The United Kingdom and the Political Economy of the Global Oil-Producing Nuts and Seeds during the 1930s

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Introduction

This paper examines the role of Britain, a major imperial power, in the global oil-producing nuts and seeds business between 1929 and 1934. It locates the discussion in the broad contexts of the global depression of the 1930s, the complexities of the global vegetable-oils and fats business, and the interplay of colonial, imperial and global political and economic dynamics. It highlights the intersection of local and global forces in the United Kingdom, the United States, Norway, India, the Dutch East Indies and West Africa in the shaping of the global movements and transactions in the oilseeds and nuts business. It stresses the symbiosis of local pressures in the producing and consuming nations, the official measures taken by the affected countries in an era of worldwide protectionism, and the United Kingdom’s dilemma in the face of the clash between its national interest and interwoven imperial/colonial commitments in Africa and Asia. The discussion in this paper is informed by data from contemporary newspapers and official sources. It is grounded in a three-dimensional relational framework linking the colony with the global markets through the imperial/metropolitan economic clearinghouse.

A striking issue that underpins this paper’s analysis is the complexity of the global oils and fats business. As aptly summarised by the Secretary of State, Philip Cunliffe-Lister, in 1933, the commodities that are examined in this essay (whale oil, palm kernels and palm oil) as well as other vegetable oils and oil seeds derived their importance from their use as raw material in the manufacture of margarine, soap and other products. Consequently, there was a close connection in their prices as they were largely interchangeable as substitutes. In this

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connection, these products could be grouped into three: all oilseeds, nuts and vegetable oils, including copra, cotton seed, groundnuts and soya beans, as well as palm kernels; whale oil; and such animal products as tallow and lard, which were wholly or largely interchangeable with the oils listed above and their products. As we shall see, this factor – the interchangeability and interdependence of these commodities – was a critical element in the political economy of the oils and fats business during the period of this study.

World War I aftermath and the global oils and fats business

A major consequence of the First World War (1914-18) was the practical demonstration of the irreversible interdependence of the societies and economies of the nation-states of the world. The war-ravaged European states had become indebted to the United States by both wartime loans and the burden of post-war reconstruction. More pointedly, the commodity trades in industrial raw materials mainly from the colonial territories had further bound the leading industrial countries while also engendering competition for resources and markets. For our purpose, the interchangeability of the oils and fats had serious implications for the economies of primary-producing colonial territories of the imperial powers, which were bound to defend their colonial interests in the context of metropolitan national interests. This is amply illustrated by the pressure by American interest groups to get their government to impose import duties on palm oil, palm kernels and kernel oil, which came mainly from West Africa. The tariff on imported oils was expected to be one cent per pound (lb) on palm oil.6

As might be expected, such moves elicited stiff opposition from foreign business interests that would be hurt by the proposed measure. Accordingly, it was the Niger Company (which soon amalgamated with others to form the octopus United Africa Company – U.A.C.), the leading British firm in the produce export trade, that sounded the alarm over the prospect of the tariff policy. The clamour for the proposed duty was started by American farmers who wanted tariff protection against foreign produce. They had made representations to the House Committee which was holding hearings on vegetable oils and fats. Non-farm organisations had also joined them in demanding for a 45 percent duty on all oils and fats irrespective of country of origin. The American lobby had laid emphasis on palm oil, palm kernel oil and coconut oil, and was intent on getting the legislation passed by 1 October 1929. The proposed tariff was expected to increase the price of soap, but the Americans were willing to bear the burden of higher consumer prices, which would fall more on urban consumers.

In absolute terms, palm oil represented less than four percent of the total world consumption of vegetable oils in 1929. However, the Americans had realised that palm oil was suitable for soap-making and other industrial purposes. Hence, US imports of West African palm oil increased steadily, reaching a peak figure of 60,000 tons, four times the volume imported from Sumatra (the Dutch East Indies). Expectedly, West African governments feared that the recent surge in their exports to the US would be checked by any heavy import duty. The producers would have to endure the resultant depression for a “considerable period” until alternative markets were found. In the spirit of reciprocity,

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5 National Archives of Nigeria (NAI), Chief Secretary’s Office (CSO) 26/28659, ‘Whale Oil Competition with the West African Oil Palm Industry’, Cunliffe-Lister to Governor Donald Cameron, Lagos, 8 September 1933.
UK/West African mercantile bodies suggested that their government could pressure the US through retaliatory protectionist tariff measures.\(^7\)

The clamour for a considered British response on such lines was received with caution in London. Even the Director of the Niger Company acknowledged that it was a “delicate subject” for West Africa to interfere with the domestic policy of the US. He suggested the possibility of discriminatory tariffs on US exports such as cars and lorries, thousands of which were imported annually into British West Africa by the late 1920s. This response was bound to hurt the American automobile industry as the internal market had become saturated and the automobile manufacturers were seeking foreign outlets for their products. Consequently, they would resent any measures, such as a threat of discriminatory duties, which could curtail their aspirations. American flour exports could also be targeted with similar results; indeed, the American farmer who would thus be affected might turn on their counterparts in the oils and fats business! The British business lobby, therefore, suggested that hints of a British reprisal might be given through a question in the House of Commons or by some other means that would convey the message to the US House Committee.\(^8\)

In Nigeria there were also hostile reactions to the proposed American tariff policy. A Lagos-based newspaper, *The Nigerian Daily Times*, issued a bellicose editorial on the subject, which articulated views similar to those expressed above. It is not unlikely that this was a ventilation of the views of the business interests behind the newspaper though the element of African economic nationalism was also inherent in it.\(^9\) The United States, the newspaper charged, “has always been a great protectionist country,” and the proposed policy might have been intended to protect the lard and cotton-seed oil produced in the US, and the coconut oil imported from the Philippines, against which Nigerian (West African) palm oil often competed. The proposed tariff would, therefore, have “a most disturbing effect on the world market in palm oil and palm kernels and this in turn will seriously affect prices of palm products in this country”. The newspaper emphasised that such a situation would further impoverish the “poor overburdened African producer who will pay ultimately”. From the perspective of the colony’s foreign trade profile, the *Nigerian Daily Times* noted the “astonishing rapidity” at which US consumption of Nigerian palm oil and palm kernel oil had grown in the previous decade, from 8,000 tons valued at £236,000 in 1918 to 41,000 tons valued at £1,215,000 in 1927, with higher returns for 1928. It therefore prevailed upon the Nigerian government to make it clear to the American government that, if the latter proceeded with its proposed tariff, “we shall retaliate by imposing a duty on American cars and lorries, and American timber in both of which we are doing a large and growing business with the United States”.\(^10\)

Officials of the British government took a more restrained view of the matter. The British envoy in Washington posited that an official protest was unlikely to deter the Americans. It was better, he opined, for the concerned British interests to arrange with American importers of their produce to make a representation to the Congress. That move

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\(^7\) NA, CO 554/81/12, minute by J.E.W. Flood, 1 March 1929.


\(^10\) *Nigerian Daily Times*, 4 March 1929, editorial: ‘America To Attack Our Palm Oil: How About American Motors We Import?’
would be bolstered by a “carefully worded” memorandum from the Embassy to the Congress Committee through the State Department detailing “the relative production costs and the extent to which tariff increases might injuriously affect any particular trade”. The Board of Trade buttressed this position with reference to a comprehensive memorandum prepared by the British Ambassador to the United States. The tariff revision being proposed by the Americans had been designed to “satisfy in some measure the demands of the agricultural interests”. Given the power of that lobby, the British envoy did not expect that protests by exporting interests would avail anything. Still, the importers and consumers of vegetable oils were making “an organised effort” to counter the moves of the agricultural lobby. The Board of Trade submitted that it was this kind of action that could ensure that palm oil and palm kernel oil remained on the Free List or, alternatively, that the duty being proposed was “not excessively burdensome on the trade.” However, the British Ambassador expressed his readiness to support the palm oil producing and exporting interests in Nigeria if they insisted on submitting a “brief” to the Embassy through the Colonial Office to the Foreign Office for transmission to the US government.

Meanwhile, officials of the Colonial Office, who were directly involved in the formulation of policies regarding the colonies, were less enthusiastic about the wisdom or prospects of British government intervention in the matter. Their confidential comments betray the resentment and exasperation of certain officials whenever big business invited the home government to intervene on its behalf in matters that were primarily of private economic interest. However, it was an article of faith that it was the duty of the government to implement policies that favoured the legitimate aspirations of its business community. While deploiring the self-serving clamour by the business community, J.E.W. Flood, a top official at the Colonial Office acknowledged that if the American tariff was imposed, it would harm trade relations between West Africa and the United States as far as palm oil was concerned. He singled out the Niger Company as the firm likely to be worst hit, since it had lately invested heavily in installations at Lagos and Port Harcourt to facilitate the handling of palm-oil exports in bulk rather than in casks.

On the issue of the deterrent effect of threatened retaliation, he demonstrated that US commercial interests in Nigeria were not substantial enough to make reprisals effective. Taking automobiles, the major US export to Nigeria, as an example, he noted that up to the end of November 1928, most of the 790 cars and 1,132 lorries imported into Nigeria were British. Of the 254 cars imported from the US, only 120 of these were Ford vehicles, which were likely to have been produced in Canada. While the US did export the bulk (948) of the 1,132 lorries, which were Ford and Chevrolet brands, they too probably came from Canada. In the British West African colony of the Gold Coast, the US accounted for 2,261 of the 2,914 automobiles imported in 1927. These apparently high US import figures notwithstanding, Flood doubted that any “formidable weapon against the US” could be found in taxing their

11 NA, CO 554/81/12, Telegram from Sir. E. Howard, Washington, 2 April 1929.
12 NA, CO 554/81/12, Asst. Sec., Commercial Relations and Treaties (C.R. &T) Department, Board of Trade to Undersecretary, C.O., 1 April 1929.
14 NA, CO 554/81/12, Minute by Flood, 1 March 1929.
products. In any case, it was an established fact that the US lorry was “a better thing for the roads in the Colonies than the British”. Hence, it would be counter-productive to drive it out in defence of other economic interests. With regard to the suggestion to tax American flour imports, he opined that such a step would contravene the policy of the British West African colonies to take taxes off imported foodstuffs and it would then be “a very invidious” policy to now put such tariffs on American flour. Consequently, the imposition of the proposed differential duty was out of the question in Nigeria and the Gold Coast. Against this background, it was futile to expect help from the Board of Trade and less so from the Foreign Office, which would baulk at interfering in the domestic politics of the United States.16

In the final analysis, the matter was resolved by the non-intervention of both the Board of Trade and the Colonial Office on the grounds stated above. A further consideration was that Clause 9 of the Anglo-French Agreement of 1928 had foreclosed the imposition of any differential duties in either the Gold Coast or Nigeria.17 In addition, the asymmetry of power relations between Nigeria – or, for that matter, British West Africa – and the United States, put paid to any thoughts of retaliatory action. Flood likened that possibility to “attacking an elephant with a pea-shooter”. Any official action from London would, in any case, be viewed with suspicion in some circles in the United States and might end up defeating its own object.18

This was the last word on this saga and it is significant that this development took place even before the full-blown outbreak of the Great Depression. If this was a dress rehearsal of the intricacies of the politics of the global oil and fats business, more concrete manoeuvrings would come when the global adversity of the 1930s got into its stride.

The United Kingdom, whale oil and West African oilseeds during the depression of the 1930s

As previous studies have shown, the late 1920s and early 1930s were a critical turning point in the economic history of the twentieth century, specifically for the disruptive impact of the Great Depression of 1929-33, which was signalled by the collapse of the New York Stock market. That event had a reverberating effect on the world economy and called for various remedial strategies by the leading industrial and political powers. A common response, which characterised the economic policies of the big powers, was the recourse to protectionist trade policies,19 and the defence of the national economic interest as it was defined in relation to competing countries and in response to the vagaries of the world economy and the political realities of the day. Various industrial countries enacted legislation to protect their national economic interests, with severe consequences for the primary producing countries.20 For instance, the German government had issues decrees dated 23 March 1933 that placed the import into the country of all foreign oils and fats under a government-monopoly control and

16 NA, CO 554/81/12, Minute by Flood, 1 March 1929.
17 NA, CO 554/81/12, Flood to Asst. Sec., C.R. & T. Department, Board of Trade, 14 March 1929.
18 NA, CO 554/81/12, Minute by Flood, 22 April 1929.
restricted the manufacture of margarine, edible artificial fats and oils to production quotas of between 50 and 60 percent of the total output for the period from 1 October to 31 December 1932. The provisions of the decree applied to all imported oil seeds, nuts, kernels and oil cake.  

The protectionist policies of the leading nations of the world complemented the rapid collapse of the produce markets as prices of, and demand for, primary produce fell steadily. Consequently, there was a growing clamour in West Africa and Britain, especially in the newspapers, for drastic government intervention. Accordingly, merchants involved in the groundnut-export trade pressed for British government assistance to alleviate the problems caused by falling prices. The clamour found an extenuating circumstance in the prevailing international economic situation, particularly the abundance of competing oilseeds that had made marketing of the Nigerian groundnut crop “a very difficult proposition”. Hence, the Kano Chamber of Commerce pleaded that the government should alleviate the great burden imposed on Nigerian groundnuts by reducing the high rail freights charged for transporting the commodity over several hundred miles to the coast.

Compared to Indian Coromandels, it was argued that Nigerian groundnuts were dearer to market in Liverpool because of the transport-cost differentials. While it cost just £3:18: 11d per ton to ship Coromandels to England, Nigerian groundnut marketing costs were £6:13: 2d in 1933 and £6:6: 11d in 1934. But while Nigerian groundnuts had a longer railway haul and shorter sea haul, the reverse was the case with Coromandels. However, as freight reduction had implications for their revenue, the railway authorities advised the groundnut merchants to secure concessions from the shipping companies, though they readily reduced freights on cotton because of its imperial significance.

The West African oil-palm industry was in a more precarious situation as it had to contend with formidable competition from the Indonesian oil-palm industry and whale oil – over which the colonial governments had practically no control. By 1933, whale oil had become a serious threat to West African oil seeds, and this issue provoked a lively controversy in the press (West Africa and Manchester Guardian, both published in the United Kingdom) and government circles in the mid-1930s. In a series of letters to the editor of West Africa, some anonymous readers had raised the issue of the danger that British import of Norwegian whale oil posed to West African palm oil exports.

The perceived threat to West African palm produce exports during the Great Depression generated a great debate in the press and within the confines of the Colonial Office. “The enormous expansion of the whale-oil industry of recent years,” ‘D’ noted, “has had a most pernicious influence on all oilseeds and fats, but most important of all is the effect it is having on palm products, which represent a high proportion of the exports of Sierra

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21 NAI, CSO 26/28660, ‘German Monopoly for Oils and Fats’, Memo dated 16 June 1933, p.3.
23 A variety of groundnuts originally introduced from Mozambique in the late-19th century, but which became dominant across India within a few decades. See Shankarappa Talawar, ‘Peanut in India: history, production, and utilization’, Peanut in local and global food systems research series report, no.5, Athens: University of Georgia, 2004, p.3.
25 See, ‘P.S.D.’ to Editor, West Africa, 22 April 1933; ‘D’ to Editor, 29 April 1933; ‘D.K.G.’ to Editor, 10 May 1933; ‘Economist’ to Editor, 12 May 1933; A. S. Cann to Editor, 15 May 1933. On the whaling industry, see Gerald Elliot, A whaling enterprise: Salvesen in the Antarctic, Norwich: Michael Russell, 1998, pp. 9-52.
Leone and Nigeria”. The writer cleverly aligned private profit with public interest by pointing out that a drastic reduction in West African palm oil exports would impoverish the African producers, who would not be able to purchase foreign merchandise, the reduced imports of which would lead to a fall in government revenue. He asked whether it was not in the interest of the West African colonies and the colonial subjects, England, especially Lancashire, and the Home Government, “to put the brake on whale importations, and protect British subjects and their products?”

Moreover, as Sierra Leone had granted preferential treatment for British goods, it was fair that the United Kingdom should reciprocate by giving preferential treatment to palm products. Apart from one or two “combines”, it did not seem to him that anyone in Britain would benefit from “this enormous production of whale oil, (which was) mostly foreign”. The writer was categorical in the assertion that neither the West African farmer nor “the working man in England” stood to benefit from it. A Colonial Office bureaucrat asked in reaction to the claim that the English working class did not benefit from the unfolding situation: “Does cheap margarine & soap mean nothing to him?”

A number of fundamental questions were raised by each of the aforementioned commentators, who endorsed the position that whale-oil imports were harmful to British and West African interests. ‘Economist’, for instance, was interested in the question of taxation. He noted that whale oil of British provenance did not pay any duty whereas Norwegian catches paid only ten percent ad valorem duty. “Why,” he asked, “should the products of our Colonies (on which millions are dependent) be taxed while whale oil is allowed freedom in this respect?” He recommended that for equity, whale oil of British catch should pay £3 10s per ton while its foreign counterpart should pay £6 per ton. The “enormous production of whale oil”, he contended, was to the benefit of “mostly foreign ‘combines’” and it still enjoyed some form of official protection, which the West African trade in general was denied. He therefore enjoined the Africa Sections of the London, Liverpool and Manchester Chambers of Commerce to take steps to “avoid further injustice”. ‘D.K.G.’ inveighed against the “dumping” of whale-oil imports in consequence of which millions of West African producers were suffering because of the “extremely low prices” offered for their produce, which did not cover the cost of production. Their depreciated earnings would also weaken their purchasing power, with consequences for the import trade, importers’ profits and government revenue.

The refrain was taken up by a certain A. S. Cann, who posited that “if whale oil importation is to continue the trade of the West African Colonies will suffer, which will affect the home trade, especially Lancashire”. Second, if a British (colonial) industry were substituted for an American oil industry, more British capital would flow to America, and this would not allow Britain to recoup itself. “Can the Empire,” he asked, “afford to neglect an important industry of its West African Colonies by importing a substitution of its own palm product, which means diminution of the revenue?” Third, whale oil was not as resourceful as palm produce, which yielded basic raw material for the production of soap, candles and pomade (from palm oil); fuel-oil, margarine, butter, hair oil and toilet requisites (from palm kernels); and cattle feed from the residue. Fourth, if the British government was serious about its ‘Buy British, sell British, British goods are the best’ campaign, it had to support British

26 ‘D.’ to Editor, West Africa, 29 April 1933.
27 Undated minute in CO 554/94/10, ‘Palm Products: Whale Oil Competition’.
28 ‘D.K.G.’ to Editor, West Africa, 10 May 1933.
industry and reduce unemployment. He concluded that the influx of American whale oil was affecting the prices of palm products, which reduced the earnings of the producers, with the natural depressing effect on British manufactured goods (especially from Lancashire). He solicited the intervention of the British Chambers of Commerce to avert a “trade disaster”.

A similar campaign was launched in the Manchester Guardian, where a commentator supplied figures to show that there was a steady decline in British imports of West African palm oil whereas there was an impressive increase in whale-oil imports to Britain. While the volume of whale-oil production had increased from 417,000 barrels in 1921 to 3,700,000 barrels in 1931, imports of whale and fish oils into the United Kingdom were 32,000 tons in 1921 and 130,000 tons in 1931. In 1930-32, average annual imports of whale oil into the UK were 104,500 tons. On the other hand, palm-oil imports had plummeted from 101,600 tons in 1921 to 49,000 tons in 1931, the lowest figure in twenty years. Palm-kernel imports had declined from 287,600 tons in 1924 to 146,000 in 1932. A striking feature of the rising profile of whale-oil imports was that the annual production of both palm oil and palm kernels in the British Empire remained stationary since 1924: that is, since whale-oil production reached the one-million barrel mark, palm kernels remained at about 325,000 tons and palm oil at about 130,000 tons per annum. He argued, in effect, that the unlimited production of whale oil had severely depressed the prices of all oils and fats, and especially those of West African palm produce between 1931 and 1933.

However, the anonymous writer focused on reasons for the lack of competitiveness of West African products in the global oils and fats business. First, he asserted that transport charges and export duties made West African palm produce less competitive. As an illustration, at the current (May 1933) market prices, the export duty of £1 per ton on palm kernels in Nigeria amounted to more than 20 percent of the prices paid to the producers, while in Sierra Leone the export duty of £1 10s per ton was more than 33 percent of the producer price. These figures indicated that the charges and export duties levied on West African oil-palm products were out of proportion to their current value on the world market. Second, the situation was compounded by the “unlimited” production and “unrestricted competition” of whale oil, which, if unchecked, was bound to lead to the complete collapse of West African trade. He pointed out that such a prospect would be disastrous to British trade for the “vanishing purchasing power” of West African producers was bound to have an adverse effect on British manufactures, especially cotton goods. He enjoined the British government to emulate American and German countermeasures against the “disturbing influence” of whale oil on their home products. The USA had imposed a prohibitive duty on it while Germany had restricted its importation, either of which policies he asked the UK to adopt in defence of the West African oil-palm industry.

Ironically, shortly after the alarm was sounded in the Manchester Guardian, Britain signed a trade pact with Norway, which imposed an ad valorem duty of 10 percent on Norwegian whale oil – the same as levied on other foreign whale oil – with provision for a future free entry of Norwegian whale oil. This development was decried by the Sierra Leone Chamber of Commerce, which considered it inimical to the interests of West African palm produce. It argued that the duty was of no effect if the quantity of whale-oil imports was not

30 A.S. Cann to Editor, West Africa, 15 May 1933.
31 NAI, CSO 26/28659, sub-enclosure to enclosure in Despatch 351 of 18 July 1933, C. E. Cookson, Acting Governor, Sierra Leone, to Cunliffe-Lister, 28 June 1933; Letter to Editor, Manchester Guardian, 15 May 1933; ‘PALM OIL AND WHALE OIL: West African Interests’.
32 NAI, CSO 26/28659, Letter to Editor, 15 May 1933.
restricted and, therefore, called for the retention of the 10 percent duty and a general review of the agreement with Norway. The Chamber acknowledged that certain British interests, such as the coal industry, would largely benefit by the agreement, which would nonetheless “deal a severe blow” on the West African oil-palm industry. “The unrestricted and free importation of whale oil,” it argued, “will result in the UK becoming a closed area for palm products from West Africa”.33

The Colonial Office reacted to calls for effective British action by acknowledging that whale oil was “something of a menace to palm and palm kernel oil, just as it is to other oil-seeds and vegetable oils”. However, it pointed out that “matters were more complex than they seemed”.34 In the first instance, there had to be the exhaustion of whaling through ruthless exploitation, restriction of catch by regulations or prevention of a glut (as in 1930-31) by joint action on the part of the producers, for oil-palm exports to attain previous levels. In any case, whale oil was not altogether a foreign product since Britain herself had a substantial share of world production – 33⅓% in 1925, 41% in 1930-31, 85% in 1931-32 and 52% in 1932-33. Moreover, over four-fifths of the ships engaged in whaling were British-built. By extension, annual extensive repairs of these vessels, which operated in extreme weather conditions, gave valuable work to British shipyards. Virtually all the floating factories were British-built, with the firms of Swan Hunter & Richardson and Harland & Wolfe being most prominent. Whale catchers were constructed in large numbers by the Smith’s Dock Company and the extensive repairs required after a whaling season were frequently carried out on the Tyne.35 In effect, Britain had equally vital interests in both the West African palm produce and whale-oil industries. In each case, it controlled half of world production, but its share in production greatly exceeded Empire consumption of the commodity. It was thus difficult to assist one at the expense of the other.

Table 1: British imports of whale oil and palm produce, 1927-31

<table>
<thead>
<tr>
<th>Year</th>
<th>Palm Kernels</th>
<th>Palm Oil</th>
<th>Whale Oil</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Tons</td>
<td>£</td>
<td>Tons</td>
</tr>
<tr>
<td>1927</td>
<td>183,740</td>
<td>3,600,551</td>
<td>57,619</td>
</tr>
<tr>
<td>1928</td>
<td>164,245</td>
<td>3,259,453</td>
<td>51,951</td>
</tr>
<tr>
<td>1929</td>
<td>152,012</td>
<td>2,854,927</td>
<td>59,775</td>
</tr>
<tr>
<td>1930</td>
<td>125,841</td>
<td>1,826,138</td>
<td>50,110</td>
</tr>
<tr>
<td>1931</td>
<td>123,575</td>
<td>1,280,390</td>
<td>48,742</td>
</tr>
</tbody>
</table>

Source: NAI, CSO 26 28659, ‘Whale oil’, p.31

Consequently, tariff action was bound to boomerang since the prices of these commodities were determined by the dynamics of international trade. Britain was neither the only nor even the largest consumer. If a prohibitive duty were imposed on whale oil entering the United Kingdom, it would simply divert it to other markets where it would dislodge other

33 NAI, CSO 26/28659, encl. in Desp. 351 of 8 July 1933; C.J. Kempson, Secretary, Sierra Leone Chamber of Commerce to Colonial Secretary, Freetown, 28 June 1933.
34 NAI, CSO 26/28659, G.L.M Clauson to Cameron, 22 June 1933.
35 NA, CO 554/94/10, Minute by J.O. Bailey, Colonial Office, 17 May 1933; and Elliot (1998), p.45.
oils and oil seeds. The dilemma faced by Britain is indicated in Table 1, which shows that there was a steady decline in the UK imports of palm produce whereas there was a proportionate rise in whale-oil imports between 1927 and 1931.

As the imperial government declined to intervene on behalf of the West African oil-palm industry, Governor Donald Cameron of Nigeria suggested that since the presence of foreign whale oil in UK markets contributed to further impoverishing the “poor producers”, they “should not be debarred from buying cheaper imports offered by non-British traders”. But, in a comprehensive analysis of the question from the imperial perspective, the Secretary of State pointed out that there was a great interdependence of the prices of oils and oil-producing substances. Hence, one could talk of a single world market for all of them. In that case, tariff action could only benefit the producers of a particular commodity if it could create conditions within a national market that enabled the commodity to be sold there at a price higher than the world price.

In summary, in so far as whale-oil competition was concerned, the British government declined to intervene on the side of the oil-palm producers. In a situation where imperial and colonial interests clashed, the former prevailed: there was no question of Britain cutting her whale-oil production or imports to ensure greater importation of West African produce. Even though it was admitted that “whale oil is one of the oils competing most effectively with palm oil and whale oil prices are an important element in the determination of palm oil prices,” British interest would not permit any hostile act against whale-oil imports. For, the interest of the British Empire in whaling was stated to be “considerable”. British companies produced about half the world total, amounting to about £4 million. Meanwhile, apart from whale-oil exports to Britain, the oil-palm industry in Nigeria faced an equally potent threat on the world market in the product of the oil-palm plantations of Southeast Asia – referred to in official circles as the ‘Eastern menace’.

The ‘Eastern Menace’ and Nigerian oil-palm exports

Ironically, the oil-palm industry in the Dutch East Indies and Malaya was developed with seed introduced from West Africa. This seed – the Deli variety – had undergone special selection and breeding to increase average yields and the ratio between oil and seed. Hence, Sumatra with only 170,000 acres exported more oil in 1935 than Nigeria, which, thirty years earlier, had an estimated 16 million trees. The disparity between British West African and Far East oil-palm exports is shown in Table 2. It should be noted, however, that the export figures did not really reflect the actual volume of production in West Africa. As palm oil was an indispensable component of the people’s diet, exports represented the balance after local consumption needs had been met. In contrast, except for a small quantity of oil used locally in manufacturing soap, Malayan exports were practically equivalent to production.

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36 NAI, CO 26 28659, Memo by G.L.M. Clauson dated 10 May 1933 on Parliamentary Question No. 72 (Oral) for 16 May 1933, by Mr. Robinson.
37 NAI, CO 26/28659, Cameron to Cullifflie-Lister, 20 July 1933.
38 NAI, CO 26/28659, Cullifflie-Lister to Cameron, 8 September 1933.
The stark reality of the threat posed to the Nigerian oil-palm industry by palm oil of higher quality from the Far East generated debate in government and business circles in Britain and West Africa. The Association of West African Merchants (A.W.A.M.) drew attention to indices of the superiority of the Far East oil-palm industry: average heads of fruit per tree there were 12 to 30 as against three in West Africa, and F.F.A. content was a mere 4 percent as opposed to 12-40 percent for West African oil. Consequently, the Association enjoined the Nigerian government to initiate a comprehensive long-term policy to ensure the improvement of West African palm produce to enable them compete on equal terms with their Far East counterparts. Two issues were identified for immediate action: the institution of a systematic cultivation of the oil palm and a scientific and up-to-date processing of the fruit, and the best means of protecting Nigeria’s position during the transition period.

Table 2: Comparison of African and Far East palm-produce exports, 1929-35

<table>
<thead>
<tr>
<th>Year</th>
<th>British West Africa</th>
<th>French West Africa</th>
<th>Belgian Congo</th>
<th>Total</th>
<th>Malaya</th>
<th>Sumatra</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>137,609</td>
<td>33,516</td>
<td>27,768</td>
<td>198,893</td>
<td>2,500</td>
<td>31,960</td>
</tr>
<tr>
<td>1930</td>
<td>139,453</td>
<td>38,370</td>
<td>36,670</td>
<td>214,193</td>
<td>3,253</td>
<td>48,552</td>
</tr>
<tr>
<td>1931</td>
<td>119,857</td>
<td>28,103</td>
<td>22,595</td>
<td>170,355</td>
<td>5,136</td>
<td>62,260</td>
</tr>
<tr>
<td>1932</td>
<td>118,970</td>
<td>22,595</td>
<td>39,332</td>
<td>180,897</td>
<td>7,905</td>
<td>83,484</td>
</tr>
<tr>
<td>1933</td>
<td>130,332</td>
<td>22,260</td>
<td>51,628</td>
<td>204,220</td>
<td>12,100</td>
<td>114,348</td>
</tr>
<tr>
<td>1934</td>
<td>115,062</td>
<td>26,259</td>
<td>44,332</td>
<td>185,653</td>
<td>15,851</td>
<td>119,271</td>
</tr>
<tr>
<td>1935</td>
<td>145,921</td>
<td>87,660</td>
<td>-</td>
<td>233,581</td>
<td>24,598</td>
<td>143,200</td>
</tr>
<tr>
<td>Mean</td>
<td>129,420</td>
<td>-</td>
<td>193,149</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


A.W.A.M. recommended the use of model plantations to instruct the peasant producers in “superior” methods of production. The Association stressed that “the final solution of the great problem” lay in the hands of the peasant producers. On palm oil
processing, the body called for “another and more effective effort, to provide for up-to-date milling of palm fruit”.41 Finally, A.W.A.M. contended that if the same attention devoted to cotton and mixed farming in Northern Nigeria had been given to the oil palm, the crisis facing the industry would have been averted. It hinted that the colonial government, especially the Department of Agriculture, had contributed to underdeveloping the oil-palm industry through acts of omission or commission.

The Department of Agriculture replied that it had done its best to “develop” the industry by striving to increase production of fruit and prevent waste of oil by adopting an improved method of extraction, which combined the local soft oil method and the use of a hand press. With regard to increasing the production of fruit, the thrust of government policy was:

- treating the oil palm as a crop... [by inducing] the farmer to make plantations of oil palms grown from selected seed.... [giving] these plantations proper attention.... (and also) demonstrating methods by which wild palm groves can be economically developed into plantations.42

On the whole, government policy, which had been established since the preceding decade, explicitly rejected the Far East model of plantation agriculture though it supported the establishment of model plantations.43 Accordingly, in 1930 it permitted the U.A.C. to establish a 5,000-acre oil-palm plantation near Sapele (Southern Nigeria). The Nigerian colonial government was, however, more forthcoming on the issue of palm-oil processing. It promoted the use of hand presses as a “satisfactory and complete alternative to the system of central factories”.44 The latter system was rejected because it required some form of government subsidy and the government was wary of the prospect of coercing the producers through the Native Administration or by any other means to sell their crop at a particular mill or at a price which was unacceptable to them.

If the efforts made by the colonial government to mechanise the extraction of palm oil did not have an immediate or a remarkable impact on the industry, its tariff policies did. Realising that its fiscal policies could burden trade, it reviewed them periodically in the interests of trade. For instance, the government removed the export duty on groundnuts in 1931 and granted a further concession by reducing railway freights on the commodity for six months.45 The decision to reduce the tariff burden on the palm-produce export trade appeared to have achieved the desired results, at least from the perspective of government and expatriate business interests. The Lagos Chamber of Commerce, in a farewell address to Governor Cameron in 1935, lauded it as “a bold move” made in the face of the colonial government’s financial constraints, which had enhanced the value of Nigeria’s primary produce industries.46 However, it is debatable whether the relief was passed on to the producers.

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46 NAI, CSO 1/32/136, enc. in 462 of 14 June 1935, Maybin to MacDonald.
After all is said and done, West African palm produce had to contend with the protectionist policies of the countries that were its actual or potential markets. This was made clear in a comprehensive analysis of the contemporary fiscal and import trade policies of the United States, Germany, France, Italy and the Netherlands in October 1934.\(^47\) The analysis provided a bleak outlook for West African produce in these markets.

German policy towards foreign oils and fats imports, including those from the British Empire, was informed by three considerations. First, the government operated a policy of self-sufficiency, which was hinged upon the wholesale development of domestic sources of animal and vegetable oils and fats. This had recorded some success in increasing domestic supplies and diminishing foreign imports. Second, the German government had concluded an arrangement with its Dutch counterpart by which a large proportion of the import trade would be reserved for the products of the Netherlands Dutch Indies in return for certain commercial privileges for German products in that colony and in the Netherlands itself. Third, Germany was contending with a scarcity of foreign exchange to pay for imports of oils and fats, and this meant that they would naturally have had to reduce imports from British colonies. However, through Article 2 of the Anglo-German Payments Agreement of 1 November 1934 they pledged to maintain existing levels of transactions with the United Kingdom and its colonies in commodities that Germany customarily purchased from them.\(^48\)

The French had also embarked on developing the resources of their colonial empire and deploying preferential tariffs and bounties to stimulate the production of oil seeds and nuts, especially, groundnuts and copra, in those territories. The success of that policy was already evident by the mid-1930s and this meant a steady reduction in France’s reliance on foreign, including British, products. US policy was also similar – promoting domestic production of oils and fats and reserving the balance of the import requirements for its overseas territories and dependencies, in particular the Philippines, which was an important source of copra. In 1934, an Act of Congress imposed “an almost prohibitive” tax (one cent per pound weight) on the principal vegetable oils derived from imported raw materials. However, the American government repaid the Philippines government any amount levied on Philippine copra. In practical terms, the US market was closed to all but the Philippines! A European member of the Nigerian Legislative Council had reacted to the US Processing Tax by urging the British to negotiate the reduction of the import duty on Nigerian palm oil. But the colonial government explained that the tax was a question of “world economics in which the interest of Nigeria unfortunately must play a very subordinate part, and it is a matter for world measures rather than local measures”.\(^49\)

Italy was also committed to reducing her imports of oils and fats, partly to protect her domestic olive-oil and animal industries, and partly to conserve foreign exchange, given the financial straits of the times. Moreover, the government had sought to promote Italian exports by prohibiting all imports of oil products, except under licence. The Netherlands already had difficulties disposing of the produce of her empire in foreign markets and could not possibly permit the entry of foreign produce into her domestic market.


Conclusion

This paper has examined, from an essentially West African (Nigerian) perspective, the interplay of the global transactions in Norwegian whale oil, British West African and Indian Coromandel groundnuts, the West African palm produce, Malayan and Dutch East Indies (Sumatran) oil-palm exports, and the tariff, foreign trade and agricultural policies of the United States, the United Kingdom and other European economies from the late 1920s to the mid-1930s. It has highlighted the competing interests of British colonial territories (Nigeria, Malaya and India), and the contradiction between British national economic interest (in the whale-oil industry) and her imperial interests in the colonial oil-producing and oilseeds industries of the Global South.

However, the complexity and paradoxes of the oils and fats business, the peculiarities of the inter-war depression and of the individual commodities suggest that caution should be exercised while making generalisations. First, the interchangeability of the oils and fats products discussed in this paper was undoubtedly a critical determinant of the individual and overall fortunes of the commodities. The principal oilseeds and nuts were to a large extent interchangeable both as sources of oil and as sources of cake and meal. In addition, the resultant oils were to a large extent interchangeable and with palm oil, whale oil, and the animal fats, butter, tallow and lard. Nevertheless, it is important to highlight some caveats: the actual amount of interchange was less in the case of oils and fats, than in the case of seeds and nuts, and the demand for individual products varied from time to time depending on the demand for cattle cake and meal, oils and fats, as well as on other factors. As an illustration, when prices were low for all these commodities, the tendency was for the demand for butter to increase at the expense of margarine and other substitutes.

Second, the vagaries of the weather and the dynamics of the agricultural economy, as exemplified by droughts and crop failures, were a key factor in these developments. In the summer of 1934, there was a widespread failure of the harvest in most parts of the world and severe hurricanes in the Philippines, which reduced the exports of copra for a while. This engendered efforts to promote the domestic production of meat, milk and butter in various countries, which caused a significant increase in the demand for cattle cake and meal, which was not accompanied by any such demand for vegetable oils and fats. Consequently, there was a substantial rise in the prices of the commodities that yielded a high proportion of cake: soya beans, which yielded 85 percent cake, 15 percent oil; and cotton seed, which produced 82 percent cake and 18 percent oil. Conversely, the price of vegetable oils or the seeds and oils that yielded a higher percentage of oil made only a little recovery.

Third, a factor that is often overlooked is what has been described as the producers’ “perverse reaction to the market”. This was the tendency for them to increase supplies in the face of falling prices (for any or all of the foregoing reasons) to maintain their income levels – until prices fell to a level at which it was no longer remunerative to produce for the market. Hence, the expansion rather than contraction of supply in a depressed economy would only aggravate the condition of primary producers, and this was a general trend during the inter-war years.

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50 A study of the American lard export market showed that, during the 1930s the United Kingdom – the principal foreign recipient of US exports – increasingly turned to “cooking fats manufactured from hardened whale oil and vegetable oils obtained mostly from Empire sources” (Robert M. Walsh, ‘Export market and price of lard,’ *Journal of Farm Economics*, 25:2 (May 1943), p.488).

51 NAI, CSO 263 /29777, Vol. I, Cunliffe-Lister to Cameron, 16 October 1934.

52 Details in Olukoju (2004 & 2006).
Finally, it is important to consider the commodity flows in a holistic manner. That is, to understand the trade dynamics that underpinned the oils and fats business, one must also take into consideration the items exchanged for them. As demonstrated in the Nigeria-US case, the oil-import business had its complement in the automobile-export trade. This made for a balance of deterrence in the event of likely trade wars or commercial/fiscal reprisals in an age of economic nationalism and protectionism, when national interest overrode all other considerations.

Yet, with specific reference to the subject of this paper, it was not always feasible or reasonable to engage in asymmetrical trade wars, as would have broken out between colonial Nigeria and the United States. As an official at the Colonial office brutally remarked:

The real fact is that West Africa is a pretty small pawn in the oil-seed and vegetable oil tangle which we are just beginning to consider from the point of view of the World Economic Conference, but West Africa is in a stronger position than most places if the market crashes; her producers will not starve or indeed be particularly inconvenienced … but in other places it might mean complete disaster.  

In effect, this paper has illustrated, on the one hand, the vulnerability and, on the other, the capacity for survival, of small pawns in a global exchange system that was structured by others to exploit and marginalise them. Yet it is important to stress that, as the United Kingdom exemplified in this essay, the imperial powers themselves were often too helpless to cushion the effect on their colonies of the brutal forces of the global markets over which the mother country had little or no control and to which it was itself subject.

53 NA, CO 554/94/10, Minute by Clauson, 9 May 1933.
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Commodities of Empire is a joint research collaboration between the Open University's Ferguson Centre for African and Asian Studies and London Metropolitan University’s Caribbean Studies Centre. These two institutions form the nucleus of a growing international network of researchers and research centres.

The mutually reinforcing relationship between ‘commodities’ and ‘empires’ has long been recognised. Over the last six centuries the quest for profits has driven imperial expansion, with the global trade in commodities fuelling the ongoing industrial revolution. These ‘commodities of empire’, which became transnationally mobilised in ever larger quantities, included foodstuffs (wheat, rice, bananas); industrial crops (cotton, rubber, linseed and palm oils); stimulants (sugar, tea, coffee, cocoa, tobacco and opium); and ores (tin, copper, gold, diamonds). Their expanded production and global movements brought vast spatial, social, economic and cultural changes to both metropoles and colonies.

In the Commodities of Empire project we explore the networks through which such commodities circulated within, and in the spaces between, empires. We are particularly attentive to local processes – originating in Africa, Asia, the Caribbean and Latin America – which significantly influenced the outcome of the encounter between the world economy and regional societies, doing so through a comparative approach that explores the experiences of peoples subjected to different imperial hegemonies.

The following key research questions inform the work of project:

1) The networks through which commodities were produced and circulated within, between and beyond empires;
2) The interlinking ‘systems’ (political-military, agricultural labour, commercial, maritime, industrial production, social communication, technological knowledge) that were themselves evolving during the colonial period, and through which these commodity networks functioned;
3) The impact of agents in the periphery on the establishment and development of commodity networks: as instigators and promoters; through their social, cultural and technological resistance; or through the production of anti-commodities;
4) The impact of commodity circulation both on the periphery, and on the economic, social and cultural life of the metropoles;
5) The interrogation of the concept of ‘globalisation’ through the study of the historical movement and impact of commodities.

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