This is to certify that the

thesis entitled

POLITICAL ECONOMY OF RURAL DEVELOPMENT:

THE GHANAIAN EXPERIENCE

presented by

Ernest Kweku Dumor

has been accepted towards fulfillment
of the requirements for

Ph.D. degree in Sociology

Ruth S. Hamilton
Major professor

Date April 18, 1979

POLITICAL ECONOMY OF RURAL DEVELOPMENT:

THE GHANAIAN EXPERIENCE

By

Ernest Kweku Dumor

A DISSERTATION

Submitted to
Michigan State University
in partial fulfillment of the requirements
for the degree of

DOCTOR OF PHILOSOPHY

Department of Sociology

1979

ABSTRACT

POLITICAL ECONOMY OF RURAL DEVELOPMENT:
THE GHANAIAN EXPERIENCE

By

Ernest Kweku Dumor

This study examines some issues related to development and underdevelopment in terms of past historical and social processes and the consequences of these processes for contemporary Ghana. The analysis, therefore, aims at providing an explanation for underdevelopment, particularly 'rural poverty,' through focusing on the institutional and structural elements of the Ghanaian economy which were products of colonialism and neo-colonialism.

In doing so, the conventional sociological explanations of underdevelopment rooted in the theories of modernization, were rejected. Instead, the conflict tradition, and more specifically, the dependency framework was used. This tradition, as well as the dependency framework provided the intellectual thrust, tools and concepts for analysing the complex historical and developmental processes in Ghana. In essence, it permitted a more comprehensive answer to the question of Ghana's failure to make a breakthrough in its development efforts. The comprehensive nature of this framework allowed an in-depth analysis of underdevelopment in its general and concrete manifestations.

Ernest Kweku Dumor

By taking account of the problems of external and internal domination, exploitation and forms of inequality, this study brings into sharp focus the contradictions inherent in peripheral capitalist development.

The study also shows how the subjection of the rural economy to the requirements of external capital and market forces constitute the core of poverty and marginality in Ghana. Furthermore, it demonstrates how external and internal dominations are structurally linked. By taking a microcosmic view of the development process, this study shows the ways in which underdevelopment is maintained and perpetuated through the operations of dominant external and domestic classes.

I too understand
What it is
To want to remain
Absolutely free.
I have felt the fear
Of chains that bind
And anchors that hold
And people who cling
In loving dependence.

- Ayi Kwei Armah: Aftermath

ACKNOWLEDGMENTS

The choice of this subject for study is not entirely fortuitous. I have long been preoccupied with the problem of experiencing and rediscovering the scope and depth of Ghana's underdevelopment and dependency. The analysis in the following pages, therefore, is an expression of one dimension of my apprehension of the reality of Ghana's progression and distortion through history as that nation struggles with its development. While this process of rediscovery was both tedious and demoralizing at times, I have had the support of a number of organizations including the United Nations Development Program and the Ministry of Economic Planning, Ghana. It was through them that I received a United Nations Fellowship in the initial years of my program. I have also received the support of the University of Cape Coast for which I am thankful.

I am very grateful to Dr. Ruth Simms Hamilton, my Academic Advisor, for her time, encouragement and support. To the other members of my Graduate Committee, Drs. Jay Artis, Allan Beegle and John Hunter, I am sincerely grateful for their help. Ann Brown Typing Services did a really superb job. To the staff, including Jo Grandstaff, Cara Vaughn and Jan High, I am most grateful.

Finally, to my family, Cecila Kokui Gbeho, Mawuena, Komla, Korshie, who shared in my pain, anguish and joy in this process of rediscovery. They deserve the most that I can give.

TABLE OF CONTENTS

Chapter Page

APPENDICES

LIST OF TABLES

LIST OF FIGURES

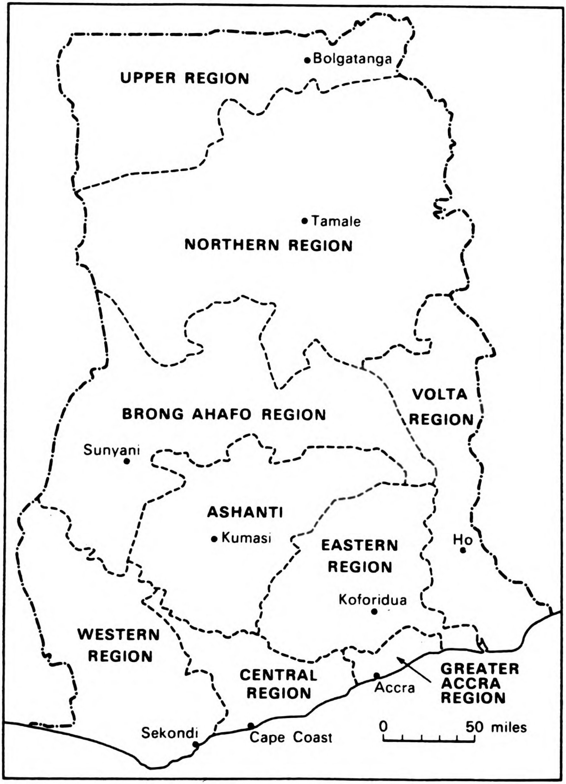


Figure 1.--Administrative Regions of Ghana

CHAPTER I

INTRODUCTION AND CONCEPTUAL FRAMEWORKS

An analysis of the problems of development in contemporary Africa must seek to explain the causes and consequences of underdevelopment. Central to the analysis then is an answer to the question: why have African countries not been able, despite their natural and human resource endowments, to make a breakthrough in their development efforts? The answer to this question must, of necessity, go beyond the conventional explanations: "African countries are poor because they are poor," or "African countries are poor because their economies are not developed." These claims lack historical grounding, and more importantly, fail to address the core problem of providing an explanation of the causes and factors in African underdevelopment. What is critical in the analysis of African development problems is that underdevelopment be treated in a way that permits a more rigorous analysis of this historical process, in both its general and specific forms. This calls for a sociological perspective that considers questions related to external and internal domination and exploitation as well as forms of inequality that result from this process.

The sociological tradition that addresses these issues in a dynamic and comprehensive way is the conflict and change tradition.

In the area of development this tradition maintains that "development" is essentially a historical process, and that to understand this process it is necessary to examine the past history as well as the present conditions of societies. But this historical process--its character and concrete manifestations--are determined by the relationships among existing social classes. Consequently the nature of these relationships largely affects and determines how surplus is accumulated and rewards distributed.

The dominant figures in this tradition were Karl Marx and later Lenin. Marx argued that human society cannot be understood in terms of an agreement made among equals who shared commonly desired objectives. In his analysis of the dominant social formation, capitalism, it was maintained that the emergence of this mode of production was not an act that could represent the common will, but one which stemmed from the imposition of the interests of the dominant classes through the ownership of the means of production. With this control and ownership of the means of production, the dominant classes through state apparatus are able to exploit other classes and social groups in order to further their own class interests.

The hallmark of this sociological tradition lies in the explanation of the predicament of non-Western societies and resulting contradictory tendencies inherent in the expansion of capitalism in these societies. It is therefore maintained that the history of capitalist development shows that this social formation thrives on exploitation, inequality or unequal exchange. Consequently, the laws of motion in capitalist development imply that some societies develop at the expense of others. In short, the problems of development in African nations can be meaningfully understood in terms of the development of capitalism as a global phenomenon. To that extent this tradition provides the developmental contours of the dependency framework which is used in this study to establish the historical and structural explanations of underdevelopment in Ghana.

In its application to rural development in Ghana, this sociological tradition and the dependency framework in particular, provide the concepts and tools with which 'rural poverty' in terms of both internal and external economic and social forces may be examined. While this tradition maintains that capitalist expansion includes the penetration of the countryside of African countries, it also argues that the problems of rural development derive essentially from the subjection of the rural economy to the requirements of market forces. In essence, agricultural and rural development cannot be treated in isolation, since this process is related in a complex way (based on exploitation and unequal exchange) to the world capitalist system. This process is reflected in rural production systems: the appropiation of land for export production through low wages for capitalist accumulation. Consequently, the subsistence sector becomes stagnated and the rural producer or peasant becomes progressively separated from the means of production.

This tradition further emphasized the critical role of various rural social groups in effecting success of this captialist process. These groups act as the connecting circuit between rural production and the national and world economic systems.

Statement of the Problem

This study is thus a inquiry into selected aspects of rural development in Ghana aimed at discovering the relationships between development policies and underdevelopment. The crucial question here is whether underdevelopment is a consequence of 'development' policies pursued during colonial and post-colonial periods. If these policies have resulted in underdevelopment, in what ways has rural development been affected? In this respect policy is understood to refer to operative guidelines by which governments allocate resources, organize productive activities and determine the distribution of rewards.

In undertaking this study a number of assumptions derived essentially from the dependency perspective are made. First it is assumed that the underdevelopment of the rural sector is a consequence of the progressive incorporation of Ghanaian pre-colonial economies into the world capitalist system. Consequently rural poverty cannot be explained in terms of the constraints imposed by tradition--a fundamental assumption implied in the modernization perspective. Secondly the expansion of capitalism in the rural sector resulted in the alteration of rural production structures in such a way as to make the development or rural areas dependent upon external supply and demand factors. Thirdly, for this process to succeed, it is assumed also that rural class relations are affected in such a way as to maintain internal and external exploitative networks.

Given these assumptions, the utility of the conflict tradition becomes apparent. In this respect, the incapacity of the Ghanaian economy to become self-sufficient or self-sustaining, the problems of rural poverty, exploitation and economic inequalities are seen as integral parts of the world capitalist system. It also provides a framework from which to explain rural development in terms of a vertically integrated world development process in which some parts are exploited for the benefit of others. In short, the conflict tradition allows a holistic examination of rural development as part of a world system of unequal resource transfer and exchange.

Theoretical Framework

Competing Conceptualizations: Modernization versus Dependency

Two dominant conceptual frameworks have dominated the social science literature on development in the past decades--modernization and dependency frameworks. The modernization framework derived from several decades of classical and neo-classical theorizing on how 'traditional' non-Western societies could be transformed into 'modern' economically advanced societies. The problem with this perspective has been that it fails to answer the most compelling questions about the nature of the development process in non-Western societies. It does not address the core issue of the causes of underdevelopment. Since it does not take into account of the history of these societies, this framework ignores the influence of external domination and internal social processes that result from this domination and the ways in which these in turn hamper economic transformations in these societies.

In the past few decades however, there has emerged a set of ideas referred to as the dependency framework which concerns the nature of development in non-Western societies. The central premise is that the processes of development in these societies can be fully understood within the social-historical context of the expansion of capitalism into these societies. In short, the dependency framework focuses on external penetration of the economies of these societies as a key explanatory factor in the creation of underdevelopment.

The Modernization Framework

The "development" literature is replete with the concept of modernization. Thus, most social scientists interested in the development process in Third World countries have carried out their analyses from the modernization perspective. The concept of modernization implies the transformation of a traditional or pre-modern society into a modern society based on new technology and its attendant forms of social organization. This implies a modern society that is more in line with European and American forms of societal organization. Basically modernization theories have had, as an implicit assumption, unilinear development along the lines of what has happened in Western European and capitalist nations. But more importantly, modernization theory assumes that development problems in Third World countries stem from the static nature of their technologies. To modernize, therefore, there is need to change from simple traditionalized techniques to the application of scientific knowledge, i.e., industrialization and the expansion of technical innovations. Thus, significant opportunities for growth will become available only through changes in technology--new husbandry techniques, better seed varieties, more efficient sources of power and cheaper plant nutrients (Schultz, 1964).

Over the years, there has emerged some general agreement within this framework on the assumption that an effective economic development strategy must depend on the achievement of rapid technical change which in turn would lead to productivity growth in agriculture. But this flow of technical knowledge, it is argued, must be complemented by investments in general education and in production education for farmers (Hayami and Ruttan, 1971). Because of such general agreements, only a few of the paradigms which have dominated current thinking on development in Third World nations will be discussed here.

The first paradigm to be considered here is that of Rostow. Rostow (1960) identifies five stages in the transition from a primitive to a modern economy, i.e., the traditional society, the preconditions for take-off, take-off, the drive to maturity and the age of high mass consumption. His primary interest was to identify the processes by which a society moves from one stage to another but more importantly to provide policy guidelines for developing nations. Rostow's paradigm looks at development as a transition from an agricultural to industrial society. He further argues that to achieve industrial growth, emphasis must be placed on the leading sectors within agriculture, and the commercial agricultural sector must be based on the adoption of technical innovations which serve to increase the output of food and export commodities.

The second paradigm--dual economy--has its contemporary foundation in the works of Arthur Lewis. Lewis (1954) argues that the economies of Third World nations are characterized by the co-existence of two sectors--a relatively large and overwhelmingly stagnant subsistence sector and a relatively small but growing commercialized sector. The essential elements of Lewis' model have been elaborated by Fei and Ranis (1975) and Jorgenson (1969). This framework argues that the subsistence sector has disguised unemployment and underemployment; the marginal productivity of labour is zero and there is fixed land input. It further contends that wage rates for agricultural labour approximates the average productivity of labour in the subsistence sector. In view of this, Hayami and Ruttan (1971) concur with Fei and Ranis' suggestion that a transfer of labour from the subsistence sector to the commercial industrial sector is possible without reducing agricultural output and without increasing the supply price of labour to the industrial sector. The Fei and Ranis model has been criticized by Helleiner (1975) who argues that in Africa, the marginal productivity of labour in agriculture is positive. He maintained that the release of a worker from subsistence to industrial sector provides no guarantee that enough wage funds will be available to sustain that sector. Jorgenson therefore argued that labour is never available to the industrial sector without sacrificing agricultural output. Consequently, the terms of trade tend to move against the industrial sector. The dual economy model insists, however, that any terms of trade unfavorable to industry could be offset by a more rapid rate of technological change in agriculture.

The modernization framework is given its current expression in the diffusion approach to development in Third World nations. The underlying thesis is that development occurs through the transfer of certain material benefits from 'advanced' industrial nations to the less developed areas. Within the less developed areas the process of development is assumed to occur through the diffusion of modern ideas to the traditional sector. This model presupposes the existence of a dual society. Thus it is argued that what is required for development is the transfer of material inputs such as capital and technology and that this transfer is to be primarily carried through foreign investment and aid (Bodenheimer, 1971). In this respect Rostow and Millikan (1957) maintain that "external capital is required to prepare a country for the transition to self-sustained long-run economic growth" (56).

This viewpoint remains at the root of contemporary economic thought as well. Mikesell (1968), for example, shows that the foundations for most foreign-aid policies can be found in economic growth models. In the growth models there is great emphasis on the importance of external inputs. In other words, "growth can only be enhanced by capital exports to primary commodity-producing countries" (28).

Thus, many "development" economists consider that external capital and aid must supplement domestic savings as a principal means of raising the level of investment to a critical level. The major opposing tendency in the "development" literature is to reject this assumption. Marx, for example, argues that capital exports to the less developed countries are means of maintaining the rate of profit and the expansion of imperialism. He further argues that while trade and export of capital have expanded, the beneficiaries have not been indigenous populations (1973, part iv). From the perspective of dependency framework foreign aid and capital export intensify the dependent nature of the national economies of less developed nations, and reinforce the metropolitan satellite relations.

The Dependency Framework

The dependency perspective as a way of conceptualizing the problems of development in Third World nations owes a great deal to the works of Marx and Lenin. As an analytical perspective, it addresses the contradictions inherent in capitalist development and more specifically the consequences of peripheral capitalist development in areas that have experienced colonial domination and exploitation. However, this framework became a useful alternative to the "classical" modernization theories because of their apparent failure to grapple with the compelling questions about the development of underdevelopment in Third World nations.

This framework derives largely from Marxist-Leninist conceptions of the impact of an expanding capitalist economy buttressed by colonialism on colonized areas. According to Marx (1977), capitalist development in peripheral nations undermines their economies and social systems. Following this line of thought, Lenin (1974) argues that colonialism is an earlier stage in the development of capitalism and imperialism is the highest stage in the development of capitalism. At this latter stage the fundamental attributes of capitalism are transformed so that monopoly and finance capital become important in determining the relations among nations. It is a phase of "the joint exploitation of the world by internationally combined finance capital" (94). This imperialism does not lessen the unevenness and contradictions inherent in capitalist development, but increases the problems by reinforcing the diversities in economic and political relations. This causes an acute disparity in the rate of development in colonized countries.

The Marxist-Leninist thesis of uneven development provides the intellectual thrust for the dependency framework. The dependency framework assumes a relationship among nations of the world based on exploitation and unequal exchange. In this respect it starts with the assumption that development and underdevelopment are integral parts of a global economic phenomenon. The global economy itself is seen as a total system of which Third World nations are ipso facto, subsystems. What the dependency framework attempts to do therefore is to assume the existence of a global economy from which to develop laws of peripheral capitalist development (O'Brien, 1975). Furthermore, the framework seeks to establish that the problems of development and underdevelopment are essentially conditioned by the mechanics of the global economy.

Dos Santos (1970) thus defined dependency as

> A situation in which the economy of certain countries is <u>conditioned</u> by the development and expansion of another economy to which the former is subjected. The relation of interdependence between two or more economies and between these and world trade, assumes the form of dependence when some countries (dominant ones) can expand and can be self sustaining while other countries (dependent ones) can do this only as a reflection of that expansion which can have either positive or a negative effect on their immediate development (231).

This definition introduces two conceptual elements which are critical. The first is that the global system is a <u>conditioning</u> situation. By a conditioning situation is meant a situation that determined the limits and growth possibilities of dependent nations. The second conceptual element has to do with <u>domination</u>. In this respect the work of Hveen (1973) is insightful. He sees the global system in terms of dominance relationships in which there exists a vertically integrated system of control and accumulation, production and distribution. To Hveen, domination and the resultant situation of dominance represent a social relationship where some unit exercises control over and accumulates value from other units. Dominance is a relatively permanent state in which the patterns of control, that is, the capacity to influence some social unit to act according to defined wishes and accumulation, the process of growth through appropriation of surplus value systematically favour the dominant unit (320).

What is suggested therefore is that the dominance relationship is exploitative. At the same time it is a vertically integrated system of control and the pattern of control is therefore manifested at various levels throughout the entire system. The penetration of the global economic system and its vertical integration into "integrated multi-level hierarchies of control and accumulation result in relationships of dependency" (Hveen, 321).

It is evident therefore that relationships of dependency are essentially asymmetric because

> development of parts of the system occurs at the expense of other parts; . . . it is the combination of inequalities plus the transfer of resources from underdeveloped to developed countries which explains inequality, deepens it and transforms it into a necessary and structural element of the world economy . . . (Booth, 1975; 15).

From the foregoing discussion, it seems that the global economic system is causally related to structures of dependency. Bodenheimer, for example, argues that this is too simplistic a generalization to make. She however accepts the notion that the global economic system indirectly causes dependency relations by generating and reinforcing an infrastructure of dependence. This represented by incipient industrialization, urbanization, creation of social institutions and processes and social classes (bridgeheads) who function in response to the needs of the international system (38).

Galtung (1971) also refutes such direct causal linkages. However he argues that the consequence of dominance relationship established by imperialism leads to dependency. Since imperialism is a sophisticated type of dominance relation it cuts across nations as it bases itself on bridgeheads which the core nation establishes in the center of the periphery nation for the joint benefit of both. Galtung further points out that the economic consequences of this dominance relationship, i.e., high levels of concentration on trade partners and the tendency for periphery nations to have only one or a few primary products for export, have the effects of creating dependency relations between the Third World and advanced industrial nations (81).

Yet others, using the Marxist frame of reference, see a direct linkage between colonialism, capitalism and imperialism on the one hand and dependency structures on the other. Colonialism, monopoly capitalism and imperialism are seen as variants of the same phenomenon. Lenin (1974) maintains that

> Colonialism is monopolistically regulated trade and or investment abroad at higher rates of profit than those obtaining in the metropolitan country. Colonialism is to a large extent privileged investment, namely investment in projects that carry with them some differential advantage (71-76).

This viewpoint is supported by O'Connor (1970) who argues that

> The precondition for a fairly favourable investment climate is indirect or direct control of internal policies in the backward regions. Economic penetration therefore leads to the establishment of spheres of influence . . . and backward regions assume a dependency status in relation to the metropolitan powers (110-111).

What is suggested is that the contemporary world capitalist system through colonial administration and through free trade assured itself that production in the periphery would be geared towards exports. In essence the Marxist interpretation postulates that the international capitalist system is exploitative; it remains aggressive and expansionist. Its dynamics allow for control over the liquid and real economic resources as well as foreign exchange and capital.

In summary, the dependency framework implies external domination and exploitation. The dominance and exploitative relations are reproduced within the internal structures of Third World nations. The dependency theory therefore is a

> macro-structural paradigm of the way in which economic underdevelopment in dependent economies is actively maintained in a vicious spiral by the very forces--foreign economic investment and aid which conventional economic theory held to be necessary for development of such societies (Oxaal, Barnett and Booth, 1975: 2).

It therefore represents "a framework of reference within which various heterogeneous phenomena are analysed to see how they link and interact with each other to form a total system" (O'Brien, 12).

Dependency Relations as a Framework

The dependency framework is not a monolithic entity. It is a perspective with varying theoretical orientations since proponents of this perspective operate at different analytical levels. The major orientations emphasize the inadequacy of present patterns of development in Third World nations. This inadequacy is explained in terms of the structural relations between these nations and the advanced industrialized nations. Other explanations emphasize the role of multinational corporations whose involvement in these nations conditions relationships of dependency.

Closely related to these explanations is the view that dependency relations are as much an internal problem as they are external. As a result a major orientation within this framework is the examining of dependency relations in terms of internal social and economic processes i.e., the nature of class relations, urbanization, incipient industrialization. Thus it is argued, for example, that the nature of internal class relations is related to the maintenance of dependency structures. There are several directions, but only three major conceptions appear as recurrent paradigms in the literature. The first paradigm, Metropolis-Satellite relations is associated with the works of Andre Gunder Frank (1969a, 1969b), whose concern was to demonstrate historically that the development and expansion of capitalism have transformed developing countries into underdevelopment economies. The second paradigm--The New Dependence--is closely identified with the works of Dos Santos and Sunkel. The main thesis in this paradigm is that underdevelopment cannot be explained in terms of metropolis-satellite relations but rather in terms of the involvement of multinational corporations, the internal social process that results, and particularly in its approach are the questions of technology and resource transfers. The third paradigm identified with Cardoso is an extension of the two already stated. In this case, the contention is that dependency cannot be viewed as an external variable only but must be related to a system of relations among different social classes in an environment characteristic of dependent nations. Like the other two, dependency relations are traced through history but the perspective is elaborated by the suggestion that politics and internal forces are equally, if not more decisive as external forces, in determining forms of dependency.

Metropolis-Satellite Relation (Andre Gunder Frank)

Frank's theory stems from his rejection of the *a priori* assumptions made in the modernization framework, i.e., that foreign investment and aid would help accelerate economic independence of Third World nations. Frank denies the possibilities in Third World countries of self-generating development based on industrialization, and increased international trade through increases in traditional exports. What Frank has therefore called into focus are the ways in which the dynamics of the international capitalist system govern, hinder and distort the development of peripheral countries. Frank seeks to demonstrate how the historical development of the world capitalist system has subjected and continues to subject Third World nations to an increasing subordination. He also seeks to show how the relationships established between metropolitan and satellite nations have created and transformed the domestic economies and class structures. Furthermore Frank shows that the transformation of the economies of peripheral nations has occasioned specific political, economic, socio-cultural policies which invariably result in the development of underdevelopment.

The Frankian thesis is based on the notion of capitalist underdevelopment. It is the contention in this paradigm that underdevelopment is a necessary product of capitalist development. Frank (1969a) maintains that

> These contradictions are the expropriation of economic surplus from the many and its appropriation by the few, the polarization of the capitalist system into metropolitan center and peripheral satellites, and the continuity of the fundamental structure of the capitalist system throughout the history of its expansion and transformation, due to the persistence or re-creation of these contradictions everywhere and at all times (3).

He further maintains that the historical development of the capitalist system and its contradictions, have generated underdevelopment.

The basic theoretical elements in the Frankian thesis are three-fold. The first has to do with expropriation of economic surplus. He takes off from Baran who makes a distinction between actual economic surplus--that part of current production which is saved and invested and 'potential' investible economic surplus which remains unavailable because the monopoly capitalist structure prevents its production or its appropriation. Emphasizing the 'potential' economic surplus embodied in Baran's analysis, Frank argued that the non-realization and non-availability of this surplus must be explained in terms of the structure of monopoly capitalsim (7). Thus the world capitalist system is seen essentially as monopolistic. The exploitative relation that results from this

> extends the capitalist link between the capitalist world and the national metropolicies to the regional centers (part of whose surplus they appropriate) and from these to local centers and so on to large landowners or merchants who expropriate surplus from small peasants or tenants and sometimes even from these latter to landless labourers exploited by them in turn (7).

The second element has to do with the metropolis-satellite polarization. Frank's discussion of this contradiction is based on his rejection of the dual society thesis. He argues that this dichotomy is false and any policy recommendation based on it will only intensify and perpetuate the conditions of underdevelopment. It is the contention that all Third World countries have been thoroughly incorporated into the world capitalist system such that ". . . the expansion of the capitalist system over the past centuries effectively penetrated even the apparently most isolated sectors of the underdeveloped world (1969b: 5).

Thus, the metropolis--satellite contradiction characterizes all levels of the global system and this generates tendencies toward development in the national metropolis and underdevelopment in the domestic satellites.

The third contradiction has to do with the ubiquity of the structural essentials of economic development and underdevelopment.

The capitalist system, Frank contends, maintained its essential structure and generated the same contradictions throughout its expansion and development on a world scale (1969, 12).

The working hypotheses of Frank therefore were that (1) the development of Third World nations is limited by their satellite status, (2) that the satellites experience the greatest economic development if and when their ties to the metropolis are sufficiently weak, and (3) the regions which remain underdeveloped are the ones which have the closest ties to the world capitalist system (1969b: 9-14). The theoretical elements and hypotheses developed by Frank suggest that the global economy--its monopoly structure and uneven development--is a conditioning system that sustains dependent and underdeveloped structures in the peripheral nations.

This model has been criticized on several grounds. For example it is argued that it fails to establish any strong relationship between external dependence and internal social and economic structures. In other words, it is too schematic to permit an in-depth analysis of the relations of exploitation among domestic social classes (Booth; Chilote, 1974). Furthermore, it is contended that this model does not come to terms with the real nature of underdevelopment. This criticism is based on the notion that the paradigm is based on orthodox economic theory and revolutionary ideology that cannot explain why some countries develop at the expense of others. However,

> The conclusions reached are not wrong as far as they go, only they cannot get beyond the level of general ideological critique. Turning their backs on the law of value the best they could achieve was a historical account of the process of underdevelopment elaborated through empirical categories, such as dependence, metropole and satellite which collapse into hopeless contradiction in the face of investigation (Kay, 1975, 103-104).

Although there are limitations to this model, its heuristic value has not been denied. It certainly serves as a basis for developing testable hypotheses as to the relationship between underdevelopment and peripheral capitalism.

The New Dependencia of Multinational Corporations (Dos Santos, and Sunkel)

The second paradigm to be discussed is based on an initial criticism of the Frankian model. The dominant intellectual position is closely identified with Dos Santos (1973) who argued that the process which generates underdevelopment cannot be understood simply in terms of satellization and the drainage of resources available as economic surplus. The process should be examined in terms of the formation of certain types of internal structures conditioned by the international relationship of dependence. To Dos Santos, the key to modern dependence is the transfer of commercial technology and the operation of industrial monopoly capital by multinational corporations. In the first place, financial-industrial dependence that precedes the new form of dependence, is characterized by the domination of big capital in the hegemonic centers and by its expansion abroad through investment in the production of raw materials and agricultural products. In disucssing this view,

O'Brien claims that the new dependence is basically technological-industrial in character and is consolidated by multinational corporations. This form of dependence encourages import--substitution and industrialization as policy strategies. The import-substitution policy introduces a change in the structure of production and the system of decision-making, income distribution and patterns of consumption which are consequently related to the internationalization of capital (17). This new dependency also encourages structural problems such as the dominance of a primary export product, incipient industrialization and stagnation of subsistence agriculture.

The first two structural problems create the necessity for foreign finance. In the quest for foreign finance and capital in support of these, national governments tend to loose the powers of decision-making. This is because aid brings with it the right of donors to take part in policy-making and the necessity for dependent countries to justify these policies in order to keep the flow of foreign loans coming (O'Brien, 17-18). The result is continued financial-industrial dependence or technological dependence. What is the effect of this form of dependence on the rural social structure?

To begin with, technological dependence is technical incapacity to produce capital goods required for modern technology. This makes a country's development almost wholly dependent on the importation of capital goods:

> Agricultural development becomes an accelerated growth process through the adoption of foreign techniques. These techniques are embodied, in physical capital goods which cannot be produced domestically. This incapacity is what is meant by the term technological dependence (Merhav, 1969: 30).

But the Marxist perspective on the impact of technology is particularly relevant at least in terms of the social structural differentiations that result. Marx (1977) maintains that technology is the principal object of capital's exploiting power since it raises the degree of labour's exploitation. This process comes about through changes in the juridical relations between labourer and capitalist--relations which previously were based on the assumption that the parties met as free persons. Marx continues that in the sphere of agriculture,

> modern industry has a more revolutionary effect than elsewhere, for this reason that it annihilates the peasant, that bulwark of the old society, and replaces him by the wage-labourer. Thus the desire for social changes and the class and the class antagonisms are brought to the same level in the country as in the towns (505).

To Marx all progress in capitalist agriculture is a progress geared towards robbing the labourer as well as the soil. Thus

> the more a country starts its development on the foundation of modern industry like the United States, for example, the more rapid is this process of destruction. Capitalist production, therefore develops technology and the combining together of various processes into a social whole, only sapping the original sources of all wealth--the soil and the labourer (506-507).

In essence what Marx is suggesting is that the capitalist mode of production based on technology alters social relations by the expropriation of the mass of the people from the soil. This happens when the system of <u>colonization</u> i.e., public property like land and state capital, are converted into private property. With the transformation of production under the sway of capital, social structural contradictions are engendered. In this respect Marx was developing his concepts of class formation and class struggle which are relevant tools for the sociological inquiry envisaged in this study.

In summary both paradigms have emphasized that the modernization framework is deficient and the policy guidelines inherent in such a framework have created social structural changes in peripheral nations. The global economic system operates to the advantage of industrial nations while Third World nations remain in a vicious circle of dependence and underdevelopment.

In summary these conceptions maintain that the general historical process in the development and expansion of capitalism into all regions and sectors of peripheral nations, produces underdevelopment both at national and rural levels. The rejection of the dualistic interpretation in this respect is critical to the extent that rural development no longer can be regarded as separate but must be seen as a part of a global network of capitalsim. In a specific sense, the metropolis-satellite relations have heuristic value in the sense that it focuses attention on patterns of inequality within and dependence of national economies on external market forces. To that extent, it emphasizes the point that the problems of rural development in contemporary African and non-Western societies result from the disarticulation of rural production structures. The dependency framework also links the internal class structure and relations to the external forces of domination. In short, class relations are treated as a reflection of the contradictions within peripheral capitalism. And in this respect the interests of the dominant classes in the periphery are seen to be extensions of metropolitan capitalism. On the whole the dependency framework argues that rural areas are poor not because they are poor; but because they have been responsive to national and international market influences.

Peripheral Capitalism, Dependency and Rural Development

From the dependency perspective the problems of underdevelopment of the rural sector are explained in terms of the operation of capitalism in the periphery nations. The question lies in the identification of the distinguishing features of this peripheral capitalism. Amin (1976) argues that within a peripheral capitalist system there exists an imbalance in productive structures such that distribution of resources and income remain unequal. There is a 'disarticulation' of the production structures in such a way as to satisfy the market demands of advanced industrial nations. The peripheral capitalist system is dominated by metropolitan nations and this is expressed in varying forms of international specialization, i.e., in the structure of world trade; and the way the economy of the periphery is transformed from a subsistence agricultural economy into one of commodity production (201-204). What is of interest however is the impact of peripheral capitalism on the rural social and economic structure.

Disarticulation of Production Structures

The advance of capitalism into peripheral countries is accompanied by a series of structural changes in production. Viewed historically, capitalism in the periphery established specific functional economic relationships for the express purpose of accumulation, investment and constant expansion of capital. The consequences of these structural changes include the transformation of traditional social structures, the establishment of enclave economies for the extraction of natural resources and repatriation of surplus (Stavenhagen, 1975). "Enclave economy" denotes a settlement or production zone with high investment concentration and advanced technologies. Beyond the confines of the enclave structures techniques of production and levels of living remain primitive and stunted. The enclave production structure is export oriented, but the concentration of capital and technology in that sector imply increased imports. Where the periphery country cannot support such imports an attempt is made to acquire foreign aid. The enclave economy therefore increases the integration of the periphery with the world economy through primary exports, capital and machinery imports and foreign aid.

At the same time, the enclave economy exploits local labour in order to increase surplus extraction. But more significantly, with the polarization of the production structures, the fundamental conditions of capitalist production are enhanced, and as a result the process denies the indigenous population the ownership of the means of production while transforming them into wage labourers (Marx, 1977: 713-716). But the 'primitive accumulation' that induces the disarticulation of the peripheral structures forcibly separates the population from their subsistence activities and turns them into proletarians.

In the agricultural development sphere the disarticulation is manifested by an imbalance in the production, supply and demand of agricultural crops. As Johnson (1972) noted:

> The modernization that has occurred in agriculture consists mainly in a shift from production for the national market to production for export, departures from "precapitalist" forms of labour servitude toward wage labour, and increasing adoption of farm technology. The effect of this modernization is to create a highly exploited rural proletariat and to force large numbers of peasants off the land into urban slums where they are relegated to marginal status in growing underclasses of Latin American societies (79; see also Frank, 1972: 365-367).

Capitalist development therefore encourages the development of production structures that orient the economies outward.

Frank (1969) discusses this process in greater depth in his analysis of underdevelopment in Latin America. He argued that capitalist agriculture operates under three basic principles: subordinate determination, commercial or market determination and monopoly. Subordinate determination is here understood in terms of the expansion of the metropolis into the rural sector such that the entire rural economy becomes an integral part of the world system.

Therefore

> within the agricultural sector itself, the same principle of subordinate determination obtains. Cash crops and commercial, expecially export agriculture completely dominate and determine the activities in the essentially residual subsistence sector (248).

To Frank the commercial or market determination is the most crucial since all initiative and capital for large-scale commercial production come from foreign commercial interests. These interests remain dominant and continue to play a role in the determination of agricultural production (254). Commercial interests serve not only as sources of capital and credit to rural and agricultural sectors but also structure international trade in primary products. Amin shares this view point contending that

> unequal international specialization is manifested in three kinds of distortion in the direction taken by the development of the periphery. The distortion toward export activities (extraversion) which is the decisive one, does not result from inadequacy of the home market, but from the superior productivity of the centre in all fields, which compels the periphery to confine itself to the role of complementary supplier of products for agricultural produce and minerals . . . . (200; see also Stavenhagen, 224-231).

On the other hand, Amin maintains that "the extraverted orientation of the economy dooms agriculture to stagnation, sometimes retrogression" (1969a: 206).

The final principle of organization is what Frank calls monopoly. By this is meant the increasing degree of concentration of factors of production, i.e., capital/technology which lead ultimately to marginalization and high degree of unemployment of a large segment of the rural population (see also de Janvry, 1975).

Since the three principles are interwoven they simultaneously influence the rural sector. In short "through commercial and other relationships monopoly determines subordinacy and permits exploitation which in turn produces development/underdevelopment . . ." (Frank, 1969a: 254).

The Role of the State and Changing Class Relations

Underdevelopment can be examined in terms of the ways in which capitalist enterprise alters class relations in the periphery. The advance of capitalism into pre-colonial societies does not result in the destruction of existing class relations. On the other hand these relations are transformed in such a way as to facilitate surplus extraction and capital accumulation. In this process the state during both the colonial and nationalist phases tend to function to reproduce the capitalist system (i.e., creating or maintaining conditions in which private accumulation, investment and constant expansion could take place). The state therefore becomes the instrument by which the dominant classes--those who own the means of production--establish a set of productions relations that are in their class interests (Sweezy, 1968: 242-248). The Marxian view of Sweezy suggests that the state is an epi-phenomenon of class conflict and the state apparatus is used by the owing classes for the suppression of the interests of the producing class. More significantly, through the instrumentality of the state, peripheral capitalism develops a working class whereby surplus is constantly generated and appropriated. In this respect Marx (1977) notes that:

> The great beauty of capitalist production consists in this--that it not only constantly reproduces the wage-worker as wage worker, but produces always, in proportion to the accumulation of capital, a relative surplus population of wage workers. Thus the law of supply and demand of labour is kept in the right rut; the oscillation of wages is penned within limits satisfactory to capitalist exploitation, and lastly, the social dependence of the labourer on the capitalist, that indispensable requisite, is secured; an unmistakable relation of dependence, which the smug political economist, at home, in the mother country can transmogrify into one of free contract between buyer and seller, between equally independent owners of commodities, the owner of the commodity capital and the owner of the commodity labour (769).

Marx further maintains that in the colonies this situation is also further reinforced since the absolute population increases much more quickly than in metropolitan countries. The law of the supply and demand of labour is thrown overboard as capital is then invested in the periphery for the express purpose of exploitation. Under colonialism the state power is used to break down all resistances of labour; to regulate wages and thereby force labour into limits suitable for surplus value making. This, according to Marx, is the essential element of so-called primitive accumulation. In this respect Shivji (1976) argues that colonialism mutes the class struggle and creates different phases through which it passes in the course of its own development. The state under colonialism subordinates pre-existing class relations in such a way as to guarantee the integration of the peripheral economy into the world economic system even after the demise of colonialism. Not only do the dominant local classes assume extensive ownership of capital, including large-scale capital intensive farms, but they also become the instruments through which farm workers and peasants are exploited. The surplus they accumulate does not lead to internal capital accumulation. The surplus is spent on imported manufactures and luxury goods that in turn encourage repatriation of profits abroad.

During the nationalist phase the state assumes a new potential for changing the nature of colonial, capitalist relations. Firstly, the state becomes the medium through which the revolutionary new class undermines the old class structures and attempts to establish a new society. But until those relations of production established during the colonial phase are changed, the contradictions between social classes remain. Shivji (1976) argues that ownership of the means of production, which is essentially a property-relation, does not in its entirety suggest that class struggles are minimized, let alone eliminated. In essence the problem during the nationalist phase is not so much how the economy is regulated, but more so the nature of production and class relations that remain critical. Secondly, the state assumes a dominant role in economic planning while setting the conditions for development. However under conditions of underdevelopment, dominant classes and owners of capital in the metropolitan countries continue to apply pressure through dominant local classes in order to maintain the colonial and capitalist relations. The state is therefore not free to negate the existing class relations. In other respects, it compounds the class situation since the possibility exists for the development of a class of state bureaucrats who use the state apparatus to accumulate private wealth. The point here is that class relations and the resulting rural differentiation must be viewed as a cause and consequence of dependency and underdevelopment. Baran (1957) makes this point more explicit when he notes that underdevelopment has its source largely in the nature of the wealthy classes that survive from pre-colonial times. These dominant classes under peripheral capitalism are not permitted to develop an independent economic base. Instead they have become closely linked to dominant metropolitan classes whose interests they largely serve through surplus extraction. In this respect Leys (1975) notes that

> a primitive accumulation gave way to capitalist accumulation (in which the apparently 'natural' forces of the market for labour are sufficient to ensure that the surplus is appropriated by the capitalist) the need for the continuous and overt use of force by the government to back up the process of accumulation declined. This facilitated the replacement of direct colonial administration by 'independent' governments representing local strata and classes with an interest in sustaining the colonial economic relationship (9).

The shift of power to nationalist governments during the post-colonial period has not in itself lessened the degree of exploitation. In addition, the nationalist control of the state and economic apparatus does not also reduce the class differences. Instead the political domain becomes the arena for class conflicts. The model used for analyzing changing class relations derives from the notion that from the pre-colonial period there have been three broadly based social groups whose relations undergo change during the colonial and post-colonial periods. The first group is the <u>upper class</u> or <u>Nananom</u> whose class origin derives from tradition and custom and the fact that they constitute the link between the ancestors and the living members of their societies. During the colonial and post-colonial periods their class position undergoes change as a result of several administrative policies. The second group is the middle class or Asikafo. In pre-colonial societies they represented the interests of the traditional upper class and formed the elite bureaucrats in pre-colonial state bureaucracy. They engaged in trade, and in essence were the emerging entrepreneurial class. During the colonial and post-colonial periods when capitalist enterprise began in rural areas their relations with the traditional upper class is significantly altered. The third category is the lower class or Ahiafo. They constitute in the modern sense the marginal class. However as new economic and political opportunities emerge during the colonial and post-colonial periods some of them are transformed into revoluntionary classes supporting mass movements. Others remain impoverished and landless. They have only their labour to sell.

The reason for these distinctions derives from the fact that the notion of a classless rural society or an amorphous rural peasantry cannot be sustained empirically. Briefly, if the concept of institutionalized inequality (i.e., differences in wealth and power) is to be conceived in terms of individuals' relationship to the means of production, then in pre-colonial societies class formation took place. Moreover the structural changes--state formation, changes in the form of production, distribution and exchange--that took place during the pre-colonial period gave rise to a more differentiated class structure. As the historical evidence will show, this differentiation was expressed by the changing relations between the traditional upper class and traditional middle class. Moreover, the basis for the differentiatons was mainly the control and ownership of property. On that score the term 'classless rural society' appears misleading.

On the other hand, the notion of an amorphous peasantry ignores the laws of capitalist accumulation. Under peripheral capitalism there has occurred differential access to resources, wealth and property, which has affected new types of capitalist social relations. The dominant classes have come to accept an ethos deeply rooted in exploitation and surplus accumulation. Capitalist enterprise has also encouraged the formation of an agricultural labouring class or proletariat whose labour is exploited. Structurally, the rural sector exhibits three broadly based social classes: the exploiting class, the entrepreneurial class and the exploited class.

The achievement of political independence has not resolved the class contradictions within peripheral capitalist development; it has tended to aggravate it. In fact, under the nationalist governments the class structure was given added dimension through the involvement of the "parasitic" urban classes working in alliance with the dominant social groups in the rural sector. The issues at this point related to the interrelationship of the major variables disarticulation of rural production structures and state and class relations. The process of disarticulation implies that the dominant metropolitan groups, through their control of the world market, capital and investment resources, indirectly determine what is produced in the rural areas and how the surplus accumulated from these activities should be distributed. To maintain a production structure that emphasizes cash crop production (for example, cocoa in the case of Ghana) the colonial and post-colonial state become a necessary mechanism for that purpose. In essence the state legitimizes inequalities based on differential control of economic and political resources between various social groups. The question then is: how are rural inequalities sustained? The pattern of rural economic exploitation which this disarticulation process unleashes is associated with sharply differentiated class structures. The internal dominant classes that operate the state institutions only serve as 'bridgeheads' for metropolitan classes.

Working Propositions

In this study the assumptions made are (1) rural poverty can fully be explained in terms of the expansion of capitalism and the resultant inequalities this expansion entailed, (2) the process of disarticulating rural production structures constituted a basis for underdevelopment and (3) rural class relations serve as the internal manifestations of dependency and underdevelopment. Given these assumptions, the following working propositions will guide the analyses undertaken in this study.

1. Rural poverty is a consequence of the expansion of capitalism.

2. The persistence of rural poverty must be explained in terms of the role of the colonial and post-colonial state.

3. The expansion of capitalist enterprise in the rural sector, and the disarticulation of production structures, constitute the core of unequal exchange and inequality in resource distribution in Ghana.

4. The pattern of capitalist exploitation and surplus extraction is associated with sharply differentiated class structures.

5. The nature of rural class relations is a manifestation of the general process of underdevelopment.

Methodology and Data Analysis

Some Research Problems in Using The Dependency Model

A number of criticisms leveled against the dependency framework have to do with what the critics consider as a lack of empirical indicators of dependency. For example, it is contended that the framework does not provide conceptual concreteness and further that the analysis of dependency is seen to be carried out at varying levels depending on the interests of the theorists. Consequently, the model is said to fail when subjected to the rigor of statistical analysis (Hirschman, 1970).

Based on the assumption that structural dependence has an effect on levels of economic performance, the advocates of the dependency framework have used some social and economic indicators as measures for dependency (Brewster, 1978; Rubinson, 1976; Wlaton, 1975; Stallings, 1972). Proceeding from conventional economic theory, Brewster assumes that countries with high levels of economic dependency tend to exhibit low rates of economic growth, i.e., unfavorable balance of trade, fluctuating growth patterns, and a growing disparity between the structure of domestic demand and the structure of domestic resource use.

International Trade

Some social scientists working from the dependency perspective have emphasized international trade as a critical index in establishing the degree of economic dependency. In this case the emphasis has been on what a country exports, the degree of commodity concentration, reliance on traditional export partners, the value of export over time and the import-export balance.

But the basic assumption in the use of international trade as an index is that trade between metropolitan countries and Third World nations is essentially unequal. To demonstrate this inequality, the focus has been to show how international trade operates to the disadvantage of these countries and not to the advanced nations. For example, in 1975 it was noted that developing countries showed marginal increases in the value of their exports. In more specific terms, the 'developed' market economies increased their export receipts from 47.6 percent to 57.9 percent between 1961 and 1974. Within the same period the 'developing' market economies registered a 9 percent decrease in export value (F.A.O Report, 1975). Taking developed countries, including the U.S.S.R. and Eastern Europe, as a group, the industrial nations increased the value of their exports by 26 percent. The explanation given by methodologists in this respect is the inadequacy of the theory of comparative advantage that underlies most trade relations. By comparative advantage is meant that international trade is advantageous for all participants in trade relations if each country, depending on factor endowments such as land and natural resources, capital, labour and technology, specializes in the production of those goods for whose manufacture it could best employ the available production factors. This thesis asserts that international trade, if it is so organized, would promote the interests of all.

Another explanation for this pattern of world trade is based on the theory of demand for agricultural products. Most developing countries have agriculturally-based economies, and economic development is largely influenced by export receipts. But over the years demand for agriculture products have tended to fluctuate partly because the advanced nations have developed synthetic fibers to replace primary exports from these countries. In addition, the advanced nations have increased trade among themselves and have imposed severe tariff restrictions on products entering their markets. Thus comparatively, the industrial nations have tended to increase their own agricultural exports much faster than the developing countries. Consequently, between 1961 and 1971 the rate of increase in their export earnings had doubled. What is of interest is the structure of demand, as well as international price movements and income receipts. Another parameter within the international trade index has to do with the extent of commodity concentration and dependence on traditional trade partners.

Researchers are interested in establishing a relationship between export instability and commodity concentration. It is assumed that commodity concentration occurs when major portions of export earnings come from a few commodities; while export instability represents the extent to which export earnings fluctuate around the trend values (Leith, 1971). These indicies are important since most African countries depend on a few export crops for international economic transactions. For example, out of the twenty leading African exports accounting for about 80 percent of export earning, twelve are agricultural exports (UN/ECA REport, 1973: 147). Furthermore, the bulk of Africa's export trade is destined for industrial European markets (Stallings, 30). Another international trade index has been developed by Galtung. His point of departure is the nature of interaction between nations. The concern was to determine how center nation's are related to those of the periphery. Galtung maintained that if the inter-actor flows, in flows of raw materials, capital and finance goods and services are examined, it is possible to determine who benefits most. On the basis of this, he discusses a theory of imperialism that seeks to determine differences among nations in terms of interaction relations, i.e., vertical integration is shown not only in what is exchanged, but more in the difference in the spatial location of the most complex and stimulating operations. Because of this difference in spatial location, one nation (the center nation) is able to dicate the terms of trade and dominate international exchanges (for example, the periphery nation exchanges agricultural exports for tractors). The feudal interaction system is shown by networks that facilitate the flow of goods and services in a particular direction, and these interaction structures affect the distribution of resources in the world.

From the point of view of this theory, four major variables emerge for empirically exploring economic imperialism. The first of these variables is the development variables represented by the Gross National Product (GNP). The second is the inequality variable represented by income distribution index and systems of land ownership. The third variable is determined by trade composition, and it is the means of establishing vertical integration. The fourth focuses upon partner and commodity concentration. This represents what Galtung calls feudal relations (Galtung, 1971: 101). The trade composition, partner and commodity concentration variables represent the ratios between the proportion of exports going to one important partner, or these variables may consist of the three most important commodities relative to total exports. It is through these types of relations, vertical and feudal, that dominance and power relations are determined within the world system.

Foreign Capital and Technology Transfer

Foreign capital and investment constitute a major aspect of international development assistance. Conventional economic theory argues that such investments are necessary if 'development' is to take place in the periphery. However, dependency theorists reject this argument while maintaining that such transfers do not aid development. Instead, the development assistance tends to encourage both international specialization and further separation of surplus from these nations.

To determine the consequences of development assistance, an attempt is made to isolate the conditions under which assistance is given and the consequences for the peripheral economies. Most empirical research tends to use the foreign aid index which includes the sources of foreign aid and the percentage of aid (from the source) to a particular country (Stalling, 1972). The index is constructed on the assumption that certain external aids and capital tend to reinforce economic dependency. It is argued for example that multilateral aid, i.e., grants from the United Nations and other affiliated agencies have better positive effects on development in the periphery than bilateral aid, i.e., government-to-government or multinational private investments. Bilateral aids, it is often argued, have high interest rates. But in addition, it tends to tie the recipient country to imports donors are anxious to sell. Under these conditions, a recipient country if forced into a pattern of development that is dictated from external factors.

Another indicator has to do with rate of capital outflow from the periphery as a result of the type of foreign aid granted. In this case, empirical research focuses on establishing a relationship between inflow and outflow of capital (both long-term and short-term). It is assumed here that when there exists a greater outflow of resources compared to the rate of investment and capital aid the country concerned tends to be economically dependent.

Technology transfer constitutes a major element in the empirical evaluation of economic dependency. This is because of its effect on national debt, and labour displacement in the periphery. What is the justification for technology transfers and what are its consequences particularly for the rural sector? The view has been expressed that if peripheral countries are to achieve rapid rates of economic growth, a viable strategy is the utilization of mechanical power. Agriculture in periphery nations, it is maintained, remains inefficient because of a poor technological base. By implication, it is assumed that technology transfer leads to increased efficiency and productivity (Cervika, 1972: 309). From neo-classical perspective technology transfer is justified on a number of grounds. Transfer of technology is seen as an opportunity to effect a change in the economy by shifting labour to other activities without necessarily reducing agricultural output (Hayami and Ruttan, 1971). On the other hand, it is maintained that even if labour is displaced, other sectors would have the capacity to absorb this displaced labour. On methodological grounds, the impact of technology transfer is measured in terms of labour displacement (Yudelman, et al., 1971: 46; Abercombie, 1972: 22; Gorsch, 1972; Timmer, 1974).

Technology transfer is a costly investment for a recipient country as the current and recurrent costs tend to be high. But more importantly, a considerable foreign exchange is involves in the importation of technical equipments. The maintenance and repair costs are also high. Since currencies of peripheral nations are often over-valued, the full cost of technology tends to be much beyond the means of the periphery. In the absence of enough domestic and foreign exchange resources, these countries are forced to seek aid which consequently reinforces their dependency. In this case McFargihan and Hall (1970) argue that

> The substitution of mechanized for labour intensive methods may increase employment in tractor manufacturing complexes of the western world, but to the extent that the introduction of mechanization is successful, it aggravates under-employment problems in poor countries (3).

As an index, therefore, it is measured in relation to its effects on unemployment; the dependence on foreign capital as reflected by percentages of total foreign loans allocted to technology imports, and its contribution to the external debts and balance of payments.

These issues related to international trade, foreign aid and technology transfer indicate the critical points in the metropolis-satellite relations. International trade tends to ensure the disarticulation of the production structure in such a way as to satisfy the market demands of the dominant economies. Internally however, the social and economic processes that result from the disarticulation imply inequalities in distribution of resources. Foreign aid permits the metropolis to influence domestic policies in order to increase the satellite's integration through further resource transfers. The process of techology transfers does not only reinforce technological dependency but internally, it increases unemployment and inequality in the periphery. Thus the economic and social costs tend to be high and the periphery tends to be more dependent.

The significance is that the international structures and processes remain critical starting points in understanding the problems of development in the periphery. In this case an analysis of these structures and processes opens the possibilities for appreciating underdevelopment in Ghana.

Procedures and Methodology Used in The Study

A major problem faced by researchers in the area of dependency relations has been precisely of a methodological character. However, the issue here relates more to how the inter-relationships between the key variables in this study, i.e., disarticulation of rural production, the role of the colonial and post-colonial state and class relations, could be demonstrated in order to comprehend the complexities of the world capitalist system as well as the nature of the development problems of Ghana. More specifically, providing new dimensions and perspectives on rural development within the context of the world capitalist economy calls for an interdisciplinary approach. This procedure referred to as the extensive approach draws on the other social sciences with a view to providing a comprehensive picture of the dynamics of rural underdevelopment. In essence, "what one loses in depth by this procedure, one gains in scope" (Hill, 1963: 7).

Historiography

In dealing with the contemporary problems of development in Ghana it is necessary to start with a solid base of source material that would allow an explanation of underdevelopment as an historical process. The historical analysis becomes more evident when underdevelopment is to be explained in terms of the development of world capitalism. For as Marx noted comtemporary events particularly as they relate to the growth, expansion and transformation of capitalism, can be interpreted within a world historical context. Consequently, the events of the present can be fully comprehended if they are treated as integral parts of world historical phenomenon.

Two approaches were therefore adopted in order to establish the trend in Africa and especially in Ghanaian underdevelopment.

(1) An extensive survey of available literature on Western European connections with Africa and Ghana in particular was undertaken. This was to provide bench-mark information for a critical assessment of the interconnections between changes in European economic and political interests and the patterns of

development in Ghana at each historical stage in the transformation of capitalism.

(2) A survey of the literature including books, articles, documents, and archival sources related to British colonialism in both its political and economic dimensions, was perused in order to determine the connection between colonialism and underdevelopment in Ghana.

Documentary Analysis

Adequate assessment of development problems during colonial and post-colonial periods requires detailed examination of government documents to produce an adequate picture of the development process. This analysis was undertaken as a two-stage process:

(1) The first dealt with census reports; economic surveys, including reports of various departments of Government, the Annual Budgets and manpower reports. The analysis here was carried out in order to determine what changes have occurred in the Ghanaian economy and the overall economic conditions of the country.

(2) The second analysis focused attention on parlimentary debates, newspaper commentaries related to the issues of rural development and development generally. Since most of the issues dealing with development were extensively discussed in such forums and media, they provided additional and particularly useful sources of ideas about Ghana's problems. More significantly, this aspect of the analysis allowed an insight on how diverse interests operate within the political arena to shape development policy. In short,

the parliamentary records provided information on why some policy was formulated; what the objectives were, and what class interests and relations shaped the process of development

Evaluation and Policy Analysis

The importance of policy analysis cannot be overlooked. Lenin maintained that at each historical stage in capitalist development specific policies are pursued. For example, Lenin noted that during the imperialist phase the major feature of capitalsim, finance capital, called forth an annexationist (colonial) policy. The purpose of this policy was to increase the "joint-exploitation of the world by internationally uniting finance capital" (Lenin, 1974: 94). Consequently, policy evaluation implies explaining why the policy has been made and the way it has been formulated; and providing interpretations which are relevant to the problems of development at a given time. To do so meaningfully, one must understand policy in terms of a design by governments to shape the future. Underdevelopment is affected by internal problems specific to a country as well as by world developments. Therefore to establish connections between policies and conditions of under-development, the analysis must take into account the concrete economic realities of the world economy.

The analysis undertaken here was threefold:

(1) Analysis of specific selected aspects of agricultural development policy was undertaken with a view to establishing interconnections between the world situation for agricultural

products and the kind of policies proposed by the Ministry of Agriculture. On the other hand, the selected policies were examined in relation to the conditions of rural development as well as the internal requirements for agricultural products. In this connection, the writer spent four months in the Ministry of Agriculture and worked closely with the then Deputy Director of Agriculture, Mr Williams Baffoe. During the period documents and files of the Ministry of Agriculture were studied in order to isolate the factors involved in policy formulation. In addition interviews were held with senior officers of the Ministry with a view of getting an insight into the 'politics' of policy formulation.

(2) An extensive survey of the literature on agricultural development including economic surveys of Ghana, reports of international agencies (United Nations, notably the Food and Argiculture Organization and the Economic Commission For Africa) was conducted in order to see the extent to which international concerns about agricultural development tended to affect policy formulation in Ghana.

For many years, the writer has participated in policy evaluation research on behalf of the Ministry of Agriculture. Some of the results have been used in order to establish a relationship between government policy and the persistence of rural inequalities in Ghana.

Contribution of Study

For a country whose economy is largely dependent on agriculture and whose peoples are mainly rural residents, a study of this nature is not an 'ivory-tower' exercise but a matter of pragmatic import. The agricultural sector of the economy contributes about 51% of the G.D.P. Yet agricultural imports, particularly food imports, continue to take an alarming proportion of the import bill. In 1962 for example, Ghana imported about five times the West African average of imported food (Regional Food and Nutrition Report, 1967: 19). In 1970 the Bank of Ghana reported that the all-item consumer price went up because of a rise in agricultural and food prices (Quarterly Economic Bulletin). Agricultural development and rural social and economic problems have remained thorny issues in Ghana's development. Except in the export sector, the rest of the agricultural sector is near stagnation. Yet a large proportion of the Ghanaian population is in agricultural production. The overall economy of Ghana continues to be stimulated by external factors; the country is faced with serious balance of payments problems, inflation and an incapacity to meet obligations imposed by the general population.

This study therefore is an inquiry into the causes and factors associated with underdevelopment. It specifically examines the problems of rural development as a consequence of capitalist development on a world scale. In doing so this study departs from the dualistic intepretation of rural poverty in Third World nations.

Instead, the study uses the dependency framework which is largely rooted in the conflict tradition. In this respect, the problems of rural development are viewed as a consequence of the external and external forms of domination, exploitation and unequal exchange that constitute the core of capitalist development. In a more specific way the dependency framework focuses attention on the patterns of inequality that result in rural areas as production structures become essentially responsive to external market forces. In essence this study seeks to establish empirically that rural areas are poor not because they are poor, but because they have remained responsive to national and international market influences which are essentially exploitative.

CHAPTER II

THE HISTORICAL AND SITUATIONAL CONTEXT OF UNDERDEVELOPMENT IN GHANA

The view is often expressed that up to the 19th century the main features of the Ghanaian economy were essentially static. This point of view is succinctly articulated by Szereszewski (1965) who argued that

> In 1891, the Gold Coast (Ghana) was primarily an economy dominated by indigenous activities--traditional agriculture and collection of forest produce, traditional crafts--and trade flows whose nature in terms of organization, conveyance and spatial incidence and type of commodities had not changed significantly over centuries. It was an economy based on the most simple techniques of production spanned by a network of narrow bush roads and practically fragmented politically as well as economically (1).

Historical evidence does not support this view. Moreover, recent economic history of pre-colonial Ghana, notably the works of Daaku (1970) and Reynolds (1974), as well as early colonial records have established that advances were made in economic organization during the pre-colonial phase in Ghana's development. There is also general agreement among scholars that whatever developments took place in the pre-colonial economy were undermined by colonialism. In other words, under colonialism the structure of the pre-colonial economy was fundamentally altered. Colonialism, therefore, was a critical moment in the economic history of Ghana.

The area presently referred to as Ghana is itself a creation of British colonialism. But the indigenous ethnic groups that constitute it are said to have migrated from the ancient empire of Ghana in the Western Sudan (Boahen, 1975). Linguistically these ethnic groups belong to two principal families--the Kwa group of languages composed of Akan, Ga, Adangbe and Ewe spoken by ethnic groups in the south; the Gur group of languages consisting of Grusi, Mole-Dagbani and Gurma to the north. Culturally there are discernible differences and similarities. The Akan follow the system of matrilineal descent (Rattray, 1927). Thus their mode of social and political organization derives largely from the matrilineal principle. The Ewe and Ga-Adangbe and the groups to the north follow the patrilineal principle. The cultural differences are reinforced by the fact that the ethnic groups are also located in different ecologic zones such that economic organizations in particular have reflected these variations. To a large extent political organizations remain similar although distribution of power and influence tend to follow the principles of matrilineal or patrilineal descent as applicable.

At the head of each group is a paramount chief or someone of similar status. The head of government in each group exercises power only within limits set by a council of chiefs and elders who also had power to remove him from office should he fail to protect the interests of the citizenry. Generally the system of political organization among the Akan at one end of the spectrum approximates a monarchical system. At the other end is the system among the

Ewe of independent units very loosely connected. However, each group has a government operated along the same lines as the Akan. Thus, chiefship is an old institution in all ethnic groups although through cultural contact and sporadic warfare some aspects of Akan chiefship have been borrowed by others (Agbodeka, 1976).

The institution of chiefship remained the center of social and economic life in pre-colonial times. Power, wealth and status were closely intertwined with this institution. Political power relations were considered an extension of economic relations (Owusu, 1970). In terms of agriculture, the chief exercised economic rights over land, but this right was only custodial since communal land allegedly belonged to the ancestors. Secondly, his rights over any parcel of land coexisted with a bundle of other rights held by lineages (Busia, 1951; Bentsi-Enchill, 1964). The chiefs' economic rights extended into areas of trade. Most of the long distance trade that developed between the coastal states and those in the hinterland and beyond were carried out through the machinery of government. Trading privileges were granted to indegenous entrepreneurs and the chief appointed local businessmen as trading representatives in other areas. Through these activities a considerable part of the pre-colonial economy was under state protection. These developments are best illustrated by changes in pre-colonial social class relations as well as the general transformation of the pre-colonial economy.

Pre-Colonial Class Relations

A number of social scientists with neo-classical orientations deny the existence of institutionalized inequalities based on wealth and property ownership in pre-colonial societies in Africa. The assumption here stems from the notion that African societies are dominated by the communal mode of production.

It is also maintained that in such societies the most critical factor in production relations, land, is available to all members of the society. Its availability and communal ownership ensures that each member of the owning group has at least a minimal share of it. Furthermore, the factors of production, land and labour, are employed expressly in the interest of the community. Thus the principles for surplus accumulation and its circulation tend to reduce to a minimum sharp institutional inequalities.

This perspective essentially reflects from the view that African societies prior to colonialism remained in a state of relative equilibrium, and that it is the communal mode of production which eliminated the unequal relations between producers and those who controlled the means of production. Certainly there existed collective forms of ownership of the means of production and there was a preponderance of equalitarian principles in the distribution of surplus from the land. However, this did not foreclose individual initiative and advancement. This notion of a classless society does not take account of the social and economic realities in pre-colonial societies. And as Nkrumah (1966) pointed out: "African classless society (in which there were no rich and no poor) enjoying a drugged serenity is certainly a facile simplification" (5).

There were socioeconomic and political hierarchies and the relations that existed among the various hierarchies were to some extent based on ownership of landed property as a means of production or non-ownership of such means except labour. As Rodney (1972) states:

> In the period of transition, while African societies retained many features that were indisputably communal, it also accepted the principle that some families or clans or lineages were destined to rule and others were not. This was not only true with cultivators but pastoralists as well. In fact, livestock became unevenly distributed much more than land (53).

Although these hierarchies existed, in the case of the Ashanti of Ghana, Busia (1968) maintains that the dominant clans or families as represented by chiefs were wealthy only in terms of the services provided by the citizenry. These chiefs could not accumulate capital for personal use. Moreover, whatever wealth and income they acquired circulated back to the people. In terms of land ownership Busia argues that since the chiefs' rights over lands coexisted with a cluster of other rights, i.e., rights of lineages and families, the appropriation of any surplus from the land was severely limited (36).

Customary law required that the subjects of a chief provide a variety of services including military services, varieties of levies and communal labour. In the case of labour the subjects were required to work on the chiefs' farms for several days each year.

> The number of days on which this service was given varied from place to place from two to eight days in a year with twenty to two-hundred or more men working on any one day (Busia, 49).

This position indicates that free labour was utilized by the chiefs for purposes other than community interests. Hailey (1938), writing on this practice by chiefs of demanding free labour, maintained that although these services were rendered for the upkeep of the institution, it was not uncommon for these services to be used to secure resources of a personal nature by incumbents. Hailey's contention is buttressed by Dickson (1969). However, the initial point made by Busia in relation to land ownership and rights of use is correct in principle. But, in the operation of the system, deviations occurred. Dickson argues that

> The chiefs' consent was required before farmers could clear a plot of land for agriculture. All farmers were by custom obligated to cultivate communally the chiefs' land before they could work their own and part of their income from sale of farm produce from individual farms was compulsorily paid to the chief as farm rent. Land was a major source of wealth; and political power derived largely from control of wealth and scarce resources. The stratification system of society to a great extent followed wealth differences (76).

No doubt pre-colonial states like Akwamu, Anlo, Denkyera Asante, Gonja and Dagbon developed stratification systems based on economic and political power. Political stratification was not based on kinship relations alone, but took account of property ownership and individual enterprise as well.

In the pre-colonial times then, class distinctions emerged in most of the societies. But, for the purposes of this study these structural changes that occurred in Asante society will be used to illustrate this viewpoint.

The emergence of Asante as a powerful state with 'imperialistic' designs has been attributed to several factors, the most important of which were the formation of the Asante Confederacy; the Atlantic and slave trade and the military superiority of Asante in the hinterland (Boahen, 1975: 15). A third important factor is what Wilks (1961) referred to as 'the northern factor' or economic influences that permeated Asante from the north. In this case it would appear that the extension of the northern trade route into the gold-bearing areas in Asante stimulated the quest for an economic and a loose political union. What is clear from this perspective is that the emergence of Asante was effected by the desire to control the gold and cola resources of the forest region and the trade to Housaland to the north (Fage, 1966). Wilks (1961) further noted that this perspective can only be meaningful if it is understood in relation to other forces, particularly the trans-Atlantic trade. The Atlantic trade, according to Boahen, affected Asante in two ways. Firstly, the trade in gold and ivory which had higherto been carried out with the northern states of Africa was shifted southward with a new dimension, the slave trade. Initially, the European merchants in their trade relations operated through intermediaries. The Asante producers wanted direct dealings with the Europeans and therefore nursed the desire to eliminate such intermediaries. Secondly, throughout their trade contacts with Europeans the Asante had built a superior military power base which they felt they could use to buttress their 'economic imperialism.' These two factors facilitated the political and economic expansion of Asante (see also Fynn, 1971).

By the early 19th century Asante had extended its political influence beyond the forest areas to the south and north. But, with this imperial drive went changes both in the political and socio-economic structures (Hagan, 1971). There was the establishment of the military controlled by "captains" who, together with the hereditary upper class, operated in the state councils and made decisions about warfare. The army itself was composed of the commoners and slaves who were conscripted. There were also Hausa and Malinke mercenaries who were paid for their services (Ajayi, 1977).

In spite of a low level of consciousness, the commoners and slaves who were conscripted showed some resentment (Wilks, 1975). It was the military captains who articulated the misgivings of the lower military classes, but they were ineffective because they served as part of the establishment. As will be seen later, however, under the colonial period these military men became a source of protests (both against the hereditary upper class as well as the colonial administrations) against what they had seen as exploitation.

Another change in the social structure of Asante had to do with the development and separation of a bureaucracy from hereditary title holders. Wilks (1975) noted that this bureaucracy was a wide organization. Apart from the executive branch in which the decisions relating to diplomacy, trade and warfare were formulated, there was the central administration. This included at least two hundred and fifty members of the chiefly establishment and military commanders. But the core of the central administration was composed of the <u>public</u> or <u>household</u> servants, Asomfo. They held office by appointment, were career men, and were rewarded in several ways, most common of which was remuneration based on a fixed scale of fees and commissions (Wilks, 1975: 468). They were servants of the state par excellence.

With this imperial expansion went increased trade and extraction of tribute from conquered states. It became necessary then to develop a system of controlling the new resources and within the central administration an exchequer was established. This organization was responsible for supervising finances, imposing taxes, collecting tribute and tolls of all kinds. It also supervised the state trading enterprise, i.e., mining and the collection of ivory. But the public servants who controlled the exchequer were beginning then to become a class based on wealth. These persons were permitted to establish personal fortunes and in fact accumulated wealth (Wilks, 1975: 468). Such personal wealth as was accumulated was not considered lineage property. The only restrictions were in the area of succession to the property. For example, they could not transmit their property to their heirs. It did not only carry heavy taxes but at death was taken over by the state.

Related to the exchequer was the establishment of the state enterprise system through which the state controlled external trade and gave protection to those who operated on behalf of the state. During the same period, a similar development took place in the European mercantile system. For example, in the 18th century the British merchants along the West Coast operated under the aegis of the company of merchants. This company, although regulated by the Crown in Britain, served as a protection for the British merchants against other European rivals. It permitted individual initiative and served to finance enterpreneurs. The Asante organization was no different. Wilks (1975) noted that their operations tended to approximate more and more closely the capitalist model. The members of this company borrowed money from the exchequer to finance their business operations and their commercial dealings no doubt yielded them substantial profits (469).

The leadership of this state business enterprise fought with the hereditary upper class over what they felt was the exploitation of their labour and entrepreneurial skills. They sought to operate a free enterprise system using state capital and protection to generate private resources. Their resentment to the kind of production relations they had established with the traditional upper class took a decidedly political form, and most of the political unrest was clearly identified as emanating from excessive appropriation of their profits by the aristocracy. Wilks (1975) further notes that

> By 1880, then, the level of consciousness of the asikafo was such that they should probably be regarded as constituting a small but growing bourgeois middle class with distinct interests and aspirations transcending loyalties and allegiances of a traditional kind (705).

Despite these 'class struggles' between the chiefly group, the bureaucrats, the military establishment and the entrepreneurial class, conceptually, they were classed as asikafo--i.e., the persons who were in possession of large quantities of gold and property. Thus it was the possession of wealth, counted in gold, that gave recognition in society.

The chiefly group remained dominant and as Bowdich (1918) claimed:

> The chiefs are fed bountifully by the labours of the slaves; and sharing large sums of the revenue (the fines their oppression imposed on other governments) with incalculable fees for corruption or intereference, refine upon the splendor of equipage even to satiety and still possess a large surplus of income daily accumulating (335-336).

In essence, the dominance of the aristocracy, the bureaucrats and the merchants was predicated upon the labours of the commoners and the slaves in the mining and production areas. In contrast to the rich, the poor and underprivileged generally reffered to as Ahiafo carried the burden of production while the upper groups appropriated and accumulated surplus. Prior to colonialism, therefore, Asante society showed differentiated social class structure composed of a traditional upper class of chiefs, clan heads and elders. There was the traditional middle class composed of state bureaucrats, state traders, military captains, diplomats and tax collectors, and at the bottom was the lower class consisting of commoners, slaves and laborers.

It is important to note that these structural changes were essentially a reflection of developments in the pre-colonial economy.

Developments in the Pre-Colonial Economy

Some earlier and recent economic historians have argued that the pre-colonial economy, particularly agriculture and trade, were diversified and specialized. Agriculture, according to Rodney (1972), was based on a correct assessment of the environmental potential of the areas. Furthermore, in the areas of crop rotation, green manuring, mixed farming and regulated swamp farming advances were particularly noteworthy. In this case

> The single most important technological change underlying African agricultural development was the introduction of iron tools notably the axe and the hoe, replacing wooden and stone tools. It was on the basis of iron tools that the new skills were elaborated in agriculture as well as other spheres of economic activity (48).

Ghanaian agriculture showed remarkable progress. The soils in the forest regions were fertile and supported crops like oil palms, cow peas, millet and other staple foods. There were also commercial plants like cola, coffee, rubber and pepper, a spice of which the Moors to the north were extremely fond. It was this spice, according to La Anyane (1963), and its demand that gave the initial impetus to European trade with Ghana. Iron implements were also introduced into Ghanaian pre-colonial agriculture and in areas to the north where the metal industry had begun to serve agricultural development. Another factor in agricultural development was the indirect influence of the gold trade in Ghana. On the whole the contact with other peoples brought about by trade indirectly influenced agriculture since new crops like cola from the north were introduced into the repertoire of agricultural products.

Pre-colonial Ghanaian agriculture was not primitive, and neither was it unscientific. La Anyane suggested that in the absence of the 'so-called' modern scientific knowledge, the importance given to the 'sacred' place associated with gods and dieties served as a basis for forest reserves. "The sacred forests kept as suburbs of the principal towns or in the vicinity of the kings' village for the purpose of housing the gods or the spirits of the ancestors were in reality forest reserves" (5).

The application of urine in cassava, i.e., manioc, contributed physiologically to reducing the poisonous acid (prussic acid) from the crop. It was believed that urine has a sulphurous element which countereacted the ill-effects caused by the acid. La Anyane holds that more importantly the application of urine to plants demonstrated an inherent understanding of the benefits of the use of fertilizers or manure.

Apart from advances in agriculture, internal and external trade in both agricultural products and manufactured goods was highly developed. It has been noted that as far back as the 10th century both intra-regional and intra-continental trade had developed. Trading was not limited to manufactured items but also included were food crops and some cash crops like cola, cotton, pepper and rubber. Daaku (1970) and Reynolds (1976) noted that in pre-colonial Ghana the economies were not static. Salt mining was a higly prized industry, and it was a commodity which was in great demand throughout Western Sudan. Trade in beads was carried out and by the 17th century it had become one of the items exchanged in its own weight for gold.

The growing of cotton and the textile industry in West Africa remained advanced in techniques and design. Cotton prints were important items of exchange, and during the initial contact with Europeans this industry spread to other parts further north. According to Johnson (1974), during the early trade with Europeans in the 16th century, West African textiles were bought and sold by European traders in the Far East. Further historical evidence suggest that one of the consequences of Dutch and Ghana trade connection was that soldiers and craftsmen who were recruited from the coastal states and Ashanti, introduced and taught African designs which the Dutch later introduced into the Java textile industry in Indonesia.

Gold trade remained at the core of the pre-colonial economy. Reindorf (1966) gives credence to this fact by nothing that profitable gold washing and mining activities were carried out in Akyem, Denkyera, Wassaw, Assin and Asante, areas located in the heart of present day Ghana. These areas still serve as the base for extractive industries including gold, diamond and manganese. Kimble (1963) noted that the people of pre-colonial Ghana were engaged in mining and selling a commodity which had become a universally accepted basis for monetary exchange. To Goody (1971) therefore the concept of non-monetary economics is hardly applicable in this case.

From the foregoing, it is difficult to sustain any notion that prior to contact with Western Europe the pre-colonial economies were static and underdeveloped. In the long-run of history pre-colonial Africa was far from static. From the point of view of mercantile economy, Goody (1971) argued that parts of Africa were not dissimilar to Western Europe of the same period. Thus

> Most of the kinds of economic operations that were found in pre-industrial Europe were also to be found in Africa; even in stateless societies of the interior barter had been superceded by more complex forms of exchange and production was rarely limited to subsistence alone (24).

In view of the above contention, it is clear that African societies were not any less developed than the rest of the world at this historical point in time. But by a series of sequential developments in the world economy, African societies began to suffer reverses in their development. For purposes of the analysis undertaken in this study only a few major developments are discussed, with a view to illustrating how critical changes in the emerging world economy are related to Africa's underdevelopment.

Slave Trading and the Process of Underdevelopment (1500-1880)

Historians (including African and Africanist scholars) have written on the question of the African slave trade. The concern here is not to traverse an already documented field, but to demonstrate briefly how the slave trade set in motion the process of underdevelopment. Daaku (1970) and Reynolds (1975) maintain that it was the quest for gold that initially stimulated mercantile interests along the Guinea Coast in about 1485. The exploitation of gold sources particularly in the forest regions of Ghana was what led consequently to the integration of the indigenous economies with European financial interests. However, toward the end of the 15th and 16th centuries this interest was shifted to trade in slaves. This shift was caused mainly by the development of agricultural plantations in the New World--the Americas and the Caribbean islands. By the 17th century demand for African labour in the plantations became a dominant feature of economic activity along the Guinea coast. Rodney (1969) notes that

> by the third decade of the 18th century the pattern of Afro-European trade on the Gold Coast was almost completely reversed in some sections. Instead of bringing in captives and exporting gold, they were selling Africans and receiving gold in return (17-18).

He further adds that

> although gold remained important the shift meant that within the overall process of capitalist accumulation slaves had become Africa's most valuable contribution to Europe and the Americas (18-19).

This trade in human beings was not without severe consequences for the African societies and overall developments in the continent. Although there are no reliable statistics to indicate how much African labour was transported, it has been roughly estimated that at least 15 to 20 million active labourers were sold into slavery. A potential productive labour necessary for Africa's own development was thereby denied and instead this labour was used to support expanding western capitalism. Therefore, it was African labour which provided the basis for agricultural capital formation. This agricultural capital was later on to be used in support of the industrial revolution that was to tilt the strategic balance much further in favour of European imperial designs.

This development had adverse effects on African agriculture since agricultural labour became severely curtailed. The Trans-Saharan trade which stimulated agricultural production was undermined and in consequence, the population in agriculture stopped producing crops and goods in which they formerly traded. Local industries including iron works, and textile manufacturers were destroyed, and were replaced by imported goods (Fyfe, 248).

The slave trade also led to the disintegration of emerging nation-states as well. European slave traders and later mercantile organizations exploited local rivalries to further their economic interests (Webster and Boahen, 1967). Daaku (1965) maintains that between 1630 and 1720 European trading agents became involved in local politics as the balance of power in Europe began to change. Thus from the 1630's European attitudes towards local politics gradually changed from non-involvement into active participation in local affairs. Daaku further argued that

> this change was mainly due to the efforts of the trading companies to secure all the coastal trade for themselves. In this they became overprepared not only to bend the governments of these states by diplomacy but by force if necessary (22).

Wars were therefore encouraged in the name of trade. The consequences of these wars were many but the notable ones include population decline and the inabilities of these states to pursue independent political actions (Uzoiwe, 1973).

In summary, the slave trade marked a significant turning point in African development, i.e., the beginning of African incorporation into the world captalist system and the inducement of underdevelopment.

"Legitimate" Trade and the Process of Underdevelopment (1800-1957)

The replacement of slave trading with what was called 'legitimate' trade is largely attributed to the prevalence of a humanitarian ethos in the 18th century. Although humanitarianism may have been a significant factor, economic considerations were perhaps more critical in the shift of commodity trade. On the other hand, even with the shift to legitimate trade the process of underdevelopment was not lessened, but took on added dimensions.

During the 18th century most European nations, including Britain, France, Germany, Portugal, Holland and Denmark, became involved in competition not simply for military and strategic superiority, but more significantly competition over control and monopoly of world trade. In this the European nations were propped up by emerging finance capital whose interest was to monopolize the natural resources that were believed to exist in vast amounts in the African continent. This competition was translated into colonial expansion. European imperalist interests therefore reflected a struggle between monopolistic groups and finance capital to control the world markets (Betts, 1966). Thus, as the European nations developed, the power of the state became synonymous with finance capital and the penetration of Africa by the European states was to provide a framework for capital accumulation on a world scale.

In the case of Britain the support for abolition of slavery and its replacement by 'legitimate trade' was motivated by a number of factors. Ward (1977) claims that Britain was a commercial country and for several centuries had been trying to sell its products all over the world. Britain believed that 'legitimate trade' was a good thing for both producer and purchaser. Coupled with this desire another important element was declining return on capital in Europe. Wrigley (1977) noted in this respect that the prevailing low return on capital in Britain made owners of capital eager to branch out into new areas of investment. The attraction of West Africa as a potential area of investment and a market for manufactured goods was critical in the shift in world trade. Furthermore, during this period there was an increasing desire in Europe, particularly Britain, to develop African agriculture on an extensive scale in order to support the emerging industrial capitalist complex.

At this time Britain was experiencing an industrial revolution in science and technology. It was thought that there was a substantial avenue for increasing production by depending on African raw materials and market for this purpose. Thus the Industrial Revolution brought about new economic relationships which consequently European financial interests carried out in West Africa. This emerging industrial revolution influenced the type of commodities that were of of great concern at the beginning of this legitimate trade along the Guinea coast. There was an increasing demand by British chemical industries for palm oil which was considered to have ingredients for producing the best lather. At the same time Lancashire cotton industries were not only concerned with cotton but also vegetable oils for lubricating the industrial equipment (Flint, 1977). Thus it was a combination of factors, particularly economic, that pushed British merchants into the coastal trade in Ghana.

Following closely the dominant economic trade theory of Adam Smith, i.e., free enterprise and non-governmental interference in or control of trade, the British government in close association with monopoloy capital began a systematic attempt to control the trade with the peoples of Ghana. Through the Company of Merchants the British government helped individual foreign entrepreneurs to carry out trade uninhibited by competition from other European firms and traders. Through this organization Britain regulated the trade and at the same time made London the focal point of financial and commercial activity. In addition, this company provided an avenue for West African trading combines and partnerships which were extensions of major firms in London. Through the operations of this company other rival foreign firms were bought and British interests gained an unquestioned foot-hold in Ghana (Swanzy, 1956; Prestley, 1956; Daaku, 1965).

At the initial stages of the legitimate trade the British government gave merchants encouragement to enter into plantation agriculture. Some organizations like F. and A. Swanzy and British Cotton Association engaged in agricultural pursuits including cotton, coconut, timber and rubber plantations. They were not successful because they wanted quick returns on their capital; and they were not really interested in placing capital into new ventures without security (Agbodeka, 1972). Moreover, their interests had been in timber and mineral concessions and collection of already established agricultural produce needed in Europe. Foreign and government controlled agriculture collapsed, leaving the field to peasant farmers to dominate.

The entry into extractive industries, mining of gold, diamond and manganese, created new dimensions to the problem of underdevelopment. In order to facilitate trade the British Crown sought to establish political and economic jurisdiction over the peoples of Ghana. The Bond of 1844 which marked the beginning of political domination was essentially a trade accord between Britain and the coastal states in exchange for protection against the onslaught of states in the hinterland, particularly Asante. The accord did not cede territory nor did it relinquish the political rights to Britain, but by a series of proclamations and ordinances Britain assumed the right of superior political dominion over the indigenous peoples. Through their representatives they began economic transactions relating to trade concessions with other foreign governments as well as providing security for British commercial interests.

In 1876 a Bill whose intent was to vest waste and unoccupied forest lands in the British Crown was introduced. This gave the Colonial Administration in Ghana the right to control the exploitation of mineral resources. This was clearly an attempt to facilitate economic exploitation without regard to the owners of these resources. As Kimble (1963) notes: "In the past, no encouragement had been given for development; now, when private enterprise had proved the value of their lands an ordinance was to deprive them of their property" (337). This situation was not without opposition and no doubt it provided the first major basis for nationalist reaction on the Gold Coast (Ghana).

With the development of mining and agriculture went a systematic exploitation of indigenous labour both from within and outside Ghana. Kimble noted that the ever growing demand for workers soon brought the wage earning system within the experience of people in all parts of Ghana including the most remote villages (41). This was an age of "labour capital." Through the Native Administration Ordinance of 1883 and the Compulsory Labour Ordinance of 1895, chiefs were forced under the indigenous communal labour system to provide labour for the mines as well as public works including railway and port construction, road building and other projects that the government was to carry out from time to time (see Chapter XII). The Provincial Commissioners pressured the chiefs for labour in the mines by pointing to the financial advantages and conditions for 'progress.' By 1909 the demand for labour in the mines exceeded 5,000 men a year.

Despite the overtures of creating conditions for 'progress,' the conditions in the mines were far from satisfactory. The death rate in the mines was alarming. Following an inquiry in 1924 it was revealed that most miners suffered debilitating occupational diseases including pneumonia and silicotic tuberculosis. In addition, a significant number of the rural population migrated to the urban areas. In addition to these developments was the emergence of an indigenous trading class. They, in competition and sometimes in cooperation with European capital, acquired wealth and property by exploiting local labour in the interest of private accumulation. Boahen (1976) notes that the Cape Coast 'merchant princes' attempted to organize monopolies in competition with European companies. For example, the formation of the Gold Coast Native Concessions Company, engaged in mining, employed about 200 men. Others who did not have enough resources became agents of foreign capital through whom mass markets for imported goods were channeled. This alliance became the apparatus for exploitation and domination of the indigenous economy. However, in the share of profits the local agents received an insignificant proportion compared to the European business interests (Rodney, 1972: 169). The extent of this accumulation and its implications for underdevelopment has been summarized by Kay (1975: 120). He suggested that merchant capital through its agents and institutions bought raw materials below the actual value of the product. These raw materials were sold far above the actual value of the product in the metropolitan countries. "The profit on this transaction is a direct deduction of surplus value from productive capital (104).

At another level, merchant capital profits through charging consumers in the underdeveloped countries prices above the actual value of the manufactured products. This is referred to as indirect exploitation. All in all this exploitation is mediated by the merchant class and middlemen. In the operations of merchant capital therefore, the traditional rulers, chiefs and the new trading class, became transformed into a 'comprador' class of European capitalism consequently draining resources out of the periphery.

What were the consequences of these developments? Without doubt these economic activities brought the local economies forcefully into the world capitalist system, but within the framework of peripheral capitalism there were a number of emerging contradictory tendencies. There came into existence externally oriented production zones in which there were high investments in capital and advanced technologies. Beyond the confines of these production areas, levels of living remained stunted. Local labour was extensively exploited for capitalist accumulation while a significant proportion of the population became marginalized. In essence the production structures were shifted to conform to those of industrial Europe.

What was more significant was that the changes that occurred in commercial activity inevitably led to changes in patterns of production, distribution and consumption. The successful competition of European goods led to a decline, and in some cases, a cessation of traditional production. The dominance of Manchester textiles and other products reduced the interests in indigenous cotton production and cloth making. The tools and weapons produced in the hinterland could not compete with equivalent articles imported from Birmingham (Hodder, 1969: 42). In addition, new demands were established among the people in order to make it possible to purchase from Europe all kinds of formerly unknown manufacture. As Burns (1927) notes:

> It was the business of British interests to stimulate these demands to encourage the natives to adopt new standards and to increase their mateial needs and thus develop the exchange of raw materials for manufactured goods out of which the British merchant made his profits (23-35).

Consequently, mere luxuries like spirits, tobacco and chocolates were converted into necessities and through them these societies were made to depend more and more on overseas trade which they could not control. In structural terms this era of legitimate trading changed not only the character of the economy but it produced greater social and economic differentiations based on wealth and property. It altered social class relations to the extent that some classes could exploit the others for private accumulation purposes.

The period of 'legitimate trade' was significant because of local reactions to trading practices and against political domination. Resistance to British rule grew with intensity particularly as regards the exercise of powers not ceded under the Bond of 1844 and the exercise of powers that amounted to 'absolute' ownership over Ghanaian lands by the Crown of Britain. The Fanti Confederacy Council which was originally formed as an alliance among the coastal states to protect their interests and provide a basis for orderly development, became the framework for initial reaction to foreign rule and trading practices (Agbodeka, 1976). The Confederacy Council contended that the British and other European nations operating along the West African Coast did not have rights conferred on them to engage in transactions involving transfer of property and concessions, without reference to the law operating under indigenous constitutions. Any such transactions amounted to assuming preeminence under customary law over and above the absolute title vested in the Chief as trustee of community lands. Several petitions were sent to the British Government in London, but the Colonial Administrator responded by arresting the leadership and charging them with a "conspirational move to subvert the rule of the Majesty the Queen of Gold Coast" (Sampson, 1969). From then on it became clear what the British intentions in the Gold Coast (Ghana) were. This raised in the minds of the citizenry particularly the Chiefs' and the emerging educated class of lawyers, teachers and traders, the questions of the legality of foreign rule. Secondly, it reinforced the concern that had grown in the past about the rights of the people to their own self-determination. As a result the colonial administrator peremptorily destroyed the organization's effectiveness.

The educated elements however began to carry forward this initial protest movement by invoking British judicial principles in support of their course for self-determination. What gave impetus to their protest was the Lands Bill of 1896. Through the Aborigines (Rights) Protection Society, the educated men sought to assert the 'natural rights of their people and their nationality.' The leadership maintained that the initial trade arrangements between the coastal states did not include any clauses relating to cessation nor a treaty which would allow Britain to exercise rights of deprivation, domination and exploitation of natural resources at the expense of the people of Ghana. Under these circumstances, it was argued that, the Lands Bill was of no legal consequence. The leadership with the support of chiefs sent deputations to London, and by force of legal reasoning the Lands Bill failed to become law.

The Aborigines Rights Protection Society was followed by the National Congress of West Africa following a schism in the ranks of the leadership and its overall ineffectiveness. The new organization dominated mainly by local lawyers like J. Casley Hayford and J. P. Brown decided to pursue the goals of self-determination in concert with other West African peoples subjected to this system of colonialism (Kimble, 1963; Langley, 1973). To the leadership the Ghanaian desire for self-determination was inextricably woven with those other peoples in the region.* The Congress rejected the notion that Ghana was a Dependency or a Protectorate. It stated rather clearly that:

> As to our relation with you, it is not denied by your best constitutional lawyers that your claim on us and ours on you is no greater than that of friends, allies to carry on the ideals inherent in the Maclean foundation--we are friends and not conquered tribes: we do not live on Crown lands. For we own lands; we are free because we have never alienated our right to be free. We are free because the annexation of our country as a colony of the Crown cannot give greater rights than our original connection with you could justify in the eyes of international law. We were not a people without a government when the Crown annexed our country to Great Britain, and the annexation cannot embrace rights and privileges

---

*This principle was to be re-echoed by Kwame Nkrumah, First Prime Minister of Ghana on Independence Eve. He proclaimed that the independence of Ghana is meaningless unless it is linked up with the total liberation of Africa.

> greater than we could ourselves have given. We have been a free people and we desire to remain free. Let us then become free by giving us a share in the government of our own country (Sampson, 1969: 28).

The problem, however, was that this organization did not carry its demands to the logical conclusion. It was willing to have a share in the administration of the country; and in an event of independence maintain a connection with the British Empire. Despite the fact that it fought for constitutional reforms, and social and economic development, it failed largely because it did not have a mass base support. It appealed mainly to the middle class which was imbued with western liberal philosophies. At this point it needed a new force in the nationalist movement to make explicit the relationship between moral and political issues and the facts of economic exploitation.

Colonial Consolidation and the National Struggle 1900-1957

This phase marked the beginning of a systematic implementation of the colonial idea, i.e., the colonies as sources of raw agricultural and mineral resources and a market for finished manufacturers from Britain.

Within the framework of the colonial plan a major concern was to open up the country for foreign investment. In this respect emphasis was placed on improving the existing communication networks. The colonial administration did not pay attention to road construction except where there was a thriving industry in existence. For example, roads were constructed into the East Region because palm oil was in demand in Europe. In the period of legitimate trade, the roads that existed were military routes from South to the Ashanti hinterlands. These were roads made during the military expedition against the Ashanti.

The growing importance of mining, cash crop production, and timber extraction stimulated the desire for an effective transportation system. The British Chamber of Commerce sought to lobby the Colonial Office to make provisions in Colonial development budgets for building railways into the areas of active economic activities because of the advantages that could be brought to British trading interests (Kimble, 1963: 28). In 1895 the merchants, shippers and owners met with the Secretary to the Colonies on the subject of infrastructure. The Colonial Office was unwilling to make a public investment in what was going essentially to benefit private business interests. Kimble reports that Chamberlain, then Secretary of State for the Colonies, noted that if merchants were unwilling to "invest some of their superfluous wealth in the development of their great estate" then there was no future for such territories (47).

By force of circumstance, however, the Colonial Government on the Gold Coast (Ghana) was empowered by an Ordinance of 1896 to acquire land for railway tracts and to raise loans from Britain for the purpose of building the railway. By 1901 a railway was built from Sekondi, a major seaport in the Western region, to the gold mining areas at Tarkwa. In 1902, through the Ashanti Railway Ordinance, the railway was extended to the Ashanti gold mining areas.

The construction pattern of the railways clearly indicated that the main concern was with the economic future of the minerals and the interests of British entrepreneurs (Haydon, 1970). Without doubt the construction of the railway lowered the cost of gold production and increased the mining of other minerals. At the same time it encouraged considerable flow of foreign capital and increase in imports. The period 1914 to 1936 constituted a critical period in the development of transportation (Dickson, 1961). With additional capital assistance from abroad and excessive domestic taxation, the Colonial Administration expanded railway facilities by building a link from Accra to Kumasi. A harbour built at Takoradi in 1928 and approximately some 3,000 miles of roads built during the period facilitated external trade and the exploitation of the resources of the territory (see Figure 2).

In the agricultural development sphere the improvement in transportation facilitated the production of cocoa as the major export crop. Cocoa, first introduced in 1879, was soon to become the major link with the external economy. Production grew from 13 tons in 1895 to 40,000 tons in 1911 (Webster and Boahen, 1972; Kimble, 1963). This agricultural development brought significant structural changes with the Ghanaian economy. Consequently, the economy exhibited features of capitalist development (Kay, 1972, 10). In conformity with the colonial idea, the economy became export-oriented and essentially stimulated by external demand and supply factors. In particular, it showed features of an open economy whose production and consumption patterns were integral parts of the world economy.

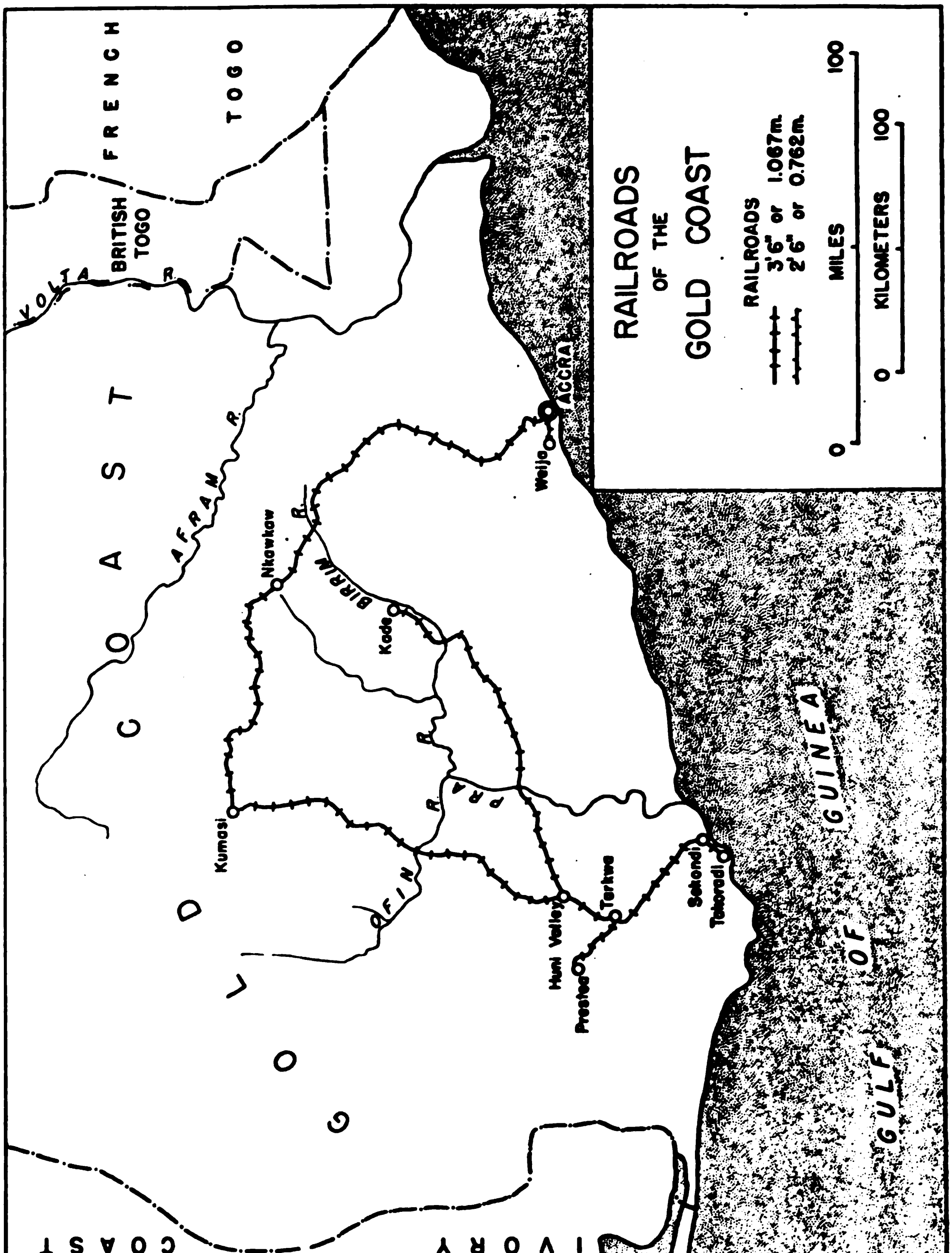


Figure 2.--Railroads of the Gold Coast

One important development during this phase was the concern for a constitutional framework within which the system of domination could be carried out. This concern was complicated by the demands of nationalist leaders at the time. They felt that it was wrong for the Ghanaian populace to be taxed without having a voice in the affairs of state (Kimble, Chapter XI). Both the emergent educated men, chiefs, the citizenry at large and the press, actively campaigned through delegations to London and through the mass media for greater participation in government. These demands were no doubt legitimate. The prevalent notion, however, was "to guide the colonial territories to responsible self-government within the Commonwealth" (Kimble, 1960). Whatever efforts were made in constitutional development were clearly to establish a political linkage with British Parliamentary institutions, but more importantly, to provide a political framework for economic exploitation.

Although constitutional proposals ante-dated this period, it was during this phase that a systematic program for elective government began. In 1925 a constitution was introduced in which fourteen "unofficial members including chiefs were elected to the Legislative Council." It is important to note here also that this constitution did not apply to Ashanti and Northern Ghana, since these areas were administered by the Governor thorugh Provincial Commissioners. It was under the 1946 Constitution that these territories became part of a unified colonial dominion with common legislative and executive institutions. The 1946 Constitution, however, went further by permitting the membership of the Legislature to be dominated by locally elected members. But these constitutions showed some weaknesses: First, chiefs continued to play a leading role in the affairs of the colony. This was very much resented by the educated persons as well as the 'commoner' class. Second, the constitution gave the Governor veto powers over decisions of the legislative process "if he thought it was in the public interest to do so." Thus the African representatives had no control over the executive council nor could they control policy.

The participation of the chiefs in government to the exclusion of the populace had been predicated upon the concept of indirect rule, i.e., shifting the source of power to the British while retaining traditional social institutions with a view to using them to penetrate the country politically. Apter (1955) sees the concept of indirect rule in terms of political prescriptions which it involved, prescriptions which include a belief in colonial government through the principal Chiefs as agents; with residual and plenary powers reserved for the colonial authorities (121-122). The principle of indirect rule was translated into several ordinances beginning in 1883. Under these Ordinances, Native Administration Ordinances 1927 and Joint Provincial Council of Chiefs were establshed. These Councils in terms of political ranking were next to the Executive Council in importance. Nearly every major decision relating to economic development passed through them for comments to the Governor. Furthermore, they were used as electoral colleges to nominate the Chiefs into the Colonial Legislature and other conciliar bodies (Kimble, 1963; Apter, 1955; Frimpong, 1974).

Within this constitutional framework it was feasible to carry out the policies of planning and consolidation. This was clearly reflected by the way the institutions were used to impose taxes, legislate and appropriate public resources and labour for public and private commercial uses. This institutional framework did not only facilitate 'orderly development' but more significantly it converted the chiefly group into a comprador class whose interests largely coincided with those of the British. The trend in colonial planning and consolidation in its political dimension was not without nationalist opposition since the problem became much more complicated by the world situation at that time.

By the middle of the twentieth century the economy of Ghana had become heavily dependent on external factors. Internally economic change had induced large scale migration, increasing urban expansion, problems of unemployment and staructural inequalities. The Colonial Administration did not act with circumspection in dealing with the problems of price increases in urban areas, and its wage policies were inadequate for the lower salaried skilled and semi-skilled persons. The urban centers which became 'the melting pot' for diverse groups were the places where the changing fortunes of the world economy were deeply felt. With this situation a large proportion of the population nursed deep seated grievances against the Colonial Government which they saw to be in collusion with foreign capital to dominate the economy and exploit the people of their natural endowments. No doubt the control of the resources of the country was firmly in the hands of foreign firms, and by reason of the dominant economic ethic of free enterprise the Colonial Government did little to regulate monopolies and international combines operating in Ghana. The United Africa Company in alliance with five other British firms controlled the export and import trade. The ownership of banking and insurance institutions was in their hands, and used these institutions to support foreign enterprise to the exclusion of indigenous economic activities. For these and other reasons Coleman (1965) notes that "this near-totality of economic power exercised by a small group of European firms, together with apparent governmental support or toleration of that power, gave rise to a popular image of alien collusion" (81). The concentration of both economic and political power in alien hands reinforced the growing apprehension which earlier developments had encouraged.

There were three classes of Ghanaians who articulated these grievances: the intellectuals and educated men (including lawyers, teachers and journalists) who were imbued with nationalist concerns and were equally concerned about the adequacy of the institution of chiefship as a modern political leadership; the group of aspiring local entrepreneurs who felt they were denied economic opportunities by reason of severe business regulatory measures by the Colonial Government and the firms, and disenchanted because they were gradually replaced or recuced in economic power by European merchant activities in the hinterland. The broadly based group of rural migrants, school leaves, drivers, small traders who lived mainly in the urban areas without employment and economic opportunities for advancement.

Together the resentments of all these groups coincided and became subsumed under the term economic and political nationalism.

The World Wars contributed significantly to this nationalism since it brought to the surface all the emotional and cultural forces generated by the colonial system. In the 1920s the cconomies of the western industrial countries stagnated and in the 1930s their economies had become depressed as international trade was disrupted. During this period European nations imposed economic controls. In addition, export duties and tariffs were imposed on goods from primary producing colonial territories; shipping costs sky-rocketed while large monopoly combines attempted to increase their spheres of economic influence. Worst of all the World Wars had unleashed inflationary pressures throughout the world.

During the period of the War the Colonial Government had assumed direct control over most of the economic activities--regulating transport, price controls, wage ceilings and the marketing of export crops, like palm oil, cocoa, copra and rubber. The marketing boards established for these crops prices far lower than could be met by the farmers themselves. The regulation of imports affected domestic prices as well and thus during this period the cloud of stagnation and depression weighed heavily on the Ghanaian economy. As a consequence, the local population felt the situation was a design by the foreign business community and the government to subdue them. Following all these developments, the political and economic structures were in turmoil, and as the dust settled, a new dimension to nationalism appeared.

This nationalism, however, was given impetus by other developments including the return of Ghanian soldiers from service abroad, the political and intellectual cross-fertilization that took place between African leaders, Black Americans and West Indian nationalists. Briefly, a large number of West Africans were recruited through conscription for military service abroad. Through this service they became exposed to the "myth of white superiority built up by the segregation of Europeans on their researvations where their facilities were concealed from African view" (Webster and Boahen, 1972: 302). These authors conclude that those European soliders who were stationed in Africa indulged in habits that Africans considered immoral, and that "the outcome was that Africans developed a more realistic picture of European life, of both its frailty and even debauchery and of its highest instincts" (302). African soldiers provided an important thrust for the nationalist cause, and they led marches and sent petitions and were involved in organizational activities that propelled and galvanized demands for self-determination.

Another external force that provided an added dimension to the intellectual foundation of Ghanaian reaction to foreign domination came via Black American and West Indian and Caribbean political thinkers and ideologies. Toward the end of the 19th century there was a strong movement to raise the consciousness of all black people on questions of race, political domination and the importance of self determination. The dominant theme was that a black man could not achieve dignity and freedom as long as others of the race remained racially and politically dominated. As Wilmot Blyden noted, "the regeneration of Africa will doubtless be the final transforming power of her down-trodden descendants." He maintained that

> The great problem which human advancement requires to be solved, is the formation of a civilized state within the tropics. Until this is accomplished, it seems to be utterly absurd to talk as we do about the progress of mankind and the civilization of the human race (quoted by Wilson, 1969).

These views were equally and forcefully advocated by Marchs Garvey who had an indomitable influence on West African nationalist leaders including Nkrumah. Garvey, for example, argued that all black people had to unite to establish a government of their own. He believed that there was no way to cultural, economic and political salvation other than free and independent Africa. The primacy of political independence was unquestioned since it was to him the only means by which any civilization could protect itself. All these influences could be summed up in Nkrumah's dictum: "Seek ye first the political kingdom and all other things shall be added."

William Du Bois, who helped form the National Association for the Advancement of Colored People (NAACP), carried cross-fertilization forward through the Pan-African Congresses between 1919 and 1945. Throughout, these congresses called for a charter of Human Rights for people of African descent. They provided a framework within which the demands of the Black World were actively kept in the international public arena (Langley, 1973; Wilson, 1969).

In summary these world forces in combination with internal developments--continuing exploitation of natural resources by foreign monopolies; absence of a systematic development programme that would benefit the population; the haphazard nature of colonial agricultural policies; the increasing rate of unemployment; the elimination of Ghanaian traders by European, Lebanese and Syrian firms and the limitations on political participation--encouraged radical nationalism to emerge. Before then a number of 'youth' organizations mushroomed. The most notable was the Gold Coast Youth Conference organized by urban educated men including Dr. J. B. Danquah.

This organization was established in response to the failure of the previous Constitutions and the general political and economic conditions in the country. It attempted to involve people in general national problems. The philosophy was that the public needed general education in civil government. The organization was to provide that forum and prepare the populace toward self-government.

By 1947 an attempt was made to organize political movements in preparation for "political self government" The United Gold Coast Convention whose members included Danquah, Akuffo Addo, A. G. Grant, R. S. Blay and prominent local chiefs including Nana Ofori Atta, sought to achieve political independence "by all legitimate and constitutional means." Their ultimate purpose was to have the British hand over control of government to 'Chiefs and People' of Ghana. The problem of this organization was that its leadership consisted of lawyers, big local traders, and chiefs who entertained 'bourgeois' western political ideas. In this respect, Langley (1973) noted that

> they opposed liberal capitalism only insofar as it failed to accommodate the interests of their social class; analysis of its contradictions and the political capacity to resolve them were either beyond them or incompatible with their interests. They only wanted a share of the benefits of monopoly capital (229).

The organization was concerned with economic self-help and cooperation with Europe and emphasized the need for economic and industrial independence as a necessary step to political independence. Moreover, their activities were limited to the larger urban areas. The U.G.C.C. was not an organization of farmers, workers, petty traders and the underprivileged (Padmore, 1954). The leadership therefore did not appeal to the mass of the people who no doubt were politically conscious as a result of events in the 1930s. It needed a new generation of nationalists to make explicit the real opposition to alien rule in its exploitative political and economic dimensions.

It was at this point that Kwame Nkrumah appeared on the political scene in Ghana. He was invited by the United Gold Coast Convention (UGCC) to be its general secretary. Within a year he increased the branches of this organization from two to two hundred and nine. However, Nkrumah's political style and strategy were clearly at variance with those of others in the organization. The bourgeois leadership insisted on carrying out their nationalist aims within the confines of constitutions. Nkrumah, on the other hand, felt that other means more positive and non-violent were equally viable (Nkrumah, 1956; Austin, 1964). Following the Anti-Inflation

Campaign* and the riots of 1948 in which ex-servicemen on a march to the Governor's Castle to present petitions were killed, the bourgeois leadership blamed Nkrumah for indirectly involving the organization in the campaigns (Watson Commission Report, 1948). Under the conditions, Nkrumah broke away from this group to form his own party, the Convention Peoples Party (CPP). Its aim was to fight economic domination and thereby establish an independent and viable political and economic system (Austin: 130).

In 1951 the Colonial Administration introduced a new constitution and laid the framework for African elective Government. Nkrumah and the CPP won decisively and by 1957 led Ghana to political independence. From then on until 1966 when his government was overthrown by a military coup d'etat, Nkrumah's political and economic philosophies dominated economic and development planning. During the years immediately before and immediately after independence, the Ghanaian economy was a typical colonial economy. The British continued to dominate the key sectors of finance, economic planning and defense. Consequently, there were severe limitations imposed on the Nkrumah government as to what it could do. It was not until 1960 that the Nkrumah government began to pursue a somewhat 'independent' economic strategy. The years before independence were also periods when the Nkrumah government experienced serious political challenge.

---

*The Anti-Inflation Campaign was organized in 1947 as a protest by Ghanaians against foreign firms--Association of West African Merchants--for deliberately keeping up prices of essential goods.

There were a number of regional parties offering alternative development approaches to what Nkrumah had proposed.

The most significant of these was the National Liberation Movement led by Dr. Busia, later to become Prime Minister in 1969. This party was predominantly Ashanti-based, advocating a federal system of government with increased powers for the regions. Although the organization was based in the Ashanti Region it was not in scope and philosophy a purely ethnic reaction to Nkrumah's government. It was in essence a class and ideological opposition. For the leadership of this organization apart from their ethnic background represented 'bourgeois' and anti-Marxist-Leninist orientations to political and economic development in Ghana. They proposed a "democratic welfare system" as an alternative approach to those represented by the Convention Peoples Party. The National Liberation Movement (NLM) used the current economic situation and ethnic rivalries to buttress essentially ideological and class concerns. What might be described as "ethnic politics" in Ashanti as well as other regions including the Volta Region in Gnana were of much deeper ideological and class significance than most commentators on politics in Ghana would have us believe (Dowse, 1969: 25). Prior to 1960, therefore, there were at least to competing philosophies and ideologies of 'development' articulated by nationalist leaders: Nkrumah advocated the eradication of poverty and underdevelopment through an overthrow of colonialism and the establishment of political and economic nationalism. This may be labelled as the "transformationist strategy." Busia and a number of Ghanaian intellectuals, bureaucrats, businessmen, on the other hand, advocated economic development within a broader world economic system. At the same time economic development was to take account of the limits imposed by the endowments of the country. A liberal approach based on foreign assistance became a major part of development strategy. This may be labelled the "gradualist strategy." These competing ideas became quite manifest in development strategies during the period under consideration in this study.

In summary, this study begins with the impact of peripheral capitalism on rural development, and then an attempt is made to examine the political and economic strategies of nationalist governments and how these have affected the process of underdevelopment. In short, the emphasis is to examine the differential consequences of development policies under colonialism and nationalist governments with a view of establishing a relationship between underdevelopment in the rural sector and the persistence of the structural dependency of the Ghanaian economy.

This chapter critically examined the view that African societies experienced very little advances in their economies prior to colonialism. The data suggest that pre-colonial societies in Africa and in Ghana specifically made political and economic acvances and developed internal social differentiations based on wealth and property. In the political domain, many of these societies, particularly Asante Akwamu, Gonja and Anlo, had developed state systems and state bureaucracies. In the case of

Asante, there were systematic designs at empire building. In the area of trade and commerce there had developed intra-continental trade in agricutural and mineral products like cola, pepper and cottom, gold, beads and salt. But as the historical evidence showed, the series of sequential changes in Western Europe affected these developments in Africa. It was demonstrated historically that European colonialism and commercial interests were critical factors in Africa's underdevelopment. Moreover, the internal social and economic processes also contributed largely to the structures of dependency. In summary, this chapter lay the historical foundation for the analysis of the uneven process of capitalist development in Ghana. It also examined the ways in which the colonial administrative processes buttressed this development and created the conditions for nationalist reassertions that were to lead to attempts at overcoming underdevelopment.

CHAPTER III

COLONIALISM--THE STRATEGY OF UNDERDEVELOPMENT

Underdevelopment is generally explained in terms of the expansion of capitalism and the internal social processes that it induces in peripheral countries. Thus process of underdevelopment is maintained not only by colonial administrative policies but it is also sustained by the nature of internal social class relations. Political and economic domination is as much a manifestation of external factors, as of internal. In a general way, therefore, this chapter analyses some selected colonial administrative policies as well as rural class relations particularly as these policies and classes help to integrate the Ghanaian economy into the world capitalist system. For this analysis the significance lies in how these administrative policies and class relations sustain rural underdevelopment.

In Chapter II a historical and structural overview of the expansion of capitalism in Ghana was presented. It was also noted that pre-colonial social classes survived into the colonial phase. The question that remains to be addressed is how these pre-colonial classes were used to facilitate economic exploitation of the rural areas.

Colonial State and Rural Development

The establishment of the colonial state implied the development of an increasing administrative capacity to regulate both internal and external economic relationships. The colonial state was to be an instrument for capitalist development in the dominated area with a view to satisfying the requirements of industrial development in Britain. Within this perspective, therefore, the stoppage of slavery, for example, was not merely an act of humanity. It was essentially informed by mercantile interests. The dominant colonial idea in the late 18th and early 19th centuries in Britain was to keep African labour in tropical areas in order to develop agriculture on an extensive scale. Because of excessive competition by other European nations in the field of commerce, it was felt that tropical agricultural and rural development was the key to British strategic dominance in Africa. This concern to develop tropical agriculture was not to preclude the entrenched interest in commerce since Britain had over the centuries developed its maritime capabilities. Consequently, the colonial state was to manifest these interests as well as represent British administrative power. Through the colonial state, an organized system of capitalist development, i.e., expansion, investment and accumulation could take place in the periphery.

Through the colonial state, economic policies which gave the market forces freedom were pursued. But with this development, went sharp institutionalized inequalities. Consequently, the accumulation process undertaken by British interests had very little spread effects (Myrdal, 1957). By the natural logic of capitalist accumulation, the colonial state in Ghana also favored groups that were by and large interested in preserving and maintaining the social and economic systems that are the bedrocks of colonialism.

The colonial state put into operation aspects of the colonial idea: regarding dominated areas as a source of income, wealth and estate. In other words, it was through the colonial state that an entrenched institutionalized system of economic and social connections, enforced bilateralism, was established between Ghana and Britain. In its desire to sustain merchant capital "it broke down the coherence of the old economic order, subjecting production to the rationality of the market" (Kimble, 1960: 233). This process implied a reorganization of local production to conform with the requirements of capitalist accumulation.

The colonial state with its implementation of the colonial idea has significant implications for rural development in Ghana. Firstly, in a general sense it meant opening the rural sector to outside market forces in the form of concessions trade, investment and production. Kay's summary of the colonial model in Ghana is particularly useful. He points out that the model peripheral economy which the British sought to establish had the following features: it would have an export sector firmly under the control of British commercial and financial interests; the surplus extracted from the export sector would be taxed for purposes of supporting the colonial administrative machinery; an infrastructure would be provided through loans floated in London. In short, these would be a small, advanced, highly productive sector, yielding profits which would be repatriated abroad. On the other hand, the majority of the population would operate outside this modern sector except in the use of their labour or their involvement in limited economic and social transactions in the capacity of petty commodity producers. Kay noted further that the British model implied that

> some of the people would be encouraged to produce cash crops for export, but this would be very much a subsidiary activity firmly located within the framework of existing, pre-capitalist social and political arrangements over which and through which the colonial state would exercise power. Any surplus balances accruing to the Colonial Government after the costs of administration, debt payments and interest charges had been met would be spent on social welfare programs--health and education--to raise the level of civilization (35-36).

These are clear reflections of the colonial idea that entailed the ownership of an estate, the Chamberlain Doctrine; or the use of native labour to secure the production of agricultural products needed in Western Europe, the Luggard Doctrine (Burns, 1927: 16). The interest in procuring primary goods through investments and the exploitation of local resources is both historically and sociologically important. Historically, it sets in motion the conditioning factors in Ghana's economic development. Sociologically, it establishes the conditions of structural dependence. In short it creates a pattern of development that takes place at the inducement of foreign market forces. It also expresses particular relations of exploitation in that while there occurs increasing export surplus for foreign investors, the local people are deprived of their natural resources and any significant returns on their labour which is exploited for the purpose.

Disarticulation of Rural Production

At the initial stages of capitalist advance into the Ghanaian economy the colonial state was very minimally involved in organizing rural production. This was because of the operation of the dominant economic ideology of the time (the idea of no interference of the state in economic organization and competition). Over the decades however the colonial state progressively assumed a critical role particularly as it related to the task of making the periphery part of the world capitalist structure. The process of disarticulation of rural production can be broadly put into phases. These phases are not mutually exclusive. In historical terms these processes clearly overlapped and significantly intertwined.

The first phase to be discussed has to do with opening up the country for the exploitation of the natural resources by foreign capital. In this case the state was to play the role of buttressing and protecting specific industrial agricultural enclaves which were of interest to British capital. The desire for infrastructures was paramount in the initial phase of the colonial process of altering the existing rural production structures. In 1898 the Chairman of the Ashanti Goldfields Corporation in a dispatch to the Colonial Office stated:

> Our evidence assures us that the field is not only of great richness, but that such riches exist over a large area. . . . If the railway extension is made so that we are able to get heavy machinery up to our mines, and develop our property, we have every reason to believe that the royalty we should be enabled to earn for Government would give a handsome return on the mines alone, to say nothing of the traffic we should place upon the line (Newsbury, 1971: 496).

This desire of mercantile interests was put into operation not only through Ordinances which required the use of indigenous labour in construction and in the mines, but it was also expressed through taxations imposed on the local population (Kimble, 1963, Chapter IV). In this case an administrative machinery was established to collect taxes for raising revenue without which 'no higher degree of civilization could be attained. There was a natural resistance by the local people to pay such taxes. This resentment reached fever-pitch when British forces led expeditions against the local people to enforce the rules governing taxation in the colony.

The critical position of infrastructure in the colonial development effort received a systematic boost in the middle of the twentieth century. During this period, the colonial state exercised its most direct influence on the pattern of development through its transport policy. The expansion of railways, harbors, and roads coincided also with the consolidation of capitalist development in the rural sector. In every respect therefore the development of railways and harbors received priority attention, and as Governor Guggisburg noted:

> Without the harbour and without the railway extension we cannot appreciably increase our trade and without an increase in trade we cannot hope to support the recurrent cost of a better system of eduction (Wraith, 1967: 101).

As can be seen in the transport map of Ghana (see figure 2, p. 81), the railways and later some road built by the colonial administration were directed to the areas of 'high economic return, i.e., mining and areas of export primary production. Indeed the investment in infrastructure was to stimulate production of the exporting kind (Kay: 135-138).

The second phase--the agricultural development phase began with very little colonial state involvement. But the colonial state gradually assumed the responsibility of providing a framework for peasant production and where necessary, it gave encouragement of European trading interest and the use of Africans as wage labourers. The initial impetus to any form of colonial state involvement came about as a result of the extensive exploration of the country's agricultural resources. It was the view then to discover economic plants suitable for European markets. Secondly, the colonial state sought to create a basis for agricultural experiments to be carried out on both economic and decorative plants within tropical and subtropical regions and thereby determine which ones would thrive under Ghanaian conditions (CISR Handbook, 1970/71).

However, by 1960 a marked change from non-involvement to one of gradual participation in the organization of agricultural production occurred in colonial state policy. The colonial state became the recognized instrument for agricultural policy, and through the implementation of such a policy export agriculture emerged in the middle of the 20th century as the basis of the Ghanaian economy.

A number of crop production policies were pursued and efforts were directed at crops like cotton, coffee, rubber, oil palm and later on cocoa. In the case of rubber, small experimental units were established with the primary object of distributing seedlings to local farmers, and by 1885 rubber became the second export after palm oil. However, by 1910-1914 the production fell largely because of low prices. Although production was stimulated again in the war years, rubber as a major export crop declined rapidly (Dickson, 153; Cox-George, 1973: 69). In the case of coffee, export based on peasant production began in 1860 but its success fluctuated because of prices paid. But in the middle of the twentieth century coffee cultivation was revived with cash inducement from the colonial administration and foreign interests. At the same time a few expatriate plantations continued.

The crop that received major attention prior to the growth and expansion of the cocoa industry was oil palm. This crop was not only important in the diets of the local population, it was in great demand in Europe particularly for soap making and lubricating industrial complexes. In this respect the people in the areas of maximum production, Akwapim and Krobo areas, were encouraged to cultivate and invest in the production of the crop (Metcalfe, 1962). By 1940 palm oil export became the third leading export of the colony. It has been noted, in this respect that between 1880 and 1900 palm oil and palm kernel accounted for between 73 and 92 percent of total exports in value (Bervin, 1956: 73; Boahen, 1976: 91). The production of palm oil and kernel was not without its misfortunes.

Between 1853 and 1860 production began to decline partly because of world prices and partly because of the implementation of the Poll Tax Ordinance of 1853. The first major setback for this industry occurred following a collective hold-up of supplies by people of the Krobo area in the Eastern Region. The people of Krobo had resisted the Poll Tax and consequently had rebelled against the colonial government. After the British force quelled the rebellion the farmers and rural residents were heavily fined. However, Swanzy (1956) notes that the collection of the fine was farmed out to Swanzy's who undertook to pay the Government in cash and to recover the fine in palm oil from the Krobos; the quantity of oil due was fixed by contract at a total of 195,000 gallons, or one-third of the total exports for 1857. The point here is that it gave virtual monopoly for British foreign interests. During this period prices fell drastically and with the hold-up which lasted for many years, the changing production relations became characterized by protests against economic exploitation and distortion of the production structures.

By 1902 a dispatch from the then Governor Nathan to Chamberlain the Secretary of State for the Colonies, expressed concern about the decline in oil palm production (Newsbury, 1971: 566-585). As a result, the Colonial Government proposed that farmers who owned oil palm farms should form themselves into cooperatives, and through these organizations, they could invest in machinery and buildings for a cooperative oil processing factory. It was felt that a factory would stimulate local production and thereby revive the industry (Kay, 215). The factory was to have a European manager and engineer to ensure the maintenance of equipment and to regulate supplies and sale of fruit in order to ensure all cooperators received fair treatment. To buttress this approach the chiefs of the areas of palm production, particularly the Krobo, passed local by-laws in order to support an active export production. The by-laws stipulated among other things that the destruction of palm trees for the purpose of growing some other crop was unlawful, the only exception being cases where the climatic conditions were unfavorable. It became obligatory for producers to trim their trees and at any time a palm tree was felled, it had to be replaced by an improved one from the Government's nursery (Gold Coast Annual Report, 1912).

An alternative solution was proposed where local farmers could not put into operation the colonial policy because of financial problems. Government was to encourage private foreign firms to establish such factories. As a consequence, the Forest Ordinance

Bill of 1913 included a section that provided opportunities for expatriate firms to have concessions in areas of palm production over 21 years. A number of foreign firms, including Lever Brothers, showed an interest. This firm proposed to establish a central factory and also invest in transporting the crop from production zones to the factory. In view of the heavy capital outlay involved Lever Brothers asked for monopoly, which meant the exclusion of other competitors for 21 years. Although the Colonial Government was willing to support this industry, particularly as it was considered "the next best product--if not better than cocoa," the price to be paid was too heavy (Metcalfe, 1964: 200). By the middle of the century cocoa production had pushed out oil palm production and other potential exports crops to secondary positions.

The efforts to protect the cocoa industry marked the third phase in the disarticulation process. The colonial policy was best summed up by Guggisburg (1927) who maintained that

> it is practically impossible to foresee the day when the Gold Coast will not be at the head of the list of cocoa producing countries of the world . . . it is our duty to safeguard our staple industry in every way possible (8).

But the real concern was to maximize trade by encouraging local production. The Colonial Government was aware that, on the world market, cocoa had a comparative advantage--a theory that had provided the initial justification for capitalist trade. The efforts to encourage production began at the beginning of the twentieth century when the Colonial Government established a marketing scheme for both cocoa and coffee. The producers were given cash inducements to produce or were given favorable prices. In the first decade of the century European merchants seized the initiative for purchasing the crop. At that time, their marketing practices which put farmers at a disadvantage had begun (Kimble, 1963: 34).

The Colonial Administration through its Department of Agriculture attempted to introduce improved techniques of production and disease control. A Produce Inspection Unit within the department focused on quality produce and price bonuses. But these efforts were essentially limited. It was the Ghanaian peasant farmers who carried out most of the economic activities related to the industry, and who took "the risks and made substantial investments of time and money" to make cocoa a thriving industry (Hill, 1963). The revolution in agriculture was therefore achieved through a spirit of capitalization of indigenous resources both natural and human. Agriculture became the largest absorber of labour services of the economy. Szeresaewski (1965) estimated that in 1911 cocoa cropping and investment alone absorbed something like 37 million labour days (57). In essence new levels of production were achieved not through the efforts of the colonial administration but through an increase in the flow of labour services. Again Szereszewski further maintains that

> cocoa production (cropping) was a relatively capital-intensive and natural resources intensive activity, but the formation of cocoa capital was simply the capitalization of current local labour (75).

The result of this capitalization is reflected in the table below. Cocao production in 1920 accounted for 83 percent of total exports and in 1927 and 1928 export production was in the region of the

1920 level. Table 3.1 shows that throughout the 1920s and 1930s export cocoa constituted more than half of the export receipts.

The increases in cocoa production were in part effected by world demand and increases in cocoa incomes for farmers. Consequently, during this period external trade became the most important factor inducing economic growth in Ghana. There was visible balance of trade and high level capital formation (Szereszewski, 66).

Despite this development the Ghanaian economy achieved within the world economy an integrated status based on the relationship between rural economic production, foreign trade and investments, and colonial government support. Indeed this dependence on one export crop was of great concern to the Colonial Administration. The fear was entertained that any disruptions in the world economy were likely to create economic problems for the country. Moreover

> an economy limited to sepcializing in the production of a few primary products for export is, by definition of economic independence here used, highly dependent. Loss of markets can be catastrophic and sharp falls in the price of exports only a little less so. The national rate of grwoth will be no higher than the rate of growth in export receipts (Green and Siedman, 1968: 79).

Unless there existed a favorable price for the product (a situation which was beyond the control of government) there was no real guarantee for stable and orderly "colonial development." In very simplistic terms, if cocoa prices were high there was prosperity; if they were low, depression; and the prices of the other items responded accordingly (Poleman, 1961: 123). It was within this purview that the report of the Government statistician

TABLE 3.1.--Cocoa Exports.

	Volume (000 tons beans)	Value (£000s)	As % of Total Value of Exports
1900	0.5	27	4
1905	5.1	187	16
1910	23.0	866	35
1915	77.3	3,657	64
1920	124.8	10,056	83
1925	218.1	8,222	80
1927	210.0	11,727	84
1928	225.1	11,229	83
1930	190.6	6,970	71
1935	268.9	5,204	56
1937	236.2	9,989	63
1940	223.9	4,495	33
1945	232.2	7,144	50
1948	214.3	42,166	78
1949	263.6	34,019	71
1950	267.4	54,604	72
1954	214.1	84,599	76
1955	204.9	65,559	60
1956	234.4	51,062	61
1957	260.2	50,873	57
1958	197.3	62,318	61
1959	250.2	68,779	63
1960	302.8	66,434	60

SOURCE: Kay, 1972: 334-367.

pointed out that an economy so dependent on one major crop risked dangers in terms of foreign exchange earnings and internal capital formation for financing development (Report: Government Statistician, Accra, 1952). Put differently, the growth rate of the economy is largely predicated upon exports as well as local demand for imports.

This situation was serious enough to warrant Government attention to diversifying agricultural production. In a sessional address Guggisburg stated:

> We have nearly all our eggs in one basket. The cocoa baskets are full--what about the other baskets. Where are the other products to fill those baskets--if anything goes wrong with the cocoa crop or cocoa market (Legislative Council Debates, 1927-1928: 7).

Between 1919 and 1927 considerable effort was therefore made to diversify agriculture. This included the development of other cash and food crops that could be as equally renumerative as cocoa in the future. Attempts were made to revive oil palm production (Kay, 200-202). In addition sisal production was started in the Accra Plains and groundnut production was begun in the Northern regions. Considerable attention was also to be given to cotton, cola and shea nut, coconuts, lime and rice production. All these agricultural developments were to be financed by a special expenditure from the colonial treasury. This program was further faciliated by the passing of the Colonial development and Welfare Act of 1929. This act made it possible for the colonies including Ghana to receive grants and loans for economic, essentially agricultural, development. In 1945 a similar grant was made available and for her development, Ghana received loans totalling 3 million pounds (Ayadele et. al., 1971: 162).

The efforts at agricultural diversification were frustrated by the preference shown for the cocoa crop by local producers. It was therefore a predominant view among agricultural officers that the diversification program was not fully realized because the average farmer, instead of being as formerly a labourer himself, had now become an employer of labour (Sessional Paper, No. IV, 1924-1925, para. 8). The efforts were further frustrated by the Swollen Shoot disease which had attacked the cocoa trees. Out of fear that the industry might be destroyed, and cause a collapse of the colonial economy, the colonial agricultural officers naturally focused their attention on its preservation. First an attempt was made to control the spread of the disease by discouraging further extensions of cocoa farms while sanitary measures were taken to maintain existing farms. The colonial administration proposed to institute punitive measures against those who would ignore government regulations (Legislative Council Debates, 1916-1917: 82-91). The Law concerning this issue was moribund at birth because the nature of indigenous cocoa production could not lend itself to full supervision by the colonial agricultural staff. The second approach to the problems of the cocoa industry was in the policy of cutting out diseased cocoa trees. This policy was based on the evidence then available which maintained:

> There are some 400 million cocoa trees in the Gold Coast and it is estimated that nearly 50 million of them are at present infested. Competent authorities estimate that the present rate of spread is about 15 million trees a year and that, if unchecked, the cocoa industry will have practically disappeared in 20 years (Report: Commission of Enquiry, 1948, para. 263).

The solution available to the Government was one of eliminating diseased trees. Accordingly, the Colonial Department of Agriculture was authorized to cut out diseased trees and, where owners refused to cooperate, the officers had the authority to carry out the policy without their consent. The approach effected great resentment among producers. But the cutting out policy did not stop the spread of the disease. Moreover, there were a number of allegations prevalent among farmers and the general population as to the intentions of the Colonial Government. It was alleged that Britain intended to sell the country to the United States but wished to destroy the economic viability of the country in order to avoid subsequent competition. Furthermore, it was alleged that the foreign monopolies including the United Africa Company (UAC), had begun large plantations in the Far East or in East Africa and therefore were anxious to reduce the West African production (Watson Commission, 1948: para. 268). These allegations added more weight to the already heightened concern of exploitation and domination by foreigners. This situation, in combination with other factors, had created a politically explosive atmosphere for nationalists to exploit to advantage.

While the policy of cutting out diseased cocoa trees was being pursued the Colonial Government established a West African Cocoa Research Institute to carry out investigations into diseases of cocoa and soil fertility; and surveys of cocoa farms and agricultural practices with a view of increasing the yield and life of cocoa trees. In addition, the research facility was expected to carry out experiments in order to develop new crop varieties. Although its scientific research did not result in the elimination of the disease, it did provide a basis for increases in production recorded in later years. For example, production increased from 250,000 tons in 1956 to 500,000 tons in 1965. Consequently, cocoa production and income remained the basis of economic prosperity during the colonial and post-colonial periods.

Colonial Agricultural Extension: A Continuation of the Disarticulation Process

Agricultural extension and farmer education started with the work of Danish, mainly Basel Missionaries, in the Akwapim and and Krobo areas of the Eastern Region. In 1843, the Basel Missionaries in addition to "converting" the local people to the Christian faith began experiments not only with cash crops but they also started farmer oriented extension education. This they did through demonstrations and the involvement of local people in their experiments. In this respect La Anyane (1964) notes that

> in 1843 the Basel Mission began its second invasion of the Gold Coast and were sponsored by the Danish Government. This association brought them into close contact with efforts by the Danes to introduce agriculture of an

> exporting character in the Gold Coast. It was they who inherited the plantations started by the Danes at the foothills in the neighborhood of Dedowa. They inherited something more which became of immediate benefit to Akwapian and Krobo, and later the whole country. They inherited the spirit to encourage local agricultural development by example and demonstration and by experimenting with new crops (30-63).

Their efforts could therefore be said to have laid the basis for plantation agriculture as well as a framework for an agricultural extension service in Ghana.

In 1890, however, the British Colonial Government established the Aburi Botanical Garden with the main object of exploring agricultural resources of the country as well as teaching scientific agriculture. This establishment up to 1955 served as the center for agricultural policy-making and implementation. In the area of farmer education, this Garden established demonstration farms in order to introduce new agricultural practices to farmers willing to adopt "new ideas." Following this, it was the Colonial Government's policy to incorporate agricultural education with the local adminsitrative structure. In response to this policy a number of local authorities awarded scholarships to a number of young men to go to agricultural schools to train as so-called "Native Travelling Instructors." These instructors worked with the local farmers in both production marketing and distribution of crops. In addition they focused on cooperative questions because the dominant view was that Ghanaian agriculture could only be sustained by organizing the peasants into cooperatives.

Another strategy of farmer oriented education was based on ideas of vocational agriculture. Consequently, it became almost obligatory for all schools and local administrations to undertake specific programs related to agricultural education. For example, under the general direction of the Department of Agriculture, all boarding schools in the country, whether Government owned for Mission controlled, had to establish a unit deomonstration farm from which techniques of modern agriculture were to be taught. Along with this policy the Colonial Government regularly organized agricultural shows and campaigns in order to draw attention to the problems of the rural sector and also to the ways by which these problems could be tackled.

Cash Crop Extension

The teaching of scientific agriculture focused in its essentials on production of cash crops including cotton, oil palm and cocoa. In 1914, for example, the increases recorded in development expenditure were meant to provide special instruction in cocoa cultivation (LaAnyane, 1963: 27-29). The Department of Agriculture emphasized cooperative organizational questions especially related to marketing and the quality of produce. As a result, most of the activities of the Native Travelling Instructors were centered on organizing cooperative marketing schemes for cocoa farmers. One of the Travelling Instructors described the nature of the work in the following terms:

> We travelled several miles on foot to the villages in the cocoa belt only to find them deserted. We lacked equipments for demonstrating and introducing new farming practices. The only few reliable farmers we had to work with were anxious for results. We did what we could under the circumstances (Interview with Mate Kole, 1973).

In addition to cooperative question, extension activity focused on quality produce. In this case, the Department of Agriculture established a produce inspection unit whose functions dealt with the quality of all export crops. Later on, a Cocoa Division was established to undertake the distribution of new cocoa seedlings from the Government's experiment stations, and this unit also carried out demonstration spraying of cocoa farms. When the policy of seeding diseased cocoa trees was put into effect, its staff was responsible for implementing the program.

Food Crop Extension

In the case of food crop development, extension work was an incidental activity especially as cocoa farms were expanded at the expense of food production. The efforts were started by the Department of Agriculture which became frustrated by food imports and constant dumping of cheap food, including rice from the Far East (Dickson, 1969). Despite the increases in food imports during the colonial years, domestic demand was not fully satisfied. In 1911, for example, it was noted in the annual report on agriculture that there was severe famine in some parts of the country because of the apparent neglect of domestic food production (Annual Report, 1911). In 1912 the Native Travelling Instructor for the Mid-Volta

Agricultural area reported in a dispatch to the Provincial Commissioner in the Eastern Region that the corn and cassaca which formed the principal article of food were already scarce, and, had it not been for the supplies from the 'Krobo Plantations' and markets, these people could not live (Gold Coast Annual Report, 1912: 3). As a result the Director exhorted farmers to pay attention to food crop cultivation so as to reduce food imports and rapid increases in food prices. At this point there was no organized extension program within the Department of Agriculture for the express purpose of encouraging food production.

The food situation did not change in any significant way. Between the 1920s and the 1930s, imports, particularly food items, rose sharply without reducing the inflation in urban food markets. By 1948 and 1949 food prices contributed a 45 percent increase in the overall consumer price index. Between 1950 and 1951 there was a further 25 percent increase in the index (Johnston, 1963: 5-6). A report of the Department of Agriculture indicated that within four years, imports of wheat flour, which provided a quarter of urban supplies, rose from 5,053 tons valued in pounds at £G173,000 in 1946 to 21,387 tons valued at £G172,400 in 1950. In the case of rice and maize 10,000 tons and 23,000 tons respectively were imported, and that excluded 1,170 tons which crossed the Aflao border from Togo. Even then, the report argued it was felt that some 70,000 tons of cereal equivalents were still needed to feed the population (Annual Report, 1949-1950).

This situation worsened in 1950 and 1951 when maize crop production fell by about 50 percent as a result of an attack by a virulent epidemic maize rust. It was clear then that if nothing was done to solve the food problem, the country was going to face food shortages and greatly inflated prices (Annual Report, 1949-1950).

Clearly the Colonial Department of Agriculture was concerned with "ensuring with the existing systems of agriculture efficient distribution, processing and maximum production of food crops." In response to the situation, the Department appointed in 1949 a food production Commissioner whose function was mainly to coordinate an extension campaign in order to ensure the country's self-sufficiency in food stuffs. In addition, twenty-five Agricultural Committees were formed with local farmer representatives and chiefs. It was the duty of these committees to appoint and direct "Food Advisors" who were to maintain liaison with farmers through organizing demonstrations and extension education. To accelerate food production, there was to be mass propaganda in the villages and towns as well as subsidies from Government.

From 1949 to 1957 food crop extension was based on these food advisors. However, attempts were made to develop extension programs related to production of maize. In 1956, for example, improved varieties of maize--Mexican varieties--were distributed to farmers in Ashanti as well as in the coastal savannah. The Kpong Agricultural Research Station was also experimenting with upland rice cultivation and holding farmer demonstration programs.

Although 70 percent of all those in the agriculture sector were food farmers, the Department of Agriculture did very little by way of a systematic approach to food crop extension work. Since the emphasis was on cash crop production, the imbalance in rural production reflected the disarticulation process.

Fertilizer Extension

Fertilizer was first imported into Ghana in the 1940s, but up to 1961 most of the fertilizers went to experiment stations. The reason for this was that at the early stages of introducing new inputs, it was wise to remain cautious when making recommendations to farmers. Moreover it was difficult to estimate the true value of fertilizers, and it was not feasible to lay down general rates of application because of wide variations in responses from the experiment sites (Nye, 1953: 266). Between 1955 and 1957 organized distribution to farmers began in Ejura in Ashanti, Navrongo, Zuarengu and Bawku in Northern Ghana. The scheme was only exploratory.

One reason why fertilizer extension did not become a crucial part of agricultural development during the colonial period was to be seen in the existing cultural practices of local farmers. The use of organic manure is a widespread technique among local farmers for increasing agricultural output. Based on experimental work in Northern Ghana, it was estimated that the average yields of manured farms were fifty percent greater than unmanured ones (Lynn, 1937: 4). Consequently, it was only in 1961 that the successor nationalist government proceeded with fertilizer application on any large scale. In that year imports reached 2,000 tons (Haensel, 1967). And with the assistance of F.A.O., a systematic distribution and use of fertilizer was begun.

Mechanical and Animal Cultivation Extension

The introduction of tractor power into Ghanaian agriculture did not begin until the 1940s. It was initially limited to the savannah areas in the Eastern Region. But most of the mechanical cultivation during this period was at the Kpong Research Station. The Department of Agriculture felt that this research facility could carry out investigations into the use of tractors to transform the Accra Plains into a vast agricultural area. The Colonial Government did not introduce mechanical power on a large scale for one main reason: the alternative offered by bullock plowing. The phenomenal success of they system of cultivation was not lost on the officials of the Deparmtent of Agriculture. Its introduction in the 1930s in Northern Ghana particularly in the South Mamprussi area showed significant results. It was discovered that a man and his wife using the bullock plow could cultivate twelve acres. In every respect that amounted to six times what an average farmer and his wife could do if they used the hoe (Amin, 1974: 4). On the basis of this success a Kusasi Agricultural Development Cooperation Society was formed, which granted loans for the purchase of bullocks and plows.

It was therefore not until the 1960s that a rapid mechanization of agriculture began. In this process agricultural development based on animal power was shifted to secondary position if not altogether eliminated in most areas.

Financing Colonial Agricultural Development

The analysis in this section focuses on public investment in the productive sector, particularly agricultural development, during the colonial period. The concern is to determine the extent to which such public investments have sustained the disarticulation.

The second decade of the twentieth century saw within the Colonial Office in Britain, a growing interest in the establishment of a central coordinating unit to direct development in the colonies. Consequently, in the 1920s a committee was set up to advise the British Crown on matters related to colonial planning. This committee also acted as the instrument through which a balance was sought between British commercial interests and the demands of colonized peoples. It was within this context that economic planning began in Ghana.

The first development plan was introduced in 1920 under the governorship of Frederick Guggisburg. The Plan sought to increase trade and to improve the standard of living of the people. Basically, it was to start what Guggisburg referred to as "our great vision of those things which are directly essential to the progress of our people" (Legislative Council Debates, 1919-1920: 5).

Writing on the Guggisburg Plan, Greenstreet (1964) accepts this line of reasoning. He maintains that

> The plan was drawn up at a time of growing economic prosperity--a prosperity that the commercial organizations and cocoa farmers had not witnessed to such an extent before--when demands were vocal for the initiation of much needed public works. Further, with the cessation of hostilities, optimism prevailed. Guggisburg, it appears, was influenced by the post-war mood: he returned from Europe as Governor with considerable zeal not only to develop trade but also to improve the standard of living of the people (21).

Greenstreet concedes that the most dominant factor was the changing needs of the British economic system. In any case Guggisburg could hardly ignore the interests of British Merchants since a substantial part of the investment was to come from that source. In fact seventeen percent of planned expenditure was provided by British Merchants (Ewusie, 1973: 19). Table 3.2 shows the distribution of public expenditure by sectors in the Guggisburg plan. No doubt there was a clear preference for transportation and infrastructures generally. The real justification was that the rate of return on such an investment would be quite great if viewed in terms of increased export production, mainly cocoa exports and mineral extraction. In any case, Guggisburg was responding to demands of British interests in enclaves in the heartland of Ghana. In this respect Wraith maintains that there were several motives that activated Guggisburg's interest in colonial planning, the most dominant being a belief in the British Empire and a pride of being an imperialist (2). The plan therefore was meant to preserve a framework in which the local people "could develop at their own

TABLE 3.2.--Guggisburg Ten-Year Development Plan 1920-1930.

	Total Expenditure for 1920-1930
Harbour	2,000
Railways	14,581
Roads	1,000
Water Supplies	1,790
Drainage	1,350
Hydroelectric Works	2,000
Public Buildings	1,100
Town Improvments	500
Telegraph and Telephone	90
Maps, Political and Industrial	200
TOTAL	24,611

Source: Ten Year Development Plan, Government Printer Accra.

pace, in which expatriate commercial enterprise could work in conditions of security" (99: see also Greenstreet, 26). Table 3.3 shows in a specific way, however, that allocations in agriculture reflected the same basic interests. The preservation of cocoa production through plant sanitation remained a major concern, and there were also attempts to give impetus to sisal and copra production as an alternative crop in the savannah. Rice production was to be started in Northern Ghana and the Accra Plains in order to

TABLE 3.3.--Anticipated and Actual Expenditure on Agriculture and Forestry £000.

	Anticipated	Actual
Sisal Plantation	47.8	47.8
Copra Development	31.6	16.3
Firewood Reserve (Achimota)	17.0	5.6
Rice Development	5.3	5.3
Plant Sanitation	100.0	51.5
Forest Reserve Survey	20.0	9.1
Cotton Development	30.0	15.0
TOTAL	251.7	150.6

Source: Kay, 200.

provide an economic base for these areas. On the whole however, agricultural investment was fundamentally to make Ghana an efficient producer of primary products needed by British industrial complexes.

After the Guggisburg Plan, no systematic development plan was introduced until 1946, mainly becase of the disruptions brought about by the Second World War. The 1946 Plan did not alter the priorities in any significant way, and as Table 3.4 indicates, the pattern set in the previous development plan was closely followed. Table 3.4 clearly indicates that agricultural development was given some attention: 5.28 percent of the proposed expenditure. In this agricultural effort, however, attention was directed at research

TABLE 3.4.--The Ten-Year Plans: 1945-1946 Proposed Expenditure.

Developmental Categories	Gold Coast £000	Gold Coast %
1. Rural and Urban Water Supplies	1,721	15.13
2. Agriculture	600	5.28
3. Forestry	28	0.25
4. Veterinary		
5. Fisheries	120	1.07
6. Medical	1,907	16.77
7. Education, including training schemes	2,086	18.34
8. Roads	800	7.03
9. Harbours and Marine	150	1.32
10. Telecommunications	450	3.96
11. Electricity	528	4.64
12. Building Construction	1,725	15.17
13. Social Welfare	50	0.44
14. Co-operation		
15. Surveys including geographical	5	0.04
16. Broadcasting	100	0.88
17. Development officers: Additional staff		
18. Secondary Industries		
19. Local Development	1,000	8.79
20. Loan Charges (interests, etc.)	102	0.89
21. Miscellaneous		
TOTAL	11,372	100.0

Source: Ghana National Archives Adm. 5/4/56.

and control of the Swollen Shoot disease that was affecting the cocoa industry. Furthermore, government continued efforts at developing alternative crops and livestock and large-scale cattle raising. Agricultural activities were in general extensions of previous colonial interests of the British economy (Greenstreet, 1967: 19).

In 1951 a new development plan was introduced. This plan sought to emphasize the critical role of agriculture in the development process. Accordingly it noted that

> the Gold Coast (Ghana) is predominantly an agricultural country and it is on its agricultural industry that its economy is mainly based. The importance of fostering and improving all branches cannot be over-estimated and agriculture, therefore, commands a prominent place in the Development Plan (Development Plan, 1951: 4).

Despite these intentions Table 3.5 shows that the sectors that benefited most were communications and social services.

TABLE 3.5.--Development Plan, 1951.

Sectors	%
Economic and Productive Services	16.9
Communications	35.3
Social Services	33.1
Common Services	14.1
TOTAL	100.0

Source: Development Plan Government Printer Accra, 1951.

A more specific breakdown, as shown in Table 3.6 indicates that agriculture received about five percent of development expenditure allocated to economic and productive services. Overall it ranked seventh in the order or priorities in the Plan. When the allocations are broken down to sub-sectors within agriculture, as shown in Table 3.7, it becomes clear that the interest remained concentrated on export production. Thus the past development trend continued in the agricultural sector during the period of 'terminal colonialism' (Kay). During the second phase of plan implementation, attention began to be focused on other aspects of agricultural development. As Table 3.8 indicates, agriculture extension, accommodation for extension staff, fertilizer extension and crop processing began to assume significance. It was during this phase that an embryonic extension service organization was begun.

It has to be recognized however, that the emphasis on extension activity did not mean a structural shift in existing production patterns. In short, the colonial economic structure continued to influence development planning and implementation.

Colonialism and Class Relations

The inequalities that were inherent in colonial development planning were forcefully reflected in the nature of rural social class relations. The discussion in this section focuses mainly on the ways in which the pre-colonial social classes which survived into the colonial phase were used in the interest of external

TABLE 3.6.--The 1951 Plan: Financial Allocations.

Plan Sections and Items	Plan	% of Total
Section A Economic and Productivity Services	12,444	16.82
1. Agriculture	3,650	4.93
2. Veterinary	167	0.22
3. Forestry	179	0.24
4. Fisheries	57	0.08
5. Commerce and Industry	3,410	4.61
6. Mines	65	0.09
7. Geological Survey	41	0.06
8. Co-operative	70	1.00
9. Electricity	743	1.00
10. Water Supplies	3,500	4.73
11. Survey	53	0.07
12. Meterology	9	0.01
13. Local Development Committee	500	0.69

Source: The 1951 Development Plan Government Printer Accra.

TABLE 3.7.--Development Expenditure on Agriculture.

	Project Total	Expenditure to 31st Dec. 1955
Agricultural Stations	903,000	661,200
Cocoa Industry	592,000	318,000
Soil Conservation and Land Planning	837,000	407,500
Reserve for Investment in Large Scale Production	1,546,000	1,046,000
Cocoa Rehabilitation	821,000	170,000
Feeder Roads, Machinery and Other Agricultural Development	483,000	89,000
TOTAL	5,182,000	2,691,700

Source: Gold Coast Economic Survey, 1955, p. 21.

TABLE 3.8.--Extension Projects.

Project	Estimated Cost	%
Mechanical Cultivation Extension	£G150,000	21%
Crop Processing Extension	75,000	10%
Mixed Farming Extension	45,000	6%
Fertilizer Extension	100,000	14%
Disease and Pest Control Extension	25,000	4%
Oil Palm Control Extension	35,000	5%
Coconut Control Extension	15,000	2%
Coffee Control Extension	40,000	6%
Banana Control Extension	15,000	2%
Small Livestock Control Extension	35,000	5%
General Control Extension	75,000	10%
Accommodation Extension Staff	106,000	15%
TOTAL	G716,000	100%

Source: Department of Agriculture, Ghana Development Plan, Second Phase, 1956-1961.

capital. In addition an attempt is made to show how this internal class structure is linked to rural inequalities and poverty.

Hereditary Upper Class and Changing Class Relations

There is a fundamental assumption to be made: the pre-colonial classes were not totally destroyed by the dominant mode-capitalism during the colonial phase of Ghana's development. Rather, these classes which survived were used by the colonial administrations to increase surplus extraction and the hereditary upper class constituted the most convenient instrument for that process.

The attitude among colonial officers was that to achieve "orderly progress" and economic development the chiefly class needed to be recognized and given part of the responsibility of maintaining law and order. Through the system of indirect rule the chiefs became part of the colonial structure.

As a consequence of this involvement and the interference of the colonial administration in local affairs, the basis of chiefly legitimacy was eroded. The chiefs became more and more dependent on the colonial authorities for survival, and at the same time grew scornful of the basis of their power and authority (Busia, 1968: 105). The chiefs also enforced laws which were not in the general interests of their subjects, and in fact, became instruments of domination and exploitation. This situation created a source of irritation among the citizenry who often times instituted actions to remove them from office. A significant number of these actions on the part of the citizenry stemmed from the ways in which the traditional upper class alienated community property, especially land.

With the opportunities created by capitalist enterprise and under pressure from both colonial and foreign monopoly interests, large tracts of valuable land were alienated or given away by the chiefs as concessions. In their dealings with agents of foreign monopoly interests, who were seeking concessions in land, mineral and natural resources the chiefs were not often guided by the principles of customary tenure, and did not act in accordance with the traditional principle of trusteeship of community property. Overwhelmed by their desire to accumulate wealth they granted concessions which amounted to nothing compared to the resources that were appropriated by the foreign companies. An example of this is seen in the concession given to the Ashante Goldfield's Corporation in 1897. In the concession agreement the land was leased for ninety years starting from 1899. A commuted royalty of five hundred pounds was to be paid in the first five years after which a royalty of five percent was to be paid on the gross value of all gold, other metals and precious stones mined in the area. But such royalty may be, from time to time, commuted for any one or more years from such annual sum as may be agreed upon between the governor and the company.

Apart from this limitation all royalties were paid to the colonial treasurer on behalf of the person recognized by the governor to be head chief or king of Bekwai at the time

(Ofosu-Appiah, 1977). It is evident from the foregoing that both the colonial administration and the company acted to conceal the worth of gold and other resources taken out of the country. Moreover, the monies that chiefs received from these concessions were spent for purposes from which the population derived very little benefit (Colonial Report, 1912). These circumstances generated considerable conflict between the chiefs, particularly those who took seats in the legislative councils and other conciliar bodies established by the colonial government and the citizenry. Between the four decades of 1890 to 1929, of all recorded conflicts, between 23 percent and 33.3 percent were land disputes (Johnson, 1972: 179). The concentration of the disputes was in the first and fourth decades, both of which accounted for 33.3 percent. The first decade was clearly a period in which the creation and exploitation of Goldfield's rush for concessions took place.

During this period there was the need to open up the hinterland where these concessions and extractive activities were being carried out. In this respect the colonial administration sought to recruit cheap labour to the chief, into one that functioned to facilitate private industrial and agricultural enterprise. Under the Labour Acts of 1935, provincial commissioners were given the power to require native authorities to provide labour for community purposes. In this case all able-bodied men had to provide twenty-four days of free labour a year, and since the prevalent notion was that African labour was 'a crude manpower' which could be suitably remunerated by low wages in the interest of 'useful' economic development, a program of recruitment of labour from all areas of the country, particularly the northern regions, became the common practice. The chiefs played a major role in this labour recruitment and they were said to have used coercion in the process (Kimble, 1963). What was significant however, was that the system of labour recruitment for the first time gave the local labourer the taste of wage labour in capitalist enterprise. What this reflected was a change in the "feudal type of relation" that existed in pre-colonial times and the emergence of a "rural proletariat." It also reflected the fact that capitalist commercialization of land was to bring about a change in the rural class structure. Furthermore, the process is a way of furthering the alienation of the rural people from the major source of production, land. This was obviously at variance with what the situation was in the pre-colonial era. During that period there was at least some access to the land for personal use although the traditional upper class continued to exercise control.

What was important during this period, however, was the fact that the chiefs' position in society had become anomalous. They had become instruments of colonial domination and exploitation both in their political and economic dimensions. As a result a gulf emerged that was to cause severe conflicts between chiefs and the citizenry, particularly the young men and commoners who sought from then on to challenge both chiefly authority and alien political power.

Capitalist Agricultural Enterprise and Class Relations

The single capitalist agricultural enterprise that affected class relations was the cocoa industry. Despite the rapid expansion of this enterprise and the increasing income and wealth it brought to some classes and not others, most economists dealing with West African economies have agreed that class differences have not occurred. The prevalent notion was that the peasantry' in West Africa is amorphous. However, recent analyses, particularly Hill (1963) and Post (1973), have rejected such a notion. They have in their studies pointed to the emerging patterns of economic and social relationships in the rural economies of West Africa. Hill's work on Southern cocoa farmers of Ghana is an instructive and useful presentation of these emerging relationships among producers.

In her studies (1963; 1970) on cocoa farmers in Southern Ghana, she focuses on the processes of 'capitalist' accumulation on the part of a small group of farmers--rural capitalists. The thrust of her work is that contrary to the notion of an amorphous peasantry, the process of accumulation (under peripheral capitalism) had been accompanied by the emergence of these cocoa farmers who personally owned and managed large and sometimes scattered cocoa farms. She maintains that a large proportion of

Ghana's cocoa production remained with this small group surrounded by 'peasants' who owned a relatively small share of the overall output. Generally the distribution of ownership as well as income had become highly asymmetrical. These rural capitalists acquired land over which they had proprietary interests and they had farms of about 1,000 acres or more (1960: 3; 1970: 25). They maximized profit by plowing back into the existing cocoa farms or acquired new ones.

Despite this development Hill argues against the existence of an agricultural 'proletariat' whose labour is exploited for purposes of capital accumulation. Hill suggests therefore, that

> in West Africa the indigenous relationship between employers and employees is not such as would lead to the creation of a class of impoverished and exploitable men and women always on the brink of unemployment. There is much poverty and much idleness, but not because of the nature of the indigenous employment system (1962: 8).

This is a mistaken notion. First, the capitalist farmers Hill discovered in her analysis were not simply products of capitalist enterprise during the colonial phase. This class of farmers have been drawn from both the traditional upper and middle classes, and includes clan heads and chiefs who took advantage of the new opportunities to establish themselves as landlords. It also includes the middle class traders and state bureaucrats who accumulated wealth during the pre-colonial period. Those who now constitute the labourers on cocoa farms were drawn mainly from the traditional lower class. The kind of feudal relations that existed between the lower and upper classes in the form of tribute paying was therefore transformed into a wage relation.

In the early years of the industry the major investments were made by southern migrant cocoa farmers from the Akwapin, Krobo and Akin districts of the eastern region of Ghana. In this migratory process these groups devised a system, the company through which they made significant investments in cocoa production (Hill, 1963; Hunter, 1967; Dumor, 1976). The company was a cooperative organization through which a group of persons not necessarily of the same kinship group purchased and organized land resources for purposes of expanding their agricultural enterprise. At the same time this expansionary process was further stimulated by leapfrog migration (Hunger, 1967). This is a process operating within the company system whereby the proceeds from one farm operation were invested in the purchase of another land. This process of reinvestment enabled the migrant groups to move steadily into the forest belt.

The second wave of rural capitalist enterprise in agriculture began in about 1911. During that period Ashante and Brong Ahafo regions began to assume a critical role in cocoa production. In this case the farmers who engaged in this industry found the kinship network relevant to the accumulation process. The system of land acquisition was through the family and in this system investment in farm land was undertaken by members of a family or the investment was done by the leader or head of family using family resources for the purpose. In other cases investment is an individual effort, although the farming enterprise is undertaken by the family. A farmer who through personal initiative acquired farm land could grant portions to members of his kin group. These kin members in turn provide labour during critical periods like harvesting. This system of land acquisition and capitalist investments has induced the growth of settlements whereby members of the family settle in the areas of operation. Over the years these settlements have expanded to include migrant labourers from other regions and neighboring countries, particularly upper Volta and Togo.

A major concern, with regard to the expansion of capitalist enterprise and the migration of labour into those areas where the enterprise was located, had to do with the production relations that were established by producers. The production relations stimulated by the capitalist enterprise can be examined at four levels: the production relations between the capitalist farmer, a member of the traditional upper classes and his kinsfolk; the relationship between the capitalist farmers and the relatively small farmers who historically have been members of the lower class and the lower rungs of the middle class. Among the category of small farmers are caretaker-farmers; the relationship between the capitalist farmer and labourer including migrants who are historically members of the traditional lower class proper, and the relationships between the capitalist farmers as well as the small farmers on the one hand and cocoa buyers or brokers and foreign firms. The cocoa buyers and brokers can be grouped with the traditional middle class although some of them belong to the traditional upper class. It is through them that the internal system of exploitation is linked to the external system.

In dealing with the first relationship, the relationship between the capitalist farmer and his kinsfolk, Hill (1963) maintains that the expansionary process undertaken by the capitalist farmers involved a constant balancing of forces between capital accumulation and demands of kinship loyalties. In the early stages of the industry, these farmers were actively encouraged by lineage members and the farmer was often prepared to help less fortunate kinsmen establish farms through lending them money, sometimes on the security of pawns (Hill, 1963: 182). The cultivation of cocoa in the early stages depended on the labour provided by family members and relatives. A capitalist farmer who owned several farms usually had a relative or wife as a supervisor. These relatives carried the burden of producing the crops and oftentimes marketing the produce as well. Some relatives who were 'employed' as cocoa carriers, for example, were rewarded from the proceeds of the sale, and those who acted as caretakers received one-third of the proceeds from farm sales. What is of significance, however, is not that the relationship was based essentially on a cash nexus; but that in the process of individual capital accumulation, traditional social relations were bent in support of that process.

The second level focuses on the relationship between the rural capitalist and the small farmers. This relationship is essentially predicated upon the relative access to resources, i.e., land and credit in the production organization of the cocoa and agricultural industry as a whole.

In the accumulation process the capitalist farmer was able to reinvest part of his capital in land. During the period of rapid cocoa expansion the rural capitalist took advantage by charging excessive ground rents. Under these circumstances the small farmers had to give the owner of lands on which they farmed two-thirds of produce after harvests. Where it was impossible to enter into such a relationship the small farmer became a caretaker and the owner was given one-third of produce after harvest. It was also common practice for the rural capitalist to give credit to the small farmer who needed money to pay for labour and other expenses related to the agricultural business. As security for these monies the system of pledging farms was commonly practiced.

As security, the farmers pledged their cocoa crop or their possessions for a period of time, after which these were redeemed. If the farmer failed to honor the credit contract, repayment was made in cash (Hill, 1963; Kimble, 1963). This development in property relations led to a high degree of indebtedness among small farmers, for no account was taken of the fluctuations inherent in the cocoa business, but more significantly it resulted in the redistribution of wealth in such a way as to increase capital accumulation by rural capitalists.

The third production relation is between the rural capitalist and the labourer. Hill, in her analysis, denies the existence of a production relationship between the rural capitalist and labourer, that could approximate employer-employee relationships.

Hill provides three major reasons for the absence of a rural preletariat. First is the conclusion that people who are 'employees' are not such at all; since the 'symbiotic relationship' between the cocoa farmer and the labourer (who takes one-third of the produce) is not denoted by the employer-employee terminology. Second, there is a high degree of ethnic heterogeneity of the labour force and ethnic occupational specialization. Third, those employees--labourers who 'actively' aspire to become 'employers' can and do achieve this transformation (9).

This analysis does not take into account of historical connections between the present agricultural "labouring class" and the pre-colonial traditional lower class. It assumes also that the subordinate position of the members of the lower class vis-à-vis the rural upper class has been eliminated as a result of new economic opportunities. This cannot be sustained empirically. There are in the rural areas persons irrespective of their ethnic origins who constituted full-time labourers or are committed to wage labour as an alternative to subsistence farming. A survey by the Department of Agriculture indicated that a large proportion of labour used in Ashante was hired wage labour (Report: Department of Agriculture, 1956). In his study of the cocoa industry, Killick (1966: 239) notes that out of 522,350 persons in the cocoa sector 68,920, i.e., 12.5 percent were agricultural labourers. This excludes family workers who constituted about 9 percent of total labour employed in this sector. What needs to be noted here, however, is that the labour conditions for family workers did not differ in any measurable quantitative terms when compared with those of the agricultural labourers. Moreover, those agricultural workers who did not wish to continue a peripheral existence sought alternative employment in the farms and cities. A significant number migrated into the towns and urban areas and found employment in the labour-intensive manufacturing industries and in the state agricultural enterprises (Peil, 1978). In essence what is important in isolating them as an identifiable social category is the long-term commitment most of these agricultural workers made to wage-labour either in industry or agriculture as a means of survival (Sandbrook, 1975: 10).

Another major distinguishing aspect of this class and production relation concerns the conditions under which they sold their labour. Dickson notes that in the development and expansion of the capitalist agricultural enterprise, the traditional system of communal labour was essentially superceded by varied forms of paid labour. However, the payment of the various categories of labourers was based on traditional production and exchange relations that approximated wages (56). It has already been indicated that the caretaker was a type of labourer whose labour was contracted for both supervising production and marketing for which he receives a third of the farm produce or income. Hill (1963) notes that some of these caretakers, particularly Anum-Boso and some Ewe migrant farmers, used their income to acquire cocoa farms, and over time became independent producers themselves. This development was an exception rather than the rule. Another method of payment referred to as Nkontokwano, operates when the labourer has not had any previous association with the farm operations. In this case the labourer is employed for a specific job either harvesting or maintaining the farms. The farmer pays in cash daily or at the end of employment, but under this system labourers may ask for cash advances. However, the payment of lump-sum at the end of the contract is nothing less than a wage-labour employment (see Chapters I and II).

In summary, changes in the social organization of production consequent upon the establishment of commercial agriculture altered existing social relations as well as reinforced social and economic inequalities in the rural sector of Ghana. In addition to these developments there was the production relaton between producers in the rural areas, the cocoa buyers or brokers and the foreign firms. These relations are important because they also provide a structural linkage between the domestic economy and the world system.

Farmers, Brokers and Monopoly Capitalism

The discussion in this section focuses on exchange economic relations between the broad category, farmers, including the capitalist farmer and peasants on the one hand, and brokers and foreign firms on the other. At this point, it is necessary to give a brief historical account of the emergence of the broker class and their structural connections to the pre-colonial middle class.

During the pre-colonial period there was competition among various societies to monopolize the continental trade in gold, ivory, cola and spice. For this reason the chiefs of the states in the hinterland of Ghana, particularly Asante, organized a state trading system through which traders were given the responsibility of carrying out brokerage activities on behalf of the state. By virtue of this system the state regulated and monpolized external trade. As the center of economy gravity was shifted to the Atlantic Coast, this system was extensively used and was further expanded during Asante imperial invasion of the coastal states. Simultaneously, as trade in slave, gold and imported manufactures increased along the Guinea coast, European firms sought not only to monopolize trade with the interior states, but did so through a class of indigenous traders who performed essentially a brokerage economic function (Daaku, 1970: 96-114; Reynolds, 1974).

This class of traders according to Daaku was both a response and a by-product of European trade (Daaku, 104). Although their major concern was to advertise and distribute European manufactures, they also took advantage of the new commercial and profit-making opportunities offered by commercial agriculture. A significant number of these traders did not enter primary production, but entered the exchange relations as intermediaries between primary producers and the monopoly firms (Priestley, 1966; Swanzy, 1956; Amenumey, 1968). Thus it was through them that the rural economy became effectively penetrated and exploited by foreign monopoly interests. There was a 'symbiotic relationship' between the brokers, the foreign firms and the farmers. First, the brokers depended on capital and commissions from the foreign firms in order to carry out their intermediary role. The capital which they acquired was used to create farmer dependence as manifested by a high degree of indebtedness among farmers (Beckett, 1944). For example, at the beginning of the growing season the brokers entered into contracts with as many farmers as they could to ensure that they would have a monopoly in purchasing the crop. Consequently the brokers clinched deals with farmers by providing sufficient financial credit to cover labour, harvesting and transportation costs. In other cases brokers paid for the whole farm produce at an agreed price before it was harvested, and did not take into account the changing fortunes of the crop in the world market.

Through this system of purchasing, not only did the farmers become dependent upon external market forces but more specifically a larger proportion of the cocoa income came to be appropriated by the brokers and foreign firms. The Tudhope Report (1938) notes that the brokers received substantial incomes from this operation although some of them owned farms. Southall (1978), however indicates that after the second World War, the purchases made by

Cadbury, the largest of the foreign firms, were from brokers who had little involvement with farming.

The domination of the cocoa sector by the foreign firms and the brokers was not without strain. The Ghanaian cocoa farmers saw the relationship between the monopoly firms and the brokers as a form of collusion devised to exploit them. However, the slump in cocoa prices after the war contributed a great deal to heightening the concerns of the farmers. During this period there was considerable uncertainty over world prices and under these circumstances the monopoly firms delayed their purchases causing a dramatic fall in prices. Despite several farmer protests in the earlier years, i.e., after the slumps which occurred following the first World War, the colonial administration did nothing to insultate the farmers against exploitation. The fact of the matter was that the large export firms were also the main importers of manufactures. Thus the rise in consumer prices did not eliminate the farmers' suspicions of exploitation.

Following this slump in prices and a reduction in farmers' incomes, the cocoa industry and, in a general sense, the Ghanaian economy, became heavily dominated by metropolitan capital and interests at all levels. To increase their hold on the economy thirteen of the leading exporters formed themselves into a monopoly combine to purchase the cocoa crop. In 1937, for example, this combine which became the United Africa Company and a subsidiary of Lever Brothers Limited of Britain, purchased 94 percent of the

1936-1937 crop. It was this combine that determined the price to be paid; and in doing so the main concerns were to reduce their cost of buying to the minimum and to protect their financial interests. The formation of the combine also meant the elimination of competition from other firms as well as a reduction of the number of brokers in the trade. These processes put a strain between some small-scale brokers and the firms and this was to begin a series of class alliances symptomatic of the political and economic climate of the time.

To avert what appeared a potentially dangerous political situation, the colonial administration appointed a commission, the Nowell Commission, to investiage the economic problems of the industry. This commission denounced the monopoly of this combine and consequently recommended the formation of farmer cooperative credit and marketing societies as a way of protecting producer interests. Furthermore, it recommended the establishment of the West African Produce Control Board which consequently gave the government the monopoly of marketing of the cocoa crop. This was done, however, in alliance with the private firms, particularly the dominant factor in the formation of the foreign combine, Cadbury Brothers Limited. The Produce Control Board was then headed by John Cadbury, a shareholder in Cadbury Brothers.

The alliance between the Administration and the foreign firms in this regard increased the urge on the part of farmers to form production and marketing alliances. Several associations emerged, including Aburi-Nsawam Growers Association, Akwapim Farmers Association and Planters Union, all concerned about marketing their own crops (Kimble, 1963: 48-55; Brokensha, 1966: 39). By 1922 there was in existence the Gold Coast Farmers Association constituting the framework for farmers' efforts to affect cocoa policy, both in terms of price and the distribution of cocoa income. The formation of farmer-associations was not limited to the southern areas of Ghana but was extended to Ashanti, and it was an alliance of the Gold Coast (Ghana) and Ashanti Cocoa Federations that made the cocoa hold up in the 1930s an effective political action against the colonial government and the foreign firms.

These cocoa hold-ups, particularly that of 1937-38, had two basic implications for class relations. During the organization of this hold-up the broker-foreign firm alliance came under severe strain. The large cocoa-brokers who depended upon foreign capital were under severe pressure from the expatriate firms to break up the producer resistance. Concerned about their own economic fortunes, these brokers remained in alliance with the foreign firms. Some brokers who had become the casualties during the slump thought that they could survive if they worked in alliance with the cocoa farmers themselves. Through a series of arrangements this alliance became the nucleus of the Ghana Farmers Congress and it was the majority of the membership of this Congress that provided the rural political base for the Convention Peoples Party in the 1950s.

By the end of the colonial period the pre-colonial class structure had become more differentiated. The traditional upper class including chiefs and clan heads and elders remained, but their class base had been altered in several ways as a result of new economic opportunties. Some of them became land owners, absentee capitalist farmers, whose class origin was based not only on tradition and the authority of the colonial administration, but was sustained by economic power as well. The traditional middle class became divided into two broad categories: the first category consisted of land owners and capitalist farmers; the second category consisted of traders and brokers. The class base for this enlarged middle class was in production, marketing and property ownership.

The traditional lower class remained a subordinate class, consisting of peasants, some of whom were often in debt to the upper class and middle class landlords; agricultural labourers and rural artisans. Their class base was largely rooted in wage labour.

The administrative policies and the role of the dominant social classes in the rural sector suggest a number of implications for the rural development process and the Ghanaian economy as a whole. First the rural sector became integrated into the world economy and highly dependent on external market forces. In this process of integration the dominant rural classes provided the internal buttressing through their involvements in export production and marketing as well as through the exploitation of other classes. The consequences of this integration into the world economy constitute the core of the next area of discussion.

Structural Dependence: A Characteristic of Underdevelopment

A number of writers including the Ghanaian economist, Ofori Atta, argue that the economic policies pursued under colonialism were essentially correct to the extent that there was continuous economic growth. Ofori-Atta (1967) maintains that during this period, growth and stability were achieved because imports were freely allowed with almost no restrictions. There was low tariff, and trade policies remained non-discriminatory (36-41). Cox-George also follows the same line of reasoning when he argued that developments in the social and economic fields during this period were all consolidated so that

> a money economy had been established, an educational system had been set up perhaps better than anywhere else in British West Africa; considerable improvement in health and sanitary conditions of the people and the provision of civil amenities had been effected so that the earlier pestilences of plagues and epidemics had been eliminated. Thus, within the limits of overall colonial development policy, steps were taken for sound and systematic agricultural progress for the future (72).

Consequently, the economy became "consolidated precedent to the take-off period in the economic development of modern Ghana" (33). Furthermore such analyses tend to be buttressed by reference to expanding export trade, absence of a visible deficit in the balance of trade and expanding government revenues. In addition, the fringe traditional sector, is said to have spatially expanded while inducing further accumulation of capital and the employment of mutilized labour resources (Szereszewski, 65). Such interpretations however ignore the basic laws of capitalist accumulation and almost totally reject historical analysis of the development of capitalism. Genoud (1969) argues that British colonial policies were not entirely beneficial to Ghana. He maintains that while Ghana in 1950 was certainly more prosperous when compared with other colonized areas, this prosperity was only a colonial type prosperity. The economic structures remained primary export-oriented with a large underdeveloped sector in which the mass of the population participated (23). An assessment of the economy in 1952 also indicated that up to the period of political decolonization, the economy had no institutional framework to check the inflationary pressures induced into the world economy. Moreover, the heavy dependence on one export crop, cocoa, was dangerous in terms of future economic viability of Ghana (Report: Government Statistician, 1952: 4).

The above conditions, as assessed, were sustained by a number of developments both internal and external to Ghana. During the colonial period the volume of cocoa exports continued to expand rapidly, but in the 1920s although cocoa exports were much higher than in previous decades, earnings declined. There were a number of reasons for this, the first major cause being the decline in world demand. The second was that the overall effect of the world wars on the export sector was depressive. Thus, what appeared to be an apparent prosperity of the economy, was in real terms illusory (Cox-George, 31).

With the depression went restricted supplies; and while the value of imports rose, the volume showed considerable decline throughout the war years. One clear inference noted by Cox-George is that "the appreciation of values of imports was an indication of cost inflation and that inflation was imported into the economy via imports" (34).

Using the economic indicators for the years 1923 to 1932, it has been shown that the value of trade dropped by 60 percent, causing a fall in Government revenue. The consequence of this was that the development expenditure was cut by 45 percent. In short, this meant a cessation of a large proportion of Government investment in the internal economy, but this situation was further compounded by the fact that whatever reserves were built up were invested abroad, and chiefly in the United Kingdom. This was clearly in consonance with a 1922 United Kingdom Ordinance which stipulated that accumulated reserves from colonial dependencies had to be invested in London. This requirement entailed the investment of cocoa income in British Treasury bonds (Card, 1975), but more importantly, an investment fund accumulated by Ghana went to aid Britain's development. Omaboe (1966) summarizes the situation thus:

> Capital outflow on Government account from Britain into Ghana has been minor in her economic advancement. It is rather that Ghana has made substantial investment in Britain through the holding there of almost all her

> reserve (see also Britain Official Handbook, 1955: 272; Finch and Oppenheimer, 1966: 44-45).

The overall effect of this situation was the denial to Ghana of access to surplus extracted from her natural resources and labour. The world economic situation was of little help since world inflation induced by the depression was transmitted into the internal economy. Fluctuations in export price were detrimental to economic stability and economic growth. The consequences are lucidly summed up by Hymer (1971)

> Exports failed to rise and indeed fell in real, value as a result of falling prices in the 1930s and rising import prices in the 1940s . . . In the 1930s even current expenditure had to be retrenched, and during World War II imports fell to unprecedented low.
>
> There is a certain irony in the events of this period. The plan (Guggisburg's Plan) was conceived and executed by foreigners who assumed that the best interests of Ghana required it to become integrated into the world economy and more and more one cog in the world economic machine. Their efforts were directed at turning the economy outward; but as they did so, the world economy collapsed and the Ghanaian economy faltered with it (150).

Related to the world crisis were other internal developments in the cocoa industry. The dominance of foreign monopoly interests was beginning to be felt by producers particularly as cocoa prices plumetted. During the war years a number of foreign firms formed an association, the Association of West African Merchants, through which they organized purchases of produce and established the price to be paid to farmers. In fact this organization was responsible for exporting 89 percent of the crop between 1915-1916 and by 1936 controlled 98 percent of the shipment of produce.

The system of buying cocoa obviously led to resentments and fears of exploitation by farmers. Between 1918 and 1930, for example, Cadbury, the major buying company had a rate of return on capital around 14.2 percent. This declined however to 7.5% between 1930 and 1936, owing to competition from other firms, particularly America. In order to increase the cocoa price, producers organized several cocoa hold ups during and after the war years, the most notable being that of 1937 against monopolistic buying agreements (Howard, 1976). This was "a sweeping mass emotional upheaval," remarkable not only for its organizational success but also because it brought into the open the forms of exploitation and domination of the economy by external factors and forces.

Another internal development has to do with the control exercised by the foreign monopolies over import trade. In the immediate post-war period, Ghanaians had had to pay prices for imported goods that had increased far more than their incomes. The restrictions imposed by higher costs of production, shipping bottlenecks and disequilibrating forces in the world economy encouraged the Association of West African Merchants to introduce regulatory measures into the import trade. The local population saw this as a deliberate attempt to keep prices of consumer goods up in order to reap massive profits. This resentment was strong enough to lead to an anti-inflation compaign meant to boycott imported goods handled by these firms. Apart from its political implications (laying a basis for greater nationalist demands), the near totality of economic control exercised by European firms over export and import trade, had left the economy and the citizenry generally at the mercy of foreign monopolies.

A third internal concern has to do with the consequences of the emphasis placed on export crop production. As a result of this emphasis on cocoa export the food sector had remained largely underdeveloped. In Ghana, the forest belt in which extensive cocoa production is carried out serves also as a food crop belt (Dickson and Benneh, 1970), and to a large extent, food production is therefore closely dependent on cocoa production. The expansion of cocoa farms simultaneously means a reduction in food production. Dickson (1969) therefore argues that if cocoa prices showed favorable trends, the tendency was for farmers to substitute more cocoa trees for food crops (see Appendix 1 and 2). From this general tendency, a situation emerged where Ghana became progressively an importer of food. During those years that cocoa incomes increased it was expected that the increases would stimulate domestic capital formation, but instead these increases in incomes were translated into demands for imported consumer goods, particularly food. Thus during the colonial period, demand for imports increased sharply in response to changes in income, since, cocoa income increased by 60 percent during those years. Consequently, as Table 3.9 shows, the structural dependence of the Ghanaian economy came to be reflected more forcefully by increasing import demands. These developments had consequences for the economy. The domestic

TABLE 3.9.--Imports of Selected Items as Percent of Total Import Bill.

	Food, Drinks and Tobacco	Clothing, Leather Textiles	Other Consumer Goods
1900	37	21	22
1905	35	16	16
1910	29	15	20
1915	38	11	17
1920	29	21	15
1925	27	28	12
1930	26	28	13
1935	30	20	15
1940	26	19	14
1945	21	25	24
1950	21	24	13
1955	21	16	14
1960	23	18	16

Source: Kay, 1965: 327-329.

economy was growing rather sluggishly, but with increases in cocoa incomes in the face of lagging domestic production, prices skyrocketted (Krassowski, 1974: 11).

Under these conditions whatever upsurge occurred in the economy was short-lived. Prior to the period of decolonization it could be seen that the economy had become heavily dependent on exogeneous factors, a situation largely caused by the disarticulation of rural production. On balance, colonial economic policy offered little by way of an all-round, balanced agricultural development. Under Guggisburg the argicultural policy did not achieve the desired goals, and as Agbodeka (1976) notes:

> It is no exaggeration to say that Guggisburg's agricultural policy was a failure. Achievements in the field belong largely to the people of the Gold Coast. And it is worth emphasizing that it was the agricultural revolution alone (based on the exports of the peasant farmer) which made it possible for the Gold Coast Government to undertake those development projects of the twenties for which Guggisburg now takes the credit (56).

With regard to the cocoa industry on which a greater effort was concentrated, there were doubts as to whether the problems of that sector were tackled with realism. The Colonial Advisor expressed similar doubts when he summed up the agricultural situation of the country:

> So far as agriculture in the Colony and Ashanti is concerned, the Gold Coast Government has got to accept the position that they really know very little concerning the inherent circumstances attendant upon agriculture, and have so far little to offer in the way of dependable advice for agricultural improvement (Gold Coast Farmer, 1932: 3).

It was stated further in the Ministry's agricultural journal that agriculture during the colonial period was not organized along sound principles. Consequently, the quality of produce was not good, the system of marketing was bad and the soil was neglected. No doubt Colonial objectives were clear: there was concern for export production to the exclusion of food production and agricultural education that would stimulate rural development.

The analysis in this chapter underscores the critical role of the colonial state in relation to the consolidation of alien control and exploitation of the Ghanaian economy. The data indicates the ways in which the colonial state was used as an instrument for political domination and for securing the core pattern of capitalist development, i.e., the establishment of an interactional matrix in which natural resources, exploitation of labour and external trade were organically linked. In a more specific way, the administrative policies pursued by the colonial state in relation to rural and agricultural development were examined. It was demonstrated that rural poverty was in part the result of the disarticulation of existing rural production structures and the altering of existing production relations. On the other hand, the attention was focused on external trade and its influences on the rural social and economic structure. It was concluded, based on the available data, that the conditions of inequality, poverty and the marginalization of the majority of rural peoples stemmed from the dependence of the Ghanaian economy on exogenous economic and social forces. Moreover the internal social and economic processes sustained and buttressed by the colonial state remained at the core of rural underdevelopment.

It was this pattern of historical conditioning that called forth a major strategy--the transformationist strategy. This strategy implies that Ghanaian underdevelopment was linked structurally to the expansion of capitalism in Ghana and internal relations of exploitation between the 'comprador' classes and colonialism. Consequently it was necessary to 'eliminate' both colonialism and the dominant local classes and then proceed on a non-capitalist path. It is this non-capitalist path to national development that will be analyzed in the next chapter.

CHAPTER IV

THE NKRUMAH ERA: THE STRUCTURAL TRANSFORMATIONIST STRATEGY 1957-1966

This chapter discusses "the transformationist strategy" which was essentially a non-capitalist path to national development pursued by the Nkrumah Administration. This path involved the reduction of external dependence as well as internal exploitation by dominant social classes. This stemmed from the ideological position of the Nkrumah Administration which held that the internal dominant classes had served, in the past, essentially as a bridge for capitalist exploitation of the economy. Thus the way to achieve economic independence was through the elimination of these dominant classes.

The discussion in this chapter therefore focuses on the major development plan, the Seven Year Development Plan, of the Nkrumah Administration. It analyzes the assumptions and economic philosophy underlying the plan; the organization of rural and agricultural production as a strategy for rural development, and the roles of the state and classes in the development process. But germaine to this analysis is the relationship between the state and rural social class, as this relationship is reflected in either the reduction or maintenance of rural underdevelopment.

Following political independence in 1957 nationalist leaders were faced with a series of questions as to what economic and political strategies should be pursued in order to achieve economic independence. There was the question of the role of the state in economic planning and organization; there was the question of economic priorities, allocation of development expenditures, and the role of economic sectors in the overall development program.

In providing answers to these questions the Nkrumah Administration was not unmindful of the prevailing historical and contemporary circumstances. Moreover, the Administration's perception and explanation of colonialism or underdevelopment served as a basis for policy alternatives and political strategies.

What then is a transformationist strategy? In what way did it become a dominant characteristic of the Nkrumah era? In a comparative analysis of Ghana and Ivory Coast, Berg (1971) labelled Ghana under Nkrumah as pursuing a development policy that approximated the structural transformationist approach. He argues that

> Structural transformation emphasizes industrial development more than agriculture. Within agriculture transformationists emphasize capital intensive often large-scale schemes aimed at fundamentally changing the technology and organization of peasant life. They see little hope in the export sector as an engine of growth and emphasize reduction of dependence on the outside world. Distrust of the market mechanism, the large role of the state in mobilizing and managing resources, and a low tolerance for inequalities in income distribution tend to be typical of their world view (187).

In essence this strategy views economic development as essentially based on expansion in industry and agriculture through large-scale organizations and state involvement.

However, the adoption of this strategy was also influenced largely by Kwame Nkrumah's ideas about decolonization and his conceptualization of underdevelopment. In this case, his views are rooted in Marxist-Leninist political and economic thought.

Nkrumah and Underdevelopment

Nkrumah argued that European colonial rule has remained at the core of underdevelopment of the African continent. Most of his views on the subject have been expressed in his early writings and later on, elaborated in his ideas on imperialism in Africa. First, Nkrumah accepted the Marxist-Leninist thesis that colonialism is a structural product of expanding world capitalism. Thus he viewed the problem of underdevelopment in terms of the political economy of capitalism.

Underdevelopment, as conceived by Nkrumah (1962), was the result of economic and political exploitation of colonial peoples. He argues that the imperialist powers, because of their desire for expanding markets, raw materials, cheap labour for capitalist industries, established political and economic controls through a series of economic measures that set in motion the process of underdevelopment. Thus colonial economic policy has been geared towards making colonized territories into producers of raw materials and a dumping ground for manufactured goods for industrial Europe (9). He maintains further that

> the whole policy of the colonizer is to keep the native in his primitive state and make him economically dependent. To ensure increased efficiency in the local handling of

> the colonies' resources, the colonizer grants loans and invests capital in improving internal communication, social and welfare services, ostensibly to better the native. The big trade combines exert a rigid monopolist control which effectively prevents the native from sharing in the capitalist profits, but without native labour such profits would never be made (29).

Nkrumah points out further that the imperialist plan was to perpetuate economic exploitation and in the process the colonies gained no advantages from being dependent. In short, colonialism is the establishment and maintenance of foreign political domination by aliens over the territories of indigenous populations.

But colonialism is only a stage in capitalist development. The highest stage of capitalism is imperialism or neo-colonialism, here conceived in terms of preferred policy choices by imperialist powers. However, it also implies an alliance between external forces and the dominant domestic classes (Woodis, 1967), and by implication is as much an external phenomenon as it is internal. The relationship between the dominant domestic classes and the rest of the population is based essentially on exploitation and inquality.

Nkrumah, though not unmindful of the internal aspects of neo-colonialism, emphasizes the macro-aspects which in his view gave rise to the internal exploitation of the population by the imperialist nations in alliance with the dominant domestic classes. Neo-colonialism presupposes that the state which is subject to imperialist control is independent only by the outward manifestations of national sovereignty. But in reality its economic system and its political strategies are manipulated from outside (Nkrumah, 1965).

By definition neo-colonialism is a form of domination which is both direct and indirect, thorugh which dominant economic powers and multinational groups control the development of emergent nations. The instruments of neo-colonialism are varied; but some of the major indices include the integration of emergent nations into international economic zones, the development of interlocking monopoly cartels including banks, consortiums and condominiums. Neo-colonialism involves the control of finance capital, technology and the control of advanced sectors of the economies of peripheral nations (Nkrumah, 1965: 31); Lenin, 1974; Seidman, 1964). In essence neo-colonialism is a policy designed to prevent newly independent nations from consolidating their political independence and what is important is the absence of the relevant socio-economic conditions for a self-generating national development at the time of political independence.

The neo-colony, therefore, exhibits structureal characteristics of dependence and underdevelopment. In the first place the economy, particularly the advanced sectors, are dominated and controlled by aliens. The rate of growth of the economy is dictated by external demand and financing, and the structure of production is oriented toward export production. In most cases the economy owes its stability to exports, particularly a monocrop, and the economy shows an increasing inequality in the distribution of growth between the various sectors (Amin, 1973). In other words, the export oriented sector experiences a high rate of growth and productivity while the larger sector is degraded to a level of subsistence and the provision of cheap labour.

To Amin, the outward-directed nature of these nations is manifested further by a permanent crisis:

> The permanent crisis of public finances, the foreign dependence which this entails, visible even before independence, was aggravated by the balkanization of the area, itself also a result of outward-directed colonial development (xviii).

The theory of neo-colonialism, therefore, is a theory of economic imperialism, and the economic strategy that characterized the Nkrumah era must be seen in terms of an effort to escape neo-colonialism. For the dominant views were that colonialism, neo-colonialism and imperialism breed economic and political dependence, and where these existed freedom was nonexistent.

Nkrumah's opposition to imperialism was unequivocal. In his autobiography he wrote:

> Independence for the Gold Coast (Ghana) was my aim. It was a colony and I have always regarded colonialism as the policy by which a foreign power binds territories to herself by political ties with the primary object of promoting her own economic advantage (Nkrumah, 1957: i).

Under imperialism, political domination and economic exploitation have been meshed and thus the solution to imperialism is both political and economic. However, to foster development, colonialism and neo-colonialism had to be terminated first through political action, for "the core of colonial territorial independence is economic but the strategy is a political one. Hence, political independence is an indispensable step toward securing economic emancipation" (Nkrumah, 1962: xv).

Nkrumah's views were shared by a number of political commentators including George Padmore (1956), his political advisor and an advocate of pan-Africanism. The latter, for example, maintained that political self-determination was an essential precondition for realizing social, economic and cultural potentials for subjugated peoples. Thus, political independence is but an empty facade if economic freedom is not possible also (Nkrumah, 1962). In essence, the possibilities for development were possible if Ghana became first and foremost politically independent. By implication the control of the government and other institutional structures appeared to be the most viable way to economic progress. Second, capitalist development is totally unsuitable for economic development in the former colonized areas. In this case Nkrumah stated quite clearly that "capitalism is too complicated a system for a newly independent nation. Hence, the need for a socialist society" (1957: xvi).

Capitalism was not only complicated but it also ignored the concerns and needs of the majority of the population. The alternative strategy then was socialism in which the state assumed the public ownership of the means of production, distribution and exchange. The socialist strategy would provide the avenue for the satisfaction of the peoples' needs and since it was the opinion that imperialism in Ghana did not provide the forms of capital accumulation, i.e., private capital accumulation that propelled Western European Nations into the industrial age, it was considered that only the Government could promote the basic services and industries that would lead to intensive diversified agriculture, rapid industrial expansion and increased economic productivity (Work and Happiness, 1962, para. 6-8).

To achieve these goals it was felt that the state should increasingly participate in the critical sectors. This was because the state would protect

> Our people from unbridled exploitation by alien monopoly interests. . . . the planning of our national economy can only be effective when the major means of production, distribution and exchange have been brought under the capital and ownership of the state (Work and Happiness Programme 1962, para. 55).

In short, a socialist state is the means of securing economic independence and establishing national control over the economy.

Socialism and Economic Development

In the development of a socialist system, the state assumes pre-eminence in productive activities. The question that remained then, was how the objectives of a socialist state could be financed without foreign investment capital, especially in the case of Ghana where the foreign exchange capacity had diminished over the years. As the Seven Year Plan notes, until then Ghana had been able to

> draw on large reserves of foreign savings which were built up in the years of good cocoa prices until 1956. These reserves have now reached a level where they cannot give much support to the development programme (56).

Despite the socialist orientation of the Nkrumah Administration, foreign investment, particularly from the West, was sought. In this case, Nkrumah was faced with the problem of reconciling socialist principles with the facts of economic life in Ghana. In principle, it was considered that the socialist objectives were not incompatible with the growth and expansion of a private sector. However, these foreign investments were allowed in within the spirit of partnership and cooperation with the socialist framework. Nkrumah made this point clear in an interview with the American press:

> Let me emphasize one point. I have not come to the United States asking for direct financial aid. What we want is for you to cooperate in the economic and profitable development of our resources. This means that if either your government or your investors put money into our country we want it to go into sound projects and schemes which will ultimately lead to the repayment of the initial investment (Nkrumah, 1961: 139).

Unlike the colonial period when profits were invested abroad, the expectation was that new investments would lead to economic expansion at home. While private investment was permitted and investment laws were passed to secure a climate conducive to foreign enterprise, it was Government's aim to create a large public sector in the hope of providing an adequate measure of control over the economic destiny of the country. By implication, it was the desire that the nationalist government would dictate the terms on which investments were made; and by a combination of legislative action and state involvement, the deviations from the socialist objectives would be contained.

The interests of external finance capital, however, were not without some curtailment. For example, in 1958 the United States signed an investment agreement with twenty-three African countries in which the former guaranteed private American investments provided the latter made a number of concessions. The guarantee given by these countries, including Ghana, covered risks against convertability, expropriation, and losses due to war and revolution. In return the United States offered the opportunities for stock purchase, loans or royalties for which a fee of half of one percent was to be charged. By the 1960s the United Nations, from whom most of these African States prefer to seek loans, recommended a number of investment regulations which it thought would facilitate investment flows to these nations (United Nations Report, 1965).

In the case of Ghana under Nkrumah, a series of legal instruments were introduced in which conditions for investments were laid. The Capital Investment Act of 1963 stipulated that in cases where a foreign private project is taken over by the Government, a fair compensation would be paid in original currency to the owners. In the case of disputes over amount of compensation, an arbitrator could be appointed by both parties or the International Bank for Reconstruction and Development would settle the dispute. Under the Act there were no restrictions on capital and profit outflow except in the event of sale or liquidation. There was tax exemption for projects in their first five years of production, and those firms engaged in the production of export goods and import substitution were exempted from import and customs duties, and purchase tax for those materials needed for expansion.

Within the confines of the Act it became possible for the State, as a participant, and foreign and private capital to operate within the socialist system.

Economic Policies and the Transition to Socialism

In devising an economic strategy based on socialist principles of organization, a number of issues had to be considered: (1) the ways in which the economy had to be managed; the sector which was to be given priority; economic development's aiming at self-sufficiency in industrial output or its integration into an international system of specialization; and (2) what form of agricultural organization would be most condusive to rapid economic progress; and how could development be financed?

In dealing with these questions it was the view that there should be a thorough economic reoganization, for socialism requires a different kind of planning and economic structure. As was stated in 1962, "The basic aim of our economic development is to free our economy from alien control and domination" (*Work and Happiness Programme*, 1962: para 8). In doing so, however, the economy had to be "balanced between industry and agriculture, providing a self-sufficiency of food and supporting secondary industries (Nkrumah, 1964).

The priority in economic policy was to be found in the total industrialization of the country and the complete diversification and mechanization of agriculture. It meant that "creation of heavy industry with the simultaneous growth in light industry and agriculture" would be given priority. This would "create the backbone" of the national economy and lay solidly the foundation of the socialist industrialization" (Nkrumah, 1965, Sessional Address, Col. 10).

Briefly the policy of industrialization was meant to create avenues for increased employment for labour in rural areas; it was geared towards increasing incomes and redressing imbalances in foreign trade. Industrial growth was to permit Ghana to satisfy her consumer needs as well as to increase Ghana's processing capacities of raw export materials. Agro-based industries were to stimulate agricultural expansion. In addition, industrial expansion would enable the country to produce its technological equipments, building materials and inputs for agriculture as well as industry itself (Seven Year Plan, 1964: 92). Despite the emphasis on industrialization, agriculture, at least in theory, was given a fundamental and critical role. In 1955 Nkrumah stated that

> democracy, as against imperialism, nepotism and autocracy in the Gold Coast (Ghana), must have its roots in rural reconstruction. It is in the rural areas that the forces of feudalism are entrenched. There can be no social advancement or complete overthrow of imperialism as long as the vestiges of feudalism still remain in this country (Nkrumah, 1961: 53).

This position was elaborated more clearly in relation to agricultural development. The argument for the critical position of agriculture was that it was the basic starting point in the of industrialization (Nkrumah, 1965: Col. 14). This position was clearly stated in the

Seven Year Plan where it was argued that however much progress was made in the non-agricultural sectors of the economy, the general level of prosperity could not increase unless agriculture . . . also underwent a revolutionary change. Moreover

> the money to finance all the revolutionary advances that have been made in the modernization of Ghana has come almost exclusively from agriculture . . . . In addition to providing funds for almost all the development expenditures and savings of governments, agriculture has also provided most of the money that has gone into local and private investment in Ghana in recent years (Seven Year Plan, 1964: 53).

It was also obvious to economic planners that the rate at which the economy expanded was inadequate and therefore incapable of coping with demands made on it through imports, particularly of food items. The government therefore stated that

> in the light of this, the main task which Ghana's agriculture must face and solve . . . is to produce enough food locally to meet all our requirements of food. We must produce so much maize, rice, fruits, meat and fish so that every Ghanaian will get all he needs for himself and his family and our Government will not be called upon to import these things from outside Ghana (Steps Towards a Socialist State, 1962: 19).

The fact of the matter was that agricultural production in Ghana had shown a tendency to lag behind domestic demand and rate of population growth.

> . . . local food prices have risen while part of the demand for food has been met by increased imports. By 1962 the burden of food imports had become a major factor in the balance of payments situation. Of all the major items in the food bill only wheat and dairy products could not be produced cheaply in Ghana (Seven Year Plan, 1964: 55).

As Table 4.1 indicates, there were significant increases in the imports of selected food items.

TABLE 4.1.--Development of Selected Food Imports, 1951-61 (Imports in G'000).

Item	1951	1961	% Change in 10 Years (+ increase, - decrease)
Meat	1,195	1,935	+ 62
Fish	1,422	4,814	+ 239
Dairy Products	633	1,901	+ 200
Rice	313	2,514	+ 706
Maize	207	35	- 89
Wheat	1,539	3,145	+ 104
Sugar	1,139	2,690	+ 136
Fruits and Vegetables	171	2,068	+1,109
TOTAL Selected Items	6,618	19,102	+ 189

Source: Seven Year Plan, 1964: 55.

Economic Survey of 1962 sums of up the situation thus:

> Another inflationary force was in respect to local food production, particularly food, which was unable to keep pace with demand generated by higher government expenditure and increased earnings. With additional distribution problems in respect of perishables and other foodstuffs, prices were driven up. The solution to the problem of rising prices lies in increased production at home of food and manufactured goods intended as substitutes for imported goods whose importation is now restricted; as well as the introduction of an efficient distributive network for the whole country (Economic Survey, 1962: 30).

This was then a rational policy to pursue since the rate of inflation was becoming a threat to the standard of living and was creating a great deal of social tension in the country.

The second major element in the agricultural policy had to do with the notion that agricultural development is a pre-condition to industrial expansion. Thus the task for agriculture was to produce raw materials for existing industries and for new ones which had to be created under the Seven Year Plan. It meant the production of cotton for textile factories, sugarcane for sugar factories, ground nuts for vegetable oil mills, etc. Thus it was concluded:

> If we can do this, then the Government will not have to spend money overseas to buy raw materials which our factories need. To the extent that we do this to that extent will we free more foreign currency for purchases of machinery and plants for our industries; to that extent will we create jobs for our own people instead of creating [them] for people elsewhere: to that extent will we find money for our industrialization from our own resources (Steps Towards a Socialist State: 19).

To achieve these goals it was necessary in the Government's view to apply mechanical power whenever it was possible and economical to do so (Seven Year Plan: 57). Since internal resources were inadequate it was considered necessary

> to concentrate on a limited number of commodities and apply to them all the available technology and agricultural knowledge. These are the ones to satisfy basic nutritional requirements like cereals and fish or that will contribute to amerlioration of the balance of payments position, sugar, cocoa and rice (Seven Year Plan: 73).

The main task for the Nkrumah Government was therefore focused on increasing the rate of growth of the national economy; transforming the economy along socialist lines and thereby eliminating the colonial structure of the economy. But in the agricultural development sphere, the empahsis was on improving the nutritional level by eliminating food deficits, increasing rural incomes and stepping up the production of agricultural raw materials for export and industrial purposes. To achieve these objectives production targets were set for both the public and private sectors; and even though the State was to play an active role in agricultural production, the bulk of the increases were to come from the private, small farmer sector.

In addition, production targets were set for various agricultural products. The main feature of the targets was the increases expected in cereals, roots, legumes and oils. Production increases were nonetheless expected from rubber, sugar cane and cocoa production. Although the intention of Government was to diversify agricultural production, the interest in maintaining Ghana's position as leading export crop producer remained dominant (Seven Year Plan: 63).

Organizing Agricultural Production

The issue that remained a major concern for planners was how agricultural development could best be organized. Since the transition to socialism called for a structural reorganization of society and economy, it was felt that the institutions responsible for agricultural development, including the Ministry of Agriculture and other farm related institutions, should be reorganized or replaced by new institutions. At the ministerial level a number of changes were made in the hope of improving efficiency in the administration of agriculture. Prior to the introduction of the comprehensive Seven

Year Development Plan in 1964, the Ministry of Agriculture, which had previously undergone several changes, had four divisions: (1) The division of General Agriculture was responsible for all extension activities connected with the development of all crops other than cocoa, and undertook the program of crop diversification. (2) The Cocoa Division was responsible for all aspects connected with production and maintenance of the cocoa industry. (3) The Scientific Services undertook soil and land use surveys with a view to ultimately producing a soil map which would indicate areas suitable for production of crops. It also undertook research in entomology, plant genetics, and coordinated activities related to agriculture. (4) The Agricultural Economics division undertook economic surveys, market price statistics, crop production forecasts and trends in both domestic and international markets. The most significant change that occurred in relation to the structure of the Ministry had to do with Government's desire to participate directly in organizing agricultural production. In the first place the Extension Unit of the Ministry was more or less disbanded and the technical officials of that unit were transferred to new state agricultural organizations, the most important being the United Ghana Farmers Cooperatives Council (U.G.F.C.C.); The Workers' Brigade, and the State Farms Corporation.

The "Production Fronts," as these state agricultural organizations were called, assumed a pivotal position. First they were to implement large extensions to acreage through mechanization and were expected to increase food production and expand agricultural exports. They were, however, entirely new forms of economic activity in Ghana and were most likely to run into difficulties because of inadequate resources and mismanagement, but the government felt their contribution was not in doubt.

The State Farms Corporation which was established in 1963 was expected to concentrate on the production of cereals and basic crops whose demands in the urban centers had expanded phenomenally. The Seven Year Plan added: "In addition, state farms will play a leading part in the production of sugar cane, cotton, rubber, non-apparel fibres and meat where large-scale organization has decided advantages in production" (79). In short, the State Farms Corporation was to demonstrate the advantages of large-scale farming in the production of food and other crops. Thus, apart from being responsible for profitable state agricultural organization, the corporation was also to show the advantages of large scale socialist farming over small-scale individual peasant farming (Ghana Trade Journal, 1963: 48-49).

The United Ghana Farmers Cooperative Council was established to organize the bulk of the country's agricultural population into cooperatives and individual farm units. It engaged in large-scale farming as well as agricultural extension work. It had a monopoly over cocoa buying; and spearheaded the introduction of mechanized agriculture. However, like all other state organizations it was expected to carry out political education of the farmers (Report, Committee of Enquiry on the Local Purchasing of Cocoa).

The Workers Brigade established by an Act of Parliament in 1957 was in part meant to solve unemployment and at the same time boost food production. It was therefore meant "to help inculcate a healthy respect for the dignity of manual labour and given an opportunity which is at present lacking for national and patriotic service" (Parliamentary Debates, 1957: Vol. 6, Col. 526). The agricultural wing was essentially seen as an agricultural army managed on para-military lines. Its purpose was to provide adequate machinery for agricultural mechanization; provide raw materials and operate production enterprises, but its key function remained one of educating and training the young in various rural trades like carpentry, motor mechanics and repair, tractor operation and animal husbandry.

Agricultural Extension

The country felt that the most effective way its policies could be implemented was through an agricultural extension service. The function of this service was not limited to providing a link between policy formulation, research and programme implementation, but included farm data-gathering, and organizing 'popular' participation in agricultural production as well.

Several analysts of the rural sector in Third World nations point to the fact that the poor performance of agriculture should be attributed in part to the absence of an effective agricultural extension service and well thought out strategies that had facilitated increased production in the West. It follows from this viewpoint, therefore, that to raise agricultural production and thereby increase rural income, agricultural extension service organization should constitute the fundamental focus of any approach to agricultural development. In essence, therefore, it is argued that investments in agricultural inputs must be sustained by investments in general education and in production education for farmers. The critical element in this approach to agricultural development is to have an effective information linkage, the proper functioning of which is considered the key to expansion in the agricultural economy.

This view of extension in agricultural development is further sustained by some of the successes recorded in what is now known as the "Green Revolution." In this regard the Seven Year Development Plan states:

> A considerable body of existing knowledge on how to improve agricultural productivity in Ghana has up till now failed to find its way to the field practice of the farmer. This gap between agricultural science and agricultural practice is due largely to the absence of an effective extension organization. As has been demonstrated in the case of the recent advances in the cocoa industry, the small farmer is very willing to adopt advances in farming methods and practice which are convincingly demonstrated as being capable of raising his productivity and income. The knowledge about new methods in cocoa production which has been conveyed to other farmers through extension work must now be used in the campaign to raise productivity in the other sectors of agriculture (77).

The intention of Government, therefore, was to create an extension and development service that would help organize production and achieve the targets set for the period of the plan. At the same time the service was expected to achieve a level of participation in the development process; it had to organize an agricultural extension service against the background of the objectives of Government, the manpower requirements and financial resources. These questions were critical mainly because a Government may desire to carry out tasks but be constrained by manpower and financial needs.

Manpower and Agricultural Extension

In organizing the extension service a number of issues emerged. Among these was the agricultural manpower required to carry out extension work. In 1960, the total number of persons employed for wages and salaries in the Ministry and its related agencies was approximately 30,000. But as Table 4.2 shows, by 1964 this number increased to 55,000. In terms of the distribution of professional, managerial and technical personnel, Table 4.3 shows that the Ministry of Agriculture appeared to have had a high proportion of these. However, almost two thirds of the number were working on cocoa extension and related activities rather than on food.

TABLE 4.2.--Overall Employment in Agriculture 1964-1970.

	1964	1970
Ministry of Agriculture	15,781	32,360
U.G.F.C.	15,079	20,371
State Farms	17,599	22,625
Workers Brigade (Agricultural Division)	1,500	7,531
Logging (Private and Public)	5,000	10,000
TOTAL	54,959	93,287

Source: Manpower Estimated 1964-1970
Manpower Division, Ministry of Agriculture, Accra.

TABLE 4.3.--Establishment of the Ministry of Agriculture and Related Agencies.

	1964		
	Professional	Manager	Technical
Ministry of Agriculture	115	92	5,063
Farmers Council	125	294	906
State Farms	4	138	1,033
Workers Brigade	0	20	30
Other	5	0	5
TOTAL	249	544	7,037

Source: Ministry of Agriculture, Manpower Division, Accra.

The manpower situation of the extension service is a crucial determinant of the strategy adopted. Table 4.4 indicates that the 1963-65 establishment schedule for the Extension Service was 406, but that the number of personnel at the post was 227 with 179 vacancies.

Taking, for example, the 1963 staffing situation of the United Ghana Farmers Council which later became the main instrument of extension work, the problems of manpower regarding general extension becomes clearer. Of the 15,079 employees in the U.G.F.C.C. only 1,540 worked as extension officers. This, of course, excludes 1,396 who were at that time labelled as employees in the Mechanization Unit of the Ministry of Agriculture. However, if all categories of personnel labelled as extension workers are put together, the

TABLE 4.4.--Establishment of the Agricultural Extension Service 1963-1965.

	Establish	At Post	Vacancies
Professional Agricultural Officers, S.A.O.'s, etc.	40	10	30
Technical Senior Technical Officers	319	181	138
Other (Field Assistants)	47	36	11
TOTAL	406	227	179

Source: N.L.C. Agricultural Committee Ministry of Agriculture, 1966.

extension category had only 19 percent of total employees in Agriculture (Manpower Estimates M.O.A., 1964-70). The implication of these figures is that given the population of active farmers in Ghana, the extension farmer ratio was about one extension officer to about 20,000 farmers. Although there was improvement in staffing, the situation did not change. Yet in this situation the agricultural establishments were expected to be production oriented and at the same time promote mass participation in agricultural development. Thus it appeared at the time that special strategies were required to encourage the small-scale agricultural producer. From the personnel point of view the agricultural organization was not sufficiently equipped to carry out the role assigned to it.

In 1967, it was estimated that an extension worker covered as many as 6,500 farm families. This figure probably included even those who could not by any imagination be called extension officers. The ratio in 1967 was equally high and so one area of concern was the inadequacy of technical staff, the officers who had to carry out the day-to-day extension function. A rough estimate would be that each of the 40 agricultural districts had approximately seven officers and these were supported by specialists in nutrition and animal breeding who were concentrated in the national and regional capitals rather than at the district levels.

Financing Agricultural Development

For the agricultural development program envisaged, over one million pounds sterling, half of which was to come from the foreign private sector, were allocated. The total government investment was estimated at 476 million pounds, loans and grants from Western industrial nations accounted for 240 million pounds or about 50 percent of the total Government expenditure (Ewusi, 1973: 41). What is significant is not the amount of total foreign investment input but rather the forms of these investments and aid and the patterns they took. In other words, into which areas did these investments essentially go? Secondly, what were the social and economic consequences?

First of all, it was the intention to mobilize local savings, budget surpluses, profits from state corporations, deficit financing and foreign loans which turned up mostly in the form of tied aid and supplier credits. On the whole the aggregate of new private investment under that plan was to be distributed in the following way:

one-third each to agriculture and industry and one-sixth to housing (Seven Year Plan: 279). Table 4.5 indicates the proposed structure of investment.

TABLE 4.5.--Structure of Investment (in 1960-1962 Average Prices).

Field of Cevelopment		Total	% Share
Agriculture		176.6	17.4
Mining		41.7	4.1
Industry		206.4	20.3
	Sub-Total	424.7	41.8
Transport		62.9	6.2
Housing		76.2	7.5
Supra-Structure		109.4	10.7
Education		64.0	6.3
Health		31.1	3.0
Other Social Services		32.8	3.3
Other		75.2	7.4
	Sub-Total	451.6	44.4
	Depreciation	140.2	13.8
	TOTAL	1,016.5	100.0

Source: Seven Year Plan, 1964.

In terms of sectoral investments in agriculture Table 4.6 shows that the private sector remained dominant, contributing about 50 percent of the agricultural investment.

Table 4.6 would suggest, then, that there was major interest in supporting agricultural services, particularly extension service organization. The allocation given to the Central Services, the establishment of Extension and Development services, seed production and distribution, the setting up of machine stations and farm settlements, agricultural credits and subsidies, services directly related to production, together were tranted about 50 percent. On the other hand, the state agricultural organizations that were to carry out some of these services were allocated nearly 17 million pounds. The question is whether the concern expressed by Government matched the investments in agriculture? After the initial period of political decolonization, investment in direct productive sectors began to increase. In real terms, however, economic services, including agriculture, ranked third in order of priorities while a larger proportion went to capital investment. A closer examination of actual budgetary allocations, as shown in Table 4.7, makes it clear that the non-productive, purely service sectors (defense and education), increased their share of budget allocations while that of agriculture declined.

During 1965, Government expenditures increased by 16.6 percent compared to the previous year. A similar picture could be noticed in capital expenditures which stood at 39.2 percent compared

TABLE 4.6.--Summary of Financial Allocations in Agriculture.

	GM	GM
1. Central Services		
a. Establishment of Extension and Development Services	2.8	32.3
b. Establishment of Seed Production and Distribution Units	2.7	
c. Live-stock Improvement in the Savannah Areas	1.3	
d. Setting Up Machine Stations and Farm Settlements	3.5	
e. Credits and Subsidies	4.5	
f. Agricultural Research	4.4	
g. Agricultural Education	2.0	
h. Irrigation	11.1	
2. State Farms Corporation		9.2
3. Workers Brigade		4.5
4. United Ghana Farmers' Cooperatives		2.9
5. Fishery Development		
a. Ghana Fishing Corporation	3.55	
b. Credit Fund for Purchase of Fishing Vessels	5.2	
c. Fish Processing and Marketing	3.0	
6. Forestry		2.6
7. Reserve for Miscellaneous Developments		4.25
TOTAL		67.5

Source: Seven Year Plan, 1964.

TABLE 4.7.--Budgetary Allocation as Percentage of Total Expenditure.

	1965	1968	1966/67 Jan. - June	1967/68	1968/69	1969/70
Defense	6.87	10.20	11.19	11.94	13.12	9.48
Agriculture	8.86	7.47	7.43	6.33	5.27	5.12
Education	17.86	20.90	22.65	19.45	19.73	19.84
Health	5.32	4.66	5.48	5.79	6.85	6.83
Transport, Storage, Communication	6.05	4.48	4.34	2.75	2.91	3.06

to 34.3 percent in 1963-64. Within the economic services group, 33.0 percent of total investment was devoted to agriculture and non-mineral resources (Economic Survey, 1965: 23-25). This reflected the desire to concentrate on the priority sectors of agriculture and industry. In that year, for example, more funds were allocated to the State Farms Corporation. But prior to that year the Public Accounts Committee of Parliament noted that there was a heavy investment into agricultural machinery that was of no use to food production (Report, Public Accounts Committee, 1965). But the structure of investment shown in Table 4.8 is indicative of the direction in which the economy was expected to go.

TABLE 4.8.--Allocation of Resources

	G Million
Health Services	3.4
Mining	4.0
Timber	1.7
Agriculture	2.0
Manufacturing Industries for machinery, equipment and raw materials	56.8
Consumer Goods	62.6

Source: Government Financial Policy, Parliamentary Debates, January 1965, Col. 186.

It is obvious that in the allocation of resources the emphasis was on industrialization, particularly manufacturing and raw material production. This point is further buttressed by the fact that thirty-two of state owned enterprises had about 39.7 million cedis although this represented an under-estimation (Government Financial Policy: Parliamentary Debates, January 1965, Col. 187).

A report on the State Farms Corporation in 1966-67 stated that the corporation was one of the largest net spending organizations within the state sector. Its expenditure was far in excess of its incomes and large sums continued to be spent on land clearing equipment. There was clearly an imbalance in the Corporation's investment structure. Up to 1965, investment in machinery and equipment was estimated at 3.5 million cedis and in 1966 alone it spent ¢2.3 million cedis (Report, State Enterprises, Accountant General's Department). Thus it would seem that while investment resources were being increased yearly for the high priority sectors, agriculture, particularly the peasant and food producing sector, was progressively receiving less investment funds.

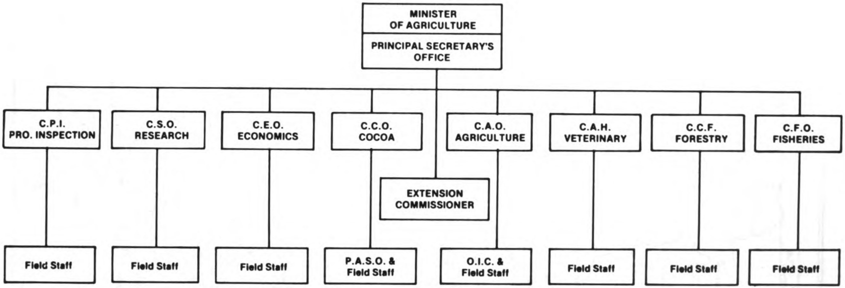
The Politics of Extension Organization

The factors were further complicated by internal organizational 'politics' within the Ministry of Agriculture itself.

In 1961 the then Principal Secretary of the Ministry of Agriculture spearheaded an effort to establish an extension service organization which would geographically be broadly based and emphasize food production. First of all, it was proposed that the post of an Extension Commissioner was necessary, for several reasons. Up to that point agricultural activities lacked coordination; there was no effective link between the planners at the Ministerial level, the field and technical officers and the farmers; there was no coordinated in-service training for field workers; furthermore, there were no interlinkages in policy and project proposals from various divisions of the Ministry of Agriculture. The Extension Commissioner was therefore seen as the linking-pin in the program of agricultural development. In addition to the creation of this position it was believed that full establishment of an extension unit in the future would be the ultimate goal (Asem, 1961).

The proposal for this new unit was very much resented by the heads of the major divisions of the Ministry. The minutes of the meetings held by divisional heads to discuss this proposal are indicative of the resentment. First, it was felt that there was no pressing need for an Extension Commissioner in the first place, and although they eventually accepted the proposal that the Commissioner should act as coordinator of agricultural programmes in the field and also act as 'a sort of deputy to other heads of division,' the ultimate establishment of a separate extension unit was an anathema. It was argued that since the duties of the Chief Agricultural Officer covered general agricultural services including the bulk of extension work, there was no need to give the new Extension Commissioner a full establishment. Thus, "it was unnecessary to transfer Technical Officers to work permanently under the Extension Commissioner both at the Ministry or in the field. But the Commissioner could use any of the Head Office staff and field staff as required (Ministry of Agriculture, November 1971). This situation is reflected in the organizational chart, Figure 3, which clearly indicates that the Extension Commissioner had neither staff, clearcut authority base nor a proper procedural policy to follow. Furthermore, he had no administrative directive to give to divisional heads through which channel he could be effective. Since there was no supporting staff, the Commissioner was given no financial allocation except those granted to other divisions. In short, each division managed its own organization, implemented its own program and carried out extension work without reference to the Extension Commissioner. By 1962, however, the coordinating functions of the Extension Commissioner became an acknowledged fact. This was a product of the desire of government at the time to proceed with a crash modernization program in agriculture. As part of the approach to extension development, the country was divided into forty agricultural districts. In addition, agricultural councils were established at national, regional and district levels (see Figure 4). The function of these councils was to insure the effective coordination of the activities and requirements of various bodies whose activities directly or indirectly had an impact on agricultural development. These bodies were also to serve as advisors to extension workers at each level and bring to their attention the requirements for effective production.

EXTENSION ORGANIZATION



Each Division managing their own organization and doing Extension within the Division.

Extension Commissioner has:

No staff and no vote.
No clear-cut authorization or procedure policy established.
No administrative directive to Division Chiefs and Extension Commissioner establishing relationship and lines of authority.

Figure 3.--Extension Organization

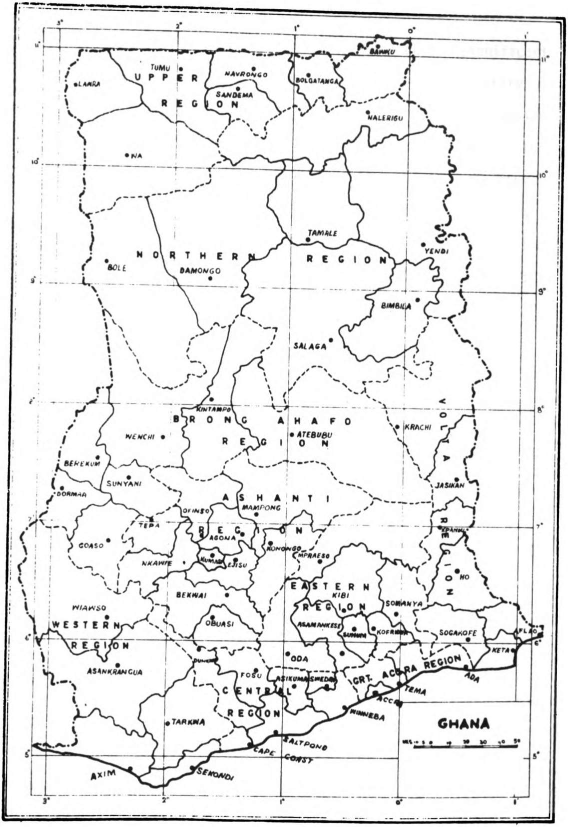


Figure 4.--Agricultural Extension Districts of Ghana

However, as the requirements for agricultural development increased government decided to make the extension unit a significant part of the organizational structure of the Ministry. The country was divided into forty agricultural districts with district extension officers who worked with the relevant agricultural council and at the district level were extension field officers who worked at the farm level. In its structural form there was a chief agricultural extension officer assisted by a deputy. At the regional level were senior agricultural officers responsible for extension work and assisted by subject matter specialists. At the district level were the District Officers and their assistants.

Agricultural Extension Strategy

The development of an extension service with the basic objectives of encouraging production through popular rural participation had these major obstacles to grapple with. It was against the background of these constraints that extension strategies were proposed. The first extension strategy was concerned with integrating peasant agriculture with large scale farms or estate agriculture. It was felt that such an approach would facilitate extension work since the goal was a crash modernization of agriculture. In other words, a departure was to be made from the "fragmentary haphazard" crop production methods without necessarily destroying the peasant mode of production. This strategy hinged on the principle that

> Peasant agriculture, however well directed, cannot by itself suffice. Small holdings can never reap the full benefits of the technical developments of scientific

> agriculture. Economic sufficiency demands the use of estate methods at least in some parts, to broaden the whole economic basis but there is room for the combination of these two systems (Macmillan, 1949: 4).

It was the view that such a strategy would not only facilitate research and its application and help commercialize production suitable for small farmers, but also demonstrate to small scale farmers efficient techniques in crop production. This type of integration, it was assumed, would involve four levels: food and cash crop production; irrigation schemes that satisfied the requirements of both large and small farms; ranching; and mixed farming. Although there were to be estates focusing on cash crops, most of them would address the food problems. These estates, however, were to be cooperatively organized so as to facilitate the diffusion of new agricultural practices.

But as part of this integrated strategy an agricultural extension program was to be devised to foster the development of sizeable individually run and owned farms which should operate as a corporate group (Charter, 1955: 3). In this respect extension work was to begin from such group farms and progressively spread its activities thoroughout the hinterland. The main idea was to approach food production through two forms of group action. First, it was intended that farmers would own their plots collectively, work together on the land and share the proceeds equally among themselves after production costs had been deducted. Second, it was the view that farmers would own their plots individually and yet work cooperatively in order to avail themselves of extension services including such inputs as fertilizers, pesticides, and improved varieties which they could not as individuals afford to purchase.

In view of the limitations imposed by finance and manpower requirements the Nkrumah Government opted for this strategy, but with significant modifications. These modifications were in line with the policy of Government to give state organizations a critical role in economic development. The generally held view of the Ministry of Agriculture reinforced the quest for modification. The view was that the failure of the agricultural sector was "Created by over a hundred years of colonialism, fortified by seventy years of a paper agricultural department, which was full of specialists cut off from the farmers who they were meant to educate" (Report U.G.F.C.C., 1963). The State institutions were expected to act as production fronts and were assigned the responsibility of offering guidance and leadership to individual farmers as well as cooperative farmers, therefore it became necessary to transfer the extension service started in the Ministry to the United Ghana Farmers Cooperatives Council (U.G.F.C.C.), an organization whose role was "the fulfillment of the noble aim of the agricultural revolution" (General Secretary, U.G.F.C.C. Report, 1962-63: 6).

But the most sustaining view was that there were far too many farmers scattered all over the country. Such a situation could not allow for 'effective' extension work unless the activities were carried out cooperatively. It was to be a cooperative extension system in which the agricultural officer offered advice to cooperators who in turn worked with larger rural groups.

What, however, remained the most critical consideration in extension strategy had to do with food crop production. It should be noted at this point that over the years the urban population had increased phenomenally. Non-agricultural employment had also expanded rapidly because of the program of industrialization, and with increases in the income portfolios of urban workers went a corresponding increase in demand for food. From the point of view of domestic production, the gap between supply and demand for food had become overly conspicuous. This was manifested by the sharp increases in price. Stoces (1966) suggested in his estimates that to close the gap between supply and demand of food in Ghana in about five years would require an average yearly increase of between 6.1 and 7.7 percent.

By all accounts, therefore, agricultural production, particularly food, constituted a thorny development problem. Against this background the approach to food production under the Nkrumah regime was through centralization of effort within State agricultural organizations. Although the Workers Brigade, the Young Farmers League and the Settlement Farms were concerned with food production as well as other crops, the major institutions remained the State Farms Corporations and the United Ghana Farmers Council. Both of them were charged with extension work but the United Ghana Farmers Cooperative Council, more than any other organization, had to focus on cooperative questions as the means to effective farmer education. The para-statal agricultural organizations were to introduce modern techniques including fertilizer use and mechanization as a means of achieving productivity in agriculture. In the case of fertilizer use the State Farms Corporation took over the agricultural experiment stations of the defunct Agricultural Corporation and converted them into production units. These units were farms for experiments with fertilizer, and improved seeds as well as the bases for acreage expansion of food and other crops. In 1964 the corporation had 105 farms employing some 20,000 persons and in that year the acreage acquired was 250,000 although only 40,000 acres were actually cultivated. In 1965, the acreage stood at 345,000. This means that the average farm size was 2,760 acres with an average labour size of 160 persons.

As to the crops and acreages planted, Table 4.9 indicates that oil palm production received the greatest emphasis and was followed by cereals--maize and rice. In the cooperative crop production and marketing fields the United Ghana Farmers Council Cooperative (U.G.F.C.C.) was expected to carry out fertilizer extension work. Through a technical assistance agreement between Ghana, the United States and the United Nations, the F.A.O. and USAID began a program of fertilizer use and distribution among state farming agencies and private farmers. Figure 5 shows that from 1962 when the program started, fertilizer imports increased from 2,394 tons to 29,736 tons in 1973.

The purpose of this program was to encourage the use of fertilizer to increase food production as well as cash crops. In

TABLE 4.9.--State Farms Corporation: Crops and Acreages Planted.

Crops	Acreages	Expected Yield (in tons)	
Maize	5,570	1,959	
Yam	355	1,420	(which would give us about 426,000 tubers)
Rice	3,669	1,625	
Groundnuts	497	133	
Cassava	256	1,536	
Urena lobata	246	220	
Tobacco	385	86	
Pine-apples	260	2,600	(which would give us about 962,000 fruits)
Vegetables	330	2,930	
Oil Palm	11,955	--	
Rubber	2,267	--	
Citrus	200	--	
Banana	200	--	
Potatoes	150	300	

Source: Minister of Agriculture, Preliminary Debates, 1963: Col. 421.

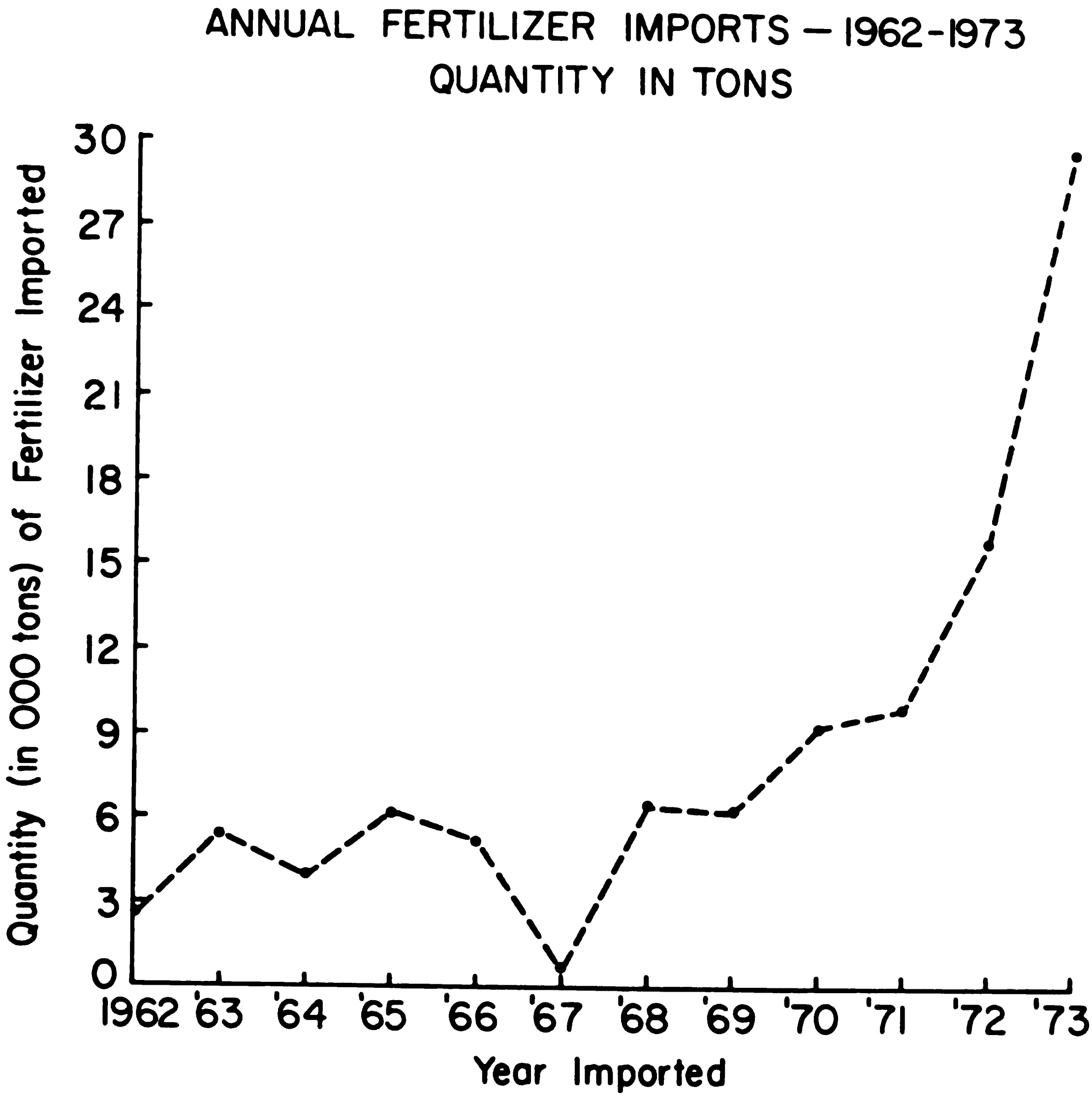


Figure 5.--Annual Fertilizer Imports--1962-1973

the early part of the decade the scheme was started in the savannah region and by 1965 had been extended to the Northern and upper regions where rice production had shown promise. The interesting picture portrayed in Table 4.10 is that between 1965-66 about 50 percent of fertilizer supplied went to the peasant farmer.

TABLE 4.10.--Fertilizers Sold by Pilot Scheme to Peasant, Large Scale and Institutional Farming Sector 1965-66 in cwt.

	1965	1966
State Seed Multiplication Farms	2,315	3,857
Workers Brigade	100	457
Young Farmers League	24	2,014
Other Institutions	6,433	5,288
Peasant Sector Upper/Northern	1,015	1,102
Rest of Regions	7,147	9,192

Source: Ministry of Agriculture: Sales Report, Fertilizer Stores, 1965.

But this situation needs to be treated with caution. The program was geared toward demonstration but was also meant to provide information about the "fertilizer ratios for different crops under different natural conditions" (FAO Report, 1961). Under FAO supervision the U.G.F.C.C. established twenty-five supply and marketing centers throughout the country. The fertilizer was sold only to members of of cooperative farms (FAO Report, 1965: 2). The cost of fertilizer, however, was so high that it was impossible for those who were not members of the U.G.F.C.C. to purchase such inputs. The system of distribution was in many cases disrupted and largely inefficient (Haensel, 1967; Tweneboah, 1970).

Agricultural Mechanization

In recommending a program of agricultural mechanization as part of the extension strategy, development planners were faced with a number of contradictory tendencies in such an approach. The problems were (1) how to reconcile technology transfer which would depend on foreign capital investment and a reduction of underdevelopment, (2) how mass participation would be achieved in the face of capital intensive, labour-saving inputs, and (3) what would be the social structural consequences. Despite the adverse implications of such a program, Government decided to invest in mechanization because of the desire to maximize national production. For example, in the case of Ghana, it has been demonstrated that without mechanical input, production could only be raised by 10 percent if farms were better organized, and if fertilizers were used, productivity would increase by 14 percent. Thus, the Ghanaian farmer could raise production by only 24 percent (Roth and Brenner, 1966: 152-154). It follows from this that notwithstanding the cost, mechanization remained a viable strategy. The second justification was political. To understand the dynamics of mechanizing agriculture one has to go beyond the social and economic accounting and put it in the political perspective. In short it is a part of an overall strategy to reduce dependence on agricultural imports (food, raw materials for industry) as well as to provide the requirements for an increasing urban population. On the other hand (and this is paradoxical) mechanization is seen as a means of solving the perennial problem of unemployment and under-employment among the youth. This is shown by the way state agricultural institutions were organized.

The point here is that within the context of traditional agriculture, it is difficult to see how the younger generation could be drawn back into agriculture without reducing the 'drudgery' of farm work. The general thrust of the mechanization program is to reconcile the opposing economic and social tendencies in such a way as to reduce poverty, increase production, redistribute income through public works programs and reduce social inequalities and ultimately overcome dependence. But simply, it is a theory of 'walking on two legs' on a lumpy and slippery road. As Clayton (1974) points out, the role of agriculture in developing countries must not be that of a supplier of labour for industry, but rather at current levels of population growth, it must serve as a retainer of the rural population and act as a major employer. The critical questions then are: how far and how fast should such a program proceed and what form should it take? In other words, how should it be introduced? Should it start on a limited scale while taking account of the existing rural social structure and technological base? How should the program be financed? What economic and social benefits are intended? What type of personnel does the program require? These and other equally fundamental questions must inform any policy of agricultural mechanization. The concern here then is to produce evidence from Ghana in terms of the wider socio-economic and political dimensions.

Until the early 1960s Ghana's experience with agricultural mechanization was very limited. Tractor power in peasant agriculture was introduced in the late 1940s in the Kpong Agricultural Research Station with the focus on investigating the advantages that would result from farm mechanization. These efforts were also carried out on an experimental basis in Northern Ghana. With the great success registered with bullock plowing the experiment was extended in the 1950s through the establishment of the Gonja Development Company in Northern Ghana. Briefly, the purpose of the scheme was to settle people from overpopulated districts, on uninhabited areas in village groups. The approach there was to be that of mechanized services on a crop sharing basis (Colonial Office Report, 1951: 31). This attempt at organizing farm mechanization through cooperative settlement failed and the settlement scheme was therefore liquidated.

In early 1960 the Government had taken a decision to begin a crash mechanization program despite the limitation of sufficient knowledge on what technical equipment would be suitable for Ghanaian conditions. At the time of the crash program it was estimated that there were about 140 tractors of six makes in use in the country. But by 1964 the Government had invested almost ¢26 million in agricultural machinery import. In 1967 when an inventory was taken of agricultural machinery there was a total of 3.941 wheel and crawler tractors in Ghana. What is interesting is that with increasing importation of tractors, the brands multiplied. There were in 1969 sixteen different models from thirteen companies (Report: National Advisory Committee, 1970). With increases in machinery imports Ghana, in the 1960s, became the largest African importer of advanced technology. What is important to note here is that in the import program, the Nkrumah Government attempted to diversify sources and break the traditional concentration on trade partners. But Table 4.12 clearly shows that taken as an economic region western nations continued to supply the bulk of agricultural and other capital intensive inputs. Moreover, this meant that these imports were heavily financed from western sources since Ghana was experiencing economic difficulties at that time.

TABLE 4.11.--Major Suppliers and Value of Machinery, 1961-1967.

Suppliers	¢ Million
Yugoslavia	7,045,621
United Kingdom	5,431,805
U.S.A.	4,149,239
Czechoslavakia	3,249,617
West Germany	2,160,152
U.S.S.R.	2,159,218
Japan	968,930

Source: Ghana Economic Review, Accra.

The issue then was how the program under the portfolio of the state agricultural institutions would be introduced. In 1963, as pointed out earlier, the U.G.F.C.C. had a staff of 15,079; the State Farms had a total manpower of 16,759, and the agricultural wing of the Workers Brigade had 1,588 (Draft Report, Manpower Estimates). The establishment for operating the mechanical services constituted a negligible percentage of the labour force. For example, in the case of the U.G.F.C.C. there were 1,396 employees in 1963 working in the mechanical unit with only two agricultural engineers. In fact, in 1962 there were only four persons in Ghana qualified as agricultural engineers and in 1964 three of them left the service of the government. In terms of skilled manpower needed for the crash program of agricultural mechanization, there was very little human resource to fall on.

Apart from Government's own imports, each agricultural organization was allowed some freedom to import machinery. Between 1962 and 1964, therefore, the U.G.F.C.C. imported 1,090 agricultural tractors and equipment. It signed a contract with a Czechoslovakian company to supply implements and components of tractors to be assembled in Ghana. The U.G.F.C.C. signed further contracts with a Yugoslav firm to supply 1,400 crawler tractors to be assembled in Ghana (Dadson, 1970: 182). In addition to monies received from the Cocoa Marketing Board, the U.G.F.C.C. borrowed additional funds or had the funds guaranteed by the Commercial Bank and the Ministry of Finance and also received subventions from Government. It was therefore estimated that in carrying out its activities the U.G.F.C.C. had a total amount of 123 million cedis, excluding about 24 million cedis already spent on a tractor assembly plant (Due, 1969: 28).

The State Farms Corporation acquired its machinery from the government. In 1961 the government signed a contract worth ten million pounds sterling with the U.S.S.R. for the supply of machinery. A second contract involved setting up mechanized farms to produce maize and rice on behalf of the Corporation. A third dealt with the setting up of a training center for agricultural mechanics including technical support to such farmers. In 1965 the center received a government subvention of LG50,000, but all of it went into wages and salaries of workers. On the whole it was estimated that the Ghana Government cash grants and support from U.S.S.R. credits to the State Farms Corporation was in the region of $25 million by 1968 (Due: 32).

The issue to consider presently is not that so much investment had been made in agricultural mechanization but rather that the sources of such investments had implications for overcoming dependency. Most of the financing has been through supplier credits but the suitability of this form of external financing has been a thorny issue in development economics. In the face of declining export earnings, dwindling external reserves and persistent balance of payments deficits, government borrowing increased about ten times during 1963/65. Between 1950 and 1965 about 80 percent of Ghana's foreign indebtedness was in the form of supplier credits (Grayson, 1973).

This form of credit was a short term debt which had to be serviced within six years on the average. In such a situation the economy was subjected to considerable pressure since Ghana did not have the means to service these debts (Economic Survey, 1967). The point about suppliers' credits is that the decision as to projects to support, finance and operate remained with the lenders. In the final analysis, the national government was unable to control the influences of equipment peddlers and industrial export promotion organizations in the western countries.

Thus, in the agricultural development sphere, while suppliers were extremely eager to sell their products, Ghana, in the absence of any other alternative, was willing to accept them almost on any terms. In a number of cases agricultural machines were imported without taking account of the chemistry of the agricultural lands, so much so that an unconfirmed story has it that included in the imports were a number of snow ploughs. On the whole, financing the program of agricultural mechanization through suppliers credits contributed in no small measure to the inflationary spiral and the balance of payment problems. Despite the investments made in these agricultural organizations the desired level of performance was not achieved, i.e., organizing farmers to take advantage of inputs and to increase food production.

In the case of the State Farms Corporation, about 50 percent of its activities were focused on food production, but at the peak of production between 1962 and 1965, the farms supplied less than

0.5% of total food supply of the country (La Anyane, 1974: 394; Agble, 1966: 7). Moreover their activities did not reach the small holder who in 1965 showed an average long ton yield much higher than the state organization's performance of an average of 0.21. In terms of output per worker the State Farms produced 0.59 tons per acre per year compared to the small farmer whose output stood at almost twice that figure. The apprehension and concern for the performance of the State Farmers Corporation was stated thus:

> The behavior of our state farms today will kill the revolutionary national feelings in the hearts of our farmers. Why? It is because the farmer who toils has noticed that instead of enjoying the fruits of his labour, he is rather putting money into the coffers of the government and then the Government in turn are taking that money and paying it out to private individuals who are on the State Farms and doing practically nothing (Parliamentary Debates, 1965: Col. 566).

From available indications the turnover of the corporation showed no marked increases, but the yearly deficits on production showed a considerable downward trend, and accumulated loss continued to mount (Public Accounts Committee of National Assembly, 1965: 8). Though the workers were given targets individually to complete, and despite the excessive technical inputs, the output for this corporation was very little.

In the face of inflation, the production cost for the State Farms steadily increased. This problem was further complicated by the system of food distribution, and so in 1963 several members of Parliament expressed concern over the organizations' performance. The Minister of Agriculture also reinforced those concerns when he pointed out that even if the target for the Corporation in 1965 were implemented the farms would have an average area under crops not exceeding 500 acres. Thus "the cost of all farm output that is produced by many of these small state farms, forms the sum which is not enough even for paying the salary to their personnel" (Parliamentary Debates, 1965). In a number of cases the farm managers operated without enforcing the required targets. In this respect another member of Parliament noted that

> the Minister must stop giving the nation and the poor farmers fraudulent promises--promises which are never fulfilled . . . yet all that the state farms can do is to put up show case activities making promises which are not fulfilled and thereby wasting public funds (Parliamentary Debates, 29th January 1965: Col. 518).

In 1965 the State Farms Corporation was stripped of its food producing functions, and was now to concentrate on the production of industrial crops (Parliamentary Debates, 24th August 1965: Col. 25).

The United Ghana Farmers Council Cooperative (U.G.F.C.C.) was given the responsibility of organizing small producers into production and marketing cooperatives and carrying out extension work. But its interest in cocoa production and marketing overshadowed other critical functions. Table 4.13 shows that in the cooperative development the U.G.F.C.C. established 1,456 cooperatives with a membership of about 400,000 in 1965 alone. In terms of expansion outside cocoa production, 992 cooperatives were established with a membership of 26,098, and had acquired almost 500,000 acres of land. According to estimates, however, only 23,771 (4.9%) were reported to have been put under crop production in 1964 (Ministry of Agriculture, 1964: Phase II, Vol. II).

It is suggested that each producer cooperative cultivated only 23.9 acres. The individual cooperator cultivated therefore only 0.9 acres which was far less than what the small farmer cultivated. What is important to note, however, is that two thirds of the acreage cultivated by the non-cocoa cooperatives was planted with food crops (Miracle, 1970). Even where food crop cooperatives were organized (i.e., 1,129 food cooperatives with 24,336 acres employing 31,868 members), the cultivated area per person on average stood at 0.76 acres. This figure was far below the average for the peasant food farmer. It is clear that the cultivated area was small; the quality of crops poor. The planning and organizing of the agricultural programs were poorly and ineffectively handled. Thus, it was stated:

> The supreme councillors of the UFGCC who represent food producers of the country have critically examined the food situation in Ghana and have come to the conclusion that unless a more realistic and positive approach is made towards food production programs by both farmers and the government, Ghana's food situation in the nearest future will be precarious (General Secretary's Annual Report, 1964-65: 10, para. 27).

Despite the increases in acreage of land acquired for large scale farming, the outputs of the organizations engaged in agriculture did not make a noteworthy impact on total agricultural production (Economic Survey, 1965: 53).

There are a number of explanations that have been offered for this failure on the part of these state agricultural organizations. But a major explanation must be sought in terms of the extent to which these organizations provided a framework for the old and emergent dominant classes to extract surplus and exploit the rural sector.

This situation is clearly reflected by class formation and class relations during this period.

Socialism and Class Formation

The experience with decolonization under the Nkrumah Government was not limited to the reduction of external dependence but also involved the reduction of internal exploitation of one class by another. In the Marxist jargon, the process of decolonization involved the elimination of "the exploitation of man by man." With regard to rural inequalities the Nkrumah Government sought to establish the dominance of the state in production by controlling farmer organizations. The Ghana Farmers Congress, later to be named the United Ghana Farmers Council, together with a state purchasing company, Cocoa Purchasing Company, was given the monopoly to purchase the bulk of the cocoa crop. This state intervention was at variance with the free enterprise system the capitalist farmers, traders and brokers had hoped the government would support. They distrusted the Nkrumah Government's strategy since it also involved political control.

There were a number of reasons for this distrust on the part of the capitalist farmers, traders and brokers. Without doubt they saw the government's approach as undermining the system of capital accumulation that the cocoa economy brought with it. They were also concerned about the domination of farmer organizations by persons who did not have as great a share of investments in production as they did. These persons included peasants, local teachers and clergymen who engaged in cocoa production as part-time activity. In addition there were the rural unemployed and agricultural labourers who migrated into the cities and participated in nationalist politics. This resentment was further buttressed by a series of policy measures which was meant to reduce what was seen as 'excessive exploitation' of the farmers.

The first policy had to do with the control of a virulent cocoa disease called Swollen Shoot Disease. The attack of this disease was widespread and within a decade had reduced the productivity of farms significantly. The only solution to this problem was to cut out the diseased trees. This approach, which was begun under the colonial administration, led to further distrust among producers (Austin, 1964: 58). In the densely populated cocoa areas the mounting distrust had become politically explosive since the economic loss was heavy (Austin, 1964: 59-66). This situation was exploited to advantage by nationalist groups, not excluding Nkrumah's Convention Peoples Party. In view of the CPP's involvement in the anti-Colonial Government Swollen Shoot Policy, the Nkrumah Government was faced with adopting an alternative policy (if that could be found). The government suspended the colonial policy in this regard, but following a report by a commission investigating the methods used in carrying out the policy, the government proceeded to encourage cooperation of farmers in cutting out diseased trees. Although a large number of the membership of the Farmers Association was willing to support the new approach, one faction was unwilling to support the continuation of this policy (Austin: 159-160). Some of these farmers expressed the fear that the CPP "wanted to wipe out the cocoa industry and take over the farmers' lands." The CPP would have succeeded in this regard if the Cocoa Duty and Development Funds (Amendment) Act had not been passed by Parliament. In this Act the government sought to fix the price to be paid to cocoa farmers. The intent of the Act was to check the inflationary situation which fluctuations in world cocoa price entailed for the Ghanaian economy. The then Minister of Finance, K. A. Gbedemah, argued in defense of the policy that:

> all the other export crops put together cannot form the basis of any major fiscal policy apart from cocoa and therefore the government is justified and is right in basing its policy on the major crop which this country produces in order to stabilize its economy, and in doing so to use the acculated funds to the benefit of every section of the community (Gold Coast L.A. Debates, 13th August 1954).

The impact of this policy was felt more in Ashanti and Brong Ahafo regions but more specifically among those traditional upper and middle class members whose incomes derived largely from cocoa production. Thus, a potentially explosive economic grievance became overshadowed by ethnic particularism. What is often referred to simply in terms of ethnic politics was essentially a political-economic struggle between two broadly based social classes. The composition of the Ashanti-based National Liberation Movement leadership lends strong support to this interpretation. There was an alliance between the intellectual and the business groups who were urban-based and the traditional upper class and capitalist farmers seeking to articulate their class interests under the guise of ethnicity. The call for federal government was not based on a desire to reaffirm 'Ashante hegemony.' It was force of circumstance and the inability of this party to penetrate regions beyond the major cocoa growing areas that constitute a major explanation of political relations during the Nkrumah period.

Another policy aimed at reducing inequalities was the Rent (Cocoa Farms) Regulations, 1962, and Rent (Cocoa Farms) Amendment Regulations, 1965. Under these acts the rural upper class consisting of land owners and capitalist farmers was required to pay 'five shillings' an acre as a confiscatory measure by the government. The real intention of government was to protect farmers from paying exhorbitant rents to landlords. Moreover, it was considered that the 'Abusa system' which provided for one-third of the product to be taken as a rent, was more unfair and harmful to the expansion of the agricultural enterprise envisaged under the socialist strategy. Coupled with these measures were specific acts of parliament regarding lands which chiefs held in trust for their communities.

The Stool Lands Act of 1960 vested all stool lands in the President who was to act as trustee if the public interest demanded it. The Act further stipulated that monies accruing as a result of any deed entered into by the President was to be paid into the relevant stool lands treasury. Following this, another legislative instrument, The Administration of Lands Act, was passed. This Act gave the President the power to manage the stool lands, and he in turn delegated this power to the Minister of Local Government and Justice. However, any lands not vested in the President could only be disposed of with the concurrence of the Minister (Bentsi-Enchill, 1964: 71). By this Act the government took away the customary rights of chiefs who in the process of economic expansion in the rural areas, sought to build an independent economic base for themselves.

The Act further stipulated that monies collected as stool lands revenue were to be paid to the Local Councils rather than the Stool Treasuries. Moreover, all past and existing transactions prior to the passing of the Act were to be placed at the disposal of the Minister in order for him to make a determination as to how revenue was spent and on what the remaining income could be used (Bentsi-Enchill, 1964: 73; see also Harvey, 1959).

In essence, theses policies and acts of parliament were motivated by a kind of class inequalities in the rural sector, and it was felt that such approaches would eliminate the initial class contradictions inherent in the peripheral capitalist economy. The next step in reducing the class contradictions was to be seen in the efforts to eliminate the monopoly of foreign firms as well as those traders and brokers who served the interests of these firms.

When the United Ghana Farmers Council, which became the instrument for breaking foreign monopoly was established, it merely provided an opportunity for the traders and brokers, who were eliminated by foreign monopolies and the slump caused by the depression, to make up for their loss. There were also those farmers who formed an alliance with nationalists and provided the initial rural support for the CPP. They saw this organization as a means to economic advancement. These were the urban based construction and building contractors, clerks, and teachers who constituted the cadre of CPP organization and who were looking for opportunities for a better life. The United Ghana Farmers Council was simply a melting pot for those who felt disadvantaged regardless of their initial class origins. They entered the organization as farm managers, secretary receivers, chief farmers, auditors and clerks. All of these people were held together by one goal--economic advancement--and could have been labeled 'the new entrepreneurial class.' It was this class that dominated decision-making as it related to the cocoa sector. In addition to this class was the group composed mainly of rural migrants to the towns and cities, who had left agriculture because of lack of economic opportunities. As a social category they included unskilled agricultural labourers, artisans, masons, drivers, shop assistants, and messengers who had been frustrated by lack of employment. These ranks were also swelled by the middle school leavers who constituted a significant proportion of the unemployed. They ultimately found employment in the United Ghana Farmers Council and other state agricultural organizations, and were to become the agricultural proletariat.

Through the United Ghana Farmers Council, the foreign firms were eliminated on the grounds that exploitation of farmers through price rings established by these firms had increased. By 1959 a significant number of these firms had withdrawn their operations in the cocoa sector and were reinvesting in timber and manufacturing. The traders and brokers who worked with foreign monopolies were eliminated on the grounds that they served as a conduit for the perpetuation of foreign domination of the economy. They were accused of trade malpractices including manipulating prices, demanding excessive interests on loans to farmers and lowering the quality of produce by mixing the beans which were of poor quality with good ones. By 1960 the United Ghana Farmers Council had become a monopoly organization concerned with cocoa production and marketing, and as it turned out this monopoly offered opportunities for the new entrepreneurial class. It became a framwork for private accumulation. The resources of the organization were used in supporting private investments, i.e., cocoa transportation and shed constructions. In this case Beckman (1976) noted that

> large lorries and trucks were the most conspicuous element in the picture of the private investments of the Farmers' Council Officials. They demonstrated most visibly the strong entrepreneurial side of the new trader-clerks (131).

In addition, the new trader-clerks monopolized the distribution of agricultural inputs--implements like machetes as well as insecticides. The Secretary-Receivers (officers in charge of local farmer organizations) too did not overlook the political and economic power their positions entailed in the local areas. They manipulated the weighing scales, took commissions from the farmers when purchases were made; or gave promisory notes which were not honoured by the Farmers Councils. They further misappropriated the monies meant for farmers and invested them in private enterprises themselves (de Graft-Johnson Report, 1966).

The most extensive aspect of this development was the investment these officials made in cocoa production either as private individual effort or as a family enterprise. They used their positions to obtain fertile land under favourable rental conditions, and thus the situation became the subject of extensive debate in parliament in 1965. While the leadership of the Farmers Council advised the farmers to diversify production and reduce their cocoa production, they were themselves engaged in extensive production (Parliamentary Debates, January 1965). A typical and perhaps an extreme case of this phenomenon was touched upon by the Jiagge Assets Commission that probed the assets of CPP politicians after the coup of 1966. In assessing the income of the General Secretary of the United Ghana Farmers Council, it was estimated that the gross receipts of the Secretary from his farms (both inherited and personally owned from 1954-1966) was in the region of 20 thousand pounds sterling and excluded his yearly salary as General Secretary during that period. This development was common practice and in this respect a member of parliament, Mr. Kofi Badu, noted:

> We must, however, recognize one danger. We are aiming at socialism and this must of necessity do away with the rural bourgeousie. We already have our small share of absentee farm owners employing a large army of peasant farmers who in this sense hold a common alliance with the industrial worker. We must not try to perpetuate this situation or else we shall be creating the seed of conflict between expanding farming capital and peasant labour (Parliamentary Debates, 1965: Col. 131).

The minor officials of the state organizations also demonstrated their newly acquired social and economic status through conspicuous consumption. The Ghanaian Times editorials pointed to these indicators of new wealth. Referring to the case of the State Farms Corporation, the paper noted that

> one weakness of the Council has been the ostentation of some of its officials, their disrespect, insolence and over-bearing attitude in the midst of the very farmers they are to serve (October 9, 1964).

Furthermore,

> These traits, the flashy cars, and high tastes, have not united them with the poor farmers in the village. They have, in fact, set themselves apart and imposed a false picture of a gulf between a so-called bureaucratic officialdom and an impoverished masses (October 9, 1964).

In essence the state enterprises simply provided additional avenues for political and economic advancement for social groups from which the CPP recruited its support. What therefore took place under the Nkrumah Government was a further differentiation of the rural class structure. These differentiations were more noticeable in the middle and lower classes. The economic and political power base of the traditional upper class was reduced through a series of administrative measures, and the middle class became further broadened by the addition of the new entrepreneurial class. In consequence, during this period the middle class consisted of three sub-groups: the landowners and capitalist farmers; the traders and brokers; and the new entrepreneurial group composed of political cadres, farm managers, secretary receivers, chief farmers, auditors, and clerks. Similarly, the lower class became broadened as a new group, the agricultural proletariat, was added. This class was now composed of peasants, the agricultural proletariat working in state agricultural institutions, and agricultural labourers working in the rural farms.

In summary, the increasing role of the state in economic planning did not only suffer because of external financial constraints but became complicated and exacerbated by the nature of internal class relations. It is clear that the rural economic differentiations were sharpened as the dominant classes used state apparatus to increase the exploitation of the mass of rural people and further integrate the economy into the world system. These structural developments reflect rather forcefully the general economic conditions in Ghana at this time. Thus an examination of these economic conditions would indicate the consequences of these structural developments for the economy generally, and for rural development in particular. Consequently, it would further elaborate on the problems of dependency structures which are called forth by a neo-colonial state.

Review of Economic Conditions

According to the economic survey of 1965 the economy had become almost stagnant since it registered an apparent growth rate of 0.5 percent (Economic Survey, 1965). It was further stated that between 1960 and 1964 the growth pattern could best be described in terms of a 'stop-go-stop' phenomenon. Under the transformationist strategy the growth rate was expected to be in the region of 5.5 percent but the actual recorded rate was 0.2 percent (Economic Survey, 1965). During the Nkrumah period the economy faced an acute balance of payments and deficits as evidenced by the extent of both the external and internal debts. As shown in Table 4.14, the rate of expansion in the structure of external debt had been much faster than the internal. At the same time the external reserves became exhausted. In a broadcast after the overthrow of the Nkrumah

TABLE 4.14.--The Debt Structure.

Year	Debts Internal	External
1959	73.4%	26.6%
1962	53.6%	46.4%
1965	47.9%	52.1%

Source: Parliamentary Debates, 1965.

Government, the Military Government (The National Liberation Council) claimed that

> the country's reserves had dwindled to a level of Ł40,000 but this has been pledged against funds borrowed which were overdue. In practice, therefore, Ghana had virtually no reserves. The country was consequently threatened with a breakdown of the commercial system (N.L.C. First One Hundred Days, 1966: 2).

Ghana faced serious balance of payment problems, and excessive government spending financed by inflationary borrowing had introduced serious imbalances in the economy. Despite these problems, the structure of consumption expenditure remained unchanged. As Table 4.15 indicates, consumption expenditures for food and manufactured goods continued to increase. The distribution of imports showed that 34 percent went to consumer goods and 62 percent went to raw, semi-finished materials and capital equipment. From 1962 until 1965 the share of capital equipments in total imports rose sharply from 18.2 percent in 1962 to 30.3 percent in 1965 (Economic Survey, 1965: 33). Most of the imports of capital equipment were financed through

TABLE 4.15.--Composition of Private Consumption Expenditure 1962-1969 (at current market prices).

	1962		1963		1964		1965	
	N¢m	%	N¢m	%	N¢m	%	N¢m	%
Food, Local	377	45.3	452	49.4	527	53.4	716	57.0
Food, Imported	52	6.3	46	5.0	52	5.3	45	3.7
Beverages and Tobacco	40	4.8	46	5.0	44	4.5	40	3.2
Clothing and Other Textiles	114	13.7	106	11.6	94	9.5	150	11.9
Other Non-durable Goods	32	3.9	32	3.5	26	2.6	30	2.4
Durable Goods	22	2.6	26	2.8	16	1.6	32	2.5
Rent, Fuel and Light	75	9.2	82	8.9	86	8.7	90	7.2
Transport and Communications	36	4.3	40	4.4	44	4.5	42	3.3
Miscellaneous, Other	82	9.9	86	9.4	98	9.9	110	8.8
Private Consumption Expenditure	830	100.0	916	100.0	987	100.0	1,255	100.0

supplier credits. Moreover, most of these investments went to capital-intensive productive units which tended to have long gestation periods. Even then most of the economic units in the state sector which benefited from these investments showed unsatisfactory results. Nkrumah himself expressed concern about this situation:

> The state enterprises--including the State Farms and the agricultural wing of the Workers Brigade--were not set up to lose money . . . . The State enterprises like any other enterprise have a duty to operate on a profitable basis and thereby earn sufficient returns on the initial capital invested by government . . . . The management and the workers of our State Farms and State enterprises must realize that they have been entrusted with the management of vital economic units on behalf of the people, in the Party and the Government expect reasonable returns on these investments (Parliamentary Debates, January 1965: Col. 10).

The State enterprises were considered the main pillars on which the transition to socialism was to be achieved. Yet it was claimed:

> a basic problem now facing us is to improve the efficiency of our economic adminiatration. If we can solve this problem all will be well with us. The policies of the Government are clear and sound and well conceived and formulated. And our people have pledged their support for these policies. It is but for us to achieve and maintain a high level of efficiency in giving a practical effect to these policies (Parliamentary Debates, February 1966: Col. 16).

One of the criticisms levelled against the previous strategy therefore was that investments in the state sector were not properly thought out. Moreover, most of the economic units operated at less than half their capacity. In some cases factories were established without the raw materials to feed them (Economic Survey, 1966: 99). The present picture would seem to suggest that nothing was achieved in the process of crash industrialization.

The expansion of the domestic industry was a major point in the structural transformationist strategy. In the area of manufacturing the effort was significant, but agricultural development remained an area where the results did not match investments. Nkrumah himself concluded:

> We must face the position that there is at present a scarcity of locally grown food in certain urban areas in Ghana, and a rising cost of food associated with that scarcity, resulting in considerable hardship to the people in those areas (Sessional Address, Parliamentary Debates, August, 1965: Col. 25).

Why was food production unable to keep pace with demand and population growth? Several explanations have been given and these will be reviewed briefly. Conventional economic analyses maintain that resources in agriculture in Third World nations are under-utilized and productivity is generally low. However, studies undertaken by Mellor (1969), Helleiner (1975), Lawson (1972), all point to the increasing efficiency in resource use in 'traditional' agriculture. As Mellor noted: "In contrast efficiency is high in most peasant agriculture as measured by the technical economic measure of equating marginal returns to resources in alternative uses" (135).

In his analysis of Ghanaian agriculture and some of the constraints on its development, La Anyane points to a number of factors: environmental factors including the relative poverty of soils, climate, diseases and pests; management practices associated with small scale peasant farming; economic factors which include labour and employment, i.e., scarcity of labour, rural-urban migration as a result of displacement of labour, as well as institutional constraints

(La Anyane, 1974). His explanation of the agricultural development problem, however, was hinged on inefficiency in the marketing and transportation systems. In his view, an adequate network of feeder roads was necessary to induce increases in the supplies of foodstuffs. Furthermore, if marketing costs could be reduced, it would be possible to lower retail prices and thereby enhance consumption (La Anyane, 1969; La Anyane, 1974). By implication, what is suggested is that the marketing bottleneck was the major factor in the inflation that food prices have engendered. La Anyane, therefore, argues that

> An effective marketing system should induce additional production from the farm, with no change in its costs of production and facilitate the reduction of prices of agricultural products to the consumer (1974: 390).

This viewpoint was also expressed by other researchers. For example, in a study of the farmer and the marketing of food stuffs in Ghana, Nyanteng and Apeldorn (1971) arrive at the same conclusions. They maintain that the rise in food prices was not caused by inadequate production and supply per se but largely by marketing and transportation problems (Nyanteng, 1978: 16; Nyanteng and Van Apeldorn, 1971). On the basis of these studies and those carried out by Rourke (1971) on food price change, La Anyane concluded that the changes in price levels between 1960-1970 were largely determined by demand conditions, rather than supply changes. He did not discount consequent increases in food supplies which were responsible for low price levels in 1966 to 1968. But the point is that insufficient production as a major factor in the rise of food prices has been discounted (1974: 398;

Rourke, 1971). In essence, the argument is that surpluses of food stuffs such as maize, plantain and cassava were abundant in remote rural areas and that relatively easy solution to shortages, particularly in urban areas, can be found in the improvement of marketing facilities.

Although marketing and distribution factors are important in explaining food shortages and price increases, they do not provide for Ghana a holistic explanation of inflation to which food prices contribute greatly. This position does not provide an adequate explanation for the steep rises in prices. It does not take into account income changes that affect demand for food (Omaboe, 1966). It clearly assumes that marketing and distributing factors are the most critical variables in determining the levels of food supply. Toward the end of 1965, for example, both urban and rural sectors of the economy were subjected to inflationary pressures. The urban index rose from 135.1 in January to 179.9 in December. The rural index increased from 142.2 to 192.3 during the same period (Economic Survey, 1965: 101). This was not the case in 1966, however, mainly because agriculture was beginning to experience some growth. But this revival became extinct as reflected in the upward movement of prices toward the end of 1967 and throughout 1968. Both the urban and rural index showed an upward trend. The annual rural index for local food was 189.2 which represented an increase of 15.5 points (Economic Survey, 1968: 110). In fact, the national urban and rural indicies for local food reached their highest levels in that year.

If the price index is at all reliable in its prediction of the level and adequacy of food production in Ghana, then it is untenable to maintain the conventional economic interpretation. Thus Amoafo (1965) stated:

> It may be noted that the food situation facing the country today has its roots in the problems of increasing production rather than distribution. Rising prices of production (supply) relative to the upward trend in consumption (demand); the deficiencies in the distribution have only aggravated the unpleasant situation and bear no direct causal relationship with the soaring prices of locally produced foodstuffs (4).

The position of Amoafo is further supported by Rimmer (1966). He argued that a possible source of pressure on prices came in part from a decline in local food production. Rimmer concluded:

> Local food production has certainly fallen behind growth of money demand. The first progress report of the Seven Years Plan states that food prices have been under pressure for this reason ever since 1961 (29).

Undoubtedly the production of food for the market had not increased fast enough to meet the enormous increases in demand, particularly in the face of population growth and rapid urban development (de Graft Johnson, 1974; Caldwell, 1968). From the above discussion, it should be evident that the inadequacy of food supply was caused only in part by lack of price incentives, poor marketing, storage, transportation bottlenecks, rate of population growth and income increases. Part of the problem lay in the failure of Government policy, particularly because of the kind of emphasis placed on commercial agricultural production as a means to economic recovery. It was assumed for example, that the propsects for the balance of payments and the reduction in deficit financing would be favourable if Ghana pursued a vigorous cocoa policy as well as other cash crops, i.e., palm kernels, rubber and cotton. In pursuing this policy of increased agricultural export trade, farmers were encouraged to emphasize these crops, particularly cocoa, through price support and subsidized input policies.

The emphasis on cocoa production had serious implications for the economy in terms of its impact on food production and the general stability and expansion of economic activity. To begin with, the closed forest belt which provided the ecological and agronomic support for cocoa production also served as a granary for most staples in Ghana. But as noted earlier, the cultivation of cocoa and the expansion of farmland for cocoa production had direct consequences for food production. Thus, what was true of the relationship between expansion in cocoa production and food supplies in the middle of the twentieth century was true of Ghana in the 1960s. It suffices to cite an example to illustrate the point here. It is a fact that when cocoa trees are young plantain provides shade. But as the cocoa trees mature the plantains die out almost as a natural consequence. In addition, other food crops are removed in order to provide opportunities for the cocoa to grow (Annual Report, U.G.F.C.C., 1964-1965). Moreover, a cocoa farm can produce food along side cocoa for the first five years only. After that a farmer who puts all his lands to cocoa production must of necessity become a buyer of food. This situation provides some explanation for increases in food prices in rural areas. Jantuah, Minister of Agriculture in 1965, sums up thus:

> When we talk about food supply, we must consider whether there is a permanently organized sort of food production where we can have, say, seven to ten years of plantain farm. But there is nothing like that at all. We depend upon cocoa for our food production. In the absence of any organized system of food production, there will be famine (Parliamentary Debates, August 30, 1965: Col. 194).

In spite of this emphasis on cocoa production the prospect for the crop at the world market was not favourable (Gately, 1973). The International Cocoa Agreement did very little to reduce Ghana's foreign exchange problems. There was international pressure on Ghana to service the debts incurred during the transformationist period. Government attempted to reduce the instability in the economy through higher taxation and import controls, but these measures failed to achieve the desired goals of a socialist society. The question here should be why this strategy failed.

This chapter did not address this question in a specific sense. By examining the mechanics of the transformationist strategy in terms of the historical conditions of the Ghanaian economy, the contemporary social and economic forces that influenced and consequently undermined it, an implicit explanation was provided. The focus in the chapter was centered around the political and economic philosophies underlying the transformationist strategy. Based on the historical and sociological data, it was shown that this strategy was essentially the nationalist reaction to uneven development. It was an instrument for replacing capitalist development with a society based on socialism. But this transition implied contradictory tendencies, especially because the economy that the nationalist government inherited was weak. Moreover, it was dependent on a primary export crop whose fortunes were largely determined by the external market forces. In addition, the local dominant classes continued to serve as a bridge for external exploitation and surplus extraction by foreign interests. These contradictions became forcefully evident in the attempts made in the area of rural development. In this respect, the post-colonial state was to be used to increase the productive capacity of the rural sector. The state's assumption of the ownership of the means of production, i.e., the establishment of agricultural organizations, did not achieve the socialist objectives. Instead, some of them became the means by which some members of the domestic social classes transformed their positions, thereby increasing rural inequalities. These problems were in no small measure complicated by external economic pressures. Consequently, at the close of the reign of the first nationalist government, rural underdevelopment was only marginally reduced.

It was within this climate that a 'new' strategy, the gradualist strategy, was introduced following the military take-over of the government in 1966. This strategy which was shared by the successor nationalist governments saw the problem of underdevelopment differently. These governments sought to address the problems of development through the establishment of a welfare system which was essentially a capitalist road. It involved a redefinition of the role of the post-colonial state, the involvement of external private capital as well as the position of the dominant classes in the development process.

It is the problem of seeking new development perspectives under the gradualist strategy that lies at the core of the analysis in the next chapter.

CHAPTER V

THE GRADUALIST STRATEGY: THE NATIONAL LIBERATION COUNCIL AND THE BUSIA ERA: 1966-1972

The Military Government, or the National Liberation Council and the Busia Administration shared similar economic and political philosophies. In a broad sense both governments pursued a gradualist strategy which was essentially a capitalist path to national development. In their approach to the problems of underdevelopment, these governments made explicit their preference for a reduced role of the state and increased involvement by private entrepreneurs in production activities. In the case of rural poverty there was an assumption that a symbiotic relationship between the state and the dominant social classes was a viable means to its solution. In short, the state provided security and the infrastructure and the environment within which the capital and investments were made by the dominant classes in the rural areas.

In this chapter the concern is to evaluate the gradualist strategy in terms of the role of the state and the involvement of dominant social classes in national and rural development in Ghana. But more importantly, an attempt is made to assess this strategy in terms of the extent to which external dependence or incorporation into the world economy has been further strengthened or reduced.

Here the analysis of the role of the state and the nature of class relations became critical. This chapter also is concerned with examining this strategy as its consequences affect rural under-development.

The similarity that exists in economic and political philosophies of the two governments was not the result of historical accident. Dr. Busia had been a consistent political opponent of Dr. Nkrumah and his government and had always advocated a capitalist economic path to national development. He had fought both in the political and academic arena for 'a welfare democratic system' for Ghana, a system which the N.L.C. proclaimed in 1966 as their political and economic goal.

After his return from political exile of over a decade, Dr. Busia became closely identified with the N.L.C. gorvernment. Not only did members of the N.L.C., particularly General Afrifa, its Chairman, maintain an open support for Dr. Busia, but during this period they engendered the constitutional process geared toward reducing political opposition to him. This initiated the Political Disqualification Decree which disqualified most of the members of the Nkrumah Government from participating in national politics--N.L.C.D. 332 and Article 71 of the 1969 Constitution.

The Chairman of the N.L.C. further maintained that it was Dr. Busia's views on the development of Ghana which inspired him to participate in the coup d'etat to overthrow the Nkrumah Government. Although the N.L.C. set in motion political processes that would lead to a civilian administration, it could barely be argued that it was essentially meant to put Busia and his associates into power (Austin, 1970: 9). He was made Chairman of the influential Political Committee and through this institution he received reports on the current internal political and economic situation in Ghana. This Committee advised government on foreign policy and general international relations. Busia's position was further enhanced by the establishment of the Centre for Civic Education which was to provide mass political education. This institution, comprised heavily of the political supporters of Dr. Busia, served as a framework for public exposure as well as a camouflage for an organized political party.

Apart from Dr. Busia, a number of persons who served as civilian commissioners under the N.L.C. became Ministers of State under the Busia Administration. The most notable among these persons were J. H. Mensah (Minister of Finance under both N.L.C. and Busia; R. A. Quarshie (Minister of Trade under both governments); N. Y. Adade (Attorney General under both governments); William Ofori Atta (Minister of Education, later Foreign Minister under both governments) and S. D. Dombo, Minister of Internal Affairs). In essence, what happened under Busia in 1969 was a continuation of policy from 1966 when the N.L.C. came into power.

The Gradualist Strategy: Its Background

The gradualist strategy can be traced back to the liberal political and economic values expressed by nationalist leaders who formed the National Congress of West Africa as well as the petty-bourgeois leaders of the United Gold Coast Convention (U.G.C.C.).

In its contemporary form, however, Dr. Busia became its exponent. In its contemporary economic dimension, it is represented by a variety of economists including Sir Arthur Lewis (economic advisor to the Nkrumah Government in the 1950s and a U.N. Commissioner of International Development). His views on economic planning and development were in a large measure at variance with the radical Marxist-Leninist strategy the Nkrumah Government proposed. In addition to Lewis, there were some Ghanaian economists, including Nii Omaboe (one time Government Statistician and Commissioner of Economic Planning), and J. H. Mensah (a former principal Secretary in the Ministry of Finance; Executive Secretary Economic Planning Commission under the Nkrumah Government and Minister of Finance under the N.L.C./Busia Administrations). But these economists were not without the support of international organizations who also shared in the gradualist-liberal economic tradition.

For the purposes of this analysis, the summary of the gradualist strategy in its economic division provided by Berg (1971) becomes useful. Berg argues that

> the gradualists emphasize outward looking growth and the potential for the export sector, focus on peasant agriculture, the importance of individual incentives and the use of the market. They are more kindly disposed toward private capital, both foreign and domestic and give smaller role to the state in the development process. They are rather concerned with efficiency and growth than with equity in income distribution (187).

This strategy in its essentials is a laissez faire approach in which private initiative and capital plays a critical role in economic development. The excessive intervention by the state in economic processes is thereby reduced to the minimum. This approach is quite clearly reflected in the ideology of underdevelopment and the resultant development policies pursued by the political leadership at the time.

The N.L.C./Busia Administrations and Underdevelopment

The Military Government (N.L.C.) did not state explicitly its concerns about underdevelopment in Ghana. Its concern was that the economic opportunities that Ghana had at independence were frustrated by the economic policies of the Nkrumah Government. To them, 'stagnation' in the economy was due to an absence of a constitutional democracy and the failure of the previous government to take the advantages offered by the 'world economic community.' In essence, the first step in eliminating 'poverty' or underdevelopment was to "eliminate incompetency, tyranny and thereby enthrone democracy" (Ankrah, 1966: 2). It is democracy, according to this notion that provides a basis for orderly development. But what kind of democracy was their concern? It was democracy that takes its root from the Britich constitutional tradition. General Afrifa, a member of the military junta and later its Chairman, expressed their admiration in the following way:

> I am a great admirer of the British way of life, its legal system, the Magna Carta, the Petition of Rights and the Bill of Rights. These are institutions on which the civil liberties of the people are founded. The British Constitution safeguards not only the rule of law, but also the freedom of the press, of thought, of action within the law and of the individual. It is these things that make Britain the home of democracy (Afrifa, 1966: 107-108).

In essence, it is these claims that make the British way of life worth evaluating, and within this context Ghana's development was to take place within the Commonwealth. In a speech marking the 100th day in office, the N.L.C. said:

> As Ghana was the first African state to attain independence and also by that very fact the first African state to become a member of the Commonwealth, the N.L.C. believes that the people of Ghana set considerable store by their membership in the Commonwealth. We believe that the Commonwealth with its vast membership representing peoples of all races, has a vital role to play in the promotion and maintenance of world peace and security (Ghana Reborn, 1971: 31).

On the issue of the Commonwealth, the leadership of the N.L.C. felt that "Ghana should not be different from Canada, Australia or New Zealand (Afrifa, 1971: 108), but it was Busia who expressed the ideas of development and underdevelopment more forcefully. Busia (1967) argues that colonialism was not established for the benefit of Africans, rather, it was the desire for material possessions and the establishment of trade monopolities that stimulated the colonial idea. Unlike the Marxist-Leninist conception that viewed underdevelopment as a product of colonialism, Busia contends that colonialism was negative in only one area, i.e., race relations and human resource development (39-40). Moreover, it was not colonialism per se that Balkanized Africa. On the contrary, many of the present states which consisted of different tribal territories and which were involved in intercine warfare, were brought together under one administration by colonialism (Busia, 1967: 37).

The question of poverty and underdevelopment must be examined within a wider historical context. In this respect, Busia (1967) argues that although during political decolonization, agricultural and industrial developments were not much above subsistence level, it could not be tenable to hold colonialism responsible. Poverty and underdevelopment, therefore, should include the existing human and physical conditions such as 'disease, ignorance, lack of training and education'--conditions that existed before colonialism. These ideas were expressed by other African leaders including Senghor (1962) who asserts:

> [We] should stop denouncing colonialism and Europe and attributing all our ills to them. Besides being not enitrely fair, this is a negative approach, revealing our inferiority complex, the very complex the colonizer inoculated in us and whose accomplices we thereby are secretely becoming (36).

To Senghor and others of this ideological persuasion, colonialism was in the long run beneficial to Africa, although it may have in the short run brought about exploitation and political subjugation (Senghor, 1962). On the basis of this assertion, Busia contends that it is easy in the present predicament of African nations to point to contributions wich colonialism could have made to African development which it did not make. But "colonialism opened schools, administrative framework, law and order necessary for trade and commerce, urban areas and cities which remain symbols of development." The most important contribution, however, "was the provision of a stable political framework within which development could take place (1967: 49).

Busia continues that the solution to Africa's development problems should not, therefore, be in the overthrow of colonialism or neo-colonialism. It should be in the establishment of 'world brotherhood.' World brotherhood implies taking advantage of the opportunities provided by this world brotherhood. Busia was of the view that Ghana needed a 'democratic welfare society' and not a socialist one. The democratic welfare society is one in which "no one would have any anxieties about basic needs of life, about work, food, health and shelter; a society in which the individual Ghanaian would be able to enjoy a modern standard of living based on gainful employment (Chairman, N.L.C., March 1966). But more importantly, Busia notes that society is based on "a moral language which peoples of different cultures and races can understand" (82).

The question still remains as to what role the state should play in securing the basic principles of a welfare society? The desire for rapid economic development in Africa encouraged economic planning as a central responsibility of governments. But under the welfare democratic system, it was conceived that government's involvement in the economic process would be limited, and individual private initiatives would become critical. Thus, the view that only the state could mobilize resources for development in a meaningful and effective way was untenable, for it was contended that centrally planned economies could become instruments of oppression and thus be the means of destroying "social justice and freedom." Busia therefore notes that "state ownership and control of economic enterprises leads to the concentration of both political and economic power in the hands of those who are governing . . ." (1967: 89). In essence, state socialism would approximate the democratic welfare system if and only if the power of the state were widely distributed and checks were instituted against abuse. Furthermore, individual private enterprise had to be encouraged in order not to make the state the sole employer. However, the state remained the coordinating institution that ensured equitable distribution of resources.

The Welfare 'Democratic' System and Economic Theory

A major influence on economic planning in Ghana during this period was Sir Arthur Lewis and a number of Ghanaian economists like Omaboe, Commissioner for Economic Planning under the N.L.C. Government, J. H. Mensah, Minister of Finance under the Busia Administration and Frimpong-Ansah, Governor of the Bank of Ghana. Arthur Lewis (1964), drawing on neo-classical economic thought, argues that since the scope for industrial expansion in Third World countried remained limited by technical factors and markets, it was reasonable to establish a balance between industry and agriculture. However, development plans as they sought to strike this balance should emphasize export promotion. The point where was that there is a connection between economic growth and export trade, particularly as trade tends to stimulate growth by permitting increasing investments. According to this view of development

> one of the important objectives of development planning is therefore to ensure that the rate of growth of output, the propensity to import and the rate of growth of exports, are mutually consistent (Lewis, 1964: 38).

A second point was that capital intensive industries, unless they had a comparative advantage, should not be encouraged. This means, of course, that the preference was for labour-intensive economic activities. There was also an emphasis on agricultural develoment. Agricultural development was seen as the key to rapid economic progress. In short, agricultural growth was indispensable in raising levels of living for the large majority of the populations and in providing a basis for industrial expansion.

This approach to economic development was emphasized by the Pearson Commission appointed by the United Nations to examine the problems of development in the United Nations First Development decade. The result of this commission's work was embodied in the Pearson Report of 1971.

For the purposes of this study only a few critical issues from the report will be raised. The Report noted that (1) a major requirement for rapid economic growth is a vigorous expansion of world trade; (2) most economic controls should be relaxed and much more attention paid to the mobilization and allocation of resources; and (3) governments must promote mutually beneficial flows of foreign private investment. This is mainly because

> the role of foreign aid then has not been merely to supplement domestic resources. It is the essence of the dilemma of developing countries that even when they possess considerably potential economic resources . . . they are often not in a position to mobilize them, combine them and transform them into the goods and services which they themselves or the world market requires. In this area, aid has to a large extent been a catalyst (Pearson, 1971: 51).

Arthur Lewis (1969) extends the argument a little further. He points out that

> if an African or Asian country is to grow adequately without foreign aid, its government must raise about 20 percent of the national income in taxes and other revenues out of which it must save 8 percent of national income, keeping its current expenditures restricted to about 60 percent of its revenues. No African government comes anywhere near these targets (48)

The reality of the African development problem requires that there is 'international cooperation' in which financial and technical assistance is given. Within this interdependence, the rich industrial countries are seen to have "a moral obligation to help the poor." Foreign aid and technical assistance from the industrialized countries to the developing states of Africa is therefore "a symbol of the embryonic world community" (155). Brotherhood needs to be expressed in mutual aid in the fight against poverty, ignorance and disease; in tackling together the common problems of development. The improvement of living standards is a major task in which all can cooperate. It will help create the framework within which freedom can have a real meaning and union a sound foundation (Busia, 1967).

In 1969 the International Bank for Reconstruction and Development (I.B.R.D.) sent an economic mission to Ghana. In 1970 the Economic Mission issued a report which emphasized similar economic approaches as recommended by Arthur Lewis and the Pearson Report. This report recommended that emphasis should be place on the productive sectors, particularly agricultural development, but that to finance development outlays Ghana had to increase her savings as well as obtain external resources. The Report stated:

> Thus, a more positive and direct contribution to Ghanaian growth is required through encouraging the external sector. This means encouraging exports more than in the past, especially in the agricultural sector (I.B.R.D. Report, 1978: 5).

It was considered that appropriate policy should carry forward the import-substituting and export promoting activities and thereby induce structural changes in the economy.

On the one hand, the recommendations on agricultural development constituted the core of the report, where it was recommended that attention should be given to small-holder farming with relatively unmechanized but improved cultural practices. This approach was to be supported by marketing and price incentives to farmers. It was further suggested that plantation agriculture be encouraged, especially in the growth of cotton, sugar, and rubber. The rationale for this included the possibilities for reducing unemployment and income differentials between the rural and urban sectors as well as increasing the foreign exchange earning capacity of Ghana (I.B.R.D. Report, 1970, Volume 1: 16)

Bruce Johnston, who was in charge of the I.B.R.D. Report on Agriculture, carries the argument a step further. He argues That a critical dimension of an efficient strategy of agricultural development was to generate new production possibilities which were unobtainable with existing technologies (1967: 34). The relevant strategy in essence should include agricultural research, extension, technical education, irrigation, settlement and plantation projects. In addition, it was necessary to create facilities for production and distribution of new inputs, credit or subsidies.

Johnston argues that to achieve the desired goal of increased productivity, however, there was a need for a strategy for technological progress (36). The reasons for this strategy are that (1) this would have premitted the rapid expansion of food production and thereby have alleviated the foreign exchange difficulty, and created the basis for import substitution, not necessarily at any cost; (2) it would have permitted export expansion; and (3) it would have limited the conventional competition between agriculture and industry for capital resources. Although technical progress in agriculture tended to lead to displacement of labour, a careful approach, it was contended, would lead to labour-using, yield increasing and capital saving at the same time.

It was the view that

> the historical process of increasing agricultural productivity associated with use of improved varieties of fertilizers and other current inputs--an advance of technology based on new inputs of a biological and chemical nature--represents an even more important possibility to be exploited by contemporary underdeveloped countries . . . (Johnston, 1967: 36-37).

Concentrating on strengthening the supporting services according to this perspective was a rational policy to pursue. The strategy of technological progress should emphasize modern but appropriate inputs which were consistent with small-scale farm units and were labour complementing. The dominant view was that African countries could then develop rapidly with foreign aid (both capital and managerial) that was tailored to suit their conditions.

Another aspect to this approach to economic development was the role of the private sector. In this respect, planning had to focus on removing the obstacles in the way of private initiative (Lewis, 1964: 270-271). The point, according to this development perspective, was that a strong domestic private sector also served to attract direct foreign investment from abroad, and consequently, stimulated the development process (Pearson Report, 1970: 64).

In essence, developing countries should become more outward-looking by expanding international trade, should relax restrictive economic measures, and encourage private enterprise both in agriculture and industry.

Economic Policies and the Transition to the Welfare State

Based on the recommendations discussed above, a number of issues were taken into account in orienting economic policy and strategies. First, the Government of the N.L.C. and the Busia Administration decided that its decisions in regard to resource allocations should be based on rational economic criteria. Second, the government would pursue an open-economy unburdened by excessive restrictions and receptive to foreign capital and know-how; and third, the government decided to shift the emphasis of policy that focused on new investment to improved management of existing assets (Omaboe, 1967: 2).

In adopting these principles it was the concern of government to "reconstruct the economy in order to establish a democratic welfare state." Economic policy was to be focused on "reactivating the economy; increasing production and employment and setting the stage for an accelerated development in the the future" (Afrifa, 1967:1967: 2). Government policy was to be focused essentially on stabilizing the economy. The basic rationale for this economic policy was eliminating the inflationary forces within the economy and restoring internal and external financial balance (Frimpong-Ansah, 1971). Implicitly, it was speculated that such an approach would lead to "a balanced orderly growth of the economy." It should be recalled that prior to 1966, Ghana had experienced sharp increases in the balance of payments, necessitating economic controls, i.e., import and exchange restrictions. The stabilization program was therefore to reduce government deficits through a cut in appropriations for government institutions. It further implied a reduction in taxation thereby encouraging incentives to the private sector to invest in the economy. Frimpong-Ansah suggests that under the circumstances there was a gradual liberalization of import and exchange controls. Under the Busia Administration, this policy was pursued vigorously. In this respect, it was policy to provide incentives for export as a means of stimulating domestic production, and so a major thrust of economic strategy was export-promotion. It was hoped that this approach would increase the availability of foreign exchange and diversify the commodity structure of exports and the economy iteself (One Year Plan: 37; Budget Statement, 1969).

There was also the question of the utilization of public and private investments in order to stimulate domestic production both in industry and agricultures, and as the One Year Develop Plan noted:

> It is essential that investment levels and development imports be stepped up if the economy is to achieve the structural transformation required to reduce its long-term reliance on external assistance. The foreign assistance sought is to permit the economy to increase its rate of growth and undertake investments that offer scope for increasing exports and the economy's capacity to expand in the face of a foreing exchange constraint (1970: 35).

One of the major shifts in economic policy was the diminishing role of the state in public investment expenditures. In its place, private capital was to become a dominant factor in the development process. Investment was allowed with the idea of ensuring an efficient use of capital and stimulating the most profitable areas of economic activity. In view of this the private sector was opened to both Ghanaians as well as foreigners, and the joint private and Government sector which had been in operation under Nkrumah was relaxed. In this case, the establishment of such joint ventures was purely on a voluntary basis. No private enterprise was to be forced to accept government participation. In short, the private sector was to remain the largest sector (N.L.C., March 1966: 1). As stated in Ghana, 1967, private foreign investment was also to be allowed to make the maximum possible contribution to the economic development of the country: "We value such investment not only for the capital, but also for the technical know how and managerial skill which it brings and of which we are in great need" (Omaboe, 1967: 17). Thus, it is clear that a significant shift in economic development had been made. The basic objective under the N.L.C. was to encourage private enterprise by giving inducements for further expansion. Under Nkrumah, it was the hope that the state sector would eventually bypass the private sector. Related to the problem of external investment was the concern to increase export trade. Export promotion as a means of improving the balance of payments position as well as helping to finance Ghana's import requirements became a major economic policy. Addressing the members of the Ghanaian Chamber of Commerce, the Minister of Finance in the Busia Administration, J. H. Mensah, asserted the view that export trade would serve as a means of solving a major part of the economic problem and thereby sustain the economy. He hoped that he "could have the power to force people to export or perish;" for him it would have been a "delightful job" (Editorial, Daily Graphic, September 11, 1975).

The Minister clearly discounted the dependency on foreign aid and investment as a means to economic recovery, but in the face of declining export receipts for cocoa and uncertainties in prices for other exports, Government had to continue to seek foreign assistance.

In the agricultural development sphere similar objectives seemed to have predominated. The N.L.C. itself noted that the difficulties of the country had underlined an inescapable fact that agriculture constituted a key to economic stability. The press in Ghana shared the same views with the government as illustrated in the editorial of the Ghanaian Times: "Although we need to industrialize, the experience in certain European countries has shown that a nation which industrializes at the expense of its stomach does so at its own risk" (February 26, 1969). "Thus, the basic objectives in the N.L.C. agricultural policy were to meet an increased proportion of Ghana's food supplies; provide raw materials for existing and prospective factories including rubber and sugar cane for which foreign assistance was actively sought (Two Year Development Plan, 1968-1970). The same concerns were expressed by the Busia Administration, particularly in relation to rural development generally. The approach entailed the general modernization of rural areas; the bridging of the gap between rural and urban areas; and the bridging of regional disparities. But underlying these broad aims was the emphasis placed on agricultural development (Parliamentary Debates, 1969: Col. 1). The One Year Plan (1970) added:

> Government accords the highest priority to increasing agricultural productivity, including the improvement of Ghana's competitive position among world cocoa producers and the application of well known technologies to achieve increases in the production of food and other agricultural crops (11).

The objective of the agricultural program was <u>the transformation of a predominantly traditional low productivity agriculture into a market oriented industry</u> (One Year Plan, 1970: 51). It was the view that traditional agriculture did not yield optimum results even with the introduction of new high yielding seed varieties, nor could fertilizers and other chemical inputs be usefully applied under such farm conditions. In addition, emphasis was to be placed on labour productivity through simple mechanical equipment and animal power as well as price incentives and extension work (Two Year Plan, 1968-1970: 24-29). This meant that the program of extensive farm mechanization had been abandoned except where private entrepreneurs had shown a willingness to participate. On the whole, agricultural development constituted the core of the 'gradualist' strategy.

Organizing for Agricultural Development

During the Nkrumah era, several agencies were established in order to facilitate the production process in agriculture. The Ministry of Agriculture (M.O.A.) had a number of critical functions, particularly extension work, taken away. In spite of this, the N.L.C. and Busia Governments felt that the problems of agricultural development were in part a problem of administration, or more sepcifically, over-centralization. It was felt that this constituted obstacles to policy implementation and to the effectiveness of agricultural programs.

Following this line of thought, the N.L.C. Government set up a commission of enquiries into the administrative structure of the public service. It was established that "in order to improve efficiency and economize and to provide machinery of Government better designed to accomplish programmes for rapid social and economic development, there needs to be a radical decentralization" (Mills Report). By decentralization was meant "the creation of institutions outside the ministries which are legally vested with responsibility for defined functions within the totality of Government" (Mills Report: 4).

On the basis of these recommendations, the N.L.C. Government proceeded to decentralize the administration of a number of government departments, including the Ministry of Agriculture. The most effective unit in the administration of agriculture became the Regional Agricultural Office. As it turned out in actual functioning of the Regional Agricultural Office, the regional head and his staff became subject to dual supervision, that of the regional political boss as well as the Central Ministry in Accra. The regional political boss provided management and administrative directions while the functional and technical guidance came from the Ministry of Agriculture in Accra.

Communications from the Regional Head to the Ministry in Accra was to be passed either through the Regional Chief Executive or passed directly with a copy to the Regional Chief Executive. Communications from the Ministries in Accra which dealt with policy, planning, program implementation and reports were to be addressed to the Regional Chief Executive. This procedure was to ensure that the political boss of the region was aware of what was taking place in order to exercise control. The decentralization was aimed at a more effective performance at the district and local levels. The country itself was divided into 40 agricultural districts with crop production officers and staff stationed in the areas to encourage increased production at the farm levels.

The second approach to organizing agricultural development followed the critical views expressed by the Agricultural Committees appointed by the N.L.C. Government to investigate the operations of the State Agricultural Agencies, established under the Nkrumah Government. The Agricultural Committee of the N.L.C. made the following recommendations:

> In general, state participation in production was to be limited to those large-scale enterprises which have decided operational advantages over peasant farming or fishing. The state should in particular, invest in projects with large payoff periods which the private entrepreneur may

> not be inclined to undertake on an equal commercial scale. The rubber oil palm industries are examples. It should also invest in the cultivation of certain raw materials like cotton, kenaf and sugar cane whose production must always be dependable and geared to the requirements of the factories already established to process them. To effect economies in the transport and management of raw materials, factories should be located near the site of the farm enterprises (Agricultural Committee of N.L.C. Report: 43).

It was recommended too that the responsibility for increasing raw materials production should be kept to such state organizations. In addition, these organizations were to be discouraged from entering food production on any measurable scale (Agricultural Committee of N.L.C. Report: 44).

The State Farm Corporation was therefore streamlined with 47 farms retained producing oil palm, rubber, cotton and other non-apparel fibres. The U.G.F.C.C. went through a more drastic reorganization. Technically it was eliminated, but its cocoa cooperatives were absorbed by the Cocoa Marketing Board and re-named Produce Buying Agency. A number of farms which both the State Farms and U.G.F.C.C. took over were returned to their owners and others sold to private entrepreneurs. The mechanization aspect which was a dominant feature of their operations was brought under the Ministry of Agriculture and renamed Mechanizaiton Unit. This unit was to serve as a supporting unit for a Unified Extension Service directed at the private food farmer.

Based on the report of a subcommittee of the N.L.C's Agricultural Committee, the production unit of the U.G.F.C.C. was transferred, however, to the Ministry and later became the Crop Production division. With the aid of USAID, the Government provided grants totalling more than ¢12 million to enable the building up of existing facilities and strengthening the crop production programs (Ministry of Agriculture, Minutes of Meeting, Existing Facilities of Extension Services Division, 1966). The Crop Production Division concentrated on food crop production with some concern for non-food crops as well, but it continued to function as a service institution rather than a direct production-oriented one. In the area of food production, the effort was toward rice and maize production with a view of satisfying domestic requirements and thereby reducing excessive cereal imports.

Agricultural Extension Service

The National Liberation Council and the Busia Administration gave similar attention to the question of extension and development service in the agricultural development program. The development plan under the Busia Administration stated among other things:

> Given these opportunities for using capital and faced with restrictions on the availability of capital, the Government will concentrate upon improving the effectiveness of its extension services to private farmers in crop production, animal production and animal health (One Year Plan, 1970: 52).

But the underlying principle of extension development was that efforts should be limited geographically as well as in the types of crops to be supported. By this procedure, experience could be accumulated and this would lessen mistakes when the service was finally expanded to cover a larger area. It was recognized that certain areas of the country, by virtue of their ecological, social and economic characteristics, could provide a foundation for the increased production of particular crops.

But how was extension service to be organized to achieve increases in those particular crops? The dominant view was that to improve the standards and techniques and diversify agriculture, a new farmer was required. This type of farmer, according to this view, was one who could appreciate the relevance of science. It was not <u>to be the illiterate farmer, but farmers who were graduates of agricultural training centers of universities</u> (Asem, 1958: 3).

> Unless such men of higher calibre enter farming, our agriculture cannot adapt itself to changing world standards. To attract such men into farming, capital should be made available to them at a modest level. The value of land, houses, life insurance policies and other securities should be accepted for the purpose of agricultural loans (Asem, 1958: 8).

Thus, it is with this type of farmer that extension work was to be started. To make the activities of the extension service effective, the Government was to start a pilot scheme by which a farm operator would be assisted with a loan equal to five times his pay, and be provided with ten labourers and equipment. The total loan given was to be refunded in fifteen years. There were to be six of such farms based in the regions and in addition, there were to be proto-types of such farms at the district levels to serve as demonstration farms for the illiterate farmers. Thus, the work of these educated pioneer farmers was to serve as the basis for extension service demonstration and education for the rest of Ghanaian farmers. This was thought to be the quickest way to develop agriculture. This strategy, it was also believed, was an ideal organization which could

> absorb the young unemployed youth particularly middle school leavers. The educated modern farmer would start the bigger farms on Government assistance and the younger people would find employment in these farms, as tractor drivers, livestock men, poultry keepers and headmen until such time as they felt mature, and desired to establish on theor own (Asem, 1958: 9).

The most interesting part of this strategy had to do with financing. It was proposed that the large pilot farms cost up to ŁG24,000 each. This means the six would cost ŁG144,000. Allowing for Government developments of water, roads and other amenities, nearly ŁG200,000 of public money was to be invested in them. The district level pilot farms were to cost ŁG3,600 each. The cost of 33 such farms was to be ŁG118,800. These farms, which essentially were to be privately operated, would cost the public approximately ŁG318,000, and the sums invested in these projects were to be recovered in twenty years. After the coup of 1966, a Ministerial Committee was appointed by the N.L.C. and on their recommendation the former extension service which was with the U.G.F.C.C. was transferred back to the Ministry of Agricultue (Ministry of Agriculture Report, 1966). This committee addressed, among other things, the problems of finance and manpower questions as they affected effective extension work. The report also considered what strategy would be useful to coordinate small holder agriculture.

It was thus within this climate that the proposal for model farmers as extension workers was examined, and the principle of concentrating on limited geographical areas and crops with a view to increasing production was accepted. This principle remained dominant in extension work throughout the rest of the decade.

The limitations of manpower and financial resources which were and continued to be in evidence over the years led to the acceptance of the strategy of "Focus and Concentrate." The World Bank Report stated: "If the national output is to be raised quickly and significantly, it is manifestly best to concentrate on the areas with the greatest development potential in terms of both human and natural resources." It was thought reasonable, then, to focus on a very limited number of crops--crops with which local farmers were familiar. This approach limited the need for completely revolutionizing the entire farmer production process in the agricultural development sphere. It is argued that this approach had a number of district advantages:

> It places a limited total supply of resources into an operational pattern density which is easy to manage. Skilled experienced manpower is better able to train and stimulate the less skilled and also the new employees. Their efforts can be better backstopped and evaluated. The entire operation serves as a pilot operation wherein weaknesses--and strengths--can be quickly pinpointed for elimination or for expansion. The problem of logistics is materially simplified. The absolutely essential regular movement of administrator, trainer, and technical supporter between areas, groups, field level workers and farmer committees is facilitated and costs minimized. Physical supply problems diminish with focus and concentrate (Johnson, 1966: 10).

In developing an extension program based on this principle, the intension was to select a number of farmers willing to cooperate with extension officers and adopt new production techniques. Such pioneer cooperators were to serve as demonstrators and innovators whose improved techniques--use of fertilizers, improved seeds, mechanical services--would be passed on to other farmers. The aim was to initiate a local leadership training program using these cooperators as a nucleus of a developing corps of extension leaders (Ministry of Agriculture Handbook, 1969: 4). These leaders were also to serve as the nucleus of sub-district farmer committees who would assist local extension officers in formulating an extension program based upon the needs of the area (Asiedu-Saforo and Marti, 1971).

The major concern in these strategies of extension development had to do, however, with organizational framework. During the Nkrumah period, it was felt that State organizations were better suited for extension work. The strategy under the N.L.C. and Busia administration is best described as a laissez faire strategy in which the Ministry of Agriculture coordinated extension work, but in addition, private organizations and persons were permitted to contribute either through fertilizer and seed distribution or through production.

Along with the Focus and Concentrate program, other extension activities were being carried out. There was a similar attempt at maize production supported by the U.N. Development Program in the same districts (Ministry of Agriculture, Ghana Maize Project, 1966). The program was designed to increase maize and rice production through fertilizer application. A third program which was supposed to be an integrated approach to small-holder agricultural production was supported by the International Development Association. A fourth one focusing on rice production in Northern Ghana was being funded by the World Bank and F.A.O.

In 1969 the Agricultural Development Bank in cooperation with the Extension Unit started another maize production scheme for small scale growers. This project aimed at increased production of maize through small holder credit and production cooperatives was limited to progressive farmers, and for this project the Bank was willing to provide ¢230,000.00. On examination, it became evident also that the districts in which the projects were being carried out were within the Focus and Concentrate concentration areas. By 1971, an integrated crop improvement project for maize was in the offing. This project was a joint venture between the Grains Development Board, the Agricultural Development Bank and the Ministry of Agriculture and was to represent a joint effort for maize development involving a number of agencies. The extension work was thus left to the Crop Production Division. The difference between these programs and the Focus and Concentrate was that a specific organizational framework, the project development unit, was provided with managers to coordinate activities. There were project area steering committees and development officers at the project areas.

As these various programs were being carried out, the Ministry of Agriculture itself was constantly undergoing reorganization in order to reduce overhead costs and to solve staff shortage problems. Despite these reorganizations, there was a marked absence in coordination of extension efforts. Evidence indicates that this lack of coordination was caused by the fact that the Divisional Agricultural Officers preferred to refer matters concerning their divisions directly to their heads in Accra rather than to take instructions from the regional officers. The Regional Officer had very little control and knowledge of what others were doing. In fact, it was only administrative matters that received the officer's attention, he had no control over the preparation of financial estimates required for the service since each head of unit in Accra controlled votes for dividions at the regional level and furthermore, the regional officer did not really have an establishment of his own and invariably had to depend on the District Officers for the provision of certain services.

If any major development occurred in extension work, it was more of a proliferation of a series of programs. Considering the financial and manpower opportunities of the Ministry of Agriculture and its extension system, it is difficult to see how effective it could have been. Extension policies and programs during this period were so fragmented that it was extremely difficult for the Extension Service to monitor the areas in which progress was being made. In any case, the compound effect of these programs seems to suggest a neglect of the small scale holders whom they were meant to help. This neglect was built into the programs themselves. In the case of the Focus and Concentrate program, the cooperators were selected based on the following criteria: (a) a cooperator should be a stable farmer, (b) he should be influential, respectable and exhibit qualities of leadership, (c) he should be willing to adopt new farming techniques, (d) he should be reasonably capable financially (Ministry of Agriculture Handbook, 1969: 3-7; Afful, 1965: 45-65).

Agricultural Mechanization

In discussing the N.L.C./Busia approach, it is important to put the issues in historical perspective. In the second half of the 1960s, it was estimated that 1,000 tractors plus implements worth about two million pounds sterling were at the point of shipment (Cervika, 1967: 16-17). Considering the inflationary situation, the cost almost doubled at the point of delivery in Ghana. This was a heavy financial burden to carry notwithstanding the lack of standardization, and non-availability of technical personnel to repair broken down farm machinery. It was a common scene to find tractors and other heavy duty machinery standing idle and unserviceable.

Thus, the N.L.C. felt that taking an inventory of agricultural machinery was a rational approach to introducing order into a rather burdensome invesment. The inventory of agricultural machinery showed a total of 420 crawler tractors and 1,129 wheel tractors in 1967-1968. Of this number, 145 crawlers were unserviceable and 333 wheel tractors were also declared unserviceable. In spite of heavy investments made in farm machinery, the operations were subsidized up to 42 percent of cost for clearing by wheel tractors while that by crawlers was 62 percent of the estimated cost (Kline, et al., 1969: 2-16).

This situation did not change during the N.L.C./Busia period. Out of 2,239 wheel tractors, only 385 were operating; out of 808 crawler tractors only 200 were operating. This means that 83 percent and 75 percent of total wheel and crawler tractors, respectively, were out of service (Ampratwum, 1973). This in part provided the rationale for the dismissal of workers in the state agricultural organizations.

The policy of agricultural mechanization under the N.L.C. and Busia Governments was therefore based on two major orientations. The first which underlay the policy of tractor-hire service concerned the reduction of the financial and technological burden that government had to carry. This was to be done through encouraging individual farmers and groups to hire tractors and other mechanical inputs which the Ministry of Agriculture operated. It was thought that this approach to agricultural mechanization would enable a larger number of farmers to avail themselves of new technology.

The second orientation was the belief that commercialization of the service through private ownership would (a) reduce the financial burden of government and (b) encourage private investment in agricultural production. Fundamentally, this orientation was a by-product of the N.L.C. and Busia Governments' concern about limited state participation in economic development. In view of this orientation, it became a preferred policy to commercialize the mechanical services through the sale of tractors to individuals and through the establishment of an agricultural company with initial government subsidy to import and operate a commercial firm.

What was the nature of the various policies? To begin with the tractor-hire service was a government-sponsored scheme to assist farmers and to increase production and in its operation, it was greatly subsidized by Government. The evidence as pointed out shows that in the 1960s, wheel tractors and crawler tractor operations were heavily subsidized. In the 1970s, when the mechanization unit focused its attention on land clearing and charged farmers for fuel and lubricant, only the government subsidy was in the region of 83 percent (Ampraturum: 94; Ministry of Agriculture File DESFE.7/Tj.1/6). The important issue here is not so much how much government invested in this strategy, but its social-cost benefit. One aspect of this policy had to do with which farms and farmers could benefit from this policy. In the first place, for purely economic reasons, tractors were not to be permitted to work on fields less than two hectares. In addition, the farm lands to be ploughed had to be rectangular and located in one area. Furthermore, it was stipulated that only those farmers within 15 miles radius of the operating base of the Mechanization unit's workshops could apply to hire these inputs (Dame: File DES/FA 3/78a, Ministry of Agriculture). By implication, more than 70 percent of the farmers were being excluded, not to mention the fact that the size of their holdings was about 2.3 acres on average and were widely scattered (Ghana Sample Census of Agriculture Report: Vol. 1, 1972).

In the early 1960s, the state agricultural organizations charged ¢30.00 per acre for felling trees, winnowing and ripping and ¢5.00 per acre for ploughing. As Table 5.1 shows, in 1969-1970, the Mechanization service charged the following rates:

TABLE 5.1.--Charges for Tractor Services.

	Cost (C) per Acre	
Crawler Tractors		
Clearing of Virgin Forest 7	174.00	(65.00)*
Clearing Secondary Forest	112.00	(42.00)
Clearing Coastal Thicket	80.00	(34.50)
Clearing Savanna Woodland	40.00	(16.00)
Clearing Bush	26.00	(12.00)
Earth Work per 8 hour day	60.00	
Movement per mile	1.20	
Wheel Tractors		
Ploughing	4.00	
Harrowing	2.00	
Ridging	4.00	
Inter-cultivation	4.00	
Planting or drilling (with or without fertilizer)	5.00	
Slashing	4.00	
Harvesting of rice per 8 hour-day	20.00	
Carting per mile to and from	0.20	
Rice hulling per bag of 240 lbs.	3.50	
Movement per mile	0.20	

Source: Ministry of Agricultural Mechanization Division.

*New clearing charges since 1970.

In terms of cost, it was hardly possible for the majority of farmers to benefit from the scheme. Rourke and Hiadzi note that most farmers in the Accra Agricultural District complained about the cost of hiring services, especially because of the stipulation that payment for services had to be made prior to provision of services (Rourke and Hiadzi, 1970). Similar studies carried out in Northern Ghana confirmed the viewpoint (see Dalton and Erikwaw, 1971). Thus, in a letter to the Regional Administrative Officer, the Administrative Officer for Yendi noted the following:

> It looks as if the Ministry's policy with regard to mechanization defeats its aim to encourage farmers and makes Don Quixotes out of Government representatives whose daily appeal to farmers is to grow more food to feed the nation (Files, Ministry of Agriculture, DES/BC, 16/3B, 1967).

The situation described above was further sustained by a letter to the Principal Secretary of the Ministry of Agriculture. In this letter, the Chief Agricultural Extension Officer wrote:

> Reports reaching me from the Districts in this Region confirm the observations of the District Administrative Officer at Yenchi. The farmers are very much concerned about the new policy governing mechanization services (Files, Ministry of Agriculture, DEX/16/33, 1967).

In both the southern and northern regions, the program reached only a small number of farmers. Kline et al. (1969) argue that in the operation of tractor hire-service, evidence suggested that it was the progressive farmers who benefited (1-18).

As the policy of tractor-hire-service was being pursued, Government was simultaneously pursuing a policy of "outright sale of tractors and ownership to private individuals and farmers." This policy was in a large measure shaped by the prevailing view that ideally, the mechanization program would be much more effective if it were commercialized. It was assumed that by commercialization, at least among senior agricultural officers, private ownership would result in increased profits and efficiency. The most pervasive and dominant argument, however, was that if the operation of the mechanical services were left to farmers cultivating large acreages, albeit better-educated, better paid urban dwellers, the services could be used effectively on the large farms as well as be loaned to small farmers upon request. Following this thinking in official circles, the Government of Dr. Busia pursued a policy of encouraging individuals, particularly Civil Servants and some private citizens, to invest in mechanical farm operation services. In this respect, a number of regulations were formulated with regard to sale of government tractors. It was important to state them in detail since they are crucial for their implications for the rural social structure.

Dealing with the method of disposal, it was stipulated that, the sale should be by public tender and purchase negotiated through the Agricultural Development Bank. However, preference was to be given to "any graduate civil servant employee within the Mechanization Unit wishing to retire prematurely" to purchase some tractors up to a maximum of twenty (File, Ministry of Agriculture, 1968, DES/T.3/189). But the anomaly inherent in the regulations was more manifest when it was further proposed that these civil servants could receive loans equal to five times their retiring annual salaries or three times the gratuities due to them, which was invariably higher than the former. This was to be in addition to loans which the Banks would make based on their own collateral. Such loans thus provided, could be used as working capital and repayment periods were made flexible with amortization of loans granted for land improvement.

Additional incentives to be given to these civil servants included (a) preference as to grade and locality of tractor, (b) allocation of tractors based on farm size, crops grown, locality and service facilities available, and (c) the civil servants could obtain tractors on no deposit with no repayment terms for the first year. Such loans were to be extended for a period of five years according to crops grown, locality and size of farm. In certain cases, the annual repayment was to be made over four years or five years after delivery of tractors. For the public, including the small holders, it was recommended that 10 percent of the tender price accompany each tender. If final payment was not received within a given period and the machine not collected within 21 days, the 10 percent deposit stood forfeited to the Government (File, Ministry of Agriculture DES/T.3/189). These arrangements, no doubt, were attractive enough to induce some public servants to resign their positions and thereby establish private companies for that purpose. A case in point was the resignation of the Deputy Chief Engineer of the Mechanical Services Unit, M. K. Dame. He was allocated ten tractors out of an initial 150 put up for sale by the Government. The M. K. Dame and Company, then provided services in the Ashanti, Brong Ahafo and Northern and Upper Regions, and in 1970, another 353 wheel tractors were sold.

The question to be asked is who benefited from these sales and the new policies dealing with mechanization of agriculture. In 1970, for example, Government in its fiscal policy introduced a surcharge of between 25 and 40 percent on agricultural machinery. This was an indirect import taxation by which revenue could be increased. However, the impact of this policy resulted in further increases in the price of agricultural machinery (Financial Policy, 1969-1970). Thus, the annual owning cost of a tractor was in the region of ¢3,205. By implication, therefore, only those with financial backing and political influence, and operating large farms were able to utilize these resources. The evidence from Northern Ghana is indicative of who benefited from these policies.

In 1970-1972, about fifty farmers in the rice growing areas of Northern Ghana applied to Government to buy mechanical inputs. The average size of holding for these applicants was 150 acres. Included among these applicants was a senior member of the ruling party who indicated he had 7,300 acres under cultivation. In more than half the cases, applicants made deposits of between ¢600.00 to ¢1,000. In a few cases, cash payments were made outright. In the recommendations attached to applications (ostensibly written by a Ministry Official), some individuals were guaranteed in terms of their abilities to abide by terms of sale or, as it was put, they deserved <u>priority consideration</u>. In essence, therefore, the policies pursued under the N.L.C./Busia Governments tended to favour a class of farmers who operated large-scale units. As the years wore on, the Government not only subsidized land preparation services, and encouraged private farmers to commercialize this factor of production, but in addition, subsidized mechanical harvesting. In short, the structure of rural production had become polarized into capital intensive, labour-saving production units as opposed to labour using production units.

Winch (1976) shows that the subsidy policy resulted in artificially high incomes, the most significant being the income distribution impact on the rural socio-economic structure. Out of the 6,100 rice producers in the Northern Region, only 100 were receiving any appreciable income transfers through subsidies. In terms of the production systems, the larger farm units, despite heavy subsidized capital inputs were less efficient compared to the labour intensive ones. The large capital intensive farms were producing at a higher economic and social costs to society. Moreover, they had induced new production relations in the rural sector.

Financing Agricultural Development

The distribution of investments among the economic sectors was a thorny problem under the Nkrumah Government, but the investments in the industrial and manufacturing sectors increased phenomenally. Under the N.L.C. Government, military expenditures rose much faster than the economic services. The Economic Survey was quite explicit on the direction of government expenditure over the years and its impact on allocation of investible resources. It stated among other things that social services continued to claim the largest proportion of Central Government expenditure. In 1968 and 1969, for example, social services took 36.6 percent and 35.4 percent, respectively. These were increases for general administration, i.e., 4.1 million cedis, and for defense, Justice and Police, there were 7.8 million cedis and 2.9 million cedis increases, respectively (Economic Survey, 1969: 28). On the other hand,

> expenditure on Economic Services in 1969 at ¢49.7 million was 11.3 percent below the level of 1968. Although there was a 9.4 percent rise in current expenditures, capital expenditure was drastically reduced by about 50 percent. Government capital expenditure on agriculture was reduced from ¢6.5 million in 1968 to ¢4.5 million in 1969; and there was a sharp decline in government investment in mining, manufacturing and construction (Economic Survey, 1969: 28).

In defending military expenditure, General Afrifa, then Commissioner for Finance under the N.L.C. argued: "owing to the neglect of our armed forces in the past, it has become imperative to re-equip the entire army to make it justify its existence" (Budget Statement, 1968-69: 11). In view of this situation, Government's current expenditures rose faster than its revenue. The composition of recurrent expenditures tended to be in favor of non-productive sectors such as defense administration and social services. The then Economic Advisor to the Government noted in a memorandum that defense expenditures increased by 100 percent betweeen 1965 and 1968. The greater part of this rise was attributable to items of equipment and other supplies; and remuneration also went up by nearly 90 percent in that period. This viewpoint was confirmed by other memorandum circulated within the planning Ministry (Killick, 1969; Ministry of Economic Planning Report, 1969/79: 3).

In terms of specific allocations in agriculture, the indications in Table 5.2 below are that cocoa rehabilitation, mechanization and irrigation received major attention, i.e., 62 percent of the grants. Fertilizer and seed distribution took 11 percent, while extension programs received only 5 percent.

TABLE 5.2.--Selected List of Continuing Projects and Programs--Fiscal Year 1968-1969.

Agriculture		N¢'000
1.	Cocoa rehabilitation and pest control	1,208
2.	Completion of rice and palm-oil mills	406
3.	State Farms	793
4.	Mechanization program: plant rehabilitation and replacement	1,166
5.	Minor irrigation schemes	2,556
6.	Distribution of fertilizers, seeds, and planting materials	879
7.	Livestock development and animal health	309
8.	Extension programs	437
9.	Fish ponds	37
10.	Training and Manpower schemes	186

Source: Two Year Plan, 1968-1970.

Agricultural development remained the key to economic development under the Busia Administration. This sector was to grow at the rate of three percent and therefore, the Government decided to increase investment for the economic sectors and drastically reduce military expenditures.

Table 5.3 indicates that the economic sector including agriculture and industry received more than 50 percent of the capital budgets for 1969/1970 and 1970/1971. In terms of specific allocations, investment in agriculture, including the Agricultural Development Bank and Forestry, was in the region of 22 percent, compared to 38 percent allocated to public works and communication.

TABLE 5.3.--Capital Budget 1969/70 and 1970/71

Sectors	Percent Share	
	1969/70	1970/71
Economic	53.8	54.8
Social	25.3	27.7
Administrative	15.8	16.3
Unallocated	2.1	1.2
TOTAL	100.0	100.0

Source: One Year Plan, 1970: 19.

In summary, Table 5.4 shows that between 1966 and 1969, the Central Government's current expenditures in agriculture declined in real terms.

TABLE 5.4.--Central Government Current Expenditures.

Year	Million	Percent of Total Expenditures
1966	19.8	9.7
1967	19.3	7.8
1968	19.7	6.6
1969	21.1	6.7

Source: Economic Survey, 1969: 29.

Despite these financial limitations and economic problems faced by the N.L.C. and Busia Governments, the gradualist strategy, had implications for rural class relations in Ghana. An examination of the nature of these class relations does throw further light on rural social inequalities and the extent to which rural under-development has been reduced or maintained.

The Welfare Democratic System and Class Relations

After the overthrow of the Nkrumah Government the N.L.C. Government began a program of re-alignment by which state organizations in both industry and agriculture could be put on 'sound' economic and financial foundation. This program essentially was a way of reducing N.L.C. Government expenditures. In pursuing this strategy, however, the N.L.C. rejected extensive state participation in production. The government was unwilling to use these state organizations as merely 'a stop gap' solution to the unemployment problem. In official statements the state agricultrual organizations were considered to be "eloquent monuments of folly and waste" to the extent that thousands of persons were kept on state funds for doing very little (Afrifa, 1966). Thus, in the program of reorganization, the Agricultural Committee of the N.L.C. recommended that the State Farms Corporation was to close down 58 of its 128 farms, but in calculating the labour required for the operation of the remaining 70 farms it recommended that about 50 percent of existing labour force be retained. As a result, 9,188 employees were laid off, most of them without termination payments (Ministry of Agriculture Report: State Farms Realignment Committee 1966: 3). By 1967, 12,600 workers were laid off and 61 farms were closed down (Ministry of Agriculture, 1967: File X.6238/SF.1/v.2/66). But the significant aspect was the fact that the rubber plantation which this organization nursed was turned over to Firestone USA which in turn dismissed a number of agricultural workers. Although this program of realignment reduced government's financial burden from eight million cedis to two million cedis, it turned these farm workers into a class of unemployed.

This situation was the same for both the Workers Brigade and the U.G.F.C.C. The commission set up by the N.L.C. to investigate the affairs of the Workers Brigade stated:

> While the Brigade should continue to provide an avenue for employment we do not think it is proper or fair to the taxpayer for more people to be employed in the Brigade merely to reduce unemployment (Kom Commission Report on Workers Brigade, 1967: 60).

On the basis of the Kom Commission Report the staff of the Workers Brigade was reduced by 50 percent. In the case of the U.F.G.C.C. the organization was disbanded, except for its cocoa division which was absorbed by the Cocoa Marketing Board. On the whole about 70 percent of its employees were thrown out of the active and participating labour force. By 1967 it was estimated that between 20 and 25 thousand workers from the agricultural organizations became unemployed (Peil, 1978: 84).

Although the program of rapid agricultural mechanization pursued under the Nkrumah Government was considerably reduced under the N.L.C./Busia Administrations, the strategy of agricultrual development did not slow down labour displacement and inequalities in the rural sector. It was shown earlier that the sale of agriculture machinery benefited large-scale farmers and civil servants who had financial backing and political influence to acquire these resources. The program of subsidizing agricultural inputs did not lead to equitable distribution of income, rather it tended to reinforce economic inequalities (Ewusi, 1971; Greenhalgh, 1972). The Government's agricultural policies therefore increased income transfers to members of the dominant class in the rural sector.

This point is further elucidated by the implications of the development program pursued in Northern Ghana. In years prior to the mechanization program in northern Ghana, labour provided by indigenous populations--men, women and children--constituted the basis for agricultural production, but with tractorization and the use of combined harvesting, the seasonality of labour recruitment increased. In a number of cases the process of mechanization resulted in the displacement of women and children who provided a significant proportion of labour in rice production. Based on survey data, Winch notes that for every 1,000 acres harvested by combined, 22,000 man-days of labour were potentially displaced (122).

Winch further argues that given a harvesting period of 60 days, the labour of 367 man equivalents per day for 60 days was displaced. Thus, if the goal was to achieve 35,000 combined acres, then it followed that 770,000 man-days of labour were potentially displaced as a result of a shift from manual techniques to mechanical-combined harvesting (123). On the other hand, Winch concludes:

> The loss in income by casual workers would be ¢356,750 if 50 percent of labour requirement were hired and ¢549,000 if 75 percent of the labour requirement were hired. Given a 60-day harvesting period 577,500 man-days . . . would provide for 9,625 workers working six hours per day for 60 days (123).

This analysis is supported by comparative studies elsewhere. Clayton (1972), for example, notes that in the East African case mechanizing agriculture had destroyed the avenues for generating employment (392). In short, the process resulted in the replacement of increasingly abundant workers by increasingly costly machines. Timmer's study on Java is equally instructive. In his study on choice of techniques in rice milling, Timmer (1974) found that with the introduction of mechanical devices in the production process, about 160,000 jobs were eliminated. This, of course, did not include the potential job opportunities that had been closed (10).

The problem of labour displacement was further complicated by the process of acreage expansion engendered by the program of mechanization. Under the N.L.C. and Busia Administrations there was a phenomenal increase in acreage effected by the encouragement given to private entrepreneurs. In 1968 the acreage in northern Ghana was 28,000, but by 1974 it was 90,000 (220 percentage increase over six years), and the evidence indicates that the bulk of these increases came from large-scale farmers. In 1971 there were an estimated 6,100 holders producing rice in northern Ghana. Fifty-three percent of rice farmers in 1971 were cultivating less than 75 acres (Ghana: Sample Census of Agriculture, 1970). Those cultivating 15 acres or less constituted 90 percent of the farmers in rice production. But approximately 10 percent of the farmers cultivating more than 15 acres taken as a group, controlled more than 50 percent of the total rice acreage.

This development in northern Ghana complicated the land question and in addition, induced further migrations of the labour force because of land shortages. It was noted earlier that the Nkrumah Government severely limited the chiefs' power to alienate land or enter into any concessions over land without approval by the Minister of Justice and Local Government, but by subsequent amendments (N.L.C. Decree 233 and 234) the chiefs were able to receive revenue from stool lands, in addition to the clandestine transfers which they made. The 1969 Constitution, although it reinforced the essential principles of the Lands Act of 1962, provided a new opportunity for chiefs to assert their traditional authority over landed property. The Constitution maintained in principle that 'stool lands' were national assets and the President could authorize its appropriation. But the trappings of ownership were still vested in the chiefs as trustees. This position was spelled out in Article 164, Section 1, of the Constitution which stated: "All stool lands in Ghana shall be vested in the appropriate stool on behalf of and in trust for the subjects of the stool." As a result of changes in the law the chiefly artistocracy in the northern regions as well as in other parts of Ghana began to assert proprietary interests over communcal lands. The opportunities offered by rice production increased the desire for enforcing a principle which did not have a standing in the customary laws relating to land ownership. In this 'rush' for accumulation through control of lands, the institution within which political and economic interests of various groups were expressed, became a prize to be won. What illustrates this development is the politics of 1969 in the north--an election held to return civilians to public office after three years of military administration.

The major political parties that competed for public office in Ghana had the manifestations of class conflicts. The Progress Party led by Dr. Busia was to some extent a reincarnation of the National Liberation Movement and the smaller opposition parties. The National Alliance of Liberals, led by K. A. Gbedemah, represented somewhat the CPP. In the northern regions the Progress Party maintained the old colour of the opposition parties during the Nkrumah period. The National Alliance of Liberals was composed of radical young men who essentially benefited from the CPP accelerated educational program, but their claim to leadership was based on education and radicalism. The rivalries between the parties were based on ideological outlook. The Progress Party took on a liberal outlook while the National Alliance of Liberals appeared somewhat more radical although not different from the other party. What mattered was what economic opportunities existed for the people of the northern region. Politics came to symbolize a means to economic power and to a large extent influenced that could be used to affect the redistribution of resources.

The political competition that was generated during this period also increased local political ambitions. Consequently, contenders to chiefly power began to unearth old disagreements about succession and inheritance. At this point national political conflicts became interwoven with primarily local concerns (Staniland, 1975; Ferguson, 1972). Politics and politicians were actively engaged in political maneuvering in relation to the chieftaincy, and chieftainy seriously became the focus of political class conflicts. But more importantly it was confict over wealth.

One of the economic prizes which was won in these chiefly disputes was land. It was common practice to see large tracts of farm lands under the direct control of chiefs who received support from both the N.L.C. and Busia Administrations. Shepherd (1978) holds that the politicians, public servants and other professionals in response to Government's agricultural policies, took advantage of this land monopoly of chiefs to acquire large farm areas for rice production. Consequently, the chiefs have been bought off by stranger-farmers who have helped them to acquire bank loans, tractors, or at least have offered them free tractor services (3). What had therefore occurred in structural terms was an alliance between the hereditary class and urban centered politicians, civil servants and professionals who could broadly be labeled as "the new agricultural capitalists" in northern Ghana. This development is not limited to the northern rice growing areas. A similar structural process had occurred in the sugar cane line and cotton-growing areas in the coastal savannah areas (Van der Wel, 1973; Brenner and Wagenbuur, 1969).

The implications of these economic activities were that the land situation in the northern regions became more complicated, particularly as it was reflected in further migrations out of these regions. It has been noted that in a significant number of areas within the northern regions population concentrations had been high. Hilton (1968) states that in some localities the degree of concentration had been much higher than the regional average. In the areas around Bolgatanga (one of the major urban areas in the north) the population density exceeded 512 persons per square mile. In their studies on the Frafra, both Nabila (1974) and Hart (1974) indicate that the population pressure had been in part responsible for the phenomenal migrations of adult males from the area. In another study, Hunter (1967) showed that the population-carrying capacities of the Nangodi traditional area had diminished drastically, and in fact, the problem of overcrowding was found to be very acute (the population densities ranged from 1,000 persons to 1,240 persons per square mile).

The general problem of population pressure imposed severe limitations on land and other resources. The only alternative was migration to areas where alternative avenues existed. Thus, Caldwell (1968) points out that in terms of inter-regional flows, the north showed a high rate of out-migration. With recent economic development the land situation became worse. As a result the migration rate became an endemic phenomenon within the social structures of these areas. Those who remained within the areas, particularly women, sought wage employment on the large-scale farm or the rice mills established by the Government. This reflected the process of rural labour proletariazation.

The problem caused by inefficiency in agriculture production and the administrative measures taken by the Government was to add new dimensions to the rural class structure, shifting alliances among the urban elite including the military businessmen, civil servants on the one hand and the rural upper and middle classes on the other hand. The basis for these alliances derived from an interest in capital accumulation.

The nature of rural class relations under the N.L.C. and Busia Administrations clearly reflected the increasing rural inequalities in resource allocation and use. The dominant rural social classes, in alliance with the urban political and economic elites, manipulated the institutions of Ghanian society to their advantage while the majority of the rural population continues to be marginalized. The question that needs to be addressed, therefore, is whether the involvement of the dominant classes in production was translated into any measurable improvement in living conditions of Ghanaians. In short, were there any improvements in the overall economy of Ghana as a result of the adoption and implementation of the gradualist strategy? This is what the next section seeks to address.

Review of Economic Conditions

During the period under review, economic conditions did not improve. Economic activity was slow, the real growth of the economy was in the region of 1.6 percent, and the structure of domestic consumption remained unaltered. There were deficits on Government account since expenditures were far in excess of revenue (Economic Survey, 1967; 1968). The country was also experiencing balance of payment problems since export remained relatively stagnant while demand for imports continued to increase.

The N.L.C. Government pursued a number of policies in order to reduce the pressures on the economy. The most notable was the devaluation of the Ghanaian currency by 30 percent in 1967. The reason for this was that through the exercise of devaluing the currency, it would be possible to boost export trade by making exports more competitive in foreign markets, but the world market conditions remained unfavourable. This situation is best explained by examining the position of cocoa, the main export crop, in the economy.

Throughout the decade, Ghana continued to produce between 30 to 32 percent of world cocoa. In terms of the structure of exports, Table 5.5 shows that cocoa products provided more than 50 percent of the total exports.

TABLE 5.5.--Ghana: Percent of Total Exports, 1960-1969.

	1960	1967	1969
Cocoa bean and products	59	65	54
Timber and logs	14	9	10
Gold	10	9	8
Diamonds	9	5	4
Manganese	6	5	2
Other*	2	7	22
TOTAL	100	100	100

Source: IBRD Report, 1970.

*Exports of aluminum began in 1967 and amounted to 11 percent of exports in 1969.

In spite of the phenomenal increases in production during the early part of the 1960s, the value in foreign exchange showed only marginal increases, and in fact, the annual earnings were in the region of $190,000,000 in the early 1960s compared to $180,000,000 on the average during 1954-1959. This increase was insignificant if viewed in terms of production increases which stood at 79 percent (IBRD Report: 47). Even more disappointing, however, was the value received during the 1964-1965 crop season. Production increased 40 percent, but earnings did not increase. At the beginning of the 1960s, the price per ton was about Ł180 sterling; but by 1965 it fell to 87.5 percent per ton. This represented a decline of nearly 100 pounds from the end of 1964, which was partly effected by the bumper crop which flooded the market, causing prices to take a sharp plunge. This was a severe blow to Ghana in terms of foreign exchange lost (Economic Survey, 1965: 35). While export performance remained disappointing the import bill over the years continued to increase despite measures to curb imports and actually imports exceeded exports to the extent that large trade deficits were registered throughout the decade.

This trend continued in the second half of the decade and between 1966 and 1970, cocoa production declined by about 13.9 percent. At the same time, world prices also showed a decline. For example, the average monthly spot prices in London during 1960 through 1974 clearly reflected the situation. The Economic Survey noted that

> in 1969, the price which remained stable at a fairly high level averaged ¢1,034 per ton. But at the close of 1969, when indications were that 1969/70 would be a bumper crop-year, the price began to move downwards continuously until the end of 1971. The average annual price per ton declined from ¢1,034 in 1969 to 761 in 1970 and %579 in 1971 (Economic Survey, 1972, 1974: 83).

In the face of these declines, imports, particularly food imports, increased rapidly. In Table 5.6 this situation is amply illustrated by the import requirements in 1967. The projected imports for the year 1967 also constituted about 10 percent more than the annual average for 1961-1965. In 1969 about 18 percent of the Government's

TABLE 5.6.--Import Requirements by Sectors, 1967.

For Current Production and Consumption	N¢ million
1. Food	39.6
2. Pharmaceutical Products	5.8
3. Other Consumer Goods	27.6
4. Manufacturing	78.0
5. Construction	31.2
6. Transportation	15.2
7. Fuel and Lubricants	12.6
8. Mining and Quarrying	5.0
9. Agriculture, Fisheries and Timber	9.0
10. Government Imports, n.i.e.	10.0
For Investment	
11. Publid Sector	45.8
12. Private Sector	8.2
TOTAL	N¢288.0

Source: Ghana Import Requirements, 1967.

import program was devoted to food imports and yet, most of the commodities shown in the table below could be produced internally.

In terms of imports, it is evident from Table 5.7 that commodities and food stuffs which could be produced in the country if suitable policies and programs were adopted amounted to about thirty million cedis. This situation was in part caused by inadequate

TABLE 5.7.--Ghana--Value of Imports in 1969 of Commodities that Could be Produced Locally.

	Value N¢ Millions
Sugar	8.5
Rice	6.0
Vegetable Oils and Tallow	5.6
Livestock Products	10.0
Cotton (fibre)	1.9
Jute (fibre)	0.8
Tobacco	3.8
TOTAL	36.6

Source: IBRD Report: 197.

domestic production. In the 1967-1968 crop year, for example, maize production fell by 12 percent and other staple crops including cassava and rice showed significant decreases in total yield (Economic Survey, 1968: 70). In 1969, rice production again fell, this time by 17 percent. This situation generated inflationary pressure in the economy. The food price index between 1963 and 1972. rose very rapidly. Locally produced food in particular, accounted for about 65 percent of the 127 percentage increase in the overall national index (Economic Survey, 1972-1974: 127).

In summary, the economic activity slackened and it became necessary to pursue alternative policies in order to contain the economic malaise. The foreign exchange position had been reduced as a result of decreases in the cocoa price; the debt situation had not changed and this was worsened by the policy of liberalizing imports. These developments compelled the Busia Administration to devalue again the currency by 48 percent. The immediate impact was again reflected in price movements, and consequently, prices of food rose about three times and other imported materials, i.e., machinery and equipment rose about 100 percent (Economic Survey, 1972-1974: 1). Both the N.L.C. and Busia Governments resorted to food and commodity aid in order to control the declining rate of economic performance. Imports of food in the early 1950s were valued at about Ƚ11,000,000 sterling, but in the early 1960s they increased to Ƚ14,000,000, in spite of the economic controls in operation during the Nkrumah period.

The N.L.C. and Busia Government's policy of liberalizing imports increased the food import bill sharply. After the overthrow of the Nkrumah Government (exactly a month after), Canada, the United States and West Germany provided food aid amounting to Ƚ4,500,000 (Krassowski, 1974: 134). By the beginning of 1968, $58,000,000 of food aid had been added to the national debt.

An examination of the specific trade relationship between Ghana and the United States in this respect is worth noting. In 1967, a loan agreement between the two countries provided that the United States would ship approximately 25,000 metric tons of wheat flour, 20,000 tons of rice, 5,000 tons of yellow corn, 5,000 tons of guinea corn, 9,200 bales of cotton, 500 tons of vegetable oils and 400 tons of leaf tobacco. Payment of the loan was to be in local currency, but it was stipulated, however, that 75 percent (5 million cedis) of this repayment would be loaned back to Ghana for use on social and economic development. The remaining 25 percent was to be used by the United States Information Agency (USAID) to pay local expenses and for cultural exchange (Ghana Reborn, 1967: 33). It was maintained that this approach to aid giving would allow Ghana to save foreign exchange. Contrary to this notion, commodity loans of this nature did not help achieve any measurable stability in foreign exchange positions. In the first place, it permitted the United States to accumulate substantial 'counterpart funds" in Ghana. The United States and other commodity and food aid donors over the decade controlled large funds in domestic Ghanaian currency. This rose from about 5 million cedis in 1964 to about 50 million cedis in 1969. This situation no doubt created further complications to the debt obligations of Ghana.

These external trade relations also encouraged the continuation of the former colonial economic relations, i.e., relations of exploitation and domination of the economy by foreign interests. Since 1966, in its desire to dismantle the state agricultural and industrial complexes established under the Nkrumah Government, the N.L.C. sold out to foreign companies enterprises including the rubber plantations in which progress had been made. The N.L.C. and later, the Busia Administrations encouraged large-scale <u>private</u> production units or joint state and private agricultural companies. These production units depended on external management and capital; they engaged in cash crop production of rubber, sugar cane, oil palm, tobacco; they organized their own agricultural services, processing and marketing facilities. In short, they were economic enclaves in the rural sector to the extent that they were 'high production zones' with advanced technologies, exploiting local labour to increase foregin accumulation of surplus which invariably was repatriated abroad. An illustration of this point is necessary here. It has been estimated that foreign investors profits taken abroad annually from Ghana averaged £3,000,000 between 1955 and 1959. Between 1960 and 1964, the average annual exported income on direct investment grew to two and a half times over the 1955-1959 period reaching £8,000,000. This was four and a half times the annual inflow of new direct investment (Goncharov, 1977: 178). In 1965, the net inflow of direct investment was £8,000,000. This increased sharply to £21,000,000 in 1966 (Economic Survey, 1967: 44). This situation continued in 1969 when the net inflow reached £39,000,000. The increase in investments must be explained in terms of the guarantees offered to private foreign investors and the utilization of official and commercial credit. These increases imply a corresponding increase in outflow of profits on investments.

A large proportion of the transfers on capital investment, however, went to pay foreign workers in Ghana. In 1962, about 45 percent of total payment accrued to foreign workers in Ghana (Economic Survey, 1965; Daily Graphic, April 5-6, 1965). Throughout the decade foreign workers' remittances continued to dominate private transfers and in 1968, the total payment amounted to ¢16,000,000, compared to $14,000,000 in 1967 (Economic Survey, 1968: 54). This outflow of resources was of such serious concern as to warrant a new policy on repatriation of profits. The N.L.C. introduced a policy under which remittance quotas were reduced to 40 percent. By this policy, foreign workers remittances fell from ¢16,000,000 to ¢11,300,000 in 1969 (Economic Survey, 1969). On the other hand, it increased reinvested profits and credit to Ghana which allowed for economic expansion, but at the same time, increased foreign control of the domestic currency as well.

Some agricultural projects were retained as state enterprises by the N.L.C. and the Busia Governments but the organizations did not show any significant progress. The Auditor General's review of the performances of a selected number of these state organizations clearly indicated that no large returns, if any at all, had been made on investment. More revealing in Table 5.8 is the loss that continued in enterprises like the State Farms and the Food Marketing Corporations under the N.L.C. and Busia Governments.

Despite what may appear as a reduction in the loss-making spree of the State organization during the N.L.C. and Busia periods, the problems came nowhere near to being solved. In the case of the State Farms Corporation, it was evident in 1971 that only a quarter of the total available acreage was under cultivation, and moreover, peasant farmers productivities and yield continued to be much better than those of the State organizations (Ghana, Sample Census of Agriculture, Vol. II, 1970). On the other hand, evidence on individual projects did show that increase in capital intensity did not increase productivity and yield. A case in point is the sugar factories in Asutuare and Komenda. The two sugar factories produced

TABLE 5.8.--Profit and Loss Record of Selected Agricultural Enterprises 1964-1965 and 1969-1970.

	¢ Thousands	
	1964-1965	1969-1970
Ghihoc Enterprises		
Fibre Bag Factory	- 318.8	+ 109.5
State Cannery	- 15.3	- 548.2
Sugar Products		
Asutrase	- 983.3	-1526.8
Komenda	- 208.5	-1212.5
Cocoa Products (Takoradi)	- 506.6	+1039.4
Vegetable Oil Mills	- 328.8	- 308.5
State Distilleries	- 953.4	- 857.5
Public Corporation		
State Farms Corporation	-12,732.5	-1361.0
State Fishing Corporation	- 239.5	- 338.3
Ford Marketing Corporation	- 133.6	- 237.9

Source: Killick, 1978.

less than 10 percent of their rated capacity of 36,000 tons in 1968 and 1969. The situation was not better in 1970, nor in the succeeding years (Van Der Wel, 1973), and consequently, through an agreement with the World Bank, Ghana received a loan of 20 million cedis for improving the factories. Subsequently, the factories were given to foreign capital interests under a Dutch technical assistance program.

The overall agricultural situation in Ghana would have improved if the extension service had been effective. A number of social and economic studies undertaken between 1970 and 1975 show that most farmers received no help from the Ministry of Agriculture. In more specific terms, these studies conclude that in concentrating efforts ,in specific districts in the country, the imbalance in resource allocation to farmers was not eliminated. Extension officers continued to concentrate on large scale farmers or innovators who could purchase inputs and invest in production (Dumor and Amonoo, 1973; Atsu, 1974). Brown (1972), in his survey of two farming districts known to have had the Ministry of Agriculture's support, concluded that 62 percent of the farmers never received any help. Most of the farmers surveyed in these studies also indicated that they were not aware of any programs of the Ministry in the selected districts. For one thing, a large proportion of food producers received no real support. This situation is in part explained by the continuing interest of the officials of the Ministry in cash crops in order to help earn the 'mythical' foreign exchange which Ghana needed. On the other hand, the political leadership of the Ministry was not well organized to deal with the pressing problems posed by Ghanaian agriculture. There were several uncoordinated agricultural programs which did very little to bridge the gap between rich and poor farmers (Gordon, 1969: 215-216). Thus the efforts made under the graudalist strategy remained ineffectual. The question again arises as to why this strategy also failed.

This chapter was not intended to provide an explanation for this failure, but in dealing with the underlying principles of the gradualist strategy, the historical conditions that called forth the strategy, the social political and economic forces that affected it, the chapter provided some explanations. In a specific way, however, the chapter critically examined the utility of the capitalist path proposed by this strategy. It is concluded that this capitalist path viewed in an historical context further strengthened the dependent nature of the Ghanaian economy. The emphasis on export trade entailed by this strategy maintained a rural production structure which encouraged rural exploitation and poverty. The desire to reduce state prarticipation in productive activities and the encouragement of external and domestic entrepreneurial classes further tended to compound the problems of rural inequalities and underdevelopment. In short, the gradualist strategy which was essentially a capitalist strategy, encouraged the concentration of productive resources in the hands of a few dominant persons and thus increased the poverty and marginality for many rural residents. On the whole the Ghanaian economy continued to exhibit the features of an underdeveloped economy, the structural features of an economy essentially shaped by colonialism.

CHAPTER VI

SUMMARY OF FINDINGS

This study aimed at providing an explanation for underdevelopment in Ghana. More specifically it inquired into problems of rural development viewed as a part of the general process of underdevelopment. The central issues addressed were the consequences of colonial and post-colonial policies for rural development.

Dealing with this central issue in a comprehensive way required an analysis that would permit treating underdevelopment as a historical process. Since the neo-classical, sociological tradition denies the possibilities of dealing with the most compelling questions about the development process in non-Western societies, this study derived its theoretical perspective from the conflict and change tradition. Thus the dependency framework was used with the view to taking account of questions related to external and internal domination and exploitation which remain critical in the development of underdevelopment. In general terms, therefore, the conflict tradition and specifically the dependency framework provided the theoretical thrust for this study in its maintaining that 'development' is essentially a historical process. In addition it is argued that the expansion of capitalism was critical in the development of underdevelopment. This viewpoint is sustained by the notion that capitalist development is based on a system of control, accumulation and unequal exchange. What it implies in the case of Ghana is that the resources of the country were exploited and transferred abroad to serve British interests. But the development of capitalist enterprise according to this perspective can only be successful if and only if it is accompanied by internal domination and exploitation of dominant local classes. These local classes therefore serve as the channel through which underdevelopment is sustained.

In relation to rural development this sociological framework postulates that rural underdevelopment is a consequence of the subjection of the rural economy to the requirements of capitalist market forces. Thus rural poverty is related in a complex way to the world capitalist system. This capitalist system is a vertically integrated structure of control and exploitation of some parts for the benefit of others. To that extent, capitalist enterprise in the rural sector does imply appropriation of productive resources: land for export production, the exploitation of local labour through the payment of low wages and consequently the stagnation of a greater proportion of the rural sector.

Given these theoretical underpinnings this study proceeded on five propositions: (1) rural poverty or underdevelopment is a consequence of the expansion of capitalism, (2) the persistence of rural poverty is to be understood in terms of the role of the

colonial and post-colonial state, (3) the expansion of capitalist enterprise in the rural sector and the disarticulation of production structures, constitute the core of unequal exchange and inequality in resource distribution in Ghana, (4) the pattern of capitalist exploitation and surplus extraction is associated with sharply differentiated class structures and (5) the nature of rural class relations is a manifestation of the general process of underdevelopment. In short, these propositions direct attention to the fundamental issues: why has Ghana been unable to make any significant strides in her development effort?

Based on the historical and sociological data this study arrives at a number of conclusions. First the notion that African societies are underdeveloped because of the static nature of their economies cannot be sustained empirically. The data clearly suggests that pre-colonial societies in Ghana made political, and economic advances, as well as developing internal social differentiations based on wealth and prosperity. In the area of political development a significant number of these states particularly the Asante developed, highly differentiated state institutions and bureaucracies and over the centuries advanced towards empire building. In commerce and trade, there were highly organized state trading systems and intracontinental trade involving the exchange of gold, diamonds, salt, beads, kola,cotton and wax prints. But these advances were altered following a series of changes in Western European economies.

The second conclusion is that slavery, which was a major part of European trade, constituted a critical factor in the process of underdevelopment, as the highly developed Trans-Saharan trade collapsed, and lucrative and promising African industries including textile, gold mining and iron works were undermined. African societies were also denied the active potential labour force which could have been in the service of African development. Instead, this labour was used in support of an expanding industrial capitalism in Europe. The system of slave trading also had consequences for political systems. Several African societies disintegrated and this made it easier for formal domination to be established. This in turn facilitated the exploitation of the resources of the continent.

The third consideration is that the period of legitimate trade was equally significant in severl respects. British interest in Ghana during this period was dictated by the demands of the emerging industrial system. In essence, the production structures and production relations that emerged in the Ghanaian societies along the coast as well as the hinterland were therefore largely a product of these developments in Europe. Consequently, the structure of production in Ghana became progressively an extension of external economic interests. Enclave economic structures such as mining, plantation and export crop agriculture which were heavily capitalized constituted the leading sectors.

The fourth conclusion of this study is the critical role of the colonial state in relation to underdevelopment. The evidence suggests that the administrative policies pursued during this period secured the core pattern of an underdeveloped economy. For example, the development of infrastructures--railways and roads--were meant to open up the country in order to facilitate the extraction of the resources of the country. Moreover, through the mechanism of the colonial state the local labour was used in the interest of capitalist enterprise. In relation to rural development the pattern that emerged is best described as "extraversion." This process implies an unequal international specialization involving a distortion towards export activities such as mineral and agricultural production, and a neglect of production for the home market. But as this study indicated, this process of extraversion would not have suceeded if the dominant local classes had not buttressed these administrative policies. In short, the dominant classes that survived from pre-colonial periods were used to sustain capitalist economic enterprise. This internal development increased the integration of the economy into the external world system and at the same time facilitated underdevelopment. In essence, the internal administrative programs and policies pursued by the colonial state and supported by the dominant local classes, created conditions of structural dependencey.

Thus at the end of formal colonialism, not only did the economy become structurally weak and dependent, but there had emerged sharp inequalities in production structures as well as among the citizenry. Underdevelopment which is indicated by these processes is largely the result of colonialism.

The study examines the transformationist strategy pursued by the Nhrumah Administration. This strategy was essentially a non-capitalist path to national development. The basic orientation of this strategy was to undermine the colonial pattern of development and thereby establish a socialist society. It also sought to eliminate external as well as internal exploitation. The fifth conclusion of the study is that, viewed within the context of the historical conditions of Ghana, as well as the contemporary social, economic and political forces, this strategy did not eliminate the colonial development pattern for a number of reasons. The transition to a socialist soceity was fraught with contradictory tendencies. The colonial relations persisted and significantly counteracted efforts to pursue independent economic objectives. The economy which the Nkrumah Government inherited was fragile and significantly disarticulated. The dependnece on one export crop made the economy vulnerable to external economic pressures. In the face of these problems the assumption of the ownership of the means of production by the state had marginal effect on the overall economy.

The transformationist strategy implied industrialization and mass participation in agricultural production. In this respect the state organized various institutions to increase mass participation as well as mechanize production. These activities were carried out by organizations like the United Ghana Farmers Council Cooperative, State Farms Corporation and the Workers Brigade. In the hope that these organizations would lead the move toward increased rural productivity, the government invested public funds as well as utilized external loans to support the activities of these organizations. In addition, a significant amount of public and external capital was invested in the importation of agricultural machinery. The performance of these state organizations was far below the national expectation. The organizations faced not only technical problems but management problems, and showed low productivity in many respects. Moreover, with the increased investment in mechanical inputs, the economy became indebted to external sources. This situation compounded the economic problems of the country. In addition the program of socialist industrialization exacerbated the problems related to technological dependence.

Another development that affected the transition to a socialist society had to do with class contradictions. In other words, a major explanation of the failure of these state organizations must be sought in terms of the extent to which the old and new dominant social classes used them as a framework for private surplus accumulation. The study therefore concludes that the transition to socialism became difficult not only because of external constraints, but also because of the desire of new social classes to use these organizations to advance their own economic interests. Given these contradictory tendencies in the transition to socialism and the general economic conditions of Ghana at the time, it was hardly possible to eliminate any of the features of an underdevloped economy.

Finally, the study examined the gradualist strategy which was pursued by the Military Government, the NLC and the Busia Administration. This strategy was essentially a capitalist path to national development. But more specifically it rejected the basic theory that the state should be given the power to organize economic production. Therefore, this strategy entailed a reduction in the role of the state, the encouragement of foreign private investment and external trade.

Export trade, according to this strategy, constitutes the engine of growth. Economic policy reflects this concern in view of the desire to increase export production. In the search for foreign participation, some state argicultural organizations were sold out to multinational corporations (the rubber industry was sold to Firestone). In addition, private entrepreneurs, particularly Ghanaians, were encouraged to enter agricultural production with subsidies from the Central Government. These included loans, subsidized mechanized inputs and agricultural extension services. In this respect agricultural extension service was reorganized in order to encourage production of specific crops. These changes had little effect in terms of overall participation of rural people in production, but induced the concentration of resources in a few hands and consequently the structure of rural production came to reflect social and economic inequalities. Food production hardly increased during this period, and to alleviate the problems of shortages in food supply, government resorted to food and commodity aid. At the close of these governments, about 58 million dollars had been added to the national debt.

In summary the Ghanaian experience demonstrates the nature of the development problems of most African nations today. The study illustrates how the colonial experience sets limits to the growth and development possibilities of these nations and essentially distorts their potentialities. It is clear that tackling the problems of underdevelopment in its full scope entails a struggle against both internal and external forces. On the one hand, if African societies are to develop through an active involvement of all sectors including the state, they can do so by setting up priorities that focus attention on the real needs of the people. But it has to be realized that African nations are constrained by their size and natural resource base and markets. In view of this, African development can succeed and individual nation's capacities strengthened within a continental framework. These issues constitute the core of the discussion entitled "What can be done: Some Considerations for African Nations."

CHAPTER VII

WHAT CAN BE DONE: THE POSSIBILITIES FOR GHANA AND AFRICAN COUNTRIES

The Ghanaian development experience reflects, in many ways, the predicaments of most African states. These small states which are products of colonialism were created without reference to geographic, economic and sociological realities. Thus the size of these states constitutes a serious impediment to independent development. As this study showed, Ghana, like many states in Africa, was limited because of economic size, non-availability of markets and economies of scale that would allow for the attainment of the full benefits of its industrialization and import substitution programs. Ghana, compared to other states, is endowed with a wide variety of natural resources in agriculture, forestry and mining, but because of the country's incapacity to generate sustained development the economy could not be diversified.

The experience of Ghana clearly shows that developing an integrated and viable national economy entails considerable financial outlay in social and economic fields. The operating budgets for these programs were, however, far beyond Ghana's means.

revenue could not cover expenses of government nor could it support economic activities for any measurable length of time. The attempt to raise revenue through taxation, mainly on import and exports, tended to complicate the problems. For example, national governments restructured the tax system in order to reduce imports so as to release foreign exchange for capital equipments. The 'new' tax structure was also meant to help resolve the balance of payment problems and to protect local industries against competition from abroad. These measures simply complicated the inflationary problems. To deal with domestic social and economic problems national governments had to resort to external borrowing mainly from western industrial nations. This external borrowing, in the Ghanaian experience, did not increase the development capacities of the country; instead, it reinforced the country's dependency.

These problems therefore have posed serious challenges to Ghanaian political leadership and have encouraged, on the part of African leaders, a rethinking of relevant development strategies. The problem of persistent underdevelopment in Ghana has therefore led to a re-examination of past and present strategies and a formulation of new ones. What is certain about this re-examination process is that most Africans are interested in moving away from the colonial pattern of development. The African leadership seems concerned about the ways to resolve the internal weaknesses of their countries in the hope of creating a framework for independent national growth.

In view of these concerns, the discussion in this chapter addresses briefly the question of an African framework within which Ghana and other small states can achieve their goals of national development. The discussion also focuses on some micro-level developmental strategies that should serve as a basis for resolving the internal dilemmas of these countries. It is the view that while the African framework is a major means, micro-level efforts constitute a sine quo non to viable continental development planning.

Development specialists including Nkrumah (1972) Frank (1969) and Amin (1976) have called for alterations in African policy priorities and national development frameworks. Nkrumah for example, begins his call for new development perspective by tracing the effects of colonialism on political and economic life of Africa; and within this context sees Ghana's development as part of a broader African revolutionary movement. To him the progress and development of Ghana can be meaningful and viable if these processes are within the framework of an 'African Unity.' What Nkrumah is suggesting is that colonialism and neo-colonialism are pervasive. The only means available to contain these phenomena is to undertake joint continental development. The welfare of any one country, according to Nkrumah, cannot supercede the interests of the continent.

On a more general and theoretical level, Frank argues that underdevelopment in Third World countries cannot be eliminated by following a capitalist development path. He maintains that capitalism has tended to reinforce the existing colonial structures and relations. It is his view therefore that

> short of liberation from the capitalist structure or dissolution of the world capitalist system as a whole, the capitalist satellite countries, regions, localities and sectors are condemned to underdevelopment (1969 : 11).

Amin (1970) carries this argument a little further. He suggests that the present strategy of outward-directed development, the links of African economies through foreign trade with the West, is at the root of the biases in their development. These biases take the form of the dislocation of such economies and the accentuation of sectoral disparities in productivity. An outward-directed development is essentially unequal and this inequality tends to increase the existing gap between poor and rich nations. To Amin, an outward-directed development is not development but development of underdevelopment. What is needed according to this view is an 'inward-directed' strategy which can create the necessary solidarity within a framework of common markets and economic cooperation among African nations.

While this economic cooperation becomes a supra-national concern it is also maintained that within African nations there is a need to restructure the existing model of resource allocation and resource use so as to increase the advantages of economic cooperation. This implies that

> The action of righting the resource allocation process must largely be undertaken independently of the rules of the market, by a direct <u>assessment of needs</u>: requirements in respect of food, housing, education and culture, etc. (Amin, 1976: 383).

This change in resource allocation and use however demands much more than the extension of the state's ownership of the means of production. State control becomes vital and necessary only when it is sustained by policies that radically alter the biases for economic choice. The strategy reviewed has two facets: (1) African economic cooperation and (2) national development within the framework of continental cooperation.

Ghanaian Development Through African Cooperation

For several centuries Ghana, like many African states, remained an extension of Britain and Europe. The national economy exhibited uneven resource endowments and utilization, and the pattern of development was largely shaped by the colonial experience. Throughout the colonial period, the country's trade was dominated and controlled by foreign interests. Because of the nature of balkanization, Ghana had little trade with neighboring African countries, and in fact, Ghana and its neighbors, Ivory Coast, Togo, Nigeria, Upper Volta, pursued divergent but nationally parochial goals. As a consequence, when colonialism ended, Ghana's economy continued to be weak and dependent on Britain because of an absence of any intra-African economic relations. It is therefore within this context that is was argued by specialists in the area of development, that Africa's interests would be served if there was cooperation. Proponents however disagree on the nature of this cooperation. The debate has been whether there should be regional flow or unified continental planning. This debate is not the concern here. What is critical at this point is the utility of African cooperation. To Nkrumah, African cooperation would lead to the pooling of resources in the critical sectors so as to permit all countries to take advantage of the continent's resources. Instead of competing among themselves, African nations would supplement each others effort. Cooperation would resolve the problems generated by balkanization and the development problems could be shared. Increased intra-African relations would also not only lead to a unified and stronger bargaining position in world economic relations but would lead to the reduction of external dependence (164; see also Robson, 1968).

Green and Seidman (1968) continue the arguments by proposing a continental planning framework within which the resources of the continent could be developed and used rationally. To Green and Seidman

> The only way to achieve the economic reconstruction and development essential to fulfill the aspirations, needs and demands of the peoples of Africa is through a sustained shift to continental planning so as to unite increasingly the resources, markets and capital of Africa in a single substantial economic unit (22).

Despite this emphasis on continental planning Green and Krishna (1967) argue that the basis for its viability is the creation of a harmony among national development plans in such a way as to reflect the needs and interests of Africa. Unless these national plans are developed as integral parts of the continental framework, the plans would continue to impose a low ceiling on the individual country's efforts. It follows therefore that integration helps in promoting a wide range of economically viable activities.

There is a clear case for cooperation as illustrated by the Ghanaian and Nigerian experiences with iron ore developments.

Seidman (1969) notes that in the 1960s Ghana built a small-scale, re-rolling mill to produce 30,000 to 40,000 tons of steel yearly from scrap. This was to be a prelude to the development of its own iron deposits in Northern Ghana. At the same time, Nigeria had planned a 39,000,000 iron and steel project to produce 180,000 tons to 250,000 tons a year (289). But an E.C.A. Report (1963) shows that if West African states develop their metal industries jointly they could free capital and resources for other industries more appropriate to their resource potential.

Another example is shown by the problems of developing phosphate deposits in Togo. Until the 1970s this deposit was not fully tapped because of lack of power, which Ghana has in abundance through the hydro-electric project at Akosombo. At the same time Ghana was in need of fertilizer to develop her agriculture; but when power was provided by Ghana, it turned out that the management agreement between Togo, France and the United States required that eighty percent of the phosphate had to be shipped abroad. These examples illustrate some of the problems African nations will continue to face even when they make cooperative efforts.

But the cooperative effort has some other drawbacks because of political and ideological differences. Grundy (1963) discusses these differences and notes that in contemporary Africa there have emerged two broadly based ideologies of development. The first ideology implies a revolutionary vision of an equalitarian society and the second emphasizes a "pragmatic" capitalist society through cooperation with metropolitan countries. In addition to these ideological differences, the problems oc cooperation are complicated by the economic interests of multinational corporations.

Amin amply demonstrates how the multinational corporations function to undermine the process towards economic cooperation among African nations. The relationship between the European economic groupings, the European Economic Community, tends to complicate the problems of cooperation (Rivkin, 1966). Under the Treaty of Rome, for example, some African countries, particularly the French-speaking, were provided trade preferences which allowed them access to European markets. Those African nations without any relationships faced high tariffs on their agricultural exports. The African nations associated with this economic group received financial assistance to improve their agricultural development, particularly cash crops which were needed in European markets. Under these favorable conditions the associated African nations tended to seek their developments not through intra-African cooperation but through alliances with the metropolitan countries.

The problem of cooperation between Ghana and other African states is illustrated by the entry of Britain into the European Common Market. Britain's entry entailed vital economic and political consequences for Ghana and the rest of the Commonwealth. The European Common Market was formed to provide a framework for increased trade and cooperation among European nations. But as the associated status for French speaking African states showed, it was used as a means for perpetuating colonial privileges in Africa and thereby forestalling attempts at African economic cooperation (see Parliamentary Debates, 1961). It was apparent therefore that Britain's entry would introduce discriminations in trade between Ghana and other states which are associated with the Common Market. Thus Ghana's membership in the Commonwealth would mean that Britain would continue to receive preferential treatment for Ghanaian goods. But because of Britain's membership in the Common Market, Ghanaian commodities would enter the European Market through Britain at higher costs to friendly African countries, including Ethiopia and Sudan. Clearly the operation of multinational corporations and European attempts at cooperation tend to undermine the pooling of resources and skills by African nations. Despite these problems the effort at cooperation is no longer a question for debate. The issue then is the role of individual nations in laying a foundation for a meaningful and self-sustaining cooperative development. Several national strategies have been proposed by development specialists. Only two of them will be discussed here.

Toward A National Strategy For Ghana

This section reviews two major approaches to national development--the basic needs approach and the rural development approach and suggests that the latter provides a more comprehensive and viable framework.

The Basic Needs Approach

The contention has been that the colonial pattern of economic development did not create the framework within which the basic needs of the Ghanaian and African population could be met. Therefore, the first step toward economic independence is to pursue a rational policy which focuses investments on basic needs production. According to Rweyemamu (1972) the approach implied that

> The means of production necessary for guaranteeing the reproduction and expansion of basic goods are the only means that can transform the economy from dependency relationship to one of economic independence (132).

The argument for a basic goods industry is that (1) it would raise physical output per head and thereby induce self-generating growth, (2) it would raise productivity of other sectors and supply agriculture with the needed inputs for its expansion, (3) it would generate higher levels of consumption and (4) it would lead to capital formation. It is therefore maintained that

> if a backward country wishes to attain a high level of growth fairly quickly, what is necessary is not simply capital formation, but capital formation directed to the capital goods sector (Rweyemamu, 1973: 82).

The policy choice here is industrialization that encourages the development of textile industries, hospital equipments, busses, water pipes and machinery for agriculture (Rweyemamu, 1972). Amin (1976) shares this viewpoint when he notes that to provide immediate improvements in the life of poor people, the most modern installations are necessary.

This was essentially the policy that Ghana pursued under Nkrumah. While this approach is essentially useful, to made it the core of a policy choice leads to increasing pressure on the national economy. The Ghanaian experience shows that in the face of mounting external pressures and domestic budgetary problems, it is unwise for the present to invest in this sector without exercising prudence and good judgment. No doubt the range of available technology and techniques for this sector will continue to dependent on the external capital equipment markets. It is hard to demonstrate empirically how the capital goods sector by itself could foster development at low cost. It would appear that the lessons of Ghana point to a development package that has as its center rural and agricultural developments with the capital goods sector only serving to stimulate the elements in agricultural and rural development.

A Rural Development Approach: The Policy Package for Ghana

The discussion here will draw attention to some policy choices that can be made in order to create a viable basis for a self-sustaining development in Ghana. The discussion therefore emphasizes the critical position of a rural development program in overall national development. Rural development is conceived in terms of a series of quantitative and qualitative changes brought about within a given rural population, resulting in improved living conditions for the population through increased production capacity (E.C.A. Report, 1972: 60). Viewed in this way, it is assumed that the proposed rural development package can serve as a starting point in the search for ways of reducing rural poverty.

This package emphasizes three major elements: (1) policy choices must revolve around agricultural development with particular reference to the expansion of food production and improvements in nutrition for the population, (2) policy choices emphasizing agricultural development must create the framework for rural industrialization, rural processing industries, storage and other related processes that would stimulate increased agricultural production and (3) there is a need for basic and viable infrastructure-roads, schools, imigration projects, and health care delivery systems. These projects serve to further stimulate expansion of rural production capacities, create opportunities for employment and generate income. It is the view that the framework within which this infrastructure can be built lies in public works programs. In short, this policy package entails using expanded rural production capacity as the basis for internal capital formation that is geared to the real needs of the rural population. It would seem therefore that any effort to eliminate rural poverty without dealing with the rural problem in an interrelated way is bound to fail.

Agricultural Production

Throughout history the contribution of agriculture to development has remained critical. The resources for the British industrial revolution became available mainly because of the structural changes in agricultural production. Similarly the Soviet Union achieved major scientific and technological breakthroughs as a result of changes in agriculture (Hutchinson, 1971).

But throughout this period the contribution of expanding agriculture was predominantly through food production. Food became a far greater part of the initial effort as urban populations grew as well. It was much later that export production became a dominant concern especially as Britain sought to monopolize world trade. Unfortunately, as part of colonial policy, agricultural production in all African countries became the foundation for European industrial expansion. Consequently the emphasis on agricultural production had from the beginning emphasized export production at the expense of food production. The inadequacy of this export production policy has been reflected by the excessive commitment of public funds to food imports during the colonial and post-colonial periods. Moreover, the growth of the national economies have become heavily dependent on the export sector, the fortunes of which are influenced largely by external factors.

What this rural development approach seeks to emphasize is that the export-oriented agricultural policy must give way to a home-supply policy in which food production remains at the center. In essence an emphasis on mass production and consumption food will reduce Ghana's dependence on food imports and commodity aid. This will help ease the pressure on the economy and thereby save foreign exchange that could be used to purchase needed capital goods for rural industrialization. In addition, food production could contribute to easing the inflationary pressure in the Ghanaian economy.

Agriculture and Rural Industrialization

Food production must be integrally related to rural industrialization. In a specific sense rural industrialization should emphasize agricultural processing industries which would concentrate on the production of those consumer goods and inputs required by farmers and the urban population. It is assumed that such a rural industrial approach could stimulate both food and allied production and other raw materials.

The debate persists as to where to start on the issue of rural industrialization. It has been argued that industrialization is only necessary when the labour situation is inadequate. Others, including Schumaker (1973), have argued for such an approach but with emphasis on 'intermediate' or appropriate technologies. What is proposed is a shift from modern technologies which are labour saving, to intermediate technologies that take account of the labour situation in developing countries. This intermediate technology is supposed to be half-way between computer-automation and traditional handicrafts which use much less capital, and much more labour, more men and fewer or simpler machines (Cambridge Conference Report, 1971). Generally then, simplified production techniques would minimize demand for skilled manpower and capital. It is further argued that this technology would facilitate increased employment and investment without excessive external aid. Schumaker (1975) is essentially correct in proposing the intermediate or appropriate technology approach. What is untenable in his analysis, however, is where such a technology should come from. In this case he maintains that the work on developing 'appropriate' technology has to start in the industrialized nations. This is because the assembling and systematizing of knowledge can best be done where technical knowledge and facilities already exist. To Schumaker therefore,

> the mobilization of technical knowledge for the evolving of self-help techniques must come from countries that possess such knowledge. Only if this occurs can a useful dialogue on technology develop (135).

This position obviously denies the existence of indigenous technologies that can be modified to suit the changing conditions of rural and agricultural development. It would seem that the Schumaker approach is premised on the notion that development can only take place in African countries if 'intermediate technology' is transferred from 'advanced' industrial nations. This would however be a new form of technological dependence. The most rational approach is to begin with what the rural people already have in the form of technology and techniques for processing. It is only through this strategy that rural people can be helped in undertaking development that would be beneficial to them.

There are a number of techniques which are known to the rural people. They are labour-intensive and efficient. A few examples should illustrate the point. The techniques of dehydration through sun-drying of a number of crops has been an established practice. For purposes of preservation, crops like cassava are grated, dried and roasted into a food item called Gari. There is a system of curing and preserving fish through drying, smoking and salting. The handicraft industries, i.e., basket-making, wood and metal works, have all been geared towards rural production needs in the rural societies. It is these local technologies that need support.

With changing conditions a number of these techniques have been modified and recent empirical studies have established the positive contribution of these industries to rural development. Liedholm and Chuta (1976) have established in the case of Sierra Leone that the small industries have affected rural income distribution through inducing increases in agricultural production. They noted that bakers essentially used domestically produced flour; blacksmiths producing agricultural implements used charcoal and metal scraps which were also local products while carpenters used local timber, plywood and veneer (24). What is suggested is that these industries to have positive linkage effects on agriculture. King and Byerlee (1977) also emphasize in their income distribution studies that in Siera Leone consumption patterns in rural areas are quite labour intensive since eighty-four percent of all increases in consumer expenditures go for goods produced by the small-scale agricultural fishing and industrial units. Consequently, a major proportion of rural incomes tends to be spent on goods produced in the rural areas.

The rural industries are not labour displacing and thus they also serve to create avenues for employment. Again Leidholm and Chuta (1976) and Byerlee et. al. (1977) are instructive. In their studies it was revealed that these rural industries generated not only increased output but also more employment per unit of capital than large-scale industries. Leidholm and Chuta noted therefore that "those specific processes and small-scale industry groups that are more labour-intensive also generate on the average more output per unit capital" (106). Steel (1977) in his study of small-scale employment in Ghana came to the same conclusions. He agrues, for example, that although large-scale manufacturing has been a particularly dynamic sector in the economy, its continued growth does not appear to offer a solution to Ghana's employment problems (50). Steel shows that the small-scale industries continue to play a critical role in productivity and labour absorption. The most important industries in this respect include food preparation and processing; beverage making; furniture and wood work; vehicle repairs and metal works. Together they provide two-thirds of total employment in the intermediate industrial sector (120).

Most significant is that these intermediate industries have several advantages. The entry into this sector is easy and because of its competitive nature, prices and costs tend to be low. The industries in this sector often obtain idle materials and capital from the capital intensive industries. Thus this intermediate industrial sector has recycling and recouping functions which in turn permit a fuller and efficient utilization of the country's resources.

What the empirical findings suggest is that the small industrial processes have a major role to play in an integrated development program; and if the processes involved in this sector are carried out in relation to rural and national needs, the production capacities of the citizens would be increased.

Apart from these small-scale industries this policy package can be supported by existing rural industries established in the 1960s under the Nkrumah administration. During that period, a number of food processing and capital goods industries were established based on advanced technologies such as the canning industries, oil palm and pineapple processing. These industries could be made to stimulate the process of rural development. What is needed is a program to reactivate them to fit the requirements of the rural program.

Public Works Programs

The programs of increased agricultural production and rural industrialization need to be sustained by a viable network of infrastructures. This can be carried out within the framework of a public works program. The public works program is here conceived in terms of

> public sector activites which combine two main objectives: creating new sources of employment and income for low income groups, and constructing assets which will enhance productivity and stimulate economic growth (World Bank Staff Paper No. 224, 1976: 1).

Without doubt the experiments with public works in developing countries have shown negative results; but these have been effected not so much by the philosophy underlying these institutions, but the problems which stemmed from poor public commitment, poor program design and the management and implementations of programs. There can be no doubt that the program served as an instrument for public involvement, particulary through its labour absorption capacities. Its contribution to the employment situation is quite real. To illustrate this point it should be noted that the rate of growth of the labour force in Ghana has been on the increase, and is presently estimated at between nine and ten percent, and it may be even higher. Among the recorded unemployed there are the unskilled migrant labourers and new entrants, particularly middle school leavers. The labour supply situation and the rate of unemployment has been an embarrassment to Ghanaian governments, and so a rural development policy has to take account of this labour. Public works programs provide the framework by which this labour can be made to participate actively in the rural economy.

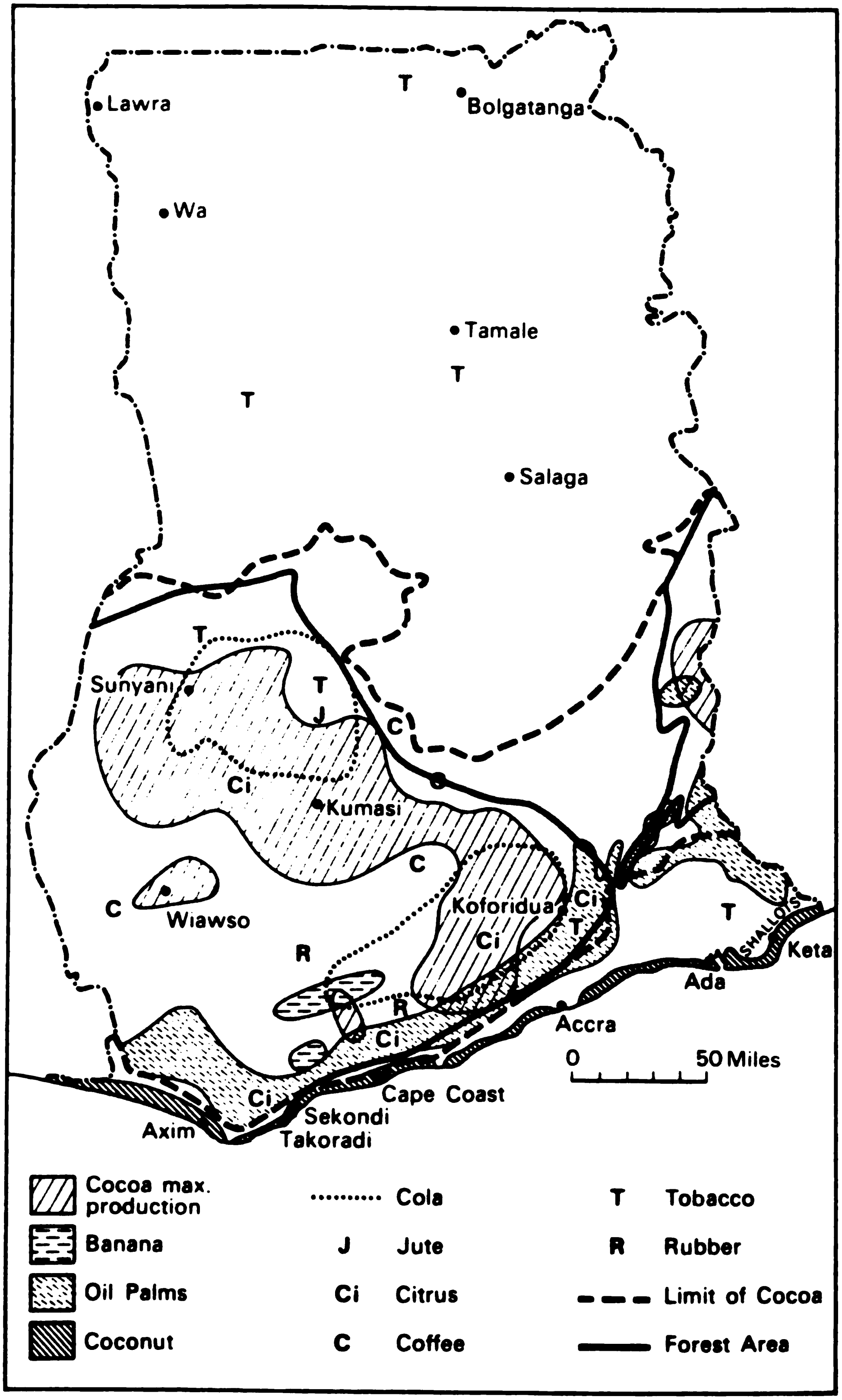
This framework therefore serves at least three basic purposes. It serves as a means for building cheaply rural infrastructure--roads, markets, and supporting services to agriculture including extension and rural information. It is a means for creating rural income, and with this income converted into demand for food, agricultural production would be given a boost in the process. It will enable the rural people to finance their own developments with little support from central government and external sources. This issue is critical in view of the present problem of local support for rural programs. In Ghana at present, local and regional councils are unable to support development projects unless central government gives active support because these councils cannot raise enough local revenues to support a minimum development program. According to a report by the Commissioner responsible for local government, the amount of local developments financed (by local rural people) from their own resources constitute an insignificant part of the local government budgets. In most cases, about twenty-five percent of the potential tax is not collected, and in a number of local council areas the cost of revenue collection exceeds the total amount of revenue that is collected. In short the Central Government has always subsidized local councils by contributing about sixty percent of their total budget (Report: Commission of Local Government, 1957). It does not appear that to create a self-sustaining rural development program, it is not enough to broaden the socio-economic base, i.e., increased agricultural production, rural industrial processing and infrastructure; the program has to be sustained by the local people through their paying taxes and increasing their demand for agricultural products. The public works programs are meant to give added momentum to this process through employment creation, income generation and infrastructures.

In summary, rural industrialization, particularly food processing, creates the initial market for food products. Simultaneously increasing incomes in agriculture, rural industries and the public works sectors, encourages demand for food and other agricultural commodities. In this respect Mellor (1975) suggests that

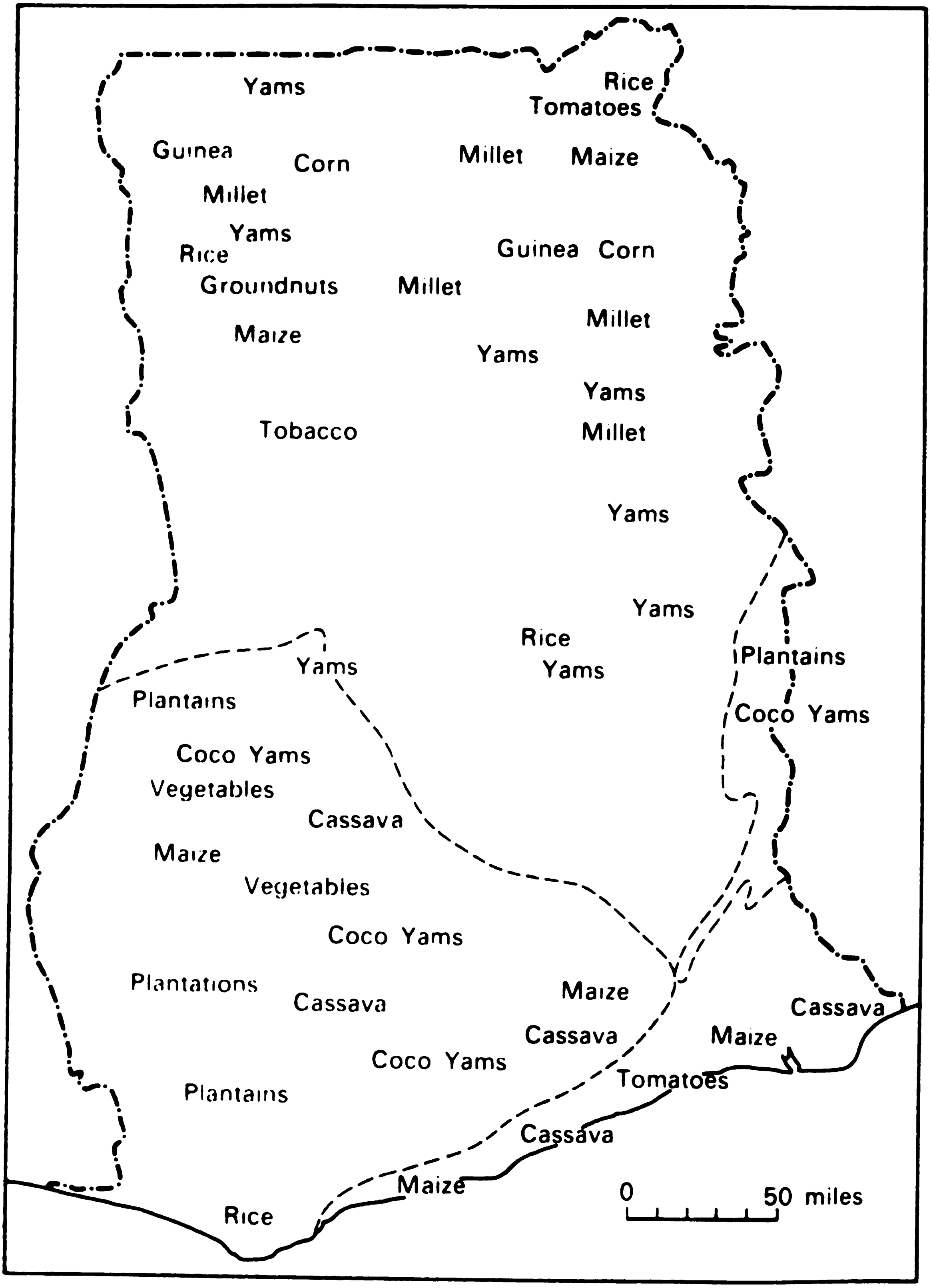
> Increased rural incomes demand greater potential for rural investment and improved rural infrastructure. They create an environment favorable for small scale industry which in turn fosters employment and resources to help pay for rural infrastructures (21).

There is certainly much that the Ghanaian is capable of doing without excessive external assistance. The ecological and other agronomic factors are largely favorable. Ghanaians can and should be able to exploit the agricultural and rural industrial resources in their own interest. What is really essential is the elimination of the structural distortions in the economy which arise from colonial domination and exploitation, and the continuing maintenance of these forms of domination under nationalist governments. The rural development approach that has been suggested is only a first step which must take account of the current political structures which also maintain underdevelopment.

APPENDICES



APPENDIX A.--Map 1: Distribution of Cash Crops



APPENDIX B.--Map 2: Distribution of Food Crops

BIBLIOGRAPHY

BIBLIOGRAPHY

Abercombie, K. C.
1972 "Agricultural Mechanization and Employment in Latin America." International Labour Review.

Afful, E. N.
1965 "Supervised Agricultural Credit." In Proceedings of the Workshop on Agricultural Credit. University of Science and Technology, Kumasi.

Afrifa, A. A.
1966 The Ghana Coup. London: Frank Cass and Co.

________.
1967 The Challenge of Our Time. Accra: Government Printer.

Agble, W. K.
1965 Food for the People. Ghana Academy of Sciences. Lecture Series, Accra, June 20.

Ahmad, N.
1973 From "Liberation to Redemption." Economic Policy in Ghana Between the Coups 1966-72. Universitas, Vol. 3, No. 1, October.

Agbodeka, F. K.
1972 "Sir Gordon Guggisberg's Contribution to the Development of the Gold Coast 1919-27." Transactions of The Historical Society of Ghana, Vol. 13(i).

________.
1971 African Politics and British Policy in the Gold Coast 1868-1900. London: Longmans.

________.
1972 Ghana in the Twentieth Century. Ghana Universities Press.

Ajayi-Ade.
1977 "West African States at the Beginning of the Nineteenth Century." In A Thousand Years of West African History. Edited by Ajayi and Espie. Ibadan: University Press.

Amenumey, D.
1968 "Geraldo de Lima: A Reappraisal." Transactions of the Historical Society of Ghana, Vol. 9.

Amin, S.
1973 Neo-colonialism in West Africa. New York: Monthly Review Press.

________. 1976 Unequal Development: An Essay on the Social Formations of Peripheral Capitalism. New York: Monthly Review Press.

________. 1974 Accumulation on a World Scale. Critique of the Theory of Underdevelopment. New York: Monthly Review Press.

Amoafo, J. G.
1965 Aide Memoire: Food Situation in the Country. Economics and Statistics Division of the Ministry of Agriculture.

Ampratwuum, D. B.
1973 "A Decade of Agricultural Mechanization in Ghana, 1961-70." Universitas, Vol. 3, No. 1, October.

Ankrah, J. A.
1966 Speech: Review of the First Hundred Days of the Rule of the N.L.C.. Accra: Government Printer.

Anin, R. K.
1974 The Place of Agricultural Extension Education in Rural Development. Paper UN/ECA Sub-Regional Workshop, Accra.

Anyane, La S.
1963 Ghana Agriculture. Oxford: Oxford University Press.

________. 1969 "Issues in Agricultural Policy." In Background to Agricultural Policy in Ghana. Proceedings of a Seminar Faculty of Agriculture, Legon.

________. 1974 "Some Constraints on Agricultural Development in Ghana." In Agricultural Policy in Developing Countries. Edited by Islam. London: Mcmillan Press.

Apter, David.
1955 Ghana in Transition. Princeton: Princeton University Press.

Asem, A. K.
1958 Notes on the Proposed Ghana Agricultural Extension Service, Ministry of Agriculture.

__________.
1961 Agricultural Extension Service--Duties and Responsibilities of Extension Commission. Ministry of Agriculture.

Asiedu-Saforo, K. and Marti, F.
1971 Review of the Focus and Concentrate Program in Ghana. Ministry of Agriculture.

Atsu, S. Y.
1974 The Focus and Concentrate Program in the Kpandu and Ho Districts. ISSER Technical Publication No. 34.

Austin, Dennis.
1964 Politics in Ghana. London: Oxford University Press.

__________.
1976 Ghana Observed. Manchester: Manchester University Press.

Ayadele, E. A., et al.
1971 The Growth of African Civilization: Making of Modern Africa. Vol. 2. New York: Humanities Press.

Baran, Paul
1957 Political Economy of Growth. New York: Monthly Review Press.

Beckett, W. H.
1944 Akokoaso: A Survey of a Gold Coast Village. London School of Economics, Social Anthropology Monograph 11010.

Beckman, B.
1976 Organizing the Farmer Cocoa Politics and National Development in Ghana. Upsala: Scandinavian Institute of African Studies.

Bentsi-Enchill, K.
1964 Ghana Land Law. London: Sweet and Maxwell.

Berg, Elliot
1971 "Ghana and the Ivory Coast." In Ghana and Ivory Coast: Perspectives on Modernization. Edited by Foster and Zolberg. Chicago: University of Chicago Press.

Bevin, H. J.
1956 "The Gold Coast Economy about 1880. Transactions of Gold Coast and Togoland Historical Society. Vol. II, Part II.

Birmingham, Walter, et al.
1966 A Study of Contemporary Ghana: The Economy of Ghana. London: George Allen and Unwin.

Betts, R. F.
1967 The "Scramble" for Africa Causes and Dimensions of Empire. Lexington, Mass.: Heath and Company.

Boahen, Adu.
1975 Ghana: Evolution and Change in the Nineteenth and Twentieth Centuries. London: Longman.

________.
1976 "Asante, Fante and the British 1800-1880." In A Thousand Years of West African History. Edited by Ajayi Ade and Espie Ian. Accra: Ibadan University Press.

Bodenheimer, S.
1971 Ideology of Developmentalism: The American Paridigm--Surrogate for Latin American Studies. California: Sage Publications.

Booth, D.
1975 Andre Gunder Frank, "An Introduction and Appreciation." In Beyond the Sociology of Development. Edited by Oxaal, et al. London: Routledge and Kegan Paul.

Bowdich.
1918 Mission from Cape Coast Castle to Ashante. London.

Brenner, Y. S., and Wagenbuur, Harry
1966 Lime Farmers: A Case Study of a Cash Crop in a Subsistence Economy. Center for Development Studies, Research Report No. 1, Cape Coast.

Brewster, H.
1973 "Economic Dependence: A Quantitative Interpretation." Social and Economic Studies, Vol. 22, No. 1.

Brokensha, David
1966 Social Change at Larteh (Ghana). Oxford: Clarendon Press.

Brown, C. K.
1972 Some Problems of Investment and Innovation Confronting the Ghanaian Food Crop Farmer, ISSER Series No. 24.

Burns, Elinor
1927 British Imperialism in West Africa. London: The Labour Department Publications.

Busia, Kofi A.
1951 The Position of the Chief in the Modern Political System of Ashanti. London: Oxford University Press.

________.
1967 Africa in Search of Democracy. London: Routledge and Kegan Paul.

Byerlee, D., Eicher, Carl, et al.
1977 Rural Employment in Tropical Africa: Summary of Findings. Working Paper No. 20, African Rural Economy Program, East Lansing, Michigan.

Caldwell, John C.
1968 Population Growth and Family Change in Africa: The New Urban Elite in Ghana. Camberra: Australian National University Press.

________.
1968 "Determinants of Rural-Urban Migration in Ghana." Population Studies, Vol. 22, No. 3.

Card, Emily.
1975 "The Political Economy of Ghana." In The Political Economy of Africa. Edited by Richard Harris. Cambridge, Massachusetts: Schenkman Publishing Company.

Cervika, Ing. V.
1967 "Tropical Farm Mechanization--Ghana's Experience." World Crops, Vol. 19, No. 19, October.

Charter, C. F.
1955 Estate Agriculture and the Integration of Peasant Farming. Gold Coast Department of Soil and Land Use Surveys, Miscellaneous Paper No. 1.

Chilote, R. H.
1974 "Dependency: A Critical Synthesis of the Literature." Latin American Perspectives, Spring.

Clayton, E. S.
1974 "A Note on Farm Mechanization and Employment in Developing Countries." International Labour Review, Vol. 110, July.

Coleman, James
1965 Nigeria: Background to Nationalism. Berkeley: University of California Press.

Cox-George, N. A.
1973 Studies in Finance and Development. The Gold Coast Experience 1914-1950. London: Dobson.

Daaku, Yaw K.
1965 "The European Traders and the Coastal States 1630-1720." Transactions of the Historical Society of Ghana, Vol. 8.

_________.
1970 Trade and Politics on the Gold Coast 1600-1720. London: Oxford University Press.

Dadson, J. A.
1970 "Socialized Agriculture in Ghana 1962-65." Unpublished Ph.D. dissertation, Department of Economics, Harvard University

Dalton, G. E. and Erikwaw, J.
1971 Costs and Benefits from Operating Wheeled Tractors in the North of Ghana. Accra Department of Agricultural Economics, University of Ghana.

de Graft-Johnson, K. T.
1974 "Population Growth and Rural-Urban Migration, with Special Reference to Ghana." International Labour Review, Vol. 109, Nos. 5-6, May/June.

Dickson, Kwamina
1961 "The Development of Road Transport in Southern Ghana and Ashante Since about 1850." Transactions of the Ghana Historical Society, Vol. V, Part I.

_________.
1969 A Historical Geography of Ghana. Cambridge: Cambridge University Press.

_________, and Benneh, George
1970 A New Geography of Ghana. London: Longmans.

Dobb, M. (Ed.)
1964 Studies in the Development of Capitalism. New York: International Publishers.

Dowse, Robert
1969 Modernization in Ghana and the USSR. London: Routledge and Kegan Paul.

Due, Jean
1969 "What Happened to the Ghanaian State Farms." Illinois Agricultural Economics, Vol. 9, No. 2, July.

Dumor, E. and Amonoo, E.
1973 Focus and Concentrate Programme in the Somanya District C.D.C. Reports, Cape Coast.

Dumor, E.
1976 "Indigenous Farming Systems and Implications for Rural Youth Programs." Rural Africana, No. 30, East Lansing.

Ewusie, Kodwo
1971 Distribution of Monetary Incomes in Ghana. ISSER Technical Publications No. 14, Legon.

__________.
1973 Economic Development Planning in Ghana. New York: Exposition Press.

Fage, D.
1966 Ghana: A Historical Interpretation. Madison: University of Wisconsin Press.

Fei, John and Ranis, Gustav.
1975 "Agriculture in Two Types of Open Economies." In Agriculture in Development Theory. Edited by Reynolds G. New Haven: Yale University Press.

Ferguson, Phyllis.
1972 "The Yidan Babas of Yendi: A Study in the Politics of Wealth." In Micropolitics in Ghana. Ithaca: Cornell University Press.

Finch, Bob and Oppenheimer, Mary
1966 Ghana: End of an Illusion. New York: Monthly Review Press.

Flint, J. E.
1977 "The Growth of European Influences in West Africa in the Nineteenth Century." In A Thousand Years of West African History. Edited by Ajayi Ade and Espie Ian. Ibadan: Ibadan University Press.

Frank, A. G.
1969a Capitalism and Underdevelopment in Latin America. New York: Monthly Review Press.

——— 1969b Latin America: Underdevelopment and Revolution. New York: Monthly Review Press.

——— 1972 "Económic Dependence, Class Structure and Underdevelopment Policy." In Dependence and Underdevelopment Latin America's Political Economy. Edited by J. D. Cockcroft, A. G. Frank and D. L. Johnson. New York: Doubledav.

——— 1972 "Socioloav of Develooment and Underdeveloøment of Socioloav." In Deoendence and Underdeveloøment Latin America's Political Economv. Edited bv Cockcroft, et al. New York: Doubleday.

Frimpong-Ansah, J. H.
1971 "Valedictory Presidential Address--Stabilization and Development: Ghana's Experience." Economic Bulletin of Ghana, Vol. 1, No. 1.

Frimpong, Kofi
1974 "The Joint Provincial Council of Paramount Chiefs and the Politics of Independence 1946-58." Transactions of the Historical Society of Ghana, Vol. 15.

Fyfe, Christopher
1977 "West African Trade, AD 1000-1800." In A Thousand Years of West African History. Edited by Ade Ajayi and Espie Ian. Ibadan: Ibadan University Press.

Fynn, John K.
1971 Asante and Its Neighbours. Evanston: Northwestern University Press.

Galtung, J.
1971 "A Structural Theory of Imperialism." Journal of Peace Research.

Gately, D.
1973 "International Commodity Agreements: The Experience of Coffee and the Prospects for Cocoa." Economic Bulletin of Ghana, Vol. 3, No. 2.

Genoud, R.
1969 Nationalism and Economic Development in Ghana. New York: Praeger Publishers.

Goody, Jack
1971 Technology, Tradition and the State in Africa. London: Oxford University Press.

Gordon, J.
1969 "Extension in Developing Countries." World Crops, Vol. 21, No. 3.

Gotch, Carl
1972 "Technical Change and the Distribution of Income in Rural Areas." American Journal of Agricultural Economics, Vol. 54, May.

Goncharov, Leonard
1977 "On the Drain of Capital from African Countries." In African Social Studies, A Radical Reader. Edited by P. Goutkind and P. Waterman. New York: Monthly Review Press.

Grayson
1973 "The Role of Suppliers' Credits in the Industrialization of Ghana." Economic Development and Cultural Change. Vol. 21, No. 3.

Green, H. and Seidman, Ann
1968 Unity or Poverty. The Economics of Pan Africanism. Baltimore: Penguin Books.

__________ and Krishna, K. G. V.
1967 Economic Cooperation in Africa: Retrospect and Prospect. London: Oxford University Press.

Greenhalgh, Christine
1972 "Income Differentials in the Eastern Region of Ghana." The Economic Bulletin of Ghana. Second Series, Vol. 2, No. 3.

Greenstreet, D. K.
1964 "The Guggisberg Ten Year Development Plan." Economic Bulletin of Ghana, Vol. 10.

__________. 1967 "Public Administrations: A Comparative Analysis of the 1950 Colonial Development Plan and the 1951 Nkrumah Development Plan of the Gold Coast." Economic Bulletin of Ghana, Vol. 12.

Grundy, K.
1963 "Theories and Ideologies of West African Underdevelopment and Development." Unpublished Ph.D. dissertation, Department of Political Science, Pennsylvania State University.

Guggisberg, Gordon
1927 The Gold Coast: A Review of Events 1920-26. Accra: Government Printer

Haensel, H.
1967 "Socio-Economic Study of the Conditions of Fertilizer Use at Peasant Farms of Ghana." Kumasi: University of Science and Technology (mimeographed).

Hagan, George
1971 "Asante Bureaucracy." Transactions of the Historical Society of Ghana, Vol. 12.

Hailey, Lord
1938 African Survey. London.

Hart, J. K.
1974 "Migration and Opportunity Structure. A Ghanaian Case Study." In Modern Migrations in West Africa. Edited by Amin Samir. London: Oxford University Press.

Harris, Gene
1973 "Some Aspects of Decentralization and the Formulation and Implementation of Agricultural Policy in Ghana." In Factors of Agricultural Growth in West Africa. Edited by I. M. Ofori. Legon: I.S.S.E.R.

Harvey, William B.
1959 Law and Social Change in Ghana. Princeton: Princeton University Press.

Hayami, Y., and Ruttan, V.
1971 Agricultural Development: An International Perspective. Baltimore: Johns Hopkins Press, 1971.

Haydon, Anthony
1970 "The Good Public Servant of the State--Sir Matthew Nathan as Governor of the Gold Coast." Transaction of the Ghana Historical Society, Vol. 11.

Helleiner, G. K.
1975 "Smallholder Decision-Making. Tropical African Evidence." In Agriculture in Development Theory. Edited by L. Reynolds. New Haven: Yale University Press.

Hill, Polly
1960 "The History of the Migration of Ghana Cocoa Farmers." Transactions of the Historical Society of Ghana, Vol. 4, Part I.

_________. 1962 "Some Characteristics of Indigenous West African Economic Enterprise." Economic Bulletin of Ghana, Vol. 6, No. 1.

_________. 1963 The Immigrant Cocoa Farmers of Southern Ghana: A Study in Rural Capitalism. Cambridge: Cambridge University Press.

_________. 1970 Studies in Rural Capitalism in West Africa. Cambridge: Cambridge University Press.

Hilton, T. E.
1968 "Population Growth and Distribution in the Upper Region of Ghana." In The Population of Tropical Africa. Edited by J. Caldwell and C. Okonjo. New York: Columbia University Press.

Hirschman, Albert
1970 "A Search for Paradigms as Hinderance to Understanding." World Politics, Vol. 12, No. 3.

Hodder, B. W.
1969 "West Africa: Growth and Change in Trade." In A Geography of Africa. Edited by R. M. Prothers. New York: Praeger Publishers.

Howard, R.
1976 "Differential Class Participation in an African Protest Movement: The Ghana Cocoa Boycott of 1937-38." Canadian Journal of African Studies, Vol. 10, No. 3.

Hunter, John
1963 "Cocoa Migration and Patterns of Land Ownership in the Densu Valley Near Suhum Ghana." Reprint: Transactions of Institute of British Geographer.

_______ 1967 "Population Pressure in a Part of Western African Savannah: A Study of Nangodi: Northern Ghana." In Annals of the Association of American Geographers, Vol. 57, No. 1.

Hutchinson, Joseph
1971 "Historic Role of Agriculture in Development." In Developing the Third World. Edited by R. Robinson. Cambridge: Cambridge University Press.

Hveen, H.
1973 "Global Dominance System." Journal of Peace Research, Vol. 10, No. 4.

Hymer, Stephen
1971 "The Political Economy of the Gold Coast and Ghana." In Government and Economic Development. Edited by G. Ranis. New Haven: Yale University Press.

Johnson, D. L.
1972 "Dependence and the International System." In Dependence and Underdevelopment, Latin America's Political Economy. Edited by Crockcroft, et al. New York: Doubleday.

Johnson, Ray
1966 Report Ghana Agricultural Extension Service Organization. Accra: Ministry of Agriculture.

Johnson, T. L.
1972 "Protest: Tradition and Change: An Analysis of Southern Gold Coast Riots 1890-1900." Economy and Society, Vol. 1, No. 2.

Johnston, B.
1958 The Staple Food Economies of Western Africa. Stanford: Stanford University Press.

_______. 1967 "Agriculture and Economic Development in Ghana: The Relevance of Japan's Experience." Economic Bulletin of Ghana, Vol. 11, No. 4.

Jorgenson, Dale
1969 "The Role of Agriculture in Economic Development: Classical versus Neo-classical Models of Growth." In Subsistence Agriculture and Economic Development. Edited by C. Wharton. Chicago: Aldine Publishing Co.

Kay, G.
1975 Development and Underdevelopment: A Marxist Analysis. New York: St. Martin's Press.

________.
1972 Political Economy of Colonialism in Ghana: Documents and Statistics. Cambridge: Cambridge University Press.

Killick, A. J.
1966 "Cocoa." In A Study of Contemporary Ghana. Edited by Birmingham, et al. London: George Allen.

________.
1969 Review of Progress 1968-69. Accra: Ministry of Economic Planning.

________.
1978 Development Economics in Action: A Study of Economic Policies in Ghana. New York: St. Martin's Press.

Kimble, George
1960 Tropical Africa: Politics and Society. Vol. 2. New York: The Twentieth Century Fund.

Kimble, David.
1963 A Political History of Ghana. Oxford: Clarendon University Press.

King, R. P. and Byerlee, D.
1977 "Income Distribution, Consumption Patterns and Consumption Linkages in Rural Sierra Leone, African Rural Economy." Paper No. 16, East Lansing, Michigan.

Kline, et al.
1969 Agricultural Mechanization in Equitorial Africa. Research Report No. 6, East Lansing, Michigan.

Krassowski, A.
1974 Development and the Debt Trap: Economic Planning and External Borrowing. London: Overseas Development Institute.

Langley, Ayodele
1973 Pan Africanism and Nationalism in West Africa 1900-1945. Oxford: Clarendon Press.

Lawson, R.
1972 The Changing Economy of the Lower Volta 1954-67. Oxford: Oxford University Press.

Liedholm, C. and Chuta, E.
1976 "The Economics of Rural and Urban Small-Scale Industries in Sierra Leone." African Rural Economy Paper No. 14, East Lansing, Michigan.

Leith, Clark
1974 Foreign Trade Regimes and Economic Development: Ghana. New York: Columbia University Press.

Lenin, V. I.
1974 Imperialism: The Highest Stage of Capitalism. New York: International Publishers.

Lewis, A.
1954 Economic Development and Unlimited Supplies of Labour. Manchester School of Economics and Social Studies, May 22.

__________.
1964 Development Planning. Oxford: Oxford University Press.

__________.
1969 Some Thoughts on Economic Development: Ghana. Accra: Publishing Corporation.

Leys, Colin
1975 Underdevelopment in Kenya--The Political Economy of Neo-Colonialism. Berkeley: University of California Press.

McFarghan, A. and Hall, J.
1970 "Mechanization and Agricultural Development No Miracle in Africa." Options Mediteranean. Paris.

McMillan, A.
1949 Africa Emergent. London: Penguin Series.

Marx, K.
1977 Das Capital, Vols. 1 and 3. New York: International Publishers.

Mate, Kole, S. A.
1973 Personal Communication to the Author

Mellor, J. W.
1975 The Economics of Agricultural Development. Ithaca: Cornell University Press.

__________.
1975 "The Impact of New Agricultural Technology on Employment and Income Distribution: Concepts and Policy." USAID Occasional Paper No. 2.

Merhav, M.
1969 Technological Dependence: Monopoly and Growth. London: Perganon Press.

Metcalfe, G. E.
1962 Maclean of the Gold Coast. London: Oxford University Press.

__________.
1964 Great Britain and Ghana Documents of Ghana History 1807-1957. London: Thomas Nelson and Sons.

Mikesell, R.
1968 The Economics of Foreign Aid. Chicago: Aldine Publishing Company.

Myrdal, G.
1957 Rich Lands and Poor: The Road to World Prosperity. New York: Harper.

Nabila, J.
1974 "The Migration of the Frafra of Northern Ghana: A Case Study of Cyclical Labour Migration in West Africa." Ph.D. dissertation, Department of Geography, Michigan State University, East Lansing.

Newsbury, C. W.
1971 British Policy Towards West Africa Select Documents 1875-1914. Oxford: Clarendon Press.

Nkrumah, K.
1957 Ghana: The Autobiography of Kwame Nkrumah. London: Thomas Nelson.

__________.
1962 Towards Colonial Freedom. London: Neineman.

__________.
1964 Sessional Address to Parliament, Accra.

_________. 1965 Sessional Address to Parliament, Accra.

_________. 1966 Consciencism. Monthly Review Press.

_________. 1965 Neo-Colonialism: The Last Stage of Imperialism. New York: International Publishers.

_________. 1966 "African Socialism Revisited." African Forum, Winter.

_________. 1972 Africa Must Unite. New York: International Publishers.

_________. 1975 Class Struggle in Africa. New York: International Publishers.

Nyanteng, V. K. and Van Apeldoorn, G. F.
1971 The Farmer and the Marketing of Foodstuffs. ISSER Series No. 19, Legon.

Nyanteng, V. K.
1978 "Local Food Prices: Trends and Factors Affecting Them." Siminar Paper ISSER, Legon.

O'Brien, I. J.
1975 "A Critique of Latin American Theories of Dependency." In Beyond the Sociology of Development. Edited by Oxaal, et al. London: Routeledge and Kegan Paul.

O'Connor, J.
1970 "The Meaning of Economic Imperialism." In Imperialism and Underdevelopment. Edited by Robert Rhodes. New York: Monthly Review Press.

Ofori-Atta Jones
1967 "Some Aspects of Economic Policy in Ghana 1957-61." Economic Bulletin of Ghana, Vol. 2.

Ofosu-Appiah, L. H.
1974 The Life and Times of Dr. J. B. Danquah. Accra: Watervile Publishing House.

Omaboe, Nii
1966 "The Process of Planning." In A Study of Contemporary Ghana. Edited by Birmingham, et al. London: George Allen.

________.
1967 Statement to AID Meeting, Paris.

Owusu, Max
1970 Uses and Abuses of Political Power. Chicago: Chicago University Press.

Oxall, Barnett and Booth
1975 Beyond the Sociology of Development. London: Cass and Company.

Padmore, George
1954 The Gold Coast Revolution. London: Dennis Dobson Ltd.

Pearson, L. et al.
1970 Partners in Development. New York: Praeger Publishers.

Peil, M.
1978 Introduction to Sociology. Concensus and Conflict in African Societies. London: Longmans.

Post, K.
1973 "Peasantization in West Africa." In African Social Studies. A Radical Reader. Edited by Gutkind and Waterman. Monthly Review Press.

Poleman, T.
1961 The Food Economies of Urban Middle Africa: The Case of Ghana. Stanford: Food Research Institute Publications 2.

Priestley, Margaret
1956 "Richard Brew: An Eighteenth Century Trader at Anomabu." Transactions of the Historical Society of Ghana, Vol. 4, Part I.

Rattray
1923 Asante. Oxford: Oxford University Press.

Reindorf, Christian
1966 The History of the Gold Coast and Asante. Accra.

Reynolds, E.
1974 Trade and Economic Change on the Gold Coast 1807-1874. London: Legon History Series, Longmans.

Rivkin, A.
1966 "Africa and the E.E.C." In Finance and Development, Vol. 3, No. 2.

Robson, P.
1968 Economic Integration in Africa. London: George Allen and Unwin.

Rimmer, D.
1966 "The Crisis in the Ghana Economy." Journal of Modern African Studies, Vol. 4, No. 1.

Rodney, Walter
1972 How Europe Underdeveloped Africa. Dar es Salaam: Tanzania Publishing House.

__________.
1969 "Gold and Slaves on the Gold Coast." Transactions of the Historical Society of Ghana, Vol. 10.

Rostow, W.
1960 The Stages of Economic Growth. Cambridge: Cambridge University Press.

__________.
1957 A Proposal: Key to an Effective Foreign Policy. New York: Harper.

Roth and Brenner, Y. S.
1966 "Mechanization of Agriculture." West African Quarterly, Vol. 6, No. 62.

Rourke and Hiadzi
1970 "Survey of Tractor-Hire Service in the Accra District." Report National Advisory Committee on Agricultural Mechanization. Accra: CISR.

Rubinson, Richard
1976 "The World Economy and the Distribution of Income Within States. A Cross-National Study." American Sociological Review, Vol. 41.

Rweyemamu, J. F.
1972 "Planning Socialism and Industrialization. The Economic Challenge." Development and Change, Vol. 3, No. 3.

__________.
1973 Underdevelopment and Industrialization in Tanzania: A Study of Perverse Capitalist Industrial Development. Nairobi: Oxford University Press.

Dos Santos, T.
1970 "The Structure of Dependence." American Economic Review, Vol. 50, May.

Sampson, Magnus
1969 Makers of Modern Ghana. Accra: Anonuo Educational Publications.

Sandbrook, Richard
1975 Proletarians and African Capitalism. The Kenyan Case 1960-1972. Cambridge: Cambridge University Press.

Schultz, T. W.
1964 Transforming Traditional Agriculture. New Haven: Yale University Press.

Seidman, Ann
1964 "The Economics of Neo-Colonialism in West Africa." Economic Bulletin of Ghana, Vol. 7, No. 3.

_________.
1969 Economic Textbook for Africa. London: Metheur.

Senghor, Leopold
1964 "Some Thoughts on Africa: A Continent in Development." International Affairs, Vol. 38, No. 2, April.

Shepherd, A.
1978 "Doubts About Land Tenure Reform." West Africa, April 3.

Schumaker, E. F.
1973 Small is Beautiful: Economics as if People Mattered. New York: Harper Torchbooks.

_________.
1973 "The Work of the Intermediate Technology Development Group in Africa." Employment in Africa: Some Critical Issues. Geneva: ILO.

Shivji, I.
1976 Class Struggles in Tanzania. London: Hienemann.

Southall, R. J.
1978 "Farmers, Traders and Brokers in the Gold Coast Economy." Canadian Journal of African Studies, Vol. 12, No. 2.

Stalling, Barbara
1972 Economic Dependency in Africa and Latin America. Beverly Hills: Sage Publications.

Staniland, Martin
1975 The Lions of Dagbon: Political Change in Northern Ghana. Cambridge: Cambridge University Press.

Stavenhagen, R.
1975 Social Classes in Agrarian Societies. New York: Doubleday.

Steel, W. F.
1977 Small-Scale Employment and Production in Developing Countries: Evidence from Ghana. New York: Praeger Publishers.

Stoces, F.
1966 "Agricultural Production in Ghana 1955-65." Economic Bulletin of Ghana, Vol. 10, No. 3.

Sunkel, Osvaldo
1969 "National Development Policy and External Dependence in Latin America." Journal of Development Studies, Vol. 6, No. 1.

Swanzy, Henry
1956 "A Trading Family in the 19th Century Gold Coast." Transactions of the Gold Coast and Togoland Historical Society, Vol. 2, Part II.

Szereszewski, J.
1965 Structural Changes in the Economy of Ghana 1891-1911. London: Wadenfield and Nicholson.

Timmer, P.
1974 Choice of Technology in Indonesia. Discussion Paper No. 72-4, Food Research Institute.

Tweneboah, C. K.
1969 Fertilizer Use in Ghana Preliminary Report. Accra: Crop Production Division Ministry of Agriculture.

Van der Wel, P.
1973 The Development of the Ghana Sugar Industry 1960-1970, Part I. A Preliminary Exploration. Center for Development Studies Research Report, Series No. 13, Cape Coast.

Uzoigwe
1973 "The Slave Trade and West African Societies." Transactions of the Historical Society of Ghana, Vol. 14, No. 2.

Walton, John
1975 "Internal Colonialism: Problems of Definition and Measurement." In Urbanization and Inequality. Edited by Cornelius and Trueblood. Beverly Hills: Sage Publications.

Ward, W. E. F.
1977 "The Colonial Phase in British West Africa: Political Developments." In A Thousand Years of West African History. Edited by Ajayi Ade and Espie Ian. Ibadan: Ibadan University Press.

Webster, J. B. and Boahen, Adu
1972 History of West Africa: The Revolutionary Years--1815 to Independence. New York: Praeger Publishers.

Wilks, Ivor
1961 The Northern Factor in Asante History. Accra: University College of Ghana.

__________.
1975 Asante in the Nineteenth Century. Cambridge: Cambridge University Press.

Wilson, H. S.
1969 Origins of West African Nationalism. New York: McMillan, St. Martins Press.

Winch, Fred
1976 "Cost and Returns of Alternative Rice Production Systems in Northern Ghana: Implications for Output, Employment and Income Distribution." Ph.D. dissertation, Michigan State University, East Lansing.

Woodis, Jack
1967 An Introduction to Neo-Colonialism. New York: International Publishers.

Wraith, R. E.
1967 Guggisberg. London: Oxford University Press.

Wrigley, C. C.
1977 "The Colonial Phase in British West Africa: Economic and Social Development." In A Thousand Years of West African History. Edited by Ajayi and Espie. Ibadan: Ibadan University Press.

Yudelman, M., Burtler, G., and Banerji, R.
1971 Technological Change in Agriculture and Employment in Developing Countries. Employment Series No. 4. Paris: OECD.

Reports and Documents

Ministry of Agriculture Reports and Documents

Gold Coast Annual Report, 1911; 1912; 1949-50.

Gold Coast Farmer, 1932.

Report on a Survey of Cocoa Farmers in Ashanti, 1956.

Annual Report, General Secretary of UGFCC, 1963; 1964.

Report on the Establishment of Agricultural Extension Services, 1963-1965 (mimeographed).

Report: Manpower Estimates for Agriculture, Manpower Division, 1964.

Existing Facilities of Extension Services Report on Meeting of N.L.C. Subcommittee on Agriculture (mimeographed), 1966.

Report on UGFCC, N.L.C. Subcommittee on Agriculture (mimeographed), 1966.

Report on the State Farm. Ministry of Agriculture Re-allignment Committee, 1966.

Report, Agricultural Committee of the N.L.C., 1966.

Handbook on Focus and Concentrate Program, 1969.

Ghana Sample Census of Agriculture, Vol. 2, 1970.

Ghana Maize Project, 1969-1970.

Sales Report of Fertilizer, 1965.

Ministry of Agriculture Files Numbers: DES/16/33, 1967; DES/BC, 16/3B, 1967; DES/T.3/189, 1967; X6238/SF.1/V2/66, 1967.

Ministry of Finance and Economic Planning Reports and Documents

Guggisberg Ten Year Development Plan Sessional Address to Legislative Council, 1927.

Ten Year Development Plan, 1950-51.

Report of Government Statistician: Financial and Physical Problems of Development in the Gold Coast, 1952.

Economic Surveys 1955-1974, Central Bureau of Statistics.

Seven Year Development Plan, 1964.

The Program of Work and Happiness, 1963.

The Steps Towards a Socialist Society, 1963.

State Enterprises: Report of the Auditor and Accountant General, 1966.

Budget Statements, 1960-1969.

Ghana: Outline of Government Economic Policy, 1966; 1967.

Ghana's Economy and Aid REquirements, 1967.

Industrial Policy Statement, 1968.

Ghana Reborn, 1967.

Two Year (Consolidation) Development Plan 1968/69 - 69/70.

One Year Development Plan, 1970.

Review of Economic Progress, 1968-69.

The Performance of the Budget, 1969/70. Memorandum of Chief Government Economic Advisor.

Quarterly Economic Bulletin of the Bank of Ghana, 1977.

Parliamentary Debates and Other Government Reports

Legislative Council Debates, 1916-17; 1919-20; 1927; 1954.

Parliamentary Debates, 1963-65; 1969-71.

Report of the Public Accounts Committee, Parliamentary Debates, 1965.

Report of the Commission on Local Government, 1957.

Colonial Report on Land Alienation in the Gold Coast Colonial Office, London, 1912.

de Graft-Johnson Report of Enquiry into the Local Purchasing of Cocoa, 1966.

Kom Commission Report on Workers Brigade, 1967.

Mills Odoi Report: The Structure and Remuneration of the Public Services in Ghana, 1967.

Watson Commission Report on the Disturbances in the Gold Coast, 1948.

Turdhope Commission Report, 1955.

Jiaggie, A. Report on the Assets of Specified Persons, 1969.

C.I.S.R. Handbook, 1970-71.

International Reports and Documents

Britain: Official Handbook, 1955.

Economic Commission for Africa (ECA).
"Approaches to African Economic Integration." Journal of Modern African Studies, 1963.

World Health Organization Regional Food and Nutrition Report, Addis Ababa, 1967.

Survey of Economic Conditions in Africa, United Nations, 1972; 1973.

Food and Agricultural Organization (FAO).

Agriculture and Industrialization, Rome, 1967.

Report on the World Food and Agricultural Situation, Rome, 1961; 1965; 1972; 1973; 1974; 1975.

Report of Mission to Ghana, International Bank for Reconstruction and Development, 1970.

Report, Cambridge Conference on Appropriate Technology, 1971.

World Bank: Public Works Program in Developing Countries: A Comparative Analysis. Staff Paper No. 224, 1976, Washington.

Newspapers

Daily Graphic

Ghanaian Times