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The Cotton Industry and the Struggle to Arrest Poverty in Malawi: A Historical Stocktaking

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Abstract

In more recent years, scholars of Malawi's agricultural history have attempted to rehabilitate colonial and postcolonial economies, often doubting the exploitation narrative that characterised the literature of the 1970s and 1980s. This article traces the historical trajectory of the relationship between rural cotton farmers in Malawi, on the one hand, and the state and other multinational companies, on the other, to contribute to the debate on the state and agricultural transformation in Malawi. It addresses the question of the extent to which attempts to intensify cotton production have improved the lives of ordinary farmers who dominate the crop production in the country. Locating the article within colonial and postcolonial times, we argue that although the Malawi Government has produced development plans and initiatives promoting cotton production among rural farmers, the targeted farmers have not benefitted from such interventions. Instead, the cotton industry displays an element of exploitation akin to that which characterised colonial and early post-colonial economies. Documentary and oral sources from farmers in the Balaka district allow us to demonstrate how production bottlenecks, poor markets, and weak public-private partnerships continue to define an industry that is anchored by small-scale farmers yet benefits cotton buying firms. Beyond emphasising an exploitation narrative, we propose that the state could address these concerns to make the cotton industry remain a significant component in fighting poverty in line with Sustainable Development Goal number one.

Keywords: Balaka; Cotton; Development Plans; Malawi; Rural Poverty; SDGs.

1. Introduction

Two years after the global community adopted the United Nations Sustainable Development Goals of 2015, Malawi domesticated them by raising the *2017-2022*

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*Growth and Development Strategy (MGDS) III***.** As was the case with Millennium Development Goals (MDGs), which expired in 2015 having achieved little for Malawi, the need to arrest poverty through a transformed agricultural sector ranked high on the agenda of MGDS III. Now that the country has just embarked on its latest development trajectory, following the creation of the *Malawi Vision 2063*, launched in January 2021, and the subsequent ten-year implementation plan of 2021-2031, we take a historical stocktaking of the struggles that Malawian cotton farmers face to better their lives. Although the article focuses on a single commercial crop, such an exercise is scholarly rewarding because it zeroes in on a deep-seated historical debate on how the state in Malawi has balanced the interests of the rural smallholder and large-scale commercial farmers. Scholars argue that the plight of rural agricultural communities in Malawi centres around a culture of exploitation in which the state, often acting on behalf of large-scale farmers and merchants, has helped to suppress the progress of rural farming communities in the country (Mhone, 1993; Kydd and Christiansen, 1982).

Studies on the state and its limits have increasingly challenged this exploitation narrative by pointing to the contradictions that states often grapple with in seeking to satisfy the interests of diverse groups in a society. Migdal (2010:115-116) and Berman (1990), for example, made it clear that states do not necessarily seek after a leviathan character Mhone (1993) and colleagues emphasise – one of subjecting smallholder farmers to the exploitative tendencies of larger capitalist groups. Instead, they point to the need to analyse a web of relationships state officials are caught up in or the multiple contradictions they seek to resolve, which sometimes lead to unintended outcomes such as exploitative state behaviour. Other studies, such as that by Green (2007), point to the methodological limitations in this 'exploitation literature,' blaming it for concentrating entirely on the country's southern region, where land alienation was more intense than in the other two regions, the centre and north.

This new direction notwithstanding, evidence in the cotton industry in Malawi, we argue, corroborates the same exploitation narrative, making it nearly impossible to reform. The argument is particularly compelling when we compare the experiences of the country's smallholder cotton farmers as they played out in the distant colonial and immediate post-colonial past to that of the most recent period, particularly the first two decades of the 21st century. The latter period has not enjoyed a good scholarly coverage, for even the work by Elias Mandala (2018), which by far affords us the best experience of cotton farmers in the country, did not cover the period beyond 1994. To what extent do colonial and early post-independence exploitative economies show similarities with production trends in 21st century Malawi? How far have rural cotton farmers benefitted from recent attempts to revamp the cotton industry through the Chinese merchant capital? The article addresses these and related questions. The result is a paper that undertakes a historical stocktaking of the relationship between

Malawi's rural cotton farmers, on the one hand, and the state and other multinational companies (MNCs) from Britain and China, on the other. We discuss the MNCs from Britain to cover the colonial period and the ones from China for the most recent postcolonial present.

We argue that government efforts to spur the cotton industry have not addressed the deep-seated historical challenges that have long affected the progress of cotton farmers in the country. Production bottlenecks, poor markets, and weak public-private partnerships, among others, characterise the industry that is anchored by small-scale farmers yet continues to benefit owners of the merchant capital. The recent entry of a Chinese company into the cotton industry has helped to reveal the industry's very contradictions. If the government perceives agricultural commercialisation as central to arresting poverty in line with SDG number one, the story we present is the exact antithesis of this optimism. It is a story that shows the continued struggle and failure of the state to balance the goals of raising the country's Gross Domestic Product (GDP) without sacrificing the interests of the rural poor. The article emphasises the resilience of the exploitation narrative from the distant colonial past to the 21st Century. Beyond contributing to the literature on cotton production and marketing in Malawi, the paper's findings should appeal to key stakeholders in government, and local and international development partners, especially those aiming to address rural poverty through agricultural transformation.

2. Research Design and Methodology

This historical study is predominantly qualitative and relies on primary and secondary sources to understand the experiences of cotton farmers in Malawi, with a particular focus on Balaka District, where we conducted some oral interviews. We interacted with cotton farmers through face-to-face interviews and Focus Group Discussions. We also held discussions with government extension officers and some officials working for the Malawi Cotton Company (MCC) through Key Informant Interviews. The choice of Balaka, particularly the areas the MCC targets, was deliberate. Balaka district ranks among those in which serious cotton farming takes place in the country with the support of both public and private entities. In the latter category, the MCC , a Chinese entity, plays a significant role in supplying cottonseed to local farmers and purchasing their products. We asked questions about the recent Chinese involvement in the cotton sector and its benefits on local farmers, how farmers perceive recent government attempts to revamp the cotton sector, and the extent to which farmers have benefitted from Chinese involvement in the cotton industry. Our analysis of oral interviews was thematic and fell within the questions listed here. We present this data through narrative vignettes, descriptions, and direct quotes, while keeping the responses anonymous for ethical purposes.

Beyond these oral interviews, this study also relies on archival materials to understand the experiences of cotton farmers and how they interacted with the state and its proxies in the distant colonial past and the early postcolonial period. These include colonial agricultural reports, annual government reports, official government correspondence, and other print media publications. Because of their nature, we have cited archival sources in the footnotes section. Also, invaluable have been secondary sources, which allow us to contextualise the study within the literature on agricultural production and marketing in colonial and postcolonial Malawi; explain the involvement of MNCs in Malawi's agriculture sector; and highlight the formulation of development plans and programmes, some of which are essential in eradicating rural poverty. In the next section, we provide a brief background to the cotton industry in Malawi and the significant themes that have attracted scholarly attention so far.

3. Background and Brief Overview of Literature

Since the colonial era, the state in Malawi has not run short of development instruments. The ten-year post-war development plan, which ran between 1945 and 1955, but was revised in 1947, probably inaugurated Malawi's economic planning culture.[1] The plan emerged as a response to Britain's renewed commitment to developing its colonies in the post-World War Two era. Each recipient of the British development grants had to produce a schedule of activities duly approved by the colonies/protectorates before the Imperial Treasury released funding. What is significant here is the agrarian bias in this plan. It emphasised the agricultural sector, particularly those activities that aimed to create progress in rural areas. Between 1961 and 1967, Malawi boasted two development plans. The first (1961-1965) was drafted when Malawi achieved self-rule status in 1961 with Dr. Hastings Kamuzu Banda as the Prime Minister. The second came in 1965, barely a year after the country gained independence from Britain. Like the previous plans, much focus was on agriculture in both cases. The plans aimed to transform the agricultural sector and pay attention to social engineering projects to help rural farmers become efficient commercial producers.

By 1967, the country had abandoned this planning, favouring one-year rolling programmes. The decision coincided with the dissolution of the Ministry of Development and Planning, which Aleke Banda headed. That decision was condemned by officials from the Bretton Woods institutions, namely, the World Bank and International Monetary Fund who believed that development plans represented a step towards organising and planning economies. But Malawi argued that effective economic planning was impossible for a country that relied on outside financing for its development and recurrent budget (Kayira, 2020). After pressure, Malawi

[1] See British National Archive, Hereafter BNA, CO 525/208/4, Nyasaland Post-war Development Plan, 1945-1955.

produced the ten-year development policies (Devpols), the first of which became operational in 1971. However, if under the Devpols the country registered an impressive economic growth of the 1970s as scholars have observed, this progress was not without contradictions. By the late 1970s, the country experienced a structural crisis that hit the rural poor the most (Pryor, 1990). Commentators argue that the 1970s crisis, which eventually led to the structural adjustment reforms of the 1980s, had to do with the government's exploitative tendency. For example, in their separate works, Mhone (1993) and Kydd and Christiansen (1982) note that the structural adjustment crisis in question came in the wake of rather punitive economic policies of Dr. Banda's regime which favoured large-scale producers at the expense of the majority rural farmers. Such policies, it is argued, included using the state marketing Board, the Agriculture Development and Marketing Corporation (ADMARC), to extract surplus from smallholder farmers through low producer prices. The other mechanism had to do with the conversion of customary to leasehold land to support estate agriculture. By suppressing the majority of rural farmers, the policies failed to create economies of scale and deprived the local farmer's contribution to the development process. These strategies represent the resilience of the colonial exploitation policies in which similar interventions favoured non-African settlers at the expense of African producers.

In the next section, we highlight how cotton production in colonial and later post-colonial Malawi speaks to such a narrative in ways that reflect the deep-seated historical problems cotton farmers have had to endure. The choice of the cotton industry to understand the limits to agricultural commercialisation in Malawi's countryside is deliberate. Cotton ranks among the few, if not the only crop, where smallholder farmers have had a dominant position in its production from colonial times to the present. The cotton industry provides better lessons on how to spur the rural economy through local agency instead of large-scale producers, who have so far restricted themselves to the arena of exchange or market as opposed to the actual production of the crop.

We begin by explaining the activities of the British Cotton Growers Association (BCGA) in Malawi and how, in partnership with the colonial state, it sought to encourage cotton production among rural Africans in the country to support Britain's cotton companies in Lancaster. We compare this experience with the contemporary one, where the cotton industry has attracted multiple buyers, chief among them being the MCC , which rolls on the wheels of China's merchant capital. We argue that despite framing sound instruments to transform the agricultural economy and make it work favouring the rural poor, experience with the cotton industry displays the government's failure to balance the interests of large-scale cotton merchants and those of small-scale cotton producers who anchor the industry. For the most part, state policy continues to serve the former group, whether in the distant colonial past or the immediate present. In emphasising the resilience of the exploitation narrative, the article offers some lessons that would help to reorient the industry towards a more balanced approach that could work in favour of all the parties involved.

4. The colonial state and cotton production

Although Africans in the Lower Shire Valley of Malawi had grown cotton before the establishment of British colonial rule in 1891, it was not until 1901 that the colonial state sanctioned cotton production (Terry, 1962:59-61). Its production was preceded by tests in cotton growing by the Scientific Department, headed by a Mr. Maclounie based at Zomba. The colonial authorities approved the cottonseed and initially offered it to European settlers for purchase in 1902. The following year, the government extended the opportunity of growing cotton to African peasant farmers. In that year, the Department of Agriculture distributed 'Egyptian cotton seed,' variety to African farmers in the Upper Shire District (Shire Highlands) and the Ulongwe areas (near the Lakeshore). This variety was preferred in Lancaster cotton factories in Britain to local varieties. By the 1904/05 growing season, cottonseed distribution had reached all parts of the Lakeshore region, including Salima and Karonga districts. In those early years, African farmers took up cotton growing to earn their money through cotton sales instead of seeking employment on European-owned estates (Terry, 1962:59-61). As a result, cotton production among Africans increased steadily, as the following figure illustrates:

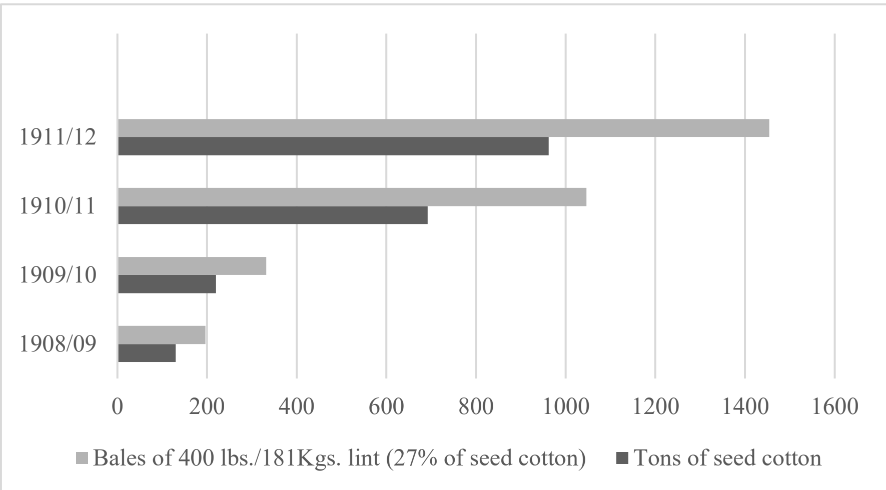

Figure 1: Early progress for African-grown cotton in Nyasaland

Source: Compiled from PRO, CO/626/1, Annual Report of the Department Agriculture of Nyasaland for the year ended 31 March, 1912," p. 6.

As African peasants became permanent players in the Nyasaland cotton industry, the next phase was establishing cotton buyers. Colonial records indicate that to promote cotton planting, the government purchased the crop from African farmers at 1 penny per pound and resold it at the same price to the British Central Africa Company (BCAC). Apart from the BCAC, the other company with British origins involved in cotton purchases was the African Lakes Cooperation (ALC), established by the Moir Brothers (John and Frederick) in 1888. The ALC conducted export trade, agricultural production, and general transportation in British colonial Africa among other businesses. The ALC was sub-contracted to buy cotton in Nyasaland by yet another entity, the British Cotton Growing Association (BCGA), whose activities we will return to shortly (Terry, 1962: 60-62; Moir, 1924). This story suggests a growing international interest in the Nyasaland-grown cotton, especially in the Lower Shire districts where climatic conditions had proven favourable to its production. Because the BCGA emerged to be a significant player in cotton production and marketing, it deserves a lengthy discussion here.

5. The BCGA and its Activities

The BCGA was established in June 1902. Its main objective was to establish and extend the growing of cotton in the British Empire. At that time, there were fears and uncertainty about the position of the Lancashire cotton industry in Britain. For a long time, the Lancashire cotton industry depended on the USA to source raw materials, including cotton. However, Lancashire experienced a shortage in cotton supplies between 1901 and 1903. Speculative activities of cotton dealers who caused artificial cotton scarcities to obtain higher prices on the international market ranked among the factors that influenced this shortage. The increased demand for cotton in the USA was also partly responsible for the shortages in Britain, hence the rise in prices for raw cotton. These changes forced Britain to search for alternative reliable and cheaper sources of cotton elsewhere. The BCGA was created to meet this demand. The association operated in such colonies as Egypt, Sudan, Nyasaland, Uganda, Nigeria, South Africa, and Rhodesia. The BCGA also ran similar operations in the West Indies (Onyeiwu, 2000: 89-94).

The BCGA's first president was Sir Alfred Jones, K.C.M.G. During its formative years, the association survived with funds from several individuals and organisations. These were drawn from Lancashire manufacturers and merchants from Liverpool and Manchester. The BCGA started with a guarantee fund of £50,000, which was later increased to £100,000. After two years of its existence, the BCGA applied for and was granted a Royal Charter by the British Government, registering capital of £500,000. In the early years, the British Government also supplied the BCGA with an annual grant of £10,000. This money was to help the association conduct experimental work in the African colonies (Hutton, 1914: 811; Robins, 2013: 100-101). For Nyasaland, while the BCGA had previously ran its activities by sub-contracting the

ALC, it was not until 1910 that the association (BCGA) established its first branches and ginneries. In between, the BCGA had assisted the Nyasaland government with funds to construct the railway line from Port Herald (now Nsanje) to the Zambezi (Hutton, 1914).[2]

The BCGA often collaborated with the colonial governments to boost cotton production in the colonies. This collaboration played out in the maintenance of buying and cotton ginning stations, including transporting the cotton to seaports via trains. The BCGA also offered price incentives to local farmers. The aim was to increase the production and supply of cotton by offering slightly higher than usual or recommended prices. As an incentive, the BCGA also offered higher prices for quality cotton presented at the market by the farmers. The 1912 Annual Report of the Department of Agriculture of Nyasaland (PRO, CO/626/1) indicated that the BCGA purchased all marketable cotton presented to the association.

There were also instances where the BCGA provided financial assistance to cotton-growing companies and planters in the colonies. This support came in the form of grants, loans, and advances. For instance, in 1915, the association provided Nyasaland with US$48,000 to finance cotton-related projects. The BCGA also provided technical advice, particularly toward research to produce better cotton varieties. Some of the technical advice helped to establish experimental stations, demonstration plots, and new cotton farms. Lastly, the BCGA also collaborated with colonial governments to provide free cottonseed, an intervention that aimed at discouraging the production of local cottonseed varieties (Onyeiwu, 2000:96-99). In 1912, the BCGA supplied or paid the cost of the cottonseed, which the Department of Agriculture (DoA) distributed to African farmers (See PRO, CO/626/1).

Despite these seemingly positive ventures, the BCGA would also exploit African cotton farmers and did so with knowledge of British colonial states. Scholars of British colonial Africa, including Onyeiwu (2000), Robins (2013), and Mandala (2018), among others, have tackled these issues. Although it was a private venture, the BCGA collaborated with British authorities at the metropole and in the colonies. The association convinced the governments that increasing cotton production in the overseas colonies was essential for enhancing Britain's industrial production. According to Onyeiwu (2000), colonial states used their powers and resources in several ways in the overseas colonies. Firstly, the colonial governments used their coercive capabilities to regulate and control the sale and export of cotton. Influenced by the BCGA's demands, colonial governments enacted "cotton ordinances" that regulated the industry to ensure it favoured the state and the BCGA. The other form of coercion came in the form of taxation. One of the taxes introduced was the so-

[2] See also Public Records Office (PRO), Colonial Office, hereafter CO/626/1: "Nyasaland Protectorate: Annual Report of the Director of Agriculture for the year 1909-10," 45.

called "cotton tax," of which in Nyasaland was pegged at two pounds on raw cotton and tobacco. The money raised helped to subsidize the association's activities (Onyeiwu, 2000: 105-109). Mandala also highlights that in Nyasaland the Department of Agriculture had by the 1909/10 growing season began to ask the African farmers to pay their "hut tax" in cotton (Mandala, 2018: 180). Nyasaland introduced the hut tax in 1894. Under it, Africans paid the government three shillings per year. In 1901, the hut tax was revised upward, and Africans had to pay 12 shillings per year.

The BCGA also employed what we could describe as non-coercive measures to achieve its aims. One strategy was to play around with laws of supply and demand by deliberately publicising a high demand for raw cotton in some years even when none existed. This simple economic practice, as Robins (2013:103-104) calls it, made the company maximise its use of funds to buy cotton at deflated cost and build cotton ginneries from the resources realised. The purported high demand for cotton lured African farmers into producing more cotton. The plan was not always successful. Low cotton prices often turned away African farmers, who channelled their labour to other alternative sources of livelihood rather than toiling for the state and the BCGA. The latter explains why coercion, especially that of taxation, was often preferred to lure Africans back into cotton production. The other non-coercive measure saw the BCGA and the colonial governments select and use indigenous educated and capitalist elites involved in cotton cultivation. These were offered more opportunities when they elected to grow cotton on their farms (Robin, 2013).

Apart from introducing tax measures that induced Africans to either pay tax on cotton or work on the few European-owned cotton plantations, the Nyasaland government also enacted the 1910 Cotton Ordinance to support the BCGA's activities. The ordinance appeared as Cotton – Rules, no. 7 of 1910. It had 17 rules in total, ranging from land preparation, distribution of seeds by the government, the operations of cotton ginneries, the issuing of licenses and marketing of cotton, market tolls, and penalties for breach of government set rules. Rule number four demanded that all native (African) grown cotton using seed issued by the colonial government must be ginned in the Protectorate. Rule number five saw the government retain the right to all the cottonseed from the previous cotton harvest whose seed the government had distributed. Other interested parties could only access such seeds upon the approval of the DoA. In rule number six, Africans were not allowed to access seeds unless the DoA approved them. Those wanting to buy the African-produced cotton were subjected to rule number eight, which saw the DoA retain the right to issue cotton purchasing licenses. The cotton purchasing license was restricted to an allocated area and in government-established markets, was pegged at 10 shillings, and was renewable on the 31st of March each year (Nyasaland Protectorate, 1915: 199-201). In 1923, the Nyasaland Government granted the BCGA monopoly to purchase all African-grown cotton in the Protectorate (Chirwa, 1997: 269). In the Lower Shire region, monopoly over cotton saw the Indian cotton buyers being driven out of their "catchment area" where they had been operating since the early 1910s. The agreement was based on the following conditions: that the local BCGA manager and Director of Agriculture were to determine and announce the minimum prices for the cotton growing season at the time of seed distribution. Seeds were to be given free of charge. Then there was also the provision that the colonial state would receive fifty percent of the annual profits made by the BCGA but the Nyasaland government would not suffer any losses (Elias C. Mandala, 1990: 142-143).

These tactics and interventions undermined any meaningful benefits Africans could have obtained in an otherwise promising industry, forcing scholars such as Allen Isaacman to describe the cotton industry in Southern Africa as the 'mother of poverty' (Isaacman, 1996). Writing on the Lower Shire Valley, Mandala summarises the experiences of farmers with a phrase: 'we toiled for a white man in our own [cotton] fields' (Mandala, 1995). Noteworthy here is how the state did little to support African cotton growers. However, Africans did not suffer in silence as they were not always passive victims of the state and its proxy, the BCGA. They often found ways to either resist or accept the colonial agricultural and marketing policies by, among other strategies, resorting to alternative markets both within and without the protectorates and colonies (Robins, 2013: 101-102). In a related work, Mandala (2018:71-82) has highlighted how farmers in colonial Malawi shunned foreign cotton varieties the DoA provided as a strategy of resisting hostile taxation and marketing measures to which cotton production was subjected. Others trekked to South African mines rather than working under the industry that did little to change their lives (Chiudza Banda, 2020: 71-82).

Lacking other promising alternatives, some Africans continued to participate in an otherwise hostile industry despite their frustrations. From the early 1920s onward, the African peasant farmers presented the most reliable source of cotton, which the BCGA bought. By the close of the 1920s decade, just before the onset of the Great Economic Depression, cotton production among African producers increased sharply, as Table 1 illustrates.

Table 1: Nyasaland African-produced cotton in tons (by district), 1928 and 1929

District	Lower Shire Valley	Chikwawa	Central Shire	Mlanje	Blantyre	Upper Shire	South Nyasa	Ntcheu	Dedza	Dowa	**Total (Tons)**
1928	1,377	889	129	10	4.5	8	1.5	19	19	11	**2,486**
1929	1,809	1,248	195	14	10	18	18	47	47	51	**3,505**

Source: Adapted from Nyasaland Protectorate, "Annual Report of the Department of Agriculture, 1929," 366, PRO, CO/626/7

This growth was not sustained. With the onset of the Great Economic Depression from 1929 onwards, the Nyasaland African-grown cotton industry also took a significant hit. Reportedly, this led to a reduction in prices offered at the cotton market, and in turn, the farmers focused on food production for bare survival. The Nyasaland government's annual report of 1931 on the Protectorate's social and economic progress emphasized that 'the depressed condition of the market [did not only cause] a further reduction in the local purchase price of this native produced commodity but [also] restricted purchases to first grade:'

> The acreage planted was less and to aggravate the position, the rains were unfavourable. The net result was a weight shipped during the year of 2, 263, 728 lbs (5, 659 bales), or a drop of 3, 837 bales, equal to 40.4 percent, when compared with the quantity exported during 1930.… All was consigned to England" (Nyasaland Annual Report for 1931, 42, PRO, CO/626/10).

Due to such depressing economic trends, in August 1931 the BCGA refused to renew its five-year agreement to purchase cotton, which it had signed with the Nyasaland government. The association argued that it did not need to renew it in an international environment with low cotton prices. As such, the BCGA and the Nyasaland government agreed to open the market to other interested buyers. Perhaps more significantly, the government decreed that cotton production stop in the Lower Shire Valley effective 1932. The only exception to this pronouncement was Lisungwe district (Central Shire and Blantyre), where a few cotton growers were allowed to produce the crop using government-distributed seed.[3]

After close to three decades of its operations, the BCGA had little to show off regarding how it had transformed local cotton producers. Cotton production in the Lower Shire Valley remained a shadow of its former self until much later in the 1960s when plans to revive production of the crop re-emerged under the postcolonial regime. But if the colonial state did little to further the interests of the local cotton farmers, how far did the distant or more present postcolonial state transform the cotton industry? It is to this question that we now turn.

6. Cotton Production in Post-colonial Malawi

After independence in 1964, Dr. Hastings Kamuzu Banda's government prioritized smallholder-produced cotton as one of the cash crops needed to address rural poverty. This was in line with the new government's development strategy, which focused on two key sectors, namely, agriculture and industry or manufacturing. Agricultural production, which was considered the primary sector, was divided into two main

[3] PRO, CO/626/10, Annual Report of the Department of Agriculture for 1931, pp 100-101.

sectors, appearing in the form of large estates and smallholder agricultural production. The smallholder farmers, the focus of this article, operated on traditional lands (customary land) and they accounted for about 90 percent of the country's cultivated land on which cotton was one of the main crops rural farmers grew. The gap left by the departure of international cotton buyers, such as the BCGA, was since the early 1960s filled by state-run marketing bodies that monopolized the purchasing of cash crops in the country. The first was the Farmers Marketing Board (FMB) the colonial state established in 1962. In April 1971, the Banda government replaced the FMB with ADMARC. ADMARC operated and still operates as a parastatal, with the legal mandate to buy and export smallholder-produced cash crops, including cotton. However, while ADMARC prospered, including operating over 2,000 markets countrywide and employing over 24,000 staff, by the 1980s, it did so by offering very low prices to Malawian cash crop and food crop growing farmers (Sindima, 2002: 95-101; Smith, 1995, 561-562; Kutengule, et al, 2006: 415-420).

Just like the colonial state, the Banda government also enacted several development plans and programs with a special focus on the agricultural sector. In 1967, for instance, the government planned a 5-year duration Lower Shire Valley rainfed Agriculture Development Project (LSADP) intending to help cotton farmers in this region adopt improved agricultural practices, graduate into capitalist farmers with the potential to improve their lives and those of others (Malawi Government, 1967: 4). Like was the case with the colonial era, the Lower Shire Valley was a particular target for a project of this nature because over '70 percent of the total output of cotton in Malawi' came from there (Malawi Government, 1967: 4). This project ranked among four other social engineering projects that specifically targeted rural agricultural communities. Others included the Lilongwe Land Development Project, the Central Region Lake-Shore Development Project, and the Karonga-Chitipa Rural Development Project (Nankhumba, 1981: 31-37).

In analysing the shire valley project, Mandala concluded that it did not achieve its intended objectives. In his words,

> the plan foundered under the weight of low producer prices resulting from high freight rates and systematic transfers of income from the cotton trade into non-peasant enterprises. Villagers were left with no money to specialize in cotton farming, and the industry survived as a smallholder undertaking only because it received the uncompensated labour of dependents and resources from other sectors (Mandala, 2018: 173).

Such was the plight of cotton farmers in Malawi until more recently, when plans were hatched to revamp the industry under Dr. Bingu wa Mutharika's administration. The section below discusses some recent developments in Malawi's cotton industry. Critical here is a similar level of exploitation cotton farmers have been subjected to under a liberalised market where both international and local companies are involved in purchasing Malawi's cotton produce.

6.1 A "Fresh Breath" on the Cotton Industry

From the late 1970s onward, the Banda (Dr. Hastings Kamuzu Banda) administration faced economic challenges. As outlined by Christiansen and Stackhouse (1989: 729-730), these included an increased balance of payment deficits, large public sector deficits, higher external debt and debt-servicing obligations, and lower levels of income growth. Such economic challenges compelled the Malawi government to seek assistance from the Bretton Woods institutions, namely the World Bank and the International Monetary Fund (IMF). These institutions compelled the Banda government to adhere to the Structural Adjustment Programme (SAP), aimed at increasing the efficiency of parastatals, one of which was ADMARC. The SAP recommended and required that ADMARC privatize part of its crop (food and cash crop) purchasing operations and allow smallholder farmers to find other alternative markets for their agricultural produce (See also Gulhati, 1989: 52). It was in that state of reduced monopoly for ADMARC that Banda's immediate successors (Bakili Muluzi, 1994-2004; and Bingu wa Mutharika, 2004-2012) operated. The liberalised market also affected the rural farmers who cultivated cotton, who now had the opportunity to access other 'non-state' markets.

The 'fresh breath' on the cotton industry came in the wake of Malawi's diplomatic switch from Republic of China (ROC), otherwise known as Taiwan to Peoples Republic of China (PRC) in 2008. When Mutharika visited the PRC that year, he met representatives of the China Africa Cotton Development Limited (CACDL) on the possibility of extending the company's trading deals to Malawi. By 2009, a subsidiary of CACDL, the China Cotton Africa Malawi or Malawi Cotton Company (MCC), opened its branch in the country with Balaka District as its headquarters. Like the British Cotton Growers Association before, the MCC does not produce cotton. Instead, it provides cotton farmers with agricultural inputs such as cottonseed, fertiliser, and chemicals. In partnership with government agricultural officials and other non-state actors working in rural areas, the company also provides extension services to farmers, teaching them modern ways of growing cotton. Most significantly, the company champions breeding new cotton varieties for distribution to farmers and purchases cotton for export to China. During its inception, the MCC promised to open an oil processing unit and a textile mill as one way of adding value to the cotton industry (WITS Journalism, Africa China Reporting Project, 6 June 2019).

Mutharika's visit also brought about the Agriculture Technology Demonstration Centre (ATDC) in Salima District. The PRC has established several ATDCs across

Africa to train local farmers in modern agriculture and its associated technology. The ATDCs also support farmers with agricultural technology. Initially, PRC sponsors the construction of the training facility and provides necessary personnel which are expected to work with local staff and communities (Lu, et al., 2016: 10-11). After about four to five years of operation, the centre is expected to be handed over to the government. Because of inadequate funding, the Chipoka centre in Salima is yet to be transferred to the government and keeps on relying on PRC's financial support. The ATDC is a good model for revamping the cotton industry in Malawi because of the success stories farmers have told regarding its performance (Banda and Kayira, 2022) However, the case of the MCC and cotton marketing, in general, is worrying and deserves a careful analysis.

When Mutharika courted Chinese firms to assist in revamping the cotton industry, he did so against a backdrop of declining interest in cotton production among farmers. In addition to the activities of the Malawi Cotton Company, the government allowed 11 other cotton ginners, both local and international, to operate in the country. It also deliberately assisted cotton farmers with agricultural inputs on loan, which seem to have worked a miracle for the dying industry. Figure 2 below shows that total cotton output in sales rose tremendously between 2011 and 2013.

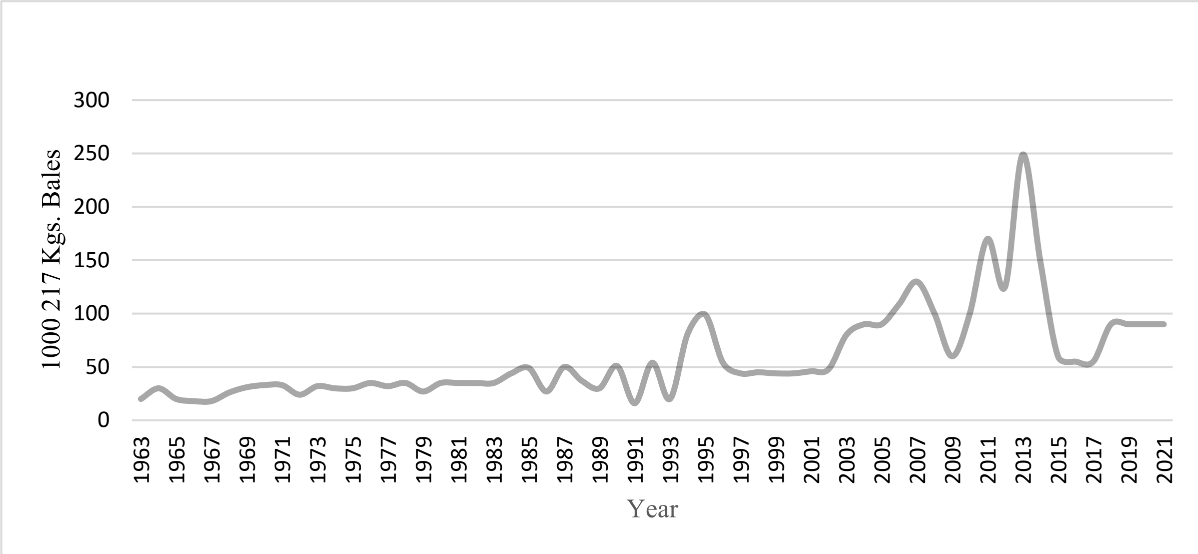

Figure 2: Malawi Cotton Production by Year

Source: Adapted from U.S Department of Agriculture Data[4]

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[4] Data available on https://www.indexmundi.com/agriculture/?country=mw&commodity=cotton&graph=production. Accessed on 20 November, 2021

However, this success story was never sustained as the rest of the years after 2013 demonstrate. Equally disappointing are the stories farmers told when we interviewed them in early 2021 in Balaka District.

Cotton production is no longer rewarding for most farmers because of many problems, ranging from poor producer prices to expensive agricultural inputs. When asked to explain why there has been a sharp decline in cotton production since 2014 as figure 2 illustrates, one farmer of Traditional Authority Nkaya in Balaka district had this to say:

> There are a lot of problems in the village. As a farmer, you always want to make money but cotton farming has a big problem because of the low prices by companies. They [cotton companies], sell their seeds at a high price, and are slow in opening markets to buy our cotton. But even when they open them, they will purchase cotton at MK150 [per kilogram]. Does this make sense? (Member of FGD, T/A Nkaya, Balaka, 18 March, 2021).

The MK150/Kg (US$0.18Kg) cotton market price cited here might seem an understatement, especially because official records indicate that the minimum producer price of cotton for the 2020/2021 growing season was MK320/Kg (*The [Malawi] Times*, 12 November 2021). However, the Malawi Nation Newspaper corroborated this figure through a 20 June 2021 story where Dickson Gundani, the Cotton Farmers Association of Malawi president, shared similar remarks. But even the MK320 (US$0.39) cited here was far lower than what is required to provide meaningful returns to farmers. Not surprisingly, when the 2020/2021 growing season opened, farmers in the Balaka district and other places in the country refused to sell their cotton (Member of FGD, T/A Nkaya, Balaka, 18 March 2021). We should understand their actions within the context of other related causes of farmers' frustration, such as expensive cottonseed, as the abovementioned sentiments suggest. On average, farmers require MK33,000 (US$40) worth of improved cottonseed for a hectare, representing a jump from MK5,000 (US$6), which local cottonseed would previously fetch to cultivate a similar hectarage (Interview with MCC official, 18 March 2021). In the context of declining cotton returns, the amount is significantly higher for an average farmer.

To mitigate for poor market prices which cotton fetches on the market, some farmers have refused to sell their cotton to buyers who provided them with inputs. Instead, they have sold it to other firms which did not support them with inputs. The arrangement has allowed farmers to systematically default loan repayments, which has continually frustrated buyers, including the Malawi Cotton Company (Interview with MCC official, March 18, 2021).

High default rates in input loan repayment among farmers forced the MCC and others to lobby the government to find better ways of encouraging farmers to honour their loan obligations. The Malawi Cotton Council introduced the zoning system to regulate cotton marketing in response. Under this arrangement, farmers are mandated to sell their cotton only to those companies that provide them with inputs. By 2019, the cotton industry boasted five cotton buyers and ginners, a drop from 11 registered in 2011. These are ADMARC, AFRISIAN Ginning Limited, Malawi Cotton Company (MCC), Mapeto-David Whitehead and Sons (Malawi) Limited (MDWS), and AVC. The country has 66 cotton production and marketing zones, of which 17 belong to the MCC. In Balaka, the company has control over 2 of the six zones allocated to the district. If the state and marketing companies view the zoning system as a workable arrangement, cotton farmers consider the strategy punitive and only works in favour of buyers. 'We work as slaves to cotton companies because the system does not give us the freedom to choose our buyers,' was a remark from one member of the Focus Group Discussion who commented on this production and marketing system (Member of FGD, T/A Nkaya, Balaka, 18 March 2021). Farmers have a point. Although the country boasts five ginners which should encourage competition and hence provide better prices for farmers' produce, the monopoly buyers have over specific areas should be regarded as a big part of the problem to the plight of farmers in the country. It reminds us of the British Cotton Growers Association's monopoly over cotton marketing in colonial Malawi for close to three decades. For both the state and its proxies, cotton farmers are a problem because they default on loan repayment and frustrate an otherwise lucrative industry. There is little effort to understand the struggles cotton farmers have faced over time and which define their unique behaviour.

Despite the current low production levels, which bring an annual income of about US$4 million to the country, cotton potentially ranks fourth as the country's foreign exchange earner after tobacco, tea, and sugar. Solely anchored by 300,000 local farmers who cultivate about 250,000 hectares of cotton land at the national level in normal times, the crop can significantly contribute towards uplifting the welfare of farmers in the countryside.[5] Now, however, the industry's future remains uncertain and even worse for local farmers who cultivate the crop for sale to local and international cotton firms. Unlike cotton merchants who do not invest their capital in the production sector and can easily adjust cotton prices in bad years to avoid potential

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[5] Brief for the on Cotton Market Revolution in Malawi, (not dated). Available at https://www.wto.org/english/tratop_e/agric_e/10_malawi.pdf

losses, or greater still suspend cotton purchases altogether, cotton producers do not enjoy a similar leverage. Local farmers face the economic brutality of the industry at full throttle. In the wake of the COVID-19 pandemic, 'over 10,000 farmers…have abandoned cotton production…due to lack of loans and poor market prices' (*Global Times*, 28 February 2021).

Notwithstanding the devastation COVID-19 has brought on the global economy, the story farmers tell is the same old one of poor markets, low cotton prices, expensive agricultural inputs, and others. Yet, they still cultivate the crop for lack of alternative sources of livelihood. If farmers in colonial Malawi toiled for a 'white man' in their own fields as Elias Mandala argued, contemporary cotton farmers cultivate the crop to feed local and international cotton ginners, who are equally at a loss to transform an otherwise lucrative industry into a sustainable one. Although the MCC promised a lot when it first came into the cotton industry in 2009, it too has done little to transform the industry in the interest of farmers. A Chinese firm wholly owns the company, and there is little effort to organize farmers into a strong cooperative with the potential to earn shares. In thinking about addressing these deep-seated historical problems, a workable intervention should also aim to empower local cotton clubs into active cooperatives with the potential to produce, sell, and process cotton in ways that would add value to it before selling it to third parties.

7. Conclusion

As highlighted earlier, Erick Green and others have doubted the exploitative label that scholars have ascribed to colonial and post-colonial agricultural economies in Malawi. Evidence presented in this article does not corroborate this view, particularly as it relates to the 21st-century Malawi. Instead, the article has emphasised the struggles that Malawi's smallholder cotton farmers have endured from the colonial era to the present. We have focused on the roles played by the colonial and postcolonial states, and other multinational companies, namely, the BCGA (for the colonial period) and the MCC (for the postcolonial period). At the level of production and marketing, both the state and the companies have registered little success to create opportunities for smallholder cotton farmers to flourish. Farmers' experiences from the Lower Shire Valley and Balaka districts illustrate the enduring exploitation narrative in which both the state and private companies have done little to transform an industry that is wholly anchored by smallholder farmers. Just like the BCGA monopolised markets and influenced the making of policies that least brought benefits to farmers, ADMARC, as reconstituted in 1971, employed similar tactics. The monopoly it enjoyed over marketing of cotton and other products, and the uncompetitive prices it offered for agricultural produce it offered frustrated cotton farmers. A similar story emerges in the immediate post-colonial present where cotton buyers, including the MCC, have bought farmer's produce below the government approved minimum price. Moreover, the zoning cotton marketing system has reduced competition among cotton ginners thereby denying farmers an opportunity to bargain for better terms with buyers. As a result, the system has created a marketing environment akin to that in which BCGA and ADMARC operated before the era of market liberalisation.

Throughout the article, we have acknowledged efforts by successive governments to initiate development plans and programmes, some targeting the agricultural sector, including the *MGDS III* and now, the *Malawi Vision 2063*. We argue that these plans can succeed along a strategy that looks back to address the deep-seated historical challenges farmers have faced over time. Cotton farmers and others should have better access to farm inputs and markets and cotton buyers should offer competitive prices. Again, the idea of farmers' clubs needs to graduate into workable cooperatives that can keep both the state and cotton buyers under check while aiming at having a stake in the cotton marketing business. More significantly, the state should make deliberate efforts to curtail the 'culture' of exploitation to which smallholder farmers have been subjected. This study makes a unique contribution to literature on Malawi's cotton industry by extending it beyond the 20th century to analyse how the distant experiences of cotton farmers compare with the contemporary ones.

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