

Ghana's new Seven Year Plan will end in December 1970, to coincide with the tenth anniversary of the Republic. 'It is our hope,' declared President Kwame Nkrumah, 'that by the end of this plan . . . firm foundations will have been laid for the complete transformation of Ghana into a strong, industrialised socialist economy and society.' In this article a noted British student of African affairs analyses Ghana's Changing Economy.

GHANA'S CHANGING ECONOMY

Jack Woddis

The Ghana revolution is a popular socialist revolution. Its driving force is the all-conquering power of the downtrodden classes that constitute the majority—the men and women who work and till the soil, and have as their allies the anti-imperialist, anti-capitalist intellectual and traditional elements. It has as its foundation the unity of all popular forces.—Spark January 17, 1964. (Weekly newspaper published in Accra.)

THOUGH ONLY 'SEVEN YEARS OLD', Ghana is one of the first of the new independent states that have arisen in Africa since the end of the Second World War. It is therefore opportune to examine her economic progress, to assess how far she has gone in liquidating the former colonialist economy and in creating a new basis for raising the people's living standards.

Ghana has been an outspoken opponent of imperialism, both in its open and direct forms as well as in its more indirect methods of neo-colonialism. She has championed the cause of those African peoples still languishing under European rule, and from the very moment of her birth as an independent state has lived by the rallying slogan of her President, Kwame Nkrumah, that Ghana's independence is meaningless unless all Africa is free. She has been a leading fighter for African unity, at the same time emphasising that this unity must be based on African independence and anti-imperialism if it is to have any meaning.

She has been a consistent advocate of the cause of peace, playing a leading role in denouncing the French nuclear weapon tests in the Sahara, calling for Africa to be a nuclear-free zone, and assembling at Accra the first major African peace conference. She has campaigned for all-African trade union unity and for the building up of strong African trade unions severed from all dependence on the imperialist-orientated I.C.F.T.U. She has established firm economic relations with the socialist countries, especially with the Soviet Union. She has proudly nailed the banner of socialism to her national mast, at the same time making clear that she is basing herself on scientific socialism, and that she recognizes, in the words of President Nkrumah: 'We have still to lay the actual foundations upon which socialism can be built.'

The totality of these policies makes Ghana one of the leading progressive states in Africa. It equally makes her a major target of imperialist hostility and intrigue. The western press consistently attacks the Ghana Government, falsely depicting it as tyrannical because it does not hesitate to act sternly against those reactionary, self-seeking elements in Ghana society who have shown their readiness to act as imperialism's cat's-paws.

Such attacks from the West, however, far from turning the people of Ghana away from supporting their government in its courageous efforts to reconstruct the nation's economy and uphold national sovereignty have only served to stiffen the people's resolve to press onwards more energetically to fulfilling their historic tasks.

NEW PERSONNEL IN THE STATE

Since gaining independence, Ghana's national leaders and the Convention People's Party have striven to enhance the authority of the central government, to strengthen national unity in the face of repeated imperialist attempts to foster tribal division, and to staff the Ghana state institutions with patriotic Ghanaian citizens in place of the former cadres of British imperialism. It had been the experience of President Kwame Nkrumah, even in the period before full political independence when he was acting as First Minister under conditions of internal self-government, that the British colonial officials and civil servants working within the state machine could not be relied upon to implement the anti-colonial measures which he desired to introduce. On the contrary, they did everything they possibly could to delay and utterly thwart such proposals. Writing in his autobiography, *Ghana*, in 1956, President Nkrumah pointed out:

'... it did not escape my notice that where the administrative service was concerned, if a policy was laid down for the officials by the Government with which they disagreed, means were adopted, by subterfuge or

otherwise, to wreck that policy. At other times I would find that matters I wanted to be dealt with urgently, would be delayed indefinitely (because they were not approved of by some of the officials) until I had to intervene and get the job done.'

President Nkrumah stressed that the British civil servants in the Ghana administration did not limit their efforts to holding up the Government's plans. They actively worked to weaken the Government and to assist the reactionary opposition. 'I could at one time', writes the President, 'almost guarantee that if there was any movement afoot against the Government, every attempt was made on the part of the civil service to enhance the opposition against the Government.'

From these experiences Kwame Nkrumah drew the correct and valuable lesson that 'after any political revolution, non-violent or violent, the new government should, immediately on coming to power, clear out from the civil service all its old leaders. My own experience taught me that by failing to do so, a revolutionary government risks its own destruction.'

*There is no painless advance to political power wherever fundamental social change is involved. To defeat the privileged class and the elements opposed to the people's advance and curb the developing 'new rich' in Ghana, is to challenge the whole capitalist order the world over.—
Spark, January 8, 1964.*

Acting on the basis of this understanding, the Ghana Government under the leadership of Kwame Nkrumah and the Convention People's Party, has set about clearing out from the key positions in the State the old imperialist cadres and placing all the departments under the control of Ghanaian citizens.

This process has included the removal of British military officers from their command posts in 1961 and bringing the armed forces firmly under Ghanaian hands.

According to a statement by the Ghana Minister of Defence, Kofi Baako, there are now only 0.6 per cent non-Ghanaians in the top grades in the civil, judicial and police services. Further, every single Ministry, Secretariat and Department in the Civil Service is now headed by an African. In the police service there are now 148 African superior officers out of a total of 151. In the statutory boards and corporations and in other State-sponsored organizations, the same trend is apparent; over forty-five of these, out of a total of sixty, are headed by Africans. In the judicial system, all the fifteen Supreme Court and High Court Judges, eight Circuit Judges and twenty-four District Magistrates are Africans.

SOCIAL ADVANCES

The placing of the State and administration firmly in Ghanaian hands has facilitated social and economic progress and has enabled the Ghana people to commence tackling their immense task of reconstructing their economy and so strengthening their national sovereignty. In pursuing these aims, the Ghana people and their national leaders have had no narrow departmental view of economics but have wisely related their social and educational programme to the major economic aim.

In the field of health an important beginning has been made, with the stepping up of the provision of hospitals, clinics and health facilities, and the training of doctors, midwives, nurses, and dispensers. The number of hospital beds in Ghana is now 6,500—still very limited for a population of 6½ million, but already double the figure for 1960 and increasing all the time. There are now thirty-seven Government hospitals, as well as a further thirty-two hospitals subsidized by the Government. By the end of 1963 there will be nearly fifty rural health centres. A number of Ghanaian women have been sent overseas for medical training and for training as nurses. Between 1951 and 1961 the number of doctors trebled. Maternity and child welfare clinics are now to be established in more towns and cities; and a National Accident Insurance Scheme is to be inaugurated. By 1970 it is intended that there should be one doctor to every 10,000 people.

The money and resources allocated to the health services is in no sense regarded as a diversion away from the much needed economic effort. On the contrary, it is regarded as very much linked to that effort. Ghana, like all African countries emerging from colonialism, has found that widespread ill-health and malnutrition are major obstacles to increased productivity by the workers. Dr. Jozsef Bognar, the well-known Hungarian economist, who was invited by President Nkrumah to participate in drawing up Ghana's new Seven Year Plan, pointed out after his visit to Ghana that 'improvements in health conditions and in nutrition are part of the preconditions for raising the productivity of labour'.

The question of education, too, is seen very much in terms of the needs of developing the national economy. On this question, too, Dr. Bognar has stressed that 'training in skills, raising the level of the training of the labour force . . .' are essential if there is to be an increase in labour productivity. At the moment, he stresses, much of the labour force is 'incapable of concentration because of the low level of skill.'

The expansion of educational facilities, and the changing of the whole pattern of education, have been amongst the most outstanding of independent Ghana's many achievements. In 1957, when Ghana be-

came independent, she had eighteen secondary schools attended by only 3,000 students. Today, she has seventy-four secondary schools attended by 23,000 students, a nearly eight-fold increase! By the end of the new Seven-Year Plan, the enrolment is intended to be 78,000. Between 1951 (when Ghana first had a measure of internal self-government and some possibilities for improving education) and 1961, the number of children in primary schools more than trebled. During the period 1962-63 a further 1,412 primary and 239 middle schools were opened. By the beginning of 1964 Ghana had over 7,000 primary schools attended by 1,200,000 children. By 1970 it is planned to have 2,200,000 at primary schools. Text books are now supplied free to all approved primary, middle and secondary schools. Ghana now has three university institutions with a combined student body of over 3,000, and a number of teacher training colleges, as well as research institutes attached to the Ghana Academy of Sciences.

In contradiction to the old colonial pattern in which among the limited number of Ghanaians able to obtain university education, the emphasis was placed on law and the humanities, the emphasis is now very much on science and technology in order that the educational bodies can turn out an increasing number of qualified people able to participate more directly in production and the development of the national economy. Both industry and agriculture will be equipped with a growing body of cadres. Science has already been made a basic subject in all secondary schools and is now being introduced into the middle schools as well. One of the three universities, the Kwame Nkrumah University of Science and Technology, is placing special emphasis on scientific and industrial training in order to promote technological progress in Ghana. A National Science Museum will be opened in 1965.

In the new Seven Year Plan Ghana will spend no less than £61 million on education—which is twice as much as is allocated for health, and three times as much as is to be spent on housing. The Ghana Government takes the view that the rapid training of skilled cadres is a priority question without which Ghana's economic—and thus, in the long run, social—progress will be severely handicapped. When one considers that in 1960 three-quarters of the adult population had never been to school it is obvious how necessary is this emphasis which the Ghana government is placing on education.

INHERITING A BACKWARD AND DISTORTED ECONOMY

In the decisive field of the national economy, too, Ghana has made impressive progress. How significant this is can best be judged if we

take into account Ghana's economy at the time of winning political independence.

When Ghana became a sovereign state in 1957 she bore all the hallmarks of a colony in the sphere of her economy. She was mainly a producer of raw materials—especially cocoa along with timber, palm-oil, gold, diamonds, bauxite and manganese. These commodities were produced not in accordance with Ghana's internal needs but for export in their raw state, to be processed and enter industry and commerce in the West. Ghana's mineral wealth was dominated by big British and other western monopolies. Her agricultural wealth, largely produced by individual peasant producers, was purchased cheaply by the big British trading monopolies, such as the United Africa Company, a subsidiary of the giant firm, Unilever. Thus Ghana produced raw materials in order to enrich foreign monopoly firms. The low wages paid to the miners enabled the big mining firms to make exceptionally high profits. The low purchasing price which the peasant producers had to accept from the big trading firms which had a monopoly over trade enabled these firms, too, to make huge profits.

Furthermore, Ghana's one-sided concentration on raw materials' production for export also meant a complete neglect of the domestic production of foodstuffs. Traditional subsistence agriculture was neglected in favour of cash crops such as cocoa, and Ghana was compelled to spend millions of pounds a year in importing necessary food-stuffs. In his recent book, *Africa Must Unite*, President Nkrumah describes how, before the Second World War, the Ghanaian people were told by the British colonial authorities that the Ghana climate and soil were unsuitable for cultivating potatoes. During the war, however, large numbers of British troops were stationed there. British troops without the proverbial potatoes could not be thought of. To import large quantities, however, was out of the question; in view of the desperate needs of war and the Nazi submarine campaign, valuable shipping space could not be devoted to importing potatoes. Consequently the British authorities obtained a supply of seed potatoes and throughout the war grew potatoes in Ghana. As soon as the war was over the British authorities turned back the clock, and once again discouraged potato growing in Ghana on the specious plea that the soil and climate were not really suitable! The deliberate discouragement of Ghana's food industry has meant that, to this day, Ghana has to spend about 20 per cent of all her imports on importing foodstuffs, much of which she should be able to produce in Ghana.

A further, and in some ways much more serious, consequence of Ghana's concentration on a few minerals and crops for export was the complete dependence on imports for her manufactured goods and

machinery. Even elementary processing was not carried out domestically. Ghana was virtually without industry. She exported palm oil—and imported soap; exported bauxite—and imported aluminium pots and pans; exported timber—and imported furniture and paper; exported hides and leather—and imported boots and shoes. She was (and still is) the world's largest exporter of cocoa-beans, but every bar of chocolate or tin of cocoa had to be imported. Ghana even had to spend hundreds of thousands of pounds every year importing jute sacks into which to load her raw cocoa for export! In *Africa Must Unite* Kwame Nkrumah points out that Ghana expressed her limes but had to export the lime juice overseas where it was bottled; Ghana then was obliged to import back the bottled juice made from her own expressed limes!

In order to strengthen the socialist movement throughout Africa, we think that 1964 should see the emergence of co-ordinating action by truly socialist political parties and movements throughout Africa to fight the synchronised operation of collective imperialism and neo-colonialism in Africa.—Spark, December 28, 1963.

Ghana was no exception in Africa. All the new states, as they embark on their independent path, find themselves almost completely without industry. Often even nails have to be imported.

UNEQUAL PRICES

The distortion of Ghana's economy in this fashion—concentration on raw materials for export to the detriment of domestic industry—has had another serious consequence, one that is a familiar problem for all newly developing countries. Statistics over the past fifty years show that prices of industrial and manufactured goods tend to rise more rapidly than prices of raw materials, especially of agricultural items. On top of that, prices of raw materials are much more unstable, so that even where they may show a significant rise in one year they may, just as suddenly—owing to the position of the world market or the deliberate moves of the big capitalist trading monopolies dominating capitalist trade—show an alarming drop and throw into utter confusion the estimates and plans of the developing countries.

Where a country's economy is based on exporting raw materials and importing practically all its manufactured goods and machinery requirements, it faces a losing battle. The price relationships of imports and exports become ever more unequal, and the country's increased efforts to expand production of raw materials and increase the volume

of exports only meet with ever-decreasing monetary returns. Thus the gap between itself and the more advanced, industrialized countries becomes wider and wider. In the case of countries whose economy is largely dependent on one crop or mineral, the hazards are even greater.

Ghana, whose economy has been mainly based on cocoa, a crop whose world price has shown considerable fluctuations in the past two decades, is particularly vulnerable. By 1962, Ghana found that a volume of her exports which sold for £100 in 1954 were fetching, eight years later, only £70; imports, formerly valued at £100, were costing £107. This means that by 1962 Ghana was having to export **50 per cent more in volume in order to receive in return the same quantity of imported manufactures.**

In his sessional address to the Ghana National Assembly on October 15, 1963, President Nkrumah pointed out that during the past main cocoa season earnings from the export of cocoa beans was £67 million, which was £2 million less than receipts in 1961 although the volume of crops exported was 4 per cent higher than in the previous year.

Such a situation plays havoc with the balance of payments, and is an additional reason why Ghana is making strenuous efforts to do away with the distorted economic structure bequeathed to her by colonialism.

IMPORT SUBSTITUTION

Independent Ghana has begun to transform her economy, to end her dependence on raw materials production, to develop import substitution, to diversify her agriculture and grow more foodstuffs, and to lay the basis for industrialization. In carrying through these radical changes, the Ghana Government and people have found it necessary to take over a number of foreign enterprises, to initiate a state sector of the economy, to draw up economic plans, to strengthen state control over trade, to encourage both producer and marketing co-operatives, and to diversify external trading relations, in particular in the direction of the socialist countries.

In the field of import substitution Ghana has already registered important successes. She is manufacturing a number of goods from her own raw materials which were formerly produced only for export, and is thus developing a whole range of light industries.

Ghana now manufactures furniture, timber products and tissue paper from her own ample supplies of timber; she even exports some lines of furniture and tissue paper. Soap is now being produced from Ghana raw materials by the new £2 million soap factory recently established at Tema by the big firm, Lever Brothers. Ghana now grows her own jute, and has established a factory at Kumasi, which is now turning out sacks. Eventually it will provide half of Ghana's annual

requirements of cocoa sacks. Ghana is also building two factories for processing cocoa (one at Takoradi and the other at Tema), and aims, by the end of her Seven Year Plan, which goes into operation this year, to be exporting half her cocoa in processed form instead of raw. With help from Czechoslovakia, a £1,700,000 state-owned shoe factory is being constructed at Kumasi. Its annual output by 1965 will be two million pairs of shoes.

Among other light industries already in operation are matches, nails, cigars, bricks, boats and biscuits. Further plans include a fish cannery, four fruit and vegetable canneries, and a £1,600,000 factory for bleaching, dyeing and printing grey baft. Glass is to be produced, and Ghana will thus be able to bottle her own lime juice. Two other projects expected to go into operation in 1964 are a meat processing factory and a packing plant. A new rubber factory, to produce 300,000 canvas shoes and 200,000 beach sandals a month, is under construction in Accra and is expected to go into production this November. In this connection, Ghana is developing her own rubber production. With the aid of the State Farms Corporation which plans to have 30,000 acres given over to rubber cultivation in the next few years, and the United Ghana Farmers' Council Co-operatives whose seventy-eight rubber co-operatives aim to have a rubber acreage of 100,000 acres by the end of 1964, Ghana will soon have adequate supplies of home-grown rubber to feed into the new £600,000 rubber processing factory to be built at Abura. This will pave the way for a number of other industries making tyres, footwear, farm machinery, belts and so on. Two sugar refineries are also being built.

A foundation has recently been laid on the outskirts of Accra of a factory for producing prefabricated houses. With Soviet technical assistance, it should be completed in about a year's time and will provide about 1,000 room units per day. Initially it will provide houses for 22,000 workers in Accra and self-contained community dwellings for about 11,000 people in the new port of Tema. The Soviet Union is also assisting Ghana to establish a gold refinery.

The Ghana Government and the Soviet Union have signed a contract for the construction of a complex of fishing industries at Tema. The contract provides for a fish-canning factory, to produce 20,000 cans a day, a fish-smoking factory with an output of six tons of smoked fish a day, a fish-cookery shop capable of producing one ton of various fish products a day, and a fishmeal and grease plant which will produce up to 30 tons of raw fish products a day. The combination of these projects will provide Ghana with an integrated fishing industry which will, in the near future, save the importation of £5 million worth of fish products a year.

BASIS FOR INDUSTRIALIZATION

The policy of the Ghana Government and the proposals of the Seven Year Plan are intended to carry Ghana beyond the phase of merely producing consumer goods from her present raw materials. The aim is, according to the Plan, to make Ghana ultimately 'a predominantly industrial trading country'. Primary products, such as cocoa and minerals, 'which have formed the core of our fortunes for the past sixty years must gradually be replaced by the products of medium and heavy manufacturing industry'.

The purpose behind this goal of industrialization is the creation of 'a Socialist society in which the individual Ghanaian will be able to enjoy a modern standard of living in his home supplemented by an advanced level of public services outside'. And it is the expectation that 'significant progress' in this direction will be achieved during the next twenty years.

In the first stage, which is covered by the present Seven Year Plan—staple consumer goods and basic building materials will be supplied from domestic resources. During this period, too, the main exports—cocoa, minerals, timber—will increasingly be processed before export, so that eventually Ghana ends her dependence on the export of *raw* materials, which will gradually take second place in the export pattern.

In the second stage of industrialization, which will follow the completion of the present Seven Year Plan, concentration will be on basic industry, ferrous and non-ferrous metals, chemicals, fertilizers and synthetics. After that, Ghana will move over to machine and other heavy industries and commence her massive industrialization stage.

That these are not just idle dreams can be gauged from the achievements already marked up by Ghana and the provisions being made in the Seven Year Plan. **Central to Ghana's industrial growth is the Volta River Project, which is not to be considered simply as a means of providing hydro-electric power, but as an all-purpose scheme affecting the economy as a whole.** Electric power is, of course, of key importance. In a recent message read to the National Assembly, President Nkrumah pointed out:

The abundant supply of electrical power will bring light to thousands of homes in the country-side where darkness now prevails. It will make available power practically at the doorsteps of businessmen and entrepreneurs in urban areas, and offer them a powerful stimulus for the modernization of existing industries and the development of new ones. The increased use of electricity will help to reduce the foreign exchange expenditure on imported fuel oil. The production of aluminium ingots will add to the range of Ghana's exports and stimulate a greater development of our rich bauxite resources.

In addition, through the creation of a vast artificial lake, the Project

will also help to develop a system of inland transport and navigation, and will make possible the creation of a fish industry and irrigated agriculture, comprising heavy water-using crops such as sugarcane, rice and irrigated cotton. The whole scheme will also encourage the construction of new urban areas; the Tema harbour and Tema township, constructed from Ghana's own resources at a cost of £30 million, is seen as a key part of the whole Project.

Work is now proceeding on the Akosombo Dam, and 40 per cent of the dam has already been constructed. The original estimated cost of over £70 million has now been cut to £56 million. Preparations are also being made for work on the Bui Dam. Other sources of power are also being considered, search is being made for oil, and a nuclear research institute is being established.

Ghana's chemical industry—essential for comprehensive industrialization—is favoured by the substantial resources of salt; and the £8½ million Tema refinery (one of the six largest in Africa) is expected to make available raw materials for a petro-chemical industry. This refinery is expected to process up to one million metric tons of crude oil during its first year of operation.

By next year Ghana hopes to be producing 30,000 tons of steel from scrap at her small steel plant—and this is thought to be sufficient to make in Ghana most of the simpler steel products at present imported. For her proposed large steel plant (which will cost about £1,700,000), Ghana hopes to exploit the ores in the Shiene area. With this achievement, Ghana by 1970, should have laid the basis for a modern iron and steel industry.

Thus, in three fields essential for industrialization—power (oil refinery and electricity), chemicals, and iron and steel—Ghana's Seven Year Plan will carry her a decisive step forward.

KEY ROLE OF STATE

What is of special importance in Ghana's plans for economic development is the key role being played by the government and State. It is State initiative, State control, State planning and State finance which is decisive. Ghana's national leaders fully understand that indigenous capitalism, left to itself, will never bring about the necessary economic and social revolution which Ghana's development requires. And neither is the Ghana Government prepared to leave things entirely to foreign capitalists. On the contrary, it has taken steps to bring a number of foreign enterprises in Ghana under the ownership and control of the State. These include shipping, cable and wireless, civil aviation, five of the seven British-owned mines (though the richest, Ashanti Gold-

field, is still in private hands), a Dutch diamond firm, and the big Levantis store.

Apart from nationalizing these undertakings, which form an essential part of the State sector of the economy, the Ghana Government has also broken foreign monopoly control over the buying of cocoa in Ghana. Until three years ago, the United Africa Company (a subsidiary of the giant Unilever Trust), and other big foreign firms bought their cocoa direct from the farmers and delivered it to the Cocoa Marketing Board. From this they made millions of pounds profit a year. The cocoa then went to London where again British firms made huge profits from the sale of the cocoa on the world market. Now the cocoa farmers, through their Ghana Cocoa Co-operative Society, sell directly to the Cocoa Marketing Board in Ghana; and the sale of cocoa for the world market is now centred on Ghana instead of London.

Thus the policy of the Ghana Government and the Convention People's Party is to push forward the State sector of the economy, to launch special state projects in those fields which are decisive for the development of the national economy, and to ensure, by economic planning, that resources, including foreign capital, are mainly directed to those enterprises which are in Ghana's interests and not just those of the foreign investor. Of the total investment planned under the Seven Year Plan—£1,016.5 million—the Ghana state will undertake £476 million.

The remaining £540 million will come from private investment, £440 million of this from internal sources, the remainder from abroad. The £476 million to be invested by the Government will include £240 million of foreign loans and grants. Thus of the planned total of £1,016 million, £340 million, in the form of investment, loans and grants, will come from abroad; £676 million will be raised internally.

Draft agreements with socialist countries already provide for loans totalling about £100 million. But loans and investments from the West will also be required—and sought—if the total planned investment is to be reached.

WESTERN CAPITAL

The dangers of too much reliance on western capital are obvious, and President Nkrumah is well aware of them. He has rightly warned:

Private foreign investment from abroad is . . . open to a number of objections. First, the private investor naturally wishes to make as large a profit as possible and the types of industry and trade in which the largest profits can be made are not necessarily the ones which would serve the interests of Ghana. . . . Secondly, the foreign investor naturally wishes to export as much of his profit as possible to his own home country. Our interest is that profit from industry should be ploughed back into Ghana so as to

develop further industry. Finally, if we rely exclusively or even largely upon private foreign investment for our industrialization, we would in fact become politically and economically dependent upon expatriate interests. Indeed, all we should be doing would be to reintroduce colonialism in another guise.

Broadcast to the nation, December 22, 1961

Ghana has suffered too much in the past from imperialist investment not to be aware of its character. In a speech in September 1963, on the occasion of opening the soap factory at Tema, President Nkrumah reminded his audience:

. . . When external capital is merely applied for the purpose of obtaining a quick profit it more often impoverishes rather than enriches the country in which it is invested.

For example, the extraction and exportation of mineral ores through the use of imported machinery and by the employment of low paid labour is of no material benefit to the people of the country concerned.

Ultimately the mineral resources of the colonial country are exhausted and the imported machinery is removed elsewhere, or scrapped.

The labour that was employed, having been paid only a subsistence wage, will have accumulated no savings. Thus nothing remains upon which future developments can be based.

This was one of the commonest types of capital investment in colonial Africa and it is still to be found, unfortunately, in some independent African States.

It is a type of investment we are not prepared to tolerate.

Foreign investors must today fit their investment to suit the overall plan for the development of our economy.

They must maintain a high level of employment and impart technical skill to the Ghanaians whom they employ.

Spark, September 6, 1963

Ghana is therefore doing her best to ensure first that foreign investments are directed to those projects in which Ghana herself is interested. Secondly, by financial and taxation policies, to compel foreign investors to plough back a reasonable proportion into Ghana's industry, instead of exporting nearly all their profits. Thirdly, to reject those offers which are accompanied by conditions or strings which impinge on Ghana's sovereignty or lay her open to later economic difficulties.

The case of the Tema oil refinery is of special interest here. This £8½ million refinery was built for Ghana by the Ghana-Italian Petroleum Company, or Ghaip for short. To develop her industry Ghana must have oil. 'It is as important for industry as water is for human existence', Nkrumah has pointed out. Yet, if Ghana was not to endanger her independence, it was essential to obtain a refinery which would come under Ghanaian control. The authorized capital of Ghaip is £3,400,000, which is provided by two Italian firms, A.G.I.P. and A.N.I.C. However, 50 per cent of all profits of Ghaip will go to the Ghana Government.

Further, after ten years' operations, Ghaip will automatically transfer 50 per cent of its share capital to the Ghana Government, which is to appoint the Chairman and half the members of the Board of Directors. If and when the Ghana Government finds it necessary to strengthen its control still further over Ghaip, it will have every possibility of doing so. Meanwhile the Tema refinery will be producing valuable solids, liquids and gases for Ghana. Solids will include waxes, carbon and asphalt, coke and briquettes; gases will include both natural gas and organic chemicals; and liquids will be petrol, diesel fuel, kerosene, lubricants, motor oil, etc. By-products will make possible the manufacture of synthetics (plastics and textile fibres), as well as the production of fertilizers which, on President Nkrumah's instructions, are to be given top priority.

The £2 million soap factory at Tema will be owned by Lever Brothers, but this, after all, is not as oil is, a key to Ghana's economy. No one owning a soap factory can seriously endanger Ghana's economy, and the question of direct Government control is not so important here. At the same time, Ghana will benefit greatly. The Government is expected to save about £2 million a year which she has to spend at present on importing soap. Last year, in fact, Ghana imported 24,000 tons of soap at a cost of £2.7 million.

Thus, even where foreign capital is allowed in, whether in joint projects with the Ghana Government, or in purely private ventures, the Ghana Government tries to ensure that the benefits accruing to the Ghana economy outweigh any dangers or negative aspects. Foreign capital will continue for a time to make profits by exploiting Ghanaian labour, but Ghana's economy will benefit too.

SOCIALIST AID

The development of economic relations with socialist countries is undoubtedly of assistance to Ghana. The Soviet Union will help establish the Bui dam, the nuclear reactor, the gold refinery, the factory for prefabricated housing parts and the fish canning industry. It has sent a large team of surveyors to carry through a thorough geological survey which, it is expected, will uncover further mineral wealth in Ghana. The Soviet Union has agreed to examine the expediency of constructing a metallurgical and/or ferro-manganese plant, and of building a tractor assembly plant in Ghana itself. Soviet help is being given to set up two state farms growing rice and another cultivating maize. Experimental cotton growing is being undertaken with a view to the possibilities of state farms in this field also. In addition to the fish canning industry mentioned above, Soviet technical assistance and trawlers are being provided to help expand fishing in Ghana waters and

beyond. Soviet assistance is also being given to help build a paper factory and a cotton mill.

Other socialist countries are also expanding their relations with Ghana. Poland will supply equipment for an iron-smelting plant and a shipyard. An agreement with China grants a loan of £7 million which will enable Ghana to receive machine tools, forging and pressing machinery, agricultural implements, instruments and electrical appliances, and machinery for building and road construction. A £2,500,000 credit from Hungary will go towards establishing hydro-electric and steampower plants, canning factories, flour mills, irrigation plants, an incandescent lamp factory, an aluminium cable factory, and a pharmaceutical factory. Ghana will also obtain from Hungary diesel locomotives and railway coaches. Czechoslovakia is granting credits for £5 million which, in addition to the boot and shoe factory previously mentioned, will provide hydro-electric power plants, rubber, motor and cycle plants, a leather tannery and a number of hospitals. An economic agreement has been signed recently with Rumania.

In connection with a number of projects being built with assistance from the socialist countries provision is being made for the training of Ghanaian technicians who will eventually be able to take over the technical management and running of the enterprises.

For example, ninety-two Ghanaians are at present in the Soviet Union, studying marine engineering, refrigeration, electronics engineering and radio engineering in order to help run Ghana's new fishing trawlers.

It has been reported that the Soviet Union will give Ghana special help to train skilled workers and technicians for industry, agriculture and building. Special schools to be set up for this purpose will eventually have a combined student body of 5,000 to 6,000.

All this will contribute considerably towards the fulfilment of Ghana's Seven Year Plan.

As a result of its efforts in the past period, of the work of its people, the initiative, drive and planning of its State, combined with the building of closer economic relations with the socialist countries and the judicious use of loans and investments from the major capitalist countries, Ghana has made significant industrial progress. In his speech to the Ghana National Assembly on October 15, 1963, the President was able to declare:

Already we have established forty-five industrial projects, thirty-three of which are completely state owned; the rest are owned jointly by the State and private enterprises. Thirty-six more industrial projects are under examination or in construction.

AGRICULTURE MAKING PROGRESS, TOO

The natural emphasis on industry does not mean that Ghana is neglecting her agriculture. This, too, is to receive special attention under the Seven Year Plan. The main lines of change already under way are first, to expand food production in order to cut down the heavy expenditure on food imports which, at £26 million last year, were three times above the level of ten years ago. Secondly, to feed the rapidly growing population, especially as more of it will be urbanized and engaged in the expanding industry, and to increase and improve the people's diet. Thirdly, to provide more industrial crops for Ghana's industry. And fourthly, to diversify agriculture and expand the production of those items which, in raw or processed state, can find export markets and so add to Ghana's overseas earnings. There is no intention of abandoning the valuable cocoa production, for this is still a major earner. But dependence on cocoa will be ended, and a more all-round agriculture created alongside a thriving industry. The fact that a Ghanaian farmer produces only enough food for one and a half people compared with twelve in the United States indicates the key importance of increasing the production of foodstuffs.

Development of livestock, fish, rice, maize and sugar is to be encouraged, and fruit and vegetables to feed the new canneries will be grown.

There are now 105 State farms, many of them being experimental stations taken over from the former Department of Agriculture and the defunct Agricultural Development Corporation. These are rather in the nature, at this stage, of pioneering efforts. They will enable experience to be gained in large-scale cultivation, assist the training of agricultural technicians, and, with the help of the Youth Work Brigade, help to clear new land.

The main responsibility for expanding Ghana's agriculture however, will fall on the peasant producers. They will be assisted by the Government with scientific advice, machine and tractor stations, better seed and livestock, and larger credit facilities.

Co-operatives are being encouraged amongst farmers, not only for marketing purposes but also for actual production. In mixed food production—food crops, poultry and pigs—there are now over 100 co-operative farms. There are a further seventy-eight co-operative rubber plantations and a large co-operative coconut farm. In cocoa there are still many large and medium-size farmers employing wage labour, but co-operative farming is very marked here, too. In a recent speech, opening a three-day conference of the United Ghana Farmers' Council Co-operatives, President Nkrumah stated that there were now about 1,000 co-operative farms in Ghana.

The distribution of food and the regulation of prices are also receiving attention, and a Food Marketing Board has been set up for these purposes. In the field of trading, the Government set up a Ghana National Trading Corporation in 1961. In 1962, the Government bought up the big trading firm of A. G. Levantis, and added this to the National Trading Corporation. This Corporation now handles all import trade with the socialist countries. In addition, Ghana has a State Bank and a State Insurance Corporation.

Thus Ghana's economic progress is being organized in a planned and comprehensive way. The planning cannot yet be all-embracing, owing to the fact that a considerable sector of the economy is still in private hands, both domestic and foreign. Statistics, too, are not yet full enough to enable completely scientific planning techniques to be utilized. But the foundations for Ghana's economic growth are being well laid.

The present pattern of Ghana's economy is based on five sectors—State, co-operative, mixed State-and-foreign, foreign enterprise (for large undertakings), and domestic private capital for smaller enterprises. But this pattern is not regarded as something which will be permanent. The Seven Year Plan emphasises that Ghana has 'chosen the socialist form of society as the objective of her social and economic development,' and in pursuance of this aim every encouragement will be given, in both industry and agriculture, to the expansion of the State and co-operative sectors.

In essence, a state of war now exists in Ghana society. The forces of counter-revolution have again given proof of their determination to halt by violence and unconstitutional action the people's advance to socialism. —Spark, January 3, 1964, after the latest attack on the life of President Nkrumah.

The fact, that, for a time, much of Ghana's economy will remain in private capitalist hands is not in itself necessarily a danger. Even the existence of foreign capital need not become a serious threat. As long as the Government and the national leadership are clear and determined to avoid the path of 'normal' capitalist development, as long as they mobilize the workers and peasants to assist them in taking this path, then, step by step, they can circumscribe the limits of the foreign capitalist sector and eventually take it over or buy it out at a time and under conditions which are most appropriate. Similarly, domestic capitalist growth as well can be kept in check so that from this quarter, too, any threat can be countered. Ghana's aim, in fact, is that a 'dominant share' of the economy will be in the hands of the State within about twenty years.

The Seven-Year Plan itself warns: 'We must be careful to ensure that the operation of the mixed economy leads to the socialist transformation and not to the defeat of our socialist aims'. In line with this objective, the plan lays down a three-fold strategy: (1) to speed up the rate of growth of the national economy; (2) to embark on the socialist transformation of the economy through the development of the state and co-operative sector; and (3) to liquidate the colonial structure of the economy by the development of modern industry. A significant basic principle of the plan is that 'the growth rate of the public sector must *always* exceed the growth rate of the private sector in agriculture and industry'.

Indicative of the whole character of the plan is the fact that whereas in the period 1951-59 no less than 90 per cent of Government investment was in the non-productive sector, this will be reduced under the plan to 62.7 per cent, while the productive sector will be allocated 37.3 per cent of the Government investments, almost four times that of the previous period.

It must be appreciated that for a small country such as Ghana, with under seven million people, and an economy left in a most backward state by colonialism, the task of building a modern, industrialized economy is enormous. For this reason alone, apart from the most pressing political needs, Ghana would much prefer to be carrying through her economic changes as part of a united Africa which would enable all the resources of manpower and materials in this vast continent to be pooled, for communications to be co-ordinated, for hydro-electric stations to be created on a planned continental basis making a regional grid system possible, for iron and steel complexes to be established in selected, economically strategic regions—in short, for the economy of the whole continent to be co-ordinated and planned. While pressing for African unity, however, Ghana is not standing still. She is pressing ahead and, in many respects, making herself an inspiration for other developing States in Africa.

Much remains to be done, there are many obstacles to be overcome and weaknesses to be eliminated. But Ghana is making—and will continue to make—important economic progress. In six and a half years of independence she has begun to break up the former colonial pattern of the economy, and take her first careful but firm steps towards becoming a modern, industrialized country. She is diversifying her economy, extending her agriculture from its one-crop pattern, building her light industries, and laying the basis for heavy industry.

Expressive of her economic growth is the present level of her average per capita income. United Nations sources now estimate it at \$245 a year compared with \$110 for West Africa as a whole, \$65 for East

and Central Africa, and \$130 for North Africa. Some estimates place Ghana now on a level with Portugal—admittedly one of the worst-off European countries, but when one starts to compare an African country with a European one it is clear that something new is happening.

These important economic advances being carried forward in Ghana by the Government and the Convention People's Party are not at all to the liking of imperialism any more than are Ghana's consistent fight for peace and against colonialism, and her avowed intention to build socialism in Ghana. This explains why Ghana meets with such a hostile press in Britain and America, and why there have been plots to overthrow the Government headed by President Nkrumah.

But Ghana is fighting off these attacks and calmly continues her advance away from colonialism, and in the direction of a new independent economy, thus laying the basis, in President Nkrumah's words, of 'a society in which the maxim: from each according to his ability and to each according to his work, shall apply, and in which the condition for the development of each shall be the condition for the development of all.'

London,
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