The Institutional Challenge in Tanzania’s Cotton Sector: Lessons from Southern India, Burkina Faso and from History

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ABSTRACT

The discussion on Tanzania’s cotton sector has recently moved towards policy prescriptions that can remedy institutional problems, focusing on the role of new institutions, especially grass-roots and civil society organisations in filling the void left by the formal national government bodies. (Ferrigno, Simon, Sara G.Ratter, Peter Ton, Dava Simplice Vodouhê, Stephanie Williamson, and John Wilson 2005; Gibbon, Peter 2003; Kaplinsky, Raphael 2005; Ponte, Stefano 2002) However, much of the literature and policy-debates have not sufficiently addressed how the process of replacing and transforming existing institutions will take place and interact with the given social and economic dynamics in historically cash-crop growing villages in rural Tanzania. Given Tanzania’s rich and complex colonial and more recent socialist history it is evident that the process of restructuring and replacing existing institutions will be complex and uneven, particularly at the ground-level. The focus here is on a comparative study of Tanzania and two more successful cotton producers, namely Southern India and Burkina Faso in order assess the relative prospects for future economic and social development of Tanzania’s cotton-growing areas.

KEY WORDS

Cotton, Tanzania, Burkina Faso, India, Rural Producer Organisations, Institutions, Peasants, Power*

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The Author is grateful to SNF and NCCR-Trade for generous financial assistance and support, which have enabled the completion of this work.

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1. Introduction

Tanzania’s cotton sector is relatively young, compared with millennia-old cultivation in China and pre-colonial cotton production in West Africa. Despite its youth, the sector has undergone, comparatively speaking, one of the most dramatic liberalisation processes alongside disappointing sectoral performance. \(^1\) Roughly 15 years have now passed since the widespread liberalisation of Tanzanian agriculture, including cotton. Many studies, particularly important contributions by Gibbon, have analysed the marketing and production set-up in the sector in the years immediately following liberalisation (Gibbon, Peter 1998a;b;c;1999). More recent studies of the sector have taken on a comparative, macro perspective in their attempt to convey the current institutional and marketing structure in Tanzania. They have frequently highlighted the nature of failed coordination and cooperation between agents in the Tanzanian production and marketing chain, compared with other cotton producing countries in the region. (Maro, W.E. and Colin Poulton 2004;Nylandsted Larsen, Marianne 2003;Poulton, Colin, Peter Gibbon, Benajmine Hanyani-MLambo, Jonathan Kydd, Willibald Maro, Marianne Nylandsted Larsen, Afonso Osorio, David Tschirley, and Ballard Zulu 2004;Tschirley, David, Colin Poulton, and Duncan Boughton 2006)

These studies have detached themselves from the narrow NIE measures of successful institutional structures on the basis of whether they are “efficiency-creating”, “cost-minimising” or “transparency-enhancing” ones. Instead they consider alternative forms of institutional arrangements that could achieve development objectives in post-liberalisation, sub-Saharan African countries. (Kydd, Jonathan, Andrew Dorward, and Colin Poulton 2002) Whilst these studies have been illuminating, they have been unable to demonstrate the importance of underlying power dynamics and village-level relationships on the relative success or failure of institutional structures.

It is our aim in this paper to return to some of the ideas and conclusions highlighted by Gibbon in his studies of the Tanzanian cotton sector and in particular to shed more light on the role of local political and power dynamics on shaping past and current cotton institutional structures. Since Gibbon’s studies of the sector in the 1997/98 season, the sector has evolved further and the role of institutions from the village-level up has shifted, resulting in new obstacles and challenges for producers and for the sector as whole. Gibbon (1998a) also developed ideas of locality and history in an important way. By briefly addressing some similarities and differences between Tanzania’s cotton sector at the time and the case of Southern India’s cotton industry, as illuminated by Harriss-White (1996) he demonstrated the importance of local, historic and social conditions in driving the sector’s institutional and marketing structures. We hope to build on this further by also considering a further African “success” story in the case of cotton, namely Burkina Faso. Burkina Faso is a particularly interesting comparative case, as producer organisations have appeared to have played a crucial role in the development and success of the sector. (Kaminski, Jonathan 2007)

We must begin this work by reviewing some of the theoretical literature surrounding the nature and role of institutions in agriculture, demonstrating the need to clearly define terms and parameters. The current marketing and institutional set-up in Tanzania’s cotton sector can then be described more closely, focusing in particular on

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\(^1\) Cotton yields are amongst the lowest in Africa. Production has been erratic and input use has declined dramatically. Furthermore, cotton production in Tanzania remains rain-fed, labour-intensive and low in quality.
changes in the marketing structure in the last five years and the major differences between Tanzania and other cotton producing countries in the South. Following this schematic description we can turn to a closer look at producer organisations in Tanzania and their changing functions and roles within the cotton marketing system. Here we can draw on fieldwork information gathered in March-June 2007, to demonstrate some of the village-level power dynamics that are intrinsic to the re-emergence and interpretation of these associations in the Tanzanian context in more recent years.

The final substantive part of this paper will draw on the comparative experiences of Southern India and Burkina Faso and the relative position and role of producers within their marketing systems. This analysis aims to demonstrate some of the successful ways peasant cotton cultivators have been incorporated into the production and institutional structures in Southern India and Burkina Faso and the relative failure of this in the Tanzanian case. Current policies and strategies aimed at bringing about growth and development in Tanzanian agriculture have failed to recognise this issue. Instead, international donors and NGOs may have exacerbated the current situation, entrenching unequal village relationships by supporting existing groups and associations. The existing village-institutions and the underlying power dynamics in cotton-growing areas, as well as elsewhere in Tanzanian agriculture may need to be transformed, or at least acknowledged, before true growth and development in agriculture can occur.

2. A theoretical background on institutions and power in agriculture

Literature on the role of institutions in agriculture is relatively new but nevertheless vast in scope and intellectual origin. The notion of stable and development-enhancing institutional structures for successful agricultural development has been part of the more general focus in academia and policy-circles on “getting institutions right”. Douglas North’s foundations and the new institutional economics (NIE) have heralded a new era of attention on “creating and enforcing efficient property rights” and “lowering transaction costs” (North, Douglass C. 1997) amongst other things. As North explains, “the central issue of economic history and of economic development is to account for the evolution of political and economic institutions that create an economic environment that induces increasing productivity.” P.98 (North, Douglass C. 1991)

This can therefore also be applied to agricultural growth and productivity, with attention focused on establishing the most beneficial institutions and organisations for rural growth and development. Much of this has focused in policy terms on creating institutions that lower farmers’ risks, promote efficiency and solve market failures or asymmetries. “Gone is the belief that pre-capitalist institutions are irrational and an obstacle to development. In its place is the belief that the continued presence of customary institutional arrangements such as sharecropping and multi-stranded patron-client relationships is the result of a complex exercise in rationality by self-interested, profit-seeking individuals” (p.21) (Evans, Alison 1993) The most recent World Development Report has brought together much of this research and thinking, highlighting that “The last 10 years have seen a broad effervescence in institutional innovations to fill the deficits in land markets, financial services, input markets, and producer organizations” p.138 (World Bank 2008)
However, the understanding of what “development” or “rural transformation” encompasses differs in understanding between NIE economists and other leading thinkers. Furthermore the methods and actors involved in achieving this end can be understood as dramatically opposed, depending on ones perspective. For NIE economists the goal of institutional development is market efficiency, investment and “growth” in a predominantly static sense, where the main actors in this process are individuals. In opposition to this others (Harriss-White, Barbara 1999a;b; Havnevik, Kjell J. and Mats Harsmar 1999; Kydd, Jonathan, Andrew Dorward, and Colin Poulton 2002) have argued that institutions do matter to long-term economic development but that their function and the actors involved may differ. Rather than focusing on individuals, these authors have advocated a closer consideration of the state and social groups based on class, religious and ethnic affiliations. Furthermore their attention has been on creating institutional structures that ensure longer-term capitalist transformation in agricultural markets, paying close attention to the social embeddedness of institutions. The notion of market-efficient institutions in peasant agricultural markets, such as the cotton sector in Tanzania is dichotomous, considering that markets themselves are underdeveloped, frequently non-existent and extremely diverse within Tanzania itself.

“The relevant question is not can institutions be engineered so as to reduce the size of the deviation of real market behaviour from unattainable and deinstitutionalised norms, but which institutional modifications have the greatest returns in terms of development objectives” p.25 (Harriss-White, Barbara 1999a)

For the purposes of this study on the Tanzanian cotton sector, it is crucial to consider institutions from this latter perspective, as having a social context and history and with an underlying aim of transforming cotton production and agriculture more generally in a capitalist direction. We can therefore borrow from Harriss-White (1999a) and define institutions in three ways. The first is derived from a sociological perspective where “any behavioural regularity is the manifestation of an institution”; the second comes from a microeconomic view, where institutions represent a “special case”; and the third a macroeconomic standpoint, where institutions “encompass the definition of rights, the scope of economic behaviour and the mechanisms to protect exchange, to penalise miscreants, and, through taxation, to ensure state legitimacy.” P.259 (Harriss-White, Barbara 1999a)

A crucial element lacking in most NIE approaches to agrarian institutions is the role “power” and pre-existing social relationships play in underpinning and transforming both old and new institutional structures. In rapidly changing production and marketing environments, as in Tanzania, where institutional changes have been dramatic, especially over the last 60 years, it is clear that not everyone will be affected in the same way by these changes. Furthermore how different groups and individuals are affected will be determined by the pre-existing distribution of power in society.

“Peasants have not simply responded to the incentives and technological packages introduced …… To the contrary, they have had, and continue to have, a hand in shaping the form and content of these institutions, packages, and shifting policies through their actions……” P.2 (Bassett, Thomas 2001)
The power struggles that underlie the institutional map tend therefore to be complex relationships not easily studied or captured and their analysis does not necessarily lead to replicable, policy-friendly conclusions. Our work is couched within this dilemma. However, through fieldwork in cotton-producing villages and interviews with a variety of producers, agents and stakeholders involved in the cotton sector we hope to shed some light on the complexities of the institutional set-up in Tanzania’s past and current cotton sector.

“Both neoclassical and Marxian theory are set on a grand scale for which fieldwork is not always appropriate. Institutional theories of power within markets (such as bargaining theories) are couched at the microscale of the single transaction which, ironically, is also not easy to observe through fieldwork. For these reasons we may have to abandon the theoretical ship and take to its lifeboats.” P.270 (Harriss-White, Barbara 1999a)

Having established our understanding and definition of institutions, and reflected on the importance of underlying power dynamics, we must now clearly define this conception of ‘power’. In this work we draw heavily on Bhaduri (1983;1986) and Harriss-White’s (1999a;1999b) exposition of power in peasant markets. They determine power to be both a structural and a behavioural concept, where in the former sense “power can mean access to resources. The front-runner here is assets” p.270 (Harriss-White, Barbara 1999a) and in the latter behavioural sense “power is enforced not only by traders over producers at the point of exchange but also at every point of transfer of ownership and/or transaction, and in complex ways……Economic power uses information as an instrument. Control over its generation, its diffusion and its costs means control over profitable trading opportunities.” P.271-272 (Harriss-White, Barbara 1999a)

All of the above notions and expressions of power are relevant to the cotton market and to peasant producers within Tanzania. Within the cotton market the direction and actors able to manipulate their power over others have changed with time. This has involved both state and increasingly non-state actors and agents, from the national to the village level. Producer organisations have particularly been an important institutional instrument through which power relations have transformed. In order to understand and appreciate the different ways this has occurred it is important to now give an overview of the Tanzanian cotton marketing and production structure in a comparative perspective, before turning to a closer look at the changing role of producer organisations and resultant power dynamics.

3. A Historical-comparative perspective on cotton marketing in Tanzania today

In order to thoroughly assess the Tanzanian institutional and marketing system we focus our attention on four broad areas, namely the purchasing and processing market structure; the system for input provision; the pricing system; and finally the system for providing information and extension services as well as cotton research and development. We focus on these four areas because they demonstrate the most salient issues confronting cotton producers and the Tanzanian sector more generally.

3.1 Purchasing and processing market structure: from monopoly to perfect competition
Cotton was introduced to Tanzania at the turn of the 20th century by German settlers and was initially focused in the Eastern growing zone. Over the 1920s and 30s better varieties were imported and production expanded into the Western zone, increasingly taken forward by smallholders rather than the original plantation model the Germans had attempted to introduce. Cotton production in Tanzania, as in most of sub-Saharan Africa as well as in Southern India remains a predominantly smallholder activity. “In the early twentieth century, Asian businessmen dominated seed cotton purchase and ginning, while governments assumed responsibility for research and extension, seed multiplication, quality control, and lint export.” (Tschirley, David, Colin Poulton, Nicolas Gergely, Patrick Labaste, John Baffes, Duncan Boughton, and Gérald Estur 2008) While the purchasing and domestic marketing of Tanzanian cotton had originally been under private ownership, over the 1960s a process of primary society and cooperative union control over the domestic sale and trade of cotton became entrenched. In this period Tanzanian cotton production steadily grew, increasing almost tenfold between 1950 and the mid-1960s. In 1968 the cooperative unions and the TCLB became, respectively, the sole buyer and exporter of cotton in Tanzania. (Baffes, John 2004a)

Over the 1970s, following the Arusha Declaration in 1967, the policy focus shifted to returning agricultural control and decision-making to the newly-formed Ujamaa villages, linked directly to central government. As a consequence the Tanzanian government eliminated the role of the cooperatives, whose involvement was felt to have become too extensive and controlled by larger farmers with vested interests.(Baffes, John 2004a) Following the removal of cooperatives a two-tier system of village unions linked directly to the newly established Tanzania Cotton Authority was instated.

Over the late 1970s and early 1980s the Tanzanian economy entered a crisis period, partly driven by the international oil shocks and the ensuing debt crisis which had severe consequences on the demand for agricultural export crops, including cotton as well as for the productivity and longer term development of these sectors. Partly due to these failures, the cooperative unions were reintroduced between 1980 and 1984 and were put in charge of purchasing cotton at a fixed price and transporting this to the Tanzania Cotton Marketing Board (TCMB, the successor of the TCA).

The 1990s saw the beginning of the liberalisation process in Tanzania’s agricultural export sectors. Gradual steps were taken to remove fixed producer prices and open markets. In 1994 the Cotton Act allowed private companies to compete with the Tanzania Cotton Board and the cooperative unions in the domestic ginning and marketing of seed cotton. Following this the export market was also opened to private companies and today’s sector looks, in theory at least, as the free marketers would have hoped for. In the first few seasons following liberalisation a large number of new ginneries opened up in the WCGA increasing the purchasing competition at the village level. (Nylandsted Larsen, Marianne 2003) In fact, in more recent years, the cooperative unions have been unable to compete with the private traders and ginneries and are currently not financially viable. In the last buying season (2006/07) cooperative unions in the WCGA were unable to obtain loans from banks and therefore could not purchase cotton from producers. Neither did these cooperative unions gin or export cotton in 2006/07.
A large number of Tanzanian ginners are also involved in the export of the ginned cotton lint from Tanzanian ports to Asia and Europe for the most part. Whilst there are some ginners who exclusively process and market the crop domestically and on the other hand agents who exclusively deal with the exportation of the crop, there is an increasing tendency for vertical integration, depending on market conditions and expectations of production amounts. The whole process from purchase to grading, transportation and sorting to baling and ginning and then exporting is therefore increasingly in the hands of one of tier of “agents”. For simplicity these can be termed ginners, despite their involvement beyond the core activity of ginning and we focus on their involvement at the domestic level here.

Today’s purchasing system is dominated by regionally-located ginneries that are licensed to purchase at village buying posts from within a given radius (around 50km) of their ginnery. However it is evident that ginners have purchased cotton from beyond their officially designated area following liberalisation (Gibbon, Peter 1998a). More recent evidence for the 2006/07 season suggests that the pressure to engage in this type of illegal purchasing has become even greater. This is partly due to ginning over-capacity in Tanzania with production levels well below the available ginning facilities. Furthermore, ginners increasingly engage in contracts with exporters and/ or importers based on quantity, which they are under pressure to fulfill and for which hefty penalties are incurred if these are not met. The ginning over-capacity in Tanzania combined with the over-ambitious contractual obligations of ginners has resulted in a system of early, geographically open and intensely competitive localized purchasing of cotton at the village level and low quality cotton lint exports.

The geographical effects of the new marketing structure are already in evidence when considering the purchases of the top ginneries in Mwanza and Shinyanga region in the last season (2007/08). Figures 1 and 2 highlight the concentration and intense competition between ginners in Shinyanga region, the most abundant production area. This compares with only two main competitors in Mwanza region, the second largest production region in Tanzania.
Fieldwork information corroborates the above observations further, indicating that competition between ginners is only intense in areas and villages where they can guarantee a large enough purchase to meet their contractual obligations. In areas and villages where general production is low, ginners only visit if they have built up a relationship with particularly large producers that warrant them collecting the crop from the farm-gate.
In terms of the processing infrastructure in Tanzania, compared with other countries in East and West Africa, Tanzanian ginners still predominantly rely on relatively outdated roller gins, with only the most capitalised ginners with multinational links having access to the superior saw gins. A result of this is lower quality lint output but also much lower ginning costs, when compared with other countries. (Tschirley, David, Colin Poulton, Nicolas Gergely, Patrick Labaste, John Baffes, Duncan Boughton, and Gérald Estur 2008)

“The effect of Tanzania’s competitive system is clearly seen in the decline in its premium since liberalization and the resulting 2 cent/lb average discount on Index A that its cotton now receives…. Unregulated competition undermines the ability of ginners to control their supply chain, whilst the limited vertical coordination between the large number of small, independent ginners and the country’s lint exporters weakens the incentives that ginners face to produce high quality lint. For most of the post-liberalisation period…. the large number of ginners has been associated with serious excess ginning capacity in the sector. Thus, ginners have scrambled to buy available seed cotton. As a result, if one ginner seeks to impose strict grading requirements during seed cotton buying, farmers take their cotton to a competing buyer who is more lenient. The laxity of grading means that unscrupulous farmers can also adulterate their seed cotton with sand, water, rocks or other items, so as to increase the weight of their bales. Farmers claim that they do this in response to buyers’ practice of fiddling the weighing scales. Meanwhile, where an exporter buys lint from a number of ginneries, they cannot be sure of getting a higher price for better quality, especially if selling forward. On the other hand, where they do obtain a good price, they do not necessarily pass that onto to the ginner in question. Many ginners, therefore, place more emphasis on increasing turnover than on raising quality.” P.87 (Tschirley, David, Colin Poulton, Nicolas Gergely, Patrick Labaste, John Baffes, Duncan Boughton, and Gérald Estur 2008)

Private ginners in Tanzania fall into three broad categories. There are the Tanzanian-Asian businessmen from families with a long trading history in Tanzanian agriculture and who swiftly moved into cotton ginning and export following liberalisation. Their businesses are relatively large on a Tanzanian scale but are still dominated by families; secondly there are the Tanzanian African ginners, who have the smallest share of the cotton trade and usually pass sell their crop to exporters or supply the ailing domestic textile industry. This minority group is the least capitalized and the least stable, with many businesses having failed in the first years following liberalisation. Finally there are the representatives of multi-national companies who also have business interests outside Tanzania and beyond cotton. There is a long history to the involvement of these different groups in Tanzanian cotton ginning and this history remains relevant today, expressing itself in access to resources, finance and political influence. (Gibbon, Peter 1998a) and author’s interviews, 2007

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2 It is common for there to be five or more buyers, all with their own buying posts, in a single village. Companies either hire enterprising local residents to run buying posts at harvest time or contract the staff of the local primary cooperative society to buy on their behalf. Finding trustworthy agents is sometimes a challenge, without adding quality control to their responsibilities.

3 The textile industry has been undercapitalised and underequipped for some time now, with power shortages in 2006 adding to the sector’s problems. However, recent informal reports indicate that the sector may bereviving due to high domestic demand for textile garments (particularly Kitenge and Kanga cloths) and the inability to afford cotton from outside of Tanzania in the current climate.
As explained above, Tanzania’s cotton market has gone from a system of state monopoly in the purchasing, ginning and exporting of the crop in the 1970s and early 1980s to one of cooperative unions in control of these activities for each region in the 1980s and 1990s to today’s system of open competition in all the above activities. The changes have been dramatic given the short period of time they have occurred in. They also contrast markedly from the experiences of other sub-Saharan African cotton producers, especially those in the West Africa.

To briefly summarise, the system in Burkina Faso until recently still resembled a single marketing channel and remains one of the most dramatically opposite institutional and marketing systems to that of Tanzania. In 2004 the Burkinabe cotton system underwent minor (when compared with those of Tanzania) reforms and purchasing was transformed into a zonal monopoly system. Today each of the three monopoly companies (Sofitex, Faso Cotton, Socoma) controls the purchasing and processing of the crop within their designated region. The main (part-government and part-producer owned) company, Sofitex, still purchases over 80% of the crop, from the West of the country, with the other two companies making up the remainder. Export or further domestic processing and spinning is also retained by the three main regional monopolies. (Renaudin, Camille 2008; Tschirley, David, Colin Poulton, Nicolas Gergely, Patrick Labaste, John Baffes, Duncan Boughton, and Gérald Estur 2008)

Therefore producers in Burkina Faso are virtually guaranteed that their cotton will be collected by one of the three companies. They are paid a stable price over the season and pan-territorially and may receive a secondary payment, dependent on the final marketing price received by the cotton companies. The system is not without its failures and the last two seasons have demonstrated some of the financial fragility of the cotton companies and their inability to guarantee timely and full payment to producers, with severe repercussions for producers. However, in terms of the purchasing and processing of the crop it is clear that producers in the Burkinabe cotton system fare much better than in Tanzania.

The Southern Indian cotton sector is less reliant on the state for direct purchasing of the crop but producers have been able, over time, to build relationships with agents and these in turn with ginners. The Southern Indian case therefore makes an interesting comparison with Tanzania in terms of marketing structure, reflecting in theory, a similar system of open competition in the domestic marketing and purchasing of the crop. However, the role of the state in providing the surrounding regulatory and support framework for farmers as well as the length of time it has taken to build up the current set-up in Southern India is crucial in explaining the relative success of this system over the Tanzanian one. (Gibbon, Peter 1998a)

Despite the complexity and high number of nodes within the cotton value chain in Southern India, with many more traders and agents participating in the domestic marketing and transportation chain than in sub-Saharan Africa, the system has enabled longer-term relationships to build up at each point of sale. These relational transactions have resulted in improved quality and coordination between producers and agents. Furthermore, the Southern Indian case differs from many sub-Saharan African countries in that the majority of production remains within country for further
processing and spinning, feeding into Southern India’s established textile industry. (Harriss-White, Barbara 1996)

In terms of the effects on producers of these structures, it is evident that producers frequently sell their crop to the same trader or agent each year and have built up a much closer relationships than in Tanzania. Reputation and cotton quality and grade play an important part in the Southern Indian cotton sector.

3.2 Input distribution arrangements
A further area of importance to Tanzanian producers is the current system of input provision and access and the changes in this over recent years. Compared to West African and Southern Indian production, Tanzania’s cotton production is almost 100% rain-fed and application of fertilizers and pesticides in comparatively very low. This is at least in part explained by policies and external factors over the last 30 years which have not been favourable for the adoption of new production techniques by Tanzanian producers.

Starting in the 1970s and early 1980s a substantial reduction in aid to the country led to a drastic reduction in imports of agricultural inputs, including pesticide and fuel (Skarstein, Rune 2005). At this time cooperative unions were still in charge of input provision through the village primary societies but their ability to provide these came under increasing difficulty as financial woes intensified. Fertilizer subsidies were gradually lowered from 70% in 1990/91 to 0 in 1994/95 and producers in the mid-1990s were for the first time, at the mercy of local, open market input prices for fertilizers and pesticides (Skarstein, Rune 2005).

As a result fertilizer and pesticide application declined further, although exact figures for Tanzanian cotton production are hard to estimate. (Gibbon, Peter 1999;Ponte, Stefano 1998). “Once input supply (mainly chemicals and seeds) and credit for purchasing inputs were no longer integrated into a single cotton marketing channel, use of inputs declined sharply. Loss of the single marketing channel pushed up the costs of marketing chemicals and led to a collapse in supply and distribution.” (Baffes, John 2004b p.5)

Over the late 1990s stakeholders in the Tanzanian sector became aware that the free purchasing and marketing system for cotton was not compatible with the traditional system of input provision through the cooperative unions. Therefore a new framework for seed and pesticide provision in particular needed to be established and this came in 2000 in the form of the Cotton Development Fund (CDF). The CDF is a tri-partite (farmer, ginner and government) input-provision system, whose main aim is to supplement the price of agro-chemicals and cotton seeds for planting. 2001/02 was the first season of the CDF’s operations, during which farmers were asked to contribute part income, together with a contribution from ginners and government to allow for the purchasing of cotton inputs for the following season. The contribution of each producer is noted in a passbook and the following season, depending on the amount sold, each producer receives a certain entitlement to inputs in that season.

The success of the CDF remains to be seen, although initial reports suggest some unevenness in distribution and access. Problems relate to ginners noting the incorrect amount in producers’ passbooks limiting their access in the following year. This is
exacerbated by many producers’ inability to read and write and therefore to verify the information noted down by the ginners. Furthermore, the CDF is unable to provide inputs unless cotton was produced in the previous season, making it difficult for those in more erratic production areas to participate in the scheme. Ratter also points to some further issues with the CDF. “If Magu and Bariadi are excluded from the calculations, only 15% of the chemicals made available through CDF this season were taken up by producers. The rest will have to be returned to CDF via village and district administrations…. This was mainly due to the decision to purchase and distribute water-based pesticides to producers i.e. Decis and Karate, rather than oil-based ones which were used in Magu and Bariadi and had been used in the past by producers.” Fieldwork interviews and focus groups suggest that access to the CDF and therefore to subsidised inputs is highly uneven both within and between villages with many producers still not aware of the function and potential benefits of the passbook.

The above failures in terms of input provision in Tanzania need to be understood in the context of input provision in Burkina Faso and Southern India. In Burkina Faso producers today receive inputs on credit through SOFITEX and the main producer stakeholding body, the UNPCB (an apex association of cotton producer organisations) which hands inputs down to the recently reformed cotton producer organisations. The provision of credit for inputs in particularly crucial to Burkina Faso’s production system as it allows producers to purchase inputs for food crops, as well as for cotton. (Kaminski, Jonathan 2007) A comparatively large array and quantity of inputs are provided to producers through their own producer organisations, who have the ability, through collective action and social sanctions, to ensure repayment of loans and longer term credit viability. (Kaminski, Jonathan 2007; Renaudin, Camille 2008)

In Southern India, the strong history of interlocked markets for inputs and outputs also pervades cotton markets. Insecticide use in Southern India is near universal and part of this is explained in the entrenched system of input provision through relational “contracts”. Frequently traders purchasing cotton from the farm-gate also act as moneylender and credit providers to producers, allowing them to purchase inputs. (Gibbon, Peter 1998a) However, beyond this (until recently) the state has also been crucial in assisting producers through subsidised “fertilizer, power and irrigation” p.6 (Mohanty, Samarendu, Cheng Fang, and Jagadanand Chaudhary 2002)

Despite the apparent success in input provision in Burkina Faso and Southern India, it is important mention that the issue of asymmetric power, economic necessity and compulsion are crucial in these types of inter-locked markets. (Olsen, Wendy Kay 1996) Therefore some of the asymmetries in access in Tanzanian input markets through the CDF may also be felt in less apparent or direct ways in the Burkinabe and Southern Indian case. However, what is observable is that the past and current structures in Burkina Faso and in Southern India have led to observed high levels of input use and hence cotton quality and yields.

3.3 The pricing system
Tanzania removed its fixed producer prices in 1993. Prior to this prices were set by the TCA and subsequently the TCMB and producers were guaranteed a fixed pan-territorial and pan-seasonal price in part through the functioning of the cooperative unions. Following liberalisation the TCB initially tried to maintain an indicative floor
price to producers, but the viability of this came into question in 2004, when world prices suddenly declined over the season and private ginners refused to pay producers even this basic price. Subsequently, the floor price has been eliminated and producers are at the mercy of the price ginners are willing to pay. In theory this therefore means that producers are more closely linked to the world price as private ginners look to world prices to determine what they can afford to pay producers. Figure 3 below, does highlight the co-movement of producer, export and world prices over the last 10 years, although it is evident that producer prices have fluctuated more widely than the other series. In the context of Tanzania the high levels of competition between ginners with over

Figure 1: Nominal cotton prices in US$ per kg

Sources: World Prices are taken from Cotlook, www.cotlook.com (1990/91-2006/07) A Index Price*; Producer Prices are taken from Government of Tanzania, Economic Survey, 2006 (1990/91-2005/06) and our own survey (2006/07); Export Prices are derived from Tanzania Cotton Board (1990/91-2006/07).


*The A index is an average of the cheapest five types of cotton offered on the European market and is the most frequently quoted international indicator price used by ginners, traders and government agencies in Tanzania.

Whilst the improved pass-through between world and producer prices may be seen as a positive development for Tanzanian producers, some caveats need to be raised. The first is the lack of a pan-territorial or pan-seasonal price setting in the current system. This has meant that while in general terms figure 3 may hold, at the village and individual level enormous differences in the prices received by producers are evident. Fieldwork results (Bargawi, Hannah K. 2008) indicate that whilst some producers in intensively competitive production areas are able to reap relatively good prices and can, for the most part, access storage opportunities to overcome seasonal price differences, other areas are less able to manage the new price uncertainty.
The behaviour and contractual obligations of ginning discussed above has further exacerbated the uneven pricing of cotton in different geographical areas and between producers across Tanzania. This has meant that in areas where cotton production and therefore competition is intense, prices received by producers are subsequently also higher. In areas where producers are at the mercy of one of two buyers or are forced to transport the crop to a neighbouring village in order to sell their cotton, the story is rather different. Here prices are largely determined by the vendor and producers are price-takers.

In general terms, the Tanzanian cotton sector has developed a pricing system that passes risks and uncertainties down to producers. Whilst ginning are also exposed to price changes, most are more able to access risk-mitigating financial instruments, not open to rural cotton producers.

“In Tanzania, over the past few years ginning have become more sophisticated regarding knowledge of global market prices and trends, ability to negotiate with buyers, understanding of price exposure, and the use of market-based approaches to mitigate that risk.” P.73 (Tschirley, David, Colin Poulton, Nicolas Gergely, Patrick Labaste, John Baffes, Duncan Boughton, and Gérald Estur 2008)

It is clear that the Tanzanian pricing system has not been advantageous to producers, who are exposed to price uncertainty and are unevenly affected by the introduction of competitive forces in the purchasing market. We must therefore briefly discuss how the Burkinabe and Southern Indian cases differ in the way prices are set for producers.

In Burkina Faso, the pricing system was, until recently set by the main monopoly company and announced to producers prior to the start of the production season. Here “the initial price is in line with ginning’s breakeven cost; and profit estimates and bonus calculations are based on the sector’s actual performance (average sale price minus cost) and are paid out during the following season.” P.35 (Baghdadli, Ilhem, Hela Cheikhrouhou, and Gael Raballand 2007). Recently (in 2006) the Burkinabe authorities have been encouraged to reform the system so that prices are closer in line with world prices. The second payment to producers (and therefore pan-seasonal pricing) has however been retained and through the reformed producer organisations, producers themselves are able to participate in the setting of producer prices. The cotton sector in Burkina Faso has traditionally also had a stabilisation fund, replenished from profits made in financially good years. When there is a deficit, the fund is used to ensure the producer floor price and finance the deficit incurred by the cotton company. In years when world prices fall less than five per cent of the bottom of the price range or rise no more than one per cent of the high end of the range, the fund does nothing. In the event that there are successive bad years and the fund falls into arrears, companies will need to extend a loan to the fund which will need to be repaid with interest as soon as the fund is capable. If the loan exceeds the credit limit set by the companies, the floor price range needs to be reduced the following year. (Goreux, Louis 2006; Goreux, Louis and Jonathan Macrae 2003)

In Southern India the pricing system involves the state supporting a minimum support price to producers. The minimum support price is derived from production cost estimates as well as domestic and world price trends for cotton but tends to be well below the price actually received by producers. (Landes, Maurice, Stephen MacDonald, Santosh K. Singh, and Thomas Vollrath 2005). Despite the setting of the
minimum support price, producers across India are nonetheless exposed to exogenous changes in the price offered by traders and in the current system no stabilization fund to deal with this is in place. Furthermore producer cotton prices in Southern India depend significantly on reputation and quality and therefore minimum support prices are given for each varietal of cotton and prices received by producers do differ significantly between regions and producers. However, the interlocked and relational nature of contracts between producers and buyers means that producers are (at least in theory) able to negotiate prices with vendors. Despite some of the positive aspects of the Southern Indian cotton sector, liberalisation of the sector has led to import competition and subsequent distress sales. (Patnaik, Utsa 2004) The particular issue of “cotton suicides” driven by low prices and the collapse of purchases in certain regions of India are a very worrying development. (Swift, Richard 2007)

The Tanzanian sector clearly lacks some of the more positive aspects of the Burkinabe and Southern Indian cotton sectors with respect to the pricing of the crop at the producer level. In the Indian case some important issues regarding the stability of prices since liberalisation do however remain questionable. Overall we can see that when it comes to the pricing system in Tanzania, producers are heavily exposed to annual and within-season fluctuations. The current institutional system exacerbates the price experience leading to dramatic differences between regions, villages and producers.

3.4 Information provision, research and extension
The history of Tanzania extension services and research is closely linked to the government. The brief socialist history over the late 1960s and 1970s in which rural areas underwent villagisation coincided with a strong state-led extension and education program, encouraging producers to plant certain crops over others with incentives given by subsidised inputs and output prices. Research and development of cotton was conducted by state institutions both centrally and at the regional and district level. The process of technical upgrading to include improved varieties of cotton seed, extension services and information was also facilitated through the cooperative unions and the associated village producer organisations. With the advent of liberalisation this system of information and technical knowledge largely disappeared. We can therefore see that “…. no major technical change has occurred during the years of liberalisation” P. 41 (Havnevik, Kjell J. and Mats Harsmar 1999)

Part of the failure of research, extension and technical progress in Tanzanian cotton needs also to be seen alongside the general problems associated with input access and use. There have been some attempts through existing government research institutes to encourage “farmers’ research groups” to take research and development in certain villages forward. However, the success of this is limited by their underfunding and the introduction of these groups also exposes existing and new inequities at the village level, with only those most “involved” in the sector able to fully participate. (author’s interviews, 2006-2007)

Filling the void left by state institutions in terms of extension and research services have also been various NGOs and private companies, including an organic cotton project, funded by Swiss company in Shinyanga region. However, problems relating to access, equality and continuity of these projects require closer assessment. We have previously seen that current input provision and pricing systems favour certain regions
and districts in Tanzania over others and from fieldwork interviews it is evident that NGOs and private involvement in the sector may have intensified these disparities, focusing their work on particularly well-endowed areas of the country. (author’s interviews, 2006-2007)

In contrast to this the Burkinabe government has a long history of funding agronomic research and extension, particularly for cotton. In more recent years, a partnership of the ex-parastatal SOFITEX and the apex producer union (UNPCB) together determine the research and extension budget. This is then passed down to the reformed producer organisations through newly trained extension staff. A result of this stability and progress in research and extension service provision is reflected in the fact that Burkina Faso is currently the only sub-Saharan African country to have introduced GM cotton in certain areas of the country.

The Southern Indian cotton sector acts a good example of focused and relatively strong state involvement in research and development of the crop, including the introduction of Bt cotton\(^4\) over the last decade. Furthermore what is evident in the Southern Indian case is the government’s encouragement of cotton beyond the producer. The latest government technology mission on cotton (TMC) has objectives to improve the marketing infrastructure; modernise and upgrade the existing ginning and pressing factories in India leading to improvement in cotton quality. (George, J. 2008)

Both Burkina Faso and Southern India highlight the need for a well-organised and well-funded research and extension service for cotton. At the macro-level it would appear that both these countries have succeeded in transforming their sectors and meeting new technological and global challenges. The Tanzanian sector acts as a demonstrable contrast to this where there have been haphazard and tentative attempts at progress in pockets of the country, leaving other areas and groups of producers behind.

4. **Producer organisations, history and local politics: The missing links in an assessment of Tanzania’s cotton sector**

So far our discussion has been rather general, considering the broad institutional set-up in Tanzania and the brief comparisons with Burkina Faso and Southern India. However, they do form an important background to a closer investigation of the position of producers within these systems. As we will see, Tanzania’s complex rural history has placed villages and producers within them in a difficult position, where relative power of individual producers is not necessarily linked to their ability to reap successful outcomes for the sector as a whole. Instead the messy and changing role of the state and cooperative societies continues to play itself out within villages, where power and political influence remain crucial factors in determining winner and losers from liberalisation of the cotton sector.

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\(^4\) Bt cotton was initially developed by Monsanto and is a genetically-modified cotton seed variety that is resistant to certain pests, thereby lowering the cost and labour-demand associated with pesticide spraying. However, various concerns over Bt cotton in India and beyond have recently been raised. Fok, Michel and Naiyin Xu. 2008. ”State and market interaction: cotton variety and seed market development in China ” *International Conference on cotton: Rationales and evolutions of cotton policies*. ISSCRI: Montpellier, France, George, J. 2008. ”Cotton Policy in India: A Study in Strategic Economic Management Initiative.” *International Conference on cotton: Rationales and evolutions of cotton policies*. ISSCRI: Montpellier, France.
4.1. A brief history of peasant organisation and revolt in Tanzania

Tanzania is often seen within the literature on agriculture as having a homogenous and “peaceful” rural population where conflicts are minimal and where democratic institutions are well established. (World Bank 1994;2000) This myth of homogeneity is clearly dismissed by a closer consideration of history itself, particularly pertaining to the cotton sector. Cotton production, introduced to the western areas by the German colonial regime and taken forward by the British has a long history of coercion and politics. The notion that producers, in the past and even today, grow cotton purely out of rational choice and in response to market signals is questionable. In the past colonial powers encouraged producers to grow cotton in order to feed the growing demand for textiles at home. At this time peasant cotton producers were therefore coerced and “captured” by colonial powers in order to produce cotton in stead of food crops, which they clearly favoured.

“Coercion, intimidation, and other mechanisms of social control figured prominently in German schemes in Tanganyika…. Colonial cotton promoters throughout the continent ignored the heavy labor demands of local agrarian systems, the interplay of different crops and seasonal tasks, and the ways in which adding or expanding production of cash crop (particularly one that was both inedible and labor-intensive such as cotton) could cause real hardship.” P. 22 (Isaacman, Allen and Richard Roberts 1995)

However, in a similar way to today, peasant cotton cultivators at this time did not simply adhere to the demands of their colonial masters and had many subversive ways of undermining their demands, by not applying the correct amounts of labour and non-labour inputs; by refusing to collect the crop and by refusing to sell the crop to the export sector. Colonial power frequently misinterpreted this behaviour and “dismissed them as just another indication of uneconomic behavior of lazy and incompetent African farmers” p.37 (Isaacman, Allen and Richard Roberts 1995)

A clear reflection of the levels of peasant despondency and revolt over cotton can be seen in the Maji Maji rebellion of 1905, during which political and ideological factors combined to bring together diverse peasant producers in opposition to the German colonial government of the time. (Iliffe, John 1967;Monson, Jamie 1995) This discontent was also seen in cotton growing areas around Lake Victoria, as Kimario describes. “For a long time the cotton farmers were not happy with the marketing facilities and services which were provided by Asian middlemen. Low prices, unfair determination of weights and grades of cotton bought from the farmers and other malpractices created such a great tension between the farmers and the Asian middlemen that the struggle developed into a political and racial wrangle. Farmers’ appeals to the government to rectify the situation were ignored.” P.10 (Kimario, Ally M. 1992)

It is therefore evident that peasant cotton producers in Tanzania have a long and complex history that has involved both tacit and active organisation and opposition to colonial state actions as well as against traders and middle-men involved in the cotton sector.
4.2. Cooperative unions, colonialism and Ujamaa: The changing face and functions of producer organisations and cooperatives in Tanzania

The organisation of producers described above became further entrenched through the setting up of producer cooperatives. These were usually promoted by wealthier and better connected producers in areas where cash crops had become a major part of household and village production. These cooperatives were seen as a way of opposing the perceived exploitation of producers by both colonial bureaucrats and Asian middle-men and traders. (Havnevik, Kjell J. and Mats Harsmar 1999; Moshi, H.P.B. 1992) Over the independence period, the formation of the Victoria Federation of Cooperative Unions helped the sector expand and production to rise dramatically. The apex union was able to offer producers stable prices, provide inputs and building materials and provide extension and training to farmers. The cooperatives increase their market share over the late 1950s and were given a monopoly in purchasing cotton from producers in 1959. (Kimario, Ally M. 1992)

Following independence in 1964 and the move to Tanzanian socialism in the late 1960s, cooperative unions were initially encouraged and formed an important part of the state’s policy towards agriculture and rural development. They were given further responsibilities, including credit and extension service provision to villages and producers (Ponte, Stefano 2002) as well as activities that were not traditionally their domain. (Kimario, Ally M. 1992) Cooperatives became a crucial mechanism that allowed the government to connect to cash crop producers and rural households and through which it could pass on its visions and policies. By 1975 there were over 2000 registered cooperative societies in Tanzania. (Moshi, H.P.B. 1992) Deborah Bryceson sums up the post-colonial state position vis-à-vis cooperative societies in Tanzania. “This was the nationalist and popular solution to marketing organization.” P.559 (Bryceson, Deborah Fahy 1981)

Whilst the continued existence of cooperative societies relied in theory on the principles of democracy and equality, the reality was quite different. Larger and politically well connected producers tended to control cooperatives within villages and districts, leaving smaller peasant cultivators behind. (Ponte, Stefano 2002) Furthermore, the use of the cooperative movement by the state to facilitate their own policies and objectives, in many ways undermined the original foundations of these institutions.(McHenry, Dean E. 1994) “Because of this erosion of cooperatives were viewed by their members as alien and bureaucratic institutions run by the government.” P.71 (Moshi, H.P.B. 1992)

Following the adoption of Ujamaa and the unique policy of villagisation, which promoted community development and self-reliance, the role of the existing cooperative societies was increasingly made redundant and they were eventually banned in 1975. Some have argued (Kimario, Ally M. 1992) that the cooperative movement had become too strong for the government to control. “As such, it was feared by bureaucrats that the movement which had not quite embraced the socialist ideology as spelt out in the Arusha Declaration could make it difficult for them to implement socialist programmes in the rural areas.” P.62 (Kimario, Ally M. 1992) Instead of the cooperatives newly formed Ujamaa villages were seen as the key production and decision-making unit and state policies focused on the centralised provision of services to these villages. (Bryceson, Deborah Fahy 1993; Ponte, Stefano 2002) The new system ensured a direct link between the state and producer villages.
In the cotton sector, following the removal of cooperatives, a two-tier system of village unions linked directly to the newly established Tanzania Cotton Authority was instated. Whilst the power of the wealthiest producers who had controlled the cooperative societies was eliminated through this new marketing system, new state bureaucrats and agents soon filled this power vacuum. (Bryceson, Deborah Fahy 1981; Ponte, Stefano 2002). Overall one can conclude that the process of transforming cooperative societies into Ujamaa villages was simply a process of shifting power from one set of powerful agents, the kulak farmers to another set of power brokers, the new state bureaucrats. (Hyden, Goran 1980; McHenry, Dean E. 1994)

The failure of agricultural production and rural development within Tanzania combined with external and macro-economic events (the 1970s oil shocks; debt crisis; deteriorating terms of trade for exports) led state institutions to question the decision to abolish the cooperatives. The two-tier marketing structure that had replaced the cooperative system had been a disaster and Tanzanian export producers were particularly detrimentally affected through payment delays, low prices and failure to collect crops. The government yielded to demands from within the country and from international donors in 1982 when it reinstated cooperative unions in the rural economy. (McHenry, Dean E. 1994; Ponte, Stefano 2002)

Following the capturing of the cooperatives by wealthy, kulak-type producers in the 1950s and 60s, the government attempted to ensure that the new cooperative marketing system was under state and more importantly party control. The early 1980s was a period of intense power struggles in Tanzanian agriculture with the cooperative unions at the heart of this. By 1985 a decision had been taken to shift the system to one of village cooperative societies and controlled by an overarching apex union. However, the indecisiveness of the government over the form of the cooperative system and the wrangling over control of these institutions at the regional and village level, left many members despondent and pessimistic about the system as whole. (McHenry, Dean E. 1994; Ponte, Stefano 2002)

In 1991 with liberalisation of agriculture and the cotton sector around the corner, the cooperative system was once again overhauled. Cooperatives were now made voluntary in membership and were focused around particular economic sector or crops. Furthermore the apex union that had existed up to this point was disbanded and regional and crop-specific cooperative unions took its place. Finally, the 1991 act aimed at giving cooperative societies greater political and state independence, at least on paper. The system has, on the surface, remained largely unchanged since the 1991 act. However, the process of liberalisation and marketing competition from private traders has once again challenged the viability and existence of cooperatives at all levels in Tanzania. (McHenry, Dean E. 1994)

From the above overview of the complex history of cooperative societies in Tanzania it is evident that their relative position and power has been determined by the needs and interests of government and does not uniformly represent the concerns of Tanzanian producers at a particular point in time. Not only is the cooperative movement vulnerable to internal pressures and distortion of motivations and funds by individual members; they are also prone to external pressure from government and other influences. The case of Tanzania clearly demonstrates both of these concerns.
“The ever-changing policies, reflecting the course of ideological and pragmatic socialist battle, reduced the legitimacy and effectiveness of cooperatives. Secondly, they were undermined by the units of action problems; i.e., what benefitted cooperatives members did not necessarily benefit society as a whole, and vice versa.”

P.119-120 (McHenry, Dean E. 1994)

4.3. **Producer organisations today: The situation of cotton producers and village societies in production and marketing systems under transformation**

Having discussed the history of the cooperative movement and the village societies embedded in the marketing system, we must now turn to the current framework and assess more concretely what role these village and regional institutions play within the current liberalised cotton marketing structure. Since the early 1990s the structure for the cooperative movement has remained largely unchanged. Tanzanian producers are voluntarily able to join village producer societies which are in turn free to be members of regional cooperative unions. The latter are largely formed around certain export crops, such as coffee and cotton and face open competition in the domestic and export marketing of these crops from private companies. Here we assess the current role and position of village primary societies within the cotton marketing framework, relying on information gathered during fieldwork interviews and focus groups in three villages in rural Shinyanga and Mwanza regions. We hope that through this we can highlight more concrete examples of the problems and challenges encountered by producers in the current marketing and institutional framework.

One of the major problems with the current system of voluntary membership of primary societies and their links to regional unions is that while this system succeeded in the pre-independence years when cooperatives naturally emerged in response to external challenges, producers today face a very different situation. Over the last 50 years producers and villages have seen heavy state and party involvement in rural life. The complex relationship between state, party and cooperatives has left most cotton producers unsure about the relative role of cooperative societies and their continued obligations towards these institutions. In many cases the leaders of village societies today as well as in the past have also held important political positions and therefore bring a certain coercive power to their positions at the village level. For the initial years following liberalisation primary societies and cooperative unions were able to take advantage of this confusion and continued sense of obligation on the part of producers, with many continuing to market their crop through these semi-public channels over a switch to private traders and companies.

However, in more recent years producers have become disheartened by the regional cooperative unions and in some cases by their primary village societies. The regional unions, facing financial constraints and domestic competition have been unable to fulfil their previous functions. In cotton-growing areas cooperative unions have gradually lost their ability to offer input and extension services and under financial pressure have frequently delayed payment to producers by weeks and in some cases even months. The result has been that various producers and in some cases whole village societies have turned away from their regional cooperative unions in favour of

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5 For more information regarding these villages and the fieldwork conducted please consult the following text: Bargawi, Hannah K. 2008. "Cotton Price Fluctuations at the Ground-level: Assessing the Difference in Impact in Rural Tanzania." *Journal of Agriculture and Food Economics*, Forthcoming Special Issue on Cotton.
alternative private traders and buyers. However the ability of individual producers to do this and successfully reap the benefits of alternative arrangements is mixed. This has depended on their relative knowledge and power within the village as well as the extent of alternative arrangements in place in their locality.

In Shinyanga region the village investigated revealed some interesting results regarding the relationship between producers, their village society and the regional cooperative union. Here the regional cooperative union, SHIRECU had stopped purchasing cotton from the village in 2004/05 due to financial difficulties. Prior to this, producers selling to SHIRECU experienced various problems, including severe payment delays. Over the last five seasons numerous private traders and ginters had entered the market and one particularly politically well connected ginner had been able to come to an arrangement with the local village society to purchase cotton at their designated buying post. In exchange for this privilege the Mwambiti primary society received a commission on the purchases made by the ginner. This arrangement resulted in the majority of cotton producers in the village selling to this buyer at the primary society buying post.

The reasons given for this action were not driven by price alone, as neoclassical economics might have us believe. Instead, producers frequently felt under obligation to support their primary society or hoped to receive part of the collected commission money at the end of the season. For many producers, there was a misconception about the new input-distribution system (the CDF) and that access to inputs was restricted to producers who had sold through the local primary society buying post. Finally, many producers simply retained their links to the primary society in the knowledge that things might change in the future and that they had nothing to lose from at least selling part of their crop through the village society buying post. It is evident from interviews and focus groups in Mwambiti that local politics and access to information and knowledge have been crucial in determining decision-making for producers. In this way those in charge of the primary society have not necessarily been acting in the best interests of village producer members, encouraging them to sell to a particular private ginner who has strong local political ties. Whilst in the past producers were at the mercy of state bureaucrats and cooperative society officials, today, influential private sector agents and village leaders, in charge of the primary society have been able to fill this void, taking advantage of certain misconceptions and lack of knowledge on the part of producers.

The situation in Mwambiti village in Shinyanga region is markedly different from that of two villages in Mwanza region, although local power dynamics and politics underlie the observations here as well. Once again the regional cooperative union, Nyanza, stopped purchasing cotton from village buying posts in 2004/05. However, even prior to this, inequalities in payment timing and type can be noted. In particular smaller, female and less well informed producers in both villages spoke of delayed payment by the cooperative union of anything from one week to six months. Since the insolvency of Nyanza, both Mwagala and Iteja village have not benefitted from the same influx of private buyers as Mwambiti village. Here only the largest producers have been able to attract private buyers, who have purchased cotton illegally from the farm-gate. Other producers in both villages have either opted to transport their crop

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6 This particular ginner was also the local member of parliament for the district.
(at their own expense) to neighbouring towns and villages in order to sell their crop to private ginners there or else many have stopped producing cotton altogether.

However the dissatisfaction regarding the production and marketing of cotton in these villages does not necessarily relate to the membership of producers to their local village primary society. This is particularly noteworthy in Mwagala village, where despite the current failure of cotton marketing most producers retain their membership and affiliation to the primary society. This, as has been seen in Mwambiti village, is in part driven by misinformation, with many believing that membership to the society is necessary for input provision. Furthermore, having experienced so many changes in recent years, other producers are awaiting potential future changes that may give the society more influence again. In Iteja the local village society has experienced greater dissatisfaction from producers with many opting to leave the organisation. As a result the Iteja primary society had to merge with a neighbouring village society in order to bolster numbers and help try and rectify their dire financial situation.

There is an added problem in Iteja and Mwagala related to the price-responsiveness of certain groups of producers here, with producers of average wealth being especially driven by changes in prices. (Bargawi, Hannah K. 2008) This has resulted in many producers not being aware of the frequent changes that have occurred in the cotton production and marketing system over recent years. As a result, many of these producers do have not the necessary information regarding the new system of input provision, the current functions and financial viability of the cooperative unions and the pricing of the crop. As a result one can see a number of producers that have recently begun producing cotton in these villages (either for the first time or after a significant gap) that are not correctly informed about the current institutional and marketing set-up.

From the discussion above it is evident that cotton producers in rural Tanzania are experiencing difficult and ever-changing production and marketing systems. The current situation of village primary societies and the regional cooperative unions they are linked to is also in flux. These village level institutions have found it particularly difficult to adapt to the new institutional and marketing system and their relationship with producers has become increasingly strained. It is clear that not all producers benefit from village society membership, at least through the traditional channels. In some areas wealthier and better connected producers and private agents have been able to exploit the sense of obligation on the part of producers and have used village institutions for their own gain. This has tended to only be possible if the surrounding institutional system is strong enough and if producers are willing to continue to produce (or unable to switch away from) cotton. In areas where this is not the case village societies have been weakened and producers are seeking other channels to build up relationships. This has tended to favour larger producers who are able to link up with private ginners and encourage farm-gate purchases of cotton. Once again it is the smallest and least influential producers that have suffered here.

5. Experiences of producers in other countries: Are there any lessons from Burkina Faso and Southern India?
Producer organisations and cooperative marketing structures are not unique to Tanzania. Whilst the history and social contexts are very different in other countries, including Burkina Faso and Southern India, some lessons can be learned from the
different experiences here. As we will see, the Burkinabe case demonstrates a situation in which producer organisations have been reformed in such a way as to allow producers greater decision-making and involvement in the sector as a whole while the Indian example demonstrates a very different structure of long-term, kinship-based relationships that have been built up over time. Neither of these examples is without limits and problems. Recent experiences of exchange rate and price fluctuations in Burkina Faso demonstrate the limits of the ability of producer organisations to respond to these changes. The Indian case of farmer hardship and in some cases even suicide in response to uncollected and low priced cotton also highlights the inability of these arrangements to help poorer and more marginalised producers deal with rapid changes brought on by the liberalisation of the sector. One clear difference between the Tanzania case and that of the other two examples is the failure of the sector as a whole in Tanzania. In Burkina Faso and Southern India on the other hand, despite the challenges faced by producers, overall production, yields and domestic processing and textile industries have continued to increase and develop.

It is not yet established whether the wealthier and better connected producers in certain regions and villages in Tanzania will bring about expansion and development of the sector more broadly. With the current institutional and marketing structure this does not seem likely. Whilst inequities and unevenness in development are shared in Southern India and Burkina Faso, it is clear that these sectors have also seen gains from the sector’s development. In Southern India a broader rural transformation, aided by state policies in support of cotton production and processing, started to occur in the mid-20th century (Chari, Sharad 2000) but liberalisation in the 1990s appears to have led to greater differentiation of gains in rural areas. (Harriss-White, Barbara and S. Janakarajan 2004) In the Burkinabe case the pre-conditions in the form of state support to the sector were also present, although the potential of the current producer organisations to deal with external changes and political pressures are yet to be seen. (Kaminski, Jonathan 2007; Renaudin, Camille 2008)

5.1 Burkina Faso: A happy marriage of producers and the state?
Burkina Faso’s cotton sector and the relative position and role of producer organisations in decision-making within the sector are frequently used to confirm Burkina Faso as a particular cotton success story. Whilst the sector is currently undergoing some reforms of the marketing and pricing system, it remains one of the most interventionist and state-led cotton systems in sub-Saharan Africa. In Burkina Faso the relationship between the post-colonial state and rural society has been complex and the state has frequently relied on rural elites and unofficial channels of coercion. On the other hand cotton producers in Burkina Faso, together with other rural producers did come together in rural associations, starting in the 1970s. These village societies (Groupement villageois, GVs) were closely tied to the state. “The Village Groups were originally set up by the government during the 1970s and were intended to promote decentralization and improve farmers’ access to agricultural credit and extension. Although many of these groups have become well integrated in the community and are now in fact frequently seen as community-initiated, they still have strong ties to the central state and are dependent upon it for resources” p.14 (Swamy, Anand, Christiaan Grootaert, and Gi-Taik Oh 1999).

The above extract would suggest that these institutions, pushed forward by the state were captured by larger and politically well-connected producers, rather than the rural
population at large. It is not entirely clear whether these groups were successful in including all groups of rural society, although Kaminski points to the failure of the organisations to advocate successfully on behalf of cotton producers and offer the kinds of services expected from a rural producer society. He also indicates that these organisations were partially unsuccessful and inefficient due to their religious, ethnic and social fragmentation, leading to their inability to enforce collective actions and monitor members. (Kaminski, Jonathan 2007)

Partly due to the above reasons the Burkinabe government decided to reform these rural producer organisations quite extensively in the late 1990s. These reforms were part of a broader process that established an inter-professional committee in 2006, in which producer organisations (through their apex union, UNPCB) form an active role in sectoral decisions, regarding input and output pricing and extension and research budgets. (Tschirley, David, Colin Poulton, Nicolas Gergely, Patrick Labaste, John Baffes, Duncan Boughton, and Gérald Estur 2008) Not only are the new societies centred on voluntary and democratic principles, allowing producers to come together based on mutual interests and to access input credits collectively, but they also focused more exclusively on cotton. On paper, these organisations have appeared much more “successful” and “efficient” than their previous incarnations. They have been able to provide inputs on credit to producers, ensuring loan-repayment through initial careful selection of members and through close peer monitoring. Groups are smaller today, more homogeneous and loan repayment rates remain above 95%. (Kaminski, Jonathan 2007)

However two major issues need to be confronted regarding the apparent success of producer organisations in Burkina Faso. The first relates to the exclusivity of the new groups. These rural institutions have achieved the efficient introduction of an input credit provision system for members, with collective punishment and peer pressure ensuring repayment. Evidently, this system of voluntary and selective membership, based on those most able to repay loans and enforce repayment of other members, guarantees the most powerful and wealthy producers membership over those least financially viable. The introduction of the new producer organisations may therefore have led to a further marginalisation of smaller, less credit-worthy producers.

The second issues that requires addressing is the ability of these groups to deal with external pressures and influences. The recent appreciation of the CFA Franc, as well as a relative decline in cotton prices, especially when compared to the increased cost of fuel and pesticide inputs, has hit producers in West African hard. Tentative research in this area indicates that the new organisations are not well enough equipped to deal with these external challenges and that the complex relationship between cotton producers and the state in Burkina Faso, puts further strains on these institutions. (Renaudin, Camille 2008)

A final issue in relation to these new producer institutions is whether, partially due to their exclusivity, they are able to foster the development of capitalist-orientated cotton producers and lead to a productive differentiation of the peasantry in the future. This is in contrast to the unproductive differentiation of cotton production seen in Tanzania today. Some research indicates that over the last ten years, Burkinabe cotton producers that are members of these groups, have indeed reinvested their profits into the sector and into the rural economy more broadly. (Renaudin, Camille 2008)
Compared to Tanzania, the levels of state support to the cotton sector in Burkina Faso are by far superior and the cohesiveness of policies here does mean that the conditions for the existence of these producer groups and the further extension and development of cotton-growing areas is ripe, as long as external conditions do not continue to deteriorate.

5.2 Southern India’s interlinked markets and strong production foundations

The Southern Indian case acts a particular interesting counter-example to Tanzania, as the relative position and links of producers in the wider marketing structure have historically been very different here. In fact, one can almost note the lack of producer organisation based around the production of cotton, as one the contributory reasons for the sector’s overall positive development and localised capitalist transformation. (Gibbon, Peter 1998a). Gibbon and Harriss-White have both noted the nature of interlinked and kinship based relational transactions in Southern India, where cotton cultivators are largely exploited or captured by local and regional traders and agro-industrialists. (Gibbon, Peter 1998a; Harriss-White, Barbara 1996) Some have also argued that certain wealthier peasants, from better resource-endowed castes have themselves moved beyond mere cotton production and facilitated the close integration of production, industry and trade in specific towns and districts in Southern India. (Chari, Sharad 2000; 2004)

“Agrarian families expanded their reach into other realms of economic activity without leaving agriculture until they were pushed to do so through agrarian distress. When they did, these agrarian families followed the contours of geographical specialization in the region’s specialist towns, with Gounder peasants at the helm.” P.769 (Chari, Sharad 2004)

The above quote, however also highlights some of the inequities in the industrialisation and development processes at work in Southern India, with certain castes and groups of producers and agro-capitalists more able to benefit than others. (Kapadia, Karin 2006; Vakulabharanam, Vamsi 2005). Since widespread liberalisation of agriculture, with support for input provision close to eliminated and price-guarantees removed in the late 1990s, this situation has been further exacerbated, with women, labourers and producers from the lowest castes and poorest classes loosing out the most. (Harriss-White, Barbara and S. Janakarajan 2004)

As well as the strong ties between peasant producers and agro-industrialists in the cotton-growing areas of Southern India, the role of the state and the policies adopted over the 1970s and 1980s are crucial in helping to explain the relative success of the sector. The government laid the foundations, through policies of subsidised access to power and pesticide and fertilizer inputs, as well as through widespread irrigation schemes, for producers to increase their production and become further entrenched in the overall cotton economy. The effects of these policies was a long time that a significant number of cotton producers were able to respond to “squeezing margins” by increasing their production and intensive use of inputs rather than by leaving the market altogether, as in Tanzania. (Gibbon, Peter 1998a) Once again, we can question the continued ability of all producers to respond in this way, following liberalisation and removal of state support in this crucial input and service-provision areas. Vakulabharanam neatly sums up the extent and coverage of Indian agriculture liberalisation in the mid-1990s. “The new paradigm emphasised agricultural growth,
export-orientated farming, creating value-added in agriculture, consolidation of land holdings by changing lease structures and an investment of corporate capital in agriculture.” P.974-975 (Vakulabharanam, Vamsi 2005)

It is a combination of the lack of the above features, present in Southern India prior to liberalisation, that can help us understand the current ailments of Tanzania’s cotton sector. Relations between ginners and producers are based on historic mistrust and assumptions of cheating on both sides. (Gibbon, Peter 1998a) This is further aggravated by the heterogeneity of ginners and their lack of medium to long-term interest in the rural economies from which their cotton in purchased. The rural producer – urban ginner dichotomy is also complicated by the current situation of the cooperative unions and primary societies in Tanzania. Despite their lack of any real power or functions, it is evident that Tanzanian peasant producers remain largely loyal to these organisations over time. Furthermore, these organisations may prevent the emergence of a class of capitalist, highly productive cotton cultivators, by feeding into existing and new local and district-level political realities, with those most powerful at the village level able to garner the largest benefits. However, these benefits do not necessarily lead to productive outcomes, with many choosing to invest their profits outside of cotton and particularly in the accumulation of assets in the form of cattle. (Gibbon, Peter 1998c)

Finally, the historic failure of the state to properly support the cotton sector in Tanzania, the haphazard and misdirected policies of the Ujamaa period and beyond, also feed into the above observations. Given this messy past, many wealthier rural peasants are unwilling to invest in cotton and in agriculture more broadly and have never had the type of support system in the form of irrigation and input provision that producers in Southern India benefitted from in the latter half of the 20th Century. The more recent developments regarding the failure of the state to systematically support research and extension as well as pan-territorial and pan-seasonal pricing may lead these producers to further move away from cotton, reaping the most they can from the remnants of the primary society-cooperative union system in order to invest elsewhere.

6. Conclusions

It was our aim here to return to some of the ideas and issues raised by Peter Gibbon in his studies of the Tanzanian cotton sector in the late 1990s. (Gibbon, Peter 1998a;b;c;1999) We also wanted to shed more light on the role of local, political and power dynamics on shaping past and current institutional structures. Since Gibbon’s studies in the 1997/98 season, the sector has evolved and the role of village and regional institutions has transformed further, resulting in new obstacles and challenges for producers and stakeholders. By briefly addressing some similarities and differences between Tanzania’s cotton sector at the time and the case of Southern India’s cotton industry, as illuminated by Harriss-White (1996), Gibbon (Gibbon, Peter 1998a) demonstrated the importance of local, historic and social conditions in driving the sector’s institutional and marketing structures. We hope to have built on this further by also considering a further African “success” story for cotton, namely Burkina Faso. Burkina Faso is a particularly interesting comparative case, as producer organisations have appeared to have played a crucial role in the development and success of the sector. (Kaminski, Jonathan 2007)
We began this work by reviewing some of the theoretical literature surrounding the nature and role of institutions in agriculture and the conceptions of power used here. The current marketing and institutional structures in Tanzania’s cotton sector were then covered, focusing particularly on recent changes and the major differences between Tanzania, Burkina Faso and Southern India. Following this analysis we turned to a closer investigation of the role and changing functions of producer organisations in Tanzania. Here we drew on fieldwork information gathered in March-June 2007 to demonstrate some of the village-level power dynamics that have been underlying the re-interpretation of these associations in the Tanzanian context in more recent years.

The final part of this paper dealt with the comparative experiences of Southern India and Burkina Faso and the relative position and role of producers within their marketing systems. This analysis demonstrated some of the successful ways peasant cotton cultivators have been incorporated into the production and institutional structures and the relative failure of this in the Tanzanian case. The Burkinabe case demonstrated a situation in which producer organisations have been reformed in such a way as to allow producers greater decision-making and involvement in the sector as a whole while the Indian example demonstrates a very different structure of long-term, kinship-based relationships that have been built up over time. However, the discussion also pointed to some of the challenges faced by these countries, their cotton sectors and their most marginal segments of society, especially in the current global market for cotton and under the challenges of agricultural liberalisation.

Current policies and strategies aimed at bringing about growth and development in Tanzanian agriculture have failed to recognise the issues discussed above. Instead, international donors and NGOs may have exacerbated the current situation, entrenching unequal village relationships by supporting new and/or existing village and farming groups and associations. However, the existing village-institutions and the underlying power dynamics in cotton-growing areas, as well as elsewhere in Tanzanian agriculture may need to be transformed, or at least acknowledged, before true growth and development in agriculture can occur.
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