Traditional Marketing Systems

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Conflicts and Alliances between the International Marketing System and the Traditional Marketing System in Africa and Madagascar: the Results of Experience with Rice and with Vegetables in Six Countries

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INTRODUCTION

Irrespective of their political, social, economic and spatial forms, exchange between producers and consumers is animated from the same skeleton of activities: production, assembly, storage, transformation, redistribution and consumption. Each of these economic functions is to be found, in rudimentary or elaborate form, in exchange regimes varying from autoconsumption to international trade. In addition, credit and transport are essential features of exchange involving long distance interregional trade.

This simple characterisation provokes some challenging questions for marginalist Walrasian economics which has tended to restrict its analysis to only two of the functions of marketing systems: production and consumption, abstracted into supply and demand. As a result, marginalist analysis underestimates the social and economic role of the organisational and institutional means whereby "supply" is supplied and "demand" demanded.

Although the skeleton is a constant, there are different approaches to the dissection of the circulatory and nervous systems, muscle and viscera, all necessary for a commercial organism to function autonomously and to regulate its own functioning.

With regard to "traditional marketing systems", the main intellectual issue concerns whether they can be analysed as entities or whether, during the historical era of the internationalisation of trade and the concentration of capital, they rather constitute the subsystems whereby dispersed production is bulked and assembled, with greater or lesser autonomy, in order for distribution to be controlled by the international system. The aid politics converging around traditional marketing systems, which seek to help the most vulnerable, in its essence would reserve for the least asserted the trading activities which safeguard their process of accumulation.

But is this worthy aid policy a feasible project when we examine the heavy hand of history?

This paper presents in summary form the analytical methods used in a series of studies on rice and on vegetables in Africa (Guinea, Ghana, Cameroon, Congo) and in Madagascar. In some of these cases, liberalization has been associated with a revitalization of "traditional marketing systems" which can resist or evade the power of more modern, capitalistic marketing systems (Ghana, Congo, Madagascar). In other cases, after a brief period of freedom, control over markets has been re-concentrated (Guinea and rice in Cameroon). With regard to the marketing of rice, affected by tides and backwashes of policy, it is difficult to make definitive evaluations. One thing is clear: for traditional marketing systems to be stimulated, the same support services have to be provided which currently enhance the efficiency of the national and international trading systems dominating traditional ones. These services include credit and improvements in access to transport, storage and processing. Equally it is necessary to deepen our understanding, and not only by marginalist analysis which tends to rapid conclusions about inefficiency based on deviations from theoretical schemas, but also by anthropological, socio-economic and institutional analysis. On the grand analytical transect from the micro-regional to the macro-international, it will then be possible to locate spatial regions ("spheres existantes") where the rules of exchange are different from those we seek to generalize and impose from our ethnocentric models. Within these regions it will also be possible to locate sites of accumulation or places where the effects of crisis are tempered by a more equitable division of surplus.

In the conflict between concentrated accumulation and a wider distribution, there is a certain challenge in finding ways to reduce the costs between "supply" and "demand". Above all it is necessary to identify types of imperfections which arise from excessive oligopolistic concentration and types of imperfections arising from the atomisation of trade which disperses value added among the labour force.

With regard to the research methods needed to understand and intervene in traditional marketing systems, it is surely time to develop the ethnocentric and historically dated theoretical concepts of economics by incorporating concepts from the descriptive social sciences of history and geography and the analytical social sciences of sociology and anthropology.
1. Scope of the study and analytical methods

With regard to Africa and Madagascar, CIRAD [1], the institution I belong to, is eager to know whether the present international trade context actually enables a sustained stimulation of African and Madagascar rice-growing by a series of technical innovations. It is also interested in knowing what forms of technical interventions it could carry out on the market gardening activities of these countries, that experience a new burst of dynamism. It has therefore asked these two questions to its socio-economists.

In order to answer those questions, we have chosen to use the "commodity chain"-methodology, that organizes research upon different economic functions existing between production and consumption: production, assembling and storage, processing, redistribution and consumption. While the specific identification of functions represents the schema skeleton, three very different approaches enable the understanding of the socio-economic operation and also the drawing up of assessments in terms of economic efficiency and in terms of the way social needs and geographical processes give a structure to the sector. [2]

The first one deals with the calculation of cost and real margins observed in the field through surveys. The second one aims at giving a spatialized vision of the various functions: areas of production, assembling, processing and consumption, seen as commodity flows. A third dimension focuses particularly on social relations in connection with the appropriation and the use of production and trade means. As it is also based upon long term historical analysis, it makes it possible to find out where the knots of power, capital and labour lie and how the participants are positioning themselves according to rules and institutions, in order to share the assets and manage conflicts and alliances.

The last step of the process consists in comparing the observed reality to the possibilities of introducing known innovations, at the production level (agronomic research), as well as at the trade level (loans, transport, storage...). In light of the economic, social and geographical assessments, possible scenarios of evolution are elaborated according to the wishes of the State and the alliances that it forms with some social groups, including farmers.

The originality of these methods lay in the a priori choice of a commodity inside a group of similar commodities (e.g. vegetables) that are important stakes in terms of accumulation and survival for the main production operators. In selecting one key-product instead of all the traded products for the analysis, one can more easily understand economic efficiencies and social relations, and thus social stakes, between operators.

Its limitation, however, is to be found in its very relevance: this sector-based approach does not allow a global view of social relations between producers and trading/processing operators.

An appropriate balance is therefore to be reached by carefully selecting the determining commodities and the operators for whom these commodities are vital for surviving and accumulating. The stakes of the State and of its economic balance are sometimes opposite of those of its farming and business classes.

These analyses have been applied to five countries. A brief conclusion will be presented, in the context of the "Traditional Marketing System"-seminar about the following research works:

- in Ghana (North, region of Tamale), assessment on a 6-month period among 200 of its operators. Commodity = rice.
- in Guinea (North and North-East), during 6 months among about 350 operators. Commodity = rice.
- in Cameroon (North), during 4 months among about 200 operators. Commodity = rice.
- in Madagascar (Lake Alaotra, Antsirabe, Antananarivo) during 9 months among about 1000 operators.
- in Congo (Brazzaville) during two years, with a multi-disciplinary team (economist, sociologist, geographer, lawyer, agronomist), among about 400 operators.

2. Results:

The integration of traditional marketing systems into production and dominant spheres of trade: the case of rice in Guinea, Ghana, Cameroon, Madagascar and vegetables in Congo.

French researchers are said to be fond of systematic approaches and to expect with some arrogance to deduce broad explanatory models from them. I can see some relevance to this reputation even though I have to admit I myself use holistic approaches! I acknowledge I use them to hide my too many questions about how "Traditional Marketing Systems" should be understood rather than to deliver already-made recipes and answers. I will be using this style to give a feeling (which is not scientific at all) of
what the outline of our work's synthesis is like, the work having not reached that point yet; this outline could be compared with a flash in the night rather than with bright daylight!

The ideas suggested by our work have emerged as two main elements that may well explain the fight between the traditional marketing systems, which are more closely in contact with the small holders, and the big national or international marketing and agro-industrial systems.

The first one is of structural nature (although something structural can change, of course, thus not being structural any longer) and would integrate three dimensions:

1) The persistence of some areas where trade is regulated by specific social rules that do not refer to the individual’s action when facing opportunities, but rather to a group of rural communities articulated around the recognition of one rule: a natural price (in the Ricardian sense) when trading, which leaves enough to the supplier to survive (simple reproduction) and also gives him a small share of the surplus without letting the demander (the tradesman) control all the profit. Likewise, in times of recession, all the operators in the production and the trade could share the risks. Our colleagues (anthropologists, sociologists, neo-Ricardian and neo-marxist institutionalist economists, historians) are keen on such types of approaches, that have brought some results when applied to our five areas.

2) There are also differential rents of situation of trade (higher soil productivity, closeness of trading routes and so on) that are part of the spatial economy or the geography. Some areas are more favourable in terms of attracting traders. A map of marketing circuits, similar to an irrigation network that would supply some areas while making others isolated can thus be drawn up.

3) Lastly, a dominating element in the five areas that we are reporting on, seems to be the more or less active presence of some great merchant capital and, to a lesser extent, agro-industrial capital, where economic power makes it possible to intervene and restructure all the forms of the producer/trader exchange on the well-known basis of social division of labour and profit concentration at its highest level. At that stage, the elementary rules of a such “socially explosive” distribution of profit are favoured by the State, which always fears revolutions. At that level, the analysis in terms of profitability, efficiency and costs would be dominating and crucial in order to launch an attack on a new ground or on the opposite

to leave it aside. This seems to be the background, the structure of the economic tissue that connects small trading producers with the commercial network, which carries over towards the demanders.

Dominated by the great merchant system, the producers and agents of the “Traditional Marketing System” can either decide to “articulate with the dominating world” or seize opportunities, options, interstices left vacant for a while on the field of operations. In order to avoid being dominated, it can use its informal nature. Organizing it would lead to its destruction or absorption into the dominant system. It could only resist to some technical innovations increasing its competitiveness while leaving its organizational forms. Given the structural elements described above, one would consequently privilege an iterative process of change. This leaves an impression of the sea following the effects of the tide, of different amplitude according to its degree of opening into the major exchanges (Ocean: high amplitude, Mediterranean sea: much lower amplitude). When the opportunity profit of it is high, the dominant global marketing network tends to invade the production or consumption space offering a substantial profit rate. When an opportunity of a greater profit is to be found elsewhere, it withdraws, leaving the space free for the previous marketing system, that transformed itself into a take-over functions of the dominant system while in contact with it.

Among the five cases presented here, the one dealing with Congo is representative of an area where a major capital concentration is absent, the traditional system being flourishing. The case of Ghana is particularly instructive to understand the vitality, the creative nature of traditional marketing systems in a situation where the big merchant and production capital is withdrawing because of the crisis. This also applies to Madagascar and Cameroon, although a new merchant capital, strong enough and one that has adapted itself to the crisis, is about to come back. As to Guinea, the case study shows the present invasion of a major capital tide within the commerce of rice, placing imports in competition with national production.

2.1 Under a disguise of anarchy, an efficient “Traditional Marketing System”, that plays its role of social redistribution: the case of market gardening in Brazzaville [3]

In 1956 the sociologist Balandier [4] described Bas-Kongo society as a long-standing community organized in terms of production as well as marketing acts. In the precolonial times, a complex network of markets covered Pool and Bouenza, today areas of Congo, and also parts of Zaire
all the way to Angola. The geographer G. Sautter [5], reported on the first written accounts (16th century) of Portuguese and Italian Catholic missionaries who were amazed by the vigour of trade in the present region of Kinshasa, Brazzaville. Stimulated by these exchanges, the production was not autarkical at all. The money (copper bars) existed and some English anthropologists’ accounts relate some of it sent away to the far East, beyond Bangui, the exchange taking place along the present Congo river.

According to the recent work of the sociologist Naire [6], this open society adapted very well to the colonial arrival, to its requirements of new products, to its habits of great administrative cities. Even though a production of vegetables existed and shared space with cassava/staple, food that was already present in many exchanges, the colonial demand rapidly induced the producers to grow vegetables on separate fields where the soil was more hydromorphic and kept the water in the dry season. Vegetable production evolved into a market gardening production, with the help of the first missionaries willing to keep their gastronomic habits and hence teaching these new intensive techniques to their “new associates”.

Simultaneously to this small technical revolution, some Bas-Kongo operators who were used to exchange, merely reoriented their business towards the new urban centres. They also echoed the wishes of demanders to producers, particularly as regards leaf vegetables that were not developed by the colonials, the production of which was reorganized by farmers familiar with the techniques of market gardening. Commercial leaf-vegetable seed networks were also spontaneously set up between Congo and Zaire.

There is no big capital holder in such a trading circuit and while each one determines its action according to their own circulation funds and the rapid rotation of their little capital, the rules of the exchange and social behaviours do not favour any strong industrial accumulation.

An intense relational network, based on kinship or trust built up by frequent trading, maintains a strong link between producers and merchants, who are mostly women [6 bis]. Producers and sellers are mostly part of the same ethnic group, the Bas-Kongo. There is so much trust that the risk of not selling may be shared; it is possible to re-discuss the price after the sale with the producer, in times of bad sales. Cases involving delayed payments by traders to producers are very frequent.

The traders are very reluctant to structural reorganization plans, but on the contrary they are interested in innovations: transport, loans, refrigerating rooms around the marketplaces. They fear the development of "monopolistic" functions or operators. Although the atomicity of the production and the assembling places increases the price differential between production and final consumption (1 to 2.5), it enables to reach regions remote from Brazzaville and to redistribute the profit of the network to many operators.

2.2 A new commercial and productive system for rice in northern Ghana: high capital trading networks withdraw to leave the door open for traders and small mills [7]. Are Madagascar and Northern Cameroon moving in the same direction?

Polly Hill [8] most remarkably described the social movements that came with the dynamics of cocoa plantations in the South, on the eve of this century: the encounter of man with money, the land-owner and the migrating working-force from northern Ghana. In the days of the cocoa crisis in Ghana, in the 1960’s, the big Southern capitals (Accra, Koumassi) suffered from a food shortage due to cocoa specialization in the surrounding countryside.

Then plans for the stimulation of food-production flourished in the areas that were previously supplying a work-force to the South. A project of big state rice-producing farms was set up in the Tamale-region, with its procession of tractors, combine-harvesters and rice-processing factories to transform the produced rice. The project back-fired and the State withdrew through selling everything at low prices to businessmen who built their fortune initially in the south. In the mid-1970’s, very capitalistic rice-growing started to develop in the shallows of Northern Ghana, left vacant by multiple migrations.

Big farmers had built up their production model upon tractorization, fertilizers and new seeds. The production was to be sent to high-capacity rice-processing factories and then sent to the South, where urban demand was the strongest.

As they were forced to base their activity upon a good profitability and social peace with their neighbours - the small farmers (rice burns too easily when mature) - the big farmers sold at a moderate price their tractor-service to the small farmers. Small-holder rice-growing started to develop, according to a mechanized technical schema that was reached by paying a low-priced service to the big farmers.
Two new factors gave this modern farmer rice-growing a way to clear its surplus: the arrival since 1985 of small rural investors, who are buying mills to hull the rice parboiled by the women; the cleverness of the farmers' wives who deal with the processing and marketing of the rice, integrating this into their usual social activity involving cashew and groundnut. The grouping of these two forces enabled the spontaneous setting-up of a processing network (processing, hull) and a sales network for the final parboiled rice, sold mostly in Accra and Koumassi, where its tastefulness is more appreciated than white rice from the country or imported rice.

Surveys made by F. Samuels [7] now show that big farms progressively abandon this risky but profitable activity and try to reinvest their capital in other branches. Some state employees and middle-men still invest in mills and used tractors, which happen to be profitable investments when they are used as services paid by small and middle scale farmers. The traditional marketing system of rice is progressively taking over the marketing of big rice-processing factories that are reducing their processed volume (70,000 sacks in 1978, 35,000 in 1989-90), going sometimes below their break-even-point of profitability. Production, processing and selling of rice by small and mid-range operators is a success so far. The only risk at sight is not being able to keep up the intervention ability of tractors and small mills by good maintenance and a structured network for spare parts.

A quick observation about Madagascar [9] could at first make the process look very similar to the one in Ghana: faced with rice-processing factories established for more than 50 years, which control countryside bank loans used to send pre-funded collectors, the establishment of small hull and processing factories for rice has been developing at a high pace for 4 years. The former seems to have been installed by wealthy collectors; the latter, needing more financial means, seems to be funded by white-rice distributors from the capital, who are tired of having to suffer from the financial backlashes of big rice-processing factories controlling the assembling until now. Even though the processes of short-cutting the speculation (between price of assembled rice and of soldered rice) are put in place, everyone fears a reaction on part of the economically and politically powerful big rice producers. Nobody knows today who will "win" the battle. One can be sure of one thing though: rice is circulating much better than before towards consumer centres, because small processing units have an interest in quick deliveries to consumer centres.

The case of rice in Northern Cameroon even better illustrates "the difficult fight" between the traditional marketing systems and high-capital trade networks [10]. The recent liberalization of rice-selling has brought about a stop in the SEMRY factories and the assembling, on marketplaces, of numerous hull-machines funded by former collectors and state employees.

As to paddy-rice and white-rice market, it remains in the hands of big traders from Northern Cameroon and Nigeria. Yet, big traders, faced with the substantial profit made by hull-machine owners are starting to ask for rice-processing factories with a capacity 4 or 5-fold the one of hull-machines.

2.3 A "local traditional trade network for rice disrupted by the heavy funds of import-rice traders": the case of the Northwestern region of Conakry Guinea [11].

In the 1890-1900's, territorial administrator Arcin [12] has given a testimony of the richness of the Guinean trade network in the precolonial phase. Through research at the beginning of the century, Odile Georg [13] has described the process of trade-network disruption and reorientation towards new colonial profit-making. The well-known triptyque of French-speaking Africa was then introduced: high-profit food import and export held by French corporations; an intermediate distribution-and-assembling network, aimed at the centre parts of the country, held by the Lebanese-Syrian diaspora; import-food peddling and small-size assembling of export products carried out by small African merchants. Moreover, a large amount of the latter operated a fall-back into products such as cola, palm oil, néré and cheanut, which are exchangeable on a long distance in all Western Africa (the present Senegal, Mali, Burkina, Sierra Leone, Liberia) and do not interest the colonial power.

The period of Sekou Touré imposed a control of marketing within the country and of imports, which discouraged many trade businesses. Apart from the regular tapping of farmers' production carried out by the State in order to supply its administrative and urban centres, the various regions of Guinea united into a series of small closed areas, where production and trade only had a micro-regional focus. Some frontier areas (Southern Guinea - towards Sierra Leone and Liberia, northern Guinea - towards Guinea Bissau and Senegal) suffered less from it, because they then were related to their neighbours' economic dynamics. In this series of small closed spheres, trade was carried out by small merchants and salesmen who were bartering as well as buying with money (and high-interest rate credit). As for rice, the system consisted of buying production after harvest, sometimes before, when it was plentiful and storing it until the joining-
period, then selling at twice the price. This speculative technique can be named as "profit-making based on a time price-differential". Although this is favourable to merchants, its drawback is to freeze the capital for more than 6 months.

At the fall of the Sekou Touré regime, exchanges within the country as well as import-export were liberalized. Big Guinean traders of colonial times who had left to neighbour countries to make money decided to take over the space left vacant by the State: marketing of imported rice. Their aim was not to carry out the speculative trade through storage, but rather ensuring a quick low-margin circulation/distribution of foods. The capital is thereby renewed with a fast-growing "snowball-effect". The business is made easy by the fact that the exchanges within the country are open again, hence only the reconquest of the small closed spheres is necessary.

Very rapidly imported rice was brought to the countryside. During the joining-periods, its price was below the speculative price of local rice. It crushed the price and the hopes of profit-making of small local merchants, who carried out the assembling. Unable to make substantial margins any longer, they turned to the assembling of groundnut and palm oil. Farmers now find it very difficult to sell their own rice, because the trade network has been broken up or taken over in a marginal and usurious way by big farmers. It works as follows: the one needing rice in the seedling-period (May-June) borrows from someone who has some and gives him back 2 or 3 sacks after harvesting.

This is a case in which a small trade network has been decapitated by a big trade network which was imported in less than 3 years time.

3. Conclusion:
the analysis of the traditional marketing systems cannot be carried out without viewing closely their link with the big trade network. The support or stimulation of the traditional marketing systems implies a willful aid action on the services that the big trade network usually has access to.

The presented cases emphasize social specificities of the close contact between production and traditional marketing systems. Even though traditional marketing systems are tapping their environment, they can also offer a series of anti-risk services, even if the rates seem very much usurious to us. In order to understand their "mechanisms", we surely have to use our usual economic concepts (calculating efficiency, competitiveness, comparative advantages, and so on). But the costs of atomicity (assembling by multiple operators) are always overestimated in this type of calculus. To understand all of these effects, one has to add socio-economic approaches, which also allows to assess the benefits of the system. Neo-ricardian and neo-marxist institutionalist analyses are much more interesting [14], together with studies on power, as Barbara Harriss [15] shows.

This analysis of power is equally fundamental in understanding the links between small trade and high-capital trade. The analysis indeed shows that, in most cases, small trade is integrated into big trade, which uses it as a relay in the low-profit branches.

One willful aid action to the small trade is offering it services that it usually can access to only through big trade: loans, technical innovations (small processing, small transportation means, easy redistribution, short circuits between production and consumption). The strength of this small trade is its adaptability, as compared to heavier structures (hull-machines vs. big rice-processing factories).

It is consequently of great importance to make clear what are the deep reasons of this will to support traditional marketing systems:
- is there a wish to promote it as an example of a new social structuring, that offers a better distribution of commercial profits?
- or is it just a humanitarian project, aimed at lowering the perverse effects of such systems, that are accepting the economic and social domination by big trade/international networks on the poorest?

Irrespective of the chosen aid forms, the stake will always be to manage "the ebb and flow" of big trade networks in relation to the small networks. When the ties between small farmers and big traders are reinforced, there is always a risk of a security loss for the farmers. Maureen Mackintosh [16] quoting A. Sen, reminds us of the social stakes:

A. Sen: "The phase of economic development after the emergence of a large clan of wage labourers but before the development of social security arrangements, is potentially a deeply vulnerable one".

Maureen Mackintosh adds to this statement:
"His discussion of the famines he studied includes reflection on the need to find ways of increasing forms of "insurance" and social institutions to provide mutual support and hence to prevent, for example, competitive over-grazing of marginal land".
Could not traditional marketing systems, coming before any commercial system, favour the emergence of such "mutualism"?

Footnotes

[1] The CIRAD (Centre de coopération international en recherche agronomique pour le développement) is a tropical agronomic research institute involving 2000 persons, of which 900 are researchers and technicians. Spread out in the tropical part of the world (Africa, Asia, Latin America), it prepares and selects innovations adapted to farmers of underdeveloped countries, as stated by its new scientific charter. Consequently, our researcher-mates in the field of social sciences (economists, sociologists, geographers) all work on the theme of "Innovations and rural societies", not only as regards farmers but also operators of traditional marketing systems.

[2] These methods have been applied in Africa in the 1980's. With Claude Freud's supervision some specialist teams from ORSTOM, CNRS, CIRAD and former SEDES carried out sector-based socio-economic analyses for each main commodity vital to the economy of Africa and Madagascar (rice, corn, mil, sorghum, coffee, cocoa, palm oil, groundnut, etc.). These approaches allow an economic as well as social diagnosis. A book partially presents the methodologies used: G. Durufle, P. Fabre, J.M. Yung: "Manuel d'évaluation des effets sociaux et économiques des projets de développement rural", Minecoop, Paris, 1988. Although socio-economic stakes were well studied at the producer-level, pure economic analysis dominated the assessments on trade, processing and consumption. Our present team (A. Leplaideur, P. Moustier, J.L. Fusillier, F. Lançon, L. Pujo) works on reinforcing analysis in terms of social relations between other operators than the producers alone. This also applies to spatial socio-economic studies.


