

IDS



096579

EDRP. No.113
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25. 11. 1966

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THE DEVELOPMENT OF THE FOOD MARKETING SYSTEM UNDER
THE IMPACT OF URBANISATION AND INDUSTRIALISATION
IN THE JINJA AREA: PROCEDURAL PAPER.¹

Introduction

Agriculture under the impact of urbanisation and industrialisation is subject of a research program undertaken by the Institute of Foreign Agriculture at the Technical University of Berlin together with the East African Institute of Social Research and the Faculty of Agriculture at Makerere University College. The first project in this program was started in September 1965 by Egbert Gerken ("The Impact of Industrialisation and Urbanisation on Social Change in Rural Communities", Sociological Working Papers No.6). The second project is the research on food marketing discussed here, and a third dealing with agricultural production, farm management and farm economies under the impact of urbanisation and industrialisation is planned to start next year.

Jinja and its surroundings have been chosen as the area of investigation. Having had a population increase of about 400% since 1948 and a considerable number of industries established in the same time, for this kind of investigation Jinja seemed to be the most suitable place in East Africa.

Apart from providing information about the sociological, economic and agricultural conditions in the investigated areas, which are hoped to be useful for planning and policy making purposes, the program is to contribute to the theory of development in the very important question of how urbanisation and industrialisation in general influence the development of agricultural areas.

Task

Industrialisation in an agricultural country is supposed to induce development towards a modern system of economy with increasing division of labour. In this development, trade being the mechanism for the exchange of goods and services, has a central function. Whether farmers can count on a regular sale of their products and town-consumers on a regular and sufficient supply largely depends on the efficiency of the food marketing system.

Structural changes in supply and demand for food products as they are supposed to occur in the course of economic development require changes in the marketing system and market institutions. It is the aim of the proposed study to find out how the food marketing system in the Jinja area is working, how it has developed within the process of urbanisation and industrialisation and how market institutions have adapted to this development. Special regard will be paid to the farm to primary buyers section of the marketing network.

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To solve this task I will stay in Kampala to the end of this year for library studies and contacts with various departments. In January I will move to Jinja to do the field work. In the two months I have been in Kampala I have tried to get a picture of the process of urbanisation and industrialisation in Jinja.

¹ I am indebted to Mrs. Coles and Dr. Gugler for their comments and corrections

Urbanisation

Clustered settlement was unknown in Busoga before the establishment of the Asian trading centers, most of which were set up between 1900 and 1914 (Larimore, A.E. The Alien Town, Chicago 1955). They are small Asian communities forming enclaves among the dispersed peasant holdings of the Basoga. Their function was and still is to enable the exchange of goods between African farmers and the external world.

Jinja too has marketing functions, but being the headquarters of the district administration since 1901 it has political functions too. As these were fulfilled by Europeans, Jinja had a European as well as a Asian community. Africans living in Jinja were farmers who had by chance been included in the town boundaries, house-servants employed by Asians or Europeans, porters employed by traders or by government, some cotton gin workers and finally soldiers of the King's African Rifles. With the exception of the B.A.T. factory, which was built in 1928, it was not until 1948 that industrialisation started in Jinja. Up to that time the urban population of Jinja may have consisted mainly of Asians and Europeans. Urban in this context means people with no agricultural basis depending on the purchase of food.

The process of industrialisation introduced production as a third function, which is fulfilled with the help of a big mainly immigrant African labour force forming the nucleus of an African urban community. To a limited extent this development can be traced in the available population figures:

POPULATION OF JINJA 1930 to 1965

Year	African	Asian	European	Total
1930 ¹	2,200	800	120	3,120
1948 ²	4,445	3,771	194	8,410
1951 ¹	14,900	5,100	800	20,800
1959 ³	19,828	9,085	828	29,741
1965 ⁴	33,000	12,000		45,000

- Sources: 1) Sofer, Cyril and Rhona: Jinja Transformed, East African Studies No.4, Kampala 1955.
 2) Uganda Government: Uganda Census 1948.
 3) Uganda Government: Uganda Census 1959.
 4) Estimates taken from the Annual Report of the Medical Officer of Health on Jinja Municipality for the Year ending 31st December 1965.

These figures show correctly the growth of the Asian and European population. The figures for the African population are not very useful because, first, the town boundaries of Jinja were extended in 1950, and second, the study refers not only to the urban population within the town boundaries but also to the people who work in Jinja and live with their families in the peri-urban areas outside Jinja.

Some conclusions can be drawn from the number of graduated tax payers. Every male over 18 years of age and not in school must pay graduated tax. In 1965 10,000 residents of Jinja paid this tax. Judging from their tax rate 500 of these people might have been unemployed. Another 500 - 1,000 may have escaped taxation but many of these were probably unemployed, since the tax office has lists of all employed persons. 3,300 residents of Busoga who were employed in Jinja paid their graduated tax in Jinja. 1,100 residents of Njeru and 2,000 residents of Buganda paid their graduated tax in Njeru. This would altogether account for a number of 16,000

adult males employed or self-employed in Jinja and Njeru, 10,600 living within Jinja and Njeru boundaries and 5,400 coming from outside. It is very difficult to estimate the average number of dependents for these 16,000 men. In the 1965 sample of African unskilled workers an average number of 2 dependents was observed, but this sample represents only 5,492 of the 16,000 men and does not count asians who usually have large families. The Town Clerk of Jinja told me that he uses an average of 4 dependents for his population estimates. He obtained this figure from sample surveys which he could not make available to me. However, if we make the conservative assumption that an average family has 3 dependents, we may conclude that the 16,000 men represent a population of approximately 64,000 people. Soldiers, policemen and prisoners account for another 2,000 men. As they are partly accompanied by their families, they may represent another 4,000 people bringing the total to 68,000. Judging from the tribal composition of the Jinja labour force, 8,000 of these people might get their food from their own shambas (rough estimate) leaving 60,000 people who depend more or less on purchased food. I hope to obtain similar figures for former years also.

Industrialisation

The construction of the Owen Falls Hydroelectric Dam was considered to lay the basis for the industrialisation of Jinja. The developments in these early days have been described by C. Martin (Development of Town Authorities, unpublished paper) as follows:

"It is not easy to say what prompted the phenomenal physical development of Jinja which started about 1947. The postwar boom in trade caused by the need to make good the neglect and shortages of the war period was, of course, by then making itself felt, but the surge of development surely needed something with a particularly local impact for the motive power. There cannot be much doubt that this something could be found in the decisions of 1947 and 1948 to proceed at last with the exploitation of the hydroelectric potentialities of the Nile. It needed little imagination to forecast great things for Jinja, not only in the large constructional project which the scheme alone would involve, but in the further industrial development which it was thought would quickly follow the provision of an inexhaustible supply of cheap electricity. The optimism this engendered was enough to set things moving - perhaps more than enough, for an assessment of the position from the standpoint of to-day points to over-development in some respects, notably in the facilities for retail trade and the far from economic usage of land zoned and leased for light industry. Whatever the source of its energy (and there were undoubtedly other factors not unconnected probably with the use of money accumulated over the previous years) expansion had come in a big way."

Income being a determining factor for food expenditure, industrialisation in this study has to be measured in terms of the development of industrial employment and wages. Appendix 1 shows the number of African employees in Jinja between 1951 and 1965 broken down by industries. Unfortunately figures for the time before 1951 are not available. Figures for Njeru Township, the place on the western banks of the Nile which belongs politically to Mengo but economically to Jinja, I hope to obtain as far back as to 1963. Confirming C. Martins observations Appendix 1 shows that construction employing 70% of all African employees played a dominating role in the first years of industrialisation. However, construction decreased in the following years employing only 6.5% of all African employees in 1964. This considerable decrease in employment is only partly balanced by the growth of the remaining sectors resulting in a down-trend in overall African employment, which may possibly be offset by the employment increase in 1965 due to the establishment of new factories.

The reliability of the figures produced in the Appendix tables have not been controlled. However, the somewhat disappointing development of the total number of employees as well as of the number of employees in the manufacturing industries is confirmed by Baryaruha's studies on industrial employment. Increasing minimum wages forced factories to substitute capital for labour. As a result employment decreased in spite of increasing production and the implementation of new industries.

Figures for Non-African employees are available from 1957 onwards. Appendix 3 shows that the number of Asian employees also had a down-trend up to 1964, but has regained the 1957 level in 1965. The number of European employees is rapidly declining.

Appendix 2 shows that in spite of the decline in employment the total wage bill of African employees has increased between 1955 and 1965 by 134%. The increase in the total wage bill of Asian Employees (Appendix 3) was balanced by the decrease of the European wage bill.

Food demand

To get an idea of the development of the total food demand in the Jinja area additional data are required: Figures for the number of self-employed people broken down into Africans, Asians and Europeans will be available at the end of this month.

The average monetary propensity to consume food of unskilled African workers in Jinja amounted to 0,68 in 1951, 0,67 in 1952 and 0,47 in 1965 judging from calculations based on household surveys of African unskilled workers. These surveys also give the average monthly expenditures of a sample of African unskilled workers on specific food products and the prices of these products for 1951, 1952 and 1965. Estimating from the commodity group weights of the Kampala cost of living Index the average propensity to consume food of European employees in 1951 was 0,34. Of the patterns of food expenditure of Asians no information is available.

So all that can be guessed at the moment is that the European demand for food products must have decreased considerably in the recent years, that the Asian demand may have been fairly constant and that the African demand should have increased at a fairly high rate. All this I hope to see clearer by the end of this year.

Proposed Conduct of the Studies

In Jinja my first task will be to obtain a clear picture of the marketing system. I have a complete list of the 635 trading licenses issued for Jinja from the Town Clerk. One third of them may be connected with the trade of food products. As the licenses are not specified as to products the list has to be checked to find out the actual number of food traders broken down into retailers, wholesalers, brokers and primary buyers or whatever combinations may exist. I also want to find out about the kind of food products each trader is dealing with and if his customers are mainly Africans, Asians or Europeans. A similar list is needed of the African traders in the three municipal markets, which do not need licenses but are easy to locate.

A preliminary sample survey concerning the sources of supply should help me to trace my way down to the level of intermediate buyers, who may mainly reside outside Jinja, and further down to the producers. I want to obtain the complete set of traders involved in supplying Jinja with food.

The second step will be to work out different questionnaires for the different groups of traders to find out which functions they fulfill (collecting, grading, bulking, storing, packing, transporting, processing, advising, financing), how these functions are fulfilled, what the turnover is like, what margins are gained, what equipment is used, how calculating and pricing is done, what competition the traders have to face, what their market policy is like and how their business is financed. Besides getting a complete record of the market institutions I hope to discover from these interviews the marketing channels through which food products are flowing from the producer to the retailer. For four main products, maize, meat, matoke and groundnuts which judging from the 65 Jinja household survey are most important for African unskilled workers and judging from the FAO survey on crop acreages are the main food crops in Busoga and East Mengo as well, I intend to describe the whole network of marketing channels.

Having located the different markets connected with the food supply of Jinja, I want to keep these markets under observation possibly over a 12 month period. The Jinja Central Market, a sample of Jinja retailers and wholesalers, some producer markets at different distances from Jinja and a sample of primary buyers will be observed by sending round an assistant, whose duty will be to collect prices, amounts of products bought, sold and stored and the number of sellers and buyers competing in the different markets, maybe on a two weeks basis. This should help to determine and explain seasonal fluctuations in prices and supply.

Apart from obtaining a comprehensive picture of the existing food marketing system, I will have to trace its development back, if possible to 1948. The questionnaires will include questions about the age of the business and the number of competitors, the prices, the sources of supply and the methods of transport at that time. Traders will be asked if they remember at what time they took over certain innovations (installing a maize mill, buying a truck, building storage facilities). If traders can be found who have practised their profession in Jinja since 1948, an additional questionnaire for these people will have to be made, though the difficulty of getting data from so far back is clearly recognised. Fortunately I have already found some relevant data:

1. Prices

- a) Retail prices for food products for 1951, 1952 and 1965 are provided by the household surveys conducted in Jinja by the Statistics Branch.
- b) The Labour Department has conducted a quarterly collection of retail prices on African markets for maize meal, matoke, groundnuts, fish and meat. I have already got these prices back to 1954.
- c) Since 1961 the Ministry of Agriculture has published produce prices of different centres including Jinja, Iganga, Mbale and Soroti in a monthly Market Bulletin.
- d) Mr. Stainburn, Agricultural Officer, has collected retail and produce prices in Jinja, Iganga, Mbale and Soroti monthly for one year to get an idea of the development of selling costs. For Mbale the results have already been published. If these data prove to be reliable they are of considerable interest and I would like to continue the collection for another year.

2. Quantities.

- a) Figures of the quantities of the main food products bought and consumed by African unskilled labourers are available from the household surveys for 1951, 1952 and 1965. The problems of calculating the total food expenditure on the basis of these data have been discussed above.

b) Figures about the number and origin of cattle slaughtered in the Jinja Municipal Abattoir are available from 1955 onwards on a monthly basis. Three butchers have been permitted to import carcase meat into Jinja at certain times. There may be a small amount of illegal slaughtering outside the abattoir and illegal import of carcase meat. Three butchers and a number of private persons get meat from Kenya. All this has to be checked by visiting the butchers.

3. Number of traders.

The number of traders in the Municipal Markets can to some extent be judged from the records of market fees which are kept on a monthly basis and are available since 1955.

Targets.

It has already been mentioned that this study aims at throwing some light on the question of how the urban population of the Jinja area is supplied with food. Which are the supplying areas and have they changed? How far did the food marketing system develop by itself and how far had it to be built up with government help? Did the system succeed in providing a steady flow of products into Jinja at fairly stable prices? Has it provided incentives to farmers in the surrounding areas to produce food cash crops? Have adequate transport and storage facilities been developed? Is there enough competition to limit monopoly profits? Is the turnover of the average trader big enough to allow for economies of scale? Is the system working efficiently or can it be improved by providing marketing services such as price information, training, credit, quality standards or by the promotion of co-operative marketing? Are there bottlenecks or excess capacities and how could they be avoided? What influence on the food marketing system have the considerable number of canteens run by factories, the high proportion of single men, the mixture of ethnic groups living and working in Jinja (Appendix 4)?

I am grateful for the support already granted to me by the Town Mayor and the Town Clerk of Jinja and several officers of their staff and by the Statistics Branch. However, it will largely depend on the co-operation of the traders themselves whether I am to be able to answer some of these questions.

AFRICAN EMPLOYEES IN JINJA 1951-1965 AND IN NJERU 1965 ANALYSED BY INDUSTRIES

Appendix 1.

	1951 ¹	1952 ¹	1954 ¹	1955 ¹	1956 ¹	1957 ¹	1958	1959	1960	1961	1962	1963	1964	1965	Njeru 1965	Jinja+ Njeru 1965
Agriculture	2	50	327	264	174	166	132	150	158	160	123	176	167	141		208
Cotton Ginning	42	87	42	65	26	59	19	30	16	22	12	19	17	36		53
Forestry, Fishing and Hunting	17	101	37	101	191	3	--	18	15	3	40	4	50	--		50
Mining and Quarrying			74	62	27	37	--	--	20	14	12	8	8	37		45
Manufacture of Food Products	385	458	703	838	605	269	155	117	135	138	147	110	161	364	252	616
Miscellaneous Manuf- acturing Industries	1,652	1,826	2,453	2,564	2,488	3,891	2,844	2,791	2,681	2,712	2,623	2,741	2,495	3,549	2,866	6,415
Construction	8,469	6,383	5,829	4,201	2,942	2,360	2,826	2,051	1,606	1,394	1,471	1,825	538	1,308	324	1,632
Commerce	327	378	455	581	391	905	1,140	1,031	1,071	915	915	742	649	721	--	721
Transport and Commu- nications	326	965	1,342	963	979	1,416	1,317	1,489	870	837	944	962	1,063	1,123	--	1,123
Government (Admin. and Miscellaneous)	827	1,531	1,536	1,849	1,910	1,624	1,740	1,718	1,764	1,683	1,498	1,781	2,081	1,912	51	1,963
Education & Medical Services	116	130	709	873	920	781	892	998	795	981	867	832	940	1,051	--	1,051
Miscellaneous Services	250	243	262	229	422	366	352	327	353	272	301	237	340	311	2	313
TOTAL	12,413	12,152	13,765	12,590	11,075	11,877	11,417	10,720	9,484	9,131	8,953	9,437	8,509	10,517	3,495	14,012

Source : Uganda Government; Enumeration of Employees 1951, 1952, 1954 - 1965.

Remarks: 1) Firms employing less than 5 employees are not included. Figures for 1953 were not published.

THE DEVELOPMENT OF EMPLOYMENT AND WAGES OF AFRICAN
EMPLOYEES IN JINJA 1951 - 1965

Appendix 2.

Date of Enumeration	All African Employees			Changes in Total Number in %	Cash Wages of all African Employees p.a. ² in £	Average Cash Wage of African Employees p.a. ² in £	Changes in Average Cash Wage in %
	Public Services	Private Industry	Total Number				
30.3.1951 ¹			12,413				
30.9.1952 ¹			12,152	- 2.1			
30.9.1953 ¹	not published						
30.9.1954 ¹	5,454	8,311	13,765	- 8.6			
30.6.1955 ¹	4,561	8,029	12,590	-12.0	619,000	49.17	+19.2
30.6.1956 ¹	5,137	5,938	11,075	+ 7.2	649,000	58.60	+ 9.6
30.6.1957 ¹	4,935	6,942	11,877	- 3.9	763,000	64.24	+ 5.7
30.6.1958	5,197	6,220	11,417	- 6.1	775,000	67.88	+ 5.4
30.6.1959	5,121	5,599	10,720	-11.5	767,000	71.55	+14.4
30.6.1960	4,456	5,028	9,484	- 3.7	776,000	81.82	+ 9.5
30.6.1961	4,432	4,699	9,131	- 1.9	818,000	89.58	+15.1
30.6.1962	4,361	4,592	8,953	+ 5.4	923,000	103.09	+ 9.0
30.6.1963	4,958	4,481	9,437	- 9.8	1,060,000	112.32	+28.0
30.6.1964	4,126	4,383	8,509	+19.0	1,223,000	143.73	- 4.1
30.6.1965	4,752	5,765	10,517		1,450,000	137.87	

Source : Reports on the Enumeration of African Employees in Uganda, Uganda Government, 1951, 1952, 1954 - 1965.
Remarks: 1) Firms employing less than 5 employees are not included.
2) Estimates based on the June wage bills.

THE DEVELOPMENT OF EMPLOYMENT AND WAGES OF
NON-AFRICAN EMPLOYEES IN JINJA 1957 - 1965

Appendix 3.

Date of Enumeration	Asian Employees			European Employees			Asian and European Cash Wages p.a. in £ ¹⁾
	Number	Cash Wages p.a. in £ ¹⁾	Average Cash Wages p.a. in £ ¹⁾	Number	Cash Wages p.a. in £ ¹⁾	Average Cash Wages p.a. in £ ¹⁾	
30.6.1957	1,139	589,380	517	387	433,152	1,119	1,022,532
30.6.1958	1,197	665,004	556	299	356,052	1,191	1,021,056
30.6.1959	Not available						
30.6.1960	1,158	656,376	567	243	307,044	1,264	963,420
30.6.1961	1,095	639,792	584	234	332,760	1,422	972,552
30.6.1962	1,029	624,516	607	188	292,668	1,557	917,184
30.6.1963	1,032	621,408	602	171	283,020	1,655	904,428
30.6.1964	956	593,952	621	143	226,680	1,585	820,632
30.6.1965	1,146	728,928	636	142	254,840	1,795	983,768

Source : Calculated from unpublished figures kindly provided by the Statistics Branch.

Remarks : 1) Estimates based on the June wage bills.

Appendix 4.

<u>TRIBAL ANALYSIS OF AFRICAN INHABITANTS OF JINJA</u>			
<u>FROM 1959 CENSUS</u>			
<u>TRIBE</u>	<u>TOTAL No.</u>	<u>% OF TOTAL</u>	<u>% OF MALES</u>
	<u>POPULATION OF JINJA</u>		
Basoga	3,267	16.5	59
Jaluo	2,756	13.9	67
Baganda	2,253	11.4	54
Acholi	2,032	10.2	64
Kenya NES.	1,420	7.2	68
Samia	1,415	7.1	68
Iteso	802	4.1	78
Bagishu	681	3.5	61
Sudan NES	565	2.8	74
Lugbara	458	2.4	67
Lango	453	2.4	70
Banyankole	415	2.1	86
Madi	355	1.8	72
Banyoro	319	1.6	67
Badama	289	1.5	71
Bakiga	250	1.4	85
Banyaruanda	243	1.4	88
Kakwa	226	1.2	74
Tanganyika NES	223	1.2	76
Alur	202	1.0	70
Batoro	199	Less than 1	67
Bagwire	189		
Banyole	168		
Congo	130		
Jonam	84		
Rundi	72		
Unidentified	66		
Karamojong	58		
Bagwe	54		
Kumam	43		
Sebei	26		
Kikuyu	22		
Labwar	15		
Tepeth	15		
Lendu	11		
Bakonji	9		
Baamba	7		
Balwa	7		
Ruanda Urundi NES	6		
Bakemja	4		
Other Countries	4		
Non-Africans	2		
TOTAL	19,828	100	66

NOTE:

N.E.S. = Not elsewhere specified.

Other Countries = Immigrants from other African countries.

Non-Africans = Egyptians, Ethiopians, Somalis, Comorians, Madagascans, and half-castes.

Unidentified = Tribe not recorded.

Source: Report of the Medical Officer of Health on Jinja Municipality for the Months Ending 31st December, 1961, Page 15.

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