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COLONIAL GOVERNMENT, SOCIAL CONFLICT AND STATE INVOLVEMENT IN AFRICA'S OPEN ECONOMIES: THE ORIGINS OF THE GHANA COCOA MARKETING BOARD, 1939–46

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ABSTRACT: State-controlled cocoa marketing was introduced in the Gold Coast during the Second World War and has had lasting impact. Most accounts of this change have emphasized the influence of metropolitan interests and ideas more conducive to state involvement in colonial economies. Although they explain the new found metropolitan willingness to 'supply' financial and administrative backing for state-controlled economic institutions, they neglect the sources of the Gold Coast government's 'demand' for those institutions. I argue that pressures on the government to mitigate domestic social conflict caused by volatility in the world economy are crucial to understanding the shift to controlled cocoa marketing.

KEY WORDS: Ghana, economic, agriculture.

WHEN a serious earthquake shook Accra in June 1939, many residents mistook it for a German bombing raid.[1] Their fears of direct invasion were unfounded, but the conflict brewing in Europe was soon to bring major changes locally. State-controlled marketing for cocoa (the Gold Coast's predominant export) has been an important legacy of the Second World War, creating unprecedented scope for government influence over the country's economy. Two decisions transformed a largely unregulated system of cocoa marketing into one in which farmers were required to sell to a statutory board with price-setting authority. The first, taken in late 1939, was the decision to adopt a cocoa control scheme as a temporary wartime measure. The second was the decision, laid out in two Colonial Office white papers, to continue state-controlled marketing after the war by reconstituting the control scheme as a permanent cocoa marketing board. Beginning as an emergency measure to shield the Gold Coast economy from wartime dislocation, the controls evolved into a parastatal institution charged with 'stabilizing' the colony's cocoa industry in the face of world market volatility. The marketing board's policies were an important source of conflict between nationalist political parties through the contentious years

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between the war's end and independence, and the board's very existence has been central to debates about the political economy of postcolonial Ghana.[2]

Most accounts have portrayed this transformation of Gold Coast cocoa marketing as the product of changing metropolitan interests and ideas. During the late 1930s, harsh global economic conditions had triggered a wave of colonial protest, including the West African cocoa holdups and riots in the West Indies. This, it is argued, led British officials to consider greater state involvement in colonial economies.[3] With the outbreak of the Second World War, the United Africa Company (UAC) and other leading firms pressed for controlled marketing to reduce the riskiness of the West African trade, and the Colonial Office acceded.[4] As the war progressed, the United Kingdom (UK) government centralized economic control over its empire to coordinate the mobilization of resources, a tendency that intensified as its war debt mounted.[5] The operation of the imperial war economy reinforced interventionist 'forward thinking' about colonial development.[6] Meanwhile, officials came to see the transfer of centralized wartime control institutions to colonial governments as part of the broader postwar devolution of political authority.[7] As David Meredith has put it, 'The British West African colonies

[2] Gareth Austin, 'National poverty and the "vampire state" in Ghana: a review article', *Journal of International Development*, 8 (1996), 553–73; Douglas Rimmer, *Staying Poor: Ghana's Political Economy, 1950–90* (New York, 1992); Jonathan H. Frimpong-Ansah, *The Vampire State in Africa: The Political Economy of Decline in Ghana* (Trenton, 1991); Kwame Arhin, 'The Ghana Cocoa Marketing Board and the farmer', in Kwame Arhin, Paul Hesp and Laurens van der Laan (eds.), *Marketing Boards in Tropical Africa* (London, 1985), 37–52; Björn Beckman, 'Ghana, 1951–78: the agrarian basis of the post-colonial state', in Judith Heyer, Pepe Roberts and Gavin Williams (eds.), *Rural Development in Tropical Africa* (New York, 1981), 143–67; Beckman, *Organising the Farmers: Cocoa Politics and National Development in Ghana* (Uppsala, 1976).

[3] J. M. Lee and Martin Petter, *The Colonial Office, War and Development Planning: Organisation and the Planning of a Metropolitan Initiative, 1939–45* (London, 1982); D. J. Morgan, *The Official History of Colonial Development. Volume 1: The Origins of British Aid Policy, 1924–45* (London, 1980).

[4] David Meredith, 'The Colonial Office, British business interests and the reform of cocoa marketing in West Africa, 1937–45', *Journal of African History*, 29 (1988), 285–300; David Fieldhouse, 'War and the origins of the Gold Coast cocoa marketing board, 1939–40', in Michael Twaddle (ed.), *Imperialism, the State and the Third World* (London, 1992), 153–82; David Fieldhouse, *Merchant Capital and Economic Decolonization: The United Africa Company, 1929–87* (Oxford, 1994), ch. 6; P. T. Bauer, 'Origins of the statutory export monopolies of British West Africa', *Business History Review*, 28 (1954), 187–213; P. T. Bauer, *West African Trade: A Study of Competition, Oligopoly and Monopoly in a Changing Economy* (Cambridge, 1954), ch. 19.

[5] Michael Cowen and Nicholas Westcott, 'British imperial economic policy during the war', in David Killingray and Richard Rathbone (eds.), *Africa and the Second World War* (Basingstoke, 1986), 20–67; Nicolas Westcott, 'Sterling and empire: the British imperial economy, 1939–51', *Institute of Commonwealth Studies Seminar Papers* (London, 1983).

[6] R. D. Pearce, *The Turning Point in Africa: British Colonial Policy, 1938–48* (London, 1982); J. M. Lee, '"Forward thinking" and the war: the Colonial Office during the war', *Journal of Imperial and Commonwealth History*, 6 (1977), 64–79.

[7] David Meredith, 'State controlled marketing and economic "development": the case of West African produce during the Second World War', *Economic History Review*, 39 (1986), 77–91.

received a statutory marketing system ... created in the first place by British commercial interests and then implemented in a permanent form ''from above'' by the British government'.[8]

Such accounts explain the UK government's new found willingness to 'supply' financial and administrative backing for state-controlled marketing institutions, but they downplay the Gold Coast government's 'demand' for those institutions. Unlike other wartime measures, such as imperial exchange controls and restrictions on trading with the enemy, the cocoa control scheme was not imposed unilaterally from London.[9] It was negotiated with the West African governments involved, which held effective veto rights. This veto power also applied to the subsequent decision to create permanent marketing boards under the government's jurisdiction. So while changes in metropolitan interests and ideas may have been necessary conditions for the transformation of Gold Coast cocoa marketing, they were not sufficient. A complete account must explain why the Gold Coast government supported wartime cocoa controls and, later, the establishment of a locally based cocoa marketing board. Developments in the Colonial Office created possibilities for major institutional changes in the cocoa trade, but they do not answer the question of why the Gold Coast government so readily embraced them.

I argue that government concern about trade-induced social conflict is crucial to understanding the shift to state-controlled cocoa marketing. The Gold Coast government's support for the temporary wartime controls was motivated largely by the desire to avoid a cocoa 'holdup' like the one that had brought the country's external commerce to a standstill during the 1937–8 season. The holdup was the latest and most disruptive in a series of protests reflecting rising African resentment of the European firms that dominated the colony's transoceanic trade and whose collusive 1937 'pool' was blamed for a sharp drop in prices.[10] The prospect of a wartime collapse in the local cocoa price (as happened during the First World War) amid the antagonisms aggravated by the holdup was an obvious source of unease. A different set of social tensions motivated the government's later support for the creation of a permanent marketing board – tensions caused, paradoxically, by an improvement in cocoa's external commercial value a few years into the war. The government had come to rely on marketing controls to restrict increases in farmers' income in order to prevent an inflationary surge in the import-starved Gold Coast economy. By repackaging the wartime scheme as the foundation for progressive reform, the Colonial Office and the Gold Coast government sought to preempt charges that continued 'underpayment' of African farmers amounted to colonial exploitation. During the Second World War, state-controlled marketing offered the government a means to mitigate the social impact of both the initial fall and subsequent rise in cocoa's external value.

[8] Meredith, 'The Colonial Office', 299.

[9] John Shuckburgh, *Colonial Civil History of the War*, typescript, Colonial Office (London, 1949), 91.

[10] For overviews, see Roger J. Southall, 'Polarisation and dependence in the Gold Coast cocoa trade, 1890–1938', *Transactions of the Historical Society of Ghana*, 16 (1975), 93–115; John Miles, 'Rural protest in the Gold Coast: the cocoa hold-ups, 1908–38', in Clive Dewey and A. G. Hopkins (eds.), *The Imperial Impact: Studies in the Economic History of Africa and India* (London, 1978), 152–70.

The transformation of Gold Coast cocoa marketing is a notable example of expanded colonial state involvement in Africa's open economies. Exposure to the global shocks of the 1930s and 1940s fueled colonial governments' 'demand' for state-controlled economic institutions. In light of the now-prevalent view that global economic integration 'crowds out' the state, this link between economic openness and domestic interventionism seems counterintuitive. However, recent econometric studies have shown that open economies worldwide are prone to greater state involvement – in forms such as larger public sectors and more widespread intervention into domestic markets for externally traded goods.[11] The standard explanation is that governments more vulnerable to world market volatility face stronger domestic pressures to use state power to reduce trade-induced social dislocation.[12] Since at least the interwar period, Africa's open economies have experienced some of the world's largest fluctuations in trade earnings. Colonial governments' growing 'demand' for state-controlled economic institutions during the 1930s and 1940s can therefore be understood as a reaction to the destabilizing impact of an extremely volatile world economy. Metropolitan willingness to 'supply' financial and administrative backing was a contributing factor, but it came as colonial governments confronted difficult social realities.[13]

Despite general pressures toward greater state involvement, specific responses to trade-induced tensions varied from country to country. For example, the balance of political influence between farmers and merchant capital affected the structure and policies of export marketing boards – with settler farmers in East and Southern Africa securing favorable marketing arrangements, while African farmers in British West Africa were subjected to institutions that initially entrenched European merchant firms' interests.[14]

[11] Dani Rodrik, 'Why do more open economies have bigger governments?', *Journal of Political Economy*, 106 (1998), 997–1032; Robert H. Bates, Philip Brock and Jill Tiefenthaler, 'Risk and trade regimes: another exploration', *International Organization*, 45 (1991), 1–18. 'Economic openness' is defined as the ratio of external trade to domestic production. This differs from definitions that also require the pursuit of economically liberal policies of external trade and exchange, such as A. G. Hopkins's in *An Economic History of West Africa* (London, 1973), 168–72.

[12] This argument is central to Karl Polanyi's classic, *The Great Transformation: Political and Economic Origins of Our Time* (Boston, 1957 [1944]).

[13] Although not his main concern, Fieldhouse hints that metropolitan 'supply' followed colonial 'demand', noting that state-controlled cocoa marketing was consolidated only after the Colonial Office came 'to accept most of the previously unacceptable nostrums of the West African governors' ('War and the origins', 179; also see his *Merchant Capital*, ch. 6).

[14] For a descriptive overview of colonial marketing arrangements, see W. O. Jones, 'Agricultural trade within tropical Africa: historical background', in Robert H. Bates and Michael Lofchie (eds.), *Agricultural Development in Africa: Issues of Public Policy* (New York, 1980), 23–36. For a political explanation for institutional differences between East and West Africa, see Robert H. Bates, 'Pressure groups, public policy, and agricultural development: a study of divergent outcomes', in *Essays on the Political Economy of Rural Africa* (London, 1983), 61–91. For an East African case study, see Nicholas Westcott, 'The East African sisal industry, 1929–49: the marketing of a colonial commodity during depression and war', *Journal of African History* 25 (1984), 445–61; Westcott, 'The impact of the Second World War on Tanganyika, 1939–49', in Killingray and Rathbone (eds.), *Africa*, 143–59.

Government thinking about aspects of statutory cocoa marketing differed even in settings as apparently similar as the Gold Coast and Nigeria, reflecting factors including the Gold Coast's greater dependence on cocoa and weaker trade union movement.[15] Local social circumstances shaped state-controlled economic institutions to an extent that belies claims about the imposition of a coherent metropolitan vision 'from above'. Yet despite diversity in governments' responses to the shocks of the 1930s and 1940s, similarities in resulting patterns of state involvement – such as the prevalence of export marketing boards – have become defining features of the institutional architecture of Africa's open economies.[16]

The remainder of this article accounts for the transformation of Gold Coast cocoa marketing during the Second World War. First I explain the introduction and design of wartime controls. Next I examine the operation of the scheme and explain how its function shifted when the prospects for the cocoa trade improved. Finally, I analyze the decision to transform the wartime control scheme into a permanent cocoa marketing board.

THE TRANSFORMATION OF GOLD COAST COCOA MARKETING

The UK declaration of war on 3 September 1939 triggered immediate action by the European firms that dominated West African trade. The next day, a UAC delegation visited the Colonial Office to advocate controlled marketing of British West African cocoa during the war.[17] The delegation complained about the riskiness of issuing advances against the 1939–40 crop, given uncertainty about shipping availability and other issues related to the government's wartime trade policies. To emphasize the urgency of the situation, the UAC, which in recent years had purchased more than half the Gold Coast crop, reported that it had stopped making advances to their African buyers 'until the position should become clearer'.[18]

A few days later the UAC sent a memorandum to the Colonial Office recommending a control scheme in which the UK government would purchase residual British West African cocoa at a guaranteed minimum price.[19] Such a scheme would allow the UAC and other established firms to maintain their upcountry operations without the risk of purchasing cocoa they would not ultimately be able to ship and sell. The Colonial Office took issue with some details of the UAC proposal, but within two weeks it had produced its own draft scheme. Under it, the UK government would purchase the entire crop at a fixed price, and the firms would act as licensed buying agents.[20] The draft was the basis for interdepartmental discussions in London and consultation with the West African governors.

[15] A detailed comparison of social conflict in the Gold Coast and Nigeria is beyond this article's scope. On Nigeria, see Jan-Georg Deutsch, *Educating the Middlemen: A Political and Economic History of Statutory Cocoa Marketing in Nigeria, 1936–47* (Berlin, 1995), chs. 5–7; W. M. Warren, 'Urban real wages and the Nigerian trade union movement, 1939–60', *Economic Development and Cultural Change*, 15 (1966), 21–36.

[16] Robert H. Bates, *Markets and States in Tropical Africa: The Political Basis for Agricultural Policies* (Berkeley, 1981).

[17] Public Record Office, Kew, UK (PRO), CO 852/256/1, minute by Clauson, 4 Sept. 1939.

[18] PRO, CO 852/256/1, minute by Melville, 14 Sept. 1939.

[19] PRO, CO 852/256/1, UAC memo on cocoa control, 8 Sept. 1939.

[20] PRO, CO 852/256/1, Colonial Office memo on cocoa control, 18 Sept. 1939.

The Colonial Office's embrace of controlled marketing reflected its desire, shared by firms like the UAC, to avoid a repetition of the Gold Coast experience during the First World War. Shipping disruptions and the closure of enemy markets had caused local cocoa prices to drop by half, with farmers still unable to sell much of their produce. The Gold Coast governor pleaded with the Colonial Office in late 1914 to guarantee the purchase of the entire crop, but his request was refused.[21] The Colonial Office was determined not to make the same mistake twice. The 1939 scheme's aim was to avoid a situation where 'the bottle neck created by limited shipping space and the loss of the German market would allow buyers to depress the price paid to producers, while purchasing only the quantities for which they were able to obtain a guarantee of shipping space'.[22] In the aftermath of the 1937–8 cocoa holdup, the dangers associated with this scenario were more than economic. Because of West Africa's strategic position in Allied supply routes, the UK government was determined to avert local unrest. As the Colonial Office noted in a cabinet memorandum, a bottoming-out of the local cocoa price threatened to 'produce serious discontent and might even lead to an outbreak of trouble which it is of course essential to avoid at a time like this'.[23]

Whatever the advantages of guaranteeing the purchase of the entire cocoa crop, there were formidable obstacles to devising a workable scheme. Less than a year before the war, the Nowell Commission appointed to investigate the 1937–8 holdup had recommended the creation of a single statutory farmer's association to market all Gold Coast cocoa. But in June 1939, the governor, with Colonial Office support, rejected the proposal, arguing that the Gold Coast government lacked the administrative competence and financial resources to handle the crop between the farmers and its overseas sale.[24] The government's inability to run a controlled marketing system on its own meant that the scheme had to satisfy those who would inject the necessary commercial expertise and financial resources. To manage the actual buying and selling of cocoa, the Colonial Office turned to established European firms who 'have their organisation on the spot and are fully conversant with all of the intricacies of the trade'.[25] In return for participation, the firms expected their market shares to be protected for the duration of the war. And to meet the financial burden of guaranteeing the purchase of the entire crop, the Colonial Office turned to the UK Treasury, which would be responsible for carrying any losses. At a minimum, the Treasury expected a say over the prices paid to producers, which determined the financial risks of underwriting the scheme.

These considerations resulted in a controlled marketing system struc-

[21] David Killingray, 'Repercussions of World War I in the Gold Coast', *Journal of African History*, 19 (1978), 42–3.

[22] PRO, CO 852/256/1, Colonial Office memo on cocoa control, 18 Sept. 1939.

[23] PRO, CO 852/256/2, 13 Oct. 1937.

[24] 'Report of the commission of enquiry into the marketing of West African cocoa', William Nowell, chair, Cmd. 5845 (London, 1938); Rod Alence, 'The 1937–38 Gold Coast cocoa crisis: the political economy of commercial stalemate', *African Economic History*, 19 (1991), 77–104. The governor's decisive rejection of the Nowell Commission's recommendations is in PRO, CO 852/192/1, Hodson to MacDonald, 1 June 1939.

[25] PRO, CO 852/256/1, minute by Moore, 21 Sept. 1939.

turally very different from the Nowell proposals. The commission had recommended the retention of an automatic link between terminal-market and producer prices, and its proposed farmer's association was designed to reduce the financial and organizational disadvantages of African producers compared with the dominant European firms. In contrast, under the wartime control scheme producer prices were set administratively, and the 'pool' firms' dominance was legally entrenched by a quota system that guaranteed their pre-war market shares.[26]

Concern about the Treasury's financial exposure paradoxically led to a 'maximalist' scheme in which the UK government undertook to purchase the entire crop, rather than a 'minimalist' one involving only the purchase of unsaleable surplus stocks.[27] From the Treasury's perspective, the problem with simply offering a minimum price for surplus produce was that it could only end as a loss-making proposition. Alternatively, by buying the whole crop at a controlled price, 'profits' earned on successful sales could be used to cancel losses on unsold stocks. Moreover, the risk of losses could be minimized by fixing a low producer price, which would reduce the cost of buying the crop and raise the profit margin on sales. The Treasury approved the scheme reluctantly, conditional on a cut in the Colonial Office's proposed purchase price for a sixty-pound load from ten shillings to nine. The revised figure still approximated recently prevailing prices, and the Colonial Office agreed as a concession 'to assist towards the acceptance of the scheme'.[28]

The final stage was to formalize the terms on which the established firms would participate. The cocoa committee of the Association of West African Merchants (AWAM), consisting of the 'pool' firms of the pre-war buying agreements, was summoned to the Colonial Office on 1 November to discuss the scheme's details. Within two days, the UAC's Frank Samuel, acting for AWAM, submitted proposed quota allocations and cost schedules to set the firms' remuneration, which the Colonial Office accepted with minor changes. Large shippers (the AWAM firms plus two others) were designated 'A' shippers. They received quotas linked to their market shares over the previous three seasons. Cost schedules were based on the firms' familiar formula of expenses plus 'reasonable' profit. By incorporating quotas and 'cost-plus' compensation, the scheme eliminated the competition and heavy price risk that had driven many firms out of business during the 1920s and 1930s.

The AWAM cocoa committee was recognized as the 'A' shippers' formal representative, handling day-to-day administration of the market shares for the central control board in the UK. Two executives seconded by the firms headed the board, with John Cadbury as chairperson and the UAC's Eric Tansley as his deputy. Meanwhile, the smaller 'B' shippers, many of them African merchants lacking formal representation in Britain, received quotas

[26] Some observers have nevertheless mistaken the wartime control scheme for the implementation of the Nowell proposals; see Josephine F. Milburn, *British Business and Ghanaian Independence* (London, 1977), ch. 4; V. D. Wickizer, *Coffee, Tea and Cocoa: An Economic and Political Analysis* (Stanford, 1951), 324.

[27] Deutsch, *Educating the Middlemen*, 144–6.

[28] PRO, CO 852/256/2, minute by Melville, 26 Oct. 1939; Hale to Melville, 28 Oct. 1939.

equivalent to their shipments during the 1938–9 season. Their dealings were managed in Accra by the local control board, headed by the Gold Coast's deputy agriculture director.[29]

The control scheme that took shape in late 1939 was not conceived as permanent marketing reform. According to the scheme's principal architect in the Colonial Office, Eugene Melville,

> We could not have been expected to look ahead very far when we started the war-time control scheme. We had, after all, to live in a pretty critical present, and we had little energy to spare for planning the future. We did, however, always realize (right from the beginning, I think it is true to say) that the war-time scheme was an expedient which could be justified only under the stress of war conditions, and that it could not be continued indefinitely on that basis.[30]

Rather than exemplifying 'forward thinking' about the state and colonial development, the wartime scheme looked 'backward' to the negative consequences of the Colonial Office's failure to intervene during the First World War. Officials in London and West Africa believed a similar collapse in local cocoa prices during World War II would have disastrous economic and political consequences – particularly with African resentment of the European firms still fresh after the 1937–8 holdup.

THE INTRODUCTION OF WARTIME COCOA CONTROLS

The control scheme was almost entirely the product of negotiations conducted in London. Yet Governor Arnold Hodson was in regular contact with the Colonial Office and from an early date supported any arrangement to ensure the purchase of the cocoa crop at prices high enough to cover farmers' production costs.[31] He was less than enthusiastic about the political implications of the AWAM firms' role in running the scheme, but believed that African objections could be reduced through careful public-relations work.[32] To support his efforts, he urged the Colonial Office to set aside a generous shipping quota for African merchants, requesting that the market share previously commanded by German firms be earmarked for discretionary allocation to African 'hardship' cases.[33] The control scheme was announced in mid-November, and operations commenced in early December, with no commitment to continue it beyond the 1939–40 season.[34]

Initial reaction in the Gold Coast was mixed. Farmers who had suffered the collapse in prices during the First World War were relieved to have

[29] PRO, CO 856/256/2, memo by AWAM cocoa committee, 3 Nov. 1939.

[30] Eugene Melville, 'The marketing of West African cocoa', in Cocoa, Chocolate, and Confectionery Alliance (ed.), *Report of Cocoa Conference Held at Grosvenor House* (London, 1948), 72. [31] PRO, CO 852/256/1, Hodson to MacDonald, 25 Sept. 1939.

[32] PRO, CO 852/256/1, Hodson to MacDonald, 18, 25 and 27 Sept. 1939. Hodson had already initiated a broader propaganda campaign; see Wendell P. Holbrook, 'British propaganda and the mobilization of the Gold Coast war effort, 1939–45', *Journal of African History*, 26 (1985), 347–61.

[33] Hodson raised the issue of the German quota repeatedly; see PRO, CO 852/256/1–2, Hodson to MacDonald, 25 Sept., 16 and 28 Nov. 1939.

[34] PRO, CO 852/256/2, Colonial Office press announcement and special supplement to the *Gold Coast News* (Accra, official), 13 Nov. 1939.

a guaranteed buyer. But though the control price of nine shillings per load was comparable to prevailing pre-control levels, it was criticized as too low to cover production costs, especially with the prospect of wartime inflation. At the inaugural meeting of the local control advisory committee, colony representative Nana Sir Ofori Atta – a paramount chief and leading figure in the 1937–8 holdup – insisted that nine shillings per load 'would not be quoted in future as a price acceptable to farmers who had agreed to it merely as an emergency measure'.[35] African merchants also criticized the scheme, portraying the quota system as a blatant attempt by the AWAM firms to consolidate their commercial dominance. Kojo Thompson, an African member of the Gold Coast Legislative Council, described the control scheme as a 'dressed up' version of the firms' prior collusive activities. He complained that 'the pool which existed here a few years ago came to this Colony dressed in a frock coat suit, and it is the same pool which has come through the back door dressed in a double-breasted suit'.[36]

The Gold Coast government's main administrative responsibility was to allocate export licenses to the 'B' shippers. Although these licenses covered a small share of the trade, the task was difficult. The local control board received more than five hundred applications and was compelled, given the limited quota at its disposal, to reject more than four hundred of them.[37] Meanwhile, the AWAM-dominated central control board was generally unsympathetic to official requests from Accra for granting increased market shares to African shippers. For example, the Colonial Office, under AWAM pressure, turned down Hodson's request to use the German quota for African 'hardship' cases during the 1939–40 season.[38] When John Cadbury, whose personal dealings with Hodson during the 1937–8 holdup had been strained, heard the governor's complaints about African merchants' treatment, he responded that 'the fact that the Group B shippers are grumbling as to their position is ... a matter of detail and not of prime importance ... The initiation of the Scheme is to protect the pro[duc]ers, and the arrangement with the shippers is only a means of doing this'.[39]

The politics of allocating 'B' licenses was complicated by the fact that many applicants were influential members of the Gold Coast's African elite. For example, the local control board received a request for an increased quota from the Gold Coast and Asante Farmer's Union. The union was the latest incarnation of Winifred Musa Tete-Ansa's longstanding group-selling organization, and its general secretary was the nationalist politician J. B. Danquah.[40] Hodson asked the Colonial Office to look favorably on the

[35] PRO, CO 852/318/4, minutes of local control advisory committee, 25 Nov. 1939, 2. A mass meeting of farmers and the Asante Confederacy Council passed similar resolutions; see *Gold Coast Independent* (Accra), 25 Nov. 1939, 1079; *Ashanti Pioneer* (Kumase), 28 Nov. 1939, 3.

[36] *Gold Coast Legislative Council Debates*, 13 Dec. 1939, quoted in Martin Wight, *The Gold Coast Legislative Council* (London, 1947), 105.

[37] PRO, CO 852/445/1, Farquhar to Melville, 18 July 1941.

[38] PRO, CO 852/256/2, MacDonald to Hodson, 1 Dec. 1939.

[39] PRO, CO 852/318/3, Cadbury to Melville, 2 Jan. 1940.

[40] On Tete-Ansa's and Danquah's roles in the evolution of the economic and political nationalism of the interwar years, see A. G. Hopkins, 'Economic aspects of political movements in Nigeria and in the Gold Coast, 1918–39', *Journal of African History*, 7 (1966), 133–52.

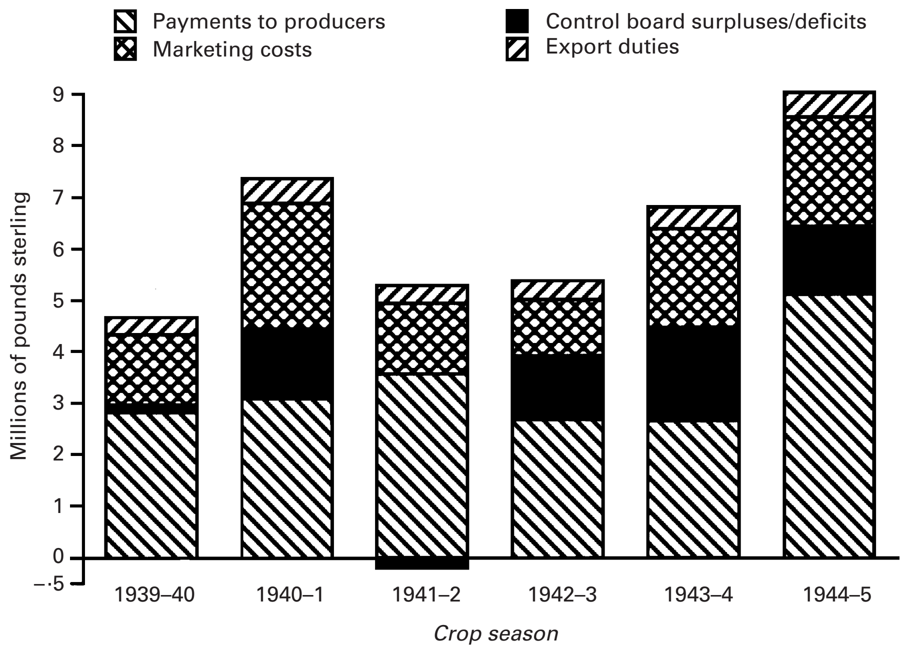

Fig. 1. Allocation of Gold Coast Cocoa Proceeds, 1939–40 to 1944–5.

union's request. He noted that 'Danquah is politically active and closely associated with the section of the press which is most ready to attack Government' and that the union had the support of prominent chiefs. The Colonial Office rejected the request, but Danquah continued to press the union's case fruitlessly for years. He submitted a petition just after Tete-Ansa's 1941 death that revealed his bitterness. Hinting at bias by a local control board member critical of Tete-Ansa's ethics, Danquah wrote, 'Fortunately for the Union Mr. Tete Ansa is now dead. Consequently any disqualification … [of] the Union because of contact with the late W. M. Tete Ansa may be deemed to have been completely obliterated in the due course of nature'.[41]

The heavy-handedness of central control in the UK irritated Hodson, but by the end of the 1939–40 season he concluded that the shipping quotas were one bad element of an otherwise desirable system. He distinguished sharply between the dissatisfaction of prospective 'B' shippers and general satisfaction with the guaranteed purchase of the entire crop, which 'has been a great boon to the African producer and has been generally recognised as such'.[42] The Nigerian governor concurred.[43] With the backing of the two West African governments, the scheme's continuation was uncontroversial.

[41] National Archives of Ghana, Accra (NAG), CSO 0001/14, Gold Coast and Asante Farmer's Union, petition to the secretary of state, 12 Nov. 1941.
[42] PRO, CO 852/318/3, Hodson to MacDonald, 11 Apr. 1940.
[43] PRO, CO 852/318/2, Bourdillon to MacDonald, Apr. 1940.

THE OPERATION OF WARTIME CONTROLS, 1939–46

The administrative structure of the control scheme changed little during the war.[44] It divided sales proceeds between farmers, the West African governments (which levied export duties) and the purchasing and shipping agents, with any residual 'profit' or 'loss' credited or debited to the control board. Financial surpluses accumulated by the control board were to be turned over to the West African governments at the end of the war. Net liabilities were UK Treasury's responsibility. The shipping agents' remuneration was set by the cost schedules drafted by the AWAM cocoa committee. Export duties were assessed at a fixed rate throughout the war. The main variable in the allocation of sales proceeds was the price paid to producers, which determined the 'split' between direct payments to farmers and the control board's financial balance.

Figure 1 provides a breakdown of Gold Coast cocoa proceeds during the first six years of wartime control.[45] The share that went to the buying and shipping agents (mainly the AWAM firms) is reflected as marketing costs. The figure shows that the firms received stable remuneration throughout the war. The Treasury's financial obligations were directly linked to control-board deficits. It successfully shielded itself from chronic financial liabilities, despite a once-off shortfall for 1941–2 (shown in the figure as a 'negative' bar).[46] The Gold Coast government collected its share as export duties, which, though raised to support the war effort, remained stable and modest compared with post-war levels. Farmers were in the weakest position, as the interests of the AWAM firms and the UK Treasury were entrenched in the scheme's design. For most of the war, it is reasonable to conclude that 'producer prices were set at the minimum compatible with the avoidance of political trouble'.[47]

The conservative price policy was initially compatible with the board's goal of protecting farmers from a local market collapse. During the first four years of the war, the board purchased more cocoa in the Gold Coast than it could ship and sell. In an uncontrolled market, substantial stocks of 'surplus produce' would have depressed local purchase prices, and many farmers would have still lacked buyers for their output.[48] Through the end of the 1942–3 season, nearly one of every five loads of cocoa bought from Gold

[44] After the 1939–40 season, the central control board was moved from the UK Ministry of Food to the Colonial Office and formally named the West African Cocoa Control Board. In 1942, controls were extended to other agricultural exports, and the board was renamed the West African Produce Control Board. These modifications did not bring any major operational changes.

[45] Total proceeds and payments to producers are calculated from data in 'Report on cocoa control', 14–6, and 'Statement on future marketing', 10–2. Data on the board's returns on Gold Coast cocoa are from Bauer, *West African Trade*, 396.

[46] The board ran a slight deficit on its West African operations as a whole in 1939–40 but achieved a small surplus on Gold Coast cocoa.

[47] Meredith, 'State controlled marketing', 82.

[48] During the 1940–41 season in particular, 'considerable' amounts of cocoa were reportedly smuggled into the Gold Coast from neighboring French territories to take advantage of control scheme (NAG, ADM 29/6/14, vol. 1, report by eastern province commissioner, 8 Feb. 1941; PRO, CO 852/318/3, Hodson to MacDonald, 15 Nov. 1940).

Coast farmers could not be shipped from the coast.[49] The worst season was 1941–2, when a United States ban on West African cocoa imports (to conserve shipping space for more essential cargo) closed off the American market, and nearly 40 per cent of the crop went unsold. Still, because of its price policy, the control board withstood these losses and amassed a net financial surplus of £2.2 million on Gold Coast cocoa during its first four seasons. In retrospect, the Treasury's risk aversion held producer prices lower than was strictly necessary to avoid a financial deficit. However, without a control scheme farmers would have received less for their cocoa during this period, and no financial surplus would have been accumulated on their behalf.

Yet by the end of 1942–3 the original rationale for a conservative price policy had evaporated. With the reduced German threat to the West African shipping route and the fall of Asian suppliers to Japan, the value of Gold Coast cocoa rose sharply. Once the American ban was lifted, even the Colonial Office regarded the chance of being stuck with unsaleable cocoa as 'increasingly remote'.[50] The British taxpayer was no longer at risk. Yet producer prices for Gold Coast cocoa continued to be held low enough to add another £3 million to the control board's coffers during the next two seasons.[51] This contradicted the rationale for the introduction of control. The need to protect farmers from disrupted access to consuming markets was all but nonexistent, but the scheme itself persisted, along with the practice of 'underpaying' farmers.

Initially devised to protect farmers, from 1943 at the latest the control board's policies were redirected to the opposing goal of depressing farmers' incomes. Officials feared that raising payments to producers while imported goods were very scarce might produce politically destabilizing inflation. Broader British imperial economic policy during the war sought to prevent 'the wrong use of Colonial spending power on unnecessary consumption', and the UK government imposed strict controls on colonial imports of consumer goods.[52] These controls tightened as Britain's war debt mounted.[53] In the Gold Coast, merchandise imports were restricted well below their pre-war volume, and officials expected restrictions to continue into the early post-war era. Under these circumstances, the Colonial Office feared that putting more cash in the hands of cocoa farmers would provoke an inflationary wave that would benefit neither farmers nor the colony as a whole. Its willingness to resort to state economic controls fits its broader observation that 'in times of emergency, the working of the price system may ... operate at the cost of dangerous social strains'.[54]

[49] See data on the destruction of surplus stocks in 'Report on cocoa control', 15.

[50] 'Report on cocoa control', 6.

[51] 'Statement on future marketing', 12.

[52] 'Certain aspects of colonial policy in wartime: despatch from the secretary of state for the colonies [Moyne] to the colonial governments', Cmd. 6299 (London, 1941). Curbing the 'excess purchasing power' of colonial consumers features in several documents on wartime colonial economic policy; see, for example, War Cabinet, Committee on Reconstruction Priorities, 'Stabilization policy: memo by the secretary of state for the colonies [Stanley]', P.R. (43) 17, 27 Mar. 1943; Colonial Office, 'Effects of war-time changes in colonial structure and organization', C.M. 4, Apr. 1944; Colonial Office, 'The colonial empire, 1939–47', Cmd. 7167 (London, 1947).

[53] Cowen and Westcott, 'British imperial policy'; Westcott, 'Sterling'.

[54] Colonial Office, 'Effects of war-time changes', 3.

Concerns about wartime inflation surfaced before the upturn in the cocoa market, but they did not affect producer-price policy significantly until financial constraints on the control board eased. Discussions about the 1941–2 producer price following the surplus of 1940–1 illustrate the ranking of different policy considerations early in the war. Debate started when the control board's Eric Tansley argued that the previous year's surplus justified a slight increase in the producer price.[55] The Colonial Office was preoccupied with restricting 'excess' purchasing power in colonial economies, and Tansley's suggestion caused a flurry of discussion about the danger of an 'inflationary boom' in the Gold Coast.[56] When the Treasury heard of the proposed increase, it contacted the Colonial Office 'to make it quite clear that our agreement to an increased price to the producer cannot be taken for granted'.[57] The Gold Coast government offered a pragmatic solution to the dispute. Any financially responsible increase would have to be quite small, officials argued, and though 'a large increase in the price might produce some of the symptoms of inflation, there is no danger of an increase of 3d or 6d a load having that effect'.[58] So, despite early worries about inflation, financial constraints held the 1941–2 producer price below the level at which inflationary considerations would have become pressing.

By the 1943–4 season, with cocoa's commercial value rising, inflation replaced financial risk as the main obstacle to producer-price increases. Before the war, high world cocoa prices had been a virtually unmitigated blessing for the colony. They brought resource inflows in the form of increased export proceeds, and much of farmers' new found purchasing power was spent on imported merchandise. The availability of imports prevented sustained, demand-driven inflation. Fluctuations in sectoral and aggregate prices in the Gold Coast mainly reflected exogenous volatility in world markets for the colony's imports and exports.[59] But with strict wartime controls on the volume of imported consumer goods, the colony's main channel for dissipating surges in local purchasing power was blocked. Significant and sustained gaps between local and external prices became possible, as excess demand for a fixed quantity of imported merchandise could push prices well above where they would be without supply restrictions.[60]

The prospect of wartime inflation heightened government fears of urban unrest. Even during the mainly rural 1937–8 holdup, Hodson's greatest fear was that commercial disruption would spark discontent among the unskilled

[55] He later presented this argument in a control board memo titled 'Scheme for control for 1941/42 for the Gold Coast, Nigeria and French Cameroons' (PRO, CO 852/445/1, 1 June 1941).

[56] PRO, CO 852/445/1, Melville to Farquhar, 14 May 1941; PRO, CO/852/445/8, minutes by Caine and Clauson, 15 May 1941. The despatch was Moyne's 'Certain aspects'.

[57] PRO, CO 852/445/2, Peaker to Henlen, 24 June 1941.

[58] PRO, CO 852/445/1, Farquhar to Melville, 18 July 1941; Hodson to MacDonald, 4 July 1941.

[59] Douglas Rimmer, 'The crisis in the Ghana economy', *Journal of Modern African Studies*, 4 (1966), 17–32; Dudley Seers, 'The stages of economic development of a primary producer in the middle of the twentieth century', *Economic Bulletin of Ghana*, 7 (1963), 57–69; Hopkins, *Economic History*, 168–72.

[60] P. T. Bauer, 'Price control in underdeveloped countries', *Journal of Development Studies*, 2 (1965), 19–37.

workers and small traders who migrated to urban areas and transport routes during the cocoa season, believing that 'if rioting once starts it will spread like wildfire'.[61] Whether prescient or paranoid, he anticipated by a full decade a scenario like the one played out during the 1948 Accra riots. And when Sir Alan Burns arrived to take over as governor in late 1941, he was almost immediately faced with a railway and harbor strike that posed a 'serious hindrance to the movement of essential war supplies'.[62] Workers' main complaint was the erosion of their earnings by inflation – a grievance they shared with nearly all of the colony's unskilled labor, whose wages were in practice pegged to the government rate. Shortly after the strike, a government enquiry into the urban cost of living reported an increase of more than 50 per cent between 1939 and late 1941. The government subsequently compiled more systematic cost-of-living data for unskilled workers, although money wage increases continued to lag behind inflation.[63]

The political sensitivity of inflation also led the colonial government, like many of its postcolonial successors, to impose administrative price controls on a range of consumer goods.[64] The country's dependence on imported merchandise made it vulnerable to supply disruptions, with shortages creating opportunities for 'profiteering' by those with access to scarce goods. Although authorities could enforce prices in large 'retail' shops, successful control was rendered virtually impossible by the multiplicity of formal and informal traders who operated between these shops and the final consumer.[65] Early in the war, shortages of goods at controlled prices were not severe. The scope for profiteering by traders was therefore limited. However, as import restrictions tightened, the ineffectiveness of the administration of price controls became evident. A government commission was appointed in late 1942 to examine 'trading activities ... which are likely to be prejudicial to

[61] PRO, CO 852/67/2, Hodson to Bottomley, 27 Nov. 1937. John Cadbury, who visited the Gold Coast during the holdup, complained of the governor's 'bloodcurdling talk' about 'rioting, burning, loss of life and the necessity of using troops' (Birmingham University, John Cadbury papers, file 288/27, 'Notes on visit to the Gold Coast', 4 Jan. 1938, 3).

[62] PRO, CO 96/774, Burns to Stanley, 27 Nov. 1941; also Sir Alan Burns, *Colonial Civil Servant* (London, 1949), 186–7. On Gold Coast labor relations during this period, see Richard Jeffries, *Class, Power and Ideology in Ghana: The Railwaymen of Sekondi* (Cambridge, 1978), ch. 2. On broader trends in colonial labor policies, see Frederick Cooper, *Decolonization and African Society: The Labor Question in French and British Africa* (Cambridge, 1996), ch. 4.

[63] 'Report on the enquiry into the cost of living in the Gold Coast', R. O. Ramage, chair (Accra, 1942). Also see Elliot J. Berg, 'Real income trends in West Africa, 1939–60', in Melville J. Herskovits and Mitchell Harwitz (eds.), *Economic Transition in Africa* (Evanston, 1964), 199–238; Walter Birmingham, 'An index of real wages of the unskilled labourer in Accra, 1939–59', *Economic Bulletin of Ghana*, 4 (1960), 2–6. Weaker trade union organization helps explain Gold Coast workers' failure to match their Nigerian counterparts' real wages during the war; see Warren, 'Urban real wages'.

[64] A. H. O. Mensah, 'Some aspects of economic regimentation – Ghana's experience with price and import controls', *Journal of African Studies*, 13 (1986), 69–76; Tony Killick, 'Price controls in Africa: the Ghanaian experience', *Journal of Modern African Studies*, 11 (1973), 405–26.

[65] For a summary of wartime price control, see the Gold Coast government's memo, 'Commodity and price control in the Gold Coast' (PRO, CO 964/10, 8 Apr. 1948). On the trade in imported merchandise, see Bauer, *West African Trade*, ch. 4.

public interest'. It found rampant 'black-market' activities and 'the growth of a body of parasitic middlemen who intervene in the chain of distribution without rendering any useful service'.[66]

The government's careful attention to the urban cost of living was not matched with comparable concern about the impact of inflation on cocoa farmers. In the absence of organized protest, officials refused to accept farmers' claims that the control board's price policy made cocoa farming unremunerative. The agriculture department did not seriously investigate the effects of inflation on cocoa production. As late as 1945, the government defended producer prices simply by noting that they were not much lower than the nominal prices of the six years before the war, ignoring the effects of inflation on farmers' labor costs and real income. Although available data are imprecise, trends in payments to cocoa farmers relative to textile prices suggest that farmers' total real income fell to roughly half its low pre-war level by 1942 and did not recover these losses entirely until 1946.[67] Officials nevertheless consistently dismissed farmers' complaints about producer prices, asking rhetorically 'how production has been and is being maintained on the basis of ... a loss'.[68]

Farmers were finally taken seriously when the size of the 1942–3 cocoa crop dropped sharply.[69] A group of officials, along with the UAC's Frank Samuel, visited West Africa to investigate. Their reports on the condition of farms were dire.[70] Samuel quickly solved officials' riddle of why production continued despite insufficient price incentives: farmers were gathering easily accessible pods but neglecting farm maintenance, and swollen-shoot disease was rampant.[71] In the worst-hit areas, disease was causing devastation Paul Cadbury later likened to the bombed-out German cities he visited in 1945. 'In some places walls were standing, a few houses were left here and there', he wrote, 'but in the main it was a scene of desolation'.[72]

The Colonial Office supported a substantial increase in the producer price to encourage maintenance of the tree stock, but the Gold Coast government still feared the inflationary consequences of putting more cash in farmers' hands. The Colonial Office prevailed upon the government to accept a 50 per cent increase in the price for the 1943–4 mid-crop, with a further 20 per cent increment added for the 1944–5 main crop. But the government, previously the leading advocate of more generous producer prices, was now the leading opponent. The government was intentionally subordinating farmers' welfare to other imperatives, particularly the fight against inflation. From 1940 to 1943, its policies depressed returns to cocoa farming relative to urban unskilled labor by roughly 30 per cent compared with 1939.[73] The acting colonial secretary admitted in 1945 that 'Government's policy and intention is, wherever possible, to lower prices for foodstuffs and imported consumer goods', adding:

[66] 'Report of the Commission of the enquiry into the distribution of imported goods', W. E. Conway, chair (Accra, 1943), 10.
[67] Berg, 'Real income', 207.
[68] NAG, ADM 39/1/311, Lynch to Mangin, 8 Oct. 1945.
[69] 'Report on cocoa control', 5.
[70] Meredith, 'State controlled marketing', 82–3.
[71] Rhodes House, Oxford University (RH), MSS Afr. s825, file 535 (ii), Holt papers, minutes of AWAM cocoa committee meeting, 16 Feb. 1944.
[72] NAG, ADM 5/4/66, Paul Cadbury, 'Report on a visit to British West Africa', Nov.–Dec. 1947, 2.
[73] Berg, 'Real income', 207.

More production of local foodstuffs at lower market prices is of greater importance to the well-being of the country as a whole than raising the cocoa price, the effect of which would be to increase food prices to consumers and raise the cost of labour to the cocoa producer.[74]

After the visiting delegation noted the damage conservative price policies were doing to the industry, the board began gradually raising producer prices. However, despite very small financial risks, anti-inflationary concerns held producer prices low enough to generate continuing financial surpluses.

THE CREATION OF THE COCOA MARKETING BOARD

The control scheme was not originally intended as a long-term solution to the marketing problems identified by the Nowell Commission. But from mid-1941, the Colonial Office began to consider making controlled marketing a permanent feature of the West African cocoa trade. There was growing sentiment that states would be called upon to play a larger role in 'stabilizing' market fluctuations after the war than before, although the precise type of 'stabilization' envisioned was not always clear. For example, the Colonial Office's financial advisor, Sir Sydney Caine, was proposing international buffer-stock schemes to reduce year-to-year price instability in world commodity markets, and he regarded the volatile cocoa market as an ideal candidate for such intervention.[75] Meanwhile, cocoa specialist Eugene Melville was concerned mainly with the need to moderate intraseasonal fluctuations in cocoa prices, which he associated with the upcountry 'trading abuses' at the heart of the 1937–8 holdup. What was generally accepted, according to Melville, was that 'a full return to pre-war arrangements could not be contemplated'. This was a 'basic assumption' in discussions about the West African cocoa trade.[76]

Questions of long-term reform became pressing when the Colonial Office decided that marketing controls would have to continue through the end of the war, even if cocoa's commercial prospects improved. Just before his circular despatch to all colonial governors on curbing 'unnecessary consumption', the secretary of state spelled these concerns out to Hodson and the governor of Nigeria. He warned that 'payment to the producer of an increased money income may... raise problems of a somewhat difficult character in view of the anticipated shortage of imported goods on which that money income could be spent'.[77] With the scheme evolving into more than a short-term emergency measure, the Colonial Office sought to reduce political criticism by reinventing it as the foundation for progressive reform. Officials already believed that the indefinite continuation of the AWAM-designed quota system would lead to an unacceptable 'petrification of the organization of the industry'. They also expected to be charged with colonial exploitation if the control board racked up huge surpluses year after year by

[74] NAG, ADM 39/1/311, Lynch to Mangin, 8 Oct. 1945.

[75] PRO, T 247/9, Caine to Leith Ross, 29 Nov. 1941. Caine's ideas were further developed by Keynes, who incorporated them in his cabinet paper, 'The international regulation of primary products', 4 Feb. 1943 (PRO, CAB 66/34, R.P. (43) 12).

[76] Melville, 'Marketing', 72.

[77] PRO, CO 852/445/4, Moyne to Hodson, 5 Aug. 1941.

underpaying African farmers. With these concerns in mind, the secretary of state asked the two West African governors to consider drafting proposals for 'the setting up under the aegis of His Majesty's Government of a permanent organisation for the control of the purchase and sale of raw cocoa in West Africa'. He stressed the public-relations value of the initiative, as 'the acceptance of such responsibility might be considered an important demonstration of the intention of His Majesty's Government to fulfil their commitments to the West African peoples'.[78]

Nine months later, the Gold Coast government submitted a proposed framework for state-controlled marketing. It retained the basic structure of the wartime scheme, but shifted operational control from London to a government-led board based in Accra. The proposal was the product of official discussions chaired by the Gold Coast's colonial secretary, Sir George London, apparently without public consultation. London had been Hodson's deputy since 1935, and he remained in the Gold Coast after Burns's arrival in late 1941. A veteran of the 1937–8 holdup, he emphasized that he and his advisors had again 'carefully studied' the Nowell report, noting that they were 'unanimous in their agreement that the collective marketing scheme contained therein is impracticable'. The government nevertheless proposed a 'central buying organization in the Gold Coast'. It would be headed by a senior government official, backed at least initially by an official majority, with representatives drawn from the large and small shippers, and perhaps also including two prominent chiefs.[79] The clear thrust of the government's proposal was to wrest control of the existing wartime scheme from the AWAM firms and the UK Treasury.

The Gold Coast government emphasized the elimination of the locally unpopular quota system and downplayed the Colonial Office's agenda of price stabilization. It proposed revoking the 'A' shippers' guaranteed quotas and allocating their current market share by competitive tender. The remainder of the crop would be reserved for smaller shippers. The government doubted a 'rapid expansion of African businesses', but it envisioned 'the transference of a gradually increasing share to the African shipper as and when they shew themselves, financially and otherwise, capable of undertaking larger commitments'. Like the wartime scheme, the government recommended the announcement of a fixed producer price each season. The price would be determined 'passively' by taking the estimated average sale price and subtracting marketing costs, with the board 'reserv[ing] a small margin to cover its working expenses'. The idea that the board's policy might seek actively to 'stabilize' year-to-year price fluctuations, which the Colonial Office later advanced as the main selling point of the post-war boards, was not mentioned.[80]

The lack of available finance initially posed a major obstacle to creating a statutory marketing agency. London noted in his despatch that 'the crux of the matter is the provision of funds to enable the local organization to commence operations and continue business for the first few years'. By 1944, two years of favorable market conditions, combined with the new policy of purposely 'underpaying' farmers to dampen inflationary pressures, generated sufficient reserves to allow the Colonial Office to commit to

[78] *Ibid.* [79] PRO, CO 852/445/4, London to Cranborne, 11 May 1942. [80] *Ibid.*

establishing cocoa marketing boards in the Gold Coast and Nigeria. Its September 1944 white paper justified continuing controlled marketing because the 'prime need of the cocoa industry ... is a reasonably stable price basis, by which is meant not necessarily prices fixed over periods of several years, but the avoidance of short-term fluctuations'. The short description of the Gold Coast board in the white paper followed the government's 1942 proposal closely.[81]

The white paper was announced in a Gold Coast radio broadcast, which included an address by Henry Richardson, the colony's newly appointed economic advisor. Richardson called the transfer of the Gold Coast's share of the control board's surplus 'a matter of great satisfaction and rejoicing'.[82] But he contradicted the white paper by arguing that the 'first and foremost' priority in using these funds was to promote agricultural research, whereas the Colonial Office had stated that research was 'second ... to the need for improved marketing arrangements'.[83] He also put greater stress on the board's pursuit of a policy of interseasonal stabilization to 'secure for the cocoa farmer a steadier price level from year to year'. These deviations may have reflected his own views, but they probably also catered to a skeptical public. Richardson acknowledged that the people of the Gold Coast had 'not been entirely satisfied with the wartime methods of control', claiming that they should therefore 'welcome the establishment of a new and improved organisation'. He called African representation on the board 'a first step towards the introduction of a due share of control by the cocoa farmers themselves'.[84]

The white paper attracted criticism from several quarters. The West African Ministry of Information admitted that the marketing reforms were prepared by the Colonial Office and the governments involved with 'neither trade nor African opinion ... prepared by consultation or explanation'.[85] Farmers' resentment of the control board's price policy had been mounting, and rumblings of a new holdup surfaced.[86] The proposal of a locally-based board did little to allay suspicions of controlled marketing. As African criticisms were paraphrased,

> Here is a Government monopoly with a few tame Africans to be put on its board as a facade which is already exploiting the farmer by keeping prices down when the cost of living is high and world cocoa prices are rising.[87]

The AWAM firms were also apprehensive about a controlled marketing system that, unlike the wartime scheme, excluded them from key decision-making structures. British cocoa brokers called the scheme 'dangerous, unworkable and unnecessary'. Consumer interests would be threatened by

[81] 'Report on cocoa control', 10–1.

[82] NAG, RG 4/2/47, J. Henry Richardson, broadcast talk on Gold Coast cocoa marketing, 11 Oct. 1944.

[83] 'Report on cocoa control', 12.

[84] NAG, RG 4/2/47, Richardson, broadcast on cocoa marketing.

[85] RH, MSS Afr. s913, West African Produce Control Board papers, West African Ministry of Information, background paper on cocoa in British West Africa, 10 Oct. 1945.

[86] Various reports in NAG, ADM 39/1/311.

[87] RH, MSS Afr. s913, West African Ministry of Information, background paper on cocoa, 10 Oct. 1945.

'the establishment of a government-sponsored producer's monopoly with full statutory powers', they argued.[88] The United States government, representing a leading market for West African cocoa, lodged a similar protest.[89]

This barrage delayed implementation by two years, but in 1946 the Colonial Office released a second white paper to reaffirm its original position.[90] Critics pressed the Colonial Office to explain how marketing boards could help West African farmers without harming consumer interests. Officials responded with a more elaborate defense of 'stabilization' than in the 1944 white paper. They repeated the argument that within-season price fluctuations provided opportunities for 'speculation and profit-taking by African middlemen and brokers' at the farmer's expense. Yet the second paper also went further, arguing that farmers' welfare would also be served by the reduction of year-to-year fluctuations in producer prices – an idea discussed in the Colonial Office for years but not explicitly endorsed in the 1944 paper. High prices tempted cocoa farmers into unsustainable consumption patterns, according to the paper, and when prices inevitably fell, farmers were thrown into the clutches of moneylenders. The Colonial Office reproduced a one-page extract from the Nowell report to bolster its claim that 'a return to pre-war conditions would be indefensible'.[91]

As the politics of reform forced the Colonial Office to play up the benefits of controlled cocoa marketing to African producers, the politics of inflation in the Gold Coast were pushing the government to use wartime controls to restrict farmers' incomes. The government argued that this conservative producer-price policy was in the long-term interests of farmers, but, under pressure, the battle to keep inflation in check took precedence. The control scheme gave the government a crude but reasonably effective mechanism for suppressing consumer demand. Not coincidentally, the cocoa farmers who bore the brunt of this use of sectoral policy to achieve macroeconomic objectives were seen as less directly politically threatening than the urban dwellers who benefited in relative terms. The continued 'underpayment' of farmers only faintly resembled the Colonial Office's model of 'stabilization', which was used to preempt charges of colonial exploitation.

CONCLUSION

This article has focused on the transformation of Gold Coast cocoa marketing during the Second World War. Farmers who before the war received prices set through largely unregulated economic transactions were subsequently required to sell their produce to a statutory board that fixed producer prices administratively. Many previous accounts have emphasized new found metropolitan willingness to 'supply' financial and administrative backing for state-controlled economic institutions, but they have neglected the Gold Coast government's 'demand' for such institutions. I have argued that pressures on the government to mitigate domestic social conflict caused

[88] Resolution by the Association of British Chambers of Commerce, quoted in Milburn, *British Business*, 50.

[89] Meredith, 'Colonial Office', 86.

[90] For a more detailed account of metropolitan machinations between the two white papers, see Fieldhouse, *Merchant Capital*, 250–66.

[91] 'Statement on future marketing', 3, 9.

by external economic volatility are crucial to understanding the shift to controlled cocoa marketing. This change is a notable example of expanded colonial state involvement in Africa's open economies. Recent econometric studies have shown that open economies worldwide are, counterintuitively, prone to greater domestic state involvement. Since at least the interwar period, Africa's open economies have experienced among the world's largest fluctuations in trade earnings. Despite diversity in particular government's responses to the shocks of the 1930s and 1940s, similarities in resulting patterns of state economic involvement have become defining features of the institutional architecture of Africa's open economies.

Recognition of the link between trade-induced social conflict and state involvement presents opportunities for historians to contribute more directly to current economic policy debates. These debates frequently lack historical perspective. For example, they often overlook the colonial origins of many state-controlled economic institutions blamed for disappointing postcolonial economic performance.[92] An enduring characteristic of Africa's open economies through the colonial and postcolonial periods has been their vulnerability to trade shocks. Continuity in the domestic challenges posed to governments has been obscured by the conspicuous policy influence of external actors – first European imperial powers and later institutions like the International Monetary Fund and the World Bank.[93] As many countries struggle to recover from the global volatility of the 1970s and 1980s, the shocks of the 1930s and 1940s are the most comparable historical precedents. They hold useful insights into the link between social conflict and state involvement in Africa's open economies.

[92] See Patrick Manning, 'The prospects for African economic history: Is today included in the long run?', *African Studies Review*, 30 (1987), 49–62.

[93] On the implications of decolonization for economic policymaking, see Paul Collier, 'Africa's external economic relations: 1960–90', *African Affairs*, 90 (1991), 339–46; A. G. Hopkins, 'The World Bank in Africa: historical reflections on the African present', *World Development*, 14 (1986), 1473–87.