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President: Mr. Miguel Rafael URQUIA (El Salvador).

Present:

The representatives of the following States members of the Trusteeship Council: Australia, Belgium, China, El Salvador, France, Haiti, India, New Zealand, Syria, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

The representatives of the following specialized agencies: International Labour Organisation; United Nations Educational, Scientific and Cultural Organization; World Health Organization.

Examination of conditions in the Trust Territory of Togoland under British administration: (a) annual report of the Administering Authority (T/1139, T/1148, T/1150, T/1153); (b) petitions circulated under rule 85, paragraph 2, of the rules of procedure of the Trusteeship Council (T/PET.6/L.52 to 55) (continued)

[Agenda items 3 (e) and 4]

At the invitation of the President, Mr. Ensor, special representative of the Administering Authority for the Trust Territory of Togoland under British administration, took a place at the Council table.

QUESTIONS CONCERNING THE TRUST TERRITORY AND REPLIES OF THE SPECIAL REPRESENTATIVE (continued)

Economic advancement (concluded)

1. Mr. DORSINVILLE (Haiti) noted from the annual report¹ that there had been a clash of interests between the Cocoa Purchasing Company Ltd. and the cocoa marketing co-operatives. It would be interesting to hear further details and to know why the Cocoa Purchasing Company, whose activities might really harm the marketing co-operatives, had been established.

¹ Report by Her Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to the General Assembly of the United Nations on the Administration of Togoland under United Kingdom Trusteeship for the Year 1953, London: Her Majesty's Stationery Office, 1954, Colonial No. 308.

2. Mr. ENSOR (Special representative for Togoland under British administration) replied that the Cocoa Purchasing Company had been set up in order to place more of the trade in cocoa in the hands of all-African organizations which were in direct touch with the farmers, thus eliminating middlemen. At first, there had admittedly been some difficulties between the new company and the co-operatives but they had been largely resolved; the co-operatives had established their share of the market and the Cocoa Purchasing Company now operated largely at the expense of the firms and the middlemen.

3. In reply to a question from Mr. DORSINVILLE (Haiti) about the Administration's steps to assist consumer co-operatives, Mr. ENSOR (Special representative for Togoland under British administration) explained that no progress had been made in the last year because of the grave shortcomings which had been alleged in the operation of the consumer co-operative association. A commission of inquiry had been conducting an investigation and after its report had been studied, the Government would be able to decide how consumer co-operation could best be helped. In the meantime, consumer co-operation was more or less in abeyance, although only the central organization was in liquidation and not the individual societies, which could still obtain small quantities of goods for sale to their members.

4. In reply to questions from Mr. DORSINVILLE (Haiti) about the Land Planning and Soil Conservation Ordinance and the land-planning scheme in general, Mr. ENSOR (Special representative for Togoland under British administration) explained that the object of the land planning scheme was to rehabilitate some over-populated and over-cultivated areas in the extreme northern part of the Gold Coast and the Trust Territory. The main aspects of the scheme were the afforestation of the headwaters of the rivers, the preparation of grass camps which could lie fallow and subsequently support cattle, and the cultivation of the rest of the area under controlled farming along the contours. In the Northern Section the whole of the land was held by the Governor on behalf of the people of the area. The land was allocated to the indigenous population by the *tendanas*, who performed a priestly function; the Government intervened only where the immigration of people from outside the area was involved. Before the Land Planning Ordinance some land planning had been done with the co-operation of the *tendanas* and by persuading the people to leave fallow lands which in many cases were bearing so few crops that they were no loss to the people.

5. Mr. DORSINVILLE (Haiti) asked whether the mineral resources of the Territory were being exploited.

6. Mr. ENSOR (Special representative for Togoland under British administration) replied in the negative. The iron-ore deposits were in the northern part of the Territory, far from the coast or from any source of power, and it would not be economical to exploit them.

7. Mr. S. S. LIU (China) noted from the annual report that the Cocoa Marketing Board could divert funds from its reserves to any purpose likely to benefit cocoa producers provided that it obtained the prior approval of the Governor-in-Council. He would like to know the types of schemes for which such special allocations were made.

8. Mr. ENSOR (Special representative for Togoland under British administration) replied that the Cocoa Marketing Board had made very large sums available to the Government to cover the cost of rehabilitating the cocoa industry by cutting out diseased trees and making grants to farmers for replanting in the diseased areas; it had also made grants to the University College of the Gold Coast—to endow a chair of agriculture—and to the West African Cocoa Research Institute, and had allocated funds for granting scholarships to the dependents of cocoa farmers and as local development grants for expenditure by district councils in cocoa-growing areas.

9. In reply to questions from Mr. S. S. LIU (China) about the work of the Gonja Development Company in 1954, the campaign to control swollen-shoot disease and replant where diseased trees had been cut out, and the National Committee on the Volta River Project, Mr. ENSOR (Special representative for Togoland under British administration) said that during 1954 the Gonja Development Company had continued its experimental work. The Company's report for 1954 had not been available when he had left the Trust Territory for New York. The latest information would be included in the annual report for 1954.

10. During 1954 the first survey of the areas under cocoa in Togoland had been completed. Considerable progress had been made in dealing with the comparatively small outbreaks of swollen-shoot disease. The most important development during the year was the fact that cocoa-manufacturing companies in the United States and the United Kingdom had finally agreed to accept a much higher proportion of Amazon-type cocoa than before. The Administration had therefore been able to issue seedlings of Amazon-type cocoa to the farmers and large quantities of seedlings were being grown at Akaa for that purpose. As the Amazon types were much quicker-yielding, the rehabilitation of the devastated areas should take only three or four instead of seven or eight years.

11. There were two Togolandese on the National Committee for the Volta River Project, since it so happened that the representative of the Northern Territories and the Northern Section was also a Togolander. The Volta River Project was a highly technical project, the details of which had to be worked out by experts from the two Governments concerned and the aluminium company. A number of highly technical papers were discussed by the experts; they were always made available to the National Committee. It consisted of Africans whose function was to see that the experts were not pursuing their work along lines which were likely to be detrimental to the people's interests and to advise the experts if they felt, for example, that a hydro-electric project could, with minor adaptations, also provide water for irrigation.

12. Mr. GRUBYAKOV (Union of Soviet Socialist Republics) asked how the figures for the Trust Territory's revenue from export and import duties were calculated, since the Trust Territory had no separate

budget or frontiers of its own. The same question also applied to the expenditure on such items as the Governor's office and the central offices of ministries which were common to Togoland and the Gold Coast.

13. Mr. ENSOR (Special representative for Togoland under British administration) replied that it was comparatively easy to calculate the export duty; the only product liable to export duty was cocoa and the number of tons bought in the Trust Territory was known; the export duty was worked out on an average for the whole year and the figure given was comparatively accurate. The figure for import duty, however, was much more of an estimate. The Territory's imports were estimated by a committee representing the Government statistical department, traders with a knowledge of the Territory and certain other people; the estimates were based on the Gold Coast customs returns and the proportion of the total trade which was estimated to be going to the Trust Territory.

14. In some cases, the exact details of expenditure in the Trust Territory were known. In other cases, expenditure on the Governor for instance, an equitable proportion of the total Gold Coast and Togoland expenditure was worked out in the light of such factors as the relative proportion of the population and the extent to which the service concerned was working in the Trust Territory. There was no standard basis. Normally, in the complete absence of further information, the relative population of the Trust Territory and the Gold Coast would be taken as the basis. In most cases, however, better guides existed; they would vary from department to department.

15. Mr. GRUBYAKOV (Union of Soviet Socialist Republics) understood that the Cocoa Marketing Board's stabilization fund was constituted by withholding a set part of the price of cocoa from the producer. In addition, the Government levied an export duty on cocoa. The price of cocoa had been fixed at £260 a ton for the next four years. It would be interesting to know whether export duty paid on amounts in excess of £260 a ton accrued to the stabilization fund or to the Government. In either case, the money would appear to be available to the Government to spend as it saw fit.

16. Mr. ENSOR (Special representative for Togoland under British administration) replied that the stabilization fund was held by the Cocoa Marketing Board and not by the Government. It had been fixed at £51 million and had remained at that level for some time. It was not altogether true to say that it could be regarded as money which would otherwise have gone to the producer. The Board's operations had led to important economies in the system of marketing cocoa and a great deal of the Board's earnings would otherwise have gone to firms and middlemen.

17. The export duty collected was paid solely to the Government. Nevertheless, the Government was not free to dispose of it exactly as it wished. The duty, up to £260 a ton, had already been paid into a number of specific reserve funds for development and under the new ordinance the duty collected in excess of £260 a ton had to be allocated as follows: one-fifth to general revenue; two-fifths to the second development plan; and two-fifths to a supplementary reserve fund which was intended for large projects outside the second development plan. Expenditure from those reserve funds could be made only with the approval of the Legislative Assembly.

18. Mr. GRUBYAKOV (Union of Soviet Socialist Republics) wondered whether he would be right to conclude that, with the exception of the one-fifth that went to the Government as general revenue, all the revenue from the export duty on cocoa would go in one form or another to the development of the Trust Territory alone and not to the development of the Gold Coast and the Trust Territory together.

19. Mr. ENSOR (Special representative for Togoland under British administration) replied in the negative. The various reserve funds were accumulated from the marketing of cocoa grown in the Gold Coast and Togoland and expenditure from those funds was applicable in both territories.

20. Mr. GRUBYAKOV (Union of Soviet Socialist Republics) pointed out that the revenue from the export duty on the sale of cocoa exceeded the total budget for expenditure in the Trust Territory. As the funds obtained from the export duty on cocoa were not spent on the development of the Trust Territory exclusively, it would therefore appear that the Trust Territory contributed more than it received.

21. Mr. ENSOR (Special representative for Togoland under British administration) replied that that would be an entirely unfounded conclusion. The Administration was not able at the moment to expend all the funds derived from the export duty on cocoa; large amounts were being accumulated in a reserve for future development. In that connexion he drew the USSR representative's attention to the second part of paragraph 152 of the annual report.

22. Mr. GRUBYAKOV (Union of Soviet Socialist Republics) maintained that, taken in consideration with the Cocoa Marketing Board's report as given on pages 137 *et seq.* of the annual report, paragraph 152 would still indicate that the revenue from the export duty on cocoa far exceeded expenditure in the Territory.

23. Mr. ENSOR (Special representative for Togoland under British administration) explained that the figure of £15 million given in the annual report as the export duty paid by the Cocoa Marketing Board related to duty paid on behalf of the Gold Coast and Togoland and not Togoland alone. The cocoa year was slightly different from the Government's financial year and, hence, it was not possible to balance the figures in the Cocoa Marketing Board's report with the Government's figures. The amount paid into the reserve funds from cocoa duty in respect of the Territory for the financial year 1952-53 was £843,182. Of that amount £585,263 had been made available for development expenditure in 1952-53 and £257,981 could be regarded as having been accumulated in reserve.

24. Mr. BARGUES (France) asked whether the figure of £73,000 given in the annual report as the Territory's revenue from income tax and company tax represented the exact amount paid in the Territory.

25. Mr. ENSOR (Special representative for Togoland under British administration) explained that income tax was payable in the Gold Coast and Togoland to a single Income Tax Department. For the purposes of the annual report, it provided the exact figures of income tax paid by residents in the Territory. It added a figure for company tax calculated on the estimated percentage of business conducted in the Territory: if a firm conducted 15 per cent of its business in the Territory, 15 per cent of the total of that

company's tax was included in the Territory's estimated revenue.

26. To further questions on taxation from Mr. BARGUES (France), Mr. ENSOR (Special representative for Togoland under British administration) replied that the income tax authorities were reluctant to give any details of how the figures were made up; it was one of the Administration's principles that it should not be possible to find out how much any individual paid. As a result, the authorities had not made separate figures for Africans and Europeans available to him. It was his impression however, that the allowance of income free of tax was so considerable, and the difficulty of persuading an illiterate community to state its income exactly for taxation purposes so great, that the individual income tax was very largely paid by non-Africans.

27. The Administration had found it difficult to introduce the new local authority property tax in the absence of exact details of property ownership and of a standard basis for valuation of property throughout the Territory. It would continue its efforts to introduce the tax as a source of local authority revenue in order to relieve the central Government of the burden of subsidizing the local authorities.

28. With regard to the Volta River scheme, a project which would undoubtedly benefit the Territory's economic development, a preparatory commission was preparing the relevant documents for examination by the Legislative Assembly of the Gold Coast. They consisted of the master agreement between the two Governments and the aluminium company, the statute for the Volta River Authority, and the contract for the supplying of electricity between the aluminium company and the owners of the hydroelectric scheme. The documents were expected to be completed by the beginning of 1956, and the Council would be free to discuss them if it so desired.

29. In reply to questions from Mr. BARGUES (France) about the operation of the Cocoa Purchasing Company, Mr. ENSOR (Special representative for Togoland under British administration) pointed out that, for the time being, all shares in the enterprise were held by the Cocoa Marketing Board.

30. The Company issued two types of loans other than those for the relief of indebtedness: one for the expansion of areas under cultivation, repayable to the extent of one-third in five annual instalments, one-third at the end of the sixth year, and one-third at the end of the seventh year; and a second type for improvements on existing farms, repayable in eighteen months in two instalments. Loans made to farmers in debt were expected to be recovered over a period of three years, although there was some doubt whether that goal could be reached.

31. Mr. BARGUES (France) expressed interest in the reaction of cocoa growers to the Administration's efforts to combat swollen-shoot disease, and in the success of campaigns against parasites attacking the coffee plant.

32. Mr. ENSOR (Special representative for Togoland under British administration) replied that no difficulties had been encountered in the Trust Territory in combating swollen-shoot disease, mainly because farmers had observed the damage it had done in the Gold Coast, and because care had been taken by the Administration to time its cutting-out campaigns so as

not to interfere with the cocoa trees when they were covered with a crop.

33. The coffee industry, which was of comparatively recent development, was progressing satisfactorily, but it was still difficult to forecast how extensive it would become. The coffee beans had to be parboiled to prevent them from being consumed by the coffee berry weevil when in storage, and the Agricultural Department was studying methods of combating other insect attacks on the coffee plant.

34. To a final question from Mr. BARGUES (France) about the reluctance of Africans to subscribe to loans for the financing of equipment programmes, Mr. ENSOR (Special representative for Togoland under British administration) replied that there was no tradition of accumulation of capital among Africans. The Administration was making great efforts to stimulate interest in personal investment.

Social advancement

35. Mr. RYCKMANS (Belgium) expressed surprise that figures for the number of adherents and the incomes of the various missions and churches were not available, and asked approximately how many Christians there were in the Territory.

36. Mr. ENSOR (Special representative for Togoland under British administration) said that it could not be determined from the information obtained from the missions what percentage of their adherents lived in Togoland and what percentage lived in the Gold Coast. A further attempt would be made, if the Council so desired, to persuade the missions to provide figures on a geographical basis.

37. Replying to a further question from Mr. RYCKMANS (Belgium) about customary services, Mr. ENSOR (Special representative for Togoland under British administration) pointed out that they consisted, in the north, merely of hoeing the chief's farm and presenting to him the hind leg of an animal killed in the chase. Services performed on behalf of the community, such as road-building, were more widespread and were sometimes directed by the chief, and sometimes by the Government's Social Welfare Department. Those services were as evenly distributed as possible by arrangement of the people themselves.

38. In reply to a series of questions from Mr. RYCKMANS (Belgium) on medical and health problems, Mr. ENSOR (Special representative for Togoland under British administration) explained that so-called licensed physicians in the Territory were as fully qualified to practise medicine as registered physicians, the sole difference being that they had not been registered in the United Kingdom.

39. The educational background of employees of dressing stations varied in the two parts of the Territory. In the south, dressers had completed middle education and a considerable training period in the hospital; in the north, some of them probably had no more than primary education, but a much longer training period.

40. The Bimbilla Health Centre had been established as part of the Administration's programme to provide a higher level of curative and preventive medicine in outlying areas than could be obtained through local dispensaries. It had a trained staff of one nurse, one dispenser and a health inspector for the area, and had recently added a maternity ward. Its staff was in touch

with a doctor, so that more serious cases could be referred to him.

41. The figures given in the annual report on expenditure for hospital equipment and drugs did not include the capital equipment of new hospitals.

42. To a final question from Mr. RYCKMANS (Belgium) about persons imprisoned for non-payment of debts, Mr. ENSOR (Special representative for Togoland under British administration) explained that such persons were committed to prison only in the last resort, since the court had to be convinced that they were capable of paying the debt, but had refused to do so, and more particularly because the cost of maintaining the debtor in prison had to be paid into the court.

43. The large number of prison staff in relation to the number of prisoners was made necessary by the maintenance of small prisons in out-stations where the inmates had to be continuously available to the courts in the area. All long-term prisoners were concentrated in the central prisons.

44. In reply to questions from Mr. LOOMES (Australia) about co-operation in health matters between the two Togolands and between the Gold Coast and the Trust Territory, Mr. ENSOR (Special representative for Togoland under British administration) said that contacts, both social and professional, between medical officers in the north and those of Togoland under French administration were relatively frequent, and a joint campaign against yaws was being considered by them towards the end of 1954. On the other hand, the practice by which patients from Togoland under British administration attended hospitals in the French Trust Territory had now largely ceased. The new hospital at Bawku, Gold Coast, served the entire Kusasi district, including about 40,000 inhabitants of the Trust Territory. The tuberculosis specialist investigating the incidence of the disease in sample areas had not yet begun work in the Trust Territories.

45. Replying to a question from Mr. LOOMES (Australia) about migrant labour, Mr. ENSOR (Special representative for Togoland under British administration) explained that many of the labourers employed by cocoa farmers were people from the north who returned to their own farms after the cocoa harvest. Thus, the amount of migrant labour moving from the north to the south of the Territory was considerable.

46. To a final question from Mr. LOOMES (Australia), Mr. ENSOR (Special representative for Togoland under British administration) replied that there had always been a few women chiefs and that their number was not increasing. In the Akan areas, where the system of descent was matrilineal, the queen mothers, or female heads of the royal family, occupied an important position and represented women's interest in the traditional councils.

47. In reply to questions from Mr. REID (New Zealand) about health activities, Mr. ENSOR (Special representative for Togoland under British administration) said that the mass survey of diseases would continue for some time in Krachi, and that another field unit was expected to enter the Territory shortly from the south. The WHO regional office had not been asked for assistance, in money or personnel, for that particular survey. The mass treatment of three of the diseases and a mass vaccination campaign were part of a firm policy which would be pursued as long as possible.

48. The central Government was responsible for providing the main hospitals and the principal health services in the semi-urban communities. It also supplied doctors to man the hospitals and directed mass treatment campaigns, health and sanitation activities and health education. The local authorities were developing their own health facilities with the help of capital grants from the Administration. In the north, enthusiasm for the opening of clinics was tempered by the need to educate and train dispensers willing to live in remote areas. In the south, where more educated people were available, the training period was shorter and staff required for dispensaries was more readily available.

49. Replying to a final question from Mr. REID (New Zealand) about rural housing, Mr. ENSOR (Special representative for Togoland under British administration) said that a small Government department was now dealing with the problem, and had experimentally set up a housing loans organization for both rural and urban areas. Three international housing experts from the United Nations Technical Assistance Administration had recently visited the Gold Coast and the Trust Territory to advise on housing questions. Until they had made their report, he would refrain from predicting future housing trends.

The meeting was suspended at 4 p.m. and resumed at 4.25 p.m.

HEARING OF MR. S. W. KUMAH, DIRECTOR OF THE
COCOA PURCHASING COMPANY (T/PET.6/344)

At the invitation of the President, Mr. S. W. Kumah, Director of the Cocoa Purchasing Company, took a place at the Council table.

50. Mr. KUMAH (Cocoa Purchasing Company) said that in view of certain allegations that had been made by political opponents of the Convention People's Party, the Cocoa Purchasing Company had authorized him, as a director of the Company and a Togolander born and bred, to explain to the Council the policy of the Company, the system of marketing cocoa and the ways in which loans were issued to farmers.

51. The Cocoa Marketing Board, one of whose directors was a Togolander, had been set up primarily to stabilize the price of cocoa and thus to safeguard the interests of the cocoa farmers. As a result of good world trading conditions the Board had within a short period established reserve funds for that purpose. The Board, however, had never engaged directly in the purchase of cocoa, but had bought through a number of agencies, including European trading concerns and co-operative marketing societies. Nearly all the European trading concerns bought cocoa through middlemen, who received money from the European buying agents well in advance of the cocoa season and went about the country granting advances to farmers. Farmers who fell into the trap were forced by circumstances to agree to repay those advances during the following season with loads of cocoa at a rate far below the official price and in that way many of them lost their year's income. On the other hand the co-operative marketing societies, which performed a useful function by buying direct from the farmer, were making very slow progress. The Cocoa Marketing Board had therefore decided in 1951 to establish an all-African company to buy cocoa direct from the farmers and to look after their interests. The Cocoa Purchasing Company had been established in 1952 and had been floated with a capital of £1,700,000 by the Cocoa Marketing Board, which in the first

instance had purchased all the shares itself. The Company's activities were directed by a board of seven members appointed by the Cocoa Marketing Board. The Board of Directors had always included a Togolander.

52. The Cocoa Purchasing Company opened buying centres in the towns, and even in remote villages, to enable farmers to sell direct to the Company instead of to middlemen. The Company used its own lorries to cart the cocoa from the villages to the ports for shipment. It appointed officers to supervise its buyers in each district; the supervisors travelled around their districts meeting groups of farmers, discussing their difficulties with them and collecting suggestions for the improvement of the buying system. These suggestions were passed on to the director most closely in touch with the region concerned, who placed them before the Board. The directors also toured the various regions to meet farmers and the managing director made country-wide tours, meeting farmers and officers of the Company. Farmers were at liberty to make use of the facilities offered by the Cocoa Purchasing Company or to sell their cocoa through any other buying agent of the Board.

53. The Company's accounts were subject to audit and the accounts of its operations for the first year, ending September 1953, had been published. Staff salaries and other operating expenses were met, not from the farmers' reserve funds, but from the margin allowed by the Cocoa Marketing Board to any licensed buying agent on every ton of cocoa bought on behalf of the Board.

54. In 1953 the Government had transferred from the Agricultural Loans Board to the Cocoa Marketing Board the responsibility of issuing loans to cocoa farmers and the Board in turn had appointed, first, the Cocoa Purchasing Company and, later, the co-operative marketing societies as its agencies for issuing loans to cocoa farmers. For that purpose the Cocoa Purchasing Company encouraged farmers in every locality to organize themselves into groups called centres. The centres serviced farmers in small areas, usually conforming with local council areas. Each centre had its own seven-man committee, which was the working committee of farmers in the locality. The centres were grouped into districts, each district having its own council. All districts in each of the political regions lying within the cocoa-producing areas of the Gold Coast and the Trust Territory were encouraged to form regional unions of cocoa farmers. Each region in turn had its own council. Finally there was the Supreme Council of Cocoa Farmers of the Gold Coast and Togoland under British administration. The members of the Supreme Council were drawn from the various regional councils.

55. Any farmer who wished for a loan applied in writing to the seven-man committee in his locality. The committee interviewed the applicant and ordered that his farm should be inspected and certain particulars obtained. The Cocoa Purchasing Company then sent a field inspector to the applicant's farm and a report was submitted to the seven-man committee, which had the power to approve or reject the issue of a loan. Each case was dealt with on its merits. Apart from the promissory note given by the borrower to the Cocoa Purchasing Company and endorsed by the seven-man committee acting as joint guarantors, the Company required the borrower's farm as security. Since the

scheme had come into operation there had not been a single instance, either in the Gold Coast or in the Trust Territory, of the Company's having to seize a farm for failure on the part of the farmer to repay his loan.

56. The loans were issued to farmers for relief of indebtedness, for the expansion of areas under cultivation and for the improvement of existing farms.

57. Indebtedness was not particularly serious or prevalent in the Trust Territory, but some means of relieving cases that did occur was needed. Most of the loans issued during the first year had been for that purpose. The majority of loans now being issued, however, were either for improvement of existing farms or for expansion of areas under cultivation. Those who embarked on cocoa farming without any capital behind them found that by the time their farms began to yield they were £300 or £400 in debt and that their farms had to be handed over to money-lenders. The loans issued by the Cocoa Purchasing Company were helping to remove those difficulties. A loan issued for the relief of indebtedness was paid as a single sum and was repayable over five years in five equal instalments. When such a loan had been issued and the farmer had been freed from the money-lender's clutches, the farmer and the Cocoa Purchasing Company in theory became co-managers of the farm until the loan was fully repaid.

58. A loan for the improvement of an existing farm was also paid as a single sum and was repayable in eighteen months. Of loans for the expansion of an area under cultivation, 50 per cent was issued on approval, a further 30 per cent on evidence of satisfactory clearing of the ground and the final 20 per cent on evidence of completion of planting of the cocoa seedlings. The repayment of such loans was spread over seven years.

59. The Company charged interest at the rate of 10 per cent on all loans issued under the scheme in order to enable it to meet normal operating expenses and bad debts. Up to 30 September 1954, loans amounting to £219,110 had been issued to 587 cocoa farmers in the Trust Territory for all three purposes. In the administration of the loans the Cocoa Purchasing Company worked in full co-operation with the farmers. Loans were issued strictly on the basis of established needs and were not subject to political or personal influences of any kind.

60. The Cocoa Purchasing Company performed a number of valuable functions, but the farmers were entirely free to avail themselves or not of the opportunities being offered. The Company trusted that the Council would not allow itself to be diverted by the irrelevanties and misrepresentations in the petitions.

61. The PRESIDENT invited members of the Council to put questions to the Director of the Cocoa Purchasing Company.

62. In reply to questions from Mr. DORSINVILLE (Haiti), Mr. KUMAH (Cocoa Purchasing Company) said that the money-lenders charged what rate of interest they liked, very often as much as 50 per cent or more; the Cocoa Purchasing Company charged a rate of 10 per cent on the whole of the sum loaned, for the total period of the loan.

63. No legal measures had been taken to eliminate the middlemen, but it was hoped that they would disappear automatically as a result of the efficient operation of the Company.

64. Mr. DORSINVILLE (Haiti) asked for details about the conflict which had arisen between the co-

operative societies and the Cocoa Purchasing Company, and the way in which it had been settled.

65. Mr. KUMAH (Cocoa Purchasing Company) said that the organization of the co-operative societies was a matter for the Cocoa Marketing Board and not for the Cocoa Purchasing Company; he was sure, however, that every assistance had been given them both by the Government and by the Board.

66. Mr. EL-FARRA (Syria) asked whether there was ever any variation from the 10 per cent rate of interest charged on sums lent by the Company.

67. Mr. KUMAH (Cocoa Purchasing Company) said that 10 per cent was the rate universally charged, save where the local seven-man committee undertook to be guarantors for the borrower, in which case the rate charged was 8 per cent.

68. The money-lenders who charged over 50 per cent interest were natives of the Trust Territory.

69. Mr. EL-FARRA (Syria) asked how, in practice, the co-management to which the Director of the Cocoa Purchasing Company had referred, operated.

70. Mr. KUMAH (Cocoa Purchasing Company) said that in theory the Company managed the farm but in fact the management was left to the farmer himself, while the Company assisted in the cultivation of the cocoa, the provision of labour and in other ways. When the cocoa was marketed, the Company took a proportion of the produce as part payment of its loan.

71. Mr. RYCKMANS (Belgium) asked whether money-lenders who charged more than 50 per cent were not prosecuted under the Money-lenders Ordinance, to which reference was made in the annual report.

72. Mr. KUMAH (Cocoa Purchasing Company) said that they were prosecuted if they were apprehended but that such transactions usually took place in secret.

73. In reply to questions from Mr. GRUBYAKOV (Union of Soviet Socialist Republics), Mr. KUMAH (Cocoa Purchasing Company) said that the Company bought the cocoa directly from the farmers at a rate laid down by the Cocoa Marketing Board, at present £154.8s.0d. He did not know what price per ton the Cocoa Marketing Board received for the cocoa it exported, but would be happy to find that figure.

74. Mr. GRUBYAKOV (Union of Soviet Socialist Republics) noted that upon accepting a loan a farmer lost the exclusive right to management of his farm and wondered whether the form and degree of the Company's participation in the management was set forth in a precise agreement.

75. Mr. KUMAH (Cocoa Purchasing Company) said that there was no written agreement but that it was understood that the Company's participation was for the good of the farmer, and that he would accept it. The joint management of the farm gave the Company no legal rights over it, but the farm stood as security in case of non-repayment of the loan, and the farmer signed a written agreement to that effect when he received the money. In the event of non-repayment the matter was dealt with through a court and could not be settled unilaterally by the Company.

76. In reply to a further question from Mr. GRUBYAKOV (Union of Soviet Socialist Republics), Mr. KUMAH (Cocoa Purchasing Company) said that those who charged over 50 per cent interest on the loans were illegal money-lenders and not to be confused with the middlemen who bought cocoa for the various agents representing European trading concerns.

77. Mr. GRUBYAKOV (Union of Soviet Socialist Republics) said that it appeared, both from petitions and from the information given by the Administering Authority, that a good deal of contraband cocoa was passing into neighbouring territories, and he recalled that petitioners had complained that the Company was exercising a monopoly over the purchase of cocoa, for which it paid much lower prices than were paid on the world market. He would like the views of the Director of the Cocoa Purchasing Company on those circumstances.

78. Mr. KUMAH (Cocoa Purchasing Company) said that it was true that the price fixed by the Cocoa Marketing Board, and observed by the Cocoa Purchasing Company in its purchase of cocoa from the farmers, was considerably lower than the price paid on the world market, which was at present about £300. It was also true that there was a flow of contraband cocoa into adjacent territories; every attempt was being made to check that flow which, it was believed, was organized by the political opponents of the Government. The Government had explained to the people its reasons for paying them less per load for their cocoa than was being paid in neighbouring territories or than was obtainable on the world market, and they had appeared to understand those reasons. Any producer naturally liked to receive the highest possible price for his products, but he believed that the Government was justified in the price it had fixed in view of the long-term schemes for the good of the farmer upon which it had embarked, and of the need to stabilize prices. As soon as it became possible to pay a higher price to the farmer, the Government would do so.

79. Mr. QUIROS (El Salvador) asked for a more precise explanation of the guarantee given by the farmer for the loan he received.

80. Mr. KUMAH (Cocoa Purchasing Company) said that the cocoa farmers in the Territory did not, as a rule, own the land they farmed; the cocoa harvest itself was therefore the security.

81. In answer to a further question from Mr. QUIROS (El Salvador), Mr. KUMAH (Cocoa Purchasing Company) said that political interests did not enter into the operations of the Company and that it did not know the political affiliations of the persons chosen to participate in the local seven-man committees and certainly did not select them on political grounds.

82. Mr. RYCKMANS (Belgium) asked whether, in view of the export duty fixed by the Government, the price fixed by the Cocoa Marketing Board and paid by the Cocoa Purchasing Company was reasonable.

83. Mr. KUMAH (Cocoa Purchasing Company) replied that any statement on that point could only be his own opinion and that he was not prepared to make any comments on the matter.

84. Mr. S. S. LIU (China) said that he was not clear as to the rate of interest charged on loans. He had understood Mr. Kumah to say that the rate was 10 per cent for the whole period, no matter how long. Some loans were repayable at the end of eighteen months, others at the end of three years and a third category at the end of seven years. If his understanding were correct, there was therefore great discrepancies in the annual rates of interest paid.

85. Mr. KUMAH (Cocoa Purchasing Company) explained that loans given for improvement to existing

farms, which were repayable after eighteen months, were normally very small, so that, although the rate of 10 per cent might appear high, the actual sum to be paid was small. A loan made for redemption of a farm from debt was usually large and, since the object was to help the farmer, the interest was still 10 per cent for the whole period. Furthermore, a farm which had been taken by a money-lender had been out of the farmer's hands for a long time so that he was really poor; that did not apply in the case of a loan for the expansion of an existing farm.

86. In reply to further questions from Mr. S. S. LIU (China), Mr. KUMAH (Cocoa Purchasing Company) said that there was only one Togolander on the Board of the Company; the other six members were all indigenous inhabitants of the Gold Coast.

87. Mr. LOOMES (Australia) asked whether the Cocoa Purchasing Company was a profit-making company.

88. Mr. KUMAH (Cocoa Purchasing Company) said that for the time being the Cocoa Marketing Board had asked the Company not to try to make profits; in the long run, however, it would be a profit-making company.

89. Mr. LOOMES (Australia) asked whether, that being so, the price obtained from the Board by the Company was the price paid by the Company to the farmer plus a small operating cost.

90. Mr. KUMAH (Cocoa Purchasing Company) said that the Company received from the Board what it paid to the producer, plus a small margin on every ton of cocoa bought.

91. Mr. DORSINVILLE (Haiti) observed that the Administration had repeatedly justified the maintenance of the price paid to the producers at a figure which might appear somewhat low in relation to the price of cocoa on the world market by the argument that there was danger of inflation in the Territory.

92. Mr. KUMAH (Cocoa Purchasing Company) replied that the Company had nothing to do with price-fixing. The reasons given by the Government for fixing the price at 72 shillings appeared to the company to be cogent.

93. Mr. DORSINVILLE (Haiti) asked Mr. Kumah whether, as a Togolander, he did not think it his duty to defend the interests of the planters and producers of the Territory as a whole and draw the attention of the Cocoa Marketing Board to any facts which affected those interests.

94. Mr. KUMAH (Cocoa Purchasing Company) said that the Government set aside part of the reserve funds for development and through the various councils the Company saw to it that development took place. He felt that in that way he was doing his duty as a Togolander.

95. Mr. EL-FARRA (Syria) pointed out that, according to the supplementary information given by the Administering Authority on 5 January (T/1148), the Company paid off the amount owing and managed the farm for a period not exceeding three years, during which it recovered the amount of the loan plus interest at not more than 10 per cent. It was further stated that interest charged to the farmer by the Company was a matter for the Company's discretion but that it must be sufficient to meet reasonable operating expenses and to set up reserves for bad debts. He had understood Mr. Kumah to say that direct management of the farms was

in the hands of the farmers. According to the Administration, interest was charged only to meet reasonable operating expenses. If direct management was in the hands of the farmers, however, there was no reason for interest to be charged. He would like to have an explanation on that point.

96. Mr. KUMAH (Cocoa Purchasing Company) replied that the period for repayment had in fact been three years to begin with, but it had been found that that was too short a time and the term had therefore been increased to five years. The Company's capital must always remain intact at £2 million. A separate

department for the administration of loans had been set up, with its own staff whose salaries were paid from a special account. That was the main reason for the 10 per cent charge.

97. Mr. SINGH (India) wondered how much support the Government's cocoa policy had among the people; he asked whether cocoa had been a major issue in the last election.

98. Mr. KUMAH (Cocoa Purchasing Company) said that it had not been an issue, since the cocoa price had not been fixed at that time.

The meeting rose at 5.55 p.m.