9-5-1969

The Political Economy of the Gold Coast and Ghana

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CENTER DISCUSSION PAPER NO. 73

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September, 1969

Introduction

The government of Guana has made three major efforts at "development" in this century (see Figure 1 and Table 2). The first (1900-1920) may be referred to as the "opening-up" or "early colonial" period. The second (1920-26) is usually called the Guggisberg Plan after the Governor who was its major driving force. The third (1945-1965) consisted of two rounds: a British "late colonial" or pre-independence round centered upon the Development Plan of 1951, and the Nkrumah round beginning after 1960.

This essay examines the strategies and results of each of these plans with particular emphasis on the colonial period.[1] Its main conclusion, simply stated, is that the colonial government's efforts were unproductive to a surprising degree and its policies, taken as a whole, probably retarded the rate of growth of the economy. The government extracted a large surplus from the Ghanaian private sector, the main driving force in the economy, but gave little in return and acted often to frustrate the development of Ghanaian capital. It devoted most of its effort to expanding the government sector or promoting foreign enterprise, neither of which contributed proportionate returns to the economy. The result was a highly undesirable economic structure, i.e. an inefficient (from the point of view of economic growth) state bureaucracy, a sluggish and reluctant foreign business sector, and an underdeveloped Ghanaian business sector.

If this conclusion seems surprising, it should be noted that the primary goal of the colonial administrators was not economic growth but the maintenance of a certain political structure; a task they had to carry out without any political base in Ghana itself and with only limited access to men and money from Great Britain.[2] Because they lacked the strength to handle the tensions of economic growth, they feared the development of local bases of power and acted often as a brake rather than an accelerator in an attempt to slow down the growth of specialization, exchange and the accumulation of capital.[3] After the Second World War, when the problems became too acute to be handled in this way, the administrators left. That they did so with a certain amount of grace and dignity was a question of style rather than substance. The problem of underdevelopment remained.

I. 1900-1920[4]

Colonial administrators in 1900 did not view development with the same sence of urgency as we do now but they saw the Gold Coast as an underdeveloped country ("the soil is everywhere fertile and the needs of the people being few there is little incentive to work"), and had a plan for bringing about "improved methods and new manners." Their strategy was outward-looking with regard to capital, enterprise and markets. In their view, Africa had a plentiful (though not always willing) supply of labour, and rich natural resources; capital and enterprise were all that was lacking and these would have to be obtained from abroad. The colonies were regarded as "underdeveloped estates and estates which can never be developed without imperial assistance."[5] The Gold Coast and Great Britain were thus complementary: a natural basis for "co-operation" existed between the land-intensive colony and the capitalintensive mother country; the role of the state was to break down barriers to exchange between the colony and the home government, to provide infrastructure and basic services in the colony, and to maintain a favourable climate there for foreign investment. This approach led the British to overstress foreign markets and foreign capital, and to neglect internal markets and indigenous enterprise.

The first development "plan" for the Gold Coast was put into effect around 1900. Its strategy was to develop the country by following the three R's: "Rule of the British, the Railways, and Ross' medical achievements."[6] The program was short, modest and, by appearances at least, highly successful. The main thrust of the plan lay in the construction of a railway and the pacification of the country. The government did not have sufficient revenue at the time to finance the entire program, but made up the deficit by issuing bonds in the London capital market. The construction of a railway from Sekondi to Kumasi was begun in 1898 and completed in 1903. The Ashanti were pacified in 1901. A beginning was made toward enlarging the administrative structure; and in 1904 the public debt stood at over two million pounds.

The decades that followed were marked by a rapid expansion of exports, and with them, of the rest of the economy (Table 2). Government revenue rose <u>pari passu</u>: the government could easily pay interest and amortization on its debt, and still have a large surplus at its disposal for the steady and continuous expansion of its services and infrastructure. The government's satisfaction with the prosperity of the Gold Coast was not, however, justified;

its own contribution to the growth process was not the decisive factor, or even an important one. Many of its policies were misguided, and perhaps counter-productive: much was done to encourage foreign investment in the gold industry, which was dominated by Europeans; but the African enterprise in cocoa, which accounted for the prosperity of the colony, received scant help, and even a certain amount of hindrance. It could be said in a sense that the cocoa industry grew in spite of, rather than because of, government policy.

1. Foreign capital in gold[7].

Ghana has a long history as a gold producer; travellers and soldiers visiting Ashanti had brought back visions of fabulous wealth. The gold mines had been in operation since at least the early 16th century, but since African methods were inadequate for working deep mines, modern machinery was necessary for further development. This was a classic example of the colonial model: here was a rich raw material, much in demand in world markets, but requiring mechanization and capital which the colonial administration felt only the Europeans could bring. The annual report of the Gold Coast in 1898 predicted that £40 million of gold would be extracted in ten years.

The aid of the government was essential for getting the gold industry on its feet. Even though some rich mines were located relatively near the coast, it was exceedingly difficult and costly to transport machinery by the traditional means of head-loading, and the absence of a railroad had thwarted the efforts of Europeans to establish a gold mining industry in the later 1870's and early 1880's. The European industry became successful only after the construction of the railroad had provided it with cheap transportation.

The government also helped foreign capital to obtain adequate supplies of labour, though not to the extent that was usual in colonial Africa. Most colonial governments, far from believing in laissez-faire where labour was concerned, regarded it an essential government function to interfere in the labour market and assure an adequate labour supply for the export sector of the economy.[8] The colonial government of the Gold Coast began with the usual premise that "one of the most serious problems connected with the Gold Coast is the dearth of labour to which the character of the inhabitants largely contributes"[9]; but it did not in fact take as strong measures to increase the supply as did other colonial governments. At the turn of the century, when the simultaneous demands for labour in mining, railroad construction, and cocoa caused a shortage of labour in Ghana, the government established a Transport Department with the object of alleviating the conditions in which "exorbitant rates had for some time been demanded by the carriers and paid to them by the mining agents."[10] This effort, however, was short lived, and the Transport Department was disbanded in 1909. The government also, at one time, considered importing Asian labourers to the Gold Coast, but only a small number were brought in. The government helped the gold industry in its inland recruiting ventures by arranging meetings between recruiters and chiefs, but did not use coercion or compulsion.

One reason the government did not do more to help foreign enterprise obtain labour in later years was that it had only limited political control of the colony, and thus lacked the power to control the labour market. The administration of Ghana was not ambitious, and had a dual attitude toward foreign capital: it welcomed and encouraged foreign capital, but resented the difficulties it created for the smooth administration of the colony. In the 19th century, the government's attempt to institute a poll tax had met with stiff resistance from the population, and it had no wish to raise the issue again unless forced to do so. The colony was prospering due to the rapid expansion of cocoa, and the labour problems of the Ghanaian sector of the economy were beyond the government's horizons. The colonial administration was quite happy to be relieved of pressure to act on labour problems in this period. The government was not able to help European investors by seizing mineral rights, but it allowed the negotiations of concessions to be a private matter to be settled between prospectors and local chiefs. Its neutrality, however, was more apparent than real, since the British conquest of Ashanti and colonization of the country had weakened the bargaining cohesiveness of Ghanaians and made it possible for British enterprise to come freely to Ghana. It is now impossible to know what would have happened had there been no colonization, and therefore, it is exceedingly difficult to analyze the effects of British colonization on the rapidity with which the gold industry was developed, and the terms and conditions on which capital and technology were introduced into Ghana. However, three points should be noted:

(1) The best gold fields had been discovered and worked by Africans.

Europeans played only a small role in the discovery of the gold mines, which were originally brought to their attention by African middlemen who knew the potential of the mines and recognized the need to modernize production.[11]

(2) Europeans acquired mineral rights very cheaply since they negotiated directly with local chiefs whose bargaining power was weak. This would not have been possible had the Ashanti empire remained intact. The empire had so closely guarded its source of wealth that no foreigner had been allowed to see a gold mine, and the gold industry was dominated by elite which appropriated its surplus.[12]

(3) Uninhibited free enterprise was extraordinarily inefficient in raising capital for the gold mining industry. The mad scramble for gold concessions during the Jungle Boom was stimulated not by careful rational evaluation, but by something bordering on hysteria. This was the age of Cecil Rhodes and J. Rider Haggard, of the White Man's Destiny and the Dream of King Solomon's Mines. The California gold rush was still remembered, and the discoveries of the South African gold fields were a recent experience. (The Boer War helped to divert capital from South Africa to Ghana). Consequently, the rush for gold was extremely wasteful, although the burden, in the beginning at least, fell mainly on Britain and not on Ghana.[13]

The returns over the years which the colony obtained by supporting the gold industry were comparatively small. The rapid expansion of production was short-lived, and it took thirty years, three times the period predicted by the government, to produce 10 million ounces. In the 1920's the industry began to decline. There was, however, a revival in the 1930's, when the price of gold rose, which helped to maintain the value of total exports at a time when the value of cocoa exports had fallen. Still the industry was not, all in all, a dynamic factor in Ghana's export economy.

More important, the returned value to Ghana of the gold industry (i.e. the share of output after payment for imported raw materials and machinery goods, deduction of dividends and payment of salaries to European officials) was quite low.[14] Local purchases were and are insignificant, and wages paid to Africans are a small fraction (less than 20%) of total value of output. Until the 30's income taxes were paid to the British and not to the Ghana treasury and in the 40's and 50's taxes paid to Ghana were from 10% to 15% of output. Tariffs on fuel oil used by the mining industry have been kept low. The gold industry has few links with the rest of the economy, and the spillover effect is small. The work is unpleasant and dangerous, and the maintenance of an adequate supply of labour depends upon the backwardness and ignorance prevailing in the Northern territories of Ghana. The industry traditionally used a cheap labour policy; wages were kept low, turnover was high and little effort was made to develop a skilled labour force. Profits not reinvested in gold itself are sent back to England and no local decision-making center was established to search the local environment and utilize capital in new industries. In nearly all these respects the gold industry contrasts sharply with the cocoa industry, where linkages and externalities have been high and would have been higher had the gold industry not absorbed a disproportionate share of the government's help.

(b) The Cocoa Industry[15.]

Cocoa, not gold, was the pôle de croissance of the Gold Coast economy. The industry was developed by Ghanaian capital, Ghanaian enterprise, and Ghanaian technology, with little help from the colonial government.[16] The cocoa industry had begun on its own to a considerable extent before 1900 and was well-developed by 1910. Only when the industry was past the "take-off" point did the government begin to pay attention to it and plough back some of its earning into it. The contribution of cocoa to the government, in the form of expanded trade and increased revenue, was completely out of proportion to the contribution made to it by the government.

The early public transport system was of little help to cocoa farmers.[17] The administration chose to begin its railroad to Kumasi in the West, at Sekondi, where it could serve the needs of the gold industry, and neither in the East where the capital city of Accra was located and where the cocoa industry was developing, nor in the center at Cape Coast which was the major port at the time in terms of volume of trade. Only after 1911 when the first part of the eastern route, from Accra to Kumasi, was built did the share of cocoa exports carried by the railway become significant (see Figure 3 and Table 3).[18] This link was of great value to Ghanaian development but it must be emphasized that it was built after the cocoa industry was well past the take-off point.

In the early years Ghanaian farmers had to develop their own system of transport by widening roads and building bridges. Even after the railroads were completed, a major part of the journey from the farm to the port took place by means of a costly head-loading system, on paths and roads built with little government help or knowledge.[19]

Nor did the government provide any valuable assistance in developing agricultural techniques for growing cocoa in Ghana. On the contrary, its efforts in this direction were counter-productive and if its recommendations had been followed, the growth of the industry would have been retarded. As the industry developed, the colonial officers, especially those concerned with agriculture, far from being pleased, tended to deplore the tendencies to "over-extension," "imprudence" and the "neglect of other crops." Instead of applauding the rapid growth of the industry, they were worried about the "grave danger of farms being extended beyond what might be reckoned reasonable limits,"[20] and the "positive danger that irrational development of cocoa planting is taking place."[21] Reports from various parts of the Gold Coast and the Department of Agriculture continually carried complaints of the small farmer who did not "fully realize his responsibility," who only "dimly understands the measures he has been advised to adopt," and who was "more concerned with the money to be made out of his farm than the quality of his produce." The reports repeatedly describe the "dangerous tendencies," "wanton neglect" and "dilatory habits" of the African cocoa farmer, and express the hope that "doubtless experience will teach the cultivator that the most profitable farm is that which is cultivated by himself and his family."[22] So strong were the feelings of the Agricultural Officers that some welcomed the sharp fall in the price of cocoa occasioned by the First World War as they hoped this would halt further expansion.[23]

To remedy alleged deficiencies in quality and productive techniques, the Department of Agriculture wanted to forbid planting when farms were not kept up to "standards", and to introduce European plantations to demonstrate the proper use of soils.[24] But the government was quite mistaken in its view of what constituted an appropriate technique for planting in Ghana; to this day no method has been found which is economically superior to that which was developed by the Ghanaians. The European plantations, using methods advocated by the agricultural officers, found themselves unable to compete with local producers and failed; most of the department's advice went unheeded and, fortunately, the department was not given the power to enforce its views.

In objecting to the Ghanaian system the colonial officers were committing two fundamental errors: first, on the technological side, they made the assumption that Ghanaian techniques were inferior to European ones; they did no research on local problems but instead preferred to disseminate imported techniques. The department advocated methods suitable to land-scarce countries in temperate climates; Ghanaian farmers operated in an environment where land was plentiful, labour was scarce, and scientific knowledge was lacking both on the part of the farmers themselves and on the part of the officers who advised them.[25] To save labour, Ghanaian farmers did no extensive weeding, cleaning, or care of the land. It was also common practice to grow several crops on a given plot of land, partly to maintain the fertility of the soil and partly to provide cover crops which would protect the cocoa from sunlight. These practices gave the farms an "unkempt" appearance which shocked the European agricultural officers who were used to European methods. The agricultural officers were particularly distressed by what they thought was a lack of proper disease control because it was a practise of Ghanaians to allow a diseased farm to lie fallow rather than try to eliminate the disease. This worked reasonably well, as the department's officers noted, since the farms usually recovered by themselves, but they still felt it was not in accord with "sound" agricultural principles. However, no superior method was known.

The second fundamental error of the colonial officers was in their economic analysis. They did not understand the capitalist nature of cocoa production which they continually referred to as peasant agriculture. They failed to see the drive to accumulate farms as the main dynamic force in the industry. To the Department of Agriculture the development of cocoa was a result of nature ("the local conditions of soil and climate are peculiarly favourable"), not human skill ("no ingenuity and a minimum of exertion is required")[26] and there was no "argument against the fact that the system is wasteful in the extreme":

> "The cost of establishing new cocoa crops is nil since they are obliged to use fresh forest land for food. Cocoa is planted amongst food. Food is taken for a few years and then land given to cocoa. This means that the farmer has several farms and as labour is by no means abundant and the majority of the farmers cannot or will not employ sufficient labour to help them to keep the farms in order, they become neglected and disease comes over."[27]

But Polly Hill has shown that it was neither easy nor costless to establish a cocoa farm and it was precisely the desire of certain Ghanaian cocoa farmers "to plant far more than he and his family can look after"[28] and to hire labour that accounted for the rapid growth of the industry. Though there are numerous small cocoa farmers in Ghana who work only their own land and sell only the cocoa produced by their family, and who might be called peasants, the major part of the cocoa crop and the major credit for establishing the industry stems from a much smaller group of cocoa farmers who expanded their operations beyond the family farm by buying extra land and employing outside labour and who, as Polly Hill stresses, should properly be called rural capitalists. Had the expansion of the cocoa industry depended simply on large numbers of individual proprietors switching from other crops to cocoa, the rate of growth would have been much slower than it was. The successful farmer, by accumulating wealth, evolved from a peasant to a rural capitalist, managing farms in several areas at different stages of development, supervising labour and investing in land to satisfy his future needs. This system led to a rapid rate of growth because it used the labour of large numbers of Ghanaians who lacked starting capital of their own, as well as the labour of migrants from the French territories to the north of Ghana.

The accumulation of capital in cocoa also helped start other industries as successful farmers invested in other business or lent money to others. The concentration of capital in the hands of the more enterprising (and lucky) individuals who then spread out into new industries is a fundamental feature of the growth process in free enterprise economies. In Ghana it was slowed down by the colonial government's tendency to neglect, and frustrate, the development of Ghanaian capitalists.[29]

II. 1920 - 1945[30]

The Guggisberg period (1920-30) was in many ways the finest hour of British colonial administration in the Gold Coast. Sir Gordon Guggisberg, was an exceptional man. His Ten Year Development Plan was atypically well conceived, and based on a highly articulated strategy of development.[31]

In 1919, when Guggisberg took office, the colony had just experienced twenty years of extraordinary growth, interrupted only briefly by World War One. The country was prosperous, and the government, thanks to its large revenues from cocoa, was financially sound with a good credit rating in London. Guggisberg's aim was to secure the economic structure built in the first quarter of the century and to provide a more solid foundation for with-standing any future adversity.[32]

The economic principles behind the development plan were the following:

(a) Long-run economic growth and development of the colony would require a large expenditure by the government on health, education, and other forms of what we call human capital formation.

(b) The government's resources, though substantial at the time, were small in relation to the country's needs, and the first priority was to raise its revenues.

(c) The bulk of the plan was, therefore, to be devoted initially to improving infrastructure in order to increase exports and thereby augment government revenue and overall prosperity.

(d) To prepare for the time when more ample resources would be available, a beginning was to be made on a new program of education and health. Major efforts were to be postponed until the second stage of the plan, when it was hoped that increased revenue would be available.

Guggisberg stated these principles succinctly:

> "For progress we must have education; for education of the right type we must have a bigger revenue. To get bigger revenue we must have bigger trade, and to get bigger trade we must have more agriculture and far better systems of transportation than at present exist."[33]

In practice, the Guggisberg plan faced several obstacles and was never fully implemented. In the first place the shortages of skilled labour held up the construction of infrastructure. Thus the failures of the government in technical training in the previous decades proved a check on its ability to expand in the 1920's.[34] Equally serious was the financial constraint; the raising of revenue for the plan was a matter of great concern, and Guggisberg had to contend with severe criticism from government officials and from the mercantile community. (The Ghanaian sector, however, pressed for more government expenditure).[35] Still, Guggisberg was able to accomplish a great deal, and the 1920's saw a major expansion of infrastructure and an important beginning in providing more adequate education and health services to Ghanaians.

The achievements of Guggisberg are symbolized by three names: Takoradi, the new deep-water port, Achimota, a first-rate secondary school which became the cornerstone of higher education in Ghana and the training ground for many of the country's future teachers and political leaders, and Korle Bu, the new modern hospital built in Accra for Ghanaians. But in a sense these accomplishments were the trappings of economic growth and not the foundation. The physical hardware of the country expanded, but not the ability to use resources efficiently or to cope with the exigencies of a changing world.

Guggisberg's great leap forward was followed not by the development he expected but by stagnation and retrenchment. Exports failed to rise, and indeed fell in real value, as a result of falling prices in the 1930's and rising import prices in the 1940's. New industries failed to appear. The plan itself was never completely fulfilled through lack of revenue but was cut short in the late 20's. In the 1930's even current expenditure had to be retrenched and during the Second World War imports fell to an unprecedented low level.

There is a certain irony in the events of this period. The plan was conceived and executed by foreigners who assumed that the best interests of Ghana required it to become integrated into the world economy and "more and more one cog in the world economic machine."[36] Their efforts were directed at turning the Ghanaian economy outward; but as they did so, the world economy collapsed and the Ghanaian economy faltered with it. Their crucial mistake was not that they exaggerated Ghana's potential (they seriously underestimated it) but that they misjudged the potentiality of the British trading network.[37]

The depression of the 1930's illustrated that the British trading network was unable to achieve international co-operation even within its own domain. If the United Kingdom had chosen to expand, rather than contract, during the depression, by increasing investment in the colonies, it could have solved both its own problem of employment and the colonies' problem of growth. However, it was not organized to take the necessary steps, and merely transmitted the full impact of its crisis to its empire. The British economic system was not adaptive; it resembled a man who stands irresolutely before a barrier instead of trying to find a way round it.

It is interesting to note that the failure of the Guggisberg plan did not result in a political upheaval in Ghana. There were crises (the cocoa boycott, for example), but political control was maintained throughout the depression and during the great stresses of the war. It was the genius of the British colonial system, as a system for maintaining political power, to react to a crisis by doing nothing.[38]

The failure of the international economy was not the only fault in Guggisberg's strategy; his plan itself was seriously deficient. The health program was an important breakthrough, but still a meagre achievement in the light of the very low health and nutrition standards in the country and the resulting drain on productivity.[39] The education program was heavily biased towards elitism and failed to provide the kind of scientific and economic training necessary for development.[40] More important, the agricultural and transportation programs were fraught with error. These must be discussed in greater detail.

(a) Agriculture.

Diversification was the major theme of agricultural policy in the Guggisberg period. In part, the decision not to encourage cocoa was based on the feeling that the country could not safely expand cocoa production.[41] The major reason for encouraging other crops was that world demand for cocoa was unpredictable and it was thought to be a better policy not to have all of the colony's eggs in one basket. The basis for this concern was reasonable, but the conclusion that Ghana should diversify into other tropical export products, does not follow from it. In the first place, one would have to know the cost of growing other crops. The experience of Ghanaian cocoa farmers gave Ghana a special advantage in cocoa production not easily transferable to other crops. A thousand pounds spent on improving cocoa production might well have had a higher pay-off than a thousand pounds spent on other crops, even with the assumption that the price of cocoa might fall. In the second place, it is not clear that diversification would improve stability. The suggested alternative crops faced much the same future as cocoa, since the trends and cycles in demand for various tropical agricultural products share many common causal factors and tend to be highly correlated.[42] Better solutions were available, but were not tried because they involved instruments beyond the pale of British colonial political economy.

For example, one possible solution to the problem of a declining cocoa price might have been to form a cartel with other African producers (and perhaps Brazil) to control supply, and to promote the demand for chocolate by advertising and other devices. These instruments of market control, in common use by private corporations (including the expatriate merchants and shippers operating in West Africa) were not, however, part of coloniel political economy; neither was an industrialization policy to increase the range of goods produced in Ghana. Both of these measures were advocated by Ghanaians in representations to the government but were never seriously considered.[43]

Another creative alternative would have been to promote specialization throughout the empire in order to increase productivity and to lower costs; this would have been highly risky for any individual colony, but not for the empire as a whole. The solution to the problems of uncertainty and instability that is most compatible with growth is an insurance scheme which encourages specialization by protecting the specialized sub-components of the economy against the risk of price declines. One such device is the federal budget, which redistributes income in the economy in such a way as to make sure that no sector suffers too greatly from participating in a wider system of division of labour. To achieve this type of harmonization, political co-operation among the specialized units is necessary, and it was precisely this advantage that the British had at their disposal in the imperial system. They could have used their political power to achieve diversification on an imperial scale while assuring security to each participant. Ironically, however, the main potential advantage of the British imperial trading system was never utilized. The empire remained decentralized, no attempt at co-ordinated specialization was made, and each colony was responsible mainly for itself. In addition, colonial administrators encouraged diversification, with some curious results; in the Gold Coast, for example, the government attempted to curtail the production of cocoa as we have shown, and encouraged the production of rubber in its place, while in Malaya the British administration attempted to expand the production of cocoa. In their attempt to ensure diversified sources of supply to the mother country, the British sacrificed the opportunity to increase the size of the total income and welfare of the commonwealth.

It is of great importance to stress that the strategy of diversification pursued in the twenties was not concerned merely with introducing new crops, but also emphasized changing the mode of production. The new strategy was not designed to help the emerging cocoa capitalists to diversify into new crops or new industries; it tried instead to replace the Ghanaian system with plantation agriculture. The attempt failed miserably, as had earlier attempts from 1900 to 1920, for none of the new plantations or new forms of capital ever got beyond the infant entrepreneurial stage.

The Department of Agriculture had always believed in the need to introduce estate agriculture into Ghana, and their development attempts of the 1920's must be viewed in the light of their previous efforts to attract

European capital to Gold Coast agriculture. A number of Europeans did in fact come to the Gold Coast from about 1906 onwards, and they acquired concessions of land on which to establish plantation agriculture; but these ventures were not in fact successful and encountered numerous difficulties in paying the going wage and producing at a cost below the going price. By 1920, the Department of Agriculture reported that "all European plantation companies established in the colony have in the meantime suspended operations due to low price." By and large this ended the experiment in European agriculture, though a very few plantations lingered on.[44]

The colonial administration, having failed to attract foreign capitalists, and being wholly negative in its attitude to Ghanaian capitalists, set out to establish plantations of its own. While Guggisberg told Ghanaians to "Make Your Farms Smaller", the Agricultural Department devoted most of its efforts to establishing large-scale agriculture. Despite the optimism and considerable expenditure of the Agriculture Department, its ventures in coconut and sisal failed to fulfill its objectives, as did the attempt to build a rice mill, to subsidize a palm oil mill, and to develop sugar, shea nuts and cotton. Meanwhile, it neglected research, and its legacy in terms of scientific knowledge was almost nil.[45]

Lastly, we might briefly note the government's attitude to the continuous conflict between the farmer and the merchant to whom he sold his cocoa. The farmers suspected they were at a disadvantage in their bargaining, as indeed they were, because the number of buyers were few and they frequently colluded to keep the terms of trade in their favour. The main bargaining instrument used by the Ghanaian cocoa farmer to counteract the oligopolist powers of the foreign merchant companies was the holdup or the boycott. Periodically, the farmers would withhold the sale of their cocoa when they felt the price was low; this occurred a number of times over the years. The government's policy was to discourage these boycotts since they interfered with trade; however they took no steps to counteract the oligopolist collusion of expatriate firms, but in fact reinforced it by diverting attention away from the larger expatriate firms, and towards the small middlemen, who, they argued, were responsible for the difficulties. The cooperative movement which they fostered, instead of tackling the monopoly problem, wasted its time on the spurious issue of the quality of cocoa. When the government established a marketing agency during the Second World War, it kept the price of cocoa low and gave the force of law to the collusive market-sharing agreement of the expatriate firms (since shares were alloted to firms on the basis of past performance).[46]

(b) Transportation.

Transportation was to Guggisberg "without any doubt whatever, by far the most important subject in this country," and by transportation, Guggisberg meant railways. "With more railways we shall be safe for all time - without them our future is not only imperilled: it is doomed."[47] The major items of expenditure in the development program of the 1920's was the improvement and expansion of the railway and the construction of a deep-water harbour at its terminus in the western part of the country.

There is no doubt that a deep-water harbour was badly needed; Ghana does not have a natural harbour and the artificial one at Takoradi, opened in 1926, allowed ships to dock on Ghana's coast for the first time. Previously, they had to anchor a safe distance from the shore, the goods being brought ashore by small surf-boats and head-loading. This system relied heavily on human energy, and was costly and wasteful, particularly when heavy cargo was involved. The new harbour made it easier to unload heavy machinery, and to load bulky commodities. But by chosing Takoradi as the site for the harbour rather than Accra, Guggisberg re-infused the Western bias of the transport system and greatly reduced the productivity of his very large expenditure on infrastructure. Takoradi was crucial to the manganese industry, - (a low-value high bulk commodity) - but since the returned value to the community from this industry is low, the social productivity of the harbour has been much less than is indicated by the tonnage figures or by the value of exports. Takoradi's contribution to the cocoa industry was more limited; much cocoa continued to be shipped from Accra using the surf-boat system and a large amount of the imported goods destined for cocoa farmers continued to come through Accra. It was only when Tema Harbour was opened in 1962 that the eastern part of the country was provided with a modern form of unloading.

This was not what Guggisberg planned. By building the Central Province Railway which extended eastward from Takoradi, he hoped to reach the central part of the country and thus to serve agricultural as well as mining needs. In fact, the Central Province Railroad went through sparsely inhabited regions with few commercial crops. It failed to generate traffic since Ghanaian producers found it cheaper to send their products south and to load them by surf-boat at Cape Coast and Saltpond rather than via the long route by train to Takoradi.

Guggisberg made a second mistake with regard to the problem of transportation in the country; he failed to appreciate the importance of the lorry. The world-wide revolution in transport occasioned by the introduction of motor vehicles spread quickly to Ghana as the Ford truck introduced the "age of the lorry". African businessmen quickly grasped the possibilities of the new technological innovation and the road transport industry grew with amazing rapidity. The flexibility of motor transport, its ability to penetrate deeply and to create an elaborate set of links made it a revolutionary force. The growing volume of motor transport and the spread of the network throughout the country enabled outlying farmers to obtain better prices and extended the margin of cultivation of cocoa and food. Villages eagerly awaited roads which would make commercial agriculture profitable.[49]

Road transport quickly cut into railway revenue and led to the crucial road vs. rail dispute. (Table 3 and Figure 3 show how the volume of cocoa, carried by the railroad, fell as the Guggisberg plan reached fulfillment.) To the colonial administration, the new technology was not a blessing but a problem threatening their plans and they took a very jaundiced view of the "unfair" competition between state enterprise and Ghanaian enterprise.[50] As they saw it, the problem stemmed not from their own errors but from the inadequate organization of the Ghanaian sector. Railroads, in their view, were properly organized and had a good pedigree because of their strategic role in 19th-century development; motor transport, in contrast, was run by Ghanaians without a proper system.[51]

This conflict between roads and rails shows the defects and biases in government planning. Given the railway, the appropriate economic policy was to set railroad prices equal to marginal cost and to subsidize the deficit out of general revenue. However, the colonial government aimed at covering the railways' operating expenses from its operating revenue and hence it charged what the tariff would bear. It decided, without analysis, that manganese and gold could only bear low rates and that cocoa could bear high rates.[52] (Table 4 and Figure 4 indicates that cocoa rates were raised in order to maintain revenue.) This was only possible where cocoa had no alternative form of transportation, such as Ashanti. In other places, high prices charged to cocoa by the railway in order to recoup the losses suffered because of the low prices charged to mining, drove cocoa traffic on to the road.[53]

Various methods were considered to protect the new infrastructure from the "force of competition from motor lorries and cheaper ports" including increased licence fees for motor lorries, the periodic closing of certain roads to heavy traffic, taxation of heavy traffic on roads competing with railways, licensing of routes, the establishment of toll gates, the closing of certain ports, the enforcement of regulations on safety and carrying capacity to avoid the "persistent overloading" which "allowed" the motor lorries to "charge low rates." A full account of all the steps taken and their impact is not available. However, in 1934, the Carriage of Goods Road Ordinance prohibited the carriage of specified goods over scheduled roads.[54] Equally important, road construction was held back in the 1930's and "gaps were deliberately left in the system of road communications so as to prevent competition with the railway."[55] Other steps which directly or indirectly, deliberately or otherwise, restricted road transport were the strict control of the importation of vehicles, tires, and petrol during the Second World War, and the policy of the West African Produce Control Board of paying the same price for cocoa at all rail-points, thus absorbing freight costs and removing the inducement to send it by road to the coast.

In summary, the inability of the authorities to co-ordinate roads and rail illustrates the inadequacy of colonial planning. The administrators concentrated on certain facets of the problem and neglected others; they lacked the instruments and the information needed to make appropriate decisions. Given the crucial role of transport in development, their errors had the most serious consequences. Internal exchange of local produce depended upon the motor lorry. By slowing down the expansion of the road network in order to divert cocoa to the railroad, the government inhibited the development of regional specialization and exchange of food, and closed off business opportunities for Ghanaians in cocoa, transport, distribution and food.[56]

The neglect of internal trade provides one of the most serious indictments of colonial political economy. Its glaring symbol is the northern part of the country where for many reasons Ghanaians were unable to create economic growth by themselves and the state did little to help them.[57] The climate of the North differs sharply from that of the South and there is a natural basis for division of labour in agriculture. For example, the North could produce cattle and cereals for the South in return for its forest and sea products. But when proposals were made to build a railroad to the North, the discussion was conducted almost entirely in terms of the possibilities of promoting export crops - e.g. shea nuts and groundnuts - and not the stimulation of trade between the North and the South. Moreover a railroad is not required, since the terrain is ideally suited for roads. Furthermore, much more than transportation would have been needed since increased production in the North required irrigation, disease control, and agricultural research. Colonial policy, however, gave the North less than a proportionate share of infrastructure, education, health and agricultural research, even though its needs were greatest. The colonial government thus ignored the opportunity to promote trade within Ghana. The North remained the most backward and impoverished region in the country with the lowest educational standards and the most serious problems of malnutrition and disease - a testament to the uneven development promoted under colonialism.[58]

In 1930, a conference was held in the Gold Coast, "to find out if a country run by peasant farmers was economically sound."[59] It would have been more relevant to ask whether a country run by British colonizationalists was economically sound.

III. 1945-1962.

The years after 1945 were ones of rapid and continuous change. The depression revealed the inadequacies of the colonial system and World War II weakened Great Britain's ability to control the empire. A new strategy was needed. Before we discuss it we may briefly summarize the main conclusions that emerge from our condensed and simplified examination of British colonial policy and its effects in Ghana between 1900 and 1939.[60]

1. Foreign investment proved to be a poor engine of growth. Although foreign investment was encouraged, its contribution to the economy was very limited.

2. The major dynamics for growth came from the African sector of the economy and it achieved its success with little help from the government or from foreign capital.

3. Despite the great success of the African sector in establishing Ghana as the leading producer of cocoa in the world and successfully maintaining its share in the face of competition from equally fertile areas elsewhere (including some in which cocoa is grown on a European plantation basis), African businessmen were not able to diversify into manufacturing

or large scale modern farming. Ghana remained a nation of small farmers and traders selling unfinished products on the international market.[61]

4. The international economy proved highly unreliable and unstable as a foundation on which to build the economy.[62]

5. The productivity of the government sector was low. It made important errors in planning the transport system; it failed to do adequate research; it underestimated the strengths and needs of the Ghanaian sector; and it overstressed the importance of foreign trade and foreign capital. The government created linkages with the mother country, but decreased linkages with neighbouring African countries, and failed to improve internal linkages within the economy.

6. The government also proved to be rigid and inflexible rather than enterprising. It was one-dimensional in outlook and because of its hegemonic position was able to exclude many reasonable policy alternatives. It was a reluctant and gradual modernizer, bringing some of the benefits of the industrial revolution to Ghana, but also using Ghana as an outlet for the tensions and problems of British society. Contrary to what is often claimed, only limited credit can be given to the British colonial administration for opening up the country, but when it departed in 1957, it left behind a meage heritage.

1. Development Planning from the Gold Coast to Ghana.

The main ingredient of the post depression strategy to deal with the tensions of the colonial export economy was an expansion of the government sector under the rubric of development planning.[63] In part this involved an expansion of social and community services to satisfy the growing pressures for health, education, and urbanization; in part it involved an expansion of infrastructure to provide support services for private enterprise in the productive sector of the economy.

In the first round, the British tried to introduce the new programs within the colonial structure. As a result of the political uprisings in the 30's, London in 1940-41, sent a circular to each colonial administration asking it to prepare a plan of development for the colony in connection with funds available from the Colonial Development and Welfare Act. The result in Ghana was the Ten Year Development Plan published in 1946 calling for an expenditure of a little over a million pounds.[64] About one-third of the plan was to be financed through Colonial Development and Welfare grants, another third from borrowings in the London market, and the remainder out of surplus balances. With hindsight the plan appears overly modest, but it contained a large number of the projects used in the larger plans that came later.

This initial foray into development planning was quickly outpaced by the course of events. Mass dissatisfaction among the young, coupled with the problem of postwar inflation and unemployment among returning veterans, led to the boycotts and riots of 1948 and completely upset the slow process of political development planned by the colonial administration.[65] A new plan, seven times as large (in money terms), was prepared for the decade of the fifties and introduced in 1951, just before Nkrumah became leader of government.

Even this estimate, however, turned out to be conservative; the plan was completed in five years instead of ten,[66] yet so great were the funds at the disposal of the government that at independence, in 1957, the government still had international reserves of about 250 million pounds with which to continue the expansion of infrastructure and basic services. Over the years 1950-1965, the government spent a total of about one billion pounds (an annual average of 200 million dollars or 30 dollars per head) a level unprecedented in Ghana's history and far higher per capita than has been or will be possible in most African countries. The Government of Nigeria, for example, during the same period was able to spend only about 2 billion pounds, or less than 10 dollars per head annually.

This large expansion of the government was only possible because of the crucial fiscal policy decision taken in the early 1950's by the colonial administration. When the price of cocoa rose in the world market after 1945 and especially between 1950 and 1954, the government had to choose an appropriate way of sharing the windfall. The bounty in foreign exchange could have been given to the private sector if the government had lowered tax rates or raised the price it paid cocoa producers to the level of prices prevailing in the world market. Instead, the government appropriated for its own use a large share of the increased income; the policy was justified in part as an anti-inflationary measure.[67] It was argued that imports could not be increased because of inadequate transportation and harbour facilities, and that if taxes were not raised the high level of aggregate demand acting on the inelastic supply of imports would lead to a rise in prices. It was assumed that the cocoa farmer would not save, and therefore wealth would accumulate in the distribution sector - a large part of which was foreign. To avoid the inflationary pressure and mal-distribution of income, the government accumulated the windfall itself and invested the funds in Britain.

The argument used to defend the policy, it should be noted, rested on a lack of confidence in the Ghanaian middle class. It assumed that Ghanaian farmers and traders would fail to recognize the transient nature of the rise in income and prices and that all the gains would go to foreigners. A contrary view held that at least some Ghanaians would have taken advantage of boom conditions and that capital would have accumulated in the hands of these enterprising Ghanaians. This would have laid the basis for an entrepreneurial class. Whatever the merits of the case, this avenue of development was not opened. The British colonial administration captured the windfall for the government sector, in one blow sealing the fate of the Ghanaian middle class, providing the British government with a large low-cost dollar loan during the fifties,[68] and setting the stage for Nkrumah's socialist strategy.[69]

The results of the massive expansion by the government were not those hoped for. Income did not grow proportionately to capital formation[70], and the economy, which had appeared buoyant during the 1950's, seemed suddenly, a few short years after independence, to transform itself into a state of stagnation, punctuated by crises. Within a short time the political system erected by the British crumbled, and the country's economic difficulties increased until they reached crisis proportions.

The government was in a state of continuous deficit, international reserves were depleted with time and an alarming foreign debt accumulated; imports were restricted; prices rose sharply, black markets appeared, and parts of the capital stock were forced into idleness as production in some industries came to a standstill. Early in 1966 the military, declaring that "the economic situation of the country is in such a chaotic condition that unless something is done about it now the whole economic system will collapse."[71] overthrew Nkrumah and brought to an end his particular experiment in development strategy.[72]

So great was the imprint of Kwame Nkrumah on Ghana's development policy that it is all too easy to attribute Ghana's economic difficulties to the "... unrealistic, stubborn one man rule that has mismanaged and squandered the nations's resources."[73] Until independence, Nkrumah had closely followed traditional colonial development strategy, and the major government programs were planned and implemented by a civil service still largely staffed by British colonial administrators. The premise of these programs was that the government was building a framework to attract foreign capital and mobilize local capital. The state provided infrastructure and other "support" services needed by the private sector, while the task of providing final goods for consumption, investment, or export was left to private enterprise. By improving roads, railways and harbours, expanding health and educational services, and providing agricultural extension and other such services, the government hoped to stimulate the private sector to expand and diversify exports and to produce new goods for local consumption and investment.[74]

This strategy changed after independence and especially after 1961.[75] A new strategy was initiated based on the large scale entry of the state into the productive sector. Its premise was that Ghanaian businessmen were not capable of the task of modernization, and that it was therefore more efficient, as well as more desirable on general socialist principles, to rely on the state sector rather than the private sector as the major engine of growth. As Nkrumah put it, "colonial rule precluded that accumulation of capital among our citizens which would have assisted thorough-going private investment in industrial construction. It has therefore been left to the government, as the holder of the means, to play the role of main entrepreneur in laying the basis of the national economic and social advancement."[76] A large role was still alloted to foreign capital from both the West and the East, but in partnership with the state sector, not with private enterprises (so as to preclude the formation of a local private sector allied with, and dependent upon, foreign capital). Particular emphasis was placed on co-operation between the state and the very large foreign corporations, such as Kaiser, Parkinson Howard, and Unilever along the lines established in the Volta River Project. Since there were definite limits on the speed with which the government could expand, a transition period was envisaged, involving the co-existence of the public and private sectors. The state sector was to come to the fore, not through nationalization, but through more rapid growth.

The government, after 1961, also inaugurated new systems of planning and control, and began an all-out effort to develop manufacturing, to modernize agriculture, and to change the direction of trade away from Great Britain towards other countries, particularly those of the socialist world. The private Ghanaian sector was no longer encouraged to enter medium and large-scale manufacturing; instead, a number of state enterprises were created in industry, mining distribution, and shipping to act as a "control" on foreign firms and to stimulate the growth of Ghanaian industrialization. Similarly, in agriculture, a major emphasis was placed on state farms, youth farms, co-operatives, etc., as vehicles for modernization and mechanization.

It was because of this change in strategy that Nkrumah was blamed for the "sorry plight of the country that began independence from Britain in 1957 with large financial reserves, abundant resources and the brightest prospects of any new African nation."[77] Critics of the state enterprise approach argued that Nkrumah's new policies frustrated Ghanaian businessmen and frightened away foreign capital, thus killing the goose that laid the golden egg. They felt that private capital, local and foreign, had far more potential than Nkrumah allowed for. We shall not try to evaluate the strength and weaknesses of Nkrumah's strategy of primary reliance on the state sector here. The issues are too current and too complex to allow brief summary. What we shall try to do instead is to set straight certain key elements of the period and to clear up some of the confusion surrounding Nkrumah's experiment. We merely wish to point out the obvious fact that there is a long gestation period between action and effect, and that many of the troubles during the second round were due to mistaken policies of the first round, just as the performance of the economy after Nkrumah is and will in large part be determined by what was done under his leadership.[78]

2. Stabilization Policy

The cycle of expansion and contraction after the Second World War can usefully be viewed in terms of the following simple relationship which emphasizes the import constraint on economic growth:

$$Y = \frac{1}{m} \quad (X \quad + F)$$

where Y is national income, 1 is exports, F is foreign borrowing and m is the average propensity to import. The equation simply states that for income to grow, one of three things must happen: the propensity to import must fall, exports must grow, or foreign borrowing must increase. The stylized facts of Ghana's post-war experience are that the propensity to import did not fall significantly, if at all, from 1950 to 1965, while the value of exports, which grew rapidly between 1945 to 1954, stagnated thereafter and in 1965 stood at its 1954 level. (Table 2). In other words, the economy failed during this period to create new industries, or to expand its export earnings.[79] Major growth took place in the production of traditional exports; but the virtual doubling of the quantity exported between 1950 and 1964 was offset by a fall in the terms of trade, and the value of exports remained unchanged.

The path of income deviated significantly from the path of exports as a result of the government's counter-cyclical policy. The government ran surpluses from 1950 to 1954, and deficits from 1960 on. (Table 5 and Figure 5). Thus F was large and negative in the initial period, dwindled to zero, and became large and positive in the later period. Imports therefore rose steadily through the 1950's and reached their turning point only after 1960. The government's counter-cyclical policy to some extent confused the underlying trends in the economy and made it appear that the economic difficulties began after 1960, whereas, in fact, the trouble began in 1954. The rapid expansion of the government sector during the 1950's created an atmosphere of dynamism and progress that was in a sense unrealistic. The government stretched a four-year boom (1950-1954) in cocoa prices out to a ten-year boom, but the development thrust did not prepare the economy for the fall in cocoa prices and was instead the prelude to a crisis. The growth of the national income and the seeming prosperity reflected the multiplier effect of the growth in government spending, and not an increase in the productive capacity of the economy. In fact, much of the capital formation of the period had low productivity, at least in the short run.

By 1961 the shortcomings of the "decade of development" were evident. The government was running a continuous deficit, exports were stagnating, international reserves were falling, and little progress had been made towards the introduction of new economic activities or new methods. One possible approach to the problem would have been to trim down the state sector and to allow the private sector more room for manoeuvering and more funds for expansion. Nkrumah chose to move in the opposite direction. Instead of retrenching, he plunged ahead, creating new instruments of planning and control, and initiating numerous state enterprises. This further squeezed the private sector and strained the economy as a whole. To critics, even those who agreed with Nkrumah's emphasis on the state sector, the initiation of ambitious new programs at the very time when the slack had been used up and exports and revenue were stagnating, represented an unwillingness to face up to economic realities. To supporters it was the very difficulty of the times, representing as they did the effect of past errors, that induced a sense of urgency and impatience and the conviction that it was necessary to bring about a radical change as quickly and as forcefully as possible.[80]

In the ensuing crisis, the problems stemming from the new strategy and the problems stemming from stagnant export conditions became hopelessly entangled. To finance the new program the government increased taxes, increased borrowings from abroad and imposed import controls. Each of these tactics created its own difficulties.[81] Attempts to raise revenue met with very stiff resistance from all sectors. In the early 1950's, it had been possible for the government to increase its revenue enormously by holding down the price paid to cocoa farmers. This was politically feasible (though not without its difficulties) because at that time the gross national product was expanding and it was possible for everyone to benefit. In the 1960's, the economy was stagnating, and the increase of the government and associated sectors had to take place at the price of a decline in standards for other sectors of the community. In addition, and predictably, the new forms of taxation were ineffectively administered, and at times actually reduced rather than increased revenue.

In short, there was great political pressure to increase personal income and not to reduce it. The expansion of consumption in the 1950's created expectations that it would continue. These expectations would only be fulfilled if the new government program had a very quick pay-off or if the government could have borrowed abroad for their gestation period. For a time, the government was given a certain amount of room to manoeuver by the accumulated foreign exchange reserves that had resulted from the very conservative monetary and fiscal policy of the colonial administration of earlier years. It was also able to borrow considerably abroad, though much was in the form of suppliers' credit, carrying high interest charges and short repayment periods. These sources were quickly used up; by 1965 the foreign exchange reserves were depleted, and the sums needed to repay the debts stood at alarming heights.

To meet the balance of payments problem, the government made the crucial mistake of instituting a system of import quotas while still running the deficits which stimulated purchasing power in the economy. The predictable results of this attempt to keep supply constant, while shifting demand outwards, were shortages and price increases. The government then responded by instituting a system of price controls, while continuing to run deficits. It thus continued to generate demand pressure while trying to prevent an increase in prices. Leaving aside the fact that both import and price controls were administered inefficiently through lack of experience, the situation was impossible, bound to break down eventually. Black markets, corruption and an erosion of the import control system were the result.[82] Clearly, there was no way of closing the deficit in the balance of payments without closing the deficit in the government account. It was the failure to realise this fact, more than anything else, that led to the great wastes and failures of the 1960's and the end of the new strategy.

IV. The Future

No sooner had Nkrumah gone, than the _Economist_ was prepared to revive the myth of the "model" colony and to view Ghana again as a hopeful experiment.

> "Their program is hopeful because it is not grandiose, and Ghana has now acquired a new, if different, kind of importance. It could just conceivably emerge as a model among developing nations with a genuine, working democracy, rooted in a balanced economy."

Such a view is superficial and tends to obscure the basic issues of Ghana's economic predicament. The development program did not create the weaknesses of the Ghanaian economy; it merely exposed them. Whatever one's judgement about the errors in Nkrumah's strategy, one should not allow the frenzied and frantic nature of his last years in power to obscure the fundamental fact that colonialism created not a "model" economy but a distorted and retarded one. If the experience of the last twenty years shows the difficulties of changing the colonial economic structure, the experience of the last seventy shows the necessity for so doing.

What of the future? The issue of the role of the state is still to be resolved. The first post-Nkrumah steps were towards dismantling the state enterprises, but the overall direction of the present government's policy is far from fully determined. The private sector is still weak, foreign business is still suspect, and the state sector, greatly enlarged and strengthened during the last fifteen years, contains a number of pressures for growth not the least of which are the young men who entered the service in the independence period and agreed with large parts of Nkrumah's program. Given these conditions, one can forsee three possibilities for Ghana.

First, the economy may collapse and alternate between civil war and military dictatorship.

Secondly, and more hopefully, it may be possible to create a viable economy on the present base. Though Ghana has many financial problems, its "real" base is very sound, and if its international financial problems can be resolved, there is considerable potential for growth. It has a relatively well-developed infrastructure and a well-trained and educated labour force. The cocoa industry still provides a strong underpinning, and the Volta Dam complex forms a growing point for industrial development. With foreign aid and investment and an outward-looking policy, Ghana could probably develop into a thriving "model" economy. Development, however, would be largely in the coastal regions. Even under very optimistic projections, the modern sector could not absorb the increases in population, and the majority of the population would be excluded. A growing dualism within the country, and between Ghana and her neighbours would develop.

A third alternative would be an attempt to develop the economy as a whole. This would require the mobilization of the entire population, and the direction of a high proportion of effort to the rural areas and to the bottom two thirds of urban society.[83] Throughout Ghana's history the rural areas have provided the surplus for the mostly unproductive efforts of the government and urban sector. Considerable reserves of energy still exist in the population at large, which could be mobilized for increased production, especially if the revenues were directed toward them rather than away from them. However,this path is a highly unlikely one to be chosen because it would involve radical changes in the administrative and political structure of the country.

The crucial question is how the new generation will view the alternatives. The Seven Year Development Plan noted that "the young people for whom jobs must be found every year for the next fifteen years have already been born. Every year a given number of them will come forward to join the labour force. This cannot be postponed by any law or policy..." The generations that created the political economy of Ghanaian independence and who are now in positions of leadership were formed by the Depression, the World War, and the Cold War. The coming generation has had an entirely different experience. Its political economy will also be different. The question is whether it will place as much store on the development planning from above that has characterized most of Ghana's twentieth century experience.

TABLE 1 - THE GOVERNMENT SECTOR 1900-1960

	Government Expenditure in Constant (1953) Prices			Percentage Distribution of Government Expenditure		Index of Government Expenditure per Capita 1953=100	Government Revenue as a percent of exports
Year	Total	Ordinary, including Public Dept. Changes	Extraordinary and Development Expenditure	Extraordinary and Development (% of Total Expenditure)	Public Debt Changes		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1900	8.2	2.3	5.9	72	0	46	44
1	6.6	2.6	4.0	61	2	38	90
2	9.1	3.4	5.7	63	2	52	67
3	8.4	4.6	3.9	46	5	47	58
4	5.0	4.5	0.5	9	10	27	48
1905	4.3	4.0	0.3	7	10	24	35
6	4.6	3.9	0.7	15	10	25	32
7	4.2	3.7	0.5	11	10	23	25
8	5.1	4.0	1.1	22	8	28	30
9	7.6	4.5	3.1	46	7	41	29
1910	6.8	4.3	2.5	37	7	34	36
11	6.0	4.3	1.7	29	7	31	29
12	6.2	4.5	1.7	28	7	32	28
13	7.1	4.5	2.7	37	5	34	23
14	8.2	4.9	3.4	41	6	40	27
1915	7.8	5.4	2.5	32	8	37	23
16	5.1	3.7	1.4	27	8	24	30
17	4.6	3.7	1.0	21	9	20	26
18	3.3	2.8	0.5	15	9	15	28
19	3.9	3.3	0.6	14	7	17	22

TABLE 1 - THE GOVERNMENT SECTOR 1900-1960
(continued)

Year	Government Expenditure in Constant (1953) Prices			Percentage Distribution of Government Expenditure		Index of Government Expenditure per Capita 1953=100	Government Revenue as a percent of exports
	Total	Ordinary, including Public Dept. Changes	Extraordinary and Development Expenditure	Extraordinary and Development (% of Total Expenditure)	Public Debt Changes		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1920	7.0	4.0	2.9	42	7	30	28
21	13.6	6.8	6.8	50	6	58	39
22	15.5	10.9	4.7	30	7	65	39
23	10.7	5.5	5.2	48	8	43	39
24	12.5	5.9	6.6	53	7	49	36
1925	11.5	6.5	5.0	43	7	44	34
26	13.4	7.5	5.9	44	11	52	33
27	11.7	6.6	5.1	44	10	43	33
28	14.4	8.8	5.6	39	10	52	33
29	12.6	9.2	3.4	27	11	45	33
1930	13.5	10.6	3.0	22	11	47	38
31	11.8	11.3	0.5	4	15	40	36
32	11.9	11.8	0.1	1	18	40	39
33	10.1	10.1	*	*	19	33	42
34	11.8	11.7	0.1	1	17	38	42
1935	12.8	12.1	0.7	6	16	40	43
36	14.7	13.1	1.6	11	14	44	37
37	13.7	12.0	1.7	13	12	40	28
38	14.8	12.7	2.1	14	11	42	40
39	15.7	13.6	2.1	14	10	43	34

TABLE 1 - THE GOVERNMENT SECTOR 1900-1960
(continued)

Year	Government Expenditure in Constant (1953) Prices			Percentage Distribution of Government Expenditure		Index of Government Expenditure per Capita 1953=100	Government Revenue as a percent of exports
	Total	Ordinary, including Public Dept. Changes	Extraordinary and Development Expenditure	Extraordinary and Development (% of Total Expenditure)	Public Debt Changes		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1940	13.2	12.6	0.7	5	9	35	33
41	10.7	10.4	0.4	3	10	28	39
42	10.1	9.6	0.5	4	9	26	42
43	9.2	8.4	0.8	9	8	23	43
44	8.8	7.5	1.3	14	9	22	53
1945	11.0	8.3	2.7	25	5	26	54
46	11.5	9.2	2.4	20	4	27	43
47	15.0	10.9	4.2	28	2	33	18
48	15.9	12.0	3.9	25	2	34	22
49	20.1	14.6	5.4	27	1	43	75
1950	22.2	16.1	6.1	28	1	47	54
51	25.0	15.5	9.5	38	1	51	47
52	40.0	22.6	17.4	44	1	80	55
53	52.2	30.0	22.2	43	1	100	65
54	64.3	36.8	27.4	43	2	121	76
1955	89.3	50.4	38.9	44	1	162	67
56	77.6	47.6	29.9	39	1	139	50
57	77.3	49.6	27.7	36	1	134	72
58	98.6	58.9	39.7	40	1	166	72
59	116.3	74.2	42.0	36	1	192	62

TABLE 2 - FOREIGN TRADE INDICES OF GHANA

(1953 = 100)

Year	Exports		
	Volume	Value(in constant purchasing power)	Terms of Trade
1886	2	3	129
87	2	3	127
88	3	3	112
89	3	3	130
1890	3	5	184
91	3	5	169
92	3	5	162
93	3	6	186
94	4	7	179
1895	4	7	186
96	3	6	222
97	3	7	243
98	3	8	291
99	4	9	260

TABLE 2 - FOREIGN TRADE INDICES OF GHANA (1953 = 100)
(continued)

Year	Exports			Imports	
	Volume	Value (in constant purchasing power)	Terms of Trade	Volume	Per Capita
1900	4	7	202	9	27
1	3	4	138	13	39
2	4	7	165	14	42
3	4	8	202	15	44
4	5	11	196	13	37
1905	6	12	220	11	31
6	8	16	208	13	37
7	9	21	222	13	37
8	10	20	195	14	38
9	12	21	180	13	37
1910	12	21	181	17	46
11	18	30	170	19	50
12	19	33	170	21	55
13	23	40	173	21	53
14	23	29	124	18	47
1915	30	42	142	18	43
16	27	34	127	23	55
17	37	27	72	14	34
18	26	10	40	10	23
19	59	28	46	19	43
1920	42	30	71	32	73
21	43	19	43	26	58
22	60	37	71	30	65
23	65	35	55	37	76
24	73	40	56	34	71
1925	72	43	60	41	82
26	77	47	62	38	77
27	70	59	84	52	100
28	75	57	77	54	100
29	80	51	64	46	86
1930	67	45	66	43	78
31	81	37	46	25	44
32	76	43	57	32	56
33	78	40	51	30	50
34	82	46	56	32	52

TABLE 2 - FOREIGN TRADE INDICES OF GHANA (1953 = 100)
(continued)

Year	Exports: Volume	Exports: Value (in constant purchasing power)	Exports: Terms of Trade	Imports: Volume	Imports: Per Capita
1935	93	54	59	53	85
36	106	72	67	61	94
37	88	82	93	75	114
38	100	57	57	46	69
39	100	65	65	45	65
1940	85	55	64	32	45
41	84	43	51	25	34
42	56	30	52	28	37
43	74	25	34	23	31
44	77	24	30	23	29
1945	86	36	42	31	38
46	91	44	49	36	43
47	72	45	63	45	53
48	85	82	98	53	61
49	105	70	66	77	87
1950	104	107	104	79	86
51	95	103	108	85	90
52	91	91	101	86	89
53	100	100	100	100	100
54	92	152	166	97	95
1955	92	130	142	119	113
56	102	120	119	124	116
57	115	125	109	129	116
58	98	143	146	115	96
59	114	159	140	162	139
1960	131	162	124	178	149
61	157	139	88	183	148
62	174	145	84	156	125
63	164	144	88	179	139
64	162	148	92	160	122

TABLE 3 - COCOA AND RAILWAYS

Year	Value of Capital (million pounds)	Track Miles Open	Cocoa Carried by Rail: Tons	Cocoa Carried by Rail: Index of Tons per Track Mile 1921/22 = 100	Percent of Total cocoa exports carried by rail
1900		-	-	-	-
01		-	-	-	-
02	N.A.	39	0	0	0
03	1.8	124	0	0	0
04	1.8	168	.1	*	2
1905	1.8	168	.1	*	2
06	1.8	168	.1	*	1
07	1.8	168	.6	1	6
08	1.8	168	.8	1	6
09	1.8	168	1.8	3	9
1910	1.8	168	1.9	3	8
11	2.0	183	5.1	7	13
12	2.4	222	20.8	24	53
13	2.6	227	37.4	42	73
14	2.9	227	41.1	46	78
1915	3.0	245	60.3	62	78
16	3.2	248	57.4	59	80
17	3.2	268	79.7	75	88
18	3.3	269	73.8	69	112
19	3.4	269	111.9	105	64
1920	4.2	269	95.5	90	74
21/22	6.1	276	109.1	100	82
22/23	7.0	334	173.1	108	90
23/24	6.7	379	164.3	110	82
24/25	7.4	394	156.1	100	60
1925/26	8.0	394	150.3	96	69
26/27	8.3	457	149.2	83	64
27/28	8.4	480	131.2	69	62
28/29	9.1	500	165.6	84	74
29/30	9.2	500	139.5	71	59

*Less than 0.5.

The Percent of Cocoa exports carried by rail was obtained by dividing cocoa carried by rail by value of exports recorded for that year. Note that cocoa carried by rail one year may not be carried until the following year.

TABLE 3 - COCOA AND RAILWAYS
(continued)

Year	Value of Capital (million pounds)	Track Miles Open	Cocoa Carried by Rail		Percent of Total cocoa exports carried by rail
			Tons	Index of Tons per Track Mile 1921/22 = 100	
1930/31	9.3	500	132.5	67	69
31/32	9.3	500	123.5	62	51
32/33	9.3	500	122.0	62	52
33/34	9.2	500	125.9	64	53
34/35	9.2	500	122.4	62	53
1935/36	9.2	500	130.6	66	45
36/37	9.4	500	140.1	71	45
37/38	9.3	500	34.6	18	15
38/39	8.7	500	207.8	105	79
39/40	N.A.	500	115.5	58	41
1940/41	N.A.	N.A.	141.7	-	64
41/42	-	-	131.7	-	60
42/43	-	-	103.6	-	84
43/44	-	-	184.3	-	99
44/45	-	-	-	-	N.A.
1945/46	N.A.	N.A.	-	-	N.A.
46/47	8.7	635	182.3	73	77
47/48	8.9	636	129.2	52	72
48/49	9.0	639	177.4	70	83
49/50	10.0	641	201.8	80	77
1950/51	10.0	642	193.0	76	72
51/52	11.7	643	168.5	66	74
52/53	12.6	646	164.1	64	77
53/54	14.3	654	141.3	55	60
54/55	17.1	675	159.9	60	75
1955/56	18.9	749	186.6	63	91
56/57	19.8	727	180.2	63	77
57/58	20.3	750	155.9	53	60
58/59	22.4	750	176.6	60	90
59/60	29.8	750	225.5	76	90

The Percent of Cocoa exports carried by rail was obtained by dividing cocoa carried by rail by value of exports recorded for that year. Note that cocoa carried by rail one year may not be carried until the following year.

TABLE 4 - RAILWAY FINANCE 1921-39

	Share of Freight Receipts Derived from Cocoa (Percentages)	Freight Charges for Cocoa as a Percent of the Value of Cocoa carried by Rail
1920	50	4
21/22	57	8
22/23	56	7
23/24	55	8
24/25	49	8
1925/26	46	7
26/27	47	7
27/28	39	5
28/29	43	5
29/30	40	6
1930/31	47	7
31/32	56	12
32/33	56	12
33/34	57	14
34/35	44	13
1935/36	40	13
36/37	40	10
37/38	12	5
38/39	54	14

TABLE 5

Government Revenue, Expenditure, Surplus and Deficit in Constant (1953) Prices; 1945/46 to 1963/64

Year	Consolidated Revenue	Consolidated Expenditure	Surplus/Deficit Central Government Only	Surplus/Deficit Consolidated Govt.*
1945/46	15.0	11.1	2.1	3.9
46/47	14.9	11.5	1.7	3.4
47/48	46.4	15.1	0.4	31.4
48/49	15.6	15.9	0.2	0.3
49/50	45.9	20.0	4.9	25.9
1950/51	49.2	22.1	4.3	27.0
51/52	41.2	25.0	15.1	16.3
52/53	44.5	40.0	4.1	4.5
53/54	58.0	52.2	2.3	5.8
54/55	102.2	69.2	41.3	37.9
1955/56	72.4	89.3	5.4	-16.9
56/57	50.8	77.5	-6.9	-26.7
57/58	76.6	76.4	8.4	0.2
58/59	89.3	101.0	5.6	-11.7
59/60	81.4	112.3	-6.8	-30.9
1960/61	92.1	129.0	-28.2	-36.9
61/62+	104.6	177.6	-60.8	-72.9
62/63	88.9	157.7	-57.7	-68.8
63/64+	131.4	170.9	-24.9	-37.4

*Consolidated equals Central Government plus Cocoa Marketing Board, plus Railways and Harbours, plus Local Government.

+15 month period.

FOOTNOTES

*This essay is a brief summary of a larger book on the development of the Ghanaian economy. Its themes, like those of the book, are the result of collaboration and discussion with a large number of people. At the very minimum I would like to acknowledge the contributions of Reginald Green, Geoffrey Kay and Stephen Resnick.

Note: Until Independence of 1957 Ghana was known as the Gold Coast. For simplicity we shall use the name Ghana throughout the text except in direct quotations.

[1]The theoretical framework underlying the analysis is spelled out in S. Hymer and S. Resnick, "Interactions Between the Government and the Private Sector, an Analysis of Government Expenditure Policy and the Reflection Ratio" in Ian Stewart, ed., Report of a Conference (Edinburgh, University of Edinburgh Press, 1969) and "Capital and Wealth in the Development Process," Center Discussion Paper No. 63, Economic Growth Center, Yale, 1969, mimeo.

[2]Geoffrey Kay in The Underdevelopment of Ghana (Cambridge, Cambridge University Press, forthcomming) spells out this argument in detail in his introduction to a collection of historical documents and statistics on the economy of Ghana.

[3]"It is probable that the nation is advancing faster than may seem good to the government who actually has had occasion to act as a brake rather than an accelerating force." A.W. Cardinall, The Gold Coast 1931

Footnote 3 continued:

(Accra: Government Printing Office, 1932). Cardinall was a senior colonial civil servant and head of the census. This quote is taken from his review of the developments during the Guggisberg decade. See also the conclusion reached by D. Walker and Cyril Ehrlich, "Stabilization and Development Policy in Uganda: An Appraisal," Kyklos, Vol. 12, Fasc. 3, 1959, "the British administrator often sees himself as a paternal protector rather than a revolutionary; taking pride to maintaining peace and order among primitive people rather than taking pride in those people who are thrusting forward in an economic or political direction," and that of C.L.R. James, The Black Jacobins (New York, Vintage Books 1963), "Colonialism Strangles the real wealth of the continent the creative genius of the African people."

[4]On the changing economic structure during the "opening-up" phase see R. Szereszewski, Structural Changes in the Economy of Ghana, 1891-1911 (London: Weidenfield and Nicholson, 1965); and Polly Hill's review in Economic Development and Cultural Change, October, 1967. For a contemporary view see Precis of Information Concerning the Colony of the Gold Coast and Ashanti, 1904.

[5]Joseph Chamberlain, Secretary of State for the Colonies, the House of Commons, August 22, 1895.

The theory of trade was an obvious application of the Recurdian law of diminishing returns. The protection of British capital from Ghanaian had strong overlays of mercantilism. It might be noted, as Douglas Rimmer points out in his analysis of "Schumperter and the Under-

Footnote 5 continued:

developed Countries," The Economic Bulletin of Ghana, Vol. 2, No. 5, May, 1958, that Ghana was colonized not by British Capitalism in its dynamic phase but by Capitalism in decline.

[6]The phrase is taken from A. McPhee, The Economic Revolution in British West Africa, London, Oxford University Press, 1926.

[7]On the establishment of the Gold Industry see:

H. Bevin, "M. J. Bonnat: Trader and Mining Promoter," The Economic Bulletin, Vol. 4, No. 7, July, 1960.

Gold Coast Chamber of Mines, Gold from the Gold Coast, (1950).

D. Kimble, A Political History of Ghana (Oxford, Oxford University Press, 1963).

[8]See Elliot Berg, "The Development of a Labour Force in Sub-Saharan Africa," Economic Development and Cultural Change, and "Backward-Sloping Labour Supply Functions in Dual Economies - The African Case," Quarterly Journal of Economics, August, 1961, pp. 468-92.

The economic rationale for this policy was the theory of the backward-bending supply curve of labour. It was argued that because of the economic backwardness and limited horizons of the indigenous population the supply curve was highly inelastic and probably negatively rather than positively sloped (at least until new tastes were acquired). An outward shift of demand, it was felt, cause both a rise in wages and a decline in the amount of labour available. To overcome this problem, a policy was advocated that would hold wages down to "reasonable" levels and shift the supply curve outward. In many parts of Africa, poll taxes, land appro-

Footnote 8 continued:

priation, and other coercive measures were used to force the indigenous population to leave the traditional sectors and work in the new European sectors of China to keep wages from rising. It almost goes without saying that the welfare of the labour force played almost no role at all in colonial political economy. It was only at the end of the thirties that a labour department was established. Its investigation revealed that the circumstances under which migrant labourers came south searching for jobs were frequently appalling. The government had done nothing to help.

As Orde Brown, labour adviser to the Secretary of State for the Colonies, noted in his analysis of the development of a Ghanaian labour force, because of the ample supply of labour "the usual accompaniment of such development in the shape of recruiting, organized transport, a written contract, etc. did not appear...the innovation was consequently unobtrusive and the Colonial Government remained hardly aware of its implications."

"...the position is therefore, theoretically admirable with a flow of entirely free labour, unrecruited and untrammeled by any sort of contract. In practise, however, the worker is at great disadvantage and in a far worse position than his brother in a country where adequate arrangements exist for the collection, transport, care and subsequent repatriation of the worker." G. St. Orde Browne, Report on Labour Conditions in West Africa, (HMSO, Cmd 6277, 1941).

[9] 1904, Precis of Information Concerning the Colony of the Gold Coast and Ashanti.

[10]In this report the head of the department described his functions as follows:

"The object of the department in its original conception was to obtain control of the labour market so as to keep down the rate of wages, and for this reason the department has not failed in its object. This has not, however, been accomplished without great difficulty, and at one moment I feared could not be successfully carried through the chief obstacle having been the indiscriminate way in which mining agents have raised wages." Report of the Transport Department, 1901.

[11]For example, the most lucrative strike of all, the Ashanti Goldfields, which has produced about one third of total gold output, was secured by E.A. Cade in 1895 from a group of African concessionaries (Kimble, p.23). See Bevin for other information on the role of the African middlemen.

[12]On the amounts paid for concessions see H. Belfield, Report on the Legislation Governing the Alienation of Native Lands in the Gold Coast Colony and Ashanti, H.M.S.O., Cmd. 6278 (1912).

Because of the system of private sale the chief beneficiaries on the Ghanaian side were frequently not the people as a whole but the lawyers who negotiated the concessions and the chiefs and headmen who, as Belfield notes, frequently arrogated for themselves the profits from the concessions.

[13]Frankel gives a graphic description of the period:

"The potentialities of the field were introduced to Europe in the usual fashion, that is, by an exaggerated, quite unwarranted, and soon exploded boom in the shares of innumerable companies whose prospectuses

Footnote 13 continued:

portrayed a new Witwatersrand. It has been estimated that 321 companies were registered up to June 1901, with a total nominal capital of over 25 million, of which possibly 15 million was issued."

There is no clear indication of the exact purpose for which, or the exact geographical area in which these companies were intended to, or did in fact, operate. There is no doubt that much of the issued capital was never spent anywhere near West Africa in general or the Gold Coast in particular. In fact, notwithstanding the repeated West African mining booms and the considerable speculation in the shares of these companies, it is highly significant that in 1904 there were only some 13 companies which could report any gold production at all, and of these 13 there were only 4 who returned an output worth more than 10,000 pounds.

[14]See the information contained in the Award of the Arbitrator in the Matter of a Trade Dispute Between the Gold Coast Mines Employees Union and the Gold Coast Chamber of Mines (Accra, Government Printing Department, 1946) and the Mines Board of Inquiry (Accra Government Printing Department, 1957).

[15]On the development of the Cocoa industry see Polly Hill, "The Migrant Cocoa Farmers of Southern Ghana, A Study in Rural Capitalism," (Cambridge: Cambridge University Press, 1963), and R.H. Green and S.H. Hymer, "Cocoa in the Gold Coast: A Study in the Relations Between African Farmers and Agricultural Experts," Journal of Economic History, Vol. XXVI (September, 1966), pp. 299-319.

[16]Neither were European merchants of much help. They had little direct contact with producers and, according to Polly Hill, "merely sat on (or near) the port receiving the produce." They neither encouraged nor influenced the growing of cocoa. Polly Hill, "Some Characteristics of Indigenous West African Enterprise," Economic Bulletin of Ghana, Vol. VI, No. 2, 1962.

[17]Colonial transport policy will be examined in detail in S. Hymer and G. Kay, "The Political Economy of Transport in the Gold Coast."

[18]According to P.R. Geuld, The Development of the Transportation Pattern in Ghana (Northwestern University, Evanston, 1960) p. 23, in 1900 surveys were made for three lines centering upon Accra, - one extending Eastward into the Volta region, one extending Westward, and one extending inland to Kumasi via Oda. It is interesting to speculate what would have happened if the Government had decided to build along these routes. Ashanti would have been unaffected, the mining industry would have failed to develop, the rich agricultural Eastern Region would have been far better served, and Accra would have been a much larger urban complex.

[19]Governor Clifford reports that when he arrived in the Gold Coast in 1912 he was shocked by the costly head loading system. "My earliest preoccupation, therefore, on my assumption of the government of the Colony was to endeavour to find some means of relieving the crippling transport disabilities, the continuence of which threatened to render rapid progress quite impossilbe." Quote in R.E. Wraith, Guggisberg (London, Oxford University Press, 1967).

[20] Annual Report of the Department of Agriculture, 1912.

[21] Blue Book, 1914.

[22] Annual Report on the Eastern Province, 1912.

[23] The Annual Report of the Department of Agriculture 1916, said the crisis "may not be unmixed blessing as it will no doubt temporarily, at least, check further planting of cocoa and may have the result of aid development or rescussitation of other products and be the cause of a more rational system of farming." In 1917 the report said "it is hoped that the temporary adversity occasioned by the fall of the market will more or less remedy what the lack of regulations has permitted, that the area under cocoa will be reduced to a rational basis, the dangers of over-production minimized and, possibly, that the people will be brought to realize the necessity of personal application to work."

[24] The department's analysis of the "problems" of the cocoa industry and its suggested remedies are spelled out in Papers Relating to the Cocoa Industry, Sessional Paper II of 1916-17; W.S.D. Tudhope, Director of Agriculture, Enquiry into the Gold Coast Cocoa Industry, Interim and Final Reports, Gold Coast Sessional Papers Nos. II and IV of 1918-19.

As these sessional papers show that though the department was objectively inhibiting the development of Ghanaian enterprise, subjectively it thought it was helping.

"West Indian cocoa producers are either Europeans, or of European extraction, or are sufficiently intelligent to accept European methods; the producers of cocoa in this colony and Ashanti are natives in a most elementary state of civilization whose sole aim, as yet, appears to be the attainment

Footnote 24 continued:

of a maximum amount of money with a minimum expenditure of energy, however uneconomical the system, and whose lack of foresight for the future welfare of the industry - and consequently of themselves - has not yet been compensated by adequate legislative measures... At St. Thome cocoa is better than Gold Coast cocoa with the same labour...but these decided measures of coercion obtain under European control." (Sessional Paper II of 1916-17).

[25] See Green and Hymer for a detailed discussion of this issue. For the moment we might here note the comments of the authoritative and Independent report in 1937.

"(It is) extraordinary that until 1937 there was no single agricultural station in the cocoa belt proper at which research could be carried out on the requirements of the crop. It is difficult to see how any officer of the Department could be expected to offer correct advice on cultural or other treatment, as he had no opportunity to acquire knowledge under the local conditions." H.C. Simpson and E.M. Crowther, "Report on Crop Production and Soil Fertility Problems," West African Commission 1938-1939; Technical Reports (London: the Leverhulm Trust, Waterlow and Sons Limited, 1943).

[26] Annual Report of the Department of Agriculture, 1916.

[27] Annual Report of the Department of Agriculture, 1913.

[28] Report of the Department of Agriculture, 1915.

[29]We might note in passing Polly Hill's comment that "the farmers as businessmen were unimpressed by the colonial administration," Polly Hill, "Ghanaian Capitalist Cocoa Farmers," Ghanaian Bulletin of Agricultural Economics, Vol. 2, No. 1, March, 1962.

[30]D. K. Greenstreet, "The Guggisberg Ten-Year Development Plan," The Economic Bulletin of Ghana, VIII, No. 1, 1964, and R.E. Wraith, Guggisberg (London, Oxford University Press, 1967) are useful introductions to the Guggisberg period. (Neither of these take the negative view presented here).

For contemporary statements see:

Gordon Guggisberg, The Gold Coast: A Review of the Events 1920-27 (Accra, Government Printing Department, 1928).

H.O. Newland, West Africa: A Handbook of Practical Information for the Official, Planter, Miner, Financer and Trader (London, 1922).

W.G. Ormsby Gore, Report by the Hon. W.G. Ormsby Gore on his visit to West Africa during the year 1926, Cmd. 2744 (London, HMSO, 1926).

Allan McPhee, The Economic Revolution in British West Africa, 1926. (London, Oxford University Press, 1926).

L.C.A. Knowles, The Economic Development of the British Overseas Empire, London, 1928.

A.W. Cardinall. The Gold Coast 1931 (Accra, The Government Printing Department, 1932).

[31]Guggisberg had returned in 1919 to the Gold Coast deeply influenced by the trauma of his experience in the First World War, having "made a solemn vow to dedicate the rest of his life to the service of his fellow

Footnote 31 continued:

men." (Wraith Guggisberg). He knew the country better than most for, as Assistant Director and later Director of Surveys between 1902 and 1914, he had explored the interior intensively. By profession a military engineer, rather than an administrator, he thought in terms of getting things done and applying science to nature rather than of simply maintaining order and authority.

"Whatever decisions I may be called upon to make I promise the people of the Gold Coast that I will always be guided by the fact that I am an Engineer, sent out here to superintend the construction of a broad Highway of Progress along which the races of the Gold Coast may advance, by gentle gradients over the Ridges of Difficulty and by easy curves around the Swamps of Doubt and Superstition to those far-off Cities of Promise - the Cities of Final Development, Wealth and Happiness."

Guggisberg's first address to the Legislative Council quoted in Wraith (Guggisberg), p. 102.

[32]The severe shocks of the First World War and its aftermath left an indelible mark on colonial thinking. In 1917 and 1918 trade fell sharply. "It may be counted as a blessing that the war was not postponed for another decade when the Gold Coast peoples might have been so far weaned from their old dependencies on the soil as to make the conditions which existed in the early part of 1917 a source of real hardship" - (Colonial Report 1919). In 1919-20 value of exports rose to unprecedented heights only to fall sharply the following year when the price of cocoa dropped. Guggisberg was extremely perturbed by the boom and bust of 1919 to 1920. ("It was indeed apparent that a large part of the Gold Coast people

Footnote 32 continued:

had lost their head. Motor cars were purchased right and left, champagne flowed freely, smoke of expensive cigars scented the air. If instead of squandering their money they had put some by, the majority of those who took part in the boom would have been comfortably off"). Legislative Council Debates 1920-21.

[33]Guggisberg, Legislative Council Debates 1920-21, p. 6.

[34]For example, Guggisberg, in his 1921-22 address to the Legislative Council noted that the government was only able to obtain 20 percent of the carpenters, 15 percent of the masons and 15 percent of the painters it required. Legislative Council Debates 1921-22.

The government also exercised a certain degree of restraint in hiring labour in deference to the fears of the mines who argued the government program would aggravate their labour shortage. See Report of the Committee Appointed to Advise the Government on the Question of Providing a Deep Water Harbour for the Gold Coast. Sessional Paper No. VIII of 1920-21.

[35]See for example the report of the Committee on Trade and Taxation of the West African Colonies (1921) which concluded that the post-war reconstruction was undertaken "on too lavish a scale and with too great rapidity" and argued against export taxes since they would discourage production.

[36]A. McPhee, The Economic Revolution in West Africa, p. 69.

[37]To round out the irony, Guggisberg himself, after his brief period of glory, ended as a failure. He served for a short period as Governor of Ghana but took sick and had to leave after seven months. He never received another job and because he was a few months short of ten years service he never received a pension from the civil service and only one month's sick pay. See Wraith, Guggisberg, p. 327-337. He lived out the rest of his life in stringent circumstances (he died in 1930), remembered and honoured only in Ghana.

[38]For some members of the colonial civil service the retrenchment beginning in the late 1920's may have come as a relief. ("The past decade has witnessed a rate of progress which might be even considered dangerous") - A.W. Cardinall, The Gold Coast 1931, since many felt that Guggisberg's building plans and his plans for African advancement were too ambitious. Guggisberg was a progressive man in contrast to the rest of the colonial civil service who, as Wraith has put it, "believed in progress only when it was inevitable."

[39]D.K. Greestreet, "The Guggisberg Ten-Year Development Plan," p. 25 points out that Korle Bu cost £254,000, Achimola £607,000, while the expenditure on government bungalows was £420,118.

[40]Education was, of course, linked with politics since it was the educated classes that articulated the opposition to colonialism, and there had been a long running battle between Ghanaian intellectuals and colonial administrators over what policy should be and how it should be decided. The colonial administrators were unsympathetic to politics,

Footnote 40 continued:

"...most people who know the Coast will agree that the African's interest in politics requires no awakening." ("Many are of the opinion that if less attention had been paid to politics and more to the material improvement of their resources, the Gold Coast would have been in a much higher position today...political disputes have led to most disastrous facts which resulted in actual loss of life and increased bitterness") - Report of the Eastern Province 1923-24 - but they recognized its importance and knew that it had to be dealt with. In the colonial view the wise and practical path to independence was to train a small educated elite who could eventually take over the administrative structure and run it as "efficiently" as European colonial officers. The new education program was therefore designed more to this end than with any idea of improving economic productivity. The elitist policy led predictably to a continuous excess of demand for education over supply.

[41]"It is doubtful, however, if it would be wise policy to extend the already large area under this crop necessitating the destruction of more jungle or bush when already the danger of extensive clearings are becoming apparent in a reduced humidity affecting the health of the cocoa trees, and the rainfall in this country is so near the minimum necessary for the successful growth of cocoa. It is, however, recommended that the surplus energy of the people should rather be devoted to the development of other products." Agricultural Department. (Exact date missing). In fact, the country has since expanded cocoa acreage enormously, without serious consequences to the natural environment as far as has been scientifically ascertained.

[42]For example, H.N. Ord, "Agricultural Commodity Projections, Real Growth and Gains from Trade" in J.G. Stewart and H.W. Ord, eds., International African Primary Products and International Trade (Edinburgh: The University Press, 1965), p. 111 concludes "Ghana seems to have done better from her heavy dependence on cocoa...than Uganda, with a more diverse range of agricultural commodities."

[43]Papers Relating to the Petition of the Delegation from the Gold Coast Colony and Ashanti, Sessional Papers No. XI of 1934. These submissions argued for, amongst other things, an agricultural bank for the benefit of farmers, a cocoa advertisement fund, a world cocoa conference with "full direct representation," encouragement of agriculture, and the teaching of it as a special subject in Trade and Technical Schools, and the introduction of manufacturing. These papers serve as yet another demonstration that the colonial administrations in fact had several known alternatives before it and that its policies were the result of a deliberate choice.

[44]In other colonies in West Africa the colonial administration discouraged European plantations. This was not the case in Ghana. At the turn of the century the colonial administration felt that the European enterprise could play an important role in the development of agriculture in Ghana and in 1904 the government amended the Concessions Ordinance so as not to apply to agriculture, thus removing the need for government approval of land alienation to Europeans in this sector. At the same time the agricultural officers conducted experiments to demonstrate to Europeans on the profitable opportunities available in the country. The

Footnote 44 continued:

exact details of the numbers of European Plantations established and their activities are not known; but in all about 16 or 17 European plantations are referred to in the reports of the Department between 1906 and 1920.

The epitaph of this strategy of relying on foreign capital in agriculture is found in the following paragraph repeated in each colonial report from 1932 until 1939:

> There have been but a few plantation ventures in the Gold Coast and they have, in general, not been sufficiently successful to encourage further development. The fall in price of raw products has now rendered such propositions unattractive.

The reasons why Europeans were unable to introduce new crops and modern methods in the Gold Coast have not been fully explored. Among the likely factors are inadequate help from the government in experimentation and finance, and the comparatively high wage rate prevailing in Ghana as a result of the demand for labour by cocoa farmers. Plantations in other parts of Africa did not usually face such competition, and were further helped by poll taxes and land expropriation, which drove wages below the opportunity cost of subsistence farming under pre-colonial conditions.

[45] It would take too much space to document these assertions here since the basic material is contained in numerous sessional papers and departmental reports and there do not yet exist adequate monographs analyzing the available information. An attempt to describe these various schemes from their early optimism "Seven Years after planting we should have a great copra enterprise (Guggisberg, Report on Communal Coconut Plantation, Sessional Papers No. X of 1921-22) to their ultimate demise ..."

Footnote 45 continued:

"on the whole it is unlikely that a large coconut industry can be founded locally." (Annual Report of the Department of Agriculture 1931-32) will be undertaken in the larger book of which this essay is a summary. For the present the reader may be referred to Report of the Committee on Agricultural Policy and Organization, Sessional Paper XVII of 1927-28; O.T. Faulkner and J.R. Mackie, West African Agriculture (Cambridge: Cambridge University Press, 1933), a textbook for colonial agricultural officers written in the early 30's which in presenting the new approach to agriculture in the colonies contains a penetrating critique of the old; and the Simpson and Crowther report referred to above. We might also note the following statement, written in 1954, with its implied criticism of agricultural policy. According to this source, Albert Smith "Farms and Gardens to Supplement Rural Science Syllabus for Middle Schools," Gold Coast Education, No. 1, 1954, pp. 41-47.

In 1954 it was impossible to teach improved agricultural practices in schools because there were no improved techniques to teach.

> "Some of the keener teachers have followed the recommendation made some twenty years ago by the Department of Agriculture. At that time the Department of Agriculture was active in its work among schools. It was confident that the senior classes of a primary school could keep a small farm in continuous cultivation, provided that the rotation used included certain cover crops, then called green manures."
>
> "...In the course of time further research on basic problems of soil fertility revealed that permanent fertility could not be maintained soley by the use of short-term shallow and rooted crops."

Footnote 45 continued:

> "...Until systems of food farming which are an improvement on traditional systems have been recommended for general adoption, there is very little schools can do about teaching or popularizing improved agriculture."

[46]See Report of the Commission on the Marketing of West African Cocoa, Nowell Report H.M.S.O. Cmd. 5845, 1938.

C.Y. Shepherd, Report on the Economics of Peasant Agriculture in the Gold Coast (Accra, Government Printing Department, 1936).

P.T. Bauer, West African Trade: A Study of Competition, Oligopoly and Monopoly in a Changing Economy, Cambridge, 1954.

R.H. Green, "The West African Shipping Conferences and Ghana; Some Aspects of Colonial Oligopoly and National Policy," The Economic Bulletin of Ghana, Vol. VIII, No. 3, 1964.

[47]Guggisberg, Legislative Council Debates, 1923-24.

[48]There was much discussion in Central Ghana at the time of closing these other ports in order to protect Takoradi. Because of political opposition this was not done until the Second World War, and during the twenties and thirties the Central Province Railway simply operated far below capacity.

[49]The 1920 Annual Report of the Eastern Region noted that "during the year mechanical transport has become extremely popular." In 1922-23 it reported that "a minor industry has sprung up and assumed considerable proportions...the running of passenger and luggage carrying motor lorries

Footnote 49 continued:

between various ports." The next year it noted that the industry had grown rapidly and that it was "possible to travel practically all over the province"; and in 1924-25 it told of "regular organized routes which run on schedule," covering the whole province. Meanwhile, Guggisberg, Legislative Council Debates, 1923-24 thought "it is obvious that motor lorries can only be regarded as temporary and inadequate measures in meeting the general demands of trade in this country."

His view may be contrasted with that of Lieut. Col. Watherson, a Chief Commissioner of the Northern Territories who in 1899 observed:

> "The recent improvements in motor cars suggest these vehicles as a means of transport vastly superior to carriers, and as providing some at least of the advantages of railways without any of their drawbacks. Roads suitable for them can easily be constructed...No ambitious bridging schemes need to be thought out, for culverts can easily be made locally to bear the weight of a motor car and its load ..." quoted in Cardinall, The Gold Coast, 1931, pp. 36-37.

In making his assessment Guggisberg was guided by data obtained with difficulty from a few large European transport companies. Their method of operations and costs bore little relation to those of the Ghanaian sector. As late as 1928/29, when the average rate changed for Lorry Transport by Ghanaians was about 7 pence a ton and there were reports of changes as low as five pence, the representatives of the major transport firms "speaking from intimate knowledge of the conditions on the road" said it could not be done for less than 10 pence. Report of the Central Province Trade Routes Committee, Appointed by His Excellency the Governor, to Consider and Make Recommendations Regarding: (i) Central Province Railway Rates; (ii) The treatment of the Ports of Cape Coast and Saltpond on the Opening of Takoradi, Sessional Paper No. VI of 1928-29.

[50]"The African lorry owner is becoming a problem on account of his successful competition with the railway"...Road transport of the Gold Coast is excessively cheap and is actually run on an uneconomic basis (<u>Colonial Report</u>, 1931-32).

[51]"The whole system of motor transport in the Gold Coast...if, indeed, one can be said to exist...rests at present on such an uneconomic basis that it is impossible for the railway or other properly organized or regulated transport system to compete successfully." <u>Report of the Railway Revenue Committee</u>, <u>Road vs Rail</u>, Sessional Paper No. 11 of 1932-33.

[52]See for example the elaborate discussion on the <u>Railway Retrenchment Committee 1931-32</u>, <u>Report and Recommendations</u>, Sessional Paper No. XIII of 1931-32. The committee argued with respect to the request for lower rates by the African Manganese Committee "the importance to the Gold Coast of the continuance of this industry is, in the opinion of the Committee, too obvious to require to be stressed by them: a very considerable revenue must flow into the treasury as a result of the Company's wage payments and the money spent on its employees." However, with regard to Cocoa, "He (Mr. Lewis) assented that at existing rates all Ashanti traffic to and from the port of Takoradi would travel by rail if that form of transportation were possible... The General Manager did not deny that as a rate on raw products exported in bulk, the rate of cocoa from Kumasi to Takoradi (81s 9d) was high. He stated, however, that he would be unable to replace by railway earnings the loss which would accrue from even a small reduction of railway rates on cocoa from Ashanti. In the circumstances, the Committee can make no recommendation for such a reduction at the present time."

[53] See the analysis of the Railway Revenue Committee 1932-33 on price discrimination. On studying the map of the Colony it will be seen that the road system in Ashanti and the Western Province was developed with due regard for the interests of the Railway which there preceded the roads. In both these Administrations the roads are complementary to, and not competitive with, the Railway, and the result of this system which does not provide direct access to Takoradi by road, is that of a total revenue of £756,548 obtained from goods traffic; in 1930-31 no less than £487,766 or 64.4 percent was derived from traffic either forwarded from or received at stations on the section of line between Kwahu Pahsu and Bunkwa where, as has been indicated, there is little competition between road and rail.

In the Eastern and Central Provinces, on the other hand, the history of road and railway construction is different. For various reasons the Accra-Kumasi railway was built in comparatively short sections, a considerable period elapsing between the completion of one section and the commencement of another. Nsawan, Mangoase, Koforidua, Tafo, and Ansinam became in their turn rail heads, and from each of these towns were constructed feeder roads. In many cases (i.e. the Koforidua-Nkawkaw road) these roads run parallel to the railway and, not having been abandoned with the extension of the line but on the contrary improved, they now provide for the transport by road direct to and from Accra of cocoa and other freight which were formerly carried by the railway.

[54] "It has been applied so as to prohibit the carriage of cocoa to the coast by road and the carriage of imported goods and beer by road from the coast to Ashanti. There are 16 sections of road to which these

Footnote 54 continued:

prohibitions apply. These are equipped with barriers at which vehicles passing through are inspected and recorded by the Police. This system has now been in use for nearly ten years and in spite of the objections that can be raised to it in principle, in fact it works and is generally understood - and for that reason accepted." Report of the Road-Rail Transport Committee, Sessional Paper No. VI of 1945.

[55]Report of the Road-Rail Transport Committee.

Also John H. Dalton, "Gold Coast Economic Development: Problems and Policies" (Unpublished Ph.D. dissertation, University of California, 1955), p. 48 reports he learned this from interviews with officials in the road division of the public works department. See too the United African Company, Statistical and Economic Review, No. 2, p. 39 which claims there "were even instances of the removal of road bridges over roads...whether this was the intention or not it effectively discouraged the use of roads for the transport of goods." Gould, The Development of the Transportation Pattern in Ghana, pp. 70-71 details some of these restrictions.

[56]The gains from trade within Ghana is one of the most sadly neglected areas of research and policy. Until recently, few attempts were made to measure this exchange. (No census of agriculture was taken before 1960) and the national accounts assume that per capita production of "traditional" goods (including food) remains constant through time, - one of the most patently absurd and profoundly misleading representations of the economic development in Ghana that one could imagine. In fact, the growth of the cocoa economy wrought a profound change in the structure of production in rural areas by opening up opportunities for internal specialization and exchange in food and other commodities.

[57]The attitude towards Northerners is bitterly summed up in the Report of the Northern Territory of the Gold Coast for the year 1937-38,

> "They were regarded as an amiable but backward people, useful as soldiers, policemen and labourers in the mines and cocoa farms; in short, fit only to be hewers of wood and drawers of water for their brothers in the Colony of Ashanti."

On the neglect of the North see also J.R. Raeburn: Report on a Preliminary Economic Survey of the Northern Territories of the Gold Coast, London, Colonial Office, 1951.

J.M. Hunter, "Seasonal Hunger in a Part of the West African Savannah: A survey of body weights in Nangodi, N.E. Ghana," Transactions of the Institute of British Geographers, No. 41 (June 1967).

"Population Pressure in a Part of the West African Savannah: A study of Nangodi, Northeast Ghana," Annals of the Association of American Geographers, Vol. LVII (March 1967).

[58]Similarly, the Western part of the country has remained far less prosperous than the Eastern probably due to inadequate raods. The Western Province had the port of Takoradi, the Railway and the Mines, but these did not bring development. The 1920 Report of the Western Province noted that with the end of Railway Construction and the Mining boom "the energies of the province had come to an abrupt termination and the native has since been content to sink back into a state of complete lethargy." See also Guggisberg's comments 'As regards transportation, the Western Province of the Colony is still far less developed than any other part of the Gold Coast, and this in spite of its having had for nearly twenty years a railway with a terminal port.' Guggisberg, Legislative Council Debates, 1920-21.

[59] Bulletin of the Gold Coast Department of Agriculture, No. 19 (1930) p. 9.

[60] In the 30's and 40's as the mystique of the early years was destroyed by the breakdown of the old international economic system colonialism was subject to a searching review by numerous committees, commissions, and independent scholars. In addition to the reports referring specifically to Ghana cited above, the reader is referred to the following important evaluations of the experience under "paleo colonialism" 1900-1939:

W.K. Hancock, A Survey of British Commonwealth Affairs, Vol. 11, Problems of Economic Policy 1918-1939, Part 2 (London, Oxford University Press, 1942).

Alan Pim, The Financial and Economic History of the African Tropical Territories (Oxford, Oxford University Press, 1940).

S.H. Frankel, Capital Investment in Africa (New York, Oxford University Press, 1938).

W.M. MacMillan, African Emergent, Penguin Books, 1949.

Rita Hinden, Plan for Africa, London: Allen and Unwin, 1941.

Kwame Nkrumah, Towards Colonial Freedom (London, Heinman, 1962).

[61] A major part of the country's private capital stock is held by Ghanaians in cocoa, transport etc. However, large scale organizations and concentration of capital are nearly all European and middle scale business is heavily dominated by Lavantines. Though there are some fairly large Ghanaian capitalists, they are still few in number and provide only a slender base for further development. See Industrial Statistics 1958-1959 and Industrial Statistics 1965-66 issued by the Central Bureau of Statistics.

Footnote 61 continued:

See also Peter C. Garlich, African Traders in Kumasi (Accra, Economic Research Division, University College of Ghana, 1959).

A. Ngpan, Market Trade: A Sample Survey of Market Traders in Accra (Accra: University of Ghana, Economic Research Division 1960) and Polly Hill, "Some Characteristics of Indigenous West African Enterprise," Economic Bulletin of Ghana, Vol. VI, No. 1 (1962). Polly Hill also has a number of other unpublished papers on Ghanaian capitalists in fishing, cattle, trading and lorry transport.

[62] It should be noted that Ghana was not in fact integrated into the international economy but was tied to the British colonial trading network. After 1930 this network considerably restricted the trade of the colonies.

[63] It must be stressed that the use of the words "development planning" to describe the economic policy of the government in this period is a gross misnomer. There was no plan in the sense that a choice was made to achieve desired ends. The plans were for the most part little more than a capital budget for the government sector constructed by asking each department to submit its plans for the next year. There was almost no co-ordination or choices made. Moreover, little attention was paid to targets, and the ones alluded to in Government statements - diversification, industrialization, stabilization, development, welfare - were rhetorical ones entirely remote from the immediate and practical problems facing the country and impossible to approach let alone achieve in the time periods under consideration. It is significant that as Omaboe points out the government did not even use the available statistics on the economy in

Footnote 63 continued:

making decisions let alone call for more. E.N. Omaboe, "Some Observations on the Statistical Requirements of Development Planning in the Less Developed Countries," The Economic Bulletin of Ghana, No. 2 (1963).

This made it extremely difficult for planners after 1960 when the government began a concerted effort to gain some control over the economy for they had to begin almost from scratch in obtaining data on agriculture, industry, employment, national accounting, etc.

[64] The background of the plan is contained in a number of Sessional Papers produced during the war under the authorship of the Governor, Sir Alan Burns. See Development Schemes, Sessional Paper No. 1 of 1943; A General Plan for Development of the Gold Coast, Sessional Paper No. II of 1944, and the associated Sessional Papers, numbers III, IV, V, VII and VIII of 1944 dealing with specific schemes. The plan was based on the assumption that the annual revenue of the colony would rise to £7,750,000 by 1956-57. This was a conservative estimate and allowed for surplus funds so that contingencies could be met and would not result in breaking the plan.

It is interesting to note that in the postwar period the French government called for similar development plans from its colonies. The parallel action is perhaps explained by wartime collaboration in London. See Robert F. Meagher, "Bilateral Aid to Africa," Columbia Law School, mimeo.

[65] See David Apter, Ghana in Transition (New York: Atheneum 1963) and Dennis Austin, Politics in Ghana 1946-1960 (London, Oxford University Press, 1964) for an analysis of the politics of this period.

Footnote 65 continued:

The Report of the Commission of Enquiry into Disturbances in the Gold Coast 1948 (The Watson Report) appointed to investigate the riots, contains an extensive analysis of the country's economic problems.

Immanuel Wallerstein, The Road to Independence (Paris, Mouton & Co., 1964).

[66]Expenditure for the 1951 plan was set at £76 million. When changed to a five year plan in 1954, the figure was revised to £81 million.

[67]The arguments were first put forth in the Watson report and then developed with greater rigour by Seers and Ross. Report on the Financial and Physical Problems of Development of the Gold Coast (Accra: Office of the Government Statistician, 1952).

[68]See Arthur Hazelwood, "Colonial External Finance Since the War," Review of Economic Studies, Vol. XXI, 1953-54.

[69]The decision to accumulate reserves in Government hands was, and continues to be, the subject of an intense debate on the behaviour propensities of African capitalists and governments and the appropriate balance between the two.

P.T. Bauer, and R.W. Paish, "The Reduction of Fluctuations in the Incomes of Primary Producers," Economic Journal, December 1952, pp. 750-80; Polly Hill, "Fluctuations in Incomes of Primary Producers," Economic Journal, June 1953, pp. 468-71 and "Fluctuation in Incomes of Primary Producers: A Comment," Economic Journal, September 1953, pp. 594-607; M. Friedman, "The Reduction of Fluctuations in the Incomes of Primary Producers: A

Footnote 69 continued:

Critical Comment," Economic Journal, December, 1954, pp. 698-703; B.M. Niculescu, "Fluctuations in Incomes of Primary Producers: Further Comment," Economic Journal, December 1954, pp.730-43; P.T. Bauer, "The Reduction of Fluctuations in the Incomes of Primary Producers Further Considered," Economic Journal, December 1954, pp. 704-29; E.K. Hawkins, "Marketing Boards and Economic Development in Nigeria and Ghana," Review of Economic Studies, October 1958, pp. 51-62; David Walker and Cyril Ehrlich, "Stabilization and Development Policy in Uganda: An Appraisal," Kyklos, Vol. 12, Fasc. 3, 1959; R.H. Green, "Some Current Problems in the Cocoa Industry," The Economic Bulletin, May 1961, pp. 16-32; J. Williams, "The Economy of Ghana" in Calvin B. Hoover, ed., Economic Systems of the Commonwealth (Cambridge, Cambridge University Press 1962); G.K. Helleiner, "The Fiscal Role of the Marketing Boards in Nigeria Economic Development, 1947-61," Economic Journal, September 1964, pp. 582-610.

[70] R. Szereszewski, "Capital and Output in Ghana 1955-1961," Economic Bulletin of Ghana, Vol. VII, No. 4 (1963) estimates that capital grew at 8%, output at 5%, and labour at 2%.

[71] Statement by the new military government on Radio Ghana shortly following the coup.

[72] The most comprehensive survey of the structure of the economy during this period is found in the essays by Szereszewski and Killick in W. Birmingham, I. Newstadt, and E.N. Omaboe (eds.) A Study of Contemporary Ghana (Evanston, Illinois, Northwestern University Press, 1966). A contemporaneous account of these difficulties can be found in the Official government publi-

Footnote 72 continued:

cations and particularly the annual Economic Surveys which each year documented, criticized, and questioned the problems of the country with extraordinary candor.

[73]New York Times, March 6, 1966.

[74]On the question of the division of labour in capital formation between the government and the private sector see W.A. Lewis, Report on Industrialization in the Gold Coast (Government Printing Office, Accra 1953) for an extensive analysis and the view "there is no doubt in the writer's mind that the Gold Coast Government can do more for development by spending its money on expanding the public services, which are woefully inadequate, and on quadrupling that part of its agricultural services which relate to food production for the local market." Lewis foresaw that if the government did its job properly it would attract foreign capital which in turn would create Ghanaian capital via a demonstration effect. We might note as an incidental fact that the Watson Report felt that emphasis should be placed on co-operatives since "unbridled private enterprise would, at best, lay the foundation of future social strife."

[75]The new strategy is contained in Program of the Convention People's Party for Work and Happiness (Government Printer, Accra, 1962) and in the plan itself The Seven Year Development Plan 1963/64 to 1969/70. See also E.N. Omaboe in A Study of Contemporary Ghana; "The Process of Planning."

For an analysis of the major economic and political factors behind the change in strategy see B. Fitch and Mary Oppenheimer, Ghana:End of an Illusion (New York, Monthly Review Press, 1966) St. Clair Drake and Leslie

Footnote 75 continued:

Alexander Lacy, "Government Versus the Unions: The Sekondi Takoradi Strike," 1961, in Givendalen M. Canter, ed., Politics in Africa (New York, Harcourt, Brace & World, Inc., 1966); Ann Seidman, Economic Development in Ghana 1951-65 (Ph.D. Dissertation, University of Wisconsin, 1968); R. Geroud, Nationalism and Development in Ghana, New York, Praeger, 1969.

[76]Africa Must Unite, pp. 119-120.

[77]New York Times, March 6, 1966.

[78]R. Geroud, Nationalism and Development in Ghana places great emphasis on the time factor in interpreting Nkrumah's "grandiose" schemes. He argues the problem of national independence is not to keep the colonial system going or to improve it but to change it. Nkrumah first went easy in order to win independence and consolidate power. He then devoted all the resources he could command to changing the framework of the country by starting projects on all fronts, creating a new physical infrastructure and introducing new ideas about where Ghana should go. This strategy involves the high risk that it will not bear fruit before the slack of the old system is exhousted. In fact this happened in Ghana partly because of the falling cocoa prices and partly because a structural change in an underdeveloped country is inherently wasteful and inefficient. Nonetheless the strategy was partially successful from Nkrumah's point of view because his incompleted projects provided the framework for the next round. The post-Nkrumah government has started from the structure created by Nkrumah rather than the colonial structure he inherited. To put this another way, no one would deny that Ghana, because of Nkrumah, is radically different from the Gold Coast or from other former British colonies in Africa.

[79] We cannot here go into the reasons for this failure. We might note, however, that the government expenditure in the fifties was often characterized by errors and misdirections similar to those described for the pre-1940 era. Agricultural policy was especially deficient. On industrial policy see Stanley Nicholson, The Economy of Ghana with Special Reference to Government Strategy for Economic Development, unpublished Ph.D. dissertation, Duke University, 1964.

[80] Omaboe, in A Study of Contemporary Ghana, p. 460, expressed the view of the planners on the necessity for choice "the objective of rapid economic development, as interpreted by the Government, has on a number of occasions been in conflict with the principle of foregoing less important alternatives which form the basis of all planning decisions" and "In Ghana the politicians are always ahead of the civil servants and the planners in the general consideration and implementation of economic and social projects. This has meant that almost all important projects have had to be initiated by the politicians who, on many occasions, have taken their decisions and committed the nation to a certain course of action before the technicians were consulted."

For the other side, Nkrumah in the Dawn Broadcast (Accra: Government Printer, April 8, 1961) argued -

> "It amazes me that up to the present many civil servants do not realize that we are living in a revolutionary era. This Ghana, which has lost so much time serving colonial masters, cannot afford to be tied down to archaic snail-pace methods of work which obstruct expeditious progress. We have lost so much time that we need to do in ten years

Footnote 80 continued:

> what has taken others a hundred years to accomplish. Civil servants, therefore, must develop a new orientation, a sense of mission and urgency, to enable them to eliminate all tendencies towards red tapeism, bureaucracy and waste. Civil servants must use their initiative to make the civil service an effective instrument in the rapid development of Ghana."

There was also the conflict on the nature of "socialist" development in Ghana. See J.H. Mensah's Presidential Address to the Economic Society in 1964 and the reaction to it in The Spark.

[81] A. Killick, "The Possibilities of Economic Control" in A Study of Contemporary Ghana; David Dinon, "Fiscal and Monetary Policies in Relation to the Seven-Year Development Plan of Ghana," Economic Bulletin of Ghana, Vol. VII, No. 4, 1963; Robert W. Norris, "On Inflation in Ghana" and Douglas A. Scott, "External Debt Management in a Developing Country," in Financing African Development, ed. by Tom J. Faner (Cambridge: M.I.T. Press, 1965).

[82] The system of import controls seems to have been especially severe on small scale African businessmen who had great difficulty complying with bureaucratic restrictions.

[83] Statistics on the income distribution of Ghana are not yet available. But statistics from other countries suggest that the top ten percent of households receive about one third of the total income and the top forty percent about two-thirds.