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'Paying for the Emergency by displacing the settlers': global coffee and rural restructuring in late colonial Kenya*

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Abstract
Global coffee markets entered into a deep cyclical downturn from the mid 1950s. As producers, notably Brazil and Colombia, continued to increase their output, intense struggles arose among global competitors for larger slices of a contracting market. The prospect of an economic catastrophe, following the release of Brazil's surplus stocks, preoccupied Kenya's colonial government, which was dependent on tax revenues derived from coffee sales, and was less able to support the settler-dominated industry in the face of the increased costs incurred by the Mau Mau Emergency after 1952. This left European settlers exposed, with many barely able to recover their costs of production. What began as a counter-insurgency strategy, by allowing an elite of African farmers to grow Arabica coffee (a privilege formerly reserved to settlers) was enlarged and accelerated in response to unrelenting global market pressures. These compelled the colonial government to beckon low-cost African farmers into coffee production, in a bid to save its tax base and ensure the survival of the coffee sector. Even though the Coffee Marketing Board confiscated much of their income, African farmers proved well able to rally family labour and achieve surpluses. Rationalization of production and the reorganization of the commodity chain to maintain high quality at lower cost were decisive in both reconfiguring the economic and social relationships that underpinned Kenya's independence in 1963 and securing the country's place on the world market. The aim here is to explain the crisis, and its grip on Kenya's economy during the transition to independence and beyond.

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The course towards African coffee production

The post-1945 boom brought a period of lusty growth for Kenya's economy, with an overall growth rate of 13% a year between 1947 and 1954.[1] The colony's agricultural exports, the great bulk of which came from European estates and plantations, were crucial to this process, and Kenya's plantation economy, founded upon coffee, tea, sisal, and pyrethrum, aided the British economy in its post-war recovery phase. As with the expanded resource exploitation of Britain's other African colonies, the systematic large-scale production of export crops was accelerated to enable Britain to repay loans and credits to the USA through sales in dollar-earning markets. The increased export earnings of these crops was largely a function of the rapid rise of world market prices, as demand kept well ahead of supply. After 1950, the Korean War, coinciding with drought and frost in Brazil, caused a severe depletion of global stocks and brought world coffee prices to a peak in 1955. Coffee producers around the world responded with a substantial increase in planting, with East African producers expanding their output to approximately 6% of the world's coffee production.

Excessive planting during the boom years led to 'massive overproduction',[2] moving the world market into a prolonged period of slump. Newly planted trees begin to bear in two to four years, if planted as seedlings, and four to five years if planted from seed, while the productive life of the trees can be thirty years or more, depending on variety, climate, and husbandry practices. Prices thus fell drastically in the late 1950s, and the crisis deepened as most producers in the world continued to increase output in an attempt to compensate for falling prices. This led to a real prospect of economic catastrophe, were the dominant market players – Brazil and Colombia – to release their cumulative reserves onto the world market. A meltdown following such a move stood to devalue the Kenyan economy substantially, putting thousands of acres out of production and plunging the country into deep recession during its transition to independence, gained in 1963. The spectre of the 1930s depression haunted officials and European settlers. The general downturn in prices of primary commodities undermined the role of Britain's colonies for the Sterling Area, as they began to run deficits in commercial relations with the USA. In Kenya, the turnaround also threatened to downsize the budgetary resources of the state, undermining the colony's fiscal self-sufficiency. This problem was compounded by the government's debt burden, which mounted faster than its ability to fund the colonial war against the Mau Mau movement. Between 1952 and 1959, at least £55 million were directly spent on containing the insurgency, quite apart from a wide range of invisible costs involved.[3]

Kenya's economy took an overall turn for the worse in 1957, when it suffered a 13% reduction in trade during the first nine months, with the 'bulk of the fall' attributed to

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1 International Bank for Reconstruction and Development, *The economic development of Kenya*, Baltimore, MD: IBRD, 1963, p. 340.

2 Benoît Daviron and Stefano Ponte, *The coffee paradox: global markets, commodity trade and the elusive promise of development*, London: Zed Books, 2005, p. 86.

3 Colin Leys, *Underdevelopment in Kenya: the political economy of neo-colonialism*, Berkeley and Los Angeles, CA: University of California Press, 1975, p. 41.

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coffee.[4] Even though the 1956–57 crop fetched, on average, £25 a ton more than in 1955–56, the latter was a peak crop. Overall, plummeting coffee receipts led to a serious reduction in the commodity's contribution to the colony's export trade.[5] During 1957–65, the value of coffee exports in relation to the total value of all agricultural exports fluctuated between a third and a half. Even so, the commodity maintained its position as Kenya's leading foreign-exchange earner. The terms of trade throughout this period were generally unfavourable to Kenya, aggravating the impact of falling coffee prices.

The colonial government's commitment to European agriculture as the basis of Kenya's economy was thus tested. This orientation had already been tempered from the 1930s by misgivings concerning the involvement of undercapitalized and skill-deficient settlers in coffee planting.[6] Whilst European estates and African smallholdings were mutually conditioning opposites of a 'dual economy', their relationship was also showing signs of potential conflict. The designated role of African smallholders was mostly to service the domestic market and provide a rural subsidy to African labourers on settler estates, but not to compete with the settler sector, which was geared towards both domestic and overseas markets. In 1935, an emerging elite of African farmers was permitted to plant Arabica coffee, hitherto a privilege reserved for Europeans, as the Colonial Office pressed for an increase in African export production. However, Africans were not allowed to plant close to European farms in Central Province, on the pretexts that this would act as a drag on settler coffee prices and that a lack of 'technical know-how' would spread crop diseases. This stipulation privileged African growers in the areas of Meru, Embu, and Kisii, and it was in the most favourable conditions of Meru that smallholder production of Arabica coffee really took off.[7] Determined to take full advantage of the post-war coffee boom, the colonial government further eased restrictions on African production after 1946.[8] Initially, relatively few farmers were allowed to grow Arabica, and the rate of expansion allowed for each grower was limited. By 1952, when the Emergency was declared, instigating the war on Mau Mau,

4 The National Archives (formerly Public Record Office) (henceforth TNA), CO/544, Department of Agriculture Annual Report, 1958.

5 Kenya National Archives (henceforth KNA), Kenya Trade and Supplies Bulletin, November 1957.

6 R. M. A. Van Zwanenberg, 'Kenya's primitive colonial capitalism: the economic weakness of Kenya's settlers up to 1940', *Canadian Journal of African Studies*, 9, 2, 1975, pp. 280–3; C. C. Wrigley, 'Kenya: the patterns of economic life, 1902–1945', in V. Harlow, E. M. Chilver, and A. Smith, eds., *The history of East Africa, vol. II*, Oxford: Clarendon Press, 1965, pp. 216–17.

7 Anne Thurston, *Smallholder agriculture in colonial Kenya: the official mind and the Swynnerton Plan*, Cambridge: African Studies Centre, 1987, pp. 5, 136; K. S. Watt, 'African coffee', *Journal of the Royal African Society*, 36, 143, 1937, p. 194.

8 Judith Heyer, 'Agricultural development policy in Kenya from the colonial period to 1975', in J. Heyer, P. Roberts, and G. Williams, eds., *Rural development in tropical Africa*, London: Macmillan, 1981, p. 103. See also Judith Heyer, 'The origins of regional inequalities in smallholder agriculture in Kenya, 1920–73', *East African Journal of Rural Development*, 8, 1 & 2, 1975, pp. 142–81; Martin Kilson, 'Land and politics in Kenya: an analysis of African politics in a plural society', *Western Political Quarterly*, 10, 1957, pp. 559–81; Gavin Kitching, *Class and economic change in Kenya: the making of an African petite bourgeoisie*, New Haven, CT: Yale University Press, 1980; Geoffrey Lamb, *Peasant politics: conflict and development in Murang'a*, Lewes: Julian Friedmann, 1974; Hans Ruthenberg, *African agricultural production policy in Kenya 1952–1965*, Berlin: Springer, 1966; M.P.K.Sorrenson, *Land reform in the Kikuyu country*, Nairobi: Oxford University Press, 1967; R. M. A. Van Zwanenberg, 'The development of peasant commodity production in Kenya, 1920–40', *Economic History Review*, 27, 3, 1974, pp. 442–54; idem, with Anne King, *An economic history of Kenya and Uganda, 1800–1970*, London: Macmillan, 1975.

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African coffee production had increased to 11,864 licensed smallholders, farming an area of 3,038 acres.[9]

African coffee production was further expanded as part of the government's counter-insurgency strategy, which sought to privilege 'loyalist' African farmers in an attempt to isolate Mau Mau fighters from the peasantry of central Kenya. Quite apart from the military necessities of the colonial war, the Colonial Office sought fiscal advantages from promoting African coffee farmers,[10] who had already proven effective in Tanganyika and Uganda.[11] The metropolitan treasury, guided by fiscal self-sufficiency, had long pushed to reduce the role of the subsidized settlers in Kenya's agricultural economy. Under conditions where many Kikuyu were, or had been, in detention,[12] the colonial government seized the initiative to embark on a programme of rural restructuring and social engineering to produce an African yeomanry, though at the cost of forcing many European settlers out of production.

The Swynnerton Plan was advanced in 1954,[13] under the canopy of the Emergency. The plan combined the political intention of privileging loyalists with the economic goal of expanding the production of coffee and other primary commodities. Promoting a 'landed class' of commercially 'energetic' Africans and a 'landless' rural proletariat, the plan sanctioned the consolidation of smallholdings, to be surveyed, registered, and developed as freehold farms with titles. Initially, only a small number of farmers were permitted to grow Arabica coffee and the rate of expansion for each farmer was limited. Agricultural officers strictly enforced high standards of coffee husbandry, which led to the expanded production of low-cost, high-quality Arabica coffee.[14] This put pressure on European growers to achieve the same outcome but for many this was a goal that evaded them. The plan, passed off as a favour from liberalizing late colonialism, sought to evade African agitation for land in settler areas by breaking the cycle of land deterioration and rural poverty in the over-populated reserves, through moving the greatest possible numbers of Africans from subsistence to commercial farming.[15] The government's ambitious policy was to 'double Kenya's coffee production'.[16]

The initial tempo of expansion was accelerated in response to unrelenting global market pressures from the mid 1950s, which compelled the colonial government to beckon broader

9 TNA, CO/544, Department of Agriculture Annual Report, 1952.

10 Nicola Swainson, *The development of corporate capitalism in Kenya, 1918–77*, London: Heinemann, 1980, pp. 5–12.

11 For Tanganyika, see Kenneth R. Curtis, 'Small is better: a consensus of peasants and bureaucrats in colonial Tanganyika', in William G. Clarence-Smith and Steven Topik, eds., *The global coffee economy in Africa, Asia and Latin America, 1500–1989*, Cambridge: Cambridge University Press, 2003, pp. 312–34. For Uganda, see C. C. Wrigley, *Crops and wealth in Uganda: a short agrarian history*, London: Oxford University Press, 1959.

12 Caroline Elkins, *Britain's gulag: the brutal end of empire in Kenya*, London: Jonathan Cape, 2005.

13 R. J. M. Swynnerton, *A plan to intensify the development of African agriculture in Kenya*, Nairobi: Government Printer, 1954.

14 Heyer, 'Agricultural development policy', pp. 103–4.

15 Thurston, *Smallholder agriculture*, p. 77.

16 'Odd policy on coffee: assistance likely to be needed in marketing', *East African Standard* (henceforth *EAS*), 25 October 1958.

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layers of low-cost African farmers into Arabica coffee production, in a bid to save its tax base. Local 'cess' payments, a levy on coffee farmers to support county council finances, and tax revenues from export sales, were essential to the government's budget. If the industry were allowed to shrink and shrivel, the effects would be felt throughout the entire superstructure of the colonial state, whose agricultural and veterinary departments mushroomed after 1945 during the course of the 'second colonial occupation'. During the war against Mau Mau, the coercive apparatus and provincial administration were also greatly expanded.[17] To meet the rising costs of this enlargement, African coffee production was accelerated more rapidly than anticipated in the Swynnerton Plan. By 1960, 33,000 acres of African-grown coffee had been planted by 105,000 growers, averaging less than one-third of an acre each. The Swynnerton target for 1968 was bypassed in 1962–63 and almost doubled by 1964, when nearly 236,000 growers had planted 125,000 acres. Spurred on by the lifting of restrictions, the crop rapidly expanded, with more than 110,000 African growers producing alongside 1,200 European farms and plantations by 1960.[18] The increased output of a variety of crops from small farms, associated with the Swynnerton Plan, involved the injection of substantial resources in the form of infrastructure, processing, and marketing facilities, and showed an annual rate of growth of marketed output of 7.3% from 1954 to 1963, and 12.6% from 1964 to 1970.[19] By 1967, the proportion of marketed output that came from small-farm areas had reached 50%, with coffee production responsible for around half of this output.

The powerful emergence of small African farmers was controlled by centralized institutional structures, which became dominant features of the industry. The Coffee Board of Kenya (CBK), founded in 1933, was responsible for regulating production and the organization of coffee auctions. The Coffee Marketing Board (CMB), set up in 1945, held a similar grip over coffee sales and managing payments through a pool system. In addition, the Kenya Planters Co-operative Union (KPCU) was a country wide co-operative, which was owned and managed entirely by coffee growers through a board of directors. It was founded in 1937 as the Thika Planters Co-operative Union, to purchase supplies for its members. In 1945, the colonial government enacted a new co-operative ordinance, which enabled the KPCU to acquire the entire agency business for the co-operative society sector of the coffee industry. Its membership comprised all coffee co-operatives and over 90% of coffee estates. In 1947, the KPCU completed its milling monopoly by purchasing the mills of the East African Coffee Curing Company, an amalgamation of several small mills, which incorporated coffee milling, liquoring, and storage. The main role of the KPCU was to mill and grade parchment coffee from estates and societies. It also provided advice on coffee husbandry, agricultural inputs such as fertilizers and machinery, short-term credit, transit and warehousing, receiving and channelling payment to members, together with education and information for coffee growers. The KPCU paid farmers through a pool system,

17 Carl G. Rosberg and John Nottingham, *The myth of Mau Mau: nationalism in Kenya*, New York: Praeger, 1966, p. 293.

18 David Hyde, 'Plantation struggles in Kenya: trade unionism on the land 1945–65', PhD thesis, SOAS, 2001, Appendix 36: 'Acreages, yields and remuneration of African and European coffee production, 1946–65', p. 304.

19 Heyer, 'Agricultural development policy', p. 106.

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whereby sale proceeds were combined before determining the final average rate to pay farmers. Payments were made after deducting marketing expenses incurred by the CBK, and the final price was the same for all farmers.[20]

Exports from European-owned plantations declined relative to rising volumes of African production.[21] The state was obliged to sacrifice uncompetitive small and medium European producers at the altar of the industry's survival, thus uprooting its erstwhile biases and abandoning many of the previous favours granted to settlers. That said, some large plantation companies also made gains at the expense of small-to-medium planters, whose profit margins were close to collapse. The government's general economic predicament disabled any intention to underwrite the losses incurred by falling prices through subsidies to the industry. Indeed, it was more interested in looking at ways to raise extra revenue to ease its financial burden. As economic pressures mounted, only limited financing for estate and plantation production remained available from the Board of Agriculture, through its rehabilitation and development funds, the European Agricultural Settlement Board, and the Land and Agricultural Bank.[22] The Board of Agriculture warned settler farmers that they could not be shielded 'against the effects occasioned by the present shortage both of revenue to finance current needs and of loan funds for development'.[23] To be sure, there was a rapid expansion of banking and financial institutions in the colony during this period, but commercial banks provided a decreasing amount of agriculture's capital requirements. By 1955, commercial banks were pursuing a policy of disengagement from long-term loans to European farmers, as the lion's share of increased local lending flowed into short-term commercial credit to finance imports, which had been in short supply.[24]

The state reduced financial assistance to settlers when they needed it most. As a result, when global coffee prices plummeted, European farmers found it increasingly difficult to compete with low-cost African cultivators, exposing long-term structural problems in Kenya's economy. The government endeavoured to show some support, by providing extension staff to supervise processing factory work and to teach growers, and by helping emerging co-operatives. However, officials insisted that this was to be paid for from the industry's profits, through extra cess payments, set at 5% of the value of clean coffee, and a 12.5 % export tax. The latter measure provoked settlers to found the Kenya Coffee Growers Association (KCGA), and the tax was revoked in 1957.[25] The KCGA was more generally created to meet competition from abroad, regulate conflicts of interest, and centralize industrial relations for dispute mediation with workers.

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20 'The coffee industry: a background', *EAS*, 28 July 1961.

21 Hyde, 'Plantation struggles', Appendix 36, p. 304; D. A. Low and Alison Smith, eds., *History of East Africa, vol. III*, Oxford: Clarendon Press, 1976, table 10, p. 591. See also Nicola Swainson, *The development of corporate capitalism*, London: Heinemann, 1980; Gary Wasserman, *Politics of decolonization: Kenya Europeans and the land issue*, Cambridge: Cambridge University Press, 1976.

22 Michael McWilliam, 'Banking in Kenya, 1959–60', *East African Economics Review*, 9, 1, 1962, pp. 18, 24.

23 KNA, Department of Agriculture Annual Report, 1957.

24 McWilliam, 'Banking in Kenya', pp. 18, 24, 33; Van Zwanenberg, *An economic history*, p. 294. See also Michael McWilliam, 'The managed economy: agricultural change, development and finance in Kenya, 1945–1963', in Low and Smith, *History of East Africa, vol. III*, pp. 251–89.

25 'Coffee profit tax system ends', *EAS*, 28 March 1958.

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It was legislation to end income tax relief that provoked the greatest furore, as coffee planters had earlier been permitted to average their incomes over a number of years.[26] Forty Kiambu coffee growers assembled to express 'strong opposition' to the finance minister, Vasey's measure, and demanded that the CBK represented their concerns. They pleaded that the 'iniquitous proposal' would make it difficult for them to 'make ends meet', and drew up their own proposal for a tax rate that 'should not exceed' 12 shillings in the pound, with exemptions for development expenditure.[27] Their resolution, which was forwarded to the Nairobi coffee conference in July 1958, vocalized the grievances of European planters everywhere by calling for an independent inquiry into the budget proposals, 'with a view to ending the need for such high taxation'.[28] To placate the outcry, the CBK acknowledged that 'planters were perturbed at the rate of the tax'[29] and set up a committee to look into the controversial deduction. Nonetheless, the government proceeded with its budget proposal for an undistributed income tax at the rate of 15 shillings in the Kenya pound. Even the CBK protested that the Income Tax [Management] Bill would prevent smaller planters from accumulating the financial reserves necessary to shield themselves against the almost certain prospect of 'a serious drop in prices during the next few years'.[30]

The financial and infrastructural demands of the Emergency compounded these problems, at a time when returns from coffee were variable and unpredictable. East African Railways and Harbours (EARH) had previously provided cheap transportation, underwriting the profitability of Kenya's settler economy, but the company was no longer able to sustain this function. Perennially low freight charges were no longer affordable, for major investment was required by the mid 1950s, at a time when the Renewals Fund was depleted. The EARH needed to meet the requirements of severe capital depreciation brought on by the post-war export drive, as well as the demands of the colonial war against Mau Mau. Its increased charges were a further cost with which many coffee growers were unable to contend.[31] Deductions to pay for the security forces, believed to amount to one bag of coffee in eight, were a further bone of contention.

Quantity into quality: Kenya's stresses of global competition

As the global coffee crisis unfurled from the mid 1950s, sustaining and increasing the high quality of Kenya's Arabica beans became of paramount importance.[32] Kenya's coffee had already established a market reputation as the best of its kind, and since 1945 it had been fetching higher prices than that produced in Colombia, its closest competitor. It had been

26 Ibid.

27 'Coffee Board committee to study new tax', *EAS*, 9 June 1958.

28 'Kiambu planters tax resolution: discussion at conference', *EAS*, 24 June 1958.

29 'Coffee Board committee to study new tax'.

30 'Coffee industry protests: proposed tax rate penal to smaller companies', *EAS*, 31 October 1958.

31 David Hyde, 'East African Railways and Harbours, 1945–60: a crisis of accumulation', forthcoming.

32 Mario Samper, 'The historical construction of quality and competitiveness: a preliminary discussion of coffee commodity chains', in Clarence-Smith and Topik, *The global coffee economy*, pp. 120–53.

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a mainstay of the specialty coffee market in Europe and the USA, and was a key component for roasters seeking to add acidity and sweetness to their blends. West Germany was Kenya's best customer, paying premium prices at auction, where class 1 coffee had fetched up to £574 a ton in the good years. However, just 8,800 tons of Kenya's 1957 coffee crop of 22,284 tons were sold at the class 1 average of £453 a ton during the 1956–57 season. Overall, the season's average across all grades was just £388 a ton, £84 down on the previous year's figure. When Hamburg buyers gave notice that only if 'quality standards' were maintained would Kenya's coffee 'be assured of a good market reception', their concerns were underlined by the CBK's Chief Liquorer, who conceded that its quality was now 'far below that on which its name had been built'.[33] Kenya's market in West Germany was dependent on a few large buyers, and the failure of just one of these to purchase presaged disaster. With the colony's reputation as a producer of the world's finest liquoring coffee in question, there was pressure to increase production and sustain quality, despite falling prices and growing stocks.

Globally, the fiscal year 1956–57 ended with a surplus of 522,000 tons of unsold coffee, two-thirds belonging to Brazil.[34] These unsold surpluses were carried over into the following year to be set against rising production, thus taking the crisis to a new stage and depressing prices still further. In an attempt to stabilize prices, Latin American producers signed the Mexico Agreement in 1957, renewed a year later as the Latin American Agreement,[35] which introduced stringent inter-American export quotas. However, the continued expansion of African coffee cultivation threatened the success of a pact that covered only Latin America. African growers competed with Latin American producers in all markets, including those in North America. African growers were thus enticed to participate in a short-term international agreement in 1959, renewed in 1960, and extended in 1961 to include twenty-eight signatory territories, representing about 90% of world coffee exports.[36] The proceedings of the annual Nairobi coffee conference, held in July 1957, were dominated by this global crisis. Delegates from the CBK and the CMB expressed anxieties over falling sales, and plans to re-establish Kenya's pre-eminent position in the British market, now accounting for a mere 6% of exports, were discussed.[37]

Further unease emerged over threats to Kenyan producers emanating from protectionist measures adopted by the newly formed European Economic Community. This took the

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33 'Sharp drop in the quality of Kenya coffee', *EAS*, 29 November 1957.

34 All references to coffee weights throughout the text are in long tons. 1 bag of coffee weighed, on average, 0.058 tons.

35 Daviron and Ponte, *The coffee paradox*, p. 86.

36 Richard B. Bilder, 'The International Coffee Agreement, 1962', *American Journal of International Law*, 57, 4, 1963, pp. 888–92. See also Andreas F. Lowenfeld, 'International commodity controls: some lessons from the coffee agreement', *American Journal of International Law*, 61, 3, 1967, pp. 785–9; Ernest Rubin, 'Questions and answers on coffee statistics', *American Statistician*, 22, 3, 1968, pp. 42–3; Irving B. Kravis, 'International commodity agreements to promote aid and efficiency: the case of coffee', *Canadian Journal of Economics*, 1, 2, 1968, pp. 295–317; Kenneth D. Frederick, 'Production controls under the international coffee agreements: an evaluation of Brazil's programs', *Journal of Interamerican Studies and World Affairs*, 12, 2, 1970, pp. 255–70; Richard B. Bilder, 'The International Coffee Agreement: a case history in negotiation', *Law and Contemporary Problems*, 28, 2, 1963, pp. 328–91.

37 'Move to widen coffee talks: African representation', *EAS*, 12 July 1957; 'Advice on coffee: Kenya's need for wider exchange of views', *EAS*, 27 July 1957.

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form of a 16% levy on coffees originating from overseas territories unattached to the six member states.[38] This was a major setback, since a large portion of East African coffee had established itself on European markets after 1945. There were particular fears for Kenya's higher grade coffees, which continued to be dependent on West German importers as their principal buyers, whereas Britain and the USA were the main customers for ordinary grades. With the prospect of East African coffee exports being locked out of Europe, feverish attempts were made to find alternative markets, notably in North America. The USA was cultivating allies in Africa, and coveting access to Britain's protected colonial markets.[39] The battle for quotas gave a huge political advantage to the US because it was by far the largest single market, consuming more than half the world's coffee. America's intake of East African coffee, though still very small in proportion to coffee imports from Latin America, had increased by 150% since 1953. The President of the National Coffee Association of America, on a visit to Nairobi, assured planters of more sales, provided that 'the price remained right and the quality was maintained. The demand for your coffee is growing in our country and production is rising in Africa, so if your reputation for good coffee remains as high as it has done for some time, we will take more of it.' Asked if importing East African coffee would affect any coffee agreement with Latin American growers, he replied, 'We have no agreements with any body. America believes in free trade, if you have coffee that we like we will take it.'[40]

Michael Blundell, the minister of agriculture, grappled with these dilemmas. In an address to the annual conference of the Kenya National Farmers Union, held in Nairobi in May 1958, he acknowledged that the 'most damaging blow to the economy as a whole has been the steep fall in coffee prices'.[41] The world market had been temporarily stabilized only by the large stocks retained by dominant producers, albeit at the expense of building up even larger excesses, which Blundell estimated would exceed 1,566,000 tons beyond the estimated world annual consumption of some 2,204,000 tons. This was underlined by a report issued by the United Nations Food and Agricultural Organization, which estimated that world coffee production for 1958–59 would be 9% higher than the previous year. Blundell drew attention to the support that the government derived from the coffee industry, and emphasized that 'it was reluctant to enter a quota system to reduce production',[42] a strategy advocated by the American government's Coffee Study Group, based in Washington.[43]

Blundell's stance was founded on the assumption that rising coffee production among low-cost African farmers would help the industry to meet 'the challenge of falling prices'.[44] With full knowledge of the global dimensions of overproduction, he proposed to step up

38 'Common Market threat to East African coffee', *EAS*, 6 May 1958.

39 KNA, 'East Africa: a market for U.S. products in Kenya, Tanzania and Uganda', a supplement issued by the US Department of Commerce/Bureau of International Commerce.

40 'US may import more coffee from East Africa', *EAS*, 6 April 1957.

41 'Drop in coffee prices continues', *EAS*, 2 June 1959. More generally, see Michael Blundell, *So rough a wind*, London: Weidenfeld & Nicolson, 1964.

42 'Demand not keeping pace with production rises', *EAS*, 2 June 1959.

43 International Coffee Study Group, *International Organization*, 14, 2, 1960, pp. 367–8, and 14, 4, 1960, p. 695.

44 'Minister reviews colony's farming prospects: warning of severe coffee price drop', *EAS*, 13 November 1958.

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production, a move that followed logically from the experience of the 1930s depression years, when African farmers in other colonies were urged to produce their way out of the downturn. It was assumed that African smallholders and their families would work longer hours, labour more intensively, and be prepared to wait for payment in the knowledge that the crop was their own. This strategy was facilitated by lifting erstwhile restrictions on African coffee production, and was sustained by support from the state through the expansion of extension services. It was believed that this would also pressure settlers into reducing their overheads, and did compel many to forego the increased costs of spraying, fertilizers, and mechanization. At the same time, Blundell repeatedly pointed to the inevitability of 'severe competition' in world markets, and warned that the region's coffee producers would 'continue to attract good prices only if we maintain quality'. His aim was to maximize coffee exports at the minimum possible production cost, while preserving traditional markets for premium Arabica beans. The urgency of this strategy was determined by the haste to curtail fiscal losses and maintain hard-currency earnings.[45] Overall, he understood that the industry would have to undergo a profound restructuring if it was to survive, and that many European coffee farmers would necessarily go to the wall, a price that he was privately and reluctantly resigned to paying.

There was a risk that intensified labour processes would lower quality, thus compromising sales. Alongside an increased incidence of leaf rust and coffee berry disease, coffee growers had suffered several seasons of bad weather, and there was a marked tendency to allow trees to overbear.[46] Many casual field workers picked unripe green cherry to fill their four-gallon paraffin tins, in response to low picking rates and rationalized working practices on coffee plantations.[47] This was compounded by the extended employment of female and child labour, to fill the huge gaps in the workforce left by detention and by restrictions placed on the employment of Kikuyu males, many of whom were experienced plantation workers. European coffee planters lobbied for the lifting of Emergency restrictions on the employment of former detainees, and generally attempted to sustain quality by opting for low-wage and labour-intensive methods. However, this provoked an avalanche of plantation strikes, fuelled by the eventual unrestricted entry of thousands of erstwhile Mau Mau detainees onto the labour market in Kenya's plantation districts in Central Province.[48]

In addressing these issues, the CBK and the CMB did not see eye to eye. The CBK made a virtue of falling prices and advanced an activist strategy of 'demand management': a controlled release of surplus stocks in conjunction with expanding sales. While this was calculated to ease the pressure on producers, it put wide layers of settlers in jeopardy by compelling them to sell their coffee at prices lower than the cost of production. The CMB's more passive approach was to wait for an expected cycle of higher coffee prices, which would 'come quickly enough'. Until the arrival of this scenario, East Africa 'could get through'. If surplus stocks were released, the prices of all coffees would tumble 'very

45 'Kenya farms faced with worst crisis since 1930s: cuts in costs essential', *EAS*, 28 May 1958.

46 Ibid.

47 Hyde, 'Plantation struggles', p. 77.

48 Ibid., Appendix 33: 'Anatomy of the coffee industry in Thika district giving details of ownership and acreages of estates, tribal and gender composition of the workforce as at August 1st, 1960', pp. 287–8.

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steeply'. The Board thus advocated a cautious policy of bringing supply and demand into equilibrium through stimulating demand, but in tandem with restrictions on production and new plantings.[49] This approach was overtaken by events, as prices of lower to medium grades of Kenyan coffee slid sharply in December 1958, ending down by £20 to £30 a ton, with losses estimated at 'about £1,000,000'.[50] The East African Coffee Roasting Association insisted that nothing less would do than to drop prices,[51] while Brooke Bond reduced their prices by 80 cents per pound without warning, in a bid to outdo their competitors.

With the approach of the 1959–60 season, the Latin American producers, led by Brazil and Colombia, responded to the worsening crisis with draft proposals that Britain's African colonies (Kenya, Uganda, Tanganyika, and Sierra Leone) should limit their exports to 113,042 tons,[52] thereby challenging the strategy of dropping prices while expanding sales. The chairman of the CMB, R. S. Wollen, was 'categorical' in his announcement to the annual Nairobi coffee conference that Kenya 'would not be a signatory to this scheme'. He argued for the scarcity value of Kenya's high-quality coffees, and maintained that it was cheaper coffees that were in 'oversupply'. Wollen remained 'confident that however much coffee is released in the world we shall always be able to sell our total production and at some premium for quality'. Vocalizing the position of a significant lobby who favoured going it alone, Wollen urged that Kenya's producers should not be swayed by the threat of catastrophe, since the quality of their coffees was above the rest. Kenya's coffee production was increasing by 2,500 tons a year, and plans were underway to develop the potential market for cheap coffee among Africans in Kenya, while market outlets in Rhodesia and South Africa were also being explored. In reality, these options were barely enough to make a difference, and Kenya's premium coffees were tethered only by a slender thread to German buyers. In a more sober frame of mind, Wollen was 'frankly terrified' that, if Brazil were to release her surpluses onto the world market, 'the fall in the price of all coffees would be catastrophic'.[53]

Talks began in Washington in June 1959 for a global marketing pact for 1959–60, with suggestions of an increased export quota of 2,335,776 tons, matched against an estimated annual world consumption of 2,204,000 tons.[54] In addition to existing stocks, such a continued excess of supply would almost certainly keep prices in the doldrums. There were signs of brinkmanship among the warring factions, who taunted each other with the prospect of market collapse in order to extract a higher quota for themselves. Kenya's CMB held fast to its belief that African producers had a significant leverage over their Latin American rivals, and that Brazil would not seek 'to prompt such a disaster'. However, Brazil and Colombia sought to entice the Africans into a worldwide quota agreement, which they would dominate. The suspicion among East African producers was that the provisions of the proposed agreement did 'not augur entirely well' for them, and they barely disguised their deep resentment at a pact that would involve the region's producers retaining some 24,000

49 'Cheaper prices good for coffee in the long run: report on world trade talks', *EAS*, 21 November 1958.

50 'Concern at slide of coffee prices: effect on Kenya economy', *EAS*, 2 December 1958.

51 Ibid.

52 'Alarm at coffee proposal: threat to output from East Africa', *EAS*, 7 July 1959.

53 'Kenya opposes plan to limit coffee exports - assured market for quality goods', *EAS*, 25 June 1959.

54 'Talks in U.S. on coffee agreement', *EAS*, 24 June 1959.

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tons of their produce, 'just to protect the artificially high prices' sought by Latin American producers.[55] However, the leading settler politician, Bruce Mackenzie, cautioned against complacency and warned that the prospect of Brazil offloading its stockpiles – accumulating at 58,000 tons a year – was a real one.[56]

Finally, an agreement on export quotas was reached, following a surprisingly abject capitulation by East African producers, who agreed to withhold 54,000 tons from the market – more than double the previous figure. This submission coincided with a new provision in the pact excluding any new markets developed by producing countries from export quotas,[57] though it was far from certain that non-quota markets would suffice to soak up surpluses. This problem was highlighted by figures released by the American Department of Agriculture, forecasting record production levels of African coffee, estimated at 614,800 tons for 1959–60, of which 585,800 tons would be exportable, 5% above the previous year.[58] The situation worsened in the following year, as East African producers signed another short-term international coffee pact, forfeiting the right to restrict their exports voluntarily. They were now bound by export quotas, which were revised downward by 11,600 tons to 138,040 tons for 1960–61, under conditions where prices had been falling 'throughout the season for all grades and classes', a trend compounded by the generally poor quality of the season's crop.[59]

Quotas aside, Blundell laid down the government's policy that Kenya could 'not contemplate any direct control of production, whatever long term world agreement was concluded in future'.[60] In promoting Arabica coffee as 'an excellent cash crop for the African smallholder',[61] Blundell took the opportunity to stress again the government's concern to encourage African farmers, who were in a stronger position to keep their production costs low. This would enable the CMB to auction larger quantities of coffee for non-quota markets, with less fear of the commodity being sold off at below its costs of production and distribution. This indicated the government's intention to open the gates even wider to broader layers of African farmers engaged in coffee production. Blundell qualified his support for quotas if the reduction 'was not too great', so that producers could prepare for the 'upward swing in the coffee cycle'.[62] Blundell's formula was that quotas were compatible with the expansion of coffee production as long as African farmers were empowered to sustain the industry until prices were able to climb out of their trough. Since only the fittest European producers would survive these trials and tribulations, Blundell envisioned an industry in which there was room for both low-cost African farmers and rationalized European producers.

Blundell was optimistic that Kenyan growers could survive 'a complete price collapse of Brazilian arabicas', as they 'could probably continue to command premium prices', on the

55 'Coffee export control', *EAS*, 26 August 1959.

56 'Stockpiling of coffee threat to world price', *EAS*, 2 September 1959.

57 'Agreement signed on coffee quotas', *EAS*, 26 September 1959.

58 'Record coffee crop in Africa likely: U.S. report', *EAS*, 30 September 1959.

59 'Coffee group to stabilise prices all over Africa', *EAS*, 10 December 1960.

60 Ibid.

61 Ibid.

62 'Minister on coffee treaty: Kenya would not accept output limit', *EAS*, 7 May 1961.

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strength of reputed excellence. Nonetheless, he was attentive to the risk of a price war, in which 'there was a danger that the price of even the best qualities would decline precipitously'.[63] During 1961, the continued fall in world prices had a further dramatic impact on Kenya's economy. Alarm bells rang at the Nairobi coffee auctions, where class 6 coffee sold at an average of 311 shillings per hundredweight, as compared to 366 shillings in the previous season.[64] The Department of Trade and Supplies revealed that the overall value of Kenya's exports had shrunk by 7.4% during 1960, mostly due to lower coffee prices, at a time when coffee accounted for 37.8% of Kenya's total exports.[65]

The recurrent emphasis on quality and productivity resurfaced at the annual Nairobi coffee conference in July 1961, attended by fifty-five representatives of coffee organizations and societies from the colony. Roger Swynnerton, permanent secretary at the Ministry of Agriculture, echoed the constant refrain of coffee industry spokesmen with a sermon on 'sound development and quality maintenance', which were crucial to the 'survival of the coffee industry at a critical time'. Swynnerton advocated an 'increase in advisory and research services', while keeping 'a close eye' on foreign competitors. He reminded delegates that, while the price of coffee had fallen by £200 a ton during the previous four years, the industry had managed to sustain itself by exporting, on average, more than £10,000,000-worth of coffee annually, through increasing production by more than 9,000 tons a year and by 'preserving quality'.[66] Nonetheless, without a larger quota to soak up cumulative surpluses, and given the limited absorption capacity of non-quota markets, such a strategy was storing up inescapable problems for the future.

Agricultural research underpinned higher production volumes. To keep the industry safe from the onslaught of coffee berry disease, leaf rust, and insect pests, a research grant of £21,235 had been announced in May 1960 from the Colonial Development and Welfare Fund. Research into methods of increasing crop yields and soil conservation were also prioritized.[67] The most important work occurred at the Coffee Research Station situated on Jacaranda Estate in Ruiru. Working closely with the Soil Conservation Service, the station focused its research on entomology, plant physiology and pathology, and agricultural chemistry. There were field trials for appropriate fertilizers and methods of mulching, pruning, cultivation, spraying, and irrigation. New varieties underwent trials at the station's coffee nurseries. These efforts were supported by a major reconstruction programme at the KPCU mill in Nairobi, with plans to process 200 tons daily.

A worsening crisis

The crisis entered a new phase in September 1961, marked by a sudden deepening of the depression in world prices. At the 'first of the season' coffee auctions in Nairobi, class 6

63 Ibid.

64 'Coffee auction', *EAS*, 10 May 1961.

65 KNA, *Kenya Trade and Supplies Bulletin*, June 1961.

66 'Quality the key to coffee industry survival: need for more research and advice stressed', *EAS*, 29 July 1961.

67 '£21, 235 aid for coffee research', *EAS*, 13 May 1960.

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coffee fell dramatically, to just 292 shillings per hundredweight, with prices of most grades 'generally down' on the previous season's close. The 'downward drift'[68] in world prices was so serious that the international pact for 1961–62 appeared to be on the brink of failure, amid bitter internal squabbles, with some producers on the verge of breaking ranks. As the fiction of controlled markets began to crumble, political upheavals in Brazil created unease that proponents of releasing that country's surpluses would gain the upper hand. This seems to have intimidated the East African producers into accepting a 3% cut in export quotas, from 85,175 tons in 1960–61 to 82,620 tons in 1961–62. The international coffee pact, renewed for 1961–62, seemed unable to arrest the slide in world prices, with the *Financial Times* anticipating that the 'likelihood is that prices will continue to fall for some time to come'.[69] To address these problems, the CMB resorted to auctioning even more coffee in non-quota markets.[70]

Prospective price collapse and internecine war among coffee producers generated much unease in Britain and Kenya. The future of Kenya's involvement in international coffee agreements had been the subject of talks in London in June 1961 between representatives of the three East African territories and the British government. Britain's intervention at this juncture was almost certainly related to its concern for the economic and political stability of Kenya during its decolonization.[71] R. S. Wollen told Nairobi Rotarians 'that no country on the verge of independence would weather the economic trouble which would follow a drop in coffee prices'. At present rates of growth, Kenya was likely to double its annual production of 29,000 tons within five years. Wollen warned that, without an international agreement, coffee-producing countries would face a price war and, 'should this happen', Kenya would be lucky to sell its crop at a quarter of current prices. While Wollen welcomed the efforts of the colonial government towards negotiating an agreement, he cautioned that 'it will involve sacrifices and may be unpopular'. He drew further attention to Brazil's enormous stockpile of 2,320,000 tons, which was 'as much as Kenya produced in 80 years'[72] and which had expanded to 3,016,000 tons by the close of 1962.[73] Brazil stood accused of using this coffee mountain to browbeat smaller producers to fall into line behind its dominance of renewable and short-term global coffee agreements. This knife at the throat of Kenya's coffee planters impelled sharp changes in social relations within the country, as it moved closer to independence in 1963.[74]

At the 1962 International Coffee Conference, global export levels for 1962–63 were fixed at 2,610,000, tons adding another 464,000 tons to unsold stocks. While 'stabilizing' markets and holding off a price war, this aggravated the crisis of overproduction. Whereas under previous agreements the East African territories had shared a single quota, Kenya now had its own quota of 30,000 tons as part of a five-year arrangement, whereby the government agreed

68 'Peril in falling coffee prices: treaty's aim being ignored - chairman', *EAS*, 21 September 1961.

69 Cited in 'More coffee price falls likely: talks in U.S. vital to East Africa', *EAS*, 14 March 1962.

70 Ibid.

71 'London coffee talks clarified issues: policy study made', *EAS*, 21 June 1961.

72 'Drop in prices would ruin Kenya warns chairman of coffee board', *EAS*, 13 April 1962.

73 KNA, AMC 7/20: Verjee Report, November 1962.

74 Hyde, 'Plantation struggles'.

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to retain 12% of its total crop. However, its crop estimate of 38,000 tons for the 1962–63 season was 11,000 tons in excess of the previous season, from which there was an unsold surplus of 3,000 tons, with substantial future increases predicted by the CBK. The board expressed concern that Kenya was on course to exceed its export quota to the traditional high-priced markets by more than 20%, and that efforts to unload this surplus onto non-quota markets would cost the planter 'quite a lot of money'.[75] Some 10,000 tons were to be disposed of locally and onto non-quota markets, notably in eastern Europe and east Asia, though at a 'substantial reduction' on the quota price. With Kenya's coffee production 'increasing far more rapidly than its export outlets', there was 'drastic control' over new plantings in an effort to come into line with export quotas.[76] This compounded the problems created by the industry's tightest ever margins. In the previous four seasons, the average price on local markets had been approximately £52 per ton, one-sixth of the price obtained on quota markets, and the average price obtained on non-quota markets approximated £150 per ton, giving a combined non-quota average of £132.5 per ton.[77] Such a low price acted as a drag on the much higher average price, and the rate of profit, attained by coffee sold on quota markets.[78]

Unless the world price for Kenya's high-quality premium Arabica showed a steep rise, or was able to substantially increase the volume and price of its sales, the Verjee Tribunal believed that the industry would 'be placed in a dangerously precarious position'. The tribunal was convened in 1962 to investigate the avalanche of plantation strikes that erupted in response to the intensified labour processes brought on by declining world prices. The implications for the rate of profit were illustrated by figures (see Table 1) presented to the tribunal by the general manager of Socfinaf, Kenya's largest coffee plantation company, which owned some twelve estates spread over 37,960 acres. To avoid suffocation under a mountain of cumulative surpluses, the Verjee Tribunal urged that 'no effort should be spared' to promote sales in non-quota markets.[79] Nonetheless, this could only be a short-term solution, since all world producers were competing in non-quota markets. Ultimately, the crisis necessitated the destruction of vast quantities of surplus coffee in order to create an equilibrium between buyers and sellers, a conclusion avoided by Verjee.

During 1961, Kenya's premium-grade coffees rose by £28 to an average price of £348 a ton, but the British market contracted and recently gained markets in Holland and Sweden were lost.[80] The survival of the industry now hung largely by the slender thread of the market in West Germany, Kenya's 'most important buyer', which was menaced by EEC regulations.[81] Renewed concerns over quality surfaced with signs that German roasters 'were turning away' from Kenya coffees. German buyers were unwilling to pay high prices for coffee of declining quality and were looking at other suppliers. In November 1962,

75 'Kenya coffee still the world's best', *EAS*, 1 December 1962.

76 '5,000 ton target for non-quota markets: Kenya plans to raise exports of coffee', *EAS*, 22 November 1962.

77 KNA, AMC 7/20: Verjee Report, November 1962.

78 'Coffee auctions', *EAS*, 6 February 1963.

79 Verjee Report.

80 'New markets lost by increased prices for coffee', *EAS*, 28 July 1962.

81 'Coffee delays worry trade', *EAS*, 1 August 1963.

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Table 1. Coffee sales to quota, non-quota, and local markets, 1962.

Sales	Tonnage	Average price per ton
Quota markets	30,000	£300
Local	1,200	£52 10s
Non-quota markets	9,800	£150
Total	41,000	
Overall mean price per ton		£257

Source: KNA, AMC 7/20: Verjee Report, November 1962.

Schweggmann and Co., agents for East African coffees in Bremen, confirmed that 'most' German coffee roasters were 'not using' Kenya coffee in their blends any longer, because of the drop in quality. They complained that 'the well known attributes of fine liquoring Kenya coffees – flavour and acidity – are rarely seen today'. At this point, Kenya was exporting half its crop to Germany, though 'only a few buyers are involved and should they change their mind the export situation could change in a few days'.[82]

The International Coffee Agreement and the rebirth of protectionism

World producers were now on a collision course, which the US moved to arrest through initiating longer-term quota agreements. The price falls following the end of the Korean war, together with a 50% cut in direct American foreign investment to Latin America, had led rival producers to seek to make up for lost revenue. Denied the expected resources for diversification, which had been channelled into western Europe's post-war recovery, Latin American producers were forced back into an accentuated dependency upon raw materials.[83] East African producers, starved of investment and compelled to accelerate production to generate the hard currency to meet the demands of Britain's post-war reconstruction, were also forced to tread this path, creating the potential for serious conflict.

The coffee quota system was politically dominated by South American producers, but their traditionally close ties to the United States were under strain. The Americans were less able to support regional clients with resources and favours which were prioritized elsewhere, thus putting erstwhile loyalties to the test. An overstretched United States, seeking to secure unhindered access to hitherto protected European colonial markets, was thus compelled to restrain Latin American producers from dumping their surpluses on world markets. At least in this respect, American policy was one of benign regulatory imperialism[84] during a fragile period of global transition. Former US clients in Latin America held the potential to

82 'Kenya coffee losing flavour', *EAS*, 5 November 1962.

83 Michael Barratt Brown, *The economics of imperialism*, Harmondsworth: Penguin, 1974, pp. 208–9; Leo Panitch and Sam Gindin, 'Global capitalism and the American empire', in Leo Panitch and Colin Leys, eds., *The new imperial challenge*, *Socialist Register*, 2004, p. 16.

84 Panitch and Gindin, 'Global capitalism', pp. 13–18.

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destabilize European decolonization and undermine the USA's global ascendancy. In this sense, the International Coffee Organization (ICO) and the International Coffee Agreement (ICA) were instrumental to the American aim to stabilize market conditions.

In particular, Brazil's relationship with the USA played a key part in reconfiguring and managing the economic environment between the advanced capitalist countries and their former colonies, putting into place a new system of global relationships under American hegemony. Brazil accounted for about 50% of world coffee production and was acutely affected by declining prices, which by 1962 had fallen, on average, to half of their 1954 levels. Its shortage of foreign exchange reinforced subordinate ties to the United States. In an attempt to rescue its export earnings and the long-term future of its principal economic sector, Brazil orchestrated the various quota agreements initiated by the United States and the producers' alliance that became the ICO. This made Brazil seem overbearing within the ICO as it faced accusations of securing its position at the expense of other producers. Overall, Brazil's dominant, and decidedly sub-imperial, role at the apex of the ICO enabled it to influence the pattern of income redistribution from the advanced, industrialized, coffee-consuming countries to the poor, developing, coffee-producing countries.[85] Superintended by the USA, Brazil thus played a pivotal role as an articulating joint in reshaping the economic environment for decolonization.

Short-term, annually renewable quota agreements were replaced by the ICA, which brought together both exporting and importing countries and came into operation from 1 July 1963, joining already current agreements for olive oil, sugar, and wheat.[86] The ICA's stated objectives were to ensure 'long-term equilibrium' between production and consumption, to lessen 'excessive fluctuations' in coffee prices, to facilitate the increased purchasing power of exporting countries by keeping prices at 'equitable levels', and to mitigate the 'serious hardship' caused by surpluses. The ICA stressed its development lodestar of increasing the productive resources of member states on the basis of a stable relationship between the trade in coffee and markets for industrial products.[87] The ICO, established in 1963, following a conference convened by the United Nations, worked to institutionalize and internationalize the structures of management and control of coffee marketing and production that accompanied the ICA, to assure permanence to the agreement's regulation, to iron out expected cyclical fluctuations, and to allay the recurrent crisis tendencies in the world market.

To achieve its goals, the ICA (which was renewed in 1968) aimed to reduce and limit competition by setting quota restrictions on signatory countries, thus minimizing the consequences of overproduction and low prices. The agreement meant that most producing and consuming countries became signatories to a commonly binding undertaking, whereby a target price, or price band, for coffee was set, and export quotas were allocated to each producer. The international coffee market was thus subjected to a regulatory control mechanism, so that when the indicator price calculated by the ICO rose over the set price, quotas were relaxed; when it fell below the set price, quotas were tightened. If prices rose particularly sharply, quotas

85 Bilder, 'The International Coffee Agreement: a case history', p. 329.

86 Ibid.

87 *International Coffee Agreement*, 1962; ch. 1, article 1, p. 7.

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were to be abandoned until prices declined to within the band.[88] This was therefore an export quota agreement, which supported prices by limiting the exports of each member. Far from alleviating tensions, however, the coffee quota system exacerbated and intensified already existing contradictions. The ICA system was beset with squabbles[89] over quotas from the start, and the growth of non-quota markets threatened to undermine the agreement altogether. There was an increasing volume of 'tourist' coffee: that is, coffee exported, or stated to be exported, from a country other than its real place of production.[90] In an attempt to overcome this, the International Coffee Council agreed in 1966 to issue stamps and certificates of origin, and to impose severe restrictions on imports from non-members.

While the ICO gave the appearance of unity and cohesion, it would be a mistake to see its emergence as a sign that the global industry was becoming more organized. Nor did it represent a coalition of Third World producers attempting to equalize trading relationships with erstwhile imperial powers, although in some instances this did surface as a by-product of its role. The ICO was alleged to favour the principal producers, as manifested in decisions concerning the distribution of estimated portions of a contracting market during a period of low prices. The ensuing rivalries, brought on as large numbers of producers sought to offload their surpluses, gave rise to unbearable strains, which had the potential to devastate the organisation. Beneath the surface, the ICO was decidedly hierarchical, with economic power highly concentrated into the hands of a few powerful producers, who could hold less significant producers to ransom and ultimately ruin them. Above all, the very structure of the ICO assured the mutually antagonistic interdependence of all its separate parts. In all its essential decisions, the organization was accused of bowing to the superior weight of the leading producers and of working to secure their interests by disciplining the smaller producers in Africa and Central America. Quotas allegedly enabled the larger and politically more powerful producers to protect and expand their markets at the expense of weaker rivals. The ICO donned the garb of 'organized capitalism' in its modus operandi, keeping internecine struggles among global producers within the bounds of order, so that the unfettered market anarchy of the 1930s appeared to have been overcome. However, the ICA reinstated a variant of protectionism, which had characterized the inter-war period. National antagonisms re-emerged within the ICO as it worked to police and discipline rivalries between member states in a way which was perceived as giving the greatest advantage and flexibility to the leading producers, notably Brazil and Colombia.[91]

Quotas and the straitjacket of national production

Once the problems of overproduction and cumulative surpluses had been addressed within the ICA, the remaining problems of implementation were forced more and more into what

88 Daviron and Ponte, *The coffee paradox*, p. 87; see also A. Kumar, *Primary commodities: international control of production and trade*, Ljubljana: Research Centre for Cooperation with Developing Countries, [1986], p. 165; Bilder, 'The International Coffee Agreement: a case history', p. 329.

89 Ibid., p. 340.

90 Daviron and Ponte, *The coffee paradox*, p. 87.

91 Bilder, 'The International Coffee Agreement: a case history', pp. 344–7.

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became national straitjackets. In Kenya, this led to a problematic restructuring and the further displacement of settlers from the industry. The global crisis was passed onto the colonial and post-independence governments to deal with, who prescribed to the CBK a wider role of policing quotas[92] and enforcing restrictions on planting.[93] Since this prevented additional acreage coming into play, the development problem of Kenya's coffee industry became not one of expanded production but of careful limitation and quality control. This disabled coffee's prescribed role as a 'development' crop, as envisaged by the Swynnerton Plan, undermining the long-term policy of encouraging farmers to plant more coffee.[94] Expanded coffee planting was essentially banned until the mid 1970s, when world prices rose again.[95]

After Kenya had signed up to the ICA, the government stress on increasing productivity and output became less evident. However the incidence of coffee berry disease, which increased during the 1960s, led to periodic falls in production, giving rise to a need to increase total output. During 1964–65, the season's crop totalled just 38,000 tons, against a projected estimate of 45,000 tons. Given the government's recurrent emphasis on quality, the deductions bearing down on the industry contributed to a marked reduction in the general quality of Kenyas coffee. This was brought about by a lack of funds to carry out necessary tasks such as fertilizing and spraying, with growers penalized by the generalized refusal of banks to raise their overdraft limits. This in turn left the crop more vulnerable to drought and the recurrent ravages of disease, resulting in some areas in losses of 35–40%.

A range of financial impositions, which had weighed heavily on European growers from the mid 1950s, came to exert an unrelenting pressure on African farmers, despite their much lower production outlays. These included transportation costs, the CBK levy, ICO contributions, 'a very heavy export tax', and CMB fees for warehousing, insurance, brokerage, packing, and marketing expenses. There was also an agent's commission to the KPCU, with its monopoly over milling, liquoring, and storage. When the CMB was instructed by the government to levy an additional 3% tax on coffee receipts for county council finances, widespread discontent erupted among growers. Strong opposition to cess payments was voiced from delegates representing 100,000 mostly small-scale African coffee farmers attending the KCPU conference in 1965, who expressed serious concern that cess deductions would imperil their slender profit margins and 'cause a reduction in quantity and quality'. The conference appointed a committee to approach the government and 'to protest at the cess on an already overburdened industry'.[96] This protest followed the annual Nairobi coffee conference in January 1965, where resolutions from mostly European farmers in Kiambu, Thika, Kabete, and Ruiru, had deplored the imposition of extra cess payments. Thika's growers protested at an 'intolerable burden on an industry already penalised by selective taxation which will act as a deterrent to the efficient high acre yield farmers', while

92 Government of Kenya, *Development plan, 1966–70*, Nairobi: Government Printer, 1966, p. 176.

93 Kumar, *Primary commodities*, p. 165.

94 Swynnerton, *A plan*.

95 Heyer et al., *Rural development*, p. 104; David Wall, 'Export prospects for Africa south of the Sahara', *African Affairs*, 68, 270, 1969, pp. 26–41; Ann Seidman, 'Prospects for Africa's exports', *Journal of Modern African Studies*, 9, 3, 1971, pp. 409–28.

96 'Coffee growers form committee to fight cess', *EAS*, 12 November 1965.

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planters from Kabete were indignant that 'cess is discriminatory, unjust and economically unsound'.[97] The Kiambu delegates implored the CBK to align cess payments on the normal rating method, based on land values and improvements. The conference released a statement warning that further deductions from the industry's account would make its situation 'precarious if the world price of our coffee drops'.[98] The CBK subsequently acknowledged the impact of disease, heavy taxation, drought, and a low rate of profit as the 'serious problems' facing growers, 'leading some to uproot their crops'. Large numbers of African smallholders on the upper slopes of the Aberdares and Mount Kenya, where coffee berry disease was most prevalent, had uprooted their trees and opted for tea cultivation, a trend also influenced by their disillusionment with the co-operative societies over low and infrequent payments.[99]

Constrained by quotas, the government was unable to alleviate the deductions on the industry as it pushed to raise the traditionally high quality of Kenya coffee even further, in order to gain the best possible return on a fixed tonnage. As in the past, the target was the niche market for high-quality Arabicas.[100] These necessities were dictated by an industry caught between a rock and a hard place. If Kenya violated the terms of the ICA, it would lay itself open to penalties and risk a quota reduction. On the other hand, while coffee surpluses could be offloaded in non-quota markets, this would be at prices that were, at best, 30% below quota market levels. The Department of Agriculture thus believed that Kenya's interests were 'best served by keeping the non-quota surplus as small as possible, while at the same time controlling and upgrading cherry quality to preserve the domination by Kenya's Arabica of the lucrative mild coffee market'.[101]

Initially, African coffee-planting standards were carefully controlled by the Department of Agriculture, but the control system broke down completely in the planting rush of 1963–64 to beat the looming ICA restrictions. Subsequent overproduction was the result of the extremely rapid expansion of African coffee-growing which, as the planting rush came into bearing, approximately trebled by 1967 to 130,000 acres.[102] While land was taken out of production in the estate sector, which declined from 80,118 acres to approximately 75,000 acres during 1965–67, the gains in African-planted acreage among small-scale farmers came to fruition and held fast.[103] In 1966, new planting was limited to 'infills', where growers were allowed to buy seedlings to replace old or diseased trees up to 6% of their total stock, though this was cut to 2% the following year. Given these stringent restrictions, the crux of the problem was enforcement. The government established the Coffee Authority in 1966, charged with controlling and improving the coffee grown by African co-operative societies. This was followed by the imposition of tight checks and controls

97 'Opposition to cess on coffee', *EAS*, 12 January 1965.

98 Ibid.

99 CBK, *Kenya Coffee*, Bulletin, January 1966.

100 Alan Rufus Waters, 'Change and evolution in the structure of the Kenya coffee industry', *African Affairs*, 71, 283, 1972, pp. 163–75.

101 Government of Kenya, *Development plan, 1966–70*, p. 1.

102 TNA, CO/544, Department of Agriculture Annual Reports, 1962–8; Hyde, 'Plantation Struggles in Kenya', Appendix-36, p. 304.

103 TNA, CO/544, Department of Agriculture Annual Reports, 1966–8.

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over nurseries and seedlings. Among the penalties dispensed were the uprooting of illegally planted coffee trees and the prosecution of growers. Significant uprooting of African coffee took place in Kisii, Murang'a, and Kiambu, where thousands of trees on estate nurseries were also burned.[104]

When Kenya joined the ICO in 1966, following its earlier commitment as an ICA signatory, the country's quota was increased to 43,970 tons. Nonetheless, production levels leapt to just under 55,000 tons, leaving some 20% of the entire output to chase sales on non-quota markets. The problems brought on by this excess were compounded when Kenya's quota for the following year was adjusted downwards to 41,085 tons.[105] Competition from other producing countries for non-quota markets was intensifying and Kenya was unable to rely on them to absorb its entire surplus. The trend towards overproduction looked set to continue, as African growers planted out expanded acreage under coffee in response to eased restrictions. The CMB anticipated a rise in production to 70,000 tons, and warned that, by 1968–69, even with an increased ICA quota, 'a substantial quantity would be unsaleable overseas'.[106]

Conclusion

The crisis that surfaced within Kenya's agricultural economy from the mid 1950s reflected a profound upheaval in the world coffee market. A disequilibrium between production and consumption lay at the root of this crisis, creating pervasive conditions of flagging accumulation among producers. Faced with this situation, the colonial government's strategy, prior to joining the ICA, was to export the maximum amount of premium-grade coffee to earn badly needed hard currency. While low prices mercilessly cut into profit margins, the Minister of Agriculture, Michael Blundell, believed that, by selling more coffee at depressed prices, Kenyan growers could conceivably compensate for losses. It was these considerations that lay at the source of Blundell's seemingly paradoxical recommendation to Kenya's coffee farmers to step up production during a prolonged period of contraction, even though this policy risked causing even greater price falls and set Kenya on a collision course with countries advocating quota pacts.

Under the adverse market conditions of the period, the average price of Kenya's Arabica was close enough to its costs of production to put the future of the settler sector at risk. Larger planters were those most likely to survive the enforced transformation of the industry, while others were too strapped for cash to stay the course. The weaker layers of European coffee capital were unable to marshal the necessary resources to restructure their businesses and thus to come through a prolonged period of low prices. The plantation companies were able to tough out these conditions and save themselves through efficiencies and larger economies of scale. The introduction of new technology was evident among some better-placed planters, but this made large increases in output necessary to fund new investments.

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104 KNA, Department of Agriculture press statement, 4 June 1967; CBK, *Kenya Coffee*, CBK Monthly Bulletins, November 1966–June 1967. See also *Lamb*, *Peasant politics*.

105 CBK, *Kenya Coffee*, March 1967, p. 92.

106 'Kenya coffee crop facing surplus', *EAS*, 17 November 1965.

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In a bid to restore the conditions for profitability across the coffee sector as a whole, and driven by the need to preserve its tax base, the colonial government responded to the reverberations of the world market by opening the doors to small-scale African farmers, lifting the remaining restrictions on Arabica coffee production, previously the exclusive preserve of European settlers. Africans were beckoned into a crisis-ridden industry, hemmed in by quotas and falling prices, with increasing amounts of coffee being diverted into non-quota markets at even lower prices. Overall, the issue at stake was the extended reproduction of capital. It was here that the solution of low-cost, African coffee farmers came into its own, though at the expense of displacing many settlers out of the sector. The much lower labour costs of African farmers were attributable to their ownership of land and crops, longer working days, more intense working patterns, and an ability to mobilize the labour power of the extended family for a small return. This made them better able to bear the burdens of global competition and, aided by the colonial government, they soon threatened to usurp the pre-eminent position of European farmers. Overseas competition and growing African coffee production acted in tandem to devalue settler capital, pulling the average rate of profit below what European growers could bear.[107]

Abroad, the continuing prospect of the large Latin American producers releasing their surpluses onto the world market threatened a global depreciation of coffee capital. Overall, the harsh necessities of the world market dictated the adjustments to be adopted. These were enforced through the mechanisms of the ICA and the ICO, initiated by the USA, which exercised considerable control over the relationship between the production and circulation of the coffee commodity. The expanded reproduction of coffee capital was premised on sustaining the rate and mass of profit within the industry, a necessity that pressed up against the limits imposed by international agreements. Vast surpluses of coffee were withheld from the sphere of circulation by strict quotas, and were thus unable to undergo the metamorphosis into money and capital.[108] The crisis potential of this situation lay in the increasing separation between production and sale, a tendency that undermined the velocity of circulation and slowed down payments to growers. This created a dysfunctional circuit of accumulation, which endangered the reproduction of coffee capital. Beyond fulfilling quotas, non-quota markets were the only route for absorbing surpluses, though even they were showing perilous signs of saturation. The compelling motive for all was the self-expansion of capital but, under conditions where rising amounts of coffee lay unsold, this caused intense conflicts between rival producers.

The ICO attempted to defuse these tensions through a web of international procedure.[109] Beneath the ICO veil of equality, however, coffee producers waged an undeclared trade war to gain larger quotas for themselves. In this struggle, a few oligopsonistic producer states moved to reduce the competition of their rivals, and even threatened to eliminate them. The ICO's decisions carried great weight in deciding the extent and tempo of growth of those countries that depended on coffee to generate the capital resources for their general

107 For the average rate of profit, see Karl Marx, *Capital*, vol. 3, Moscow: Progess Publishers, 1971, part 2, 'Conversion of profit into average profit', pp. 142–210.

108 Karl Marx, *Capital*, vol. 1, Moscow: Progress Publishers, 1959, ch. 3, 'Money, or the circulation of commodities', pp. 97–144.

109 Bilder, 'The International Coffee Agreement: a case history', pp. 328–91.

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development, especially those African states that had recently gained their independence and were under pressure to deliver promissory notes.

A common misperception pits Latin Americans against Africans as rivals in the world coffee market, but further investigation reveals that the principal antagonisms were more deeply rooted in the different sizes of producers, both internationally and internally. Within the producing countries themselves, global rivalries were an essential source of the ongoing tensions between plantation and smallholder coffee, which showed themselves most sharply around the issues of economies of scale, production organization, quality control, and labour costs. Internal changes and dynamics were inextricably linked to fluctuations within the world coffee market and the interrelationships between constituent producers, in a changing context of either unregulated or rule-bound competitive environments. The issue of quality became a paramount concern at those crisis points, especially during the late 1950s and early 1960s, when the global commodity chain was in danger of breaking down altogether.

The Kenyan case provides a point of departure through what it reveals about the broader themes and issues in the global history of the coffee commodity. This article has shown how a small, specialist producer of high-quality Arabica coffee responded to the crisis-ridden global market of the late 1950s and early 1960s, through examining the globally induced tensions and conflicts between the state, European coffee planters, and small-scale African farmers. The crisis paroxysms of this period could not but richly inform the framework and development outcomes of Kenya's independence in 1963. However, the changing relationships and restructuring within Kenya's coffee industry brought on by this crisis were hardly unique. Comparable changes occurred elsewhere in Uganda, Tanganyika, Costa Rica, El Salvador, and Guatemala. All of these producers had to negotiate their way through the troubled years after 1955 and, in particular, complained about the 'straitjacket of national production' enforced by quotas imposed by the ICO, which was dominated by the largest producers. This article has examined how Kenya navigated this crisis during a crucial period of colonial war and decolonization, which made its responses idiosyncratic in critical ways. However, much of what happened in Kenya also characterized hard-pressed smaller coffee producers elsewhere, as in Guatemala where a largely Europeanized elite struggled to compete with indigenous smallholders.

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