeded Empire consumption of the commodity. It was thus difficult to assist one at the expense of the other.

52. Ibid., G.L.M. Clauson, Colonial Office, to Cameron, 22 June, 1933.

In this regard, recourse to tariff action was bound to boomerang since the prices of these commodities were determined by the dynamics of international trade: Britain was neither the only nor even the largest consumer. If a prohibitive duty was imposed on whale oil entering the United Kingdom, it would simply divert it to other markets where it would dislodge other oils and oilseeds.[53] The dilemma faced by Britain is indicated in the table below which shows that there was a steady decline in the U.K. imports of palm produce whereas there was a proportionate rise in whale oil imports between 1927 and 1931.

TABLE 38

British Imports of Whale Oil and Palm Produce, 1927-31

YEAR	PALM KERNELS		PALM OIL		WHALE OIL	
	Tons	£	Tons	£	Tons	£
1927	183,740	3,600,551	57,619	1,911,817	52,207	1,637,475
1928	164,245	3,259,453	51,951	1,791,019	58,523	1,959,721
1929	152,012	2,854,927	59,775	2,032,730	67,539	2,211,976
1930	125,841	1,826,138	50,110	1,420,467	82,493	2,282,985
1931	123,575	1,280,390	48,742	898,688	110,680	2,621,125

SOURCE: CSO 26 28659 "Whale oil..." op. cit., p. 31.

53. Ibid., Memo on Parliamentary Ques. No. 72(Oral) for 16 May, 1933 by Mr. Robinson, prepared by G.L.M. Clausen, 10 May, 1933.

As the Imperial government declined to act in defence of the West African oil palm industry, Governor Cameron of Nigeria suggested that since the preference of foreign whale oil in U.K. markets contributed to further impoverishing the "poor producers", they "should not be debarred from buying cheaper imports offered by non-British traders."[54] But, in a comprehensive analysis of the question from the Imperial perspective, the Secretary of State pointed out that there was a great interdependence of the prices of oils and oil-producing substances. Hence, one could talk of a single world market for all of them. In that case, he contended that tariff action could only benefit the producers of a particular commodity if it could create conditions within a national market which enabled the commodity to be sold there at a price higher than the world price.

In summary, in so far as whale oil competition was concerned, the British government was unprepared to intervene on the side of the oil palm producers. In this kind of situation where Imperial and colonial interests clashed, the former prevailed. There was thus no question of Britain cutting her whale oil production or importation to ensure greater importation of West African produce.

54 Ibid., Cameron to Cunliffe-Lister, Confid., 20 July, 1933

However, if whale oil threatened oil palm exports to Britain, the oil palm industry in Nigeria faced an equally potent threat on the world market in the product of the oil palm plantations of Southeast Asia - the "Eastern Menace."

Ironically, the oil palm industry in the Dutch East Indies and Malaya was developed with seed introduced from West Africa. This seed - the DELI variety - then underwent special selection and breeding to increase acreage yields and the ratio between oil and seed.[55] Hence, Sumatra with only 170,000 acres exported more oil in 1935 than Nigeria which, thirty years before, had an estimated 16 million trees.[56] The disparity between British West African and Far East oil palm exports is shown below:

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55. CSO 26/3 29777 vol. II "Conditions of world trade in Palm Products...", "Report of a discussion... (on) African and Malayan Oil Palm Industries", 24 Sept., 1936.

56. Ibid., Lord Trenchard's memo dated 5 Nov., 1936 enc. in Ormsby-Gore to O.A.G. Nigeria, 24 Nov., 1936.

TABLE 39

Comparison of African and Far East Palm Produce Exports 1929-35

YEAR	PALM OIL EXPORTS: B. WEST AFRICA	FR. W. AFRICA	BELGIAN CONGO	TOTAL	MALAYA	SUMATRA	PALM KERNEL EXPORTS: B. W. AFRICA	FR. WEST AFRICA	BELGIAN CONGO	TOTAL	MALAYA
1929	137,699	33,516	27,768	198,893	2,500	31,960	-	-	-	-	266
1930	139,453	38,370	36,670	214,493	3,253	48,552	-	-	-	-	486
1931	119,857	28,103	22,595	170,555	5,136	62,260	313,463	109,550	47,065	470,078	726
1932	118,970	22,595	39,332	180,897	7,905	83,484	393,642	123,918	57,975	575,535	1,248
1933	130,332	22,269	51,628	204,220	12,100	114,348	327,656	163,900		491,556	2,107
1934	115,062	26,259	44,332	185,653	15,851	119,271	362,022	181,445		543,467	3,195
1935	145,921	87,660	-	233,581	24,598	143,200	397,900	-		-	3,892
MEAN	129,420			198,349						520,159	

SOURCE: Compiled from CSO 26/3 29777 vol. II, "Report of a discussion..."

It should be noted, however, that the export figures did not really reflect the actual volume of production in West Africa. For, palm oil was a necessary component of the people's diet. This meant that exports were what remained after local consumption needs had been met. On the contrary, except for a small quantity of oil used locally in manufacturing soap, Malayan exports were practically equivalent to production.

The stark reality of the threat posed to the Nigerian oil palm industry by the oil of higher quality from the Far East generated debate in Government and Business circles in Britain and West Africa. Thus, A.W.A.M. drew attention to indices of superiority of the Far East oil palm industry: average heads of fruit per tree there were 12 to 30 as against three in West Africa and the F.F.A. content was a mere 4% as opposed to 12 - 40% for West African oil. Consequently, the Association enjoined the Nigerian Government to initiate a comprehensive long-term policy designed to ensure the improvement in West African palm produce to enable them compete on equal terms with their Far East counterparts. Two issues were identified for immediate action: first, the establishment of the systematic cultivation of the oil palm and a scientific and up-to-date processing of the fruit and, second, the protection of Nigeria's position during the transition period.[57]

AWAM recommended the use of model plantations to instruct the peasant producers in "superior" methods of production. The Association stressed that "the final solution of the past problem" lay in the hands of the peasant producers. On the question of processing, the body called for "another and more effective effort... to provide for up-to-date milling of palm fruit". On a final note, AWAM contended that if the same attention devoted to cotton and mixed farming in Northern Nigeria had been given to the oil palm, the crisis facing the industry would have been averted. It hinted that the colonial government, especially the Department of Agriculture, had contributed to underdeveloping the oil palm industry through acts of omission or commission.

But, the Department of Agriculture argued that it had done its best to "develop" the industry by striving to increase production of fruit and prevent waste of oil by adopting an improved method of extraction which combined the local soft oil method and the use of a press. With regard to increasing the production of fruit, government policy was stated to be:

57. CSO 26/3 29777 vol. 1 "Conditions of World trade in Palm Products...", AWAM to Bourdillon, Lagos, 14 June, 1936

> treating the oil palm as a crop... doing everything... to induce the farmer to make plantations of oil palms grown from selected seed... to give these plantations proper attention... (and also) demonstrating methods by which wild palm groves can be economically developed into plantations.[58]

On the whole, government policy explicitly rejected suggestions that plantations should be established on the Far East model. This had been the policy from the beginning of the century.[59] It nevertheless supported the establishment of model plantations. Hence, approval was granted in 1930 to the U.A.C. to establish an oil palm plantation of 5,000 acres near Sapele.

Government was, however, more forthcoming on the issue of palm oil processing. Having found the system of central factories unworkable, it promoted the use of hand presses which were considered a "satisfactory and complete alternative to the system of central factories".[60] The latter system was unacceptable because it required some form of government subsidy and government was wary of the prospect of coercing the producer through the Native Administration or by any other means to sell his fruit at a particular mill or at a price which was unacceptable to him.

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58. Ibid., Poynter, Agric. Dept., Ibadan, to C.S.G. 26 Aug.,1936.

59. See, R.K. Udoh, "Sixty Years of Plantation Agriculture in Southern Nigeria", Economic Geography, 41 (Oct. 1965), pp. 356-68

60. cso 26/3 29777 vol. I op. cit., G.C. Whiteley, Ag. C.S.G. to AWAM, 3 Oct., 1936.

Attempts had been made to introduce the hand press since 1922 when various types of presses were tested to determine the one best suited to the Nigerian oil palm industry. The main types of presses which were tested were the Duchscher, Culley, Crichton, Massa, Ibadan Lever and the Pioneer.[61] The choice of the most appropriate press was a difficult task because the ideal press had to meet with the requirements of the local producer. First, it needed to be more efficient than the local method of extraction, second, its initial cost had to be low. Third, it must be simple in design and easy to operate. Fourth, the press must be of a large capacity. Fifth, it had to be durable and lasting in use and, sixth, it should have such accessories as spanner, holding bolts or screws.

After due consideration of these criteria, it was found that the Duchscher press was the most attractive to the African producer for it enjoyed "certain mechanical advantages" in addition to its low cost and large capacity. The Director of Agriculture, taking an Imperial view of the matter, however, lamented that the Duchscher press,

61. CSO 1/34/36 Desp. Confid. 5 Feb., 1932 Cameron to Cunliff-Lister enc. 1:"Report on types of hand-operated palm oil presses..." by O.T. Faulkner, 26 Jan., 1932.

a manufacture of a Luxemburg firm, was not a British product! He, nevertheless recommended it because it was vastly superior to the British brands.

The adoption of the Duchscher press was acclaimed as recording an improvement of 30 to 50 per cent over local methods of oil extraction.[62] This would appear to have accounted for the steady increase in the number of producers who adopted it. Thus, the number of presses in use increased from 76 in 1933 to 100 in 1934 and 180 in 1935 while as many as 147 were sold in 1936. It should be noted, however, that the number of presses in use was insignificant in relation to the total population of producers. In addition, the use of hand presses did not necessarily affect the quality and quantity of palm oil exported from Nigeria. As the Director of Agriculture explained, "Quality has little to do with the press. We can produce oil containing only 2 - 3% F.F.A. with the press if we take enough trouble to see that the fruit is not over or underripe and is undamaged".[63] By the same

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62. CSO 26/3 29777 vol. II op.cit. Ormsby-Gore to O.A.G. Nigeria, 9 Dec., 1936.

63. CSO 26/3 29777 vol. I... op.cit, Mackie to Abrahall, 22 Dec. 1936.

token, he added, a mill could not improve the quality of oil if the seeds were brought in in a bad condition.

If the efforts made by the colonial government to mechanize the extraction of palm oil did not have an immediate or a remarkable impact on the industry, its tariff policies were more successful. Government had come to realize that its fiscal policies could emburden trade and it was thus necessary to review them periodically in the interests of trade. For instance, government removed the export duty on groundnuts in 1931 and granted a further concession by reducing railway freights on the commodity for six months.[64] This step gave the required boost to the industry and this was reflected in higher export figures.[65]

Then, in 1934, Governor Cameron acknowledged that there had been during "the past three years the increasing burden on the producer of the existing export duties... (which had generated) anxiety as to the future of the trade ... if the price level continued to fall".[66] He was persuaded that "any

64. CSO 26/1 03109 vol. II, "Nigerian Groundnuts", Burns to Chamber of Commerce, Dakar, 13 Jan., 1931.

65. NP, 27 Feb., 1931: London Letter.

66. CSO 1/34/38 confid. 31 July, 1934, Cameron to Cunliffe-Lister.

remission of the duties would be passed on to the producers". He, therefore, proposed a reduction in the duty on palm oil from 24/- to 12/- a ton and on kernels from 18/- to 10/- a ton. In anticipation of a loss of some £181,000 (based on 1933 exports) the Governor proposed a surcharge of 10 per cent on the duty on all dutiable articles except gin, rum and petrol. This was expected to generate about £151,000. Second, an increase in the duty on petrol from 8d to 10d per gallon would fetch about £21,000 while a duty of 2/6d per hundred pounds of dried fish (which was then duty-free) would yield an extra revenue of £24,000. The total earnings from the new duties on imports would be in the range of £200,000, more than the anticipated loss on the reduced duties on palm produce. The duties were subsequently reduced to 11s 6d in respect of palm oil and 10s 6d on kernels.

The decision to reduce the tariff burden on the palm produce export trade appeared to have achieved the desired results, at least from the perspective of government and expatriate business interests. For, the Lagos Chamber of Commerce, in a farewell address to Governor Cameron in 1935, lauded the step he took during "a period of financial stress when apparently every penny of revenue was required to balance the Budget". The Chamber described it as "a bold move which has proved to be a most valuable one to the primary industries of the country."[67] It is difficult to ascertain, however, if the expected margin was passed on to the producers.

This, however, was not the last word on export duties. For the AWAM petitioned the Nigerian government in 1937 urging it to abolish the duties altogether. The Association considered them "the least desirable form of taxation for general revenue purposes." It argued that the incidence of the tax was "unequitable, impinging, as it does, upon one portion only of the farming classes." AWAM expressed its support to a tax on agricultural products if the proceeds were expended "with the object of increasing the market value of crops".[68] An appropriate forum for dialogue between Government and Business was provided by a Conference which AWAM held with Bourdillon during his visit to England in February, 1937.[69]

Mr. John Holt reminded the Governor of the statement he made on an earlier visit in 1935 that export duties as

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67. CSO 1/32/136 enc. in 462 of 14 June, 1935, Maybin to MacDonald.

68. CSO 26/2 19279 vol. I, "Export Duties on Oil Palm Products," Secretaries, AWAM, to Governor, Nigeria, 24 Feb. 1937

69. The following section is based on "Extracts from Minutes of Conference with Sir Bernard H. Bourdillon... at Adelphi Hotel, Liverpool, 8 Feb., 1937" in CSO 26/2 19279 vol. I.

taxes were bad but that a "little tax was not altogether harmful". Holt then enjoined him to consider abolishing them since government finances had improved and there was no further justification for their imposition.

But, Bourdillon, who claimed that he did not like export duties more than anyone else, contended that they were not "half as obnoxious in practice as they are in theory... in practice they very often do very little harm". He promised that whenever it became possible to reduce taxation in Nigeria the reduction of export duties would be accorded priority. On the state of government finances, he denied that there was any remarkable improvement. Otherwise, he would not have asked the Colonial Development Fund for a free grant of £30,000 per annum for the next five years to fight sleeping sickness. In any case, he needed money to improve the housing of colonial officials. This was necessitated by the fact that a great deal of the ill-health of these officials was due to "shocking housing conditions", some officers' accommodation being veritable "pigsties". Moreover, there was work to do on the Supreme Court building which was "an absolute disgrace to Nigeria... an absolutely tumble-down building with a public street running round four sides of it." He wondered"how any Judge manages to get any work done with the din going on."

Having thus itemised his priorities, it could be seen that plans to adjust tariffs in the interest of trade would have to give way to public works. It was no wonder then that, on getting back to Nigeria, the Governor made a volte-face. The justification for this was stated as follows:

> While produce prices remain at the present high level, payment of the duties involves no hardship and the revenue from them does allow the Government some small share in the general prosperity. In this connexion it must be borne in mind that the bulk of the palm produce from Nigeria comes from the Eastern Provinces, where incidence of direct taxation on agricultural communities is generally lower than that on similar communities elsewhere in Nigeria.[70]

This was, in the final analysis, the last word on this matter for the rest of the pre-War decade. But, as has been seen in the preceding chapters, any tax on trade was a burden borne by the producer in the form of lower produce prices.

Another aspect of official policy towards trade during

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70. Ibid., J.A. Maybin, C.S.G., to AWAM, Liverpool, 17 May, 1937.

this period was the grading and inspection of produce to ensure high quality that would make Nigerian exports more competitive in the world market. But this policy generated controversy as it tended to be punitive in practice, or was so considered by African traders. Thus, in 1931, African traders in Lagos complained through Dr. C.C. Adeniyi-Jones, a member of the Legislative Council for Lagos, of the "disabilities attendant upon the system (of inspection) at present in operation in Lagos... (which) if... allowed to continue... will tend to make trade depression in the Municipal Area... much worse than it is at the present time".[71] Dr. Adeniyi-Jones subsequently led a deputation of the aggrieved traders to see the colonial authorities for redress.[72]

The crux of their complaints was that they were prosecuted even after they had been made to "clean" their adulterated produce. They contended that produce inspection was less rigorous in the hinterland. The effect was that the more rigorous produce inspection in Lagos tended

71. Comcol 1 1291 "Produce Inspection - Complaints and Matters in connection with", Adeniyi-Jones to Admin. of the Colony, 17 Sept., 1931.

72. Ibid., Notes on the meeting held on 26 Sept, 1931.

to hamper the conduct of trade in the city. Mr. A.H. Young, a representative of the Produce Inspection section denied that there was an unduly strict inspection of produce in Lagos. He stressed, however, that his organization was bent on enforcing the regulations forbidding adulteration and would not hesitate to prosecute the holder of sub-standard produce. At the end of the day, the produce inspection service had its way - its officials contended that the system had to be uncompromising because "the Lagos Middlemen are more notorious than any others for their efforts to evade the Produce Regulations".[73]

The emphasis on ensuring high quality of produce in the face of the economic adversities of the 1930s was considered one of the ways of dealing effectively with the crisis. But the inspection scheme failed to induce the export of high quality produce, at least on the scale envisaged by Government. For instance, in 1932, 5,681 of the 9,092 bags of cocoa graded in Lagos and the Districts were in Grade III. Only 1,680 bags were in Grade I while as many as 1,329 were Grade IV.[74] The reason for this was

73. Ibid., Ag. Director of Agric. to Admin. Colony, 6 Oct. 1931

74. CSO 26/4 09512 vol. IX ... op.cit. Colony Annual Report, 1932, para. 80

that the producer had practically nothing to gain by offering the best in the face of extremely low prices. The negative effect of falling prices was acknowledged by Mr. J.H. Sharrock of the firm of Elder Dempster and Company: "one of the most unfortunate aspects of these declining values was that they came at a time when more rigorous methods of produce inspection had been instituted, one of the inducements being that higher prices would be realised."[75]

To its credit, however, the rigorous inspection scheme adopted in Nigeria reportedly put Nigerian cocoa in good stead in the international market. When, in 1932, the USA introduced very stringent control of the quality of imported cocoa beans, Nigerian cocoa passed muster. The Director of Agriculture expressed delight that it was only a very small proportion of Nigerian cocoa which was not already up to the standards required by the U.S.A.: 'Practically the whole of our First, Second and Third Grade all comply with them. The amount of fourth Grade exported from Nigeria is already small, and occurs only in the so-called

75. NP, 2 May, 1930 - London Letter: AGM of A.T.S. Liverpool Chamber of Commerce.

"Easter crop" i.e, the cocoa produced between April and September.'[76] The stricter regulations, he contended, gave Nigeria an improved position in competition for the American market as against Haiti and Santa Domingo, which were important competitors in that market, a large proportion of whose exports was always detained for picking over or even refused admission altogether. Gold Coast Cocoa was similarly disadvantaged because it was liable to damage by water as the beans were being loaded from surf boats.

Be that as it may, additional steps were taken to make Nigerian cocoa more competitive in the world market. Thus, plans were made to restrict or prohibit planting. But this, according to the Lieutenant-Governor, Southern Provinces, was bound to be resented by "ignorant natives who saw handsome profits being reaped by their more forturate brothers who had been permitted to plant."[77] In any case, he pointed out, it would be impossible to enforce any orders restricting planting. He suggested that the existing prices would be a more effective means of discouraging planting. For, it was "not in the interests of the people themselves that the

76. CSO 1/32/113 527 of 14 May, 1932, Cameron to Cunliffe-Lister.

77. CSO 1/34/38 Desp. Confid. 11 Jan, 1934, Cameron to Cunliffe-Lister

world's output of cocoa should be increased, at all events for several years." It was, therefore, resolved to take less overt measures to discourage the production of cocoa.

Hence, the Director of Public Works, Southern Provinces, was instructed to discourage the construction of "cocoa roads" especially in the Ibadan and Ondo Provinces. Part of his instructions read: "It is assumed that the Administrative staff in those Provinces is no longer actively promoting the cultivation of more cocoa; if they are doing so they should now desist".[78] When it appeared that a certain road project in the Oyo Province violated this directive and seemed set to deflect produce from the Railway to Ondo, the Governor personally instructed that no more of such "cocoa roads" should be built. He then re-stated government policy on the matter as follows:

> The policy of the Govt. is not to reduce the cultivation of cocoa in accessible areas but at the same time not to encourage its cultivation in new areas and my directions that <u>no new roads which might infringe the second principle should be built without my sanction must be respected</u>. I am aware of the arguments in regard to cocoa versus oil and kernels but it is considered that at the present time, with

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78. CSO. 26/1 02707 vol. IV "Road Policy & Maintenance of Roads", C.S.G. to D.P.W., S. Provs., 31 Jan., 1934.

existing prices, it would be wrong to take any active measures which would increase the production of cocoa in Nigeria.[79]

The discouragement of "cocoa roads" whilst being a measure to restrict the output of cocoa was also designed to secure freight for the Railway upon which Government had spent substantial sums of money. The road-rail competition was a major problem which confronted government in the 1930s. In a report submitted in 1928 the Divisional Superintendent of the Railway at Ebute Metta had shown that road transport in Nigeria was heavily subsidized by the state to the detriment of the Railway. He, therefore, recommended that motor licences be increased and a tax levied on petrol.[80] Accordingly, a regulation which imposed higher licences on road transport was passed in 1933 though it did not take effect until 1st January, 1937. As has been studied elsewhere, this was the prelude to the strike by motor transport owners in the Lagos hinterland.[81] Although government went ahead to levy the double licence fee, it did so only for the

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79. Ibid., Cameron to Director of Agric., Ibadan, 1 Aug., 1934.

80. CSO 1/32/103 954 of 12 Sept., 1930 Buchanan-Smith to Passfield, enclosure dated 29 Aug., 1928: Report by F.A. Pope.

81. Studied in G.O. Ogunremi, "The Nigerian Motor Transport Union Strike of 1937", J.H.S.N., 9, 2 (June 1978), pp. 127 - 144.

calendar year 1937 after which it was abolished. The lesson was, however, driven home to the government that there was an urgent need for the co-ordination of transport in Nigeria.

The foregoing analysis of official policy in respect of Nigerian exports in the 1930s shows that there was little room for manoeuvre for the state because it had practically no control over the conditions on the world market. As was observed in respect of the Depression, the adversity "had been imported (hence,) the solution to it could not be locally made in its entirety."[82] The little that the colonial government could do was to offer occasional tariff incentives in the form of a reduction of export duties on groundnuts and, to a lesser extent, on palm produce and the reduction of railway freights on cotton and on the produce of the "Road Menace Zone". The fact that commercial lobbies still clamoured for more of such concessions suggests that they were not sufficiently far-reaching.

Government was, however, more forthcoming in respect of the import trade of Nigeria. On the one hand, where Imperial interest was not threatened - as in the case of

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82. Wale Oyemakinde, "Wage Earners in Nigeria During the Great Depression", Paper presented at the Symposium on "The Great Depression of the 1930s...", Universitat Hannover West Germany, 1987, p. 17.

kolanut imports from the Gold Coast - the colonial government did not feel obliged to make any tariff adjustment. The ostensible reason for this was the need to "protect" the local kola growing industry. Besides, the duty on kolanuts made some contribution to the revenue. The Director of Agriculture justified it as follows:

> an import duty on kolas seems to me to be a a duty on an imported "luxury" which can be produced locally, and it is a duty which falls chiefly upon the section of the community which is ... relatively the least heavily taxed, and the most difficult to tax, i.e. the comparatively well-to-do, non-Europeanized, native.[83]

If the duty on kolanuts represented an attempt to "protect" an indigenous industry, the imposition of import quotas on Japanese goods was a decisive move on behalf of British Business. Indeed, the policy was a response to the campaign mounted by British firms. For instance, in its Report for 1932, the African section of the Manchester Chamber of Commerce stated that

> The problem of Japanese competition in cotton artificial silk, and other goods in the West African

83. CSO 26 28306 vol. I... op. cit., Dir. of Agric. to C.S.G., 2 Oct., 1930.

markets called for the closest possible attention during the year... The far-reaching effect of this threat to the normal trading activities of the colonies needs no emphasis, and necessitated approaches to H.M. Government on several occasions.[84]

Appropriate legislation was then enacted to strictly restrict Japanese imports of greys, bleached, printed, dyed, coloured, velveteen and artificial silk to specific quantities.[85] Thus, for the quota period 17 May to 31 December, 1934, the quantity permitted was 1,524,503 square yards. In the next period, the figure was 2,430,000. This was increased to 2,455,000 square yards in the 1936 and 1937 quota periods. In addition, extra duties were imposed on Japanese goods as follows: Galvanized iron sheets (£4 per ton), cement (3/- per 400lb.), paint (16/- per 100 lb.), varnish (4/- per gallon), shirts (1/3d each), singlets (2d each), socks and stockings (7d per pair) and pullovers (1/- each). Then, in 1937, the import quota scheme was extended to German, Dutch, Italian and Russian textiles.

But, as an earlier writer has noted, a close look at the trade figures shows that Japanese goods constituted

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84. CSO 26 09419 op. cit., The 41st Annual Report of the Africa Section, 1932, p. 7.

85. The original legislation is enclosed in CSO 1/32/121, 523 of 19 June, 1934, Hemmant to Cunliffe-Lister.

a potential rather than any real threat to British manufactures. For instance, only five per cent of total Nigerian imports in 1933 came from Japan whereas the British share was 77%. It was, therefore, argued that the quotas and additional duties simply served "to safeguard this market in the future as a compensation for the loss of those colonial markets - particularly in East Africa - where international commitments made discriminatory action impossible".[86]

This was confirmed by Governor Bourdillon himself who admitted that "the additional duties... were imposed to meet any competition with home interests which might arise in future, there being none at that time"! He concluded that the duties had "proved of benefit to British trade" though it is difficult to agree with him that this was achieved "without adversely affecting the merchant or afflicting (sic) any hardship on the consumer".[87] In a later correspondence he reported that British trade had "benefitted very considerably from the quotas" for the U.K. share of the total imports of the quota commodities

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86. Charlotte Leubuscher, "The Policy Governing External Trade", op. cit., p. 160

87. CSO 1/34/40 Desp. Confid. 12 May, 1936, Bourdillon to Thomas.

had risen from 69% in 1933 to 80% in 1935.[88]

All said and done, the import quota scheme could be seen to have achieved the protection of British textile imports in Nigeria. It should be noted, however, that this was at the expense of the colonial subjects who were denied access to cheaper articles from Japan and, later, British India. Ironically, this had an indirect effect on government revenue for, as Governor Bourdillon commented, "if the native cannot get these cheap lines he will content himself with nothing at all, with undesirable effect on an already depleted revenue."[89] But it would seem that that was considered a small price to pay for keeping the Nigerian market safe for Britain.

The discussion in this section has provided a further illustration of the symbiotic relationship between the colonial state and expatriate business interests. Such a relationship, it should be stressed, was necessary for promoting the economic interests of the mother country. But, the heavy leaning of Government towards Business was not without its costs as the former found out during the

88. CSO. 1/34/40 Desp. Confid "A" 27 May, 1936, same to same.

89. CSO 1/34/41 Desp. Confid. 22 July 1937, Bourdillon to Ormsby-Gore.

cocoa Agreement crisis of 1937-38. This event served to unmask Government as an accomplice of Big Business in Nigeria during the colonial period.

The Cocoa Agreement Crisis, 1937-38

The genesis of the crisis was a memorandum sent by J. Cadbury, Director of Cadbury Brothers Limited and F. Samuel, Director of the U.A.C. to Sir Cecil Bottomley of the Colonial Office in September, 1937.[90] In it, the merchants complained that "intensive competition" over the years had resulted in local cocoa prices often exceeding world market prices after merchants had deducted marketing expenses. In addition, these "excessive prices" were accompanied by "constantly increasing abuses" which entailed that brokers and "middlemen" received commissions and allowances "far in excess of the value of the services rendered by them". As a corollary to this, it was alleged that the actual producer had not been allowed to earn fair prices. The merchants had, therefore, resolved to ensure that "such overpayments to intermediaries (were)... suppressed

90. IBMINAGRIC 14682 vol. I "New Agreement Among Merchants for the Buying of West African Cocoa", Cadbury and Samuel to Bottomley, 27 Sept., 1937.

as soon as possible, thereby ensuring that out of the fair price paid for cocoa, the full and proper proportion reaches the pockets of the actual producer".

The scheme was proposed for cocoa only, each party to it being free to dispose of their produce afterwards. Quotas allocated to buying firms were to be determined by previous purchases. Firms which exceeded their quotas would re-sell to those which had failed to meet up theirs at the average price fixed by the London Committee of the exporting firms. Out-of-pocket allowances and profit margin were fixed at 22/6d per ton. The scheme was presented as benefitting the producer as well as the exporter. But, as will be seen presently, the producers did not seem to have been convinced of the "altruism" of the firms. In the meantime, the firms invited the secretary of state to send an observer to represent official interests on the London Committee which would administer the scheme.

Thus, unlike during the First World War when officials complained that they were not apprised of merchants' marketing schemes, the Imperial and colonial officials were duly informed in this case. But, the secretary of State, while seeking advice from Governor Bourdillon of Nigeria, particularly on the question of official representation on the London

Committee, acknowledged that he had been placed in a dilemma.[91] On the one hand, acceptance of the offer was disadvantageous in that it would imply that Government supported the merchants' scheme. In that case, if the scheme came in for criticism, much of it might be directed against the Government and "the impartiality of the Government might be called in question." On the other hand, official involvement would place Government in "a better position to bring pressure to bear upon those responsible for the scheme in the event of difficulty than if they had no representation on the Committee".

On the balance, however, the officials in London tended towards the merchants. After a meeting with them, the officials were "left with the impression that the new arrangement was probably on a long view beneficial to West Africa in that it would help to clean up the market and rid it of undesirable elements".[92] Such a view was in consonance with the kernel of official policy on the so-called "middlemen". According to Professor Ehrlich, colonial officials shared the aversion of merchants for

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91. Ibid., W.G.A. Ormsby-Gore to Bourdillon, n.d.

92. Ibid. Notes on the meeting compliled by C.G. Eastwood, 24 Sept., 1937.

"middlemen". Hence, 'Petty producers and middlemen, who were usually dubbed "parasitic", were... discouraged'[93] overtly and covertly.

At the local level, colonial officials gave unstinted support to the scheme. One of them acknowledged that the middlemen "will be hit the worst; in fact the scheme is directed against the abuses arising from his dealings". This official also supported official involvement in the scheme "even if it leads to misconstruction by the masses". In any case, he argued, it was difficult to make them believe that Government was not responsible for the fluctuation in prices.[94]

In a detailed memorandum on the issue,[95] Dr. G. Bryce, the acting Director of Agriculture, identified the firms involved in the scheme as the Cocoa Manufacturers Ltd.; C.F.A.O.; G.L. Gaiser; John Holt & Co. (Liverpool) Ltd; G.B. Ollivant Ltd.; P.Z. & Co. Ltd.; SCOA.; U.A.C.; U.T.C. and Witt & Busch. He declared total support for 'any practicable and just scheme which will eliminate the "advances system" whereby middlemen make cash advances to

93. Cyril Ehrlich, "Building and Caretaking: Economic Policy in British Tropical Africa, 1890-1960", E.H.R., 26 (1973), p. 651.

94. IBMINAGRIC 14682 vol. I *op. cit.*, Minute to S.S.P., 5 Nov., 1937.

95. *Ibid.*, Bryce to C.S.G., 5 Nov., 1937.

farmers for the purchase of their crop. This arrangement was what Captain Haig, the Director of Co-operatives, had called the "middlemen-plus-advances" system. Bryce, citing Haig, stated that it made for deterioration of quality because the producer was always under pressure to sell his cocoa raw or even while still on the tree. Second, the farmer was not encouraged to produce cocoa of high quality since he could sell it raw.

Against this background, Dr. Bryce envisaged that the firms' proposed Buying Agreement would be supported by the "enlightened" farmers and co-operators if it curtailed the activities of the "middlemen". On the other hand, "middlemen", especially young school leavers who had drifted into the "already overcrowded occupation" of produce buying, would oppose the Agreement. If then the Agreement could make the career of produce buying unattractive for "educated boys", Bryce considered it "a step in the right direction".

Having thought it necessary that the "middlemen" should be eliminated, Bryce expressed the fear that the lack of adequate safeguards would put the producer at the mercy of the "buying ring". The required safeguard, he suggested, would be provided by official representation on the London Committee. He contended that since the producers lacked the kind of organisation possessed by the merchants "the only way in which their views can be made known and their real interests... represented is through the Government officers concerned with them".

Governor Bourdillon himself endorsed these views and agreed that in the long run the scheme would "probably be beneficial to the grower by eliminating undesirable trade expedients and introducing more healthy and orderly methods of marketing". He acknowledged that there was the risk that the scheme at the start might lead to reduced prices to the grower. He then recommended that an official should act as observer on the London Committee.[96]

While Government and expatriate Business were reaching a consensus on the matter behind the back of the producers and "middlemen", the latter soon got wind of the Agreement and, expectedly, opposed it. Through their organization, the N.P.T.U., the "middlemen" proceeded to mobilize public opinion against it. Meetings were held to register African

96. <u>Ibid</u>., Bourdillon to Ormsby-Gore, Confid. Air Mail, 25 Nov., 1937.

opposition to it and in one particular instance, at Abeokuta, a resolution was purportedly passed threathening a hold-up of produce and "if it comes to the push the remaining crops should be burnt.". The resolution was then sent to the other branches of the Union.[97]

The moving spirit behind this resolution, it seemed, was Samuel Akinsanya (who later became the Odemo of Isara), a top official of the N.P.T.U. In recognition of the likely impact of his activities, the colonial government took steps to discredit the resolution lest it should ignite a political conflagration in the Cocoa belt. Hence, Residents were asked to monitor people's reaction to defelopments in their domains.

Thus, the Resident, Abeokuta Province, where the resolution was passed, dismissed it as the viewpoint of "a few" members of the local union who adopted "the so-called resolution" and sent it for publication in the Press. He claimed that neither the President nor "other prominent members" of the Abeokuta branch of the N.P.T.U., were

97. NDT, 6 Jan. 1938: "Abeokuta and Cocoa Agreement: Produce Traders' Union's Move".

informed. Hence, the resolution "cannot be said to represent local opinion in the matter". What Akinsanya hoped to achieve, the Resident declared, was to tour the cocoa-producing areas to secure "snap resolutions" such as had been passed at Abeokuta to strengthen the hands of the central union in Lagos and at the same time absolving it of responsibility for whatever ensued. The Resident admitted, however, that there was discontent in Abeokuta as produce prices had fallen. He explained that the people had invested their earnings from the previous two good cocoa seasons in building new houses and renovating old ones. They were thus short of money at a time that cocoa prices were falling.[98]

Consequently, they were in the mood to listen to the anti-Pool agitators. It was reported that the Agreement was "a subject of general conversation amongst both cocoa producers and traders."[99] There was an "undoubted feeling that the African is not getting a fair deal and that the pool will operate in restraint of competitive trading" - which, the Resident stated, was regarded by the African

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98. IBMINAGRIC 14682 vol. 1 op. cit., Res. Abeokuta Prov. to S.S.P. 10 Jan., 1938

99. Ibid., same to same, 20 Jan., 1938.

as "the fundamental basis of all commerce". While the people were monitoring developments, there was a rise in cocoa prices early in January, 1938 and this was said to have "offset the activities of Mr. Akinsanya". The result was that the people did not resort to a cocoa hold-up in Abeokuta. The same response was observed in the Ondo and Oyo Provinces.

While it seemed as if no violent action was being contemplated by the African producers and traders, there was no denying the tension that pervaded the society of Lagos and its hinterland. T.A. Odutola, the foremost Ijebu merchant of the times, explained that there was no hold-up in the Province merely because no local branch was empowered to declare it and instructions were being expected from the central Executive Committee of the N.P.T.U.[100] He stated that the people were trading under sufferance out of respect for the Awujale's appeal for restraint. Odutola declared that the Agreement was "entirely detrimental to the trade of the country" and was "affecting every section of the trading community".

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100. Ibid., Odutola to Res., Ijebu-Ode, 21 Jan., 1938.

He stated that the "feeling of the people.. (was) very high on the question." It was against this background that a meeting of the Government, expatriate merchants and African businessmen was called at the instance of the N.P.T.U.[101]

It would appear that the N.P.T.U. saw the Governor as the "Great White Umpire" who would maintain "neutrality" in a contest between expatriate and indigenous interests. The Governor himself lent credence to such assumptions when he told the meeting that he was neither an arbiter nor a supporter of any side but had come to listen, hoping to be able to do something to "ease the situation". He then proceeded to clear up what he called certain misconceptions which had appeared in the Nigerian and Gold Coast Press. First, the Colonial Office or the colonial governments had not approved the agreement after the firms had formulated it. Second, the agreement had nothing to do with the fall in prices for cocoa prices were determined primarily by the New York market and, only to a lesser extent, the European.

101. IBMINAGRIC 14682 vol. II, Notes on meeting between Governor Bourdillon, representatives of European and African exporters etc., n.d.

Hence, the "Pool" could only affect the world price to a trifling extent, if at all. On the whole, he explained the low prices in terms of global developments.

Mr. Samuel Akinsanya, who spoke on behalf of the Union, contended that the fact that the "Pool" had invited the Colonial Office to send a representative to attend its meetings and the Governor's recommendation of acceptance betrayed government's sympathy and support for the "Pool". On the Pool itself, he argued that if the Pool could affect the produce price only "to a trifling extent", that extent was all-important in the local Nigerian market. For, the local market had influenced the "home" market in the past and it could do so in the future. He disputed the argument that the Agreement was necessary to check trade malpractices. That problem, he argued, should be left to the law to handle. He then challenged the firms to produce the agreement so that everyone might see its contents.

Responding on behalf of the firms, R.M. Williams denied that there was a "Pool". All that the firms had done, he said, was to come together to correct abuses in the trade. In that case, it could only be harmful to the dishonest buyer. He denied that the firms sought to depress prices artificially: this was impossible in practice and also counter-productive since low produce prices had a negative impact on the firms' import trade. Mr. Williams refused to tender a copy of the Agreement because it was a "private document" which belonged exclusively to the firms.

The meeting ended on an inconclusive note with the Governor advising the N.P.T.U. to write after having given further consideration to what the firms had said. No consensus was arrived at and tension mounted especially following the hold-up of cocoa in the Gold Coast. The Gold Coast hold-up[102] was instrumental in forcing the hand of the Colonial Office to institute a commission to report on the general problem of the marketing of West African cocoa. In anticipation of the commission, the N.Y.M. embarked upon a tour of Southern Nigeria to collect evidence from farmers on the cocoa question. It is significant that leaders of the N.Y.M. who were engaged in this mobilization of the farmers were produce traders whose ultimate interests did not necessarily coincide with those of the

102. This is studied in Josephine Milburn, "The 1938 Gold Coast Cocoa Crisis: British Business and the Colonial Office", A.H.S., III, 1 (1970), pp. 57-74 and R. Howard, "Differential Class participation in an African protest movement: The Ghana cocoa boycott of 1937-38", C.J.A.S., 10, 3 (1976), pp. 469-81.

farmers. As the Registrar of Co-operative Societies commented, with obvious gall, the tour "appears more likely to spread middlemen's propaganda than to result in any benefit to farmers".[103]

The Cocoa Enquiry Commission ultimately began its work in April, 1938. Its members were William Nowell, former director of the East African Agricultural Research Station, Amani as Chairman; Rupert S. Thompson of Messrs Williams, James and Henry Thompson (Produce Brokers) and Charles Authur le Mesurier Irving, a Marketing Officer in the Ministry of Agriculture and Fisheries. The Secretary was Eugene Melville of the Colonial Office.

At the opening session of the Enquiry at Glover Hall, Lagos, on 28 April, 1938, Governor Bourdillon noted that "a great many things (were) very wrong with our system".[104] The Enquiry had thus come as the climax of a crisis which had begun the previous October when "the big firms took things into their hands... with the avowed object of putting an end to existing abuses." He, however, commended the mode of reaction of parties to the dispute.

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103. IBMINAGRIC 14682 vol. II, op. cit., Haig to C.S.G., 9 March, 1938.

104. Ibid., Record of opening session of Enquiry

Mr. R.M. Williams, Commercial Member for Lagos in the Legislative Council and a principal participant in the Agreement denied that it was detrimental to the interests of Nigeria. For, according to him, "the interests of the great firms... who have done so much to build up the country are at one with those of Nigeria itself." Each party and the country, he argued, had a state in high produce prices. But, anyone familiar with the conduct of maritime trade would deny that there could be coincidence of the interests of producers and parasitic merchants.

In the meantime, the Agreement firms decided to suspend the operation of the scheme with effect from 28 April lasting till 1 October, 1938.[105] This was to facilitate the smooth conduct of the Enquiry. In a detailed report submitted later in the year, the commission reviewed the arguments of the expatriate and African groups, commented on the evidence at its disposal and made several recommendations. It denounced the Agreement, on the one hand, and castigated the "middleman" system and its abuses, on the other. Its major recommendation was the development of co-operative marketing.

The African reaction to the Report was said to be that

105. Cmd. 5845 Report of the Commission on the Marketing of West African Cocoa, Sept., 1938, p. 84, para. 248

of "satisfaction at the proposed withdrawal of the firms' buying agreement, tempered with misgivings lest it should be revived in some other form"[106] The "middlemen" were said to have resented the criticism of their practices. At a "mass meeting" at Ijebu-Ode where the cocoa question was discussed, African traders pointed out that their expatriate counterparts were themselves middlemen between the Nigerians and the manufacturers in Europe.[107] The producers, on their part, were disappointed that the submission of the Report was not followed by the anticipated rise in price. Moreover, most of them did not share the Commission's view of the "middlemen" upon whom they depended for advances on their crops.[108]

An illuminating analysis of the situation was provided by Captain Haig, the Director of Co-operative.[109] He stated that despite the commission's "undoubted impartiality of judgment", it had shown "a remarkably sympathetic understanding of African mentality and the African viewpoint."

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106. CSO 1/34/44 Confid. "B" 28 Dec. 1938, Woolley to MacDonald

107. NDT, 15 Nov. 1938: "Cocoa Commission Report; Mass Meeting at Ijebu-Ode"

108. IBMINAGRIC 14682 vol. II op. cit., Ag. Res. Ijebu to S.S.P., 16 Nov., 1938

109. Ibid., Registrar, Cooperative Societies to C.S.G., 15 Nov., 1938

But he contended that this was a mere smokescreen. The condemnation of the Agreement, he argued, was simply a "soothing syrup for the rather excited African elements of the cocoa trade. It appears likely that if the existing written agreements are withdrawn their place will be taken by unwritten agreements which will have much the same effect." Such a scheme would last for as long as the buying firms were able to overcome their natural divisions and mutual distrust.

In the final analysis, the Nigerian government set up a committee to examine the recommendations of the commission, specifically in respect of the marketing of cocoa, to determine their relevance to the Nigerian situation.[110] This committee enjoined the colonial government to adopt a forward policy of developing the co-operative movement as a solution to some of the problems afflicting cocoa marketing. The movement should, however, be purely voluntary and government should not force the pace of its development to avoid frustration. It also recommended the establishment of a Central Co-operative Bank and the provision of agricultural credit through the agency of thrift and credit societies.

110. For the composition and report of the Committee, see CSO 1/34/44 Desp. Confid. 27 June, 1939, Woolley to MacDonald.

Such credit institutions were, however, to operate on the principle of financial self-sufficiency. In the extreme case of the credit institutions' failure to raise enough funds from deposits of reserve funds and depreciation funds lodged by the various co-operative societies, the government could grant a loan of not more than £10,000 on the most generous terms. The Committee recommended, and the Governor accepted, that credit and thrift societies should be developed independently of marketing societies.

Although the Agreement crisis of 1937-38 in Nigeria was not as celebrated as that of the Gold Coast, it was no less important for affording the nascent nationalists an opportunity of assailing the colonial establishment. At the end of it all, the credibility of the expatriate firms and, to a lesser extent, the colonial government was eroded. The crisis and the commission's Report ultimately led to the formation of Produce Marketing Boards in the post-Second World War period. The establishment of these Boards to facilitate the marketing of produce was catalyzed by developments during the Second World War, the subject of discussion in the next chapter. But before discussing the war and its aftermath, it is necessary to conclude the discussion in this chapter with an examination of the impact of maritime trade on Lagos society during this period.

Maritime Trade and Lagos Society, 1929 - 1938

The Depression of 1929-34, the outstanding feature of this period, had a resounding impact on Lagos society. This was particularly because it generated unemployment to an intolerable degree. As was noted in the report on the city and its environs in 1931, "Lagos is full of unemployed, almost unemployable, immigrants from the Protectorate who have... gravitated towards the town in search, not necessarily of wealth but of a steady cash income per month."[111] The problem was one that had plagued the city and agitated the minds of officials since 1929. Indeed, they undertook a detailed study of the problem with the aim of alleviating it.

The causes of this phenomenan were highlighted in an informative memorandum prepared by the Acting Administrator of the Colony in 1929.[112] The most important of these was the Depression: it compelled the leading firms to amalgamate thus reducing staff and closing many warehouses. It also curtailed government building programmes on which the annual

111. CSO 26/4 09512 vol. VIII, Colony Annual Report, 1931, para. 32.

112. Comcol 1 894 vol. I "Unemployment in Lagos", G.H. Findlay to C.S.G. 21 Sept., 1929.

industry. The retrenchment of these artisans dealt a severe blow on Lagos society because each of them had at least three apprentices.

But it was not only the P.W.D. or private contractors who had to lay off their workers. All government departments[113] and the private firms also took the unpleasant step. The city of Lagos was thus gripped by the retrenchment fever as employers outpaced one another in getting rid of their staff. In September, 1929, it was reported that the European firms had sacked over 120 African clerks to date.[114] One firm, which had just joined the "merger", was reported to have retrenched 18 clerks by the beginning of June, 1930.[115] Some firms, however, resorted to cutting down their workers' salaries rather than dispense with their services altogether. Such a less drastic course of action was recommended to government departments which were busy sacking their workers.[116]

Owing to the gravity of the labour problem, the colonial government was urged to devise means of combatting it. The

113. For the Railway, see, Wale Oyemakinde, "The Impact of the Great Depression on the Nigerian Railway and its Workers", J.H.S.N., VIII, 4 (June, 1977), pp. 143-60.

114. LDN, 23 Sept., 1929; "General News: Trade is bad",

115. LDN, 27 June, 1930.

116. NP, 10 June, 1931: Random Notes and News.

Lagos Daily News, in an editorial titled "Unemployment - A Matter for the Government", asked government to apply "some portion of the surplus balance as NIGERIAN DOLES to really distressed families of genuine employees who have been thrown out of work through force of circumstances."[117]

The matter also came up for mention in the Legislative Council where Mr. E.O. Moore, the Second Lagos Member, had asked a question on the issue as it affected African traders who had been dislodged from the District markets by the influx of the big firms; the clerks who had lost their jobs as a result of the merger of the principal trading firms and mechanics whose scope of employment was being severely curtailed.[118] The Administrator of the Colony in his reply confirmed that there were many unemployed persons in Lagos but that most of them had come in only in the previous two years. In any case, Government did not believe that there was any "real destitution" as the unemployed were sustained by their friends and relations.[119]

In a later correspondence, the Administrator of the Colony contended that since the causes of unemployment in

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117. LDN, 29 Sept., 1930.

118. CSO 1/32/98 1087 of 14 Oct., 1929 Baddeley to Passfield, enc. - Minutes of Meeting of Leg. Co., Lagos, 30 Sept., 1929.

119. LDN, 7 Nov., 1929: Debates in the Leg. Co.

Lagos were "outside the control of Government... there should be no question of the establishment of machinery to provide local relief. Such a course of action would only create a problem which does not at present exist."[120] He suggested that meetings be arranged with representative citizens of Lagos to discuss the issue. Findlay proposed that unemployed non-Lagosians should be repatriated to their homes in the hinterland by virtue of provisions of the Township Ordinance. He then advised the Lieutenant-Governor, Southern Provinces to table before the Residents at their forthcoming meeting a number of proposals and questions on the issue: whether or not there was a shortage of farm labour in the Provinces, what were the conditions in the villages that drove young people from there to the cities, what steps should be taken to halt this drift and whether the Native Administrations were prepared to bear the cost of repatriating the affected people to their villages.

At the Residents' Conference later in the year, it was the consensus of opinion that there was no labour shortage in the Provinces.[121] The Resident, Abeokuta Province conceded

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120. Comcol 1 894 vol.I op. cit. Findlay to C.S.G., 18 Oct., 1929.

121. Ibid., Extract from Proceedings of Residents' Conference, 1929: Subject 34 - Unemployment in Lagos.

however, that farming was "an unpopular form of employment" among the Egba. The Conference resolved that it was "the attractions of life in the town, rather than local conditions in the country" that induced labour migration to Lagos. It was suggested that propaganda be mounted against this drift in the Yoruba Provinces. The Residents declined to ask Native Administrations to bear the cost of repatriation. The matter was thus passed back to the Lagos government.

The government then resolved to set up a small committee to evaluate the cases of persons deemed qualified for repatriation.[122] A report of such persons was to be kept but nothing was to be done to assist those who refused to be repatriated. Although it was expected that a good number of the repatriates would return, this was not considered a sufficient deterrent to the efforts to deal with the "difficult problem". Some of the affected persons were compulsorily repatriated in 1931 but this measure, it was admitted, was "hardly even the beginning of the solution of the main problem".[123]

But, it was not merely the attractions of town life

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122. Ibid., E.M. Falk, Ag. Admin. Colony to C.S.G., 17 July 1931.

123. CSO 26/4 09512 vol. VIII op. cit., para. 32

that drew the unemployed to Lagos. For, a closer examination of the interviews held with 25 unemployed persons in 1929 reveals that pressure from the hinterland society literally pushed many to Lagos.[124] Thus, one Salawu of Oyo, aged eighteen, an illiterate casual labourer, came to Lagos simply to earn money to pay tax. His brother had earlier left home for an unknown destination for the same purpose. Benjamin Kayode, twenty-five years old and educated up to Standard Five, had left school five years before, that is, about 1924. He had assisted his father on his farm at their hometown of Otta, leaving only after the latter's demise. He then drifted between Otta and Lagos teaching occasionally. When his father died, his property went to the family, his son being left with no place to farm. He then moved to Lagos and stayed with a friend, Augustus Adeyemo, who was an apprentice fitter with the Railway Department.

Buraimoh Otunba, aged 40, a trader from Ijebu-Ode was a pathetic case. He had come to Lagos at the turn of the century having been with a big trader at Shagamu. On settling in Lagos, he became a prosperous trader until about 1926

124. Transcripts of these interviews are enclosed in Comcol 1 894 vol. <u>op.cit.</u>

when trade became so bad that he had to sell out at a loss. His explanation of his bankruptcy shows how an apparently beneficial scheme like produce inspection was the ruin of many a businessman. According to him, kernels for inspection in the hinterland markets were sometimes spread out on the ground for two or three days and through exposure to the sun the produce deteriorated in quantity and quality. This process was repeated in Lagos so that the trader lost between 6/- and 10/- per sack. Such recurrent losses, he contended, contributed largely to liquidating his business.

It is clear from these examples that a good number of the unemployed in Lagos were not merely what a Lagos newspaper called "idlers who should... be on their ancestral farms doing honest bit of work to keep body and soul alive."[125] While it is true that the glitter of the city certainly attracted many of them, socioeconomic factors in the hinterland also induced them to come to Lagos. As a port and a reputed commercial centre, Lagos provided refuge for those seeking a cash income to pay tax and meet other social responsibilities. This was true of Ijebu-Ode where a correspondent reported in 1930 that "It is no exaggeration that there are more Ijebus

125. NP, 13 Sept., 1929.

in Lagos, Abeokuta and at Ibadan than in Ijebu-Ode town itself, the cause being want of means of obtaining a livelihood" at home.[126] Besides, many of the jobless in Lagos were master craftsmen and their apprentices who were the victims of the massive reduction in the scale of public works and other projects requiring the services of artisans.

In effect, throughout the Depression years, the problem of unemployment defied solution. In 1935, the colonial government set up a committee to enquire into the problem.[127] The committee in its report recommended compulsory repatriation, land settlement and the establishment of a Lagos Labour Bureau. No action was taken in respect of the first two recommendations beyond the repatriation of 55 persons under the Township Ordinance. A Labour Bureau was opened on 6 Jan. 1935 by the N.Y.M. with official support. Registration began in April 1935 and the venue along the Marina was reported to be "surging with crowds" of the unemployed. Figures of registration for the first three days were 500,970 and 1,100 respectively. This, according to the Nigerian Daily Times, demonstrated that the problem of unemployment in Lagos was "very real" though the newspaper suspected that some of those who came to register thought it was a device to evade income tax.[128] In the final

126. NP., 25 April, 1930: Ijebu Ode Notes and News.

127. Comcol 1 894 vol. II, "Unemployment in Lagos", G.B. Williams, Comn. of the Colony to Comm. of Labour, 25 Jan., 1943.

128. NDT, 18 April, 1935.

analysis, government withdrew its financial support to the Bureau on 31 March, 1937 and it subsequently went into abeyance without registering any impact. The labour problem, in the meantime, persisted and assumed some significance in the 1940s.

As a corollary to the foregoing, it is necessary to consider the impact of unemployment on the society with particular reference to the maintenance of law and order. Commenting on this matter in 1931, the Administrator of the Colony stated that though there was "a serious lack of employment", it was "happily not reflected in the criminal statistics which do not show any considerable rise."[129] But, in a report on the Colony in the following year, it was admitted that petty stealing had become prevalent "owing to unemployment".[130] Cases of armed robbery in the Ikeja District and counterfeiting in the colony were also reported.

The District Officer, Ikeja, subsequently investigated the roots of crime in the area and discovered that these lay in the crisis engendered by the Depression. Prior to the outbreak of the Depression, it was customary for farmers in the District to employ labour on an annual contract with

129. CSO 26/1 03688 vol. VIII, "Annual General Reports", Admin of the Colony to C.S.G., 31 Dec., 1931.

130. CSO 26/4 09512 vol. IX Colony Annual Report, 1932, para.113.

some special clauses. The labourers were given accommodation and paid a sum of five shillings per month, the balance of their wages being paid at the end of the year. Thus, a labourer who was entitled to 15/- per month collected £6 at the end of the contract. This lump sum was sufficient to carry him home and possibly get him a wife. The first generation of labourers employed in this manner were Yoruba from the hinterland but, owing to the success of the scheme, a large number of non-Yoruba elements, mainly Egun and Bariba from Dahomey and the Ebira from the Kabba Province, were employed in the District.

The onset of the Depression upset this arrangement for it became impossible for the farmers to pay pre-slump wages to labourers. The phenomenon of defaulting employers then became pervasive. In the first eight months of 1934, 59 labourers obtained favourable judgements against their employers in the Ikeja court. Many of them however agreed to continue working on the same terms in the hope of eventual payment of their outstanding claims. Others chose to accept payment in kind. Those who were left without work or money at the end of their contracts found it difficult to subsist or transport themselves home. According to the District Officer such persons "must steal to live and the professional criminal is provided with assistants who know their late masters' houses and who have nothing to lose."[131]

The activities of such marauders seemed to have been checked early in 1932 when members of eight gangs were captured and convicted. Considering the persistence of the socioeconomic factors that brought them into being, it is doubtful if such crimes were completely eradicated. However, if violent crime of this nature was kept under control, petty thieving proved to be a more difficult proposition. For, as the Nigerian Daily Times observed in an editorial titled "Crime in Lagos", "Since the depression and the resultant effects of unemployment in the country have become rampant there has been a noteworthy increase of criminality, especially in the thieving class."[132]

Far more serious was the scourge of currency counterfeiting, another effect of the Depression and unemployment. Counterfeit coins were observed to have infiltrated the Lagos markets in "fairly large" quantities drawing upon steady supplies from the Ijebu Province. It was difficult to stop this crime, in spite of the convictions, because of the "vigilance of the coiners".[133] The result was that

131. Comcol 1 1257, "Crimes in Lagos and the District", D.O. Ikeja to Comcol. 23 Aug., 1934.

132. NDT, 2 June, 1936.

133. CSO 26/4 09512 vol. IX.. op. cit., Colony Report, 1932 para 1...

counterfeit coins even found their way into the Treasury! On one occasion, 20/- worth of such coins was found in a consignment of £600 paid to the Railway. On another occasion, the tax clerk identified four shillings worth of such coins.[134]

The relative ease with which the dud coins circulated even in official transactions could be ascribed to the skill of the forgers. As a Lagos newspaper pointed out, the crime of counterfeiting, which required that the perpetrator was a skilled craftsman rather than an idle hand, was not committed by a "class driven by sheer desperate want occasioned by enforced idleness."[135] The newspaper, therefore, applauded government's stern handling of counterfeiting cases which topped the list of crimes.

In an analysis of the situation in 1936, the Currency Officer, Mr. Bayles, concluded that the amount of counterfeit coins in circulation was "disturbingly large" and that constant vigilance was required to combat the menace. He noted that the ease with which the alloy coin was counterfeited had made people regard it with distrust. He, therefore, recommended a reversion to silver coinage as the solution to the problem.[136] The justification for this was

134. Comcol 1 1279, "Counterfeit Coins", Asst. D.O. Lagos District to D.O. Lagos, 25 Sept., 1931

135. NDT., 2 June, 1936

136. CSO 1/34/40 Desp. Confid. 3. Nov. 1936, Hunt to Ormsby-Gor

that silver coinage was more difficult to counterfeit.

Governor Bourdillon agreed that silver would reduce counterfeiting very considerably but argued that it would not stop it altogether. He pointed out - and this has been seen in the preceding chapter - that counterfeiting was not unknown even when Nigeria had a silver coinage. The Governor concluded that though the position in the country was very near a crisis point, it was not yet necessary to take the "extreme and expensive step of changing the currency". The W.A.C.B. subsequently introduced a "security edge" for the alloy coins but this did not deter the counterfeiters. For, in April, 1939, Governor Bourdillon reported to the Secretary of State that the measure had failed to stop counterfeiting. He stated that "counterfeiting of these coins is already taking place... They are being detected in increasing quantities."[137] Thus, on the eve of the Second World War, the problem of currency counterfeiting proved intractable.

Although the focus so far has been on the tribulations and exploits of the unemployed and the criminally-employed

137. CSO 1/34/44 Desp. Confid. 15 April, 1939, Bourdillon to MacDonald.

citizens of Lagos and its environs, it should be realized that the economic adversities of the 1930s did not spare those who managed to keep their jobs in Government and private establishments. For one thing, the wage earner had to contend with a fall in wages. This fall was calculated in 1931 to have been in the region of 25 to 30 per cent in certain parts of Nigeria.[138] In the case of Lagos, the daily wage of labourers declined from one shilling to between eight and nine pence in 1932.[139] This was, however, mitigated by a fall in rents and in the prices of foodstuffs. Rents fell, it was claimed, because tenants were unable to pay what came to be seen as the "excessive rates" of the preceding decade.[140] Even then, the rates remained high in relation to the standard of housing. Low-income workers were reported to have resorted to sharing a room on which they paid from two to ten shillings per month according to the situation and type of building. The result was that in certain areas of Lagos, the population density was over 250 persons

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138. Colonial Reports - Annual No. 1569, 1932: Annual Report on the Social and Economic Progress of the People of Nigeria, 1931, p. 38

139. Colonial Reports... No 1625 of 1933... Report, 1932, p.50

140. Ibid., p. 25.

per acre. This, as is discussed below, had serious implications for sanitation and public health.

Conditions were better for more prosperous persons - artisans and clerks - who occupied houses which contained three or four small rooms at an annual rent of between £18 and £30. These were usually mud and brick structures and rents charged on them represented some 15 years purchase of the property including land. A few highly paid clerks were said to have lived in proportionately better houses which they often owned.

It was calculated that house rents in Lagos during this period took up to a sixth of a worker's earnings.[141] The high rents could be explained, first, in terms of the high cost of building materials. This necessarily affected the rate at which houses were built to serve a rapidly increasing population. Second, the value of land appreciated as pressure was exerted on it by an ever-rising population. The Colonial Report for 1936 while lamenting that the rentals demanded in Lagos were "generally out of all proportion to the standard of housing provided" ascribed this to "the artificial value given to land in a congested area such as the Island of

141. *Ibid.*, p. 51.

Lagos."[142]

The congestion on the Island during the pre-War decade was the result of the heavy influx of persons from the hinterland and the alleged increase in life expectancy which was reflected in birth rates exceeding death rates (see table below). The in-migration of persons was reported to have been intense in the three years prior to 1934. It was contended that since life expectancy in Lagos was better than in the preceding decade, the "defaulting 'bush' tax-payer saves money and years of life coming to Lagos."[143] The Census of 1931 put the total population of the Municipal Area at 126,108 comprising 52,923 males, 39,188 females and 33,997 children. Compared to a population of 98,303 in 1921, this was an increase of some 28% in a decade.[144] The increase in population, as reflected in the excess of recorded births over deaths, is shown in the table below.

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142. Colonial Reports... op. cit. Report for 1936 no. 1842 of 1938, p. 31.

143. Ibid., Report for 1934, no 1710 of 1935, p. 13.

144. Comcol 1 739 vol. II "(i) Census 1931 (ii) Lagos Colony population and statistics", Comparison of 1921 and 1931 Census by Government Statistician, n.d.

TABLE 40

Lagos "Corrected" Birth and Death Rates 1928-1938

	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
Birth Rate	23.0	23.3	23.0	22.3	24.6	22.1	27.8	26.4	23.7	22.9	24.1
Death Rate	26.1	22.3	20.5	17.8	17.9	18.9	13.05	18.9	18.9	23.3	21.6

SOURCE: Colonial Reports.. 1934, p. 13; 1938, p. 13.

For whatever they are worth, the statistics of birth and death rates indicate that, except in 1928 and 1937, the former exceeded the latter. These exceptions were attributed to an increased mortality from diseases of the respiratory system.[145] The Medical Officer of Health had noted in 1935 that "The serious incidence of chest diseases (including tuberculosis) and their alarming preponderance amongst causes of death in Lagos cannot but be closely related to... abnormal immigration, unemployment and house congestion."[146]

Little wonder then that there was a tendency on the part of many Lagosians in the 1930s to move to the mainland. Reporting

145. Colonial Reports... Report for 1938, no 1904 of 1939, p. 13

146. Comcol 1 739 vol. II, op. cit, J. Cauchi to Principal Registrar, Medical Headquarters, Lagos, 18 June, 1935.

this "marked tendency" in 1932,[147] the Colony authorities recalled that lack of rapid transport facilities between the Island, which was the business centre, and the mainland had previously deterred migration to and settlement in the suburbs. But, with the construction of a new and wide Carter Bridge and the development of motor bus transport, it was now possible to reside on the mainland and go to the Island to transact business.

Although it was not the only one in the business, the firm of J.N. Zarpas and Company - a Levantine enterprise - contributed immensely to the establishment of regular omnibus service between the Island and the mainland. The company claimed in 1933 that it carried over two and half million passengers per annum and as many as 12,000 in a single day.[148] By 1937, the distribution of buses in Lagos was as follows: Zarpas (19). Madam N. Abeke (alias "Anu Oluwa Po") and Mr. Cole (2 each) and Mr. Benson (1).[149] Thus, Zarpas was deservedly dubbed the "Bus King" on account of the preponderance of his buses and his heavy investment in the business. In June, 1935,

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147. CSO 26/4 09512 vol. IX op. cit., para. 27

148. Comcol 1 1550, "J.N. Zarpas & Co. Bus Service in Lagos Municipality", Zarpas to C.S.G., 28 Aug., 1933.

149. Comcol 1 1231 "Nigerian Motor Transport Union", Stephen S. Efunshile to Admin. of the Colony. 2 Feb., 1937.

he took delivery of a five-ton bus which ran on diesel and had a capacity for 38 passengers. It cost £1,200 and paid sea freight of £200.[150] Later in the year, he took delivery of five more luxurious buses which were put on the Lagos-Yaba route on New Year's Day, 1936.[151]

The development of regular bus services between the Island and the mainland consequently facilitated a drift to the mainland. This movement of persons, however, involved the transfer to the mainland of the haphazard pattern of development of residential accommodation which had bedevilled the Island. Commenting on the unregulated development of sub-urban Lagos in 1932, R.H. Rowe, Chairman of the L.E.D.B. lamented that "trouble... (was) being laid up for the future in the continuous sale by subdivision of land in the environs of Lagos".[152] This, he believed, had reached a stage that required government intervention. He recalled that similar developments were taking place at Surulere, located west of the government housing estate at Yaba, in the late 1920s. A committee which had been instituted to study the town planning, medical and sanitary implications of the phenomenon

150. NDT, 26 June, 1935

151. Ibid., 2 Jan., 1936

152. Comcol 1 1343 "Lagos Suburban Development", R.H. Rowe to C.S.G., 2 March, 1932.

reported that the developments at Surulere were practically duplicating "the disastrous state of affairs as exists on Lagos Island itself".

Against this background, Mr. Rowe strongly enjoined the government to regulate the development of suburban Lagos which was then "haphazard and unregulated." Failure to do so immediately, he contended, would involve heavy expense in future in respect of road communications, realignment and maintenance. He, therefore, suggested that the "Urban Area" of Lagos be extended so that control under existing legislation and bye-laws could be extended to the suburbs. This was accordingly done by virtue of Order-in-Council 1 of 1934 under the Land Development (Provision for Roads) Ordinance of 1933. The Lagos Municipal Area was extended by one mile north of Agege, the entire area being under the jurisdiction of the President of the L.T.C.

Going by present-day realities of real estate development in Lagos, it is clear that this political manoeuvre failed to stem the tide of haphazard development of suburban Lagos. This was confirmed by the Chairman of the L.E.D.B. in 1934 when he reported that there was a persistence of unregulated development at Ebute Metta West and East and at

Surulere. In those places, houses were built in a manner that forced roads to meander while road access was blocked in several places. Such a trend, he declared, would "only lead to chaos and to very high costs in public services; and if left too long, the eventual replanning of these areas will be almost as costly as it is proving to be on Lagos Island".[153] In that case, he advised that suburban development should be correlated as far as possible with slum clearance in Lagos so that those displaced by the latter scheme did not reproduce the same condition on the mainland.

While the colonial government kept an eye on developments on the mainland, it continued with its schemes of slum clearance and reclamation on the Island and the development of the model estate at Yaba. Remarkable success was claimed for the reclamation work at Idumagbo which was, before 1932, "the most congested and unhealthy slum area" on the Island. The area around the Idumagbo lagoon was raised several feet and drained to create room for "new houses of superior type built by private enterprise" in place of the squalid structures that had been demolished.[154]

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153. Ibid., Chairman, L.E.D.B. to C.S.G., 24 April, 1934

154. CSO 26/4 09512 vol. IX... op. cit., para. 24

The demolition of houses on the Island was an issue that generated tension and controversy as government stepped on several toes. The acting Administrator of the Colony had cause to counsel public health authorities that while it was necessary to take appropriate steps to check the plague which ravaged Lagos during this period, it must be realized that times were hard. It was "important politically", he declared, "that the people should not be put to more expense and inconvenience than is absolutely necessary".[155]

The demolition of buildings proceeded nonetheless and was executed by two Departments - Town Engineer's and Medical Services - with differing motives for doing so. While the former pulled down what it considered "dangerous structures,"[156] the latter demolished premises regarded as "decided plague foci".[157] It was thus the case that the authorities seemed to embark upon indiscriminate demolition. It got to a stage

155. Comcol 1 958 "Anti-Plague Campaign - Demolition of Premises", Ag. Admin. of Colony to Director Medical and Sanitary services, 21 July, 1930.

156. Ibid., D. H. Holley to Sec. L.T.C., 2 Sept., 1930

157. Ibid., W. Allan, Dir. of Med. & Sanit. Services to C.S.G., 4 Feb., 1930.

that the Eleko Sanusi Olusi and his chiefs petitioned the government in 1930. They complained that the demolition of houses "under the pretence of anti-plague measures" was becoming "rampant" in Lagos and had "made many souls homeless". Many homes were demolished even after having been deratted because they looked old, their "old and penurious" owners being thus rendered homeless. The traditional rulers acknowledged that the spirit behind the exercise was laudable but pleaded that "some margin should be given to that class of old people who are quite happy in their homes"[158]

While A.W.S. Rumens, Secretary to the L.T.C., sympathized with the "poorer classes" on whom these measures had inflicted "extreme hardship" in certain cases,[159] the heads of the departments involved in the exercise did not consider that any great harm had been done.[160] Thus, the Medical Officer denied that his department had pulled down any structure on account of age. Rather, it had often been found necessary to demolish individual rooms, partitions, additions and such

158. Ibid. Sanusi Olusi (Eleko) & Chiefs to Admin. of Colony, 17 Sept., 1930

159. Ibid., Rumens to Admin. of Colony, 2 Sept., 1930

160. Ibid., Minutes, 25 Sept., 1930.

like structures to ensure that the affected premises were "reasonably fit for human habitation". He assured, however, that efforts had been made to minimise hardship. Reacting specifically to a point in the petition of the Lagos traditional rulers, he declared that people who were quite happy in "dark, damp, ill-ventilated and rodent-infested premises" were endangering not only their own health but that of the public as well. For, they risked contracting very serious communicable diseases.

In contrast, the Town Engineer stated that the view that houses were not demolished on account of age applied to the Health Department only. As far as his Department was concerned it "most certainly does demolish houses because they are old but only when they have become structurally dangerous". The position was accordingly explained to the Eleko and his Chiefs,[161] the last word on the matter being government's determination to "sanitize" Lagos albeit with greater circumspection.

While government was pulling down ramshackle structures on the Island, it continued work on the Yaba Estate on the

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161. Ibid., Ag. Admin. of Colony to the Eleko, 8 Oct., 1930.

mainland. In 1932, 174 houses had been completed and 177 were under construction.[162] Except for some 10 per cent being built under the African Housing Scheme, the estate was developed by private enterprise which accounted for 316 of the 351 houses completed or under construction, valued at some £127,000. By December, 1936, there were 525 houses on the estate.[163]

The pre-War decade was undoubtedly a period of challenges to the colonial government and business interests in Lagos. The Depression of 1929-34 which dominated the first part of the period imposed severe hardship on society, especially on the questions of employment and wages. In the midst of the adversity, the people demonstrated their resilience and adaptability. The report on the Colony in 1934 noted that their spirit had been "admirable and their determination to overcome the difficulties of the situation deserves nothing but praise".[164] Although this comment sounds paternalistic, it accurately reflects the spirit of the age. This is confirmed by their response to certain accompaniments of the economic crisis of the period.

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162. CSO 26/4 09512 vol. IX <u>op. cit.</u>, para. 37

163. CSO 26/4 09512 vol. XI "Annual Reports on the Colony, 1936-38", Annual Report, 1936, paras. 25 and 39

164. CSO 26/4 09512 vol. X "Annual Reports on the Colony, 1933-35", Annual Report 1934, para. 18.

Generally, while the Depression lasted, there was lack of money in Lagos and this affected the consumption pattern and lifestyle of the people. They were reported to have "adapted themselves to a considerable extent to the conditions arising from the reduced circulation of currency."[165] Recourse was had to cheap home-made substitutes and locally-grown food instead of imported provisions. This brought down the prices of certain necessities especially as wages fell. There was also a decrease in the number of Liquor and Motor licences taken out as the amount of money in circulation reduced significantly. The restriction of purchases to bare necessities engendered a great demand for coins less than three pence in value, especially tenths of a penny. This was to facilitate the purchase of small units of foodstuffs and condiments. In this connection, the introduction of the tenth of a penny coin into Agege and Ikorodu markets in 1933 had the effect of reducing the trade measures and of increasing the retail radius. Thus, the measure was lowered from a beer bottle to a crown cork for the sale of items such as blue while tomato puree tins served as retail

165. CSO 26/4 09512 vol. IX... op. cit., para. 81.

measures for salt and rice where the cigarette tin had been the lowest measure.[166]

In general, lack of money caused a sharp fall in the trade in all luxuries, especially imported provisions. It was reported that palm wine was patronized at the expense of imported liquor while "illicit" liquor was smuggled in by way of the creeks from Ijo territory.[167] The consumption of meat and the sale of fineries diminished and school attendances declined.[168] Even the legal profession suffered a slump.[169]

The people of Lagos were thus compelled to adopt "a simpler mode of living."[170] This was reflected in their manner of dress as they now patronized the local weaving industry. According to an official report, "retrenchment and poverty have taught the people that they must fend more for themselves, and they have discovered afresh the virtues of native woven cloth". At the Victoria Street market in Lagos, "native-woven cloth of excellent design" was observed

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166. CSO 26/4 09512 vol. X... *op. cit.* Annual Report on the Colony, 1933, para. 27

167. *Ibid.*, para. 25.

168. *Ibid.*, Annual Report, 1934, para. 18

169. *NP*, 25 Sept., 1931

170. Annual Report on the Colony, 1933, *op. cit.*, para. 25.

to be "ousting that of foreign manufacture" and it then became "fashionable for a woman to be seen wearing them".[171] Industries such as cap-making also registered some impact as adversity became the mother of invention.

The brief return to commercial prosperity from 1935 to 1937 was reflected in the increase in the volume of currency in circulation. This boosted the purchasing power of the producers and the general prosperity found expression in a greater demand for imported goods. The sudden prosperity strained currency supplies to the extent that in certain areas in the hinterland recourse was had to barter. Bank of England notes were therefore introduced in large quantities but farmers in the distant areas were said to have been reluctant to accept them.[172] In the meantime, house rents in Lagos, which had fallen considerably during the Depression, tended to rise in accordance with the prevailing economic conditions.[173]

There was a relapse into economic adversity in 1938 as produce prices fell and the volume and value of trade declined on 1937 levels. This was the state of affairs up to September 1939 when the Second World War broke out. The War and its aftermath form the subject of discussion in the next chapter.

171. Ibid., paras. 25 - 26.

172. CSO 26/4 09512 vol. XI... op. cit., Annual Report, 1936 para. 19.

173. Colonial Reports... Report for 1936, op. cit., p. 31.

CHAPTER SIX

LAGOS TRADE AND SOCIETY, 1939 - 50

Government Policy and Maritime Trade During The Second World War, 1939 - 45

The closing year of the 1930s, like that of the preceding decade, is auspicious in history for recording the beginning of another event of fundamental global importance. This was the outbreak of the Second World War which, more than any other event in the twentieth century, shook the world to its foundation. Although the Second World War did not break out formally until September, 1939, every perceptive European saw it coming months before the declaration of war. Hence, the British government, which was a principal participant in the crisis, started making contingency plans in anticipation of the commencement and prolongation of hostilities.

Thus, as early as July, 1939, the British had made secret plans in respect of import and export control in the event of war. The object of import restrictions was the conservation of foreign exchange to make it possible to secure supplies of essential imports.[1] In that regard, imports considered

1. CSO 18 19 "Import and Export Restrictions, 1939": SECRET: IMPORT RESTRICTIONS IN EMERGENCY, 27 July, 1939.

unessential would have to be restricted. In addition, availability of shipping space and port facilities would influence the volume of imports during the War. Apart from ensuring the judicious use of foreign exchange, import control was expected to be used to direct purchases to particular sources of supply - such as countries within the Empire - in the interests of exchange; to assist some aspect of economic warfare and to bring pressure to bear on a particular foreign country in the interests of the trade of the United Kingdom.

Imports to be restricted were grouped into three classes. In the first were those of a non-essential character which could be dispensed with in an emergency. The second group comprised articles of which large stocks were already held in the United Kingdom. In that case, foreign exchange could be saved by restricting imports, for a time at least. Finally, items of which requirements could be met wholly or to a substantial extent by "Home" production constituted the third class of restricted goods.

It was acknowledged, however, that in most cases, complete prohibition of imports would not be practicable. There would thus be need for import licensing to take care of special classes of goods. This applied, first, where the existing stock or the home production of a particular article was not sufficient to meet requirements. Second, where a special kind of article falling within a prohibited class was required and could not be obtained in the United Kingdom. Third, where importation was considered necessary to assist Empire or Allied interests. Fourth, if it was necessary to maintain trade with a country which provided an important market for some of the exports of the United Kingdom. Finally, in connection with economic warfare whereby commodities and stocks held in neutral countries might be purchased by the British government to prevent them falling into the hands of the enemy.

The restriction of exports was also intended to conserve supplies for use in Britain or allied countries, prevent exports from Britain from reaching the enemy directly or indirectly and be used to bring pressure to bear upon neutral governments and firms and to guide exports to particular countries in the interest of exchange.[2] Such controls would aid the various controls instituted in respect of raw materials and staple foodstuffs. Classes of exports to be restricted were foodstuffs and feeding stuffs for animals; raw materials such as ores and metals; chemicals and

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2. Ibid. SECRET: EXPORT RESTRICTIONS IN EMERGENCY.

certain manufactured articles supplies of which needed to be conserved within the country. Preferential treatment would, however, be given to countries within the Commonwealth.

Operating within the foregoing broad guidelines, the Colonial Office issued preemptive instructions to the colonies as war appeared imminent. Thus, in August, 1939, the Secretary of State gave definite instructions on the subject of vegetable oil and oilseeds in a code telegram to the Governors of Nigeria and Sierra Leone as follows:

> If war breaks out it will prove necessary for Britain, so as to economise shipping space and exchange, to draw the maximum quantity possible of oil seeds and vegetable oil from the West African colonies. It will be arranged for the Government itself to be the sole buyer on behalf of Britain making use of the normal commercial channels. The Government in these circumstances has, of course, the power to determine the price and their purpose will be the two-fold one of obtaining food for this country at reasonably cheap prices, but at the same time paying a rate sufficiently high to encourage production and meet the reasonable wishes of the producer[3].

He then asked the colonial Governors to suggest port prices for soft palm oil, palm kernels and groundnuts.

Accordingly, colonial officials in Nigeria embarked upon the task of finding "reasonable" fixed prices for these commodities. Officers of the Department of Agriculture

3. CSO 26 36414 "Vegetable Oil and Oilseeds", Paraphrase of Private and Personal Code telegram from the Secretary of State to Governors, Nigeria and Sierra Leone, 29 August, 1939.

then calculated minimum prices below which the African would not produce for export. To this minimum price was added marketing charges such as railway freights, buyers' commission, inspection fee, harbour dues and export duty. These factors were then tabulated as shown below in arriving at a "reasonable price" to be paid to the producers.

TABLE 41

Proposed Producer Prices for Nigerian Oilseeds, 1939

		Soft Oil			Kernels			Groundnuts		
		£	s	d	£	s	d	£	s	d
Fair price to producer in normal times		7	10	-	6	-	-	6	-	-
Premium to encourage and secure maximum production		2	-	-	2	-	-	1	-	-
Freight to coast		-	10	-	-	10	-	4	-	-
Overhead charges to firms including export duty, etc.		6	10	-	2	15	-	2	5	-
Price f. o. b. Lagos	£	16	10	-	11	5	-	13	5	-
Estimated ocean freight (present rates)		1	12	-	1	6	-	1	6	-
Approximate London price	£	18	2	-	12	11	-	14	11	-
Estimated approximate price pre-war London	£	12	-	-	8	5	-	12	-	-

SOURCE: CSO 26 36414 ... op. cit, Secret Despatch, Gov., Lagos to Sir C. Parkinson, Colonial Office, 7 September, 1939.

In presenting the result of this investigation, the Governor of Nigeria contended that a "considerable increase in present depressed prices will be necessary before producer gets fair return for his labour and still further increase must be made to encourage maximum production."[4] In this regard, the additional sum of £2 for palm oil and kernels was meant to provide initial stimulus to maximum output. The Governor explained that this was necessary to prevent seasonal slackness in oil production which always occurred when prices were low. In this connection, very little purchases of soft oil were recorded in Lagos at the price of £4:15. The main reason for this would appear to have been that the local retail prices were more attractive. For, the price of 2s:6d to 3/- per four-gallon petrol tin amounted to £7:10 to £9 per ton of sixty tins, about twice the export price.

But, the Secretary of State, having discussed with the Food Control Plans Department, declined to approve the prices recommended by the Governor of Nigeria.[5] He contended that they were 100% and 200% in advance of pre-war prices at port and those paid to the producer respectively. The prices of

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4. Ibid., Paraphrase of cypher telegram, 5 September, 1939, Governor to Sec. of State.

5. Ibid., Secret and Personal telegram, Sec. of State to Gov., Nigeria, 13 September, 1939.

West African vegetable oil and oilseeds, he stipulated, "must ... be kept in step with those of other similar products" - which had only risen slightly. In a subsequent correspondence, the Secretary of State made it clear that the intention of the Oil-seed Controller was to buy in London "through usual importers at whatever price appears justified by state of supplies from West Africa and other sources. Prices may vary weekly or even daily."[6] Apparently, the Imperial Government had decided to allow "market forces" determine prices.

Be that as it may, the colonial government embarked upon the control of trade and the co-ordination of production in Nigeria by establishing the Nigeria Supply Board.[7] The Board was not a deliberative body but was charged with bringing under one direction special war-time departments as well as the existing ones which were connected with the economic aspects of the war effort.[8] Membership of the Board comprised the Director of Supplies as Chairman; the Director of Marine;

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6. CSO 26 36104 vol. 1 "Marketing of groundnuts in war-time", Paraphrase of telegram from Secretary of State, 12 October, 1939.

7. MN/X14 <u>Memo on the Organization and Control of War-Time Trade and Production</u>, Government Printer, Lagos, 1943, p. 1.

8. A summary of government policy on trade and production is provided in Axel Harneit-Sievers, "Economics and Politics in Nigeria During World War II", Paper presented at the Joint Seminar: Staff and Postgraduate, History Department, University of Ibadan, 26 February, 1988.

the General Manager of the Railways; the Director of Agriculture; the Controller of Imports; the Food Controller; the Controller of Motor Transport; the Representative of the Ministry of War Transport and two representatives of Business. The Board had an executive comprising the Director of Supplies, a Secretary and Controllers of the various sections such as Imports; Indents; Exports; Food Control; Price Control and Transport Control.

In effecting the control of exports, the colonial government instituted a system of licences issued by the office of the Controller working according to a programme drawn up by the Export Branch of the Supply Board. Exports crops were purchased by the firms engaged in the business prior to the War who now served as agents of the government.

In the specific case of cocoa, it was a great irony that the very firms whose Pool Agreement of 1937/38 had caused a great uproar in the cocoa belt were now used as Government-buying agents. This meant in effect that the firms had indirectly achieved their cherished aim of monopolising the export trade in cocoa, taking advantage of the expediency of the War.[9] Arrangements for the purchase of cocoa were spelt

9. A. Olorunfemi, "Background to the Establishment of the Nigerian Cocoa Marketing Board, 1947 - 48", Odu, n.s., No. 19, Jan/July 1979, p. 65.

out in a statement issued by the Secretary of State on 13 November, 1939.[10] The price of Nigeria F.A.Q. Cocoa was fixed at £16:10 per ton of Grade II Cocoa ex-scale port of shipment. European and other shippers "already established in the trade" were to act as agents for Government on an agreed remuneration. Allocations to large shippers would be made on the basis of their performance in the three years before the war while smaller shippers would receive theirs in proportion to their purchases in the previous season. A local Cocoa Controller was appointed in the person of Mr. G. F. T. Colby of the Nigerian Secretariat. He was assisted by an Advisory Committee comprising representatives of the larger and smaller firms. The Committee was empowered to fix local transport differentials and local brokerage rates and to allocate quotas among small shippers.[11]

The cocoa exporters were classified into Groups 'A' and 'B' shippers. Those in Group 'A' were the Cocoa Manufacturers Ltd.; C.F.A.O.; Co-operative Wholesale Society, John Holt & Co.; London Africa & Overseas Ltd.; G.B. Ollivant Ltd.; F.Z. & Co. Ltd.; S.C.O.A.; U.T.C.; U.A.C. and C. Zard & Co. Ltd. Group

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10. CSO 26 36148/S.7 "Cocoa Control: Cuttings from Local Newspapers", NDT, 14 Nov., 1939.

11. WAP and NDT, 18 Nov., 1939.

'B' shippers were S. Thomopulos; Anglo-Nigeria Trade Corporation; United Development Trading Co.; Flionis Bros.; W. E. Griffiths & Co.; C. S. Mandrides and Odutola Bros. - the only African firm.

An immediate problem that confronted the Cocoa Advisory Board was the determination of prices paid outside the port of Lagos. This was with regard to the fixing of transport differentials which made all the difference between prices offered in Lagos and those paid elsewhere.[12] This could be seen from the schedule of prices for Lagos and its districts: Lagos - £16:10; Agege - £16:8; Ikorodu - £16:5; Badagry - £16:2:6; Ejinrin - £16:1:3 and Epe - £16:0:3 per ton. These prices included brokerage payable to "middlemen" at the fixed rates of 7s 6d per ton for cocoa that was graded, bagged and sealed and 5s 6d for that which was not. Premium for Grade I cocoa was 10/- per ton on Grade II price.[13]

The cocoa control scheme was stated to have been designed "to ensure that the cocoa is purchased at a good price and that the producer gets the best possible price". In that regard, the colonial government intended that the middleman's

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12. CSO 26 36148/S.10 "Prices of Cocoa under the Control Scheme", Colby (for C.S.G.) to S.W.P., 28 Nov., 1939.

13. Ibid., A.F.R. Stoddart (for C.S.G.) to Comcol, 28 Nov., 1939.

charges were commensurate with the services he rendered and no more. Hence, it fixed the rate of brokerage which, when deducted from the fixed minimum prices, gave a "fair price" to the producer.[14] Government had considered the idea of eliminating the "middleman" but it quickly recognized that such a policy 'contained a good deal of "dynamite" i.e. it might easily cause ... disaffection among middlemen and other interested parties.'[15] In the words of the Cocoa Controller, the colonial government decided not to be "too insistent on all the holes being blocked up at once - in other words the middlemen were let down lightly".

The question of prices was one that was central to the entire control scheme. For, not only were the prices low, they fluctuated in the period from November 1939 to October, 1940. Thus, there was a substantial reduction from £22:5 in 1938/39 to £16:10 from the outbreak of war to April 1940; £11 from then to September and £13:10 from October, 1940. The price fell again to £10 in May 1941 only to rise to £14:10 in the 1941/42 season. Then, from October 1942 it fell to £12:10, further declining to £10 in 1943.

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14. Ibid., Stoddart to Colby, 12 April, 1940.
15. Ibid., Colby to C.S.G., 23 April, 1940.

The Press and the public expressed dissatisfaction with the low and fluctuating prices. The Daily Times, for instance, stated in reaction to the inauguration of the scheme that since the price was to remain fixed, "it might have been a little more generous".[16] The Ibadan Co-operative Marketing Union Limited contended that the price of £16:10 was grossly inadequate in view of the fact that it cost £30 to produce a ton of cocoa and prices of imported goods were "being raised daily, and the cost of living ... [was] getting high". The Union stated that the remunerative price was in the range of £25 - 28 otherwise farmers would not be able to pay their labour bills, taxes and other legitimate dues as well as their children's school fees. This resolution was also adopted by the cocoa co-operative unions at Ilesha and Akure.[17]

The colonial government then justified the low prices on the ground of war-time expediency. It explained that a decrease in demand and a consequent fall in prices resulted from the closure of the German, and the contraction of the American, markets. Prices were thus not wholly dependent on the cost of production but on the relation of supply ~~and~~

16. NDT, 16 Nov., 1939.

17. IBMINAGRIC 17980 vol. III "Cocoa Control", Resolutions passed by the I.C.C.M.U. and the Ilesha and Akure Co-operative Societies.

and demand. In view of the fact that the Imperial government would certainly be saddled with a substantial quantity of cocoa in addition to existing stocks, it was bound to sustain heavy losses on purchases of the crop. Such losses, the government contended, were "in the nature of a direct gift to the West African cocoa farmer". The affected groups were therefore, enjoined to "appreciate the generosity of Government's action in the matter."[18]

Deriving from the foregoing was the issue of cocoa stocks, a considerable proportion of which could not be exported either for lack of shipping space or demand from the metropolis. Considering the magnitude of the problem, the Governor of Nigeria sought advice from London. He desired to know if "the expedient of buying for destruction should not be ruled out".[19] However, since the Central Control in Britain had banned further imports of the 1939/40 main crop cocoa, it became imperative to destroy all outstanding stocks of that season's cocoa of all grades.[20] It was stated that the

18. Ibid., S.W.P. to Presidents and members of Co-op. Unions, 14 May, 1940.

19. CSO 26 38300 "Produce for Export", Paraphrase of secret telegram, No. 1316 of 11 Oct., 1940, Gov. of Nig. to Sec. of State

20. IBMINAGRIC 17980 vol. IV "Cocoa Control", Colby to Group 'A' Shippers, 14 Oct., 1940.

Imperial government sustained a "heavy loss" in its transactions in the 1939/40 season.[21] But this was more than offset by the "very handsome profit" it recorded in the following season.[22] Indeed, a cumulative surplus of £1,169,906 was earned between 1939 and 1943.[23]

Nevertheless, certain officials continued to harp upon the constriction of the cocoa market to demand low prices. According to Dr. J.R. Mackie, the Director of Agriculture, since there was no real demand for cocoa, "we ought in fairness to the British tax payer (sic) to show as low a price as possible."[24] He, therefore, recommended a price of £13 for Grade II cocoa as "a fair compromise between the British tax payer and the Nigerian cocoa farmer." Also making a "case for a reduced price", the Cocoa Controller based his recommendation on the difficulty of shipping existing stocks and the low priority accorded cocoa by the Imperial government. In addition, he

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21. Ibid., Minute by S.W.P., 12 Aug., 1940
22. IBMINAGRIC 17980 vol. V "Cocoa Control", Extract from Report for Week Ending 30 Aug, 1941 by J.A. Mackenzie, S.W.P., 1 Sept., 1941
23. A. Olorunfemi, "Effects of War-Time Trade Controls on Nigerian Cocoa Traders and Producers, 1939-45: A case Study of the Hazards of a Dependent Economy", I.J.A.H.S., 13, 4(1980), p. 685, note 63.
24. IBMINAGRIC 17980 vol. VI, Mackie to Sec., Nigeria Supply Board, Lagos, 9 July, 1942.

highlighted two "very material considerations" in favour of a reduction in price.

First, palm kernel production in the Western Provinces was said to be very much below the full potential. In that case, Colby argued, a reduction in cocoa prices would induce a considerably greater tonnage of kernel production. He based this assertion on the opinion of the "commercial people" and even the Ooni of Ife. Second, a lot of money had been put into circulation by virtue of steady increases in the volume of produce for sale at increased prices, the payment of cost of living allowances and very heavy service expenditure. To obviate inflation, he recommended that the excess money in circulation should be mopped up either by taxation or the provision of imports. Since taxation would generate discontent and imports were hard to come by, a reduction of the price of cocoa to about £10 per ton would, in Colby's view, reduce the pressure of purchasing power by some £500,000 - "a material contribution to our inflation problem".[25]

A dissenting voice was raised by the Secretary, Western Provinces who argued that, on the strength of available evidence, "it does not appear that the cocoa

25. Ibid., Colby to Director of Supplies, 20 July, 1942.

scheme over the first two seasons of its operation .... has in fact cost the British taxpayer anything." The argument that the "burden" of the scheme on the Imperial Government necessitated a cut in the prices was therefore untenable. He also rejected the validity of the supposed correlation between a reduction in cocoa prices and an increase in the production of palm kernels. On the contrary, any substantial reduction in the prices of cocoa would "seriously and permanently injure" the industry and cause real distress to a large section of the community. The Secretary, Western Provinces, therefore, recommended a reduction of £1 on the 1941/42 price, a step which he admitted would cause dissatisfaction but not any real hardship or distress.[26]

In the final analysis, the Governor effected a reduction of the price to £12:10 per ton for main crop cocoa (Grade II) with the usual premium for Grade I.[27] The trend towards low prices was thus maintained from 1939 to the end of the 1942/43 season. By this time, conditions had begun to improve in Nigeria and in the overseas markets. Hence, there was an irresistible clamour for an increase in cocoa prices. Thus, the Resident, Oyo Province noted in January, 1944 that

26. Ibid., S.W.P. to Sec., Supply Board, Lagos, 29 July, 1942.
27. Ibid., C.S.G. to S.W.P., 8 October, 1942.

> everybody in the cocoa area agrees that a substantial increase in price is necessary to restore confidence and set the industry on its feet again. The farms have 'gone back', the farmers have diverted a good deal of their energies to food growing, hired labour which may well be short and has certainly become a great deal more expensive during the war will be necessary to clean the cocoa farms.[28]

Practically all the officials favoured an increase in price. The Agricultural Officer, Ondo - Oyo Provinces reported that cocoa prices had not kept pace with costs of labour and living. Hence, many cocoa producers had simply left the pods unharvested and as these rotted, the trees became susceptible to Black Pod disease.[29] The Director of Agriculture himself suggested a "substantial" rise in price as "the best means of popularising cocoa farming". The increased price coupled with propaganda for a higher standard of farming, he opined, would make the people give better attention to their farms.[30] Thus was the price raised to £22:10 per ton (Grade II Lagos) for the 1944/45 season, the final full season of the War. This was some 70% higher than the average price in the preceding years of the cocoa control scheme.

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28. <u>Ibid.</u>, Resident Oyo Prov. to S.W.P., 26 Jan., 1944.
29. <u>Ibid.</u>, John West to Res. Oyo Prov., 6 Jan., 1944.
30. <u>Ibid.</u>, "Note on the Cocoa Industry", enc. in D.H. Urquhart to C.S.G., 27 Jan., 1944.

The foregoing discussion of the fortunes of the cocoa trade during the War has shown that the crop was a low-priority export until the closing season of the War when it came into greater demand. This was a reflection of the military successes enjoyed by the Allied powers in Europe and the consequent expansion of the market.

The case of palm produce, especially palm kernels, closely paralleled that of cocoa during the war. Indeed, owing to problems of shipping and low demand, a ban was placed on kernel production for export in the Western Provinces. This ban expectedly generated discontent and colonial officials admitted that though it was "loyally accepted, it had inflicted far greater hardship than had been originally anticipated."[31] For, kernels were produced by the women who were only marginally involved in the cocoa trade and were thus excluded from the direct benefits accruing from that trade.

African reaction to the ban was articulated by the Nigerian Produce Traders Union whose members were directly affected by the order. The Union was, however, aware that it had little room for manoeuvre in the peculiar circumstances of the War. Hence, all that its Organising Officer,

31. CSO 26 37453 "Distribution of Markets for the sale and purchase of produce for export", Confid., S.W.P. to C.S.G., 30 Nov., 1940.

Samuel Akinsanya, could do was proffer suggestions on how to cushion the impact of the ban. In a nutshell, he suggested that the cocoa price per ton could be reduced by £2 so that £180,000 would accrue from an expected crop of 90,000 tons. This sum of money could then be used to buy kernels that had been placed under the ban.[32]

Sequel to this representation, a deputation of the Nigerian Youth Movement led by Ernest Ikoli called on the Governor to discuss what Ikoli described as "the very serious position in which the recent palm kernel order had placed the people of the Western Provinces."[33] The Movement called on Government to consider the possibility of purchasing kernels for destruction. A member of the deputation, H. O. Davies, repeated the suggestion that if the price of cocoa were reduced - this time by £1 - what was realized could be spent in purchasing palm kernels. The Governor assured the N.Y.M. that the matter was being considered by the Secretary of State.

The Secretary of State's response to these representations was merely that the "general policy ... is to preserve

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32. CSO 26 38300 Op. cit., Memorandum titled "Trade in Palm Kernels" enc. in Akinsanya to C.S.G., 20 Sept., 1940.

33. Ibid., Notes on an interview between Government and the N.Y.M., 10 Oct., 1940.

in existence the whole economic structure including both native and European traders on the basis of the status quo before the war."[34] This ambiguous statement did not help matters but the colonial government interpreted this guide-line to mean a retention of the existing policy. Hence, it turned down the recommendations proposed by the N.P.T.U. and the N.Y.M. It argued that "if relief is to be afforded, it will have to be at the expense of the British taxpayer." In any case, the government was persuaded that the distress caused by the prohibition of the purchase of kernels for export in the Western Provinces was not sufficient to necessitate the subsidy schemes proposed by the two bodies.[35]

Ironically, by 1942, official attitude to the kernel trade had changed as conscious efforts were made to boost kernel production. By the middle of that year, the Secretary of State unfolded plans to establish the West African Produce Control Board which would take charge of palm produce and groundnuts.[36] The Board was empowered to

34. Ibid., Secret telegram No. 1531 of 11 Nov., 1940, Sec. of State to Gov.

35. Ibid., E.A. Miller (for Acting C.S.G.) to N.Y.M. & N.P.T.U., 31 Jan., 1941.

36. CSO 26 36183/S.24 vol. 1 "Palm Kernels Control Scheme", Telegram No. 846 of 24 June, 1942, Sec. of State to Govs., Nigeria, Sierra Leone and the Gambia.

purchase palm kernels on the same lines as the cocoa control scheme through licensed buyers grouped into 'A' and 'B' shippers. Group 'A' shippers were required to have offices in the United Kingdom or approved representatives there who would be willing to take full responsibility for the actions of the exporting firms. The other category of shippers were to decide whether to hand over their produce to 'A' shippers or to the banks against credits opened by the Board. All other arrangements duplicated those for the cocoa scheme.

After due consideration, the Palm Kernel Control Scheme was put into operation in Nigeia with effect from 3 September, 1942. Initially, quotas were allocated on the basis of tonnage but the basis changed to percentage in 1942/43. This was calculated on actual purchases between 4 September, 1942and 1 July, 1943. The allocations for that season were as follows: U.A.C. (54.87%), John Holt & Co. (11.56%), G.B. Ollivant (8.02%), P.Z. & Co. (7.37%), C.F.A.O. (6.54%), S.C.O.A. (4.47%), Co-operative Wholesale Society Ltd. (2.39%), U.T.C. (1.26%), London Africa & Overseas Ltd. (0.82%), British West African Timber Co. (0.28%), S. Thomopulos (1.03%), W.E. Griffiths & Co. Ltd. (0.35%), Flionis Bros. (0.33%), Odutola Bros (0.31%), C.S. Mandrides (0.17%), United Development Trading Co. (0.16%) and P. S.

Mandrides (0.07%).[37]

The buying schedule was to comprise the naked ex-scale port of shipment price of £8:2:6 per ton and a number of marketing charges. These included cost of new or sound second hand bags including allowance for wastage and twine (14s 6d); the combined U.K. and Coast overhead charges (15s 3d) and remuneration (7s 6d). The "in store port of shipment" price payable to shippers by the West African Produce Control Board was thus £9:19:9d. The naked ex-scale price was subsequently increased to £9:2:6 per ton with effect from 21 January, 1944.[38] Both this price and the quotas were retained for the rest of the War.

The arrangements for the purchase and export of groundnuts were practically the same as for palm kernels and cocoa. However, a significant feature of the groundnuts scheme was the high visibility of the U.A.C. in the entire arrangements. This was strongly resented by the non-members of the Syndicate formed by the principal European exporters. Thus, Alhassan Dantata, the leading African name in the business who had purchased some 25,000 tons of the 1938 crop on his

37. Ibid., S. A. Leslie, Controller of Palm Kernels to Produce Sec., AWAM, Lagos and other Firms, n.d.

38. Ibid., Colby to the Firms, 21 Jan., 1944.

own account, was quoted as saying "The U.A.C. have achieved this year the aim of many years and made me their slave."[39] The Secretary of State however justified the reliance on the U.A.C. on the ground of its "preponderance in all phases of U.K. Crushing Industry". It was, therefore, "inevitable" that the Ministry of Food should call on the staff of the Unilever Group to assist the British Government as they were assisting the French also. He did not lose sight of the fact that the company's high profile in the marketing arrangements "may ... be open to misunderstanding in West Africa and that it may have unfortunate political effects."[40]

Commenting on the groundnut buying scheme for 1939/40, the Resident, Kano, reported general satisfaction at the working of the entire arrangement though he admitted that there were individual complaints especially regarding the size of their quotas. On the whole, he concluded, "all interests concerned, including banking interests, are satisfied with the way in which the ... scheme has worked."[41] He observed that the producer readily sold his crop at prices of £5:8 to £5:12:6 which were the average opening and closing

39. CSO 26 36104, vol. 1. op. cit., Paraphrase of telegram No. 503/51 of 31 Oct., 1939, Resident, Kano to C.S.G.

40. Ibid., Paraphrase of Private and Personal secret telegram Sec. of State to Gov., 4 Nov., 1939.

41. Ibid., vol. V, J.R. Patterson to SNP, 30 March, 1940, Confid. No. 503/175.

prices for the season. For, these prices were an improvement upon the unusually low price offered the previous year. Consequently, taxes were promptly paid and luxury items such as brocades were patronised. The "middlemen", on the other hand, were dissatisfied with the buying arrangements especially the commission of 5/- per ton which they considered "too low". The non-syndicate firms resented the fixed tonnage alloted to them and three of them - K. Maroun, Georges Calil and J. Menguissoglou - applied for larger quotas. The principal shippers and members of the syndicate were, predictably, reported to be satisfied with the entire scheme. The allocation of quotas to shippers of groundnuts in the 1939/40 season is indicated in Table 42.

The turning point in the groundnut trade during the War came in January, 1943 owing to the gravity of the supply situation in Britain. The Secretary of State informed the Nigerian government that the Ministry of Food was "anxious about the groundnut position for 1943", due to a combination of certain adverse developments.[42] First, there were difficulties in obtaining supplies from India owing to

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42. CSO 26 36104/S.47 "Groundnut prices and measures for increasing production", Telegram No. 58 of 15 Jan., 1943, Sec. of State to Gov., Nigeria.

TABLE 42

Allocation of quotas to shippers of groundnuts, 1939/40

Shipper	Rep. on AWAM	Basic Tonnage	Share of total purchases
U. A. C.	-	74,059	40.93%
John Holt	-	8,654	4.78%
P. Z.	-	7,151	3.95%
C. F. A. O.	-	11,339	6.27%
G. B. Ollivant	-	10,180	5.62%
S. C. O. A.	-	1,682	0.93
Raccah	Booker Swete	32,024	17.70%
London & Kano	M. Bates	11,022	6.09%
Calil	J. H. Rayner	2,003	1.11%
Ferris George	Graves & Skinner	7,293	4.03%
Maroun	W.E. Griffiths	8,417	4.65%
Karouni	G.N. Rawlinson	1,268	0.70%
Minaise Bros.	- do -	304	0.17%
Menguissoglou	Huth Produce Sales	1,704	0.94%
Mandrides	- do -	3,857	2.13%

SOURCE: CSO 26 36104, vol. V, op. cit., C.S.G. to SNP, 26 Nov., 1940.

increased internal consumption.[43] Second, the Ministry of Food had expected 200,000 tons of lard per annum from the United States but supplies had been rendered unreliable as American citizens started stockpiling the commodity in anticipation of rationing. In such a situation, internal consumption rose to the level that there was hardly anything left to export.[44] Third, French West Africa, particularly Senegal, experienced an unexpected fall in production. It then became doubtful if any appreciable proportion of this crop would get to Britain. Fourth, British West African exports of palm kernels and oil had fallen below 1941 levels and not more than 100,000 tons of groundnuts were expected in 1943/44.

The seriousness of the situation generated concern in London, bordering on panic in the Ministry of Food. It then became necessary to boost groundnut production in Nigeria to offset the anticipated shortage in the supplies from India. The Ministry of Food took the lead in suggesting an addition of £4:10 to the existing price, that is, a new price of £11 per ton at Kano, to induce greater production.[45] It

43. Ibid., Secret telegram No. 175 of 6 Feb., 1943, Sec. of State to Resmin, Achimota.

44. Ibid., Savingram No. 429/76 Confid. Resmin to Gov., Nigeria, 5 Feb., 1943, enc., Memo by Mr. Jasper Knight, Min. of Food, Jan., 1943.

45. Ibid., Telegram No. 58, 15 Jan., 1943, op. cit.

nevertheless invited suggestions from the men-on-the-spot on how best to tackle the problem.

Officials in Nigeria first identified reasons for the failure of the 1942/43 groundnut crop.[46] These were the poor rainfall, failure to increase prices, loss of potential man-power to the mines, the army and the "unprecedented" programme of construction; the great increase in the volume of money in circulation which acted as a disincentive to production and the likelihood that there had been a reduction in the acreage under cultivation.

Three methods were suggested as solution to the problem: an organized campaign for increased planting; the grant of permission to the Emirs to use compulsion and a "really sub-stantial" increase in taxation.[47] On the first strategy, it was expected that thirty to forty Europeans drawn from the Army would be employed full-time under the direction of the Resident. In addition, a detailed production plan would be drawn up for each province to ensure that groundnut planting did not jeopardise the production of foodstuffs.

On the proposal to use the traditional authorities in the production drive, village heads were to be rewarded in

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46. Ibid., Minute by Colby, 18 Jan., 1943.

47. Ibid., Recommendations by J. R. Mackie, Colby and A. G. Dawson (U.A.C.), 27 Jan., 1943.

accordance with their contributions to increased production. The Kano Groundnut Buying Committee also recommended that

> pressure [should] ... be exerted through Native Administrations or District Heads to ensure that each farm in their district grows its share of groundnuts and plantings to be consistent with local food requirements. <u>It certainly should not be left to the choice of the individual farmer as to what crop he grows.</u> (emphasis added).[48]

Regarding the use of fiscal pressure, it was recommended that direct taxation should be increased by 50% "in order to exert some economic incentive to greater production and as a countermeasure to inflation." This increase was to be applied selectively. Price incentive was also considered - an increase of £1 per ton and the addition of 4/- per ton to the middleman's commission. The fullest publicity was to be given to the 1943/44 price so that farmers in the distant areas would have sufficient notice of Government's intentions before the planting season commenced.

Furthermore, the price of groundnut oil was to be controlled since the existing price of 18s 6d per tin was considered "absurdly high" and tending to encourage the people to convert all available groundnuts into oil. At

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48. Ibid., Minutes of the Meeting of the Committee on 26 Jan., 1943.

49. Ibid., Recommendations by Mackie et al, op. cit.

a groundnut buying price of £7 per ton, it was calculated that the price of groundnut oil should not exceed 10/- per tin.[50] As a corollary to this, conscious attempts were made to encourage the "export" of palm oil from Southern Nigeria to the North to encourage the people there to consume palm oil in the place of groundnut oil.[51] This was expected to relieve the pressure on groundnut supplies for export.

The colonial government also sought the views of Residents of the groundnut-producing Provinces on ways of boosting production. The Resident, Katsina Province warned that "Attempts to tell the peasantry what to plant and what not to plant are likely to be ignored, or worse, may upset the natural balance of their economics [sic]." Rather, early announcements of price increases would produce "astounding" crop increases provided the weather was favourable. He dismissed suggestions of compulsory planting and increased taxation as unsound and likely to cause harm. While increased taxation might be good for purely fiscal purposes, he argued that "it will not stimulate increase in groundnuts."[52]

50. Ibid., Minutes of Committee, 26 Jan., 1943, op. cit.

51. Details of this scheme are contained in CSO 26 36183/S.77, "Palm Oil: Trade with Northern Provinces - Policy".

52. CSO 26 36104/S.47 vol. I. op. cit., R.L. Payne to Res. Kano, 23 Jan., 1943.

This note of caution was echoed in the views of several other officials such as the Resident, Sokoto and the Chief Commissioner, Northern Provinces.[53] A number of officials however recommended compulsory measures to induce the farmers to grow more groundnuts for export. The Governor's recommendation to the Secretary of State opposed the substantial increase in price as had been suggested by the latter.[54] Sequel to a discussion in the War Council, the Secretary of State conceded that "an increase in price would not of itself produce the desired result" of boosting groundnut production.[55]

In the final analysis, the colonial government decided to take the following steps to generate increased production of groundnuts. These were the organization of a planting campaign under the direction of a Senior Administrative Officer assisted by twelve other officers seconded from the Army; enforcement of compulsory planting through the Native Administrations; payment of bonuses to the Native Administrations or Chiefs upon the attainment of the targets set for them; transfer through the AWAM of cotton piece goods from the South

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53. Ibid., Resident Sokoto to Res. Kano, 25 Jan., 1943 and Minute by Sir Theodore Adams, Chief Commissioner, Northern Provinces, n.d.

54. Ibid., Telegram 221 of 6 Feb., 1943, Governor to Sec. of State.

55. Ibid., Sec. of State to West African Governors, Savingram, No. 467/1/71A, 8 Feb., 1943.

to the North where they were expected to induce the production of a bigger tonnage of oilseeds; an increase in price by 30/- per ton and increased taxation. The Governor of Nigeria subsequently recommended prices of £9 in Kano and Adamawa, £10 at Lokoja, Makurdi and Baro and a minimum of £8 everywhere else.[56]

Ironically, the additional cash which the increased prices yielded to the producers was spent on purchasing a greater quantity of groundnut oil. The Governor acknowledged that this represented "a real and highly desirable improvement in [the] standard of nutrition of the peasant." Yet, he desired to know from London "whether it is permissible to take any steps to check this tendency in [the] interests of [the] British consumer."[57]

The temptation to curb the laudable improvement in the people's diet was a response to what was said to have been the "very considerable" increase in the consumption of groundnut oil in Northern Nigeria. This tendency had started in 1941 when the corn crop failed and gari had to be procured from the South

56. Ibid., Telegram K/4 of 14 Feb., 1943, Gov. of Nigeria (at Kano) to Resmin.

57. Ibid., Secret telegram No. 435 of 6 March, 1943, Gov. of Nigeria to Resmin, Achimota.

as a substitute food. The Northerner subsequently acquired a taste for gari and other foodstuffs cooked in groundnut oil to the extent that he became reluctant to return to a pure grain diet.[58] Government then prohibited the export of groundnut oil from the Northern Provinces especially to Southern Nigeria and across the borders by Public Notice No. 87 of 1943. The Deputy Director of Supplies explained that the prohibition was meant "to conserve supplies of groundnuts for the United Kingdom and its enforcement is a matter of considerable importance".[59]

One could see from the foregoing that groundnuts were a favoured export during the War. Hence, the thrust of official policy on the commodity was the inducement of greater production by a combination of price incentives and various forms of compulsion. However, the output of the groundnut industry was, as we have seen, contested for by the local and the metropolitan markets.

The examination of the organization of Nigeria's export trade during the Second World War has dwelt upon the three most

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58. Ibid., Notes of a meeting held by Resmin at Achimota with Gov. Nigeria, D/Agric. and officials of Supply Department, 8 March, 1943.

59. IBMINAGRIC 18392 "Groundnuts", Colby to S.N.P. and Residents, N. Provs., 11 March, 1943.

important agricultural exports of the port of Lagos during this period. As is reflected in the table below, the export trade of Lagos, like that of the entire country fluctuated in accordance with the dynamics of international trade in the context of the exigencies of the War.

The direction of the trade of Lagos during the War followed the overall pattern of the flow of Nigerian trade, namely, the preponderance of Britain and the Allied countries. The U.K. share of Nigeria trade was 80.16% in 1940, 82.44% in 1941, 84.06% in 1942, 82.72% in 1943, 81.63% in 1944 and 71.45% in 1945. This was an average of 80.41% for the duration of the War. As had happened during the First World War, the trade of the colonies was fully channelled into the war effort of the colonizing power, an exploitation as well as an intensification of a relationship of dependence between them.

The official control of the export trade during the War was complemented by a scheme of import controls during this period. Indeed, as we have noted earlier on, the Imperial government had envisaged such an arrangement before the outbreak of hostilities in 1939. The Secretary of State had stated that such a step was "considered ... necessary in order that foreign exchange ... may be conserved as far as possible ... a primary object of any measures taken should

TABLE 43

Values of the Principal Domestic Exports of the Port of Lagos, 1939 - 45

	1939	1940	1941	1942	1943	1944	1945
	Value £	Value £	Value £	Value £	Value £	Value £	Value £
Cocoa	1,561,154	1,406,247	1,687,842	1,042,495	1,530,183	1,269,195	2,099,186
Cotton Lint	78,084	491,322	273,001	1,021,662	437,442	263,881	54,186
Groundnuts	831,732	1,084,397	1,980,046	1,610,861	1,396,999	1,834,649	2,647,160
Hide & Skins	701,882	634,007	608,941	647,583	650,687	655,913	797,250
Palm Kernels	614,240	534,200	924,664	1,225,977	1,682,209	1,880,453	1,747,006
Palm Oil	20,622	39,663	100,281	273,999	432,233	343,969	201,728
Rubber	17,912	14,429	126,145	348,993	421,136	571,207	706,343

SOURCES: Nigeria: Trade Reports, 1941 - 1945 be to favour imports which can be paid for in sterling."[60]

In Nigeria, an appraisal of the implications of import control showed that certain factors had to be considered in the formulation of policy. These were the requirements of Nigerian consumers; best use of shipping including special dangers of the North Atlantic; manufacturing resources of the U.K. and other members of the Empire, especially as constrained by the demands of War; customs revenue and the equitable allocation of exchange facilities for different importers.[61] A particular issue that directly affected the colonial government was the fiscal implications of the scheme. Thus, the Governor remarked that "considerable loss of revenue" would result if imports of foreign manufactured tobacco, for example, were restricted.[62] But, an official aptly expressed the resolution of this contradiction thus: the "protection of Nigerian Government revenue is less important than protection of sterling."[63] This was a classical

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60. DCI 1/1 4032, vol. I "Control of Imports", Secret Circular Despatch to O.A.Gs. from Sec. of State, Malcolm MacDonald, 23 Aug., 1939.

61. Ibid., Minute to Fin. Sec., 23 Nov., 1939.

62. Ibid., Paraphrase of Secret Telegram No. 460 of 22 Sept., 1939, Gov. of Nig. to Sec. of State.

63. Ibid., Minute to Fin. Sec., op. cit.

statement of the subordination of colonial to Imperial interests especially in the special circumstances of War.

Accordingly, the colonial government published Regulations under the Emergency Powers (Defence) Act of 1939 by which a scheme of import control was effected from 1 January, 1940. Imports were categorized into three groups (a) those which were not subject to any restriction such as drugs, medicines, books and seeds (b) articles which were absolutely prohibited unless they were proved to the satisfaction of the Controller of Imports to be the manufacture of the British Empire whose currency was based on sterling or of any country that shared a land frontier with Nigeria and (c) imports prohibited except under licence not including those deriving from the British Empire or any of Nigeria's neighbours.[64] A series of Open General and Specific Licences were issued to cover a wide variety of imports.[65]

The period from January to October 1940 was transitional in that concessions were granted to importers in respect of goods which had been ordered prior to the introduction of the Regulations the cancellation of which orders had been impossible or would have inflicted heavy financial losses on

64. DCI 1/1 4032, vol. II ... Press Notice: Control of Imports, n.d.

65. They were issued to those who before 31 January, 1940 had applied for registration as regular importers.

the importers.[66] This meant that Nigerian imports of "foreign" goods were considerably in excess of fixed targets for this period. But by August, 1940, the overlap had been completed and only "essential" non-sterling imports were entering the colony by the middle of October. By this time it became practicable to give effect to the Secretary of State's instructions that the "utmost stringency" should be exercised in the licensing of goods involving the expenditure of "hard" currency.

The import control scheme experienced a number of difficulties at the initial stages of its operation. For example, there were delays in securing satisfactory certificates of origin by the large importers as proof that the goods had emanated from sterling sources. Second, there was the widespread practice of importers bringing in foreign goods from the United Kingdom without licence. Members of the AWAM were said to have perpetrated this act "to an intolerable degree". The U. A. C., which on one occasion imported "foreign" medicines without licence, gave the calm excuse that British goods were unobtainable.[67] Over 300 warnings

66. DCI 1/1 4032, vol. III, Controller of Imports to Fin. Sec., 22 Oct., 1941, enc. - Report on the working of import controls up to October, 1942.

67. Ibid., Controller of Imports to Fin. Sec.

were issued but no second offence was reported.

The control of imports was further tightened in 1941 following instructions to that end from the Secretary of State.[68] The highlights of the new policy were as follows: (a) imports from sterling as well as non-sterling areas were to be severely restricted (b) imports of most un-essentials were prohibited (c) imports of most other articles were cut down to a small percentage of normal imports (d) imports of dollar goods would not, except when vitally urgent, be sanctioned if sterling goods were available (e) import of every article was to be made subject to the grant of a specific import licence and (f) all open general licences were abolished.

Further modifications were introduced in a subsequent despatch by the Secretary of State.[69] First, on the suggestion of AWAM and in order to avoid dislocation or inability to maintain supplies, control was to be administered circumspectly during the transitional period only to be tightened up by degrees. Second, open general licences

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68. Ibid., Paraphrase of secret telegram No. 126 of 26 April, 1941, Sec. of State to WAGON, Lagos.

69. Ibid., Sec. of State to Gov., Lagos, telegram No. 486, 20 May, 1941.

could be granted in respect of cotton piece goods from the United Kingdom and for piece goods from any other sterling source. Third, open general licences could be granted for all articles of sterling origin from South Africa. Fourth, such licences might be issued in a few other cases if considered more convenient but the Secretary of State had to be consulted in each case. Fifth, block licences could be issued for goods ordered in bulk. Sixth, clear-cut prohibition of the import of luxury and semi-luxury goods might be better than mere restriction. Finally, goods already on order should be admitted without further restriction unless there were special reasons to the contrary.

In line with these instructions, the colonial government instituted a rigorous system of import controls.[70] Imports were divided into five schedules as follows: goods considered essential to the economic life of the community; those which were subject to strict export control in the U.K.; imports licensed on a percentage of previous imports fixed by the Controller; goods for which licences were issued only when the Controller was personally satisfied that their importation was of vital importance and goods which would not be licensed

70. Ibid., Memo by Controller of Imports, 10 July, 1941.

except in the case of absolute necessity which could not be foreseen. Having put the scheme in place, Governor Bourdillon reported to the Secretary of State that "a rigid system of both import and export control ... is now in full operation in Nigeria".[71]

The sudden tightening of import control must have surprised many of the colonial subjects. In a broadcast on the Lagos Radio Distribution Service in August, 1941, the Controller of Imports acknowledged that many people 'must have followed the increased control with apprehension ... [arising] from the curtailment of their supplies and bewilderment in an endeavour to reconcile the slogan "Buy British" with embargos [sic] on British goods.' He explained that it was necessary that imports from Britain should be limited so that they could be diverted to other areas such as the U. S. A. where they could earn foreign exchange for her. Thus, "Sell Foreign" would now have to replace "Buy British" within the Empire. He then advised the African members of the Lagos business community to offset the shortfall in the import trade by "seeking further avenues of trade in the products of the country" if they were "to

71. Ibid., Bourdillon to Lord Moyne, 17 July, 1941.

weather the stormy days which lie between the world and the calm seas of peace."[72]

Thus, following modifications introduced from the middle of 1941, the import control system came to rest on a number of principles.[73] The first was that imports were considered strictly from the standpoint of essentially Nigerian rather than of British trade. Second, every effort was made to obtain essential supplies, from sterling sources other than the U.K. Third, imports were only allowed when such goods were absolutely essential and either unobtainable from sterling sources (including the U.K.) or supply was "urgent and could be more readily obtained from a non-sterling source. Fourth, imports from the U.K. were affected by a system of export control in the metropolis whereby certain commodities were exported under a quota system. Cotton piece goods and bicycles were in this category.

In so far as the expatriate firms were concerned, there was no question of opposition to the control scheme in principle. However, there were complaints about the "many difficulties" being encountered by them in complying with the

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72. Ibid., for Text of a TALK BROADCAST by the Controller of Imports.

73. Ibid., vol. IV: "Present policy", Minute by A.Y. Cann 26 Feb., 1942.

regulations.[74] The AWAM cited the failure of manufacturers to meet the date of delivery in consequence of which the firms had had to break contracts. Second, when such consignments were considerable, there could be delays in effecting shipments. Third, even when shipment had been made, a ship could be held up at a congested port. But, on the other hand, under certain circumstances delivery could be effected so speedily that goods could arrive earlier than expected. In such an event, the consigning merchants could exceed licensed quantities for that period.

The AWAM, therefore, suggested the removal of the time limit of licences or, alternatively, the extension of the delivery period in respect of delayed shipments. Second, that the shipping or bill of lading date should be substituted for the period of one year, these being issued six months before the period to enable merchants ship in goods in the early part of the period in which they were required. These suggestions were endorsed by Mr. Colby of the Supply Board for the consideration of the West African Governors' Conference.[75]

Next, the AWAM agitated for the adoption of the principle of previous performance in the issue of licences

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74. Ibid., L. C. Beaumont, AWAM Delegate, to Deputy Chairman, West African Governors' Conference, Lagos, 26 March, 1942.

75. Ibid., Colby for Sec. Supply Board to Deputy Chairman, W. African Governors' Conference, Lagos, 20 April, 1942.

since free entry by non-AWAM firms would enable the latter to undercut the AWAM in areas where their staff had been depleted by war-time rationalization of European personnel.[76] Accordingly, the Committee of the Supply Centre at Accra adopted the suggestion that import licences should be issued in proportion to import performance between 1937 and 1941. AWAM's request for block licences was also granted while it was decided to increase the quantity of imports so that producers could be induced to produce more for export. For, the "success of the production drive", it was contended, "is dependent on and will be governed by the quantity of consumer goods imported."[77]

The linkage between an increase in the volume of exports and the provision of imports introduced a new dimension to import control policy during the war. Reviewing the control scheme in 1943, the Governor of Nigeria noted that while rigid control had been necessitated by the peculiar circumstances in the metropolis, such rigidity had been rendered counter-productive by changing circumstances.[78] Thus, the "vital factor" was now the promotion of oil-seed and minerals production for which considerable supplies of imports were needed to induce

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76. Ibid., Agenda for Second Meeting of the Committee of the Supply Centre, 10 June, 1942.

77. Ibid., Minutes of Second Meeting of Committee at Accra, 10 - 11 June, 1942.

78. Ibid., O.A.G. Nigeria to Sec. of State, Savingram No. 563 of 14 July, 1943.

the farmers to increase production for export. Imports would then serve as a "producer line" or "an absorbent of surplus spending power". Hence, it was necessary to ensure a smooth flow of imports to stimulate production.

The Governor, therefore, made certain recommendations that would streamline the process of acquiring required quantities of imports. First, that Ordinary General Licences (OGLs) should be issued by authorities in the countries of origin to cover all imports from U.K. and sterling sources other than South Africa. Second, the retention of existing procedure in respect of imports from South Africa to conform with the reservation procedure agreed with the South African authorities. Third, retention of the same procedure for imports from non-sterling sources, for purposes of exchange control. Fourth, the issue of certificates of essentiality to support specific orders of particular importance which the export controls in the countries of origin might be unwilling to release. These recommendations were approved by the Secretary of State on the condition that the scheme should first be applied to a limited range of commodities until requisite experience had been gained in its operation.[79]

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79. Ibid., Telegram No. 1349 of 8 Sept., 1943, Sec. of State to Gov., Nigeria.

the system unless they wished to substitute quota licensing. The Nigerian government then expressed preference for the OGL which "best ensures that Nigeria will secure full export quota"[81].

But the Board of Trade contended that the issue of OGLs would be unhelpful since exports were released in the U.K. on the basis of proof of essentiality in the colonies.[82] The Board then expressed preference for quota licences, a view that was endorsed by the Secretary of State. He, accordingly, instructed Governors of the West African Colonies to revoke the OGLs in respect of all imports except cotton textiles, leather footwear, tyres and tubes, bicycles and parts. In conveying these instructions to the Governors, the Resident Minister stated that OGLs would be cancelled and substituted by quota licences which he defined as "Open Licence(s) issued only to firms with past performances in particular commodities."[83] These

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81. <u>Ibid.</u>, OAG Nigeria to Sec. of State, 22 Sept., 1943

82. <u>Ibid.</u>, Sec. of State to Resmin, copied to Governors, 8 Oct., 1943.

83. <u>Ibid.</u>, Resmin to Governors, Code telegram, 12 Nov., 1943.

measures were duly brought to the notice of importers with the explanation that the quota licences were introduced to ensure that trade in the affected goods was "confined to firms previously engaged therein."[84] This became the thrust of official policy for the remainder of the War period.

By the beginning of 1945, expectations were high that import control would be relaxed even though the war was still on. Indeed, J. Rosa of the Colonial Office had given hints of such a development to the Resident Minister but had stopped short of making a firm statement on the issue. Even the Resident Minister seemed to have harboured such thoughts in a report on the situation in British West Africa:

> there is now so much money in circulation out here that, in the interests of production, our need is to increase our imports of things which the African will buy. To do this without running counter to the exchange control policy [of the Imperial government] ... we must increase our imports from the United Kingdom.[85]

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84. Ibid., Government Notice No. 1456: NOTICE TO IMPORTERS.

85. DCI 1/1 4032, vol. V, R. de Stapledon (Resmin) to J. Rosa, Colonial Office, 3 April, 1945.

But, the Secretary of State immediately ended all speculations on the matter by declaring that hopes of an early termination of controls were "doomed to disappointment."[86] Indeed, the likelihood was rather that the supply situation in many important lines would worsen instead of improving at least in the first year after the war. He highlighted the problem of shipping as an "overriding factor" in the supply position, which could only be ameliorated if hostilities ended soon enough in the Far East which theatre had imposed "a severe strain" on Allied shipping.

Looking into the immediate post-war period, the Secretary of State anticipated tremendous pressure on imported foodstuffs and cotton textile supplies arising from the need for relief materials in the liberated territories. Consequently, such increases in

86. Ibid., Secretary of State to Governors of all Overseas Territories, Circular No. 46 Confidential, 21 April, 1945.

demand would nullify any increase in U.K. domestic production. Indeed, supplies reaching the colonies in 1946 would, in his view, fall below those for 1945. Since no appreciable increase would be recorded in the supplies of items most required by the colonial peoples - cheap consumer goods - the Secretary of State envisaged that "these people would have nothing to buy and being unaccustomed to saving, there would be inflation". Moreover, demobilization of servicemen with gratuities in their pockets would further increase the volume of money in circulation. He, therefore, enjoined colonial governments to intensify propaganda for war savings and to induce the people to put their money by until goods were available. Since worsening import scarcity could generate social discontent, colonial governments were urged to "take every opportunity of dissipating any false optimism regarding improvement in supply position and of persuading general opinion that a further period of stringency must be endured in the general interest." The Secretary of State then advised them to be flexible in import control and distribution.

Thus, by the time the Second World War ended in August 1945, the war-time schemes of import and export control were still in operation and the Colonial Office had decided that they would continue into the post-war period. The dynamics of maritime trade in Lagos in the context of official policy and developments in the world economy during the post-war quinquennium are examined in the following section.

The Post-War Period, 1946-50

With the formal cessation of hostilities in Europe, the colonial subjects, not unexpectedly, wanted a return to normality, that is, "free trade". Thus, the Nigerian Association of African Importers and Exporters (NAAIE) stated that "with the termination of the emergency (under which exports were controlled by Defence Regulations)... the time has now come for a review of the... regulations with a view to giving an opportunity to African exporters to establish post-war business connections in the export of the Nigerian staple products... before the world market in the produce hardens".[87] The Association therefore demanded for "a statement of the present and future policy of the Government" regarding the export of cocoa, palm oil,

87. CSO 26 38300/S.112 "Produce for Export: Nigerian Association of African Importers and Exporters", Secretary, NAAIE to Dir. of Supplies, 20 May, 1946.

palm kernels, groundnuts, hides and skins and cotton. It wanted Government to indicate the steps it wished to take to ensure that trade in these commodities - which had been almost completely in the hands of non-African exporters - did not remain there to the "permanent exclusion" of Africans. If government had planned to be the permanent purchases of produce, it was requested to appoint more African agents alongside the expatriates.

Responding to this clamour for redress, the colonial government held a meeting with the NAAIE on 6 June, 1946.[88] The Government party comprised J.E.B. Hall, Head of the Export Produce section and S. Macdonald-Smith, Controller of Imports while T.A. Doherty, S.O. Gbadamosi, H.O. Sunmola, C.C. de Medeiros, J.B. Daramola, O.A. Alakija and Dr. Akinola Maja represented the Association. Mr. Hall recalled the circumstances leading to the institution of the schemes of import and export controls which he declared were meant to ensure that Nigerian produce went where they were most needed from the viewpoint of the Allied war effort. He contended that the arrangement "worked extremely well, both for the Nigerian

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88. The NAAIE's comprehensive account of the meeting is enclosed in Sec. NAAIE to Dir. Supplies, 31 July, 1946.

Government and for Great Britain". However, the conclusion of the War had not meant the end of the distress occasioned by it. Rather, the world actually faced a more severe food crisis than was the case during the War. Hence, it was necessary to maintain maximum production for export in the post-War period. Mr. Hall stated that future policy was under consideration but government had no intentions of altering the existing arrangement by bringing in additional exporters.

The issue of "past performance" which had been used to justify the preponderance of expatriate interests in the export trade generated a heated discussion at the meeting. Defending the decision to rely on a few "chosen ones", Mr. Hall stated that "in those days when violent market fluctuations had made the produce business extremely risky... (it was these men) who had carried on the business and prevented that important branch of the Nigerian economy from collapse". Dr. Maja promptly countered this specious argument with the statement that the firms in question had not done so out of altruism and that, the risk notwithstanding, they had made large profits. They therefore deserved no special privilege for their past (profitable) dealings.

Mr. Alakija suggested that an increase in the number of exporters would generate competition and raise prices. But the Director of Supplies believed that price wars ultimately bred crisis like the one that preceded the institution of the Nowell Commission. In the final analysis, the meeting between officials and the NAAIE ended without an agreement on any issue.

Rather than dismantle the war-time marketing arrangements, the colonial government went ahead to institutionalize government monopoly by establishing the Marketing Boards, the first of which was established for cocoa at the beginning of the 1947/48 season.[89] Boards for other principal exports were instituted in 1949. The ostensible reason for this measure was the need to "stabilize" produce prices as had been done during the War. With particular reference to

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89. For a history of the Boards, see, P.T. Bauer, West African Trade: A Study of Competition, Oligopoly, and Monopoly in a Changing Economy, London: Routledge & Kegan Paul, 1963. and Gerald K. Helleiner, Peasant Agriculture, Government and Economic Growth in Nigeria, Homewood, Illinois: Richard D. Irwin, Inc., 1966.

cocoa, it was envisaged that funds accumulated by the Marketing Boards would provide "a cushion against short and immediate price fluctuations in the world market".[90] However, it soon became apparent that the Boards were meant to perform fiscal or revenue-generating functions, a task in which they truly excelled.[91]

In the meantime, the export trade was experiencing an unprecedented boom. This, as the Secretary of State had envisaged, was because of the great demand for tropical products to feed the revitalized industries of post-War Europe. Consequently, the war-time production drive, especially in the case of groundnuts, was intensified. Thus, every Monday evening in Kano, the figures of groundnuts bought during the previous weeks were broadcast over the Radio Diffusion Service "with suitable exhortations to the listeners to urge their friends and relations to bring in all the nuts they have and dispose of them early"[92]

90. Olorunfemi, "Background...", op. cit., p. 58, citing Cmd 6950 "Statement of Future Marketing of West African Cocoa", 1946, p. 6 para 15.

91. Gerald K. Helleiner, "The Fiscal Role of the Marketing Boards in Nigerian Economic Development, 1947-61," Economic Journal, vol. LXXIV, No. 295 (Sept. 1964), pp.582-610

92. CSO 26 36104/S.6 "Groundnuts Miscellaneous", Resident Kano to Sec. AWAM, Kano, 26 Feb., 1946.

Competitions were also organized to find answers to questions based on aspects of groundnut production and export. Prizes of 10/-, 5/- and 2/6d were awarded for the first three correct answers.

A striking feature of the post-war export trade was the rise in prices in proportion to demand. Thus, the basic port price for Grade I cocoa rose from £22:10 in 1944/45 to £50 for 1946/47, £62:10 for 1947/48 and £120 per ton for 1948/49. It, however, fell to £100 per ton in 1949/50 owing to a significant fall in the world market demand and price.[93] While this increase in prices induced a marginal increase in cocoa exports - a difference of only 7,300 tons for Nigeria between 1945/46 and 1946/47 - the rise in groundnut prices was reflected in the export figures. The shortage of shipping and rolling stock however caused problems in the evacuation of groundnuts to the metropolitan markets. Consequently, storage capacity at the buying centres was overtaxed and recourse was had to stacking in pyramids in the open under tarpaulins.[94] Such increases in prices and output were also recorded for palm produce. Thus, the price

93. Colonial Annual Reports on Nigeria, 1947, p. 5; 1948, p. 39 and 1949, pp. 41-42.

94. Colonial Annual Reports on Nigeria, 1946, p. 36.

of Grade I oil at Lagos rose from £16:16 per ton in 1946 to £55 in 1951. The Kernel prices, on the other hand, rose from £11:15 in 1946 to £26 in January 1949,[95] The "boom" in the export trade is reflected in the statistics of Lagos exports which are indicated below.

TABLE 44

Principal Exports of Lagos, 1946 - 50

	1946	1947	1948	1949	1950
	Value	Value	Value	Value	Value
	£	£	£	£	
Cocoa	3,620,098	10,433,599	6,978,334	12,886,159	16,080,731
Cotton lint	397,773	315,194	398,928	1,361,695	2,812,758
Groundnuts	3,926,153	4,263,067	5,550,712	13,010,205	9,750,683
Hides & Skins	1,129,077	3,104,365	3,329,771	3,798,217	6,175,467
Palm Kernels	2,366,350	3,249,223	2,897,753	8,416,935	9,456,840
Palm Oil	359,403	633,177	770,193	1,947,400	1,591,295
Rubber	934,196	223,279	152,693	117,168	418,627

SOURCE: Nigeria: Trade Reports, 1946 - 50

95. Ibid., Reports for 1947, p. 4, 1948, p. 40; 1949, p. 43 and 1950, p. 38.

As was done in respect of the export trade, there were calls for the relaxation or abolition of import control in the post-war period. The Association of Merchants and Industrialists and the Farmers' Committee of British West Africa, an African pressure group, asked the Controller of Imports in August 1945 to transfer goods under Quota Licence to Open General Licence to ease the process of importing goods into Nigeria.[96] Such a measure, the Association contended, would redress the situation whereby ninety per cent of the imports was handled by European merchants. The Director of Supplies replied that such a change of policy could only be accomplished at the instance of the Secretary of State. He, however, denied that the existing policy was designed to exclude African importers from the trade.[97] Rather, it was operated in respect of goods whose supplies were severely limited and were therefore rationed to the different colonies in the Empire.

This explanation did not seem to have satisfied the interested parties for the Kano and Lagos Chambers of Commerce

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96. DCI 1/1 4032 vol. V, op. cit. A.M.I. and Farmers Committee of British West Africa to Macdonald-Smith, 14 Aug., 1945.

97. Ibid., Macdonald-Smith to A.M.I., 18 Aug., 1945

and, even, the Liverpool and Accra Chambers of Commerce clamoured for change.[98] The latter had argued that import licensing had become superfluous since many firms had received a firm offer and enabling export licence to ship goods in the United Kingdom. The Lagos Chamber of Commerce opined that where the issue of an export licence in Britain was not dependent on the issue of an import licence in Nigeria, the necessity of obtaining the latter should be waived. The official response to these calls, as articulated by the Director of Supplies, was that it was not possible yet to relax controls to the "full extent" suggested. For, as he told representatives of the A.M.I. in 1946, the controls were instituted on the ground of foreign exchange scarcity. It was, therefore, "a matter of practical politics" that Nigeria should not buy freely from the U.S.A. when the colony and the "mother" country were short of dollars.[99]

When it became clear that the government was in no hurry to abolish the import control scheme, African businessmen jostled for a share of the paltry allocation to the non-AWAM firms. This struggle pitted the NAAIE and A.M.I. against

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98. Ibid., Sec., Kano Chamber of Commerce to C.S.G., 8 Aug., 1945; Chamber of Commerce to Col. Sec., Accra, 27 Aug., 1945 and L.O. Clayton, Sec., Lagos Chamber of Commerce to Dir. Supplies, 22 Aug., 1945.

99. DCI 1/1 4032/S.194 "Import Control: The Association of Merchants and Industrialists", Minutes of a meeting between A.M.I. and Director of Supplies, 14 March, 1946.

each other in their attempts to secure the best deal for their members. For instance, the A.M.I. had cause to lodge a "serious complaint" about government's preference for the rival Association.[100] It complained "seriously" that its members resented having their names sent to the NAAIE for scrutiny and recommendation for import quota. As a corollary to this, the A.M.I. reported that import licences to the value of 400 tons of corrugated iron sheets had been allocated to the NAAIE alone. The Association then demanded for its own allocation of not less than 200 tons within seven days. It explained that owing to the disadvantage suffered by its members, many of them had been defecting to the favoured NAAIE. The A.M.I. then accused the Controller of Imports of operating a policy of "Divide and Rule" - "setting one Association at an advantage over the other and thereby perhaps choose one and mar the existence of the other"[101]

But it is significant that this vocal body had just 23 registered members compared to 112 for its rival.[102] A colonial official simply dismissed the A.M.I. as 'a family

100. Ibid., A.M.I. to C.S.G., 14 April, 1948

101 Ibid., A.M.I. to Controller of Imports, 9 Dec., 1948

102. Ibid., Minute, 21 Dec., 1948.

affair... (which) does not represent any group of importers'[103] However, the group managed to secure some 'concessions' such as a meeting with officials and the grant of a small allocation of corrugated iron sheets. The President of the A.M.I. was subsequently quoted as expressing satisfaction that his organization was "now known in the (Import Control) department, and that.. (it) would be consulted and informed in the same manner as the NAAIE in the future."[104]

The NAAIE, on its part, enjoyed what its President Alhaji Issa Williams, described as "close and cordial" relations with the colonial government.[105] This expectedly displeased non-members of the Association who assailed it through the Press.[106] A contributor to the Daily Comet had questioned the justification of giving the allocation to African importers to the NAAIE which he described as "an association that caters for the interest of its members only."[107] Alhaji Williams dismissed all this as "so much

103. Ibid., Minute to S.A.S., 11 Dec., 1948

104. Ibid., Minute to Controller of Imports, 21 May, 1949.

105. Daily Service, 18 Sept., 1948: Annual Address delivered at a meeting of the NAAIE on 14 Sept. 1948 by Alhaji Issa Williams.

106 NDT, 16 Dec., 1948

107. Daily Comet, 7 Jan., 1949.

uninformed criticism" of his Association and the Government. He contended that the NAAIE had distinguished itself by its "responsible approach to current problems" which had earned it "that prestige which so seriously disturb (sic) our critics". The Association, he stressed, did not believe in "agitation for its own sake"[108]

Reacting to the charge that the NAAIE did not fully represent African interests, Alhaji Williams contended that the "increasing consultation" between the body and Government indicated the contrary. He challenged any of the "self-confessed" small African traders or the "self-styled" big ones to demonstrate their relevance and contribution outside their immediate business. Since strength lay only in combination and in so far as the NAAIE was striving for an improvement in trade conditions generally, he maintained that it was serving the interest of all African traders, big or small. On the whole, he believed that the Association had performed creditably.

The colonial government was thus compelled to justify its policy towards the African business associations. It explained that it was more convenient to deal with "an

108. NDT, 29 Jan. 1949

established Association" rather than a multiplicity of traders.[109] One advantage of such a policy was that all members of such a body would be assumed to be "reputable". The allocation to such an organisation was thus not likely to be wasted. Second, the actual allocation between individual members was made by the Association so that there were no complaints of unfair treatment by Government. Third, by recognizing the NAAIE, the Supply Branch was afforded "access to some informed African opinion."

Be that as it may, the struggle between the NAAIE and the A.M.I. demonstrated the inability of African businessmen to muster a united front to articulate and defend their interests. On the contrary, there were divisions among them which the colonial state and expatriate business interests exploited to their own advantage. For, after all said and done, African interests remained very much marginalized in the colonial economy especially in the area of maritime trade. For example, the debate over the allocation of galvanized iron sheets failed to address the issue of the preponderance of expatriate interests to the near-total exclusion of the African.

109. DCI 1/1 4032/S.193 "Import Control: Nigerian Association of African Importers and Exporters", Minute to S.A.S. 17 Dec., 1948. Also Press Release in NDT, 22 Dec., 1948.

Thus, in October 1948, European firms got 4,500 out of the 5,000 tons of corrugated iron sheets allocated to Nigeria.[110] The balance of 500 tons allocated to the NAAIE was a mere 28% of the over 1,800 tons alloted to the U.A.C. alone! The aggrieved African Importer who made these facts known challenged the Import Control office to show that the ten per cent allocation of suger given to the NAAIE for the same period was sufficient for its members alone not to mention the greater number of African importers all over Nigeria. The fact of the unfair treatment of Africans in the economic order was one crucial point that the President of the NAAIE failed to consider, It was, however, an old problem that rankled throughout the period under study and persists in various dimensions in our time.

In fairness to the NAAIE, its activities should be appreciated within their context. The Association had at least taken the bold step of organizing some form of African business pressure group, the lack of which had been the bane of African enterprice in the colonial society. Much earlier in 1944, the NAAIE had protested to Government over the issue of the criterion of "past performance" in

110. Daily Comet, 7 Jan., 1949: "Commodity Distribution" by "An Importer".

the allocation of Quota Licences.[111] Although the principle was not abandoned, government did not ignore the complaints of the Association altogether. Thus, the Controller of Imports chose 1939 as the year most favourable to the NAAIE in terms of the participation of its members in the import trade prior to the outbreak of War in calculating their quota for 1944.[112] This amounted to a mere 1% of the total imports though it should be realized that this figure did not represent the volume of importation done by African traders outside the Association.

On the whole, one could see that war-time import controls were retained after the War as a solution to the foreign exchange problems of the colonial power. Although the Secretary of State had given confidential information to the Nigerian government on the tentative proposal to abolish all economic warfare controls by 30 June, 1946,[113] the control of imports in Nigeria did not peter out until 1949. By this

111. DCI 1/1 4032/S.193 op. cit. Sec. NAAIE to Controller of Imports, 30 Sept., 1944 - Agreement reached at the interview on 29 Sept., 1944.

112. Ibid., Cann to NAAIE, 23 Nov., 1944

113. DCI 1/1 4032 vol. V, op. cit. Sec. of State O.A.G. Nigeria, Circular telegram, 2 Feb., 1946.

time, the pressure on supplies from the metropolis had abated substantially. In any case it was necessary to increase the volume of imports in proportion to that of money in circulation so as to obviate the harmful effects of inflation. This matter will be examined in greater detail in the next section.

Meanwhile, the control of imports, like the entire War effort, entailed substantial sacrifices on the part of the colonial subjects. For instance, the decision to "Buy British" especially during the War meant that the people often bought articles at prices which were grossly in excess of those charged on the same goods elsewhere even within the Empire. The Joint West Africa Committee of the London Chamber of Commerce pointed out in a detailed memorandum in 1940 that British and Empire goods, which the colonial subjects were compelled to purchase, were dearer than those on offer elsewhere.[114] For example, the cheapest British-made lantern was some 60% dearer than its American counterpart while British matchets were 50% higher in price than the cheapest brand - Belgian - though supplies of the

114. DCI 1/1 4032 vol. III, op. cit. L. Manley, Sec. to Joint West Africa Committee, London Chamber of Commerce (Incorp.) to Undersec. of State, 20 March, 1940.

latter were very restricted.

The discussion in the foregoing sections has dwelt upon the dynamics of trade in Lagos, its hinterland and forelands between 1939 and 1950. The emphasis has been placed on official policy towards maritime trade in the context of developments in the world economy. In extending the discussion to the impact of these developments, the following section deals with maritime trade and Lagos society during this period.

Government, Maritime Trade and Lagos Society, 1939-50

The outbreak of War in September 1939, as we have seen, dislocated the world economy with grave consequences for European and Europe-dependent societies. In Lagos, there was an immediate rise in the prices of imported merchandise. Thus, the price of a bag of cement increased from £2:11 before the War to £3:6 in the second week in September. The prices of sewing machines, bedsteads and bicycles advanced by £1 on previous levels. Those for 26-guage corrugated iron sheets shot up from £2:11:2 to £4:2 while the respective figures for the 35-guage were £1:15 and £2:10.[115]

The rise in prices attracted the attention of colonial officials who perceived the destabilising potential of

115. DCI 1/1 4031 vol. 1, "Control of Merchandise Prices", Minute to P.A.S., 11 Sept., 1939.

skyrocketing prices during a period of emergency.[116] Opinion was however divided among them regarding the solution to the problem - some favoured price control while others argued against it. Both the Lagos Chamber of Commerce and the Comptroller of Customs counselled against the control of prices. The former argued that firms could not afford to "push up prices to extraordinary levels" since there was no money in the country to pay such prices.[117] The Comptroller doubted whether control was desirable even if it could be achieved. He expressed the pious hope that the big firms who controlled the import trade would not allow prices to rise to outrageous heights. Rather, any increase that they imposed would serve to foster economy in the use of the particular articles. If, on the other hand, prices did not rise appreciably, he feared that existing stocks would be cleared more repidly than was desirable with resultant difficulties in the supply position. He advised that only "in the interests of public appeasement" should government be seen to be tackling the problem of rising prices.[118]

116. Ibid., C.S.G. to Sec. Eastern, Northern and Western Provinces and Comptroller of Customs, 22 Sept., 1939. The Governor sought advice on the proposal to control rising prices which had generated "growing concern" in Lagos

117. Ibid., C.A. Marshall, Sec, Lagos Chamber of Commerce to C.S.G., 27 Sept., 1939

118. Ibid. A.E.V. Barton to C.S.G., 29 Sept., 1939.

A contrary view was expressed by the Secretary, Western Provinces who confirmed that the firms had indeed raised the prices of merchandise.[119] They had justified this action on the ground that they had been forced to sell at unremunerative prices hitherto because their German competitors, who were allegedly subsidised by their Home government, would not co-operate with them to sell at "economic" rates. They claimed that the Germans were quite prepared to sell at a loss and were interested only in a large turnover with which to purchase produce. But now that the War had removed German competition, the British firms had resolved "to put their house in order". Second, the firms attributed the increase in prices to a rise in their overhead costs which required them to raise the prices of existing stocks to be able to secure capital to purchase replacements. Third, they advanced what the Secretary to the Western Provinces derided as the "patriotic argument" that the rise in prices was designed to prevent the African from profiteering!

The Secretary to the Western Provinces summarily dismissed these arguments. He conceded, however, that in respect of overheads, freight and insurance had gone up while the cost

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119. Ibid., S.W.P. Ibadan to C.S.G., 2 Oct., 1939.

of producing new stocks of goods had risen. But, on the other hand, a large number of staff on the pay roll of the firms had been released for military service. This must necessarily have effected a substantial reduction in overhead expenses unless the firms were paying full wages to employees on military service!

On the political aspect of this question, the S.W.P. doubted that the colonial subjects would express their resentment unconstitutionally. But they could not fail to grasp the absurdity in the arrangement whereby government strictly controlled foodstuff prices while turning a blind eye to the unregulated rise in the prices of building materials, farming implements and transport accessories being marketed by the expatriate firms. He noted that "the reputation of the firms had suffered a very severe blow through their Cocoa Pool Blunder and that it would take them some time to regain the confidence of the Africans. Against this background, he contended that "a shortsighted policy of a profiteering appearance is unwise in their own interests and harmful to the general commercial interests of the country". He, therefore, recommended a "strict control" of the prices of existing stocks in relation to pre-war conditions rather than to replacement costs.

In like manner, the Acting Administrator of the Colony stated that he was "glad" that plans were afoot to control merchandise prices "for it appears that the European firms are utterly unscrupulous and are already indulging in profiteering".[120] He suggested three classes of articles to be controlled: those most extensively purchased by Europeans and Africans; those most essential to the various sections of the community and articles whose prices were controllable. He advised that price control should be limited to the premises of established firms - European, Levantine and African - and penalties should be imposed on African retailers selling above the retail prices fixed for importers.

While this debate was going on in official circles, the colonial subjects were reportedly becoming restive at the seeming inability of Government to combat the menace of rising prices.[121] At Ijebu-Ode, there was "a growing

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120 <u>Ibid</u>., Ag. Ad/Col to C.S.G., 9 Oct., 1939

121. <u>Ibid</u>., Extract from Minute by Chief Commissioner, Western Provinces, G.C. Whiteley, 2 November, 1939.

undercurrent of suspicion that Government and Europeans generally are doing their best to turn the war... to their own advantage in Nigeria by exploiting the African". Such "an unfavourable impression" of Government and the expatriate firms was also reported to be rife in Ibadan as the people contrasted official lethargy in this case with the prompt intervention in respect of local foodstuff prices. The Secretary, Western Provinces agreed that the two-month time lag had left a "nasty taste" in the mouths of the people.

In finally deciding to control the prices of imported merchandise, the colonial government was faced with three options.[122] The first was to fix the maximum percentages of profit which could be made on particular articles or classes of articles, such as certain imported foodstuffs. The second option was to limit the percentage of profit on any article to that which was made on it before the war. Thirdly, government could simply fix the prices of particular articles where importers failed to satisfy an investigating Committee that the profit being made was reasonable. Eventually, fixed prices were to be calculated on the basis of

122. Ibid., C.S.G. to Secretaries, Northern, Eastern and Western Provinces, 24 Nov., 1939.

certain considerations. These were the primary cost of the article in the country of origin; freight; insurance; costs, charges and expenses incidental to the making of the contract of sale and the delivery of the goods at the port of shipment; liability for customs and excise duties and interest on money borrowed; transport charges within Nigeria; wages, salaries and rents of buildings in Nigeria; expense of advertising, employment of salesmen and other marketing strategies. The system of import price control was thus instituted under the Emergency Powers (Defence) Act, 1939, No. 5 of 1939 signed by the Governor on 19 January, 1940

A Central Price Regulation Advisory Committee comprising colonial officials, three African members of the Lagos Chamber of Commerce (S.H. Pearse, H.S.A. Thomas and Adeyemo Alakija) and H.W. Long of the law firm of Cassleton Elliot and Company, was established.[123] This was complemented by the Colony Local Price Regulation Advisory Committee which had as its members colonial officials, a Lagos White Cap Chief, Secretary to the L.T.C. and Ernest Ikoli, the prominent journalist.[124]

While the system seemed to have been well articulated on paper, it ran into difficulties in practice. For one

123. DCI 1/1 4031 vol. II, C.S.G. to Sec., Chamber of Commerce, 9 Feb., 1940.

124. Ibid., Ag. Com Col. to C.S.G., 27 Feb., 1940

thing, Government and the AWAM disagreed over the basis for fixing prices. While the firms had demanded a minimum of 19½% on the duty paid landed cost (DPLC - the criteria listed above) of all imported goods to cover their overhead costs, Government considered this precentage unduly high.[125] Indeed, it was discovered several years later that the correct figure should have been 13%, the balance having been incorporated in calculations of Head Office charges.[126] In the meantime, the colonial authorities in Nigeria asked the Colonial Office to make enquiries into details of the overhead charges of the firms to ensure fair determination of prices.

Although the Colonial Office could not help in this respect, its views on the entire question of price controls proved to be illuminating. Thus, one of its top officials, Gerald Creasy, identified the problem as one of "shortage of supplies in the presence of enhanced purchasing power - the classic inflationary situation."[127] Consequently, prices were bound to rise leaving certain elements in the line of distribution between the manufacturer and the consumer with "an uncovenanted profit".

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125. DCI 1/1 4031 Vol. III Gov. Nigeria to Sec. of State, Air Mail Savingram No. 419 of 27 Nov., 1941.

126. DCI 1/1 4031 "Control of Merchandise Price", E.H.M. Counsell to Chairman, Conditional Sales Commission, 8 April, 1948.

127. DCI 1/1 4031 vol. III op. cit., Creasy to C.R. Lockhart, 10 Dec., 1942.

Hence, Creasy contended that if the wholesale price was fixed, the retailer would get the margin; if it was the retail price, the goods would tend to disappear from the market very rapidly only to reappear in the black market. The alternative, he suggested, was to fix prices and introduce some form of rationing at the same time - a difficult proposition under any circumstance. The problem, he observed, was "undoubtedly one of the most difficult of War time economics and has nowhere been satisfactorily solved". The economic alternatives were either to allow the merchants to make nominally big profits which would then be taken off them by the 100% Excess Profits Tax or for Government to substantially increase the Customs Duties. The picture of practical hopelessness was completed by an official of the Board of Trade who concluded that the basic problem was that of supplies rather than of prices. Hence, he declared that "the most effective price control in the Colonies is not going to solve the problem completely."[128]

What the colonial government resolved to do then, as Creasy had suggested, was to control prices and then ration some articles. Regarding price control, merchandise were

128. Ibid., J.R. Willis, Board of Trade, to Creasy, 14 Nov., 1942, enc. in Creasy to Lockhart, op. cit.

classified into four groups.[129] In the first were those controlled at specific prices - bicycles, certain drugs and patent medicines, cigarettes, cement, sewing machines, flashlight batteries, photographic materials, screws, bicycle spares and accessories. Articles whose prices were controlled on the basis of percentage profit fell into the second group. These included lawn mowers, tyres and tubes, and corrugated iron sheets. The third group consisted of articles controlled under food formula: 20% wholesale and 30% retail profit margins. All imported foodstuffs were in this category though the more important ones were controlled at specific prices. The last category comprised articles controlled under freezing orders - these were petrol and petroleum products, baft and shirtings.

The system of price controls was maintained throughout the War and into the post-War period. Its operation was, however, never as smooth as outlined on paper. Indeed, an official stated in 1944 that "we have not got any particular policy with regard to price control"[130] while another remarked that the matter "does tend to be rather too much of a

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129. Ibid., Minute to Controller of Merchandise Prices, 2 Jan, 1943.

130 DCI 1/1 4031 op. cit. Minute by Director of Supplies, 23 Aug, 1944.

personal matter between the Supply Branch and AWAM"[131].

This apparent lack of interest - and confidence - in the operation of price controls could be ascribed to the high visibility of the AWAM in the entire arrangement and the Government's apparent partisanship. Thus, the AWAM Delegate, reacting to complaints that the firms continued to charge high prices in spite of the controls, attributed such complaints to 'a small section of the population who <u>want</u> to have a "hate" against something or someone, and find the firms a convenient target'.[132] According to him, the firms had little or no room for such manoeuvre considering Government's near-total control of the war-time economy. The Controller of Prices himself agreed that it was only a "noisy minority" that complained about the existing arrangement. He then attributed the prevailing high prices to retailers.[133]

Although direct evidence of collusion between the colonial government and the AWAM in the frustration of price controls is lacking, officials could hardly be absolved from the charge of partisanship. This is hinged upon the

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131. <u>Ibid.</u>, R.S. Mallinson to Dir. of Supplies, 30 Aug., 1944.

132. DCI 1/1 4031/S.19 vol.I "Control of Merchandise Prices: Correspondence with Public (ii) Complaints by the Public" C. Booth, AWAM Delegate, Lagos to P.F. Brandt, Controller of Prices, Lagos, 21 Oct. 1943.

133. <u>Ibid.</u>, Brandt to Booth, 23 Oct., 1943.

well known co-operation between expatriate Business and Government in colonial societies. In the particular case of Lagos, the government was certainly very lenient in its dealings with the firms. As we have seen, it granted them a generous concession in respect of the percentage margin for their overhead charges.

Be that as it may, the rationing of certain imported merchandise such as salt, milk and sugar was undertaken as an accompaniment of price control. This brand of control was extended to petroleum products and transport in general in an attempt to optimize the use of available supplies. In this regard, government actively encouraged the use of the Railway. Thus, attempts were made to ensure that produce from the Ife area were channelled to Ede for transportation by the Railway rather than being sent by road to Ejinrin. The latter method of conveyance was considered "a leakage in the method of petrol control."[134]

Moreover, the number of lorries and taxis operating in Lagos was strictly controlled to ensure the rationing of petrol and tyres. Instructions were issued forbidding the issue of permits for the operation of new vehicles

134. Comcol 1 2275/S.1 Vol. III "Oil and Transport Control Correspondence", R.M. Williams (UAC) to Petrol Controller, Lagos, 17 April, 1940.

unless they were required to replace old ones which were going to be withdrawn from the roads.[135]

Throughout the Second World War, control of oil transport was never completely relaxed as supplies diminished as the War became protracted. In that situation, the British had to relay on American Lend-Lease aid to procure motor vehicles, tyres and accessories and petrol. The American donors insisted, however, that these materials had to be put to essential use only. The implication of this for the colonies was stricter control of oil and transport. The object of such control, according to the Oil Con-Troller in Nigeria, "will be to ensure that moter transport is used only for essential purposes directly or indirectly connected with the war effort and that the consumption of petrol will be reduced to a minimum."[136] Lorry owners would have to be restricted to certain routes and to carrying certain types of goods. Petrol rations would no longer be allocated on a monthly basis but strictly for defined purposes. All unessential traffic would be eliminated

135. Ibid., Ag. Comcol to C.S.G., 18 May, 1940

136. Comcol 1 2275/S.1 Vol. IV, G.F.T. Colby, Oil Controller to All Oil Controllers, 11 April, 1941.

and passenger traffic was expected to fall by 75%! Petrol rations to private car owners would be "materially cut down" while travel and transport by car or lorry would not be permitted where alternative rail or river routes were available except in cases of real emergency or when the railway was unable to handle the traffic.

The picture that emerges from the foregoing account is that of severe control of oil and transport during the War. Such was the severity that the Manager, Barclays Bank Lagos, who had applied for greater allocation of fuel, was advised to take the Railway to Ibadan and back and use his Ibadan Manager's car to visit Ijebu-Ode. Moreover, he was asked to arrange to share transport from his house to the office "as many Government Officers and others are doing."[137] Even the traditional ruler of Lagos, Oba Falolu, was given a fixed allocation of eight gallons per month. When this was increased to twelve gallons, it was stated to be the "maximum ration" that he "could ever" obtain in the circumstance.[138]

In addition to oil and transport, consumer items such as salt, sugar and milk were in critically short supplies

137. Comcol 1 2275/S.1 Vol. III op. cit. W.E. Dods (Ag. Comcol) to Manager, Messrs Barclays Bank, Lagos 9 March, 1940

138. Ibid., Vol. IV Comcol. to Asst. Oil Control Officer (Commercial) Lagos, 31 May, 1941.

from 1942. This then necessitated the rationing of the available quantities, particularly in Lagos. The salt ration for Lagos was calculated on the basis of the approved ration for prisoners which was one pound of salt for eighty of them per day. However, the Lagos ration was based on a pound of salt for 60 persons per day.[139] With an estimated population of 170,000 the city's daily requirements were put at 2,833 lbs. per day, that is, 19,831 lbs. or 221 ninety-pound bags per week.

In spite of this seemingly generous allocation to Lagos, a great scarcity of salt hit the city in mid-1942. A Police Report stated that "the scarcity of salt has started in town, consequently, the retailers have begun profiteering. They did not generally permit the buyer to see the salt measured, instead they have it measured in the room, covered it with something before giving it to the buyer".[140] These sharp practices were reportedly perpetrated by those seeking "to pay part of their old debts."[141]

The scarcity seemed to have abated for some time after

139. Comcol 1 2283/S.10 Vol. II "Salt Rationing", G.B. Williams (Comcol), Note on SALT for Messrs Ikoli and Thomas, 8 May, 1942.

140. Ibid., Snr. A.S. Police, C.I.D. to Comcol., 1 July, 1942.

141. Ibid., Same to Same, 13 July, 1942.

this initial stage hence all measures taken to regulate the retailing of the commodity were relaxed. But, barely two weeks later, the Police sighted a woman begging salt from door to door in the neighbourhood of Bucknor Street having failed to get any from the market. While many desperately sought and obtained salt in this way, not a few might have done without it altogether. One of such was Dr. Tai Solarin, the wellknown educationist and social critic. Recalling this episode, he declared that "I ate my meals with no salt whatsoever... Actually there was salt, at a price, for those who could not eat without it. I happened to think they were not being tough"[142]

It needs to be stressed that the salt scarcity was not always a result of shortage. Rather, it was due to the sharp practices of hoarders and the sales tactics of the European firms. In the latter case, they would hold on to the stocks of the popular British brand to the point of deterioration while seeking to foist the inferior brands on the consumers. It was only when the hoarded salt had attained the verge of deterioration that the firms, with official connivance

142. Sunday Tribune, 24 Sept., 1989: "State of the Nation"

would start selling. On one occasion in 1942, the AWAM reported that its members had 15 tons of British salt that was "rapidly deteriorating which we request permission to sell during June"[143] The Association reported in the following month that the U.T.C. had 108 bags of wet salt for disposal.[144]

The explanation for the deterioration of salt during this period could be found in the refusal of the people to patronise the "Springbok" brand from South Africa and "Suez" which were considered inferior to the British brand. According to a contributor to the Daily Service, the "Springbok" tasted "anything but salt. Caustic to the taste and semi-soluble in water, the coarse, brittle and whitish substance has very little in common with sodium chloride."[145] The speculation of official connivance[146] was confirmed by the Food Controller himself:

> I have been informed by the Lagos Head Offices of the major importers that the stocks of "Suez" salt are not selling satisfactorily and are

143. Comcol 2283/S.10 vol.II op.cit., G.E. Mills, Sec., AWAM to Food Controller, Lagos 17 June, 1942

144. Ibid., Same to same, 9 July, 1942

145. Daily Service, 28 August, 1944

> deteriorating rapidly. These importers now ask that the sales of United Kingdom salt be suspended until the stocks (of "Suez") reach reasonable proportions.[147]

He, accordingly, instructed that the usual Order prohibiting the sales of U.K. salt be issued by the Deputy Controllers.

The logical result of this kind of collaboration between Government and Business was an abuse of the exchange process. This took the form of "conditional sales" about which the same colonial officials later shed crocodile tears. Thus, it was reported that whenever a customer wanted the fine graded English table salt, he was compelled to buy the "Springbok" as well.[148] This phenomenon was extended to other lines of trade and assumed such proportions that the colonial government instituted a Commission to inquire into it. While daily attendance at its sittings averaged 200 at Jos, Calabar, Port Harcourt, Aba and Warri only about five persons put in appearance in Lagos![149]

Nevertheless, the Commission came up with a Report that shed much light on the pattern of retailing in Lagos

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147. Comcol 1 2283/S.10 Vol. II op. cit., R.E. Creswell, Food Controller, to Deputy Food Controllers, 29 April, 1948.

148. Ladipo to Editor, NDT, 19 May, 1942.

149. CE/A2 NIGERIA: Report of the Commission of Enquiry into Conditional Sales, 1948, p. 6.

It confirmed the prevalence of conditional sales to which most of the regular wholesale customers of the firms were subject. This they did in order to preserve their status as regular customers and to ensure that they received allocations of goods in short supply.[150] Once saddled with slow-moving lines, the wholesalers were then obliged to resort to conditional sales and so it went down the line of distribution.

The Commission identified a number of causes for the emergence of this practice.[151] The first was the short supply of certain essential commodities. Second, the indiscriminate and overoptimistic purchases from overseas markets by most of the importing firms from 1945 to 1947. Third, the ineffective application of the Price Control Regulations. Fourth, the artificial short supply conditions arising from the conservative tastes of the Nigerian for some lines and from his fickle taste for others. Finally, the unwillingness and often inability of the "middleman" to hold stocks and his preference to cut his losses in order to turn over his money quickly. The results of this business practice, as reported by the Commission, were as follows. First, the aggravation of black market conditions. Second, victimization of legitimate traders who refused to

150. Ibid., p. 10

151. Ibid., p. 11

buy conditionally. Third, traders with limited capital - but desiring a quick turn-over - were being forced to dispose of slow selling lines at a loss. Fourth, it caused serious interference with the normal business of the trader who imported special lines such as proprietary medicines and drugs. Fifth, there was the tendency to create "dump lines" of goods which were in demand and in abundant supply such as cigarettes. Sixth, the consumers was compelled to buy his requirements of goods in short supply at prohibitive prices and, finally, all these generated ill-feeling on the part of the public against the major importing firms.

Commenting on the system of price controls, the Commission considered the machinery for effecting it ineffective after the first stage of distribution. Second, it observed that prosecutions were few in relation to the number of offences committed and inappropriate to the nature of offences. Third, that the Regulations provided all necessary powers for the protection of the distributor and the consumer. Fourth, that the machinery for administering the Regulations was unsatisfactory and inadequate and, finally, that the method of fixing prices was wrong. The Commission also confirmed the existence of a thriving black market in several important merchandise.

On the whole, it could be said that the Report of the Commission contained what was common knowledge - that the practice of conditional sales was a direct result of scarcity of goods which in turn led to black market activities. The Commission itself agreed with a witness that "conditional sale is the father of black market" but added that 'both are the offspring of "cupidity".'[152] However, in recognition of the contribution of scarcity of goods to the upsurge of these sharp practices, the Commission recommended that the colonial government "should bring the strongest pressure possible upon His Majesty's Government in order to make available to Nigeria increased supplies of certain essential commodities."[153] This had to await the relaxation of import controls in the closing years of our period.

In the meantime, the scarcity of imports was complemented by the scarcity and high prices of local foodstuffs, all resulting in a substantial increase in the cost of living in Lagos. The scarcity and high cost of foodstuffs derived from a combination of factors. The first was the farmers' preoccupation with export crop production at the expense of

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152. Ibid., p. 12.

153. Ibid., p. 25.

food crops. Second, there was the loss of actual and potential agricultural labour to the military, mines and the cities.[154] This meant that the population of consumers increased while that of producers decreased to some extent. This adversely affected foodstuff prices in certain localities. Thirdly, the presence of military contingents in particular areas caused inflation because they "usually paid too much at a time, three or four times the correct prices."[155] Furthermore, as an official observed in 1943, the "very control [of imported foodstuffs] appears to have had the effect of forcing up the prices of local foodstuffs."[156]

It was in response to the rising prices of local foodstuffs that the colonial government instituted the Pullen Scheme which fixed the maximum selling prices for foodstuffs in Lagos and established special markets for their sale at controlled prices.[157] By Public Notice No. 15 of 1941, maximum prices were fixed for the following commodities as indicated in the table below.

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154. Labour conscription for the tin mines during the War is studied in Bill Freund, Capital and Labour in the Nigerian Tin Mines, Essex: Longman, 1981, ch. 5, pp. 136 - 55.

155. DCI 1/1 4043/S.4, vol. II "Price Fixing: Local Foodstuffs", Chairman, Association of European Civil Servants of Nigeria to C.S.G., 2 Dec., 1941.

156. Ibid., Comm. of Labour to Price Controller, Lagos, 20 May, 1943.

157. The Scheme is studied in Oyemakinde, "The Pullen Marketing Scheme ..." op. cit., pp. 413 - 423.

TABLE 45

Maximum Prices Fixed for Local Foodstuffs in Lagos, 1941

Commodity	Price per hundredweight		Per Oloruka
	Wholesale	Retail	
Peppers	46s 8d	53s 4d	1s 3d
Coarse grade gari	3s 4½d	3s 8½d	2½d
Fine grade gari	3s 10d	4s 4d	4d
White beans from N. Nigeria	8s 9d	10s	7d
Local Beans	7s 6d	8s 6d	6d

SOURCE: Public Notice No. 15 of 1941 in Official Gazette No. 11 of 20 Feb., 1941, adapted from Wale Oyemakinde, "The Pullen Marketing Scheme: A Trial in Food Price Control in Nigeria, 1941 - 1947", J.H.S.N., vol. VI, No. 4, June 1943, p. 417.

Prices of other commodities were also fixed as follows - shelled melon (egusi) 16/- per cwt wholesale and 20/- retail; local rice 2d per pound weight retail; beef 6d per lb.; mutton (backlegs) 9d, other parts 7d; pork (backlegs) 10d, other parts 8d.

These prices were determined by obtaining the price of an article at the point of production and then adding all charges to Iddo Station. The wholesale price was obtained by adding ten per cent to the landed cost at Iddo. Retail prices therefore comprised all handling and transport charges and a profit margin of 20%. The profit margin for perishable items like vegetables was fixed at 25% to cover losses.[158]

One food item the shortage of which gave the colonial government much trouble was gari, the staple food of the overwhelming majority of the inhabitants of Lagos. Such was the seriousness of the gari problem that a Police Report in 1943 described it as the "Public topic [of] ... the moment."[159] In May of that year, two policemen on patrol at the Sabo, Oyingbo, Iddo and Idumagbo markets reported that there was no gari on sale there, a situation that was considered "bad indeed". An official remarked that the root of the trouble was that dealers in gari were diverting supplies to feed the lucrative trade with the North. But, "being cut off from this easy money, [they] are not taking kindly to the local fixed prices". Hence, they set out to frustrate the control scheme by starving the markets of supplies. The official who observed this practice opined that the solution lay in flooding the market with gari bought on Government account either through

158. DCI 1/1 4043/S.4, vol. II, op. cit., A.H. Young (Ag. Chief Marketing Officer) to Food Controller, 9 October, 1942.

159. DCI 1/1 4041/S.35, "Supply and Distribution of Gari", Report of Market Patrol on 13 May, 1943 by Michael Ibekwe and P. C. Ogugua Ikegwuani.

AWAM or "a reliable African".[160]

Since Lagos was completely dependent upon the Yoruba hinterland for its gari supplies, official action had to extend into the producing areas. Thus, the colonial authorities in the Ijebu Province prohibited the export of gari from the area except under permit. Controlled prices of 3½d per olodo pan and 6s 6d per bag were then fixed for Ijebu-Ode and Shagamu.[161] The idea was to stem the North-bound traffic which would then be rechannelled to Lagos. In the final analysis, however, the problem was one of supply rather than prices. For, there were complaints of gari scarcity even in Ijebu-Ode markets during this period. Enquiries showed that the "Hausas" were combing the "bush villages" for gari that was railed to the North from Abeokuta while the remainder was sold secretly in private houses in Ijebu-Ode and Ibadan at prices in excess of the controlled rates. The Resident then dangled the incentive of higher prices before the producers and traders and prohibited the export of the commodity outside the Province. These measures were intended to encourage the immediate release of hoarded gari. Permits were then issued to gari exporters in

160. Ibid., Minute to Food Controller, 28 May, 1943.

161. Ibid., Supply Board, Lagos to Res. Abeokuta Prov., 4 June, 1943.

the following proportions: Ibadan (1,883 tons); Lagos (1,733); Ilorin (200) and Kano (25). Smuggling attracted a penalty of £10 fine or two months imprisonment with hard labour.[162]

But these measures failed to record any significant success in terms of discouraging smuggling and hoarding or of flooding the Lagos market with gari. Rather, the supply situation worsened to the extent that on the last day of 1943, the Director of Supplies was in a desperate situation - he needed 50 tons of gari within a week to avert a disaster in Lagos![163] It was widely believed in official circles in Lagos that supply was short because the people were in the holiday mood and so did not go to the farms. Hence, an official demanded that the "producers must be made to snap out of the holiday spirit, not glide out of it gradually in their own good time."[164] Although "fairly large quantities" of gari were reported to be coming into Lagos via the creeks, they were taken to the warehouses of hoarders rather than the open market.[165] The government in its desperation then turned to

162. Ibid., Res. Ijebu-Ode to Chief Supply Officer, Moor Plantation, Ibadan, 24 June, 1943.

163. DCI 1/1 4041/S.35/C.2, vol. I, "Gari Supplies, Lagos Markets", A. M. Gerrard (D/Supplies) to Res. Ijebu-Ode, 31 Dec., 1943.

164. Ibid., Minute to Director of Supplies, 3 Jan., 1944.

165. Ibid., Supply Board to Res. Ijebu-Ode, telegram 10 Jan., 1944.

the Residents of the Ondo and Warri Provinces to supply gari in quantities sufficient to break the gari holdup of the Ijebu traders who were bent upon breaking up the government marketing scheme.[166]

In the midst of the on-going gari crisis, the Controller of Native Foodstuffs, Captain Pullen came under fire from various sources on account of his handling of the issue. He admitted having received many insulting telephone calls and, even, Oba Falolu led a delegation of his Chiefs and Mr. Subair of the Town Council to complain to him about the disappearance of the commodity from the markets and the beating and rough-handling of people on the queues. Pullen attributed the scarcity to the usual lull during the end-of-year holiday season and the collusion between Lagos gari wholesalers and the Ijebu producers who were seeking to undermine the Control Scheme. He explained that people were being beaten up on the queues on account of their "disorderly behaviour". Nevertheless, the large crowds at the sales were, in his view, sufficient proof of the popularity of the marketing scheme

166. Ibid., Supply Board to Residents, Akure and Warri, 14 Jan., 1944.

where food was obtainable "easily" at the correct prices![167]

In the meantime, it had been impossible to secure gari supplies from the Ondo and Warri Provinces.[168] In the former, there was practically no surplus over local requirements in the Okitipupa Division where large quantities of gari was produced. The authorities in Warri, on the other hand, feared that requests for gari could divert labour from the oil palm industry, the economic mainstay of the area. These negative reports merely strengthened the resolve of the colonial government to solve the problem the way it thought fit. Hence, in the words of Mr. G. F. T. Colby, the Director of Supplies,

> the Governor is determined to break the Black Market in Lagos at all costs, and to do so we must have supplies. If there is any hold-up in Ijebu-Ode we shall have to go elsewhere ... even if it does have an adverse effect on the production of oil and kernels .... [For,] food supplies to Lagos market must in present circumstances take priority over everything.[169]

167. Ibid., Pullen to Comcol., 14 Jan., 1944.

168. Ibid., Residents to Supply Board, 15 and 17 Jan., 1944.

169. Ibid., Colby to H. F. Marshall, Sec. W. Provs., 19 Jan., 1944.

But it was not until the last quarter of 1944 that the gari crisis in Lagos abated to any great extent allegedly because of the rich harvest of yams and increased supplies of rice which offered the people substitute food items and relieved the pressure on gari.[170] Government then built gari stocks in the event of a future shortage but the commodity - which was easily perishable - became so ample that in October 1944 Pullen had to rail an excess of 500 tons to the Northern Provinces. Gari prices per bag in Lagos fell from 9/- in October to 7s 6d and even 6/- in November. The government then reduced the price to 5s 6d per bag from 24 November in consequence of which there was a resurgence of black market activities in Lagos.

Thus, by the end of 1944 the gari situation in Lagos had become critical once again and Government stocks were not expected to last beyond 2 January, 1945. The beleaguered Captain Pullen confessed that he was "utterly exhausted" by the gari problem especially as he felt that he had not received the required degree of co-operation from the Resident, Ijebu Province.[171] The government then resorted

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170. Ibid., Minute to D/Supplies, 7 Sept., 1944.

171. Ibid., Pullen to Dir. of Supplies, 28 Dec., 1944.

to taking legal proceedings against traditional rulers whose areas had failed to fill their gari quota. Although it was recognized that the fixed prices were too low to induce production, Government believed that any increase in the midst of the crisis would be interpreted by the Ijebu as a sign of weakness. In any case, if an increase were granted, the people would hold out much longer in expectation of much higher prices.[172]

It was at this juncture that the Women's Party sent in a memorandum proffering a solution to the problem.[173] The Party contended that a "rigid" control of prices without due consideration of the seasonal changes in prices, especially in the suburban markets, was an important cause of the acute shortage of gari. It suggested the institution of an "independent committee of suitable persons" to advise the Food Controller on the question of fluctuating prices which would then be reflected in the controlled prices from time to time. It further suggested prices of 10/- per bag and 4d to 4½d per Oloruka pan at government and private stores respectively. Moreover, permits should be granted to private traders to sell gari as had been done during the salt crisis. The Party

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172. Ibid., Ag. C.S.G. to Sec. W. Provs., 15 Jan., 1945.

173. Ibid., T. A. Manuwa, Hon. Sec. Women's Party to Ag. C.S.G., 22 Jan., 1945.

lamented that people had often had to stay on "over-night queue" in a bid to secure the elusive gari.

Government subsequently exhibited some flexibility by increasing the gari prices at Ijebu-Ode to 7s 6d per bag of 186 lbs and the Lagos price to 11/- in February, 1945. But this did not result in any increase in supplies to the Lagos Market. Hence, Captain Pullen had to be content with a daily issue of 18 tons, a far cry from the Lagos requirement of some 50 tons per day. The reverse was certainly the case in the Black Market where a bag of gari went for £1, almost double the official price.[174]

A vivid account of the situation in the Pullen Markets was provided by the celebrated journalist, Ernest Ikoli who was also a member of the Legislative Council. After touring the markets with the legendary leader of the Market Women, Alimotu Pelewura, Ikoli declared, in a personal handwritten note to the Governor, that "if people are willing to endure such conditions of torture in order to obtain a measure of gari, then the position is indeed very grave."[175]

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174. DCI 1/1 4041/S.35/C.2, vol. II, Pullen to D/Supplies, 3 May, 1945.

175. Ibid., Ikoli to Governor, 18 June, 1945.

He reported that the people complained that they were starving and urged that Government should abolish price control. Ikoli then proposed a daring scheme by which the Lagos Market Women would go into the hinterland to procure gari sufficient to flood Lagos. The scheme was simply dismissed as "dangerous" by the Resident, Ijebu Province, for, the hinterland people would resent anyone coming to take their surplus after they had strained themselves to fill their village quotas.[176] He, therefore, foresaw the "likelihood of the Lagos people being mobbed and beaten up" if they attempted going into the hinterland. The scheme simply petered out but the fact that it enjoyed official support initially shows the extent of government's desperation.

Government in its desperation then sought deliverance from Northern Nigeria and the Gold Coast. Acknowledging that the food situation in Lagos gave "cause for serious anxiety," the Governor enjoined the Chief Commissioner, Northern Provinces to send the maximum possible quantity of rice immediately.[177] The Gold Coast government, on its part, was asked to send whatever quantities of gari it could spare.[178] Some quantity

176. Ibid., Res. Ijebu Prov. to R.S. Mallinson, 23 June, 1945.

177. DCI 1/1 4037/S.58 "Food Supplies, Lagos", C.S.G. to Chief Comm., 10 June, 1945.

178. DCI 1/1 4041/S.35/C.2 vol.II op. cit., Secret Code telegram L 524, OAG Nigeria to Gov., Gold Coast, 22 June, 1945.

of grains was eventually received from Northern Nigeria while the Gold Coast government sent in 68 tons of gari. Less successful attempts were also made to obtain maize from Angola and rice from the Gambia and Portuguese Guinea.

In the meantime, the colonial government continued to coerce producers to fill village quotas in the Ijebu Province. Several Chiefs were prosecuted and fined in the Native Courts when their villages failed to reach their quota levels. Between 1 June and 30 July, 1945 forty village heads were prosecuted: 29 were fined and the rest cautioned. Resentment at these strong-arm tactics, aggravated by anti-government propaganda, it was stated, "had had a marked effect on gari producers particularly in Ijebu-Remo and the areas nearest to Lagos."[179] It was soon admitted that the "convictions of Chiefs for failing to produce what is not there cannot be continued." The failure of coercion was frankly admitted by the Acting Secretary, Western Provinces in August 1945:

> every possible effort has been made to obtain maximum production by compulsion. It is now, however, clear that the present system has not

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179. IBMINAGRIC S.2/AC "Gari Control", E.N. Dickinson, Ag. Res. Ijebu Prov. to S.W.P., 30 July, 1945. An indepth study of the Ijebu-Remo/Lagos gari trade during this period is in Olumuyiwa B. Okuseinde, "Gari Production in Ijebu-Remo: A Study of Growth and Development in a Local Economy, 1900-1950", M.A. dissertation, University of Ibadan, 1988, pp 64-82.

> only failed to obtain the best results, but that it has created a political situation of some gravity, which will probably react adversely on production in the future.[180]

He then recommended a repeal of the Native Authority orders that had been used to enforce compulsory production and the immediate relaxation of controls. Price decontrol was, in his view, "the only way in which the natural price levels in the gari market can be ascertained."

Thus, by the end of the Second World War, colonial officialdom had come to terms with the futility of price controls. Hence, all price and movement control orders, except those relating to movement to the North, were repealed in August, 1945.[181] Consequently, by October, 1945, food was reported to be "abundant and cheap" in Lagos while gari could be "bought in every part of the town."[182]

While price and movement decontrol had indeed brought the hitherto scarce foodstuffs out into the open market, it did not stem the rise in prices. This was because the rising population of the city continued to strain food supplies with predictable effects on prices. Indeed, it was stated in 1944

180. Ibid., Ag. S.W.P. to C.S.G., 10 Aug., 1945.

181. DCI 1/1 4041/S.35/C.2/vol.II op. cit., C.S.G. to S.W.P. repeated to Res. Ijebu Prov., 28 Aug., 1945.

182. DCI 1/1 4037/S.58/C.3. "Food Situation Lagos Markets," Pullen to D/Supplies, 25 Oct., 1945.

that the population of Lagos was a third greater than in peace time,[183] a trend that was intensified rather than reversed in the post-war period. Hence, the Lagos Press continued to carry stories of scarcity and a rise in prices of foodstuffs in the post-war period.[184] The prevailing trend during this period was graphically represented by an observation made in 1945:

> Owing to high produce prices and serious shortage of consumer goods public is spending more on foodstuffs than ever before. Food consumption has therefore increased and this coupled with failure of early maize and yam crops has created food shortage especially in Lagos and larger centres ... No immediate question of starvation but further adverse factors would result in situation becoming out of hand with serious results on internal economy and exports of oilseeds.[185]

The scarcity and rising costs of essential imports and local foodstuffs were complemented by an increase in house rents and in the general cost of living. In an editorial titled "Wanted: Control of Rent", a Lagos newspaper had observed in December 1941 that population pressure which was intensified by the presence of military contingents and a decline in the rate of real estate development had caused a rise of betweeen

183. IBMINAGRIC S.2/AC op. cit, Minutes of a meeting between Pullen and officials of the W. Provs., Ibadan, 5 Feb., 1944.

184. For example, WAP, 19 June 1948, 6 Jan., 1950; NDT, 25 Jan., 1950.

185. DCI 1/1 4037/S.58 op.cit., OAG Nigeria to Sec. of State, telegram No. 624, 2 July, 1945.

33⅓% and 50% in rents charged in Lagos.[186] While admitting that an increase was "certainly inevitable" given the general rise in prices - cost of building materials themselves having risen by some 200% - the newspaper called on government to intervene "with a view of destroying the hydra-headed monster of profiteering which seems to be rearing its rent-head." The Daily Times also opined that "tenants as a class should not be left entirely at the mercy of the unscrupulous landlord who, unfortunately, is of a type largely predominating in this community."[187]

Government did intervene in 1942 by establishing the Rent Assessment Board but, as the West African Pilot stated in an editorial in 1943, the general impression was that the Board was a tool of the landlords. The paper then enjoined the government to act decisively in defence of the "poor tenants."[188] In the fifth of a series of editorials on "The Rent Problem",[189] the newspaper contended that only legislation by government could solve the problem. For, landlords and

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186. Daily Service, 19 Dec., 1941.

187. NDT, 13 May, 1942, editorial: "The Rent Problem."

188. WAP, 26 May, 1943 editorial: "Rents in Lagos."

189. WAP, 7 July, 1943: "The Rent Problem (5)."

their agents demanded as much as 25/- per month for accommodation which was let out for as little as 5/- before the war. The Pilot, therefore, suggested that a regulation flat rate of 12/6d should be fixed for rooms 10 feet by 12 feet with light installations in houses built before January, 1940. The rates for houses completed after that date would be 17/6d per room per month where electricity was supplied and 15/6d where it was not.

Government finally decided in 1944 to institute a Committee to consider the necessity for introducing comprehensive measures for the control of rents in Lagos. The Committee comprised the Commissioner of the Colony as chairman, principal officials of the Colony administration and such Africans as the lawyer, Jibril Martin. However, a member of the Committee and Deputy Commissioner of Labour, D. H. Holley, provided what proved to be an accurate forecast of the outcome of its work even before it commenced:

> If exorbitant rents are being charged in the Township, as I am convinced they are, the problem of control will be a very big one: ... the vast majority of landlords are restrained by no sense of decency or scruple and demand just as much as they think they can get. I fear, therefore, that unless we are careful we are likely to arouse a homet's (sic) nest ... let us either adopt a scheme which will give the

> people a chance to help themselves or leave things as they are, without introducing timorous compromises which can only affect the fringes of the subject.[190]

In a report submitted on the Lagos Rent Control Scheme, a committee comprising the Town Engineer, L.T.C.; the Secretary, L.T.C.; the Labour Officer and Mr. F. I. George declared that it was inequitable to fix a flat rate of rent for all rooms in Lagos and environs.[191] Hence, any control scheme would have to take cognisance of geographical location; type of structure and dimensions of room. With regard to location, Lagos was divided into three zones: Lagos Island; Yaba Estate, Ebute Metta East and West; the rest of the Township. The types of structures were classified into four as follows: (i) Brick (cement rendered) or concrete (ii) Brick (unrendered) or mud (cement rendered) (iii) Mud (unrendered) and (iv) Bamboo, galvanised iron or mat. Adding dimensions of rooms to the other criteria, the Committee proposed the following rates of rent:

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190. Comcol 1 2438 vol.I "Rent and Premises Control", Holley to Comm. of Labour, 16 Feb., 1944.

191. Ibid., for copy of undated Report.

Dimensions	Lagos Island	Yaba, Ebute Metta East and West	Rest of the Township
(a) Rooms of brick (cement rendered) or cement	1/3	1/-	9d
(b) Rooms of brick (unrendered) or mud (cement rendered)	1/-	10d	7½d
(c) Rooms of mud (unrendered)	9d	7½d	6d
(d) Rooms of bamboo, galv. iron or mat walls	6d	6d	5d

Note: Rates per 10 square feet

In the final analysis, the colonial government failed to please anyone. For, even the landlords, on their part, claimed that they were "suffering to a greater extent than the tenants by the operation of the Rent Restriction Regs. and the R.A. Board."[192] A deputation of the landlords comprising L. B. Agusto, A. O. Otun and Mrs. Obasa stated that in many instances they had found it impossible to evict illegal sub-tenants who had been let in in violation of the written agreement with the bona fide tenants. They then suggested that Government should fix a maximum rental based on 10% of the capital value of the property, a proposal which the

192. Ibid., J.G.C. Allen to Comm. of Labour, 18 Nov., 1944.

Government considered fair but impracticable unless every house in Lagos was valued.

A Rent Control Committee was then established in October 1949 to advise Government on rent control in Lagos and to suggest modifications to existing laws on rent control. But, the Nigerian Tenants' Union[193] contended that the Committee was dominated by landlords who constituted eighty per cent of the membership of the Committee, only two of ten members being "Government-nominated Tenants". This view was buttressed by the Lagos Press which asked Government to reconstitute the Committee, incorporating the Tenants' Union as had been done in Port Harcourt.[194] The Chairman of the Committee, however, claimed that four members each were tenants and landlords but were not chosen to represent any class. Rather, they were adjudged capable of objective appraisal of the problem at hand. Hence, no change was effected in the composition of the Committee.

In the midst of scarcity of goods and the high cost of living in Lagos, the working class had no alternative to

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193. Comcol 1 2438 vol.III, "Rent Control", Ralph Aniedobe, Gen. Sec., N.T.U. to Sec., R.C.C., Lagos, 21 Jan., 1950.

194. WAP, 14 Jan. 1950, editorial: "Wanted: New Rent Committee" and Daily Service, 14 Jan. 1950, editorial: "Landlords and Tenants."

demanding for higher wages to be able to cope with the ensuing inflation. It is in this light that one should perceive the rise of militant trade unionism, especially among Railway workers, and the politics of the Cost of Living Allowance (C.O.L.A.) during this period.[195] The first COLA had been awarded in 1942 but this had been rapidly neutralized by the steady increase in the cost of living. Although Governor Bourdillon had promised to review the COLA as circumstances demanded, this promise was not fulfilled. Indeed, no further concessions came until workers went on strike in 1945.[196] In the aftermath of the strike, Government set up a Commission to inquire into the cost of living in Nigeria.

After considering evidence from a wide array of organizations, institutions and individuals, the Committee submitted a Report that touched upon the different dimensions of the question of cost of living. It made a number of recommendations the most important of which was a fifty per cent increase in the cost of living allowances as they stood in July, 1945.[197] This was accordingly accepted by the colonial

195. This is discussed in Wale Oyemakinde, "Michael Imoudu and the Emergence of Militant Trade Unionism in Nigeria, 1940-1942", J.H.S.N., vol.VII, No. 3 (Dec. 1974), pp 541-61.

196. This is studied in Wale Oyemakinde, "The Nigerian General Strike of 1945", J.H.S.N., vol.VII, No.4 (June 1975), pp 693-710.

197. CE/T9 W. Tudor Davies, Enquiry into the Cost of Living and the Control of Cost of Living in the Colony and Protectorate of Nigeria, London, 1946, p.17 para 63(a).

government with effect from 1 August, 1945.[198] It was as far as the colonial government could go in respect of granting a living wage to workers. The point should be stressed however that while the COLAs were awarded to help workers cope with the pressure of rising cost of living, the awards in themselves did much to fuel inflation. Indeed, as has been noted, "the much expected 'paradise' did not follow the strike."[199] It is on this note that we conclude the discussion of trade and society in Lagos between 1939 and 1950.

This chapter has examined the interrelated themes of government policy, the dynamics and the impact of maritime trade in Lagos from the outbreak of the Second World War to 1950 when practically all the war-time controls had been abolished. The period of the War was one of scarcity and official control of virtually all aspects of the economy. While the controls were apparently designed to cushion the impact of the war they often deepened the misery of the people.

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198. Ibid., Appendix: Despatch dated 9 July, 1946, Sec. of State to Gov. of Nigeria.

199. Oyemakinde, "General Strike ...", op. cit., p.710.

A case in point was the control of foodstuff prices. The scheme was, in the final analysis, a resounding failure for it rather precipitated black market operations. The working class in Lagos was thus hard-hit and resorted to militant trade unionism which culminated in the strike of 1945 and the increase in the cost of living allowances. But, as we have noted, the situation was simply further compounded as the increased volume of money in circulation fuelled inflation. Thus, by 1950, while the port of Lagos was recording the highest value of visible external trade (see table 44) the city itself was paying the socio-economic price of "prosperity" - the influx of people, which aggravated its food, employment and housing problems,[200] and a continuing increase in the cost of living. It is significant that these have remained features of Lagos life to this day.

200. Nigeria: Annual Reports, Colonial, 1946, p.17.

CONCLUSION

This study of the nature and impact of maritime trade in Lagos, the premier port of West Africa, has been undertaken within the framework of the analysis of port-hinterland-foreland relations and in the larger context of the costs and benefits of international trade. It has thus justified the assertion that the port is best studied as part of a network of relationships between the hinterland and foreland. For, the hinterland and foreland complement each other in determining the fortunes of maritime trade in a port like Lagos.

From the perspective of international trade, the subject has been considered against the background of the debate on the role of maritime trade in the economy. On the one hand, the comparative advantage school posits that international trade sets what has been called a "province of accumulation" on the borderline between the local and the world economy.[1] In other words, that participation in international trade confers benefits on the local economy. In contrast, another school of thought contends that international

1. Ignacy Sachs, Foreign Trade and Economic Development of Underdeveloped Countries, Budapest, 1965, p.4.

trade has rather created a "province of disaccumulation"[2] by virtue of the self-perpetuating system of unequal exchange linking the dependent with the metropolitan economies.

Undoubtedly, no society can afford to remain outside the vortex of the world economicsystem. To that extent, participation in international trade is a necessary feature of any economy. Yet, as this study has shown, the conditions under which such transactions were carried out are not always to the best advantage of dependent societies. For, by means of unequal exchange, expatriate business interests were able to repatriate handsome profits to the metropolis. This was ensured by exchanging unduly expensive imports for cheap raw materials.[3]

The reverse was consequently the case regarding the fortunes of indigenous business interests in the colonial economy. Indeed, with very few exceptions, African businessmen were mere agents of the expatriate firms. On the whole they were marginalised in the colonial economy.

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2. Ibid., p. 5

3. Sachs (Ibid., p. 32) had observed that "the interrelations between a colony and a colonial power are one-sided and assymetrical: the economic development of the colonial power being a necessary condition for the economic growth of its colony. The development of the colony, however, is not a condition for the development of the colonial power".

Even when some of them - such as the motor magnate, W.A. Dawodu - pioneered certain lines of trade, they were squeezed out by the big firms. In the same vein, only one African - Odutola - was involved in the government cocoa and palm produce marketing scheme during the Second World War. Further north, in Kano, Alhassan Dantata, the leading indigenous groundnut trader lamented that the scheme had enabled the U.A.C. to achieve what it had always striven to do for several years - his practical "enslavement". On the other hand, African importers had to scramble for the crumbs that fell off the table of the expatriate firms.

A related feature of the organization and conduct of maritime trade in Lagos during this period was the close and cordial relationship between the colonial state and expatriate business. This was the logical consequence of the well-known community of interests between both parties. It is in this light that one should appreciate the steps taken by the colonial state to create a conducive atmosphere for the firms to flourish: the adjustment of rail and customs tariffs, the institution of produce inspection and the enactment of legislation to hamper the activities of "foreign" competitors

The anti-Japanese legislation of the 1930s exemplified the latter trend.

In the midst of this interplay of colonial and metropolitan interests, the port-city of Lagos and its hinterland enjoyed a semblance of prosperity notwithstanding the severe trade depressions of 1920-22 and 1929-34. This could be deduced from the steady increase in trade figures for the greater part of this period. However, it must be stressed that this growth was not accompanied by any structural change in the economy.[4] Thus, although Lagos was, indeed, the "Liverpool" of West Africa in terms of the volume of its trade, there was no real linkage between the port and the hinterland as there were no processing industries in the Lagos metropolitan area until the late 1950s.[5] The port-city was in practical terms a veritable conveyor belt of raw materials and imports between its hinterland and forelands. While it is undeniable that some of the crumbs fell on the

4. The distinction between growth and structural change is drawn in Hollis B. Chenery, "Growth and Structural Change", Finance and Development, 8, 3(Sept. 1971), pp. 16-27

5. Joseph Akintola-Arikawe, "The Rise of Industrialism in the Lagos Area", in Adefuye et. al (eds), History of the Peoples... op.cit., pp. 104-127

city in the sense of some superficial prosperity, the balance sheets presented at the annual general meetings of the metropolitan firms give a clear indication of where the bulk of the profits went.[6]

In the final analysis, the port-city of Lagos could be said to have been entangled in a situation of dual dependence: on the one hand, on the metropolitan economy and, on the other, on the hinterland. Developments in either area immediately affected the economic and social fortunes of the port-city. Thus, the Depressions of 1920-22 and 1929-34, which were of metropolitan origins, had a resounding impact on Lagos trade and society. On the other hand, Lagos received a steady influx of people from the hinterland thus ensuring that population growth outstripped housing and foodstuff supplies. The result was that any adversity in the export and food-producing economies of the hinterland was extended to Lagos. This was illustrated by the foodstuff crisis of the 1940s.

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6. See, for example, the war-time balance sheet of Elder Dempsters as shown in table 17 above.

This study has thus drawn attention to the costs of the unique position of Lagos in the Nigerian economy and the other side of the glitter and glamour commonly associated with Lagos. The city was undoubtedly a powerful magnet that drew people from the hinterland even during the Great Depression but, as the popular saying goes, "Owo Eko, Eko l'o ngbe" - fortunes made in Lagos are expended there. This is an allusion to the high cost of living and the conspicuous consumption that bedevilled Lagos city life. The price Lagos had to pay for her "prosperity" was a wide variety of socio-economic problems - congestion, a high crime rate, scarcity and high cost of housing, poor sanitation, unemployment and the educational under-development of her youth - many of whom were lured into business at the expense of their studies. This study has therefore demonstrated the historical depth of these problems which continue to afflict the city to this day.

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A NOTE ON SOURCES

As is indicated below, this study has drawn on a variety of primary and secondary sources. It must be stressed, however, that all the materials were collected within the country. This was because I could not secure any form of assistance to enable me consult the records of the metropolitan chambers of commerce in Britain and those lodged in the Public Record Office. However, whatever inadequacies might have resulted from this were obviated by the copious information obtained from the correspondence between Business and Government, the published proceedings of the Annual General Meetings of the expatriate firms, the available copies of the annual reports of the Manchester Chamber of Commerce and Minutes of meetings of the Lagos Chamber of Commerce. In this way, one has had a deep insight into the mind of Business during the colonial period.

A striking feature of this study is the great reliance on documentary evidence. This is partly due to the difficulty in securing the kind of oral information required to reconstruct business history, for instance. For one thing, people did not concern themselves with "petty" things that interest the economic or business historian. Second, several of the informants were acquainted with and influenced by such published materials as The Red Book of West Africa to which reference was made for approbation. Third, the acrimony that attended the administration of the estates of deceased persons in Lagos often meant that letters and other documents of the deceased were shared among his relations thus frustrating the researcher. Both Professor Hopkins and Dr. Agiri have shared such experiences with me.

Nevertheless, the gap which would have been created by the paucity of oral information has been more than filled by the rich materials yielded by the newspapers. Such information has shed great light on the social dimensions of this study. In addition, valuable evidence obtained from the Colony Annual Reports, official correspondence, the Macaulay Papers and the various Commissions of Inquiry has informed the discussion in the various sections devoted to the study of economy and society in Lagos.

On the whole, while it is practically impossible to consult all sources of information, one could lay modest claim to an exploitation of a broad range of sources. In any case, one has endeavoured to extract as much information as possible from the available sources.

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