ECONOMIC DEVELOPMENT IN GHANA: SOME PROBLEMS AND PROSPECTS

THESIS

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By

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After independence on March 6, 1957, Ghana, under the late President Kwame Nkrumah, turned to diverse developmental activities. Economically, Ghana was on sound footing; the balance of payments was favorable and cocoa was yielding a good harvest. In 1967, Nkrumah was ousted due to his dictatorial rule.

In this study the available primary and secondary sources were utilized. Primary sources were made available by the Ghana Embassy in Washington, D. C. and by friends and relatives in institutions of higher learning in Ghana.

The study is divided into five chapters. Chapter I concerns itself with a geographical survey of the country, including land, climate, people, and natural resources. Chapter II explores political developments, and Chapter III examines some of the crucial economic problems. Chapter IV explores some economic progress and Chapter V makes suggestions, some of which may seem sordid and grim, but at least they offer a "stepping stone."
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CHAPTER I

INTRODUCTION

The industrial nations of the western world today face the tremendous, challenging problem of assisting the developing nations of the rest of the world to bring their economic, social, and political status to par. In Ghana, some of the problems faced are centered around cultural, economic, and political variations. Ghana has gone through a transitional period—from a subsistence to an exchange economy. There are relatively few areas and peoples of the nation who have not been affected in some way by the march of economic penetration. Today, most areas of Ghana which were at one time scientifically unknown are being gradually uncovered. However, statistical compilation of such vital areas of study as topography, census of population, geological and soil surveys, and meteorological studies are somewhat inadequate. Problems such as illiteracy, disease, infant mortality, and death are being reduced.

In assessing the developments under way it is important to note the changing relative position of Ghana in the world. For centuries Ghana was more of a source of raw materials, especially gold for Europeans, notably England. After World
War II the powers of Europe took a little different view of Ghana; and more so when she became independent in 1957. To a higher degree she became a focus of their interest. Her strategic, political, and economic importance appeared to have burst forth rather suddenly and ominously. Contributing to the formation of new concepts concerning Africa and her peoples were the growing needs for food and agricultural and mineral products, the desire to develop "dollar-savers" and "dollar-earners" with the nation's monetary bloc, and the efforts to offset the threat of colonialism. Between the years of 1954-1955 Ghana stood as the country with per capita income of about $156, and this probably was the highest in the whole continent.

The awakening will of Africans in general, and Ghanaians in particular, is a factor of rapidly increasing significance. Although Ghana may be said to have reached the "self-starting" stage, the marked expansion in educational facilities, coupled with great demand for learning, suggest Ghanaians are willing to contribute to the country's advancement more effectively than in the past; consequently, the people of Ghana will be assuming much more of the direction for it.

Geographical Survey

Until 1957, Ghana was a British Colony under the name Gold Coast and comprised of the Gold Coast Colony, Ashanti, and the Northern Territories. Prior to becoming an independent
nation, Togoland, which had been administered with it, became integrated with it. This was in 1956. Physically, the country can be divided into the following areas: the coastal lands, the Ashanti plateau, the plains of the Volta and its tributaries, and the northern plateau grasslands (see map, figure 1).

Ghana occupies a land of about 92,000 square miles and is situated on the west coast of Africa. It is bounded on the north by Upper Volta, on the east by the Republic of Togoland, on the west by the Ivory Coast, and on the south by the Gulf of Guinea. Except for artificial harbors both in Tema and Takoradi, its coastal belt is generally flat, marshy, and generally exposed. The coastal lands contain the greatest number of the country's population and this is due to the fact that most of the important urban centers lie within these areas. The coastal belt extends for about 350 miles.

Land

The first European sea captains, coasting slowly and cautiously along the Western African surf, named the different stretches of coast according to the principal cargoes they found there. Today, the names of the "grain coast" and the "slave coast" are almost forgotten. The French colony of Ivory Coast exports only a negligible quantity of ivory, but
Ghana still contains some of the richest gold mines in the world, and is an important source of supply.

Ghana is typical of the West African littoral in having coastal, forest, savanna-grassland regions cut across by low escarpments of wooded hills, which rarely rise even to 3,000 feet. The surface of the land consists of undulating plateaus falling in a series of steps to the coastal plain. The coastal line is marked by a low, sandy foreshore frequently interspersed with salt water lagoons which are shaded by small groves of cocoanut palms. The Niger River, rising in the mountains behind Sierra Leone, runs northeastward, away from the sea, for 1,000 miles till it reaches the neighborhood of Timbuktu; there it turns first southeastward and then southward, and through its enormous delta falls into the Gulf of Guinea.¹ There are many streams that drain the southern slope of the plateau in this great bend of the Niger. The most conspicuous landmark is the Volta River, which covers a length of about 900 miles. This river has two main tributaries: the White Volta, which rises in upper Volta to the north of Ghana and meanders due south until it joins the second tributary, the Black Volta, at about 250 miles from the sea, almost halfway between the northern boundary and the coast.

There are no great mountain ranges. The sources of the Volta are about 1,200 feet above sea level and the highest

Fig. 1--Map of Ghana
hills are between 2,500 and 3,000 feet high. The highest point in Ghana occurs at a place called the Amedzofe scarp near the western border with the Republic of Togoland. It is about 2,900 feet above sea level.

Another prominent feature is the Kwahu plateau, which terminates in an abrupt scarp running for 180 miles from northwest to southeast, and ending some forty miles from the sea due north of Accra.\(^2\) Inland, widening from a point near the coast westward to some 60 miles eastward, stretches a plain of scrub brush and low trees; this plain for the most part flat, but it is broken occasionally by isolated hills several hundred feet in height. Beyond this coastal plain lies the forest plateau. It is here that one finds the famous West African forest, comprised of tall, close-standing, wide-buttressed trees whose entangled foliage filters the fierce light of the tropical sun to a shadowy green, preserving the steamy heat of the forest floor. The arrangement of the forest provides cover for the luxuriant undergrowth of matted vines and creepers. In these forests are grown cocoa trees.

The Ashanti plateau contains most of the rain forest of the country. It ranges between 500 and 1,500 feet above sea level, with a high annual rainfall of about 50 inches or more.

The northern plateau grasslands cover an area of about 500 to 1,500 feet above sea level also. Its land and soil are suitable for agriculture and cattle raising.

Climate

To most foreigners the word "Africa" is synonymous with jungles and pestilent swamps, all under a sweltering sun which always shines even during rainfall. A visitor to Ghana with such expectations will be disappointed. He will find forest and savanna, mountains and plains, fertile country and sparse range. Although Ghana lies within the tropics and the climate is similar to that of other equatorial countries, few of the extremes can be attributed to it. In the northern region where the country is open and undulating, the climate is hot and dry with rainfall occurring intermittently between March and September. The heat is hotter, the cold is colder, and the relative humidity is much less; consequently, hotter days and chilly nights are enjoyed greatly by both Europeans and Ghanaians. In the south lie the forest lands of Ashanti, and in the southwest coastal area the climate is hot and humid. There are two rainy seasons outside the northern region. They occur in March through June, and from September to November. August is usually dry. The driest season in the country occurs from November to February and sometimes through March. This is called the Harmattan season, and it is caused by northeast trade winds blowing from the Sahara desert. However,
this unusually dry season is not too severe in the southern coastal areas because the land and the sea breeze mitigate the heat. Its effect is felt only for about two to three weeks.

In the forest and coastal regions the temperature ranges from 65 degrees to 95 degrees, but for most of the year the range is from 75 degrees to 85 degrees. Relative humidity is about 80 degrees. In Accra, the capital, the mean temperature ranges from 73 degrees to 86 degrees, with 97 degrees the recorded maximum and 63 degrees the recorded minimum. Afternoons are mostly hot in March and cool in August.

People

The population of Ghana is divided into different linguistic areas. There are the Akan, Ewe, and Ga speaking peoples of the south, and the Mossi-Dagomba speaking peoples of the north. There are, of course, areas where the two types have intermingled and characteristics are less clear-cut (see map, figure 2). Although officially discouraged, tribal groups still maintain a strong sense of their own identity. There are many tribal divisions and over fifty languages or dialects. The Akans fall into two groups: the Twi-Fanti group, which is found principally on the coast and in the forest area, and the Twi-guang group, which can be found on the Volta

3Ibid., p. 60.
Fig. 2--Tribes of Ghana
plains and the Black Volta. Many of the tribes developed centralized yet democratic forms of government in which a paramount chief with his council rules over large areas of land. Among these the Ashanti confederacy was the most outstanding. The Ga-speaking people live in and around the capital city of Accra and to the east and reaching southwards to the coast. In the extreme southeast are the Ewe people, ethnically linked with the Ewe and kindred groups in the neighboring Republic of Togo. In the north lies the multiplicity of states, ethnic societies and language groups, of which we can single out only the more important: the Dagomba, Mamprusi, Kusasi, and Wala states, each with a clearly defined social and political system; the Kassena-Nankanni, Frafra, Builsa, and Sissala tribal groups of the far north; and the Lobi-Dagarti groups of the northwest.

Natural Resources

The natural resources of Ghana can be divided into four groups: agriculture, forestry, livestock, and mining. Among agricultural products, cocoa occupies the first place. Ghana produces over one-third of the world's supply.

Ghana has magnificent forests out of which come valuable timber cuts as well as mahogany for both local and foreign

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consumption. There is also rubber, and this is exported only by the dictates of the price of the world market.

Cattle are raised mainly in the north and to a smaller extent on the eastern coast. This does not provide sufficient meat supply for local consumption; consequently much importation is made.

Among the mineral resources gold, which gave its name to the Dependency, has been exported to Europe since the arrival of the Portuguese.\(^6\) It has been estimated, though there are no accurate statistics to that effect, that between 1483 and 1903 over £21,000,000, or $58.8 million, worth of gold reached Europe.\(^7\) The industry has grown considerably since and export has reached a marked high, nearly three quarters of a million ounces.

Manganese deposits were discovered in 1915, and due to World War I, mining started immediately. Today, Ghana is recognized as possessing one of the world's greatest supplies of this mineral as well as the largest single manganese mine.

Diamonds are produced extensively also, and Ghana ranks the third in the world. There are also great amounts of Bauxite deposits in the country. In 1953 an investigation was conducted to ascertain the possibility of hydroelectric development and aluminum production in the Volta area.

\(^6\) Bourret, op. cit., p. 7.

Smaller deposits of other minerals add to the potential wealth of the country. Tin has been located in the central region and there are evidences that oil can be found on the western littoral. Deposits of limestone and granite and of a high grade clay exist also. This is presently being used for the manufacture of pottery and tile.
CHAPTER II

POLITICAL DEVELOPMENTS

The early consolidation of British power in Ghana proceeded in two ways: first, the coastal area was made a crown colony in 1874, and second, Ashanti was declared a conquered colony and the northern territories were made a protectorate in 1901.\(^1\) As in other crown colonies, the coastal area continued to have a legislative council and an executive council, although for a considerable number of years no African members were appointed.

After the initial declaration of colony and protectorate status, there arose the need for district commissioners. These commissioners were directly responsible to the governor. The effective way for these commissioners and the governor to rule was through the tribal groupings. It was through this system of indirect rule—the British authority represented by the district commissioners and the traditional authority represented by tribal chiefs—that political developments were brought about and augmented.

Indirect rule, as the basis of a particular form of administration, brought about a great deal of structural modification of the traditional system of authority within

the framework of British law and order. Its intent, according to Professor Apter "was not major social change, but modified adjustment."²

The outcome, however, was a major social change within the administrative scheme, which sufficed until new organs of authority were required. For one thing, the chiefs gained more power, which allowed them to go beyond traditional boundaries; thus, the effectiveness of the political substructures which had been integrated with restrained and restraining aspects of chieftaincy was demolished. New types of membership units started to crop up, which gently and slowly cut across traditional units; thus, the nationalist movement. Among this nationalist movement are the youth organizations, the Boy Scout organizations, and the student organizations. The intentions of these groups can best be seen in a publication in 1948 called the Ghana Youth Manifesto in which the youth wrote:

To British youths we send special greetings. You are lovers and exponents of freedom and democracy. Thousands of you fought in this last World War against fascism to maintain your well-earned freedom... we trust that you, youth of Britain, would cooperate with us in our struggle for freedom and self-government so that we could both freely work together to build the brave new world which is the dream of us youth.³

²Ibid., p. 124.
Turning to the attention of the youth of Ghana, the Manifesto continued:

Youth of the Gold Coast, the new Ghana, the struggle for self-government gains unrelenting momentum, that brings us daily near our goal. However, hard the struggle, whatever the stratagems of the imperialists, or whatever the opportunism of traducers, stooges, and quislings to lead us astray, we shall not deviate an inch from our avowed goal.

Approximately ten years later the Gold Coast was granted its independence, and consequently changed its name to Ghana.

Nkrumah and the C. P. P.

The year 1951 marked the end of the time of troubles and the commencement of sharing of power and authority between the colonial administration and the nationalist party. This period was to allow, among other things, the smooth transfer of administrative power to the Nationalist Party. Also, the Nationalist party was to orient itself and mobilize its followers to a situation where they would govern rather than oppose.

Kwame Nkrumah was leader of government business in 1951, and in 1952 his title was changed to Prime Minister, the first such appointment made to any African in a British dependency. 5

4 Ibid.

Kwame Nkrumah was born in 1909 on a Saturday. In Ghana, most tribes name their offspring by the day on which they are born; hence the name Kwame. After spending four years at Achimota College to be trained as a teacher he left for the United States in 1937 for a university education. In the United States he studied economics and sociology at Lincoln University in Pennsylvania and obtained degrees of M. A. and M. S. C. in theology and education at the University of Pennsylvania. He became president of the African Students' Association of North America, and naturally had his thoughts turned to politics. Later, he left for England to study law and there also he became affiliated with the Pan-African Movement. In 1945, he became the General Secretary of the Pan-African Congress.

In 1946 the United Gold Coast Convention (U. G. C. C.) was formed in Ghana. One of its most powerful figures, Dr. J. B. Danquah, a lawyer and London Ph. D., invited Dr. Nkrumah to serve as the convention's paid secretary. The U. G. C. C. was then the nationalist movement in Ghana. Nkrumah was a first-class party organizer, and soon had cells of the party proliferating all over the country. As Professor Ward put it:

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7Ibid., pp. 339-340.
8Ibid., p. 340.
9Ibid.
10Ibid.
He knew the value of a simple slogan which everybody could shout and at least think they understood, and he set on foot the phrase SELF-GOVERNMENT NOW. Perhaps most important, he had the personal charm, captivating eloquence and gift of leadership which made men follow him.¹⁰

In 1949 he left the U. G. C. C. to form his own party, the Convention People's Party (C. P. P.). Its membership was primarily composed of the members of the U. G. C. C., the partially educated, those whose roots with rural areas were not dissolved but whose urban affiliations made possible quick and effective organization, the young, the disadvantaged, the disillusioned, and the idealistic. He was untainted by cooperation with the authorities and his aggressiveness and success alarmed the leadership of the U. G. C. C. and earned him the enmity of the colonial authorities. With the youth groups firmly on his side, and a network of organizations spreading throughout the country, he proposed a political program which seemed to sum up the aspirations of thousands of people. He appealed to the people to join the path of progress. Many observers believed that Nkrumah was becoming more of a Messiah who would lead the country to freedom. Clamor was raised by Africans against things which only a few years previously no African would have dreamed of questioning. Basic rights and freedoms were issues posed against the legality of political domination, providing a basis for

¹⁰Ibid.
hostility and distrust of anything colonial.\textsuperscript{11} Meanwhile, in 1950, Nkrumah, with the C. P. P., was able to use the events and situations of the post-war Gold Coast in aid of his causes. Inflation after the war was "run-away" and public disgruntlement was high. There was a demonstration held by the ex-servicemen who claimed, among other grievances, that promises made to them while they were in service had not been fulfilled, that pension rates were insufficient due to inflation, that grants had not been made to men too old to start businesses on their own account, that Africanization of the Gold Coast regiment was not effectively maintained and promoted.\textsuperscript{12}

This demonstration which was meant to be peaceful flared into violence. A general strike was called as well as the boycott of British goods. In this ordeal two policemen were killed and others were wounded. The outbreak of this news spread rapidly throughout the villages and towns, and riots were touched off accordingly. Stores were looted and Europeans were stoned as emotional feelings ran high.

After the disturbances had died down a commission was set up to inquire into the causes. This commission, known as the Watson Commission, felt that Kwame Nkrumah was "imbued with a Communist ideology which only political expediency had

\textsuperscript{11}David E. Apter, \textit{op. cit.}, pp. 166-67.

\textsuperscript{12}\textit{Ibid.}, p. 169.
He was consequently arrested, with sixty others, charged with sedition, found guilty, and sentenced to twelve months in prison.

This action on the part of the colonial government brought a new chapter to Nkrumah's popularity. It was natural that the judicial sentences should be widely regarded as purely political. The mass of the people had never heard of the dogma that judiciary and executive are strictly separate, and to them it was only to be expected that the government should imprison the heroes who had given it so much trouble. Nkrumah's name became a household word and when in due course the prisoners were released, they adopted as a badge of distinction a round white cap with the letters P. G. standing for "Prison Graduate" embroidered on it. "To have served a term in jail for such offenses" according to Professor Ward "gave them the sort of standing which Siberian Exile gave to a Bolshevik in 1917."

In 1950 a recommendation was made by a constitution reform committee known as the Coussey Commission to the governor calling for a widened electorate, an African Prime Minister (at that time called "leader of Government Business"), and an African cabinet except for three ex-officio ministers.

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In the election that followed, the C. P. P. won a resounding victory and the nationalist movement was in power. The election results came out while Dr. Nkrumah and others were serving prison sentences. He was elected in his absence, and the C. P. P. asked the governor as an act of grace to release the prisoners; and Nkrumah and his colleagues came straight out of jail to take their seats on the executive council; thus the nationalist movement was put in power.

By 1951 such vague links as the C. P. P. may have had with Communist movements were broken. The C. P. P. announced that active Communists would be barred from vital public services. The Trades Union Congress withdrew from the Communist-dominated World Federation of Trade Unions and, after an internal battle, affiliated with the International Confederation of Free Trade Unions.

In 1953 the prime minister sought greater independence through the mechanism of constitution reform. Nkrumah moved "The Motion of Destiny" requesting independence within the commonwealth and, "as a matter of urgency," amendment of the constitution to provide for a fully-elected legislative assembly and an all-African cabinet. In April, 1954 an announcement was made pertaining to the amended constitution.

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and granting of full internal self-government based on universal suffrage.

A general election was held on June 15, 1954 under the new constitution, and out of 104 seats in parliament the C. P. P. gained 71. During this time a series of regional and minority parties arose to oppose the C. P. P. In view of the constitutional differences which were then developing among parties and regions, the British government announced in 1956 that independence could only be granted after a further electoral consultation. New elections were held on July 12, 1956, and the C. P. P. again won 71 out of 104 seats. A fixed date for independence was set on September 15, 1956 by the Secretary of State for the colonies, and on March 6, 1957 the Gold Coast was proclaimed the sovereign and independent state of Ghana, and accepted as a member of the commonwealth.

The Convention People's Party

The overwhelming victory of the Convention People's Party surprised most observers. Due to the rise of opposition parties that sprang up before the elections, most people doubted that the C. P. P. would emerge victorious, particularly the older participants. The elections themselves had provided an effective media for the C. P. P. One consequence of

political institutional transfer, in its procedures, was the opportunity it provided for the outlets in political action. Its membership was well above the one million mark and it was one of the most effective political organizations in Africa. It is highly organized. Dr. Nkrumah's years in the United States taught him a great deal about mass communications and effective political propaganda. In its largest sense it was composed of militants, educated and partially educated.

After it was founded in 1949, Dr. Nkrumah became its life chairman and its slogans, manifestos, and publications read like Marxist literature. Its organizational structure was similar to a Communist organization or the British labor party. At the beginning the party had allowed members holding different views to participate effectively. Later, the party could not afford to encompass members with different views. The party had its right and the left wings; but the basis for its strength and unity was derived from its slogan "Self-Government Now." As Professor Apter put it:

There is little doubt that in the manipulation of its key symbols, and its objective to clearly defined objectives, the C. P. P. has served as the only clear-cut orientational focus which excites the general public, gives a general opportunity to participate, and serves to reassure and define for the public a program of progress in which self-respect and income will be provided.

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19 Ibid., p. 203.
20 Ibid.
Ghana as a New Nation

Before independence and during the period of transition to independence, the main ingredients of authority were shared by the legislative body based on British parliamentary practices, and the local authorities. The latter, although limited in scope, remained focal points for ethnic and traditional activity after 1954. Constitutional government in popular parliamentary form helped to provide a relatively smooth transition to independence. Electoral constituencies throughout the country were developed and local and district councils were expanded. There sprouted a new political awareness and participation. Many local organizations were altered and new ones created. Civic administration in the districts was changed. District commissioners (who were party appointees) superseded government agents; and regional officers likewise. New groups that were politically-oriented began to appear; there were the Builders (workers) Brigades, the Cooperative Movements, and the Young Pioneer movement, which replaced the Boy Scout Movement as the main youth organization in Ghana. Indeed, these were steps taken to revolutionize the country from above. Nkrumah believed that capitalism is too complicated a system for a newly independent nation like Ghana, hence the need for a socialistic system. Socialism, to him, is more integrative and simple. With the help of the Soviet government agricultural cooperatives for
marketing of livestock and livestock products were established. In a speech to the Conference of African farmers in 1962, Nkrumah pointed out that the major task is the creation of a complete revolution in agriculture on our continent—a total break with primitive methods and organizations and with the colonial past which tied the Africans down to subsistence farming, cultivated monocultural scarcity in the midst of abundance and kept our masses at a very low ebb of nutritional and sub-economic standards.21

Between 1959 and 1960, 64 factories were established, culminating in an aggregate of 519.22 But the single most important achievement was the construction of the Volta Dam and aluminum scheme by Kaiser Consortium (an American and Canadian enterprise). In order to achieve all these profitably and obtain greater satisfaction from the endeavors, Ghana has to concentrate on one of her set-backs—managerial skills and organization. This she would have to get by training managerial groups in all sectors of the economy. Nkrumah was overzealous, and at the peak of his political career, amid diverse economic programs, he was ousted by military officers in February, 1967. He died in 1972 while living in exile.

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22 Ibid.
CHAPTER III

SOME ECONOMIC PROBLEMS

Education

"The purpose of education is to enable men to understand better the world in which they live, so that they may more fully express their potential capacities, whether spiritual, intellectual or material."¹ Although this expression is wholly true of high-income nations, it is partially true of Ghana. On the contrary, education in Ghana has a different meaning. In the words of Joseph Kizerbo, the distinguished historian from upper Volta:

Schools are foreign islands in the African environment; they resemble sacred churches where esoteric rites, meaningless to most people, are carried out for the initiates alone. . . . Strange facts are taught in a foreign language. . . . Those who enter the sanctuary will be uprooted forever. . . . The curriculum which makes no reference to anything familiar cuts the child off from his culture, his history and his people.²

During the past two decades, all levels of education in Ghana have made significant progress. At the upper level


are the University of Ghana, University of Science and Technology, and the Cape Coast University (primarily for the training of teachers). Elementary, secondary or high schools, both private and public, have sprung up like mushrooms. Tuition is free in elementary and secondary schools, which are publicly supported. Nevertheless, there is an avalanche of problems facing the institutions.

One of the problems of education in Ghana is the screening of elementary school pupils who intend to enter secondary schools. The selection is generally based on public examinations. The usual subjects are English, arithmetic, and general knowledge. This sort of screening and examination normally tends to eliminate a lot of potential candidates for secondary education. At the secondary level is also another screening and examination. Successful candidates at this examination are those eligible for high or university education. Here one can clearly see that the pattern of entry into a university is identical to the English system. Furthermore, the "unfortunate" candidates who normally are eliminated come from poor family background. To many people, therefore, high education is predestined.

With this kind of attitude, the high aspiration one may have in terms of high education comes to naught. The end result is the creation of a semi-educated citizenry.

Another resounding setback is the curriculum. The subjects range from about twenty to twenty-five in the larger
schools to about nine or fewer in the smaller ones. Here again, the curriculum is determined mostly by formal education and not on practical exigencies that Ghana faces. The teachings are oriented toward examinations and the students are prepared to that effect. This type of education, no doubt, brings futility in manpower, the one most important commodity Ghana lacks amidst her rich natural resources. High school graduates are, therefore, turned out who cannot be of any benefit to their environment or society.

It is abundantly clear that in this scientific epoch the supernatural beliefs have been mitigated by education, which, in turn, has given rise to personal autonomy and freedom. One finds in Ghana, however, that the transition which the nation finds itself in is caught up in problems which seem to be perpetual. The curriculum and administration policies, transplanted mainly from the highly-developed nations, invite bribery and corruption. In this connection, those who try to be "upright" look foolish and frustrated. The order of the day seems to be to cheat, mislead, get rich fast, and advance to impressive positions by any means. This is a dilemma in which our higher institutions can play a vital but unique role.

Ghana, like any other developing nation, depends mostly on agriculture. To every administration this falls on the first of their priority list. Paradoxically, the education system totally ignores and deemphasizes agriculture in the
schools. In the elementary and secondary schools, nothing is said about the pleasures of agriculture. Consequently, there is a very low enrollment in courses pertaining to agriculture in the universities.

The Ghanaian society, compared with that of many non-European nations, is remarkably open and lacking in class barriers. The educational system which grew up gradually with British rule gave further scope to the characteristic mobility of the society. However, as the British administration expanded, government service came to represent an exclusive—though of course not hereditary—caste. It opened up a new sort of career and a new type of power, in a sense both more clear-cut and absolute, than was in the tribal life. At one end at the same time the slow spread of education pandered to everything which was most egalitarian in the society of what was then the gold coast, and promoted class barriers which had not existed before. "We never really had an aristocracy," a Ghanaian once observed sadly, "but now we do: the B. A. degree is the title of nobility."

The contents and structure of education have been greatly influenced by models, generally of European derivation, emphasizing classical subjects and traditional disciplines. In the educational institutions law, medicine, and philosophy all have an honored place not shared by engineering, agriculture, and science.
Many observers believe that technical and agricultural education failed in the colonial period because it was manifestly an inferior alternative to academic schooling. Unfortunately, the post-independence period has not yet shown any marked change in the characteristics of the occupational structure and the rate of economic growth has been overly disappointing over the last decade.

Success of agricultural education may depend largely on crucial changes occurring in land tenure, the development of lucrative cash-crop possibilities outside cocoa; the knowledge of marketing opportunities and the reformation of the public examination should be made internal affairs for each secondary and elementary school. The curriculum should be organized to train intelligent and useful young people, to help develop socially integrated society, to further the varied talents of the pupils, to train semi-skilled workers, and to give a sound educational function to those who aim at higher learning.

The apparent unemployment of graduates exists due to white-collar aspirations of the students. It therefore seems a tragedy that programs for the expansion of education which have been pursued with vigor and imagination should carry with them such a depressing consequence.

Ghana can be honestly accused of her reluctance to move too far from the educational standards and practices prevalent in the more developed areas of the world, especially Britain.
The fear of any such accusation or criticism of its educational endeavors mitigates the quest for reform. It is indeed fortunate to note that in Ghana, so far as modernization is concerned, formal education, income, and occupation are significant determinants of social status. Education, undoubtedly, plays a more crucial role in relation to social status and social mobility than it did at comparable stages in western development. Practices imported from Europe sustain the elitist flavor of the university, separate students from faculty, perpetuate a strict lecture-examination system, emphasize "Englishness" of the curriculum, separate the institution from the problems of an emerging nation, and promote expatriate academics. Like the European universities, Ghanaian institutions promote the elite, using competitive examinations as a proving ground for the most able. Hardly can one see teachers working closely with students, nor can one see open frequent meetings, discussions, and seminars. Rather, one sees a weekly or daily "Ex Cathedra" lecture and all-or-nothing examinations at the end of each year. These awesome and irksome year's-end, all-or-nothing examinations do not provide the teaching environment with the proper tools with which to minimize wasted effort and to develop the full potential of every student.

Historically, the development of schooling in Ghana, the nationalist movement, and independence have been intimately
linked with economic changes generated by colonial rule.\(^3\)
The demand for western schooling was mainly a consequence of the growth of new economic opportunities created by the transition from a subsistence to an exchange economy.\(^4\) However, the schools are contributing less to the steady growth of the economy. First, there are the inequalities arising between parts of the country. On a geographical basis, the northern part of the country continues to lag in educational development. Secondly, almost all the books used in Ghanaian schools are written by European authors and meant for European children. Production of books for schools in high-income countries is a matter of educational tactics. A teacher can submit a work and get it published; or a publisher can commission an author to write a textbook, but, generally speaking, no very important issue of policy is involved. The book may either sell or slump; in any case, it is likely to be one of quite a number from which teachers can choose. On the contrary, the production of books for schools in Ghana is more of educational strategy. Policy decisions cannot be avoided. In fact, this is not so much of a question of political policy but of educational policy in its interrelationship to socio-economic development.

\(^3\)Philip Foster, Education and Social Change in Ghana (Chicago, 1965), p. 293.
\(^4\)Ibid., p. 293.
Given the resources of a high-income country, the plethora of existing educational schemes and books, the skills of highly trained and sometimes highly-motivated teachers, and the open market in school books, authors and publishers alike can take the risk of being innovative. In Ghana the converse exists, and anything that can be honestly called innovative is ignored either because it is out of line with traditional thinking or it is "before its time." The curriculum set is oftentimes obsolete and out of touch with present-day realistic thinking. Frequently, they represent the consensus view of established opinion which, in the course of establishment, has become rather set in its outlook.

Caught upon the horns of this dilemma, the government of Ghana has neglected the issue of reform to throw its efforts into the expansion of school enrollments. In this domain, however, impressive gains have been registered, but its related problems have been exacerbated and economic growth reduced. It, therefore, seems that in many instances, people get educated out of rather than into their society because of the relatively high dropout rate, the lack of application of the curriculum to the rural needs, and the consequent migration of the educated to crowded urban centers, and the painful sense of cultural alienation among the elite who have made it through the system.
Capital Formation

United Nations defines capital formation as that part of the country's resources--domestic and imported--which are not consumed or exported but serve to create addition to the stock of capital goods. In Ghana, as in most West African nations, national accounting figures may show only the part which arises from the money economy; addition to the stock may come from the traditional sector of the economy, and although this may be substantial, it is not easily measurable.

In order to move from subsistence economy to exchange, one requires a vast amount of capital. It is clear that most of the technological advancement made in recent years has been capital-intensive rather than labor-intensive, because they tend to use more capital and relatively less labor than was previously used. In his *The Struggle for a Higher Standard of Living*, Brand asserted that:

Although the classical economists recognized the importance of the capital factor in the process of production, it was only later that as a result of the accelerated introduction of power, tools, and machinery, hand-in-hand with the development of science and technology and the improvements in the economic organization as a whole that capital became essential as it now is to efficient produc-

The hindrance to the use of capital--both private and public--in Ghana is the considerable lack of entrepreneurial

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talent among the indigenous people. There is the agricultural bank, Ghana bank, and the investment bank, all of which are geared toward the promotion and creation of capital for the industrial sector. Among their diverse functions these banks are designed to aid in economic development by channeling savings into investment. One important, although deficient, factor is that these banks only offer loans and have no direct managerial interests. Most economists agree that a major requirement for development is the accumulation of real capital which is comprised of three main ingredients—"the credit mechanism, so that the resources may be claimed by investors; an increase in the volume of real savings, so that the resources that would have been used for consumption purposes can be released for other purposes; and the act of investment itself, so that resources are used for the production of capital goods."\(^7\)

The agricultural bank, investment bank, and the bank of Ghana are publicly managed, owned, and financed corporations. They offer investments primarily in industry and large-scale agricultural projects. However, they do not offer short-term capital loans, but medium capital loans.\(^8\) The commercial

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banks in Ghana provide short-term capital and do not make medium or long-term loans. Lack of installment finance companies, leasing companies, mortgage banks, mutual funds, and investment trusts further restrict the problem of capital formation. This withdrawal too often includes a renunciation of financial responsibility when the unsuccessful entrepreneur is requested to make payments on his loan. Instead of making apologies or requesting a different payment schedule, he may say, "Well, government has not helped me enough," or "the machine got busted." Following this sort of occurrence the man is pressed for payment and/or the return of the machinery, and business failure is imminent. Another depressing factor is that those who have the funds to invest without having to borrow from any financial institution are reluctant to take that risk. This is because most of them have found other profitable alternatives with which they are familiar; these include real estate, transport, cocoa farming, or using their funds in a money-lending business. But even then if there were interest the potential investor has not had much information about various opportunities.

The need for foreign capital is the result of low internal savings, and the balance of payment problems. The problem of fluctuation in world cocoa price coupled with Ghana's huge foreign debt\textsuperscript{9} culminated in making Ghana an

\textsuperscript{9}Ghana's Foreign Debt at the End of 1972 was \$1 billion.
unattractive spot for foreign capital. Investors face currency instability and exchange controls: "It is an offense for any person resident in Ghana (other than authorized dealer) to buy foreign currency from any visitor." Government competition with private enterprise and default probably prevent the inflow of foreign capital.

Though situated on the coast of West Africa and having, by African standards, a remarkably well-developed infrastructure, and thus presenting, compared to its neighbors, the advantage of important external economies, Ghana by and large is in a relatively favorable situation; nonetheless, she does not attract much foreign investment.

According to Dr. Roger Genoud:

Had Ghana been able to balance better her economic relations with rest of the world viz; had the socialist countries eventually come to represent a real alternative, absorbing more Ghanaian exports, supplying more loans and other facilities, it may well have been that the attitude of western capital (both private and public) might have been altered in favor of Ghana.

Furthermore, had Ghana remained committed to its traditional western partners' investment--foreign--would have been intensified. Or had she gone totally with the east she could have wrought the same results. A neutralist position which

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10 Ghana devalued her currency by 48 percent in 1971. Before the devaluation $\varepsilon = \$1.0$ approximately.


Ghana adopted inhibits such inflows of foreign capital. The composition of foreign capital may be in the form of technical assistance which provides skilled labor such as experts, expatriates, training and demonstrating equipment; and capital assistance which provides capital such as hard-loan, soft-loan, and grants.$^{13}$

**Experts and Expatriates**

Experts are an advisory body and they do not normally have any responsibility for administration or daily operation of any part of the recipient government that they are advising; expatriates do.$^{14}$ The problem here is that since the experts are free from daily worries of the government and because they are not dependent on the recipient government for their salaries, some maintain a greater degree of responsiveness to the desires of their donor organizations than the desires of the recipient government. This has been the case in Ghana where the government has been reluctant in utilizing the services of experts. On the other hand, the expatriates who have the responsibility for administration feel hesitant to propose good ideas which they think may be unfavorable to the government for the fear of political harassment. Another problem which still exists, and which


$^{14}$ Ibid., p. 162.
the expatriates have to contend with, is the notion of Ghanaianization. Upon achieving independence Ghana adopted a policy of Ghanaianization in which all political and sensitive posts were given to Ghanaians regardless of their qualifications and experience. The government was pressed to seek out qualified Ghanaians and to promote them to advanced positions in the administration. This ultimately reduced the need for foreign personnel, although the services of foreign personnel were helpful in expansion and growth. Consequently, many Ghanaians find it attractive and pleasant to work for the government because it offers greater privileges to the educated person, thereby reducing the number of educated people prepared to work for local and foreign firms.

Independence, however, has not totally stopped important foreign investments, though there is some indication that large undertakings are being delayed or postponed. Given political stability and order, and the development and maintenance of sound international economic relations, Ghana has great opportunities for renewed economic advancement. For in the history of economic development in Ghana there has been flagrant political and economic mismanagement. The civilian government which replaced the Nkrumah regime, after the latter had been ousted, posted in 1971 such restrictions as the banning of the nation's unruly Trade Union Congress,
a crackdown on student protests, harassment of the press and courts for making anti-government decisions, and the deportation of thousands of foreign workers and traders from the country. It is probable that the authorities fail to realize that no country in this scientific age lives in isolation any more. The world is now linked by the great technical and transport developments of our time, thereby calling for the reduction in the barriers in communication of every kind, especially because the barriers to economic growth are likely to be found in the field of administration and political institutions more than in the lack of resources. Probably at no time in history has there been available such an expanding network of private and public international agencies seeking to assist in the exploitation of the natural resources of the world and experimenting in the problems of training and technique in order to do so.

Comparing Ghana to any less-developed nation in the rest of the world, one can find that her educational system is advanced enough that she should be able to mass-produce fully the much-needed entrepreneurs endowed with risk-taking ability, technical skill, and managerial experience. The absence of a body to sell the country to both internal and external investors, the somewhat lukewarm political situation, et cetera, all restrict foreign investment incentives in the country.
**Domestic Sector**

The difficulties which the domestic sector faces in capital formation are embedded in savings and saving institutions, low productivity, and per capita income. Many villages have little or no saving facilities, consequently many farmers are forced to keep their money in their homes. In these villages most people have had primary education only, and some are completely illiterate. In this connection, the word "interest" on savings is foreign to them. The farmer knows where and when to bury his money and when to dig it out. He despises the formality attached to saving institutions even if he were told of how valuable such institutions are, or what an important role they play in economic development. His interest lies in how quickly he can get his money when he needs it. Since most of the banking institutions are located in the cities he would not want to make a special trip to the city for his financial needs. This is because transportation is poorly organized in the villages. Also, it is even difficult for the government to educate these people in a manner congenial to their practices. For instance, in order to encourage the farmer to increase his production, machines may be introduced, but most farmers have not really had any opportunity to operate a machine in the course of their work or otherwise. Even then if they have adequate or any knowledge at all about mechanized
farming, the problem of maintenance is often neglected. This, undoubtedly, becomes a serious problem when the machine is in the remotest part of the country. In the urban centers where there are a number of saving institutions, another problem arises, and that is there is almost great optimism expressed when asking for a loan to begin a new venture, but there is a predominant pessimism exhibited when the time comes for loan repayment. This change in attitude often takes a disastrous turn when the entrepreneur faces some crisis in marketing, labor, or another difficult phase of the business. Not having the education or experience to cope with crisis gracefully, and not knowing where to turn for help, the entrepreneur simply withdraws and allows the business to deteriorate. He ceases to identify himself as the main driving force of the firm and instead sees the firm as being ruthlessly attacked from all sides by the problem which he is unwilling or unable to solve.

Another deterrent factor is the high interest on loans and low interest rate on savings. This tends to keep investable funds away from productive enterprises. Potential investors, therefore, prefer real estate. The private banks in Ghana tend to serve domestic and foreign trade rather than financing industrial development, and those individuals with investable funds spend it on luxuries instead of investing and reinvesting their funds. They spend their money in such
ways as buying land, houses, automobiles, and other durable consumer goods.

In order to create the congenial atmosphere for capital formation, and especially to attract an increased volume of foreign investment in the country, Ghana developed a tax system in which "a procedure for the declaration of pioneer industries and the certification of pioneer companies was laid down."\(^\text{15}\) This ordinance gives income tax breaks to pioneer industries for five years if the industry has been certified as a pioneer and is considered a vital entity to the economy. This ordinance, passed in 1943, had been ineffective in that it did not attract many investors as had been hoped; hence, in 1963 a new capital investment board was formed.\(^\text{16}\) Like the 1943 ordinance, the 1963 capital investment board\(^\text{17}\) lacks the criteria for the definition of a pioneer industry; the measurement of the need of a company for pioneer benefits, in this case, the degree of profitability that should eliminate the company from benefit or cause the benefits to be reduced; the balance between benefits gained from a new enterprise and the loss of revenue to the government.\(^\text{18}\) Besides, the magnitude of benefits to companies


\(^{16}\)Ibid., p. 135.

\(^{17}\)This board is still in existence today.

\(^{18}\)Ibid., p. 136.
classified as "Pioneer" is not normally standard. For instance, if a tax holiday of one to ten years can be awarded, how long a holiday should be granted a company whose projected capital payback is four years, as opposed to one whose payback period is six years? This is the type of problem the board and the government face. Another problem the board contends with is the identification of effective incentive to attract private investment. This inevitably requires careful consideration of economic conditions which the country provides and some understanding of the motivations of prospective investors. To attract private investment requires not only that the benefits be designed to channel funds as desired, but also that the benefits provide economic conditions attractive in comparison with other parts of the world. Of course, there are many economic conditions that cannot be changed by legislation, such as the presence or absence of a sizable market for a product and the availability of the necessary resources for production. In their absence, incentives are irrelevant. Other factors such as political instability, cost of living, and legal and governmental bottleneck are also more or less resistant to legislative amelioration, though they can be sometimes offset by attractive incentives. Though provisions against private property and nationalization have been provided for by the investment board's constitution, it is important and still necessary--
in terms of investor confidence—to restate this provision in the capital investment act itself in order to reassure investors of fair compensation in case of takeover in the national interest.

Another factor which has a telling effect on capital formation is the extended family system, which tends to look inwardly, with one's loyalties directed toward a narrow group. Consequently, there is the general lack of interest in business partnerships. Most people who are in business are much interested in making money rather than the creation of a large business; therefore, it is difficult for business to grow beyond a certain size. Small businesses such as stores, owning canoes, and trading in fish are all run by Ghanaians; and they sometimes act as distributors or importers of foreign goods. Road transport and cocoa growing are in the hands of Ghanaians, yet none of these people go about their business in partnership with other people. Most people refuse to assume risk and responsibility, thus the lack of entrepreneurial ability. On the other hand, where there exist entrepreneurial potentialities the difficulties of capital and credit also exist. With regard to agriculture, scarcity of both funds and manpower inhibit marketing of the products. Without manpower and funds, community development of agriculture or any industrialization of agriculture will be a waste of resources. The amalgamation of these factors,
coupled with their preponderance forces the government to participate in all facets of the economy.

Agricultural Improvements

The main purpose of British activity in the nineteenth century had been to transform the Ghanaian society into free trading communities producing tropical raw materials and consuming British manufactures. British rule, at least, protected these economic interests. Their economic interests were dominated mainly by traders and shippers, and showed no inclination to take risks by investing capital in new methods of production or in industrial development, with the exception of mining. Nonetheless, agriculture played and still does play an important role in total activity, output, and development in Ghana, although expenditure of time, effort, and money in the creation, extension, and improvement of agricultural holdings are often neglected. Basically, Ghana is largely dependent upon one cash crop—cocoa. A great number of farmers grow this crop, but the major part of the techniques used in its cultivation are still archaic and primitive. In many areas the land is misused, by means of over-cropping and improper rotational practices. The ravages of plant and animal pests and diseases still plague many areas and in some instances excessive migration of men to seek employment in mining and industry has led to the deterioration in farming practices and investment in agriculture.
There are many dangers in relying on one main crop for exports, and among these dangers the most telling are the world market and price and the synthetic market. The difficult problem here is how to cope with the synthetic market, and, as far as price is concerned, there is much apprehension recently about the market prospects of cocoa. Since demand for this crop is inelastic, a small increase in output on the world market causes a reduction in prices. Cocoa growing conditions also vary from year to year, according to weather, and in Ghana storage of cocoa beans is difficult and expensive. Ghana, in concert with other cocoa-producing nations, has not been able to reach an agreement with cocoa buyers for a stable price.

To bring improvements and innovations, agriculture needs to be diversified with the encouragement of multi-cropping, more poultry farming, et cetera. Growing cocoa in the traditional way exhausts many acres of forest, and many timber experts predict that it will take over forty years to develop adequate timber reserves.19 Attention also should be given to rice, tobacco, sugar, oil palm, rubber, sorghum (guinea corn), and cotton production.

Closely related to these problems are the needs for change in land tenure and farming practices. With the present techniques there is too much disguised unemployment in

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agriculture, because a lot of people sit around in the villages without much to do. There are no farm management studies of traditional agriculture; therefore, to develop agriculture in the realm of technology there should be a change from simple and traditionalized techniques toward the application of scientific knowledge. The process of agricultural development often involves the transformation of low productivity systems of agriculture into systems where productivity is relatively high. In the course of this transformation, cultivation practices on existing lands are improved, the infrastructure of facilities and services for agricultural production is expanded, and new lands are brought under cultivation through extensive systems of irrigation and river basin development. Although these changes are crucial to the development process itself, they may develop environmental side effects. The fear of environmental side effects is indelibly printed in the minds of the farmers so that it is difficult to present an alternative form of production, or agriculture, to them. Traditionally, these farmers have always known this system for centuries. They have cultivated their lands sometimes successfully without irreversible damage. But a new situation may arise due to a rapid growth in population and this, ultimately, will impose pressures that were perhaps not experienced before and which could give rise to environmental problems. Traditional
agriculture, particularly under the stress of expansion, is characterized by a range of environmental hazards—notably the rapid leaching of nutrients and degradation of planted farmland following the removal of a forest, rapid soil depletion resulting from permanent cultivation which the relative infertility of the soil cannot support without the addition of nutrients, and soil erosion through variable and heavy rainfalls and prolonged droughts or floods. Although much of this kind of environmental deterioration can be corrected, funds to effect it are limited and sometimes correction itself is impossible. However, through proper planning and anticipatory actions, some of these hazards can be prevented. For instance, the underemployed labor that frequently abounds in the rural areas can be mobilized in reforestation programs.

On the other hand, if the farmers choose to go modern the question of environmental hazards, mainly in the form of chemical control of weeds and pests, still present themselves. The fear of the side-effects of insecticides and pesticides, their toxicity to fish and birds, as well as their persistence and mobility, engender problems. Irrigation projects, unless matched by drainage facilities, can result in salinization and waterlogging. Even the welcome emergence of the high-yielding varieties of wheat, rice, maize, and other cereals can sometimes give rise to certain negative
side-effects, because these varieties require larger quantities of chemicals such as pesticides. Also, constant tillage facilitated by mechanization can also damage the soil structure. But without some sort of mechanization, the use of fertilizers, pesticides and insecticides, high-yielding seeds, and irrigation work, there would be no modern agriculture, and this is what should be pounded into the minds of the farmers; and that with careful planning, the side-effects can be controlled. Furthermore, by going modern, the dwindling input of labor in agriculture may be controlled.

Market Imperfection

Although Ghana commands one of the best systems of infrastructure in tropical Africa, yet it is difficult for her to market her products effectively. Market imperfection as a factor of immobility, inadequacies of transportation, ignorance of market conditions and employment opportunities, lack of specialization and capital inefficiency, and low per capita gross national product serve as deterrents in achieving optimum allocation of resources. In many instances, efficiency of production has remained at a low ebb, resources have been underemployed, and employment misdirected. Due to low per capita gross national product, a large number of workers migrate less frequently to industries where their returns could be much higher. Low per capita gross national product directly affects wages or income; consequently, workers are faced with the problems of movement and re-employment.
Furthermore, most workers refuse to take that risk due to the lack of knowledge of market opportunities. Both the employers and the employees are unaware of other better conditions that may be available elsewhere. Lack of adequate transport facilities obstructs the free flow of factors and prices.

The present government of Ghana has instituted a policy of "self reliance" which was directed towards producing the country's main staple foods—maize, rice, yams, plantain, cassava, millet, ground nuts, and vegetables. Although results have been tremendously satisfactory, lack of adequate transportation has yet created some difficulties of equitable distribution, thereby engendering shortages in different parts of the country.

The Role of Government

The degree of economic intervention that results from government activities and the kinds of development policies adopted depend upon the degree of political freedom that exists within a country. Most people agree that economic and political freedom tends to be lost and gained together. There has not been any economist—maybe serious economist—who has suggested that government has no responsibility in promoting economic growth. Even Adam Smith prescribed a formula for governmental activities.

The world, as we know it now, is divided into coercive and free systems, and the policy decisions that are being made over and over again center around whether government intervention for economic development should be primarily direct or indirect. In every modern society there are forces that can help a central body to increase in power, and there are pressures which work in favor of dispersing power among local and regional units of government.

In Ghana, the administrative requirements of modern government, the need for national educational policies, coupled with the existence of political and governmental institutions, like the central legislature, the civil service and judiciary, the bodies that coordinated the national development plan, the military, and the trend toward urbanization favored a centralized approach by politicians, administrators, civil servants, and citizens. More important was the personalized image of Nkrumah which dominated the state after independence and which encouraged greater political centralization. According to Professor W. Brand:

Government is in a certain sense, the instrument through which the leading classes in a country exercise power. The aggregate of social values and objectives, the strength or weakness of those strongly interested in development and those that are indifferent or even hostile to it, the changes in spiritual orientation and motivation of these groups, are all reflected in the policies adopted by the government.

In Ghana, however, the evolution of a centralized instrument of power has brought about a significance that is difficult to overestimate in its history. For one thing, it has accomplished political unification of a sort, reduced tribalism, regionalism, and localism, and provided mass education, built roads, ports, etc., and has created the conditions under which potential economic development can become a reality.

One of the greatest contributions Nkrumah made is the creation of and maintenance of a stable political—although autocratic—social and administrative framework within which economic development could take place. In many instances, his government was the source of encouragement, in the eyes of many Ghanaians—in the roles of financier and guide for the transfer of resources to the most desirable goals—functions that have varied according to time and place in accordance with the tradition and social mores of Ghanaian society. In addition to his government being an instrument of power, it also constituted a rallying point for the enthusiasm and energy that accompanied successful industrialization such as the building of the Volta River Project, the construction of oil refinery plants, the building of a new harbor, and a host of other industrial undertakings. Despite the fact that his government has been described and labelled as autocratic or coercive, he assumed the role of educator in industrial activities, not only by setting up schools, but by attracting
foreign capital in the form of experts, expatriates, and loans. This is justifiable due to lack of an entrepreneurial class in Ghana.

In spite of this impressive list, Nkrumah's government had so many delicate flaws. Perhaps the most important of these was his rhetoric and ideology of African socialism which dispersed many a potential investor. This concept baffled the outside world, especially the east, because of its diversity. There were two schools of thought on the meaning of the term, and there was a considerable variation of emphasis within each school. "One group of leaders, the so-called Scientific Socialists, conceived of it as nothing more than the application in Africa of the teaching of Marx, Engels, and Lenin."\textsuperscript{22} The other group regards African socialism as a conception different in kind from the socialism known in Europe, a conception emerging from different conditions and employing different means to achieve objectives which are in many cases similar—though not identical to traditional Marxist goals.\textsuperscript{23} Ghana's adherence to one of these groups caused uproars in her creditor countries; thus, the curtailment of loans. Unfortunately, Ghana's changes in government have not clearly demarcated the difference, and


\textsuperscript{23}Ibid.
neither have those changes cleared up her stand on ideology. To the present government, as well as its predecessors, anything that is associated with capitalism is large, foreign, and predatory, and so private and public foreign investment have an arduous task in living harmoniously with "African socialism."

High traditional sentiments also circumvent economic progress. For example, the introduction of high-power motors for fishing and the relocation of fishermen in Accra have generated a tremendous outcry of terror into the country. The curtailment of disease affecting cocoa plants (during the disease-prone years) in order to eliminate the disease from spreading met with equal resistance also. The capability of the government to lead in those areas of economic and social tasks is circumscribed by the strength of the forces within the country ready to accept change and by the quality and quantity of personnel available to make blueprints and carry out the policies appropriate to the natural and human resource patterns. Coup d'état has become the order of the day, and public opinion has no room for reducing institutional obstacles which impede economic growth. The centralization of decision which is so necessary for a purposeful direction of the economy is thus thwarted by the same or similar vacillating forces underlying the workings of the

\[24\] W. Brand, *op. cit.*, p. 133.
central government. To exacerbate this is the lack of a powerful entrepreneurial group within the government. Corruption, though benefitting officials whose remuneration often is out of line with that in private business, leads to squandering of resources and thus reduces the productive action of the government. In spite of the widespread weakness of the governmental machinery, there is the awakened social conscience as well as economic and political world conditions that tend to drive the government along the goals of industrialization. It is not that the leaders lack the necessary ability, but the administration apparatus is so inadequate, and the social and political obstacles so gigantic, that it is, in most cases, beyond their power to implement their ideas. To solve and implement development plans rests on the consciousness of the leaders, on their awareness of the real situation of the country, their determination to solve the problem, and their ability to mobilize the masses on a program of development. According to Bauer and Yamey, "The role of government is primarily that of making it possible for individuals to have access to a wider range of alternatives and to more adequate knowledge of them."25 One of the questions haunting Ghana's government now is whether a modern industrial organization can adapt to the mores and institutions of traditional Ghanaian society without a serious loss

of efficiency. An example of such integration is found in Japan where recruitment methods, the authority structure, and the reward system all closely reflect her traditions before the turn of the twentieth century. Yet no manufacturer of textiles or electronic devices or a host of other items would today question the efficiency of Japanese industry. Perhaps following the same tactics and probably with the assistance of indigenous management, a similar integration of modern and traditional can be effected in Ghana.

26 Tom J. Farer, op. cit., p. 120.
27 Ibid.
CHAPTER IV

SOME ECONOMIC PROGRESS

Ghana entered upon her new life as an independent nation on March 6, 1957, with a foundation of economic and social services somewhat above that of most African territories. Development began in the first decades of the century, "When the growth of cocoa farms, and the spread of mission schools helped to provide the material and human elements on which later progress was to be built."¹ Since Ghana's development or progress depended, to a large extent, on cocoa earnings, it is proper to examine that industry before proceeding further.

Cocoa Industry

Cocoa is of marginal importance to the satiated industrialized countries of the northern hemisphere, but is a bread-and-butter cash crop for many struggling developing nations in the tropics. In two previous years, 1969 and 1960, manufacturers of chocolate and cocoa products were willing enough to absorb surplus cocoa into stock, on which they had previously been drawing, but recently they have been nervous of disrupted supplies. It can be eaten, drunk or

used as a source of "caffeine," and few other agricultural products have a comparable growth potential.

Establishing cocoa in Ghana was a fairly easy and inexpensive process. Forest was cleared, usually within fairly easy reach of the village, and food crops were planted. The land was occupied with food crops for one or two years, and the cocoa was planted in the first or second year of farming. The food crops provided the necessary lateral shade, and the weeding and attention given to the other crops were sufficient to enable the cocoa seedlings to establish themselves before the farm was abandoned. Nine to ten years later, the cocoa, having been closely planted, was able to hold its own against the forest growth, and at this stage received attention from the farmer in the form of clearing away the undergrowth and thinning. Cocoa grown in this way took not less than fifteen years to come into bearing; however, the cost of establishing it was negligible due to the cheap supply of farm labor.

In more recent years, accessible land has become much more scarce than before; land is expensive, and so also are the costs of materials and labor. The things that made it possible for the rapid expansion of the cocoa industry in Ghana during the early stages became less and less available as time went by. Planting went on all right, but production

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averaged over a number of years tended to fall slightly rather than increase.\textsuperscript{3} This condition was attributed to the capsid attack and also other factors such as swollen shoots and heavy losses through "black pod" in the years of unfavorable rainfall. To these influences that limit production may be added the aging of trees and consequent lowering of yield and the exhausting of fertility where cocoa was planted on marginal soil.\textsuperscript{4} In common with other tropical crops for commercial purposes, cocoa needs suitable conditions of soil and climate and there must be an adequate supply of labor available. Ghana has been blessed with all of these factors.

\textbf{Cultivation}

\textbf{Climate.--}Cocoa can be grown usually within the tropics, "mainly between latitude 20° N and 20° S."\textsuperscript{5} The important factors which make up the environment and provide the conditions under which cocoa can be grown are rainfall, temperature, humidity, and light and shade.

\textbf{Rainfall}

The minimum rainfall in which cocoa will grow in the absence of irrigation is dependent on the distribution of

\textsuperscript{3}\textit{Ibid.}, p. 203. \hspace{1cm} \textsuperscript{4}\textit{Ibid.}, p. 204.
\textsuperscript{5}E. Chart, \textit{Cocoa} (New York, 1953), p. 16.
rainfall and the type of soil on which the crop is grown. Normally around 50 inches per annum and the maintenance of high humidity are considered as essentials.  

Temperature

The cultivation of cocoa on a commercial scale is limited to those areas where the minimum daily temperature does not fall below 15° C (59° F), and the absolute minimum below 10° C (50° F) and the annual mean temperature is not less than 21° C (70° F).  

Humidity

Good growing conditions for cocoa are normally associated with high humidity, and the degree of humidity is, in turn, "influenced by rainfall and temperature." The higher the atmospheric humidity, the better the tree is able to tolerate the lack of moisture in the soil in the dry season.

Light and Shade

The amount of light generally admitted to a plantation is normally controlled by the use of shade trees, to some extent by "windbreaks, and by the development of the canopy in relation to the spacing of the cocoa trees themselves." 

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6 Ibid.  
8 Ibid.  
9 Ibid., p. 197
A steep slope, especially one facing east or west, may be in shadow for a great part of the day and get much less sunshine than relatively level land.

All of these, which are natural factors, placed Ghana on the world map of cocoa producers. The demand for cocoa beans in the world market brought intensified planting and replanting, control of diseases, exploitation of new lands, and to some extent scientists provided improved plant materials, capable of giving good yields and adaptable to a wide range of conditions in Ghana.

Marketing Board

In 1946 the British government set up an organization for marketing cocoa, and this organization was to be controlled by Ghanaians. Its main objective was to protect the farmer from the unfair competition and fluctuation of prices which had then characterized the market. In 1947 a gold coast cocoa marketing board was established,\(^{10}\) which had and still has the sole power to grade, buy and export all Ghana cocoa. The board arranges for cocoa sales overseas through their subsidiary marketing company in London. The board's influence lies in its power to fix the price which shall be paid to the farmer. The board was able to limit price within a narrow range and by 1958 it had accumulated a very substantial

amount over \( \mathcal{L} 53,000,000 \) or over \( $148,000,000 \).\(^{11}\) Originally, these reserves were set aside to serve two purposes—one for price stabilization to enable the board to pay the farmers a fairly steady price, no matter how low the world price might drop; the other was for the rehabilitation of the cocoa industry, including aid to diseased farms and expenditure on research. At a later date the board gave grants for various purposes of general benefit to the cocoa farmers or to the industry as a whole. For example, the board gave nearly \( $9,000,000 \) to the University of Ghana and supplied scholarship funds for the children of the farmers.\(^{12}\) Thus at this early stage of economic progress, "production of a cash crop represents generally less of a break with the traditional methods of production than industrialization at any early stage."\(^{13}\)

The policy of the board could be said to have been geared toward ultimate industrialization; for, as Professor Bauer said, "Once the cultivation of cash crops has proceeded for some time, people get used to the ways of money economy, which in turn, promotes and facilitates industrialization."\(^{14}\) He went on to say that:

\(^{11}\) \( \mathcal{L}1 = U. S. \$2.80. \)
\(^{12}\) F. M. Bourret, op. cit., p. 205.
\(^{14}\) Ibid.
The agricultural production . . . usually assists industrialization in various ways: by generating incomes and thereby providing a market for manufacturers; by contributing to government revenues; by promoting the accumulation of private and public capital; and by promoting the development of the habits, skills and attitudes appropriate to a money economy.  

By 1951 the board had accrued substantial earnings. A new policy was then formulated by which the government of Ghana (Gold Coast) absorbed a large part of the cocoa profits through a higher export tax. Most of the money obtained from this export duty ($106.4 million) was earmarked for the country's development plans.

Some Obstacles

The most urgent problem or obstacle to cocoa production during the past few years had been black pod, capsid, and swollen shoot. The government of Ghana, in order to combat these diseases, established a cocoa research institute which employs a large staff of technical experts to study the disease and crop rehabilitation. By 1956 great progress had been made to that effect. During the disease-prone years of the late 1940's and early 1950's, production declined. Fortunately, due to the favorable prices in the world market earnings rose steeply.

Development Plan

Foreign earnings obtained from cocoa exportation were largely responsible for the implementation of development
plans in Ghana. In addition to an old harbor situated in the western region, another one was built in the eastern region at Tema. This new facility is capable of handling twice the traffic of the old one. There was need for development of housing, agriculture, transport and communication, electricity, water supplies, education, and medical services. During 1957 expatriates were recognizing the fact that Ghana was being raised above the category of an underdeveloped country.

In the field of agricultural progress the government put much stress on the improvements of food crops for local consumption. This was a measure taken to avoid a total dependency on one crop and to experiment with alternative export crops. The results obtained with bananas, palm oil, and coffee were promising. It is now hoped that palm oil, poultry, pineapple, tobacco, and coffee can be grown successfully on the derelict cocoa farms of the eastern region. Also, there would be a gradual introduction of power craft to replace the traditional dug-out canoe in sea-fishing.

Mining exports were ranked next in importance to cocoa in external trade. In 1958 their value was $79.5 million, about 27 percent of total exports. Timber and gold were on the ascendance also. Numerous studies and reports were made and considered by the Ghana government of how best Ghana

\[\text{Development Progress Report 1955} \ (Accra Government Press, 1955), \ Para 33-35.\]

\[\text{Ibid.}\]
could embark on industrialization gradually.\textsuperscript{18} It was also agreed that the prime concentration should be on agriculture. In order for the agricultural products to be accessible to the regions a mini-infrastructure was to be developed. Roads, air, railroads, and harbor improvements were made, and new constructions were undertaken. One thousand miles of all-weather roads were built, an 805-foot Volta bridge at Adomi (one of the largest bridges in Africa) was built to improve communications between Ghana and her neighboring country Togoland. Increased international and intercolonial air service extended the services and activities of the airports at Accra (capital) and Takoradi (on the western region).

\textbf{Volta River Project}

The economic development process which started in Ghana would not be complete without mention of the gigantic Volta River Project. This is a project which grew out of the desire to put into use two idle resources in Ghana, the large bauxite deposits in the western region and the hydroelectric potential of the Volta River. Consideration in terms of such developments began during the colonial era, as early as 1924, and details of the scheme were worked out by 1952.\textsuperscript{19} By any standard, this was a major undertaking. The plan called for

\textsuperscript{18}W. A. Lewis, \textit{Report on Industrialization and Gold Coast} (Accra, 1953).

construction of a dam rising 370 feet above its foundations, extending 2,100 feet along its crest, and creating a reservoir 300 miles long. The initial installed capacity was to be 589 MW and the ultimate 883 MW, and the total cost of the project was estimated at the equivalent of $190,000,000.

The 1952 scheme called for mines to be opened, an aluminum plant, and a smelter which was to be financed partly by equity and partly by a capital loan. Its major shareholders were to be two commonwealth aluminum companies and the Ghana government which was to have 10 percent of the equity. British government was to supply the loan capital. The dam and the power plant were to be financed also by loan capital from both the Ghana and British governments, and were to be operated by independent public authority. In addition to these, new railroads, a harbor, new roads, new townships, and a reservoir were to be built. A commission was set up by the parties to the project, namely, the two governments and the two aluminum companies, to examine the project in detail in terms of its cost and its economic significance. Preliminary reports indicated that the cost will be overwhelming—about $900,000,000.

The size of the capital required coupled with the existing worldwide over-capacity of aluminum robbed the project

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20 Ibid.  
21 Ibid.  
22 Ibid., pp. 128-129.
of its facial attractiveness. However, Ghanaians and the Ghana government did not fall prey to this circumstance. The concept of the project was very attractive to Ghanaians and the government; and both were willing to see it come to fruitfulness.

Shortly after independence in 1957, the government of Ghana granted an option to an American interest--Kaiser Industries Corporation--to review the situation and to see how the scheme could be carried out.\(^{23}\) For Ghana, whose economy has been almost wholly agricultural, the Volta Dam and Smelter Combination could provide the "stepping stone" to a miniature industrial revolution. Ghana's chief natural resources are the tremendous hydroelectric power potential of the Volta River and a large supply of bauxite ore from which aluminum can be extracted if large amounts of electricity are available. In 1959 Kaiser Industries drew up their own plan at a lower cost--$600,000,000. This new plan boosted power capacity by 40 percent and aluminum capacity by 10 percent, and reduced the time spent on the construction of the dam.\(^{24}\) The power to be generated amounts to 974,000 KW (about 100 times as much as produced now in Ghana) backed up by a man-made lake that would equal the world's biggest

\(^{23}\)Ibid., p. 129.

(3,500 square miles) which itself would create a new fishing industry to supplement the protein-shy Ghanaian diet.\textsuperscript{25}

There was considerable concern over how Kaiser's consortium, the Volta Aluminum Co., Ltd. (Valco) could fare in raising about $178,000,000 in private money to build the smelter. One fear was Ghana's Neutrality Policy, and its dealings with both the East and the West. All of these contributed to the taking up of an international cooperation administration insurance by Valco to guard against nationalization hazards.

The lower cost of the Kaiser's plan, however, was due to two factors: (1) the relocation of the site of the dam by moving it from a village called Ajena to a town called Akosombo; (2) the changing of the project by basing it, for an initial period, on imported raw materials instead of Ghanaian bauxite;\textsuperscript{26} and, for the time being, the investment in the mines, railroads, aluminum plant, and the new townships was deleted. The cost of the project was borne in part by Ghana with $70,000,000, the World Bank, and U. S. foreign aiders, who regarded Ghana as a first-rate investment risk.\textsuperscript{27}

\textsuperscript{25}Ibid.

\textsuperscript{26}John A. King, \textit{op. cit.}, p. 129.

\textsuperscript{27}"Ghana on the Go," \textit{Time}, Vol. 80, May 4, 1959, p. 80.
Building the project brought about worldwide appraisal and encouragement. The *Ebony* magazine in 1964 noted that the project "was an undertaking likely to bridge the technology gap that separates Ghana from the industrial world community." Among the benefits to be derived would be cheap electricity for commercial, industrial, and household purposes. Power would be so cheap that Ghana would eventually have to supply her neighbors. The man-made lake which was to be realized by the construction of the dam is to be used, among other things, in the transportation of cattle once the planned loading ports have been built.

In February, 1967 serious negotiations began between representatives of the Volta River Authority and the governments of Dahomey and Togoland to discuss the sale of power to the two republics, and in August, 1969 an agreement was signed to that effect. With the cheap electricity, stable government, and the clear definition of government policy, Ghana will be a lucrative spot for local and foreign investments. The manufacturing sector will expand, as there will be many and varied factories and industries. Increase in these will undoubtedly usher in new and conventional technology, giving rise to better education, training, and skill.


Per capita income which was about $220 in the 1960's (higher than most African countries) will, in effect, be increased; overall conditions and standard of living will be raised. The infrastructure system will be increased, renovated and developed, and also the markets. Villages will be turned into towns and towns into cities. Population may increase, but the growth in technology and economic activities may more than offset the growth in population.

But Nkrumah's rule, his idea of United Africa, his rhetoric about colonialism and neo-colonialism, his disrespect for opposition parties and the jailing of opposition party members dispersed many a potential investor.

Educational Developments

It is appropriate to say that education in Ghana began during the colonial era. Lower civil service posts were given to the natives. The colonial power encouraged and subsidized education in order to provide literate office clerks for the government and commerce. It introduced and promoted a common European language among the diverse tribes, "thereby increasing personal mobility and intellectual exchange." 30

John Stuart Mill once wrote:

An education directed to diffuse good sense among the people with such knowledge as would quality them to judge of the tendencies of their actions,

would be certain, even without any direct inculcation, to raise up a public opinion by which intemperance and improvidence of every kind would be held discreditably, and the improvidence which overstocks the labour market would be severely condemned, as an offense against the commonweal. 31

One of the significant, probably the most significant, phases of Ghana's development in the postwar years was in the field of education. Remarkable achievements and spectacular changes were made between the years 1944 and 1951 with the advent of Nkrumah's government. 32

In the traditional societies of Ghana, education was informal and was carried out by the community as a whole, with the child's own family playing the most important role. Consequently, when the first "European" type schools were introduced there was no popular demand for their services. However, the 18th and 19th centuries brought about a closer rapport between the coastal people and the Europeans. Increase in trade brought about the growth of urban centers which, in turn, brought about an elite group which owed its wealth and position not to traditional society but to trade. To this group of people were opened the advantages of western-type education. Thus, the missionaries who travelled to the


32Gold Coast Education Committee Report, 1937-1941 (Accra, 1941).
coast during the 1830's, 1840's and 1850's found a situation which was already in the process of change. 33

By 1909 a technical and a normal training college were opened in Accra, and by 1919 there were nineteen government schools, 194 assisted mission schools, and over 400 unassisted ones. 34 By 1925 an ordinance was passed by the colonial government which called for qualified staffing of the schools, and the creation of several secondary and primary schools. Out of this came the famous and the world-renowned Prince of Wales College at Achimota (near Accra) which later became Achimota College. According to Dr. Aggrey, an American-trained Ghanaian scholar, the college was to provide "the African, not only professional training, but also technical courses that will teach boys and girls the dignity of labour." 35

In all fairness, it could be said that Achimota could be a rock on which self-government was built. For if "self-government" were to work it should come through education which would fit the child for a future in his own community. It was this objective that Achimota College held sacred.

By 1950 there had been a substantial increase in educational facilities. The University of Ghana increased its


34Ibid., p. 134.

intake of students and the number of students entering primary, secondary, and teachers training institutions almost doubled. Table I depicts this.

### TABLE I

**NUMBER OF PUBLIC PRIMARY, MIDDLE, AND SECONDARY SCHOOLS, 1950-1964**

<table>
<thead>
<tr>
<th>Year</th>
<th>Primary</th>
<th>Middle</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>1,081</td>
<td>511</td>
<td>12</td>
</tr>
<tr>
<td>1951</td>
<td>1,083</td>
<td>539</td>
<td>13</td>
</tr>
<tr>
<td>1952</td>
<td>3,069</td>
<td>667</td>
<td>26</td>
</tr>
<tr>
<td>1953</td>
<td>3,131</td>
<td>704</td>
<td>30</td>
</tr>
<tr>
<td>1954</td>
<td>3,136</td>
<td>717</td>
<td>31</td>
</tr>
<tr>
<td>1955</td>
<td>3,210</td>
<td>786</td>
<td>31</td>
</tr>
<tr>
<td>1956</td>
<td>3,312</td>
<td>862</td>
<td>35</td>
</tr>
<tr>
<td>1957</td>
<td>3,372</td>
<td>931</td>
<td>38</td>
</tr>
<tr>
<td>1958</td>
<td>3,402</td>
<td>1,030</td>
<td>39</td>
</tr>
<tr>
<td>1959</td>
<td>3,428</td>
<td>1,118</td>
<td>39</td>
</tr>
<tr>
<td>1960*</td>
<td>3,452</td>
<td>1,177</td>
<td>39</td>
</tr>
<tr>
<td>1960-61</td>
<td>3,552</td>
<td>1,252</td>
<td>59</td>
</tr>
<tr>
<td>1961-62</td>
<td>5,451</td>
<td>1,575</td>
<td>68</td>
</tr>
<tr>
<td>1962-63</td>
<td>6,873</td>
<td>1,809</td>
<td>75</td>
</tr>
<tr>
<td>1963-64</td>
<td>7,490</td>
<td>2,224</td>
<td>85</td>
</tr>
</tbody>
</table>


A remarkable growth was effected in the fields of primary, middle, and secondary education after 1950. Between 1951 and 1952 a great number of schools were absorbed from the private to the public sector; thus, the unusually large increase. In the 1961-62 school year a compulsory and free
educational program for primary, middle, and secondary schools was introduced. Although this action was hailed by most people as a step in the right direction, it threw the education system out of balance temporarily, for qualified teachers were in short supply. This lack of staff made it impossible to assure a universal primary education as was first hoped. But in spite of new and enlarged secondary schools, the need for further expansion was great since the number of high school graduates could barely be accommodated by the universities, as indicated by Table II.

TABLE II
ENROLLMENTS IN PUBLIC PRIMARY, MIDDLE, AND SECONDARY SCHOOLS, 1950-1964

<table>
<thead>
<tr>
<th>Year</th>
<th>Primary</th>
<th>Middle</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>144,300</td>
<td>60,000</td>
<td>2,800</td>
</tr>
<tr>
<td>1951</td>
<td>154,400</td>
<td>66,200</td>
<td>2,900</td>
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<tr>
<td>1952</td>
<td>335,100</td>
<td>80,000</td>
<td>5,000</td>
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<tr>
<td>1953</td>
<td>372,400</td>
<td>88,600</td>
<td>5,100</td>
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<tr>
<td>1954</td>
<td>396,900</td>
<td>97,400</td>
<td>6,900</td>
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<tr>
<td>1955</td>
<td>419,400</td>
<td>105,000</td>
<td>7,700</td>
</tr>
<tr>
<td>1956</td>
<td>436,900</td>
<td>108,500</td>
<td>8,900</td>
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<tr>
<td>1957</td>
<td>455,700</td>
<td>115,800</td>
<td>9,900</td>
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<tr>
<td>1958</td>
<td>455,100</td>
<td>125,300</td>
<td>10,400</td>
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<tr>
<td>1959</td>
<td>465,300</td>
<td>140,000</td>
<td>11,100</td>
</tr>
<tr>
<td>1960*</td>
<td>478,000</td>
<td>147,500</td>
<td>**</td>
</tr>
<tr>
<td>1960-61</td>
<td>520,000</td>
<td>157,700</td>
<td>**</td>
</tr>
<tr>
<td>1961-62</td>
<td>701,000</td>
<td>176,000</td>
<td>**</td>
</tr>
<tr>
<td>1962-63</td>
<td>801,000</td>
<td>204,900</td>
<td>22,800</td>
</tr>
<tr>
<td>1963</td>
<td>927,500</td>
<td>222,800</td>
<td>28,100</td>
</tr>
</tbody>
</table>

Information is not available from 1964 to 1973.

*January-September.

**Figures not available.

Source: Adapted from Education Statistics, Ministry of Education Reports (Accra, government press).
Technical education is of marked importance to the people of Ghana with its rapidly growing public services and its hope for industrialization. In 1955 four new technical institutes were opened; the outstanding among these was the Kumasi College of Technology. This institute was aimed at training large numbers of students for the economic and educational needs of the country. Among other areas of training the college has departments of agriculture, commerce, engineering, pharmacy, science, and general studies.

In addition to the regular schools, Ghana developed widespread and very successful organizations for adult mass education. Regular weekly classes were held in towns and villages all over the country in such subjects as politics, economics, English, and international affairs. At the time of independence Nkrumah asserted that his first objective was to abolish from Ghana poverty, ignorance, and disease. He said:

We shall measure our progress by the improvement in the health of our people; by the number of children in school, and by the quality of their education; by the availability of water and electricity in our towns and villages; and by the happiness which our people take in being able to manage their own affairs. The welfare of our people is our chief pride, and it is by this that my government will ask to be judged.36

Social Welfare and Health

Much had been done under the rule of the British to improve health conditions in Ghana, but efforts in this field have been intensified and expanded. As a result, leprosy shows signs of being eliminated as a major disease in Ghana, and other outstanding progress has been made against yaws and malaria. Many clinics and small hospitals were opened in addition to the ultra-modern 500-bed hospitals in both Kumasi and Accra with their training colleges on their grounds for over 300 students. In order to meet the need for doctors in rural and small towns, medical field units were built and several health centers were developed.

The idea of self-help programs has been successfully encouraged through mass-education teams which made numerous visits to the more remote parts of the country to conduct courses in literacy, public health, and community leadership. In the urban areas the government encouraged all kinds of welfare services, day nurseries, youth clubs, and community centers. Although there has been tremendous achievement, a great deal still remains to be done.

There has been a great improvement in water supply to rural areas, and considerable enthusiasm engendered for a new type of practical training through the Builders' Brigades. This was made up of youths with limited education, through which they learn useful skills while working on construction
of roads, schools, and water systems. This can be equated to the Civilian Conservation Corps of the New Deal days in the United States.\(^3\) These were but some of the achievements Nkrumah brought to Ghana.

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CHAPTER V

SUGGESTIONS AND CONCLUSIONS

Ghana's independence was a triumph of the idea that Ghanaians, and Africans in general, ought to, and could, rule themselves. Also, independence was to enable Ghanaians to construct the sort of economic, political, and social systems that would enable them to correct what was universally regarded as "backwardness" and engender conditions in which all and sundry could find self-fulfillment. The economy would be so managed that poverty and squalor would be considerably reduced, if not entirely abolished; education would become the right of all; and the African intellect, dulled under the impact of colonial mythology, would burst out and flower.

During the early periods of independence, cocoa prices were high and a tremendous national energy was released. Ghana, in some respects, started amid relative opulence. Africanization, sometimes known in Ghana as "Ghanaianization," a necessary fulfillment of the idea of self-assertion, was speeded up. The infrastructure for quick socio-economic development, tied up with colonialist planning, was improved. Education was expanded enormously to embrace all sections of
the people and not just those made fortunate by the mysterious working of providence.

Indeed, there was no trouble when it comes to thinking that Ghana's economy was kept within the narrow confines of, and only tinkered with, the largely colonialist economy. Nonetheless, the young country had to find new economic and political orientations. Consequently, the economic integument was stretch and overstretched. But in order to find a new army for the prosecution of his internal and external ideological warfare, Nkrumah settled upon the sort of personnel who were easy to manipulate but withal fatally incompetent; men who have distorted value-systems. Thus, politics were so overemphasized that instead of the peoples' welfare remaining the supreme objective, it became the means to some ill-defined ends. Obviously, what had started as an attempt to widen the base for redistribution of the national product turned out to be a "bonanza" for the selected few. Ghana, undoubtedly, became a predatory state, the party--the C. P. P.--doing the plundering; and those who professed "loyalty" to the state and showed blind adherence to the leader "had it all," while those who had a different idea or notion of service to the state had to opt out of Ghana, or starve, or compromise their principles.

The coup of 1966 sought to redress the balance. It was followed by a civilian regime with a newly established framework, and renewal of effort toward the realization of new goals.
As an answer to Ghana's economic ills, the present military government is committed to a free enterprise system. This is to be done in one of the following ways: (1) with processing for export of primary products (agricultural or mineral), or (2) with manufacturing for an expanding home market, or (3) with manufacture for export of light manufactures, often based on imported raw materials; Japan is a good example in this case.

In Ghana, processing before export occurs in the timber and palm oil industries. The development of manufacturing for the home market depends upon improving the productivity of other economic activities. As the income derived from agriculture, mining, and other activities grows, the local market for manufactured commodities grows as well, and this is very important in the creation of factory industries catering for local demands. Thus, the most usual path to progress is increasing efficiency in the production of food. As the efficiency in food production grows, the proportion of labor needed to produce food diminishes. Ever-increasing productivity in agriculture affects manufacturing favorably in two ways. First, the farmer's production grows, that is, he has an ever-increasing surplus to offer in exchange for manufactures; this, in turn, brings to existence an ever-increasing market for manufactures. Secondly, as productivity grows, and the proportion of the population required in food production falls, labor becomes available for manufacturing industry.
Many economists and many studies have shown that agriculture and industry are considered as alternative to each other. Industrialization for the home market can make little progress unless agriculture is progressing vigorously at the same time, to provide both the market for industry and industry's labor supply. On the other hand, if agriculture is stagnant, it is difficult for industry to grow.

In Ghana there are some signs of an increase in agricultural productivity due to the "Operation Feed Yourself" policy of the present military regime. Physical production per man, outside the cocoa industry, is probably on the increase, and in the cocoa industry it is probably stagnant.¹

A promising way to promote industrialization in Ghana is to lay the foundation it requires by taking vigorous measures to raise food production per person engaged in agriculture. This is the sure way and the most important way of producing that large ever-increasing demand for manufacturers without which there can be little industrialization. To increase production, per man, in agriculture, either one of these two panaceae can be used: (1) to increase the yield per acre; and (2) to increase the number of acres worked per man. Among the two, however, the former is the cheaper; because this

¹Reports have shown that there is an increase in agricultural products. However, there is no statistical evidence to prove that physical production, per man, has increased, whilst that of the cocoa industry has remained stagnant.
means that research can be undertaken or methods can be imported to breed the most productive seeds and livestock, to discover the best use of fertilizers, to determine effective crop rotations, etc. It is known that the Ministry of Agriculture has done some work in these areas and the results are being presently employed, but not extensively enough.

Usually, the countries which are best suited to capture export markets for finished goods are those which possess cheap fuel and raw material. But there are countries which have built up industrialization on the basis of exporting without possessing these advantages. Contemporary examples of such countries are Japan, Hong Kong, and Puerto Rico. All of these countries lack fuel and raw materials, but they have been able to concentrate on importing raw materials which are light in relation to their value, and which use little fuel in the process of manufacture. Such materials are textiles, fibres, rubber, leather, and paper.

To the betterment and the development of the home market, industrialization should be commenced with the manufacture of textiles. The reason is that consumers, usually at the low-income levels, spend a greater percentage of their income on textiles than on durable goods. Evidence of industrialization is obvious as soon as substantial employment is obtained and considerable inroads are made into the market for textiles.

Many countries have witnessed this phenomenon during their early stages of industrialization. As has already been
stated in the previous chapter, Ghana can embark on industrialization with intense rapidity by the following ways: either importing all her technical and scientific needs, because technological breakthroughs have already been achieved by the high-income nations; this means that the country does not need to start anything in terms of technology from scratch, or (2) import foreigners, because usually only they have the know-how and the capital. Again, as already stated, foreign capital finds it difficult to live harmoniously with governmental bottlenecks. If Ghana chooses to adopt the former, she would probably meet with foreign exchange difficulties. The latter, however, is more congenial because in this case her scanty foreign exchange would not be tapped. The dilemma, here, is that foreigners still find Ghana an investment risk.

In the history of her successive governments Ghana has always depended on unbalanced budgets. This is because Ghana has been borrowing more than she has been able to pay; consequently, the present military regime repudiated some of the loans. Automatically, this action on the part of the government caused an uproar among the creditor nations, which has caused them to reevaluate aids, grants, or loans to Ghana. Instead, the relevant course of action to take on the part of the Ghana government is to ask the creditors for a rescheduling of the repayment of the loans and embark on an
extensive agricultural endeavor (as has already been stated). This action could have ushered in additional foreign aid and increased the incentive for investment. The new loans which Ghana could have obtained could be used in creating or encouraging Ghanaian entrepreneurs, as well as expanding public services in the country. It would be good economics if the government would embark on development by expanding agriculture generally, when possible, rather than building factories, for it is hoped that if the government does not build factories, others will. After having developed agriculture, most of the attention should be given to public services. By so doing, other services such as the educational system, medical services, and water supplies may also be expanded and improved.

The most serious indictment that can be levied against foreign capitalists, in economic terms, is not that foreign shareholders receive dividends, but that the foreigners are reluctant often to train up people in the secrets of their crafts. Usually, the foreigner's most useful contribution to a country is not necessarily his capital, but the new techniques which accompany him. If these new techniques are dispersed among the people, progress becomes rapid and the country soon becomes independent of foreign patronage. But if they remain the monopoly of a few foreigners, development is usually slow. In any case, Ghana needs foreign capital
more than foreign capital needs Ghana; therefore, some sort of compromise must be reached which must be acceptable to both sides. The government should determine on what terms foreign capital will be acceptable; and should announce these terms as well as abide by them. Some of the issues which Ghana will inevitably be faced with may be: (1) from what industries foreign capital will be excluded; (2) whether foreign capitalists will have or be required to have Ghanaian partners; (3) what rules are to regulate employment; (4) whether profits or prices are to be regulated; (5) whether capital and profits can be freely transferred, and (6) what is to be the procedure on nationalization.

Another area in which the government could be of tremendous help is that of the industrial sector. Here the government can act as a tutor. Since Ghana lacks entrepreneurs with confidence and experience, the government could lead the way by establishing industries with its own money, and to show that they can be operated successfully. After the pioneering stages have been overcome, the government should withdraw, leaving the operation in the hands of private individuals. Foreigners who wish to participate in the economic life of the country should be allowed to do so, if they wish to play a part by training the Ghanaian to do his job. Industrialization depends on the number of industries a country possesses, the number of skilled laborers it can train, risk-taking entrepreneurs, managers with skill, character, intelligence, and
experience, and not solely on an increase in employment or output.

There is another way of acquiring manpower—in this case, skilled manpower—and that is to send young men and women overseas, especially to the United States, Japan, Germany, Israel, and even the U. S. S. R., for on-the-job training. Training geared toward this end may last from two months to two years, depending upon the nature of the training. On their return home, these students should be given jobs commensurate with their training, so that they can make full use of their acquired learning or knowledge. Some may choose to establish their own businesses, others may join the ever-expanding government services which need also administrative capacities, and yet others may work with local or foreign firms. This, indeed, should be encouraged. Ghanaian enterprise can barely survive only on lending money. To lend money to entrepreneurs who lack managerial skills is like throwing it down the drain. What the potential industrialist often needs most is not primarily money, rather it is technical knowledge and experience of factory organization. Whenever money is lent it should be regarded as a supplement to rendering technical and managerial assistance. In other words, the government should provide officials in advisory capacities where public money is lent. Such impediments to industrialization as inadequacies of
electricity, railroads, telephones, transport facilities, have all been improved or expanded by the birth of the Volta River Project; yet, a total free flow of goods and services has not been realized; and there are still villages in Ghana which do not enjoy the pleasures of electric living.

Ghana should further expand her industries by refraining from concentration. Many industries are concentrated in one locality and this appears to appeal to the government tremendously, because it can always differentiate residential and industrial areas. There should be an end to this practice. Instead, industries should be scattered throughout the country because, by so doing, a labor market develops culminating in everyone having an equal chance to obtain industrial employment, while at the time there will be an increase in more economical public utility facilities.

The economy of Ghana can further be advanced by establishing financial institutions, sponsored by the government, with the responsibility for determining their feasibility, seeking private institutions abroad interested in forming partnerships for their operation, and financing them when necessary. By so doing, a financial institution board should be established with the responsibility for recommending legislation governing the institutions, since they may be vulnerable to abuse at the expense of the public. Since Ghana does not possess any well-established stock exchanges, it should be
expected that the financial institutions which the board would help to bring into existence could be expected to invest in successful enterprises financed by her investment bank. Thus, the board would indirectly assist in the mobilization of private capital through participation in bank-assisted enterprises. The board could also help effect public investment in bank-assisted enterprises. The legal structure of the board could be such that it would be able to acquire shares either from the investment bank or from the government if the latter held equity shares in any industry. These shares would be held in trust for later sale—if the enterprise proved successful—to the public or to one of the financial institutions the board helped to create.

The investment bank or the government might be required by law to make available to the board either shares or options to acquire shares each time a new enterprise was created with investment bank assistance. There could be many advantages here. First, it provides a higher degree of insulation from political pressure, where needed. Separation of different investment or development functions permit clearer distinction between those functions where it is most important that government influence be at a minimum and those areas in which government influence is proper. By the introduction of countering influences from non-governmental interests
undue political influence would also be curtailed. Yet, there would be the avoidance of overburdening one bank with functions beyond its scope. Consequently, there is the advantage to be gained from competitive pressures among the institutions, each concerned with a related, yet different, sphere of development responsibility.

Consideration of this approach must take into account certain weaknesses. The most important of these is the shortage of qualified men to man the administrative posts. Scarcity both of manpower and of funds inhibit such an ideal plan. However, what is urged here is the timely creation of development institutions as they are needed and can be financed and adequately staffed. The possibility that diversity of institutional responsibility might result in weakness rather than strength in the face of government pressures should also be faced. One well-established and strong development institution might be in a better position to resist governmental pressures than a number of small institutions. The difficulties serve notice that the creation of a family of development institutions requires more adequate planning, knowledge, and imagination than has been accorded the establishment of development corporations in the past. Various legal devices in bank charters designed to keep governmental pressures within tolerable limits should be examined. It seems that this approach would be more flexible and realistic in advancing growth, modernization, and industrialization.
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