

Research article

# **BARTER SYSTEM IN A MODERN NIGERIA SOCIETY, A CASE STUDY OF BAGANA BARTER MARKET IN OMALA LOCAL GOVERNMENT AREA OF KOGI STATE.**

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## **Abstract**

The study Barter system in modern Nigeria society, a case study of Bagana Barter market, is an attempt at probing into the relics of history. Using qualitative method of study, information was sought through oral interview from 30 respondents and the information was harmonized and discussed. While all the respondents claim to have the full knowledge of money as medium of exchange, they decided to stick to the barter because they see it to be convenient, safe and satisfactory. The Bagana Barter market has well defined sets of methods for overcoming the drawbacks associated with the Barter system of trade. While that of double coincidence of wants and the different rate of exchange were found to be satisfactory in attending to the problem, the issue of divisibility was easily resolved by their method. The study concluded as way of recommendation that, as a consequence, barter system can be use as an alternative finance model when faced with the problem of cash flow and also In this present world that tourism has become major source of government revenue, the study want to recommend that the ministry of culture and tourism should develop this market site into a tourism destination as most people will want to experience what barter really looks like in reality.

**Key Words:** Barter, Bagana, Double Coincidence, Wants, Divisibility, Trade

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## Introduction

In the primitive society, the condition for human existence was based on each family providing for its entire needs with some level of division of labour among the family members. The existence of family ties within this small group made it possible for each member to contribute to the provision for their existence based on their individual ability and be contented with whatever share that come to them. As the need of the family begins to expand, limitations imposed by both nature and skill exposed the inability of a family to provide for all their needs. This brought about a peaceful intercourse between different groups of people in form of trade. As society continue along this line, specialization now emerged as people started devoting their time to the productions of good which they believed to have an advantage in the production over the others. The man who devotes his time in the production of iron will have to exchange some of his item like hoes, spade for clothing or food which he cannot produce. This exchange of goods for goods is what is called barter.

In the course of this exchange aroused three serious drawbacks that tend to inhibit the free exchange of goods for goods. In the first place, it made exchange dependent on “double coincidence of wants”. According to Hanson, (1978), it is not just sufficient for the smith to find someone requiring a spade; if he wants wheat in exchange for the spade he must find a farmer who not only want to dispose off wheat but who at the same time requires a spade. Since farmers are likely to want spade, this might be less difficult than the task of the goldsmith in search of butcher who is in want of a gold trinket of some kind. Even when the issue of double coincidence of wants is resolved, another problem that will arise is that of unit of measurement. Different rates of exchange have to be determined to cover every transaction before it can take place. The question will be how many spade will be exchange for what quantity of food or clothing? A third problem arises if one party to a transaction has only a large commodity, such as table, to offer, but requires only a small quantity of something, perhaps a stone of potatoes, in exchange.

To avoid this tedious procedure imposed by barter, an alternative system of exchange evolved. It was apparent that exchange would be much easier and simpler if everyone was willing to accept some common item in a trade. Each person could trade whatever he or she produced for one common thing and hence the introduction of money. Money overcomes the problems of a barter system and the need for a coincidence of wants. Money means a set of common prices can be established (that is, money serves as a unit of account). People can be paid their incomes in money. People can use money for spending (that is, money serves as a medium of exchange. The blacksmith can provide spade and hoes and receives money from the person in need of the items in exchange for his goods. The blacksmith will then in turn use the money earned from the sales of his items of crafts to buy whatever he needs, may be clothing. Such a process is much simpler and saves a great deal of problem associated with the barter trade exposed above.

Money brings simplicity and organization to our economy. It is something people are willing to accept in exchange for the output they have produced and have available. Money is our medium of exchange. Bearing in mind the simplicity and organization provided to our economy through money by the various functions it perform, one will begin to wonder why a society in this modern world will choose to stick to the barter system of trade as it is found in Bagana Barter market in Omala Local Government area of Kogi State. This study as an attempt to reveal what is so special about the barter system that hundreds of years after the introduction of money, with all the simplicity and organization it provide for the economy, a society like Bagana will still choose to engage in barter. The study also seek to find out how the barter system as practiced in Bagana has been able to overcome most of the problem associated with the barter system before the introduction of money which are; double coincidence of wants, different rate of exchange and the problems of divisibility.

This study is divided into six different sections. Following the introduction is the section on materials and methods which includes; study area, method of analysis, and sampling method. Section three is awareness of money as a medium of exchange which is followed the section on the reason for barter in Bagana Barter market. The next section discussed overcoming the problems associated with the barter system of trade in Bagana Barter market and this is followed by the conclusion and recommendations.

## Materials and Methods

### Study Area

Bagana is village located about 15 kilometers north of Abejukolo in Omala LGA. Omala is one of the 21 Local Government Areas in Kogi State, located on the coordinates of 7° 49'N and 7° 31'E, bounded on the north by the

Benue River with a total land area of 1,667 km<sup>2</sup> and a population of 108,402 people at the 2006 census (Wikipedia, the free encyclopedia, 2013).

Bagana Barter market predates colonialism. It has been part of the people for as long as they can remember. Trading in the barter market is restricted within some items of trade which include; smoked fish, cereals like maize and sorghum, yam and other farm output that are available within the locality. The trade for decades has been between people within the Bagana area like Abejukolo and Ikede and people from the northern part of Benue state and the community south of Nasarrawa state of Nigeria. This people are believed to have common take on the reason for the choice of barter as the means of exchange in the Bagana market. The items of trade are based on what each community has absolute advantages in its production.

## **Method of Analysis**

The method of study adopted in this study is purely qualitative in nature. Information was solicited from participant in Bagana barter market on why they have decided to stick to the barter system decades after the introduction of money and on how they have been able overcome most of the drawbacks associated with the barter system of trade through oral interview. Since most of the traders are illiterate, the researchers documented the answers given on the various issues raised and this was harmonized and discussed to form an opinion on each of the issues raised in this research. It was based on content analysis.

## **Sampling Method**

Random samples of 30 traders were made from the traders' population of about 300. The traders chosen are those with market stall for easy location because the interview was done on the same question on three different occasion of about two weeks interval. The reason for this repeated visit and interview is to crosscheck the fact and to be sure that the traders are really knowledgeable on the issues been raised.

## **Awareness of Money as Medium of Exchange**

The awareness of money as medium of exchange in the modern world among the traders of Bagan barter market was not in doubt as all the respondents agree that they are aware of money as a means of exchange. One Adishetu Abu, a trader in the barter market in an interview on the 23<sup>rd</sup> of July says, "I know money very well, there is nobody in this world of today that will say he/she is not aware of money, infact kids of less than a year old in this modern time already know what money is. In another interview, Memuna Akowe, a trader also in the market on the 7<sup>th</sup> of July, 2013 said "money is a common knowledge among our people. We all know, have and use money in other market transaction outside here". These views represent what all the respondents say concerning a question on whether they are aware of money as a medium of exchange in this modern society.

## **Reasons for Barter in Bagana**

A question was raised on why the traders in Bagana barter market choose to trade in barter instead of catching on the simplicity and organization provided by money. The consensus of opinion from the 30 respondents was that, to them the barter system was convenient enough as it allows them to exchange whatever they have with whatever they want. The respondents question the simplicity provided by money, because to them it involve more stress taking your wares to the market and waiting for someone who will come and buy them in money before you now start looking for what you want to buy which involve a lot of bargain. According to Mallam Abu Dansuma, when asked this question of why the barter system after many years of money usage in an interview conducted by our team of researchers on the 7<sup>th</sup> of July, 2013 at his market stall at Bagana barter market, he said , "barter to them is more convenient than the money exchange system because instead of first looking for who will buy your wares for money before going to look for what you want, you can easily look for what you want and who want what you have". This to him is more convenient than the money exchange system. In the words of Justina Adole, a trader from Agatu in Benue state in an interview by our researchers on 23<sup>rd</sup> July, 2013, "barter system guarantee our security, when you

exchange your goods for another good, the issues of been attack by hoodlums on your way back from the market will be less as it will not be convenient for the hoodlums to carry most of the goods which are often very heavy. Imagine a robber coming to take yams from us on our way back home, how many yams will he carry, she asked and concluded". The consensus of opinions here is that, the barter system as practiced in Bagana is more convenient for the traders operating in the market than the modern forms of trade that has been made easy through the instrumentality of money.

As also observed by Laruba Abuka, one of the traders in the Bagana Barter market in an interview conducted by our team of researchers on the 23<sup>rd</sup> of July, 2013 at her market stall in Bagana, "we have been able to prove history wrong in our barter trading system, it is very convenient and simple, there is nothing as organized as the barter system as it provides relative stability in terms of exchange". Laruba Abuka was of the opinion that fluctuations in the business cycle which is often caused by price as a result of disequilibrium between demand and supply do not have any significant effect on the barter system as practiced in the Bagana Barter market in Omala LGA of Kogi State. The reason for this according to Ojochogwu Etila in an interview on the same 23<sup>rd</sup> July, 2013 at Bagana, is that "since we have a consensus concerning the measurement for exchange of the various goods traded in the barter market, the fluctuations caused by differences imposed by demand and supply does not affect the measurement of goods. We can proudly say, we enjoy relative stability in exchange".

The forgoing opinions and observations represent the position of the totality of our sampled respondents on the reasons for Barter system in Bagana Barter market. This study therefore summarizes the findings thus; that Barter as practice in Bagana Barter market has been perceived by the major actors as convenient, save and a tool to correct the fluctuations in prices as imposed by the price mechanism. Whether this position is true considering the drawbacks associated with the barter system of trade is another point that this research probed in the next section.

## **Overcoming the Problems Associated with the Barter System in Bagana Barter Market**

### **Double Coincidence of Wants**

As rightly observed at the introductory part of this work, Hanson, (1978), was of the opinion that it is not just sufficient for the smith to find someone requiring a spade; if he wants wheat in exchange for the spade he must find a farmer who not only want to dispose of wheat but who at the same time requires a spade. This is simple explanation of the concept "double coincidence of wants". With this drawback in mind the researchers sought to find out from the traders in Bagana Barter market on how they have been able to overcome this limitation imposed by the barter system of trade. Their opinions are harmonized and discussed below.

In the opinion of mallam Abu Dansuma, in an interview on the 7<sup>th</sup> of July, 2013, "the goods traded in the Bagana Barter market are well defined. They includes; smoked fish, cereals like; maize and sorghum, yam and other farm output that are available within the locality. These goods have defined locations called "ur $\phi$  in Igala language" which makes it easier for any trader to locate the items needed with ease". On finding who wants what you have and have what you wants, mall Abu Dansuma said, "as you walk into the ur $\phi$ , goods are advertised based on what you have and what you want like – I have smoked fish and want yam, who want this exchange. This makes it easy for the condition of coincidence to be met. The lighter goods are always carried to where you have the heavier ones. The team of researcher witnessed this advertisement and find out that, even though it is a herculean task, it is find to be effective in reducing or eliminating the draw of double coincidence of wants.

This method of using advert to solve the problem of double coincidence of wants was practicalised for us to see by Ebi Etu on the 7<sup>th</sup> of July, 2013. She had yam and wanted smoked fish and within five minutes of advertisement exchange took place between her and Abibetu Isah in our presence. According to the duo, "it is easy and simple with a lot of satisfaction on the part of the two parties involved". Another trader Alfa Idu, who had a basin of maize and wanted smoked fish, was able to strike a deal with one Idajili Ebune with ease. The researchers witnessed this method been practiced by the generality of the traders in Bagana Barter market in Omala LGA. The consensus of opinions of the team of researchers is that, the method adopted by traders in Bagana Barter market yields the desired results as goods where exchange with ease. On whether the ease of exchange is simpler compare to that offered by the use of money, the consensus of opinion was that it should be left to a matter of choice, as traders in Bagana Barter market will chose barter over money. The fact here now is that, in a way, the advertisement method can help mitigate whatever draw back that may be imposed in the barter system of trade, but whether this is sufficient enough to necessitate going back to history to embrace barter is not the issue that this study intend to

settle, but to provide us with knowledge that despite the simplicity and organization provided by money in the modern economy some people still prefer the barter system.

### **Different Rate of Exchange**

Even when the issue of double coincidence of wants is resolved, another problem that will arise is that of unit of measurement. Different rates of exchange have to be determined to cover every transaction before it can take place. The question will be how many spade will be exchange for what quantity of food or clothing? Again the research sought to find answers to how the traders in Bagana Barter market has overcome this drawback imposed by the barter system of trade.

According to Ngedu Apeh in an interview conducted at his market stall on the 1<sup>st</sup> of August, 2013, he said “ we have a very simple way of measuring unit which was handed over to us by our forefathers. We have basket and plates of different sizes and by consensus from time immemorial, it is believed that a certain size of basket of smoked fish is equivalent to some certain measures of plates of cereal and some numbers of tubers of yam depending on the sizes of the tubers. In the transaction witnessed by our team of researchers between Alfa Idu who had a basin of maize and wanted smoked fish and Idajili Ebune who had smoked fish and wanted maize, this method of measuring adopted by them was used to strike a deal. A certain size of basket containing some numbers of smoked fish was exchanged with a basin of maize. In another transaction between Deborah Alilu who had some tubers of yam and Aishat Audu who had smoked fish, this method was adopted and the deal was successfully sealed. In an attempt to compare how effective their measuring rod is, the team of researchers purchased 20 tubers of yam from the Local Government headquarters at Abejukolo which we took to Bagana Barter market to exchange with smoked fish. We did that successfully and got a sizable basket of smoked fish and when we returned back to Abejukolo, we sold the fish in the modern market for money and we were surprised that the value was almost the same. We bought the yam for #2000 and we sold the fish on our return for #2100. On another visit we bought a basin of maize for #1200 and exchange it with smoked fish also, which we sold on our return for #1300. Our experiment went a long way to provide credence to the measuring tool adopted in Bagana Barter market. The consensus of opinion amongst the researchers is that, the measuring rod adopted for trading in the Bagan Barter market is not just effective but approximately correct when compared with that is obtainable in the modern market with money in use.

### **The Problems of Divisibility**

A third problem arises if one party to a transaction has only a large commodity, such as a basin of cereal, to offer, but requires only a small quantity of something, perhaps one fish, in exchange. According to mallam Abu Dansuma, such a situation does not arise as every trader in the market is aware of the smallest measure to be exchanged for the smallest measure of the other good. There is perfect knowledge of what is possible and what is not possible in the Bagana Barter market in Kogi state. In the opinion of Achogba Achadu in an interview on the 1<sup>st</sup> of August, 2013, she said, when you have large quantity of a particular good, you will have to divide it amongst the various goods that you don't have that you need. Every trader in this market is aware of what is possible and what is not. “Our trading is based on mutual understanding on all the drawbacks of barter system and I don't think anyone is complaining” Achogba added.

The study is of the opinion that, unlike the two drawbacks before this, the method to settling the issue of divisibility is not so defined. The only option available to the traders is that limitations are imposed as to the sizes of goods anyone must sell in the Bagana Barter market in Omala LGA of Kogi State. Modern trading made possible through the instrumentality of money allows for the sale of whatever unit of the product one is interested in getting. Although the traders in Bagana Barter market does not see divisibility as a problem, but this study feel their method do not really answer that historic problem of divisibility.

### **Conclusion and Recommendations**

This study was carried out to probe into the relics of history and that is the fact that has been proved conclusive by the foregoing analysis. This kind of study is devoid of the usual algebra and quantitative that is characteristics of

modern studies, but the fact that this study set out to probe was the reasons for barter in a modern money economy, how it is being practiced and the method that has helped in overcoming the hurdles imposed in history. This has been proved conclusive. This study is not an attempt at praising barter over money system, but an attempt at showing that a relic exist of what we thought has been discarded by all. This relic is not just being kept; it is practiced and guided jealously by those that holds the belief that it shouldn't have been discarded in the first place as it present some advantages over money. In all, this study has succeeded in its objective of probing the past that is with us today. Base on the discussion above, this study wish to recommends as follows:

1. The government should try as much as possible to preserve this historical relic as it will help in explaining how the world has grown and developed over time.
2. In this present world that tourism has become a major source of government revenue, the study want to recommend that the ministry of culture and tourism should develop this market site into a tourism destination as most people will want to experience what barter really looks like.
3. This study recommend also that the traders in this market should be educated on the drawbacks associated with barter as it is being practiced by them for the possibility of making it less cumbersome for the traders.
4. According to Burhanettin and Zafer, (undated) , as a consequence, barter system can be use as an alternative finance model when faced with the problem of cash flow. The Bagana Barter system can be seen in the same light as an alternative finance model in terms of problem of cash flows and management.

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