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The Role of Traders
in Rural Marketing Systems

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Introduction

Traders act as key participants in all marketing systems, carrying out a variety of activities and functions. They bulk agricultural produce in rural markets for distribution elsewhere; they buy and sell manufactured goods in rural and urban markets; frequently they arrange the transport of goods from one place to another; sometimes they provide credit for other participants in the market system. In other words, traders function as a major link between different levels in market hierarchies and between various participants in market systems.

To address the market-related rural development issues of access, equity, and employment, it is therefore necessary to examine the role of traders in marketing systems. For example, in situations where small farmers sell produce to market middlemen, are these middlemen providing sufficient access to markets for the farmers? Would some other mechanism provide better access? Even if there is access, what about equity in incomes? Do traders exploit small farmers if they are able to buy at relatively low prices in return for certain services (e.g., credit) they provide to the farmer? From the employment perspective, it is possible to argue that trade activities provide employment and income-earning opportunities for large numbers of individuals, in both rural and urban areas. If this is the case, how would interventions in marketing systems which might aid small farmers affect the small- and middle-level traders?

Because traders are so central to the functioning of market systems, they are frequently viewed as villains--the cause of high consumer prices or shortages of goods, for example. Government proposals often reflect such stereotyped views, calling for the creation of other types of marketing institutions, such as cooperatives or government distribution schemes, which are presumably designed to displace individual market traders. Occasionally, more direct action is taken: witness the destruction last August of a large urban market in Accra, Ghana, with the aim of "breaking the grip held by the market women all these years, and at ending hoarding and malpractices 'once and for all' " (West Africa, 27 August 1979:1539).

In this paper, I examine the roles of market traders by considering two basic questions--who the traders are, and how they organize their trade activities. I first discuss the various types of traders active in market place systems and then focus on those who are most essential in the distribution of agricultural produce--the middlemen. Situations where specific categories of people predominate in middlemen roles (ethnic minorities, women) are discussed briefly. I then turn to the issue of the social organization of distribution, arguing that an understanding of the social relationships of trade is necessary for discussing the development issues with which we are concerned. Finally, I raise some questions that may help in focussing attention on the role of traders in discussions of marketing systems in rural development.

Trader types

Not all traders operate within market place systems; hawkers in urban areas (cf. McGee and Yeung, 1977) and peddlers in rural areas (Plattner, 1973) are examples of mobile vendors who sell outside of market places. There are also types of buying agents, such as those who bulk export crops, who operate outside of the local and regional market system. Nevertheless, most traders who are involved in the buying and selling of agricultural produce operate within a system of periodic and daily market places, and it is those traders with whom I am concerned in this discussion.

The most common distinction made among market traders is that between part-time and full-time traders. Some also distinguish between retail and wholesale traders, but this is often difficult in peasant marketing systems, where frequently the same individual engages in both types of activities.

Rather than making a single dichotomous categorization, such as part-time vs. full-time, I find it useful to consider types of traders and trade activities within an overall spatial framework. In low-level rural periodic markets, three types of exchange activities may be found: horizontal trade, or local exchange; the bulking of rural produce for distribution elsewhere; and the retail sale of manufactured goods, non-local foodstuffs, and certain services (R.H.T. Smith 1978:13-14). While one of these types may dominate in a particular marketing system, in general all are likely to be present to some degree. Different types of traders tend to participate in each of these activities. Farmers selling some of their own produce may sell to one another (horizontal exchange) or they may sell to intermediaries. These intermediaries (full-time traders) may be from the local area, or they may be from another market area in the region. I refer to them as local intermediaries and regional intermediaries. Both types of intermediaries are engaged in bulking produce, which they then take for resale either at higher-level rural markets, or, more commonly, at urban markets. Still other traders are selling manufactured goods; again, some may be from the local area, but at the lowest level of a market hierarchy such retailers are more likely to be either itinerant traders or traders from higher-level markets who sell at a few other market places in the region.

In higher-level rural periodic markets, there are still likely to be producer/traders selling their own produce, but proportionately more of the traders will usually be local and regional intermediaries, both those engaged in bulking and those selling manufactured and non-local food. In urban market places, there are much less likely to be farmers selling their own produce. Instead, local and regional intermediaries resell the produce they have bulked, and it is distributed to urban retailers, who are usually full-time traders. Other retailers are engaged in selling manufactured goods. In some cases, agricultural produce from a region may be bulked further in an urban market for redistribution to other urban centers. For example, in Nigeria, traders from the southwestern part of the country buy rice and beans from regional intermediaries in urban centers of the North; they then ship the produce to urban centers in the South, where it is resold to others engaged in local trade.

Viewing trader types and trade activities in this way helps to focus on trader roles within marketing systems as a whole, rather than within single market places. It also helps to focus on those who are engaged in the movement of goods from one place to another within the system; these are neither the part-time producer/trader nor the full-time urban retailer, but rather the local and regional intermediaries. These intermediaries, or middlemen, travel between markets at different levels--bulking rural produce and reselling it in urban markets, breaking bulk in manufactured and non-locally produced foods and selling them in rural markets. To a large extent, these are the traders most involved in the distribution of agricultural produce, and hence they may affect most directly the access of small farmers to the marketing system.

Who are the middlemen? The roles of ethnic minorities and women

The local and regional intermediaries discussed above not only buy and sell agricultural produce for distribution from one place to another. Frequestly, they provide or arrange for transportation of the produce which they bulk. Sometimes, they do some processing of the commodity before resale; for example, kola traders in Nigeria remove the seeds from the pods before reselling. Further, these middlemen often have regular ties with certain producers, and one aspect of those ties is sometimes the provision of credit to the farmers.

In looking at the question of who performs middlemen roles in different societies, considerable attention has been paid to the importance of ethnic minorities. There has also been some discussion of the role of women as middlemen in a number of societies.

In some regions of the world, middlemen activities are associated with a particular ethnic group, often an ethnic minority or "stranger" community. In Southeast Asia, the Chinese dominate in trade; in East Africa, Indians have been the major group. In West Africa, certain long-distance trade activities have been dominated by "stranger" groups, such as the Hausa. In other areas, however, middlemen belong to locally-based ethnic groups. For example, in Western Nigeria, all trade activities from the level of rural periodic markets to urban markets are dominated by members of the major ethnic group of the region, the Yoruba. While Hausa men do control long-distance trade in cattle and kola nuts (cf. Cohen, 1969), all other agricultural products are bulked and distributed by people from the local area. Yoruba women are also involved in the distribution of agricultural commodities such as rice and beans from Northern Nigeria to local markets in the Southwest.

Even in those areas where there is a specialized ethnic category of merchants, there is variation in their participation in market place trade. For example, Szanton states that Chinese merchants have rarely established businesses in the market place, in the Filipino town which she studied, although larger stores outside the market place were owned by Chinese (1972:15). Elsewhere in the Philippines, control of long-distance trade in temperate-climate vegetables is controlled by Chinese (cf. Davis, 1973) but local and regional trade in other agricultural produce is largely in the hands of Filipinos.

It is certainly important to recognize and examine the role of particular ethnic groups in middlemen activities, and to consider how ethnic relations affect the operation of the marketing system. But it is also important to recognize that 1) not all countries face this particular situation and 2) ethnic domination may exist in some arenas of trade and not in others within a given country.

Women play an important role in market place activities in many areas of the world, although in other areas they do not participate at all. Areas where their participation has been noted and discussed include Nigeria

(Sudarkasa, 1973; Trager, 1976), the Philippines (Szanton, 1972), Bolivia (Buechler, 1978) and Haiti and Jamaica (Mintz, 1956; 1959).

In the past, there has been a tendency to view women traders as "petty traders" whose trade activities are not very important, either to the local economy or to themselves. While there is now more recognition of the importance of their trade activities, one still sometimes finds this assumption. For example, in a recent article Burrough states that

> the majority of Sabahans [mostly women] who attend <u>tamus</u> [markets] are not highly profit-motivated; they often bring small quantities of goods to sell and are rarely interested in haggling. To them the <u>tamu</u> is a splendid opportunity to exchange news and gossip (1978:63).

Maybe so. But this description sounds much like those of colonial administrators--and others--in Africa who saw market women as people who primarily come to market to pass the time of day, with no recognition of the importance of their activities for internal distribution of goods, or of the contribution such activities make to household income.

Even in discussions of the role of women in development, there is a tendency to perceive all women traders as small-scale, petty traders, and a failure to recognize the great variations in scale at which women may participate in trade activities (cf. Sanjek and Sanjek, 1976; Trager 1979) for discussions of variations among urban market women alone). While it is true that in some cases women predominate only at lower ends of the distributive process, and men tend to assume wholesaling roles, this is not always the case.

Contrary to the views indicated above, I would like to suggest the following: 1) women do play important roles as middlemen in a variety of contexts and 2) women's trade activities are important to the household economy.

In a recent article on urban markets in La Paz, Bolivia, Buechler argues that female traders are crucial in the distribution of goods:

> Their sales account for practically the entire provision of fresh fruit and vegetables to the city, most of the fresh meat, and a substantial share of dry goods, clothing, and various other items (1978:344).

This argument can be taken further if one examines the entire marketing system, including rural periodic markets as well as urban markets. In the situation with which I am most familiar, the Yoruba of Western Nigeria, women traders are literally in the middle of the entire range of transactions and hence are responsible for most of the movement of goods in and through markets. For example, urban women operating as middlemen out of the city of Ilesha (population 160,000) carry out the following distributive activities:

1. Bulking of agricultural produce in village markets and at farms.
2. Breaking bulk of agricultural products to other traders selling in Ilesha.
3. Resale of some agricultural produce, mainly kola nuts, to other intermediaries (still predominantly women) who bulk it further for redistribution to other cities.
4. Buying manufactured goods in the large urban markets of Ibadan and Lagos and reselling to other traders selling in Ilesha and in smaller towns and villages.
5. Retailing of both agricultural and manufactured goods in Ilesha market.

The distances over which these activities are carried out range from less than ten miles, as in the case of produce that is bought in local markets and resold in Ilesha, to several hundred miles, as in the case of goods bought in markets in northern Nigeria and transported to Ilesha for resale. Women operating solely in the rural periodic markets and based in the rural areas likewise perform a variety of distributive functions (Trager, 1976; 1976-77).

There is a second way in which women's trade activities may be seen as important to local and regional economies. Those who are middlemen, as well as those who are simply petty traders selling on a retail basis, make major contributions to household incomes. Earnings, such as they are, are used for a variety of household and family expenses, such as purchasing food, buying clothing for children, and paying school fees; in other words, for basic needs (Trager 1976-77:3-5). It might be argued therefore that consideration of marketing systems and intervention in such systems necessitates viewing the role of female traders from two perspectives--1) the extent to which their activities are basic to local and regional distribution systems and 2) the importance of their activities at the level of the household economy.

Organization of trade activities

In anthropological studies of market systems, many have noted the existence of dyadic, personalized relationships (eg, pratik in Haiti (Mintz, 1959), suki in the Philippines (Davis, 1973; Szanton, 1972), onibara among the Yoruba (Sudarkasa, 1973; Trager, 1976). While these may seem to be of primarily anthropological interest when studied in a single market place I would argue that an understanding of such relationships and of others (eg cooperative ties between traders in the same commodity) is essential to understanding traders' roles in marketing systems.

The important point about personalized dyadic ties between buyers and sellers is not the discovery that they exist in a wide variety of cultural contexts, but rather the fact that within a single marketing system such ties can vary depending on specific economic conditions. Schwimmer (1979) shows variation in the social organization of three commodities in a Ghanaian market system and relates this variation to differences in underlying supply and distribution structures. Social organization of trade may also vary within a single commodity. For example, in yam trade in Western Nigeria, there are two supply hinterlands. One is the local area, in which middlemen purchase and bulk yams at local periodic market places for resale in regional urban markets. In this context, yam traders buy from traders in the periodic market places and there are no dyadic ties between the traders engaged in these transactions. In the second supply hinterland, traders (in some cases, the same individuals) travel distances of 100 to 200 miles to rural areas where they purchase yams directly from farmers. In this context there are dyadic ties which include some short-term credit relations (see Trager n.d. for further details on this and other examples).

In other words, within a regional marketing system, knowledge of the patterns of social relationships provides an understanding of the ways in which traders organize their trade activities. Credit relationships, which vary considerably from one context to another, are particularly important. In addition to dyadic ties, trade associations and informal cooperative groupings of traders selling the same commodity are also of importance in some contexts.

Rather than go into details on the types of social relationships existing in trade, I would like to raise several questions about the ways in which the social organization of trade may affect farmers' access to markets. These questions, in turn, affect the issues of alternatives to and interventions in marketing systems.

First, in situations where there are regular buyer/seller relationships, we must ask how these ties affect the flows of goods, if at all. Are producers linked to certain middlemen who buy regularly from them? If so, why? And what are the advantages and/or disadvantages for the producer in such a relationship? In other words, how do such relationships affect small farmer access to markets? In the case of the Nigerian yam farmers mentioned earlier, who sell directly to traders coming from urban areas some distance away, we might argue that those traders provide the farmers with an outlet for their goods, and not just any outlet, but one in the areas to the south where demand for yams is heavy. On the other hand, if each farmer is linked to a single trader, is he thereby likely to be exploited by that trader? For example, is he likely to accept a lower price for his yams in return for the assurance that they will be bought, or perhaps in return for the knowledge that should he need money before the harvest, he can rely on the trader for credit? These are important considerations; if a farmer has no other source of credit or no other outlet for his produce, then quite clearly he may perceive the formation of regular "customer" ties with a trader to be to his advantage.

Further, we must ask whether some other type of organization would improve the situation for the farmer. The most common suggestions for change seem to be to establish cooperatives or to establish a government-controlled distribution system. Neither type of move seems to have been particularly successful. Perhaps because of the negative stereotypes which surround traders' activities in many societies, efforts at change are often directed at doing away with the traders. Yet it would seem that traders have, in many cases at least, established rather efficient systems of distributing goods. Many years ago, Mintz argued that "the higgler [trader] is more efficient, given the present level of the Jamaican economy, than any would-be competitors" (1956:22). Whether this remains true today is a question to be considered.

If the social organization of marketing systems is seen as rooted in deeply held cultural values, such that regular buyer/seller relationships <u>structure</u> the market, then it might be argued that one must do away with the traders in order to change the system and improve access for small farmers. But my data, as well as Schwimmer's (and others', if you read them carefully) indicate considerable variation in the importance of personalized ties in the social organization of trade and suggest that variation is based in economic constraints found in the marketing system. If that is the case, then it is unlikely that current patterns of organization are immutable. More likely, should there be changes in the economic conditions of trade, then patterns of organization of trade may change as well.

For example, one problem area for farmers is knowledge about prices and market conditions; another is access to transport (cf. Jones, 1970). Would changes in these affect the pattern of buyer/seller ties and lessen the dependence of farmers on certain traders, in situations where that pattern exists?

In raising questions such as these, it is important to stress once again the variations found within marketing systems, as well as between them. Suggestions for change in marketing systems may be made primarily in terms of how they will benefit the farmers--their access to markets, equity in incomes, etc. Yet at the same time, traders are intimately connected with farmers in a variety of ways, and hence the effects of specific changes should probably be considered from the vantage point of traders--and of different types of traders-as well.

Additional thoughts

I would like to make an additional comment. If one considers discussions on the role of traders in development, there seem to be two thrusts. One has been my focus in this paper, that is, the role of traders in agricultural marketing systems, where the emphasis is mainly on the rural areas, the access of farmers to markets, the issue of whether traders exploit farmers, and so forth. The other places most of its focus on urban areas, looking at urban traders as part of informal sector activities. Here questions of concern focus on urban employment, access of urban dwellers to food supplies, and other issues relating to development problems in urban areas. (See for example, articles in Rimmer, Smith, and McGee, 1978.) There does not, to my knowledge at least, seem to have been much communication between these perspectives, although clearly they are dealing with two ends of the same process. Urban traders are often the same people I refer to as regional intermediaries and middlemen. One wonders if suggestions made from one perspective--that is, interventions in market systems to aid small farmers--will be the same as suggestions from the other. Or changes made from one perspective might work out to the detriment of those with which the other perspective is concerned, that is, affecting employment among urban traders.

Specific market systems are complex. Many are changing in various ways at the same time we are studying them. And there is great variation from one system to another (which I have minimized in this discussion by emphasizing generalities). Perhaps a warning from someone focussing on the urban end of marketing systems, but applicable to all of us, is in order:

> [Recent] developments in marketing systems have important consequences for policy formation. [Two writers] warn of the dangers of government interference without adequate understanding of the structure of these marketing systems and the changes that they are undergoing. This has great relevance to policies which encourage the persistence of 'informal' marketing systems which may end up 'fossilizing' at times when they are involved in processes of change which are leading to more 'workable' marketing systems. (McGee, 1978:30).

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