

DEPENDENCE AND UNDERDEVELOPMENT IN GHANA (1844-1966)

Dedicated to my sons

Daniel

and

John

THE POLITICAL ECONOMY
OF
DEPENDENCE AND UNDERDEVELOPMENT
IN GHANA (1844-1966)

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ABSTRACT

This study concerns the problems of development and underdevelopment in the Third World. It specifically examines the causes and consequences of dependence and underdevelopment. Historical data on the political economy of Ghana between 1844 to 1966 is used in testing the hypothesis that 1. the initial underdevelopment of Ghana was caused mainly by the historical expansion of capitalism into Ghana, and its subsequent integration into the world capitalist-dominated market, as well as by the negative effects of colonial rule and the oligopolization of its economy by foreign capital, and 2. that the continued dependence and underdevelopment of post-colonial Ghana can still be attributed to external intrusion and exploitation of the country by foreign capital.

In doing so, the modernization theory of the sociology of development is reviewed and rejected as unsuitable for the purpose of analysing the phenomena of dependence and underdevelopment chiefly because it is ahistorical and it ignores external factors. Instead, the dependency conceptual framework which treats dependence and underdevelopment as historical processes is used in this study.

The findings in this study uphold the first hypothesis but partly reject the second hypothesis on the grounds that the continued dependence and underdevelopment of post-colonial Ghana is mainly due to the unrealistic economic policies of the state. And that, the

continued dominance of the economy by foreign capital is the direct creation of the internal dynamics and contradictions in the social relations of production and the mode of distribution of social wealth in Ghana. Ghana is still dependent on external capital because it is in the interest of the ruling classes to maintain the status quo.

PREFACE

THE CONCEPT OF DEVELOPMENT

This study is concerned with the problems of development. The concept of development has taken on a variety of meanings which makes its usage a problem. It is therefore important to indicate the meaning of development as it is used in this study.

There are two meanings of development in the literature of Modernization theories. These are:

1. Development as modernization: i.e., development as movement from traditionalism to modernism. The most common measurement of this is the degree of the availability of modern infrastructural and social services available in a country. These have been achieved to a large measure by many countries in the Third World, but it has not helped to reduce the condition of poverty, squalor and disease under which the majority of the people in these countries live.
2. Development as growth: i.e., the overall annual growth of national production and savings. This is commonly measured with single statistical indices such as GNP per capita. The problem with this type of measurement is that it gives an illusive picture of the level of development attained. For example, the GNP per capita of some of the oil producing countries in the Third World are larger than in many western industrialized countries, however incomes and other national resources are so concentrated in a few hands, that the plight

of the majority of their citizens is not better than in other non-oil producing third world countries.

It is true that national annual growth rates, and the availability of infrastructure are indicative of potential growth of an economy but they do not constitute development per se. To us development is more of a human issue than of abstract indices of national growth rates.

In this study, development is considered as distributive justice i.e., for a country to be considered as developed income gaps should be narrowed as much as possible. There should be a reduction of regional disparities, and all citizens should have access to the basic needs of life and have the opportunity to develop their full potential as human beings. We wholly subscribe to Dudley Seer's contention that,

The questions to ask about a country's development is not whether the GNP or per capital incomes is big or small, or whether the rate of economic growth is increasing at high or low rates but rather, What has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have become less severe, then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange, to call the result 'development', even if per capita income had soared.
(Dudley Seers, 1979:12.)*

The critique of modernization theorists' definition of development in this study is based on this perspective.

*Dudley Seers, "The Meaning of Development", in David Lehmann (ed.), Development Theory--4 Critical Studies (London: Frank Cass Co. Ltd., 1979), p. 12.

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NOTES ON CURRENCIES

The Ghanaian cedi (C), the U.S. dollar, and the pound sterling (L) have all been used as units of currency in this study. In order to understand the relative values, the table below can be used.

EXCHANGE RATES (WITH MINOR FLUCTUATIONS)

Period	Ghanaian Currency	Equivalent of one unit of Ghanaian currency	
		\$	L
1958-July 1965	LG	2.80	1.00
July 1965-Feb. 1967	C	1.17	.42

Source: David Hart, The Volta River Project (Edinburgh University Press, 1980), p. vii.

CHAPTER ONE

A REVIEW OF ORTHODOX THEORIES OF DEVELOPMENT

1. Statement of the Problem

This study is a contribution to the analysis of the controversial issue of "Underdevelopment" in the Third World. The vast amount of literature on this subject has been mainly directed at trying to explain the real causes and consequences of the phenomenon of underdevelopment. The central question is: Why have the politically independent countries of the Third World not been able to make a breakthrough in their development efforts despite the fact that many of them have been endowed with natural and human resources?

In attempting to answer this question, orthodox sociologists of development, most of them functionalists, have been criticised for trying to shift the responsibility for this situation to the victims themselves. Their critics assume that these theorists know that the real cause of the problem has been, and continues to be the world-wide expansion of capitalism and the subsequent integration of these countries into the world capitalist economy. These theorists have generally been declared as being biased in their judgement, and that their theories are historically deficient and unrealistic, theoretically unsound; and policies derived from it are misleading

and often disastrous when implemented by the underdeveloped countries.¹

But as it happens in many academic issues, it is easier to condemn an existing theory on purely empirical grounds than to replace it with an alternative fool-proof theory which can better stand the test of time. The alternative theorists--the Dependency theorists--have been generally successful in clamouring for more rigorous historical analysis which depict imperialism, colonialism, and neo-colonialism as various phases of the global expansion of capitalism. To them the mechanisms of these historical phenomena have been responsible for both the past and the present "predicament" of the Third World. Yet they themselves are neither fully agreed on the specific nature of the mechanisms, neither have they been as much successful in convincing their opponents on this issue. While they have in turn been criticised on various conceptual and empirical grounds, their own camp still debates various technical issues. The major issues at stake will be analysed in chapter two.

One problem is apparent though. It seems that because adherents of both traditions base their assumptions and analyses on abstract and generalised terms, their conclusions become easily prone to condemnation when criticised on concrete terms. It appears that since most countries have different historical, cultural, social and economic backgrounds (despite apparent resemblances) any attempts to

¹See Andre Gunder Frank, "Sociology of Development and Underdevelopment of Sociology", in A. G. Frank, Latin America: Underdevelopment or Revolution (New York, Monthly Review Press 1969), pp. 21-94.

group them as undifferentiated blocs for treatment introduce unforeseen problems and weaknesses. It would be more appropriate then to do a series of studies based on nation-states which could lead to better understanding of the similarities and differences (however small) among various nation-states.

It is true that in scientific inquiries, generalizations which are not sweeping ones, may ultimately lead to definite theories. But then such theories must allow for exceptions, in order to accord with reality. Scientific knowledge is dynamic, not static; thus debates within academic disciplines are healthy for the advancement of the social sciences. We believe that studies such as this one might help solve some of the existing problems which are subjects for disagreements and debates within the field of the Sociology of Development, and might in the long run lead to a synthesis of knowledge on the problems of underdevelopment. Therefore, contrary to those who maintain that only the world as a whole must constitute the unit of analysis in development sociology,² we are arguing that such "micro-studies" also have a healthy role to play in the field. Hence this study.

This is a study which inquires into the causes and consequences of the "underdevelopment" of the Gold Coast and Ghana,³ from the

²See for example, Immanuel Wallerstein, "The Rise and Demise of the World Capitalist System: Concepts for Comparative Analysis", Comparative Studies in Society and History, Vol. 16, 1974, pp. 387-425.

³The Gold Coast was the original name of colonial Ghana. The latter name was adopted on 6th March, 1957 when political independence was achieved. For the sake of simplicity we shall henceforth use the name Ghana for both the colonial and the post-colonial era.

inception of formal colonial rule (1844) to the end of the First Republic (1966). It is aimed at examining and analysing the relationships between colonial and post-colonial historical trends, development policies, internal and external relationships and contradictions, and the "development" of "underdevelopment" and dependency in Ghana. It is hoped that the establishment of this relationship would lead to a clearer understanding of why Ghana, after at least four hundred years of contact with the outside world through long distance trade, followed by one hundred and four years of colonial rule and twenty-four years of self-rule should still be plagued with (almost) all the problems of a classic underdeveloped country.

The importance of this study is further strengthened by evidence of the unique historical and political position Ghana occupies among African countries, especially those south of the Sahara Desert. Firstly, nationalist agitation for self-rule got a head start there, especially immediately after the Second World War. Thus, it was not surprising that it was the first among these countries to achieve political independence. It therefore served as an example for other black African countries to follow suit. The nationalist political struggles which swept across the length and breadth of the entire continent in the 1960s, resulting in the achievement of political independence by many other African countries, can be said to have been initiated and fuelled by the Ghanaian example. Yet we find our first paradox here. Despite her initial advantage, she has not been able to maintain that lead in terms of economic development.

Secondly, Ghana also served for quite a while, especially during the First Republic (1961-1966) as a base for persistent attacks on the "evils" of imperialism and foreign domination. yet again comes a second paradox. During that same period (ironically, that was the era of "socialist" Ghana) and thenceforward, her economy not only deteriorated, but she became increasingly and willy-nilly dependent on foreign capital in order to survive.

The third paradox is that, she is one of those Third World countries endowed with relatively significant resources namely: gold, bauxite, diamonds, manganese, forests products, and extensive agricultural lands. She is also well-known for her successful cocoa industry, being the world's leading producer and exporter until recently. Yet again her foreign debts keep soaring while her foreign reserves keep on getting depleted, resulting in social discontent and political instability. For example, between 1957 and 1980 she has experienced at least three changes in forms of government, and has experimented with quite a number of economic policy changes. All these have not helped to alleviate her economic, social and political problems.

What were the causes of the initial underdevelopment of Ghana? What have been the reasons behind the persistence of these conditions? What have been the role of both internal and external factors? For example, are there indications of class collaboration, competition, co-operation, conflicts or struggles? Had there been and are there still some endemic structural constraints militating against the achievement of economic development? What have been the consequences

of these factors identified, and what have been their effects on the country and her people as a whole? Seeking answers to these crucial questions is what this study is about.

2. Sociological Theories of Development

Competing theoretical frameworks in analysing the problems of development and underdevelopment in the Third World are diverse. Generally, most of them have their origins in the nineteenth century and they are based on the unique experience of Western Europe's Industrial Revolution and later, the North American experience.

Despite the diversity however, two main approaches, with their own sub-types, can be distinguished. These are the Modernization framework, and the Dependency framework. The purpose of this chapter is to describe and analyse the main tenets of the modernization framework of analysing development in order to discover its strengths and weaknesses. Taking our cue from these, we would then suggest the approach we shall be utilising in examining the causes and effects of the historical process of underdevelopment and dependence in Ghana.

2.(1) Modernization Theories

(i) Classical Evolutionary Theories

There are various shades of modernization theory. Generally, these nineteenth century classical theories view society as a growing organism passing through a series of ordered, unilinear and inevitable stages, with increasing differentiation and adaptability. It is this gradual, harmonious, continuous and cumulative process of societal

progress that gives them the descriptive name--Social Evolutionary theory or Organismic Model of society.

Of greater sociological interest is the idea of striking an analogy between "social change and the life cycle of the organism".⁴ This was inspired by the classic work of Charles Robert Darwin (1809-1882) whose "Origin of the Species" and the theory of "Evolution by Natural Selection" caught the attention of the academic world of his time. This does not mean that Darwin was the first to conceive of the idea of unilinear progress of society. In fact, it has been argued that the idea of a "single metaphoric conception of change has dominated western thought" since the Pre-Socratic era in Greece.⁵ What is of interest to us is that it did catch on well with the fathers of sociology in the nineteenth century, and since then it has influenced western sociologists very much.⁶ Ali Mazrui summarizes the connection between Social Darwinists and modern modernisation theorists in the following words:

...the idea of analysing and classifying nations on the basis of the stage of modernization reached has long-standing historical connections with a

⁴Robert A. Nisbet, Social Change and History: Aspects of the Western Theory of Development (New York: Oxford University Press, 1969), p. 211.

⁵Ibid.

⁶Some of these are H. Spencer (1820-1930); L. H. Morgan (1818-1881); A. Comte (1798-1857); B. Kidd (1858-1916); L. F. Ward (1841-1913); E. B. Tylor (1823-1917). Their methodology and views influenced the later functionalists, stretching from Emile Durkheim (1858-1917) down to present day functionalists.

tradition that goes back to Social Darwinism and beyond....There was...in Social Darwinism an optimistic strain, assuming a line of development that leads to greater sophistication and effectiveness in human organization.⁷

We need not go into further details of the complexities of these theories. We would rather attempt here to identify some of the crucial concepts originating from these theories, which present day functionalists have adopted and adapted to analyse problems of growth and development. These are that social change is a unilinear, directional progress, which is immanent and necessary; that as society progresses, there is increasing differentiation and integration; and that such progress of modernisation is a universal phenomenon for all societies to experience; and that society experiences this process of change in a slow, harmonious, and gradual way. This forms the basis of what has become known as the Equilibrium Model or the Consensus Model of Society. This symmetry between order and change is what, according to Nisbet, constitutes the foundation of modern functionalism. He argues that the main objective of modern functionalism is "...to present a unified theory of order and change... to achieve a theory that at one and the same time serves the problem of order and the problem of change".⁸ Thus, Parsons argued that a good theory should be equally "applicable to the problems of change and

⁷Ali Mazrui, "From Social Darwinism to Current Theories of Modernization: A Tradition of Analysis", World Politics XXI, no. 1 (October, 1968), p. 69.

⁸R. A. Nisbet (1969), op. cit., pp. 228-32.

those of process within a stabilized system";⁹ since "there is no difference between processes which serve to maintain a system and those which serve to change it".¹⁰

With these concepts of progress, evolution and change, no one would deny that these nineteenth century fathers of sociology took account of history in formulating their theories. On the other hand, there is no denial of the fact that to them the major task was to explain the condition of nineteenth century Europe in order to "sketch a future path".¹¹ They accepted that in order to understand the present, it is important to probe the past, but only to discover the broad, natural laws of man's evolutionary path which led to the present. There was no need for detailed, empirical examination of events; only processes: No need for discovery of the historically specific means to the end; only the end matters. The following quotation is of particular significance here,

They would have nothing to do with the histories of conventional historians. Such histories were, ~~in their opinion, twisted accounts of trivia-~~ accounts, more or less accurate accounts of battles, sieges, diplomatic farces, royal intrigues and other events that had real significance in explaining the given state of a society or culture.¹²

⁹Talcott Parsons, The Social System (Glencoe: The Free Press, 1951), p. 535.

¹⁰Talcott Parsons, Societies: Evolutionary and Comparative Perspectives (New Jersey: Prentice-Hall, 1966), p. 21.

¹¹Kenneth E. Bock, "Theories of Progress and Evolution", in Werner J. Cahnman and Alvin Boskoff (eds.), Sociology and History: Theory and Research (London: The Free Press of Glencoe, Collier-MacMillan Ltd., 1964), p. 21.

¹²Ibid., p. 22.

Accordingly, they rejected the works of traditional historians because the latter take discrete events as their basic datum, which is, according to Herbert Spencer, "ungeneralizable".¹³

Another significant factor is the fact that change in society emanates from the operations of internal forces--human groups, institutions, values, culture and so on. External influences were not important for the direction of change; at best "they can only alter the tempo"; for external influences (such as colonialism) make it difficult to discern the "true course" of evolution.¹⁴

Finally, change is universal, inevitable and natural. "Where there is evidence of apparent stagnation or where change is absent, then this calls for special explanation in terms of obstacles, accidents, or unusual conditions",¹⁵ within the society concerned.

A social analyst operating within the confines of this framework would definitely find Marx's and Engel's accounts of the miserable conditions of Europe's nineteenth century proletariat, and their call for the working class of the world to unite and overthrow Capitalism, strange and uncalled for. To him, the "civilising mission" of colonialism would only yield positive results; not negative ones. To him again, the stagnant and deteriorating economic conditions and the

¹³Ibid. For a more detailed reaction to this viewpoint, see K. E. Bock, The Acceptance of Histories (Berkeley and Los Angeles: University of California Press, 1965), especially Chapters 1-3.

¹⁴Ibid., p. 23; emphasis ours.

¹⁵Ibid.

poverty of the Third World could only be explained in terms of their own internal "dysfunctional" factors and forces; and would have nothing to do with either past or present external forces and influences.¹⁶

The world as depicted by these classical theorists has little in common with the real world. It is a world without exploitation, contradictions, conflicts or class struggle, without imperialism, colonialism or world-integrated monopolies. In order to understand our analysis of neo-evolutionary and functionalist theories of growth and development, it is of great importance that we should keep our analysis above in mind.

(ii) Neo-Evolutionary Theories

Neo-evolutionary theories of development emerged as by-products of classical evolutionary theories. Hence, implicitly, they represent the same unilinear, cumulative, harmonious and gradualist processes of growth and development. These processes are illustrative of the eighteenth and nineteenth centuries western transition from feudal-agricultural to capitalist-industrial society.

The first set of formulations are those constructed in the form of ideal-typical, polarised systems of social organization. They are constructed in the form of single concepts representing broad categories of social phenomena, considered as effective tools for analysing social systems and social change. Thus, at one end of a pair of dichotomous concepts is a simple, communal, less differentiated society, while at the other end is a complex, individualistic, more

¹⁶Ibid.

differentiated yet more integrated society. According to this formulation then,

Development proceeds as a contraputal inter-play between differentiation (which is divisive of society) and integration (which unites differentiated structures) on a new basis.¹⁷

Traditional society is relatively static, has little differentiation or specialization; with a predominance of the "mechanical division of labour"; it is rural, mostly illiterate, agrarian and tends to maintain the status quo. Modern society is dynamic, highly differentiated, with a relatively high division of labour and specialization; it is highly urbanised, relatively more literate and industrialised, and there is a continuous drive towards progress,¹⁸ defined in terms of modernisation.

There have been many variations of this bi-polar conceptual framework, such as Ferdinand Tönnies's Community (Gemeinschaft) and Society (Gesellschaft); Emile Durkheim's Mechanical and Organic Solidarity; Robert Redfield's Folk and Urban cultures; Charles Cooley's Primary and Secondary social attachment; Howard Becker's Sacred and Secular societies and Henry Maine's Status and Contract relations. Thus, sacred, folk, and communal societies are small, homogeneous, less differentiated traditional societies. Secular, urban, and associational societies are large, heterogeneous, more differentiated and

¹⁷ Neil Smelser (1968:13), quoted in Alejandro Portes, "On the Sociology of National Development: Theories and Issues", American Journal of Sociology LXXXII, 1976, p. 63.

¹⁸ S. N. Eisenstadt, Tradition, Change and Modernity (New York: John Wiley and Sons, 1973), p. 10.

integrated societies. Mechanical solidarity are social bonds prevailing between people and groups in a homogeneous society where there is a minimum division of labour and of other aspects of individualism. Organic solidarity are social bonds in a heterogeneous society where people are functionally dependent upon one another because the division of labour is highly developed.¹⁹

The second set of variants is based on social relationships, particularly, roles and values. Talcott Parson's Pattern Variables were constructed as general social theoretical concepts based on value orientations, which B. F. Hoselitz extended and adopted as a paradigm of the sociological aspects of economic growth. The Parsonian pattern variables show traditional societies as emphasising particularism; they are ascriptive-oriented and roles are diffused; while modern societies emphasize universalism, they are achievement-oriented and roles are specific. Hoselitz added affectivity and collective-orientation to the traditional, and affective-neutrality and self-orientation to the modern.²⁰ Hence for example modern individuals and cultures are those that "value instrumental action, stress the specificity and affect-neutrality of most relationships and evaluate others in universalistic terms according to their achievements and not their ascriptive traits".²¹ In sum, Modernization then becomes,

¹⁹Emile Durkheim, The Division of Labour in Society (London: Free Press, 1964).

²⁰Bert F. Hoselitz, "Main Concepts of the Social Implications of Technical Change" in B. F. Hoselitz and Wilbert E. Moore (eds.), Industrialization and Society (Mouton-Unesco, 1968).

²¹Alejandro Portes, "Modernity and Development: A Critique", Comparative International Development VIII, 1973, p. 250.

...a transition, or rather a series of transitions from primitive, subsistence economies to technology-intensive industrialized economies; from subject to participant political cultures; from closed ascriptive status system to open, achievement-oriented systems; from extended to nuclear kinship units; from religious to secular ideologies and so on....Thus conceived modernization is not simply a process of change but one which is defined in terms of the goals towards which it is moving.²²

The influence of nineteenth century evolutionary theory is unmistakable here, and need not be over-emphasised.

The typical interpretation of this approach is to show that before the so-called "backward" societies can develop they need to evolve from their traditional, communal relations into the modernized, market relations as happened in nineteenth century Europe's Industrial Revolution. Kay argues that the only reason for such formulations was "to identify development with capitalism and underdevelopment with non-capitalism", and to try to claim that "capitalism is the source of development".²³ Thus if underdeveloped countries like Ghana want to develop, they must adjust their forms of social organization and internal social relationships and values to duplicate that which occurred in nineteenth century Europe. The historical experience of the Third World since the Second World War, does not support this claim.²⁴ It has

²²Dean C. Tipps, "Modernization Theory and the Comparative Study of Societies: A Critical Perspective", Comparative Studies in Society and History XV, 1973, p. 204.

²³Geoffrey Kay, Development and Underdevelopment: A Marxist Analysis (London: Macmillan Press Ltd., 1975), p. 7.

²⁴The analysis we shall be making in the case of Ghana in subsequent chapters would illustrate this point further.

generally been their failure to achieve economic independence through the western capitalist system that has forced many of these countries to adopt their own brands of the socialist system.

The second problem with this dualistic approach is that although what occurs or should occur at both ends of the dichotomies are spelt out, there is silence on what occurs in the interim and what constitute the specific mechanisms which propel the progress from one end to the other.

A third problem is that various societies at different stages of the development of their productive forces are all unjustifiably bundled together into two monolithic undifferentiated blocs--traditional and modern. This is unrealistic and contrary to social reality. As Frank correctly argued, all societies both "modern" and "traditional" exhibit various shades and degrees of the characteristics of both traditionalism and modernism.²⁵ Since the main aim of the dualistic theories is only to show contrasts, there is a relative lack of concern with the intermediate stages of evolution from primitive to modern. Such static, primitive societies are non-existent in the real world and therefore these concepts cannot be fruitfully used in analysing the problems of the underdeveloped world; the peculiar problems of societies trapped inextricably between the "traditional" and the "modern".

(iii) Psycho-Social Theories of Modernization

One of the main aims of Max Weber was to counteract Karl Marx's

²⁵See A. G. Frank (1969), op. cit., pp. 21-94.

"economic determinism" which seemed to explain social behaviour and other super-structural elements by linking them with the forces and relations of production in society.²⁶ Marx's argument was basically that the social and political conditions of social groups (or rather classes), is a reflection of their economic condition, especially their relations to the means of production. Max Weber's Protestant Ethic and the Spirit of Capitalism,²⁷ was meant to advance the counter claim that, ideological factors were of primary importance in the development of capitalism in nineteenth century Europe and that one cannot depend on only economic factors to explain the social and political conditions of people in society.²⁸

Weber's contention was that the attitudes and values characteristic of the Protestant sects, and more especially the Calvinist sect, were instrumental in causing the rapid changes associated with the rise of capitalism, and the subsequent phenomenal economic growth of the Industrial Revolution era. Taking his point of departure from

²⁶This type of interpretation came from some of Marx's own works. For example he writes that, "The totality of these relations of production constitutes the economic structure of society--the real foundation on which legal and political superstructures arise and to which definite forms of social consciousness correspond". Quoted in T. B. Bottomore and Maximilien Rubel (eds.) Karl Marx, Selected Writings in Sociology and Social Philosophy (Middlesex: Penguin, 1974), p. 67.

²⁷Max Weber, The Protestant Ethic and the Spirit of Capitalism, (Translated by Talcott Parsons with an introduction by Anthony Giddens) (New York: George Allen and Unwin, 1976).

²⁸Our interest here lies in establishing the link between Weber's and Marx's works, and not to involve ourselves in this debate.

the facts of the social behaviour of successful businessmen and others, Weber came to the conclusion that capitalism rose and advanced as a result of the

...impact upon businessmen of certain ideas and incentives which lay outside the economy as such: the ideas and incentives which formed the essence of Puritanism.²⁹

These entrepreneurs developed the "spirit or ethos of capitalism" because of the internalization of values of Christian worldly asceticism; the propensity to save and accumulate capital; and the urge to constantly take the risk of indulging in productive investment. The Calvinist "doctrine of predestination" and the "concept of the calling", helped them to rationalize their lives and to strive hard for perfection and success in their vocations. His research finding was that it was those countries with a predominance of such enterprising people that took the lead in economic growth and industrialization in nineteenth century Europe.

The primacy of ideological factors over economic factors in explaining the processes of economic growth and development influenced many followers of Weber. In the formulations which derived from Weber's thesis, cultural and personality changes are held as independent variables, with industrialization and urbanization as the dependent and intervening variables respectively.³⁰

²⁹ Robert A. Nisbet (1969), op. cit., pp. 276-77.

³⁰ Stanley DeViney and John Crowley, "Universality of Modernization: An Empirical Critique", Studies in Comparative International Development XIII, 2 (Summer, 1978), pp. 25-6.

One of the best known adherents to this theoretical framework is David McClelland who admits that he was "...greatly impressed by the very perceptive analysis of the connection between Protestantism and the Spirit of Capitalism made by the great German Sociologist, Max Weber".³¹ He developed the concept termed "the need for Achievement (n-Ach)", which he defines as, "a desire to do well, not so much for the sake of social recognition or prestige, but to attain an inner feeling of personal accomplishment".³² It was left for McClelland to fill one of the gaps left in Weber's thesis, namely: How these Protestant values were acquired in the religious and social sphere and brought into fruitful action in the economic domain. He suggested that the mediating link between Protestantism and the "Capitalist Spirit", was a need for achievement (n-Ach) in the children of Protestant parents. Such parents inculcated into their children the values of self-reliance; stressed independence of mind and excellence of achievement, by paying great attention to the quality of their children's performances. The need for achievement was therefore handed over from one generation to the next through the socialization process. Thus, according to McClelland, n-Ach is a "precursor to economic growth and that it is probably a causative factor; that it is a change in the

³¹David C. McClelland, "The Achievement Motive in Economic Growth", in Bert F. Hoselitz and Wilbert E. Moore (eds.) Industrialization and Society (Unesco-Mouton, 1963), p. 76. This paper is a summary of the author's book, The Achieving Society (Princeton, New Jersey: Van Nostrand and Co., 1961).

³²Ibid.

minds of men which produces economic growth rather than being produced by it".³³ This rather sounds like a direct reply to Marx's "consciousness" and "being" argument.

Unlike his mentor Weber however, he makes no secret of substituting another one-variable deterministic theory for the "economic determinism" of Karl Marx. He argued that,

In a century dominated by economic determinism, in both Communist and Western thought, it is startling to find concrete evidence for psychological determinism; for psychological development as preceding and presumably causing economic changes.³⁴

He backs this argument up by rejecting Marx's "profit motive" hypothesis of entrepreneurs of the nineteenth century in the light of "recent findings of economic historians" who have found out that "...many of these people seemingly were not interested in making money as such".³⁵

In a similar manner, Everett Hagen calls for creativity and problem-solving ability and the tendency to use it and more progressive attitudes towards technological change. But he argues further that parental authoritarian attitudes in the traditional societies have negative impact on their offspring, and thus stultify the development of creative attitudes and personalities. He also calls for improvement of the socialization process. He argues that,

³³ McClelland (1963), Ibid., p. 81.

³⁴ Ibid., pp. 74-96. See also Jason L. Finkle and Richard W. Gable (eds.) Political Development and Social Change (New York: John Wiley and Sons Inc., 1966), p. 145.

³⁵ McClelland (1963), op. cit., p. 84.

there is...convincing evidence that various of the characteristics of authoritarian personality are present in many traditional societies in Latin America and Asia. Though our knowledge concerning African countries is more limited, they are probably present in those countries as well.³⁶

Thus, to both McClelland and Hagen, development requires the emergence of the creative individual who has high needs for achievement, autonomy and order.³⁷

Influenced by this "cultural or psychological reductionism",³⁸ some writers have tended to explain the economic problems of the Third World in terms of the absence of the "Economic Man". To Enke, for instance, these problems are due to the lack of "officials who can argue ordinary people into forsaking tradition and risking new ways".³⁹ And to Lerner, "the more persons who are 'going modern' in any country, the higher is its overall performance in the indices of modernity".⁴⁰

³⁶Everett E. Hagen, "Personality and Entrepreneurship" in J. L. Finkle and R. W. Gable (1966), op. cit., p. 145. It is interesting to note that in putting forward his standpoint, Hagen ironically condemns the functionalist-inspired diffusionist theory. He argues that, "... the concept is rather widely held in the west that the present low-income societies can advance technically simply by imitating the technical methods already developed in the west. That concept is ethnocentric and incorrect. Mere imitation is incorrect" (ibid., p. 130).

³⁷See Everett E. Hagen, On Theory of Social Change (Homewood, Illinois: The Dorsey Press, Inc., 1962), *passim*; and David C. McClelland (1961), op. cit.

³⁸Robert I. Rhodes (ed.) Imperialism and Underdevelopment: a reader (New York and London: Monthly Review Press, 1970), p. 395.

³⁹Stephen Enke, Economics for Development (Englewood Cliffs, New Jersey: Prentice-Hall, 1963), p. 125.

⁴⁰Daniel Lerner, The Passing of Traditional Society: Modernizing the Middle East (New York: The Free Press, 1958), p. 83.

He identifies the mechanism of modernization as "empathy". He says, "We conceive modernity as a participant style of life, we identify its distinctive mechanism as empathy".⁴¹ Killough and Killough put similar ideas in a more modern and concrete context, when they argued that,

In parts of Latin America and in many tropical agricultural areas, the ideas of thrift as a virtue, work as a desirable vocation, and economic gain as an end in itself, have not become parts of the habits of thought of the population.⁴²

The similarity between Weber's argument and this statement is quite clear.

Once such arguments are accepted, certain derivations naturally follow. They mean, for instance, that the study of economic change must be geared towards analysing changes in the motivational patterns of society. They also suggest that the strategy for promoting economic development is to emphasize more, the "promotion of institutional changes in values and child rearing that will develop the n-Ach in children of today so that they will push economic growth in the future".⁴³ It also follows logically that the causes of the economic backwardness in most of the Third World countries, is the relative lack

⁴¹Ibid., p. 78. Lerner defines this concept as "...the capacity to see oneself in the other fellow's situation", and claims further that this "...is an indispensable skill for people moving out of traditional settings", Ibid., p. 50.

⁴²H. Killough and L. Killough, International Economics (Princeton: University Press, 1960), p. 286.

⁴³Norman Bradburn and David E. Berlow, "Need for Achievement and English Industrial Growth", Economic Development and Cultural Change X, 1 (October 1961), pp. 18-19.

of the appropriate values and motives to achieve, mainly because of "dysfunctional" processes of socialization.

By largely ignoring external factors, McClelland and others of the same persuasion could conveniently fail to see the "negative" effects of the institutions of Colonialism and Neo-colonialism on the Third World. Such a conceptual framework, like the others already analysed, which completely ignore the crucial historical role of external influences in either promoting, stagnating or even stifling economic development, does not constitute a realistic perception of the issues at stake. In McClelland's own words,

Usually, rapid economic growth has been explained in terms of 'external factors'....But I am interested in the internal factors--in the values and motives men have that lead them to exploit opportunities to take advantage of favourable trade conditions; in short, to change their own destiny.⁴⁴

As if during the classic colonial era, capitalism as it was made to function in the colonized territories gave the colonised people the chance to shape their own destiny. It is even doubtful whether after struggling hard and achieving political independence, these countries are given a free hand to manage their own internal economic and political affairs. We shall be examining these issues in our historical analysis of colonial and post colonial Ghana later.

⁴⁴McClelland (1963), op. cit., p. 74, emphasis ours. He adds as if as an afterthought, "This interest is not surprising: I am a psychologist--and furthermore, a psychologist whose primary research interest is in human motivation, in the reasons that people behave as they do".

We argue that these types of formulations cannot help us to explain, for example, the causes of the deteriorating economic and social conditions in some countries which were once in the forefront of the "race" for economic supremacy in the world. It would be unrealistic, in fact, to simply explain away Britain's "progressive" plunge into economic insolvency and social malaise since the end of the Second World War, in terms of changes in values, motives and processes of socialization of British children. Neither can they help to explain the economic and political vicissitudes of Latin America (and for that matter, most Third World countries) which gave rise to the Neo-Marxist Dependency theories of the 1960s. We argue then, that historically specific external influences, through the intricate network of world capitalism, form a major source of the explanation of these problems of development. And in our analysis of the case of Ghana, we shall seek to develop this theme.

(iv) Peasant Conservatism and Resistance to Innovation and Change

This section is particularly relevant to our work since it concerns peasants and rural cultivators who form the bulk of the population of Ghana. Moreover, the economy of Ghana, shaped during the Colonial era, has since then been virtually agrarian and monocultural and dependent on cocoa exports and food crops produced and supported by the peasants and cultivators of rural Ghana.

Most important of all, what is apparent in the psycho-social theories discussed above and in Forster's model to be discussed here, is that peasant values, norms and motives are so traditional and

conservative that they tend to resist change and innovation. Hence they are considered to impede socio-economic progress and modernization in Third World countries.

Hutton and Cohen have identified three approaches used in sociology in analysing the attitudes of peasants to innovation and change. These are,

1. The Structural-functionalist approach which "assume(s) that peasant conservatism is a product of a particular type of traditional rural value system...seen as fundamentally impeding economic progress and modernization",

2. Empirical works which claim that "peasants, far from being in some primeval state of traditionalism have good reasons to resist specific economic development" strategies wrongly imposed on them",

3. Other studies showing that peasants frequently respond to economic opportunities in a profit-oriented manner.⁴⁵

We consider the approaches already discussed in this chapter and Foster's model to be analysed here, as falling under the first theme. We shall use empirical evidence from Ghana's history to illustrate the second and third themes.

George Foster takes as his point of departure, McClelland's

⁴⁵ Caroline Hutton and Robin Cohen, "African Peasants and Resistance to Change: A Reconsideration of Sociological Approaches", in Ivar Oxaal et al. (eds.), Beyond the Sociology of Development: Economy and Society in Latin America and Africa (London and Boston: Routledge and Kegan Paul, 1975), pp. 105-106.

n-Ach model in order to advance his own model on peasants.⁴⁶ He argues that,

...peasant participation in national development can be hastened not by stimulating a psychological process, the need for achievement, but by creating economic and other opportunities that will encourage the peasant to abandon his traditional and increasingly unrealistic cognitive orientation for a new one that reflects the realities of the modern world.⁴⁷

He introduces the concept of "shared cognitive orientation" which is common to every society and which he defines as "an unverbaised, implicit expression of their understanding of the 'rules of the game' of living imposed upon them by their natural and supernatural universes".⁴⁸ He argues that this involves some basic premises and sets of assumptions which unconsciously and mechanically control the social behaviour and attitudes of people.

He identifies the cognitive orientation of peasants as "the Image of Limited Good". By this he means that to the peasant, all the good things in life are in short supply; and since the only way to increase one's share is at the expense of others, one can only improve one's position beyond the socially approved level in secrecy, in order to avoid unpleasant sanctions. This, he claims, gives rise to some irrational social behaviours, such as selfishness, unco-

⁴⁶George M. Foster, "Peasant Society and the Image of Limited Good", American Anthropologist LXVII (1965), pp. 293-315.

⁴⁷Ibid., p. 296.

⁴⁸Ibid., p. 293.

operativeness, mutual distrust, conservatism, leadership-shyness, self-conceit and so on. Hence, unless these values are abandoned, economic growth and development would be difficult to realise, because to him, peasant's cognitive orientation and the behaviour that stem from it are "intimately related to the problems of economic growth in developing countries".⁴⁹ This type of logic naturally sparked a stormy debate.⁵⁰ We shall not concern ourselves with the details of this debate. Our aim is to relate Foster's formulation to that of McClelland.

McClelland considers a type of human motivation which he calls n-Achievement as a causative factor of economic growth. This is definitely a psychological approach, but so is Foster's concept of cognitive orientation,⁵¹ on which he based his social premise of "limited good". Both writers treat these concepts as independent causal variables. Both approaches appear to be based on a mixture of psychological and sociological factors. Thus, McClelland calls for

⁴⁹ Ibid., p. 307.

⁵⁰ See G. M. Foster (1965), ibid.; David Kaplan and Benson Saler, "Foster's 'Image of Limited Good': An example of Anthropological Explanation", American Anthropologist LXVIII (1966), pp. 202-206; John W. Bennett, "Further Remarks on Foster's 'Image of Limited Good'", American Anthropologist LXVIII (1966), pp. 210-14; John G. Kennedy, "Peasant Society and the Image of Limited Good: A Critique", American Anthropologist LXVIII (1966), pp. 1212-1225; James M. Acheson, "Limited Good or Limited Goods?", American Anthropologist LXXIV (1972), pp. 1152-1169.

⁵¹ See David Kaplan and Benson Saler (1966), op. cit., p. 205.

"a change in the minds of men which produces economic growth",⁵² and recommends an improvement in the socialization process. Foster also calls for "a change in the peasant's view of his social and economic universe", and adds that "brakes on change are less psychological than social".⁵³ Our empirical assessment here therefore applies to all the psycho-social models we have analysed.

It has already been asserted that such over-simplified and reductionist models of so-called "traditional" or "primitive" societies are non-existent in the Third World--Colonial or Post-colonial. Thus, there is a clear disjuncture between this conceptual framework and social reality. To say this is not to deny that such characteristics cannot be found anywhere in underdeveloped countries. However, neither is it true that post-feudal western society is entirely free from them. We argue that the root cause of under-development lies in the specific policy mechanisms adopted by both colonial and post-colonial governments. We argue further that to reduce the entire development problematic into this simplified state, or to claim that development is (almost) entirely contingent on them, is unrealistic. At least, the evidence we have of Ghana's history does not support this contention.

The charge that peasants' "cognitive orientation, of the image of limited good" leads to mutual distrust, envy, unco-operativeness and

⁵²David C. McClelland (1962), op. cit., p. 81.

⁵³G. M. Foster (1965), op. cit., p. 310.

so on, cannot be supported by historical evidence. At least, not in the case of Ghana. One defect with treating traditionalism as an almost undifferentiated concept is that it makes one lose sight of the fact that the so-called traditional societies are not homogeneous entities. Each has its own internal dynamics and considering them as undifferentiated blocs leads to conceptual and empirical pitfalls.

David Apter has argued that,

Historically, long established customs and values and institutions have provided crucial impetus for change; the extended family, has often been linked with whatever large-scale, domestically-owned industry exists in underdeveloped countries,⁵⁴

and that "large family provision of resources of capital and executive personnel necessary for industry, based on mutual trust, co-operation and discipline", existing in those areas, have potentials for development.⁵⁵

We have argued elsewhere against the generally held view concerning the inertia of peasant tradition to obstruct change, in relation to the indigenous farming co-operatives institution of the Krobo ethnic group in Ghana. This is known as the "Huza" system.⁵⁶ We argued

⁵⁴David Apter, The Politics of Modernization (Chicago: University of Chicago Press, 1967), p. 83.

⁵⁵Ibid.

⁵⁶David N. Brown, Huza Land Tenure System and Agricultural Development. An unpublished B.A. (Education) Hons. Dissertation, presented to the Department of Geography, The University of Cape Coast, Ghana, May, 1977. See also Polly Hill (1963), op. cit., pp. 72-4; M. J. Field, "The Agricultural Systems of Many Krobo of the Gold Coast", Africa XIV, 2 (April, 1943). The term Huza is usually loosely defined as a system of land purchase by groups of Krobos (an ethnic group), who are usually, but not in all cases, related to one another consanguinally and affinally, under recognized leaders, for the purpose of farming. More

further that within the Huza system, not all innovations are rejected by farmers; that rather, innovations imposed from outside are sometimes rejected, on grounds consistent with the experiences and the rational considerations of the peasants. We recommended that local initiatives have to be stimulated in order to encourage genuine voluntary participation within the framework of representative local leaders, with influential traditional leaders playing a leading role. This is consistent with Herskovitz's opinion, as a result of his extensive research in Africa, that,

If a new method of production, or new product, is approved by the leaders, it may be adopted by all the members of the community far more rapidly than in a highly individualistic society.⁵⁷

The historical evidence however, shows that the colonial administration failed to utilize this potential for agricultural development in Ghana. The relationship between the colonial agricultural experts and the peasants is similar to Apthorpe's description of the situation in Eastern Africa. He writes,

The 'diffusion of innovations' that were characteristic, called one set of persons 'planners',

specifically, it applies to the social organization and land tenure system characterized by a ribbon-like settlement pattern, with farm houses on each family's strip of land. These are inter-connected by a common base-line, usually, a stream. This path reflects the basic cohesion of the group. The inhabitants of the farming village form a closely knit social unit, under the rule of recognized traditional rulers.

⁵⁷ Melville J. Herskovitz, "Notes on African Field Research", in M. J. Herskovitz, The Human Factor in Changing Africa (New York: Alfred A. Knopf Inc., 1962), esp. pp. 148-70.

'initiators' or 'change agents', depending on the level of reference. The other set was known rather as 'receivers' who potentially or actually were supposed to accept gratefully well-intentioned ministrations of the former...⁵⁸

There existed a wide gulf between the "scientific" agricultural officers and the peasants they were supposed to guide to improve their "unscientific" agricultural techniques. The former were to impose their modern Western ideas on the latter who were to be passive recipients and adopters of these ideas. The situation is aptly summarized by Dalton who argued that,

It is in the context of ethnocentric neglect that the European occupation of colonial Africa is perhaps most to be criticised. Complacent in the assumption of superior western agricultural technology, the powers long refused even to recognise the special characteristics of the tropics and grossly exacerbated the problems...⁵⁹

The internalised stereotypes of these colonial officers fogged their perception of peasant responses to externally enforced innovations, therefore "...the idea of consulting them, to say nothing of collaborating with them on these matters, continued to be foreign to the thinking of the planners".⁶⁰ The accounts of Green and Hymer shows that

⁵⁸Raymond Apthorpe, "Peasants and Planisters in Eastern Africa", quoted in Oxaal et al. (eds.), Beyond the Sociology of Development (London and Boston: Routledge and Kegan Paul, 1975), p. 106.

⁵⁹John H. Dalton, "Colony and Metropolis: Some aspects of British Rule in the Gold Coast and their Implications for Understanding of Ghana today", Journal of Economic History XXI, 4 (1961), p. 560.

⁶⁰Herskovitz (1962), op. cit., p. 169.

the British colonial agricultural officers learnt a bitter lesson in their dealings with the traditional cocoa growers in colonial Ghana.⁶¹

They described the attitude of the agricultural "experts" and extension workers towards the indigenous peasants as that of "indifference, rejection and even open hostility".⁶² The records of the colonial agricultural department also described them as "stubborn, stupid peasants" who resisted the advice offered them.⁶³ Hymer however shows that at one time the cocoa cultivators embarked on a policy of "expansion". They extended the area under cultivation not by over-intensive cultivation of the same piece of land, which would have had negative results on output, if done without a related increase of the organic composition of capital. They rather acquired virgin lands elsewhere, because at that time there was no pressure of population over land resources. The colonial authorities vehemently protested. Their reason was that the low level of agricultural technology of peasants would lead to inefficient management of farms which could lead to diminishing returns. Indeed, the opposite rather happened.⁶⁴ According to Hymer, instead of providing valuable

⁶¹R. H. Green and S. H. Hymer, "Cocoa in the Gold Coast: A Study in the Relations between African Farmers and Agricultural Officers", Journal of Economic History XXVI (1966), pp. 299-319.

⁶²Ibid., p. 300.

⁶³Ibid., p. 301.

⁶⁴Stephen Hymer, "The Political Economy of the Gold Coast and Ghana", Economic Growth Centre Discussion Paper, No. 76 (Connecticut: Yale University, 1969), especially pp. 9-13.

assistance in developing agricultural techniques, the authorities rather tended to deplore the tendencies of over-extension and the neglect of other crops. He argued that, "They failed to see the drive to accumulate and extend the sizes of farms as the main dynamic force which kept the industry going".⁶⁵ Both he and Green explained that the indigenous cultivators rejected intensive farming in favour of extensive cultivation because it economised on land which was plentiful and not on labour which was not.⁶⁶ The peasants were proven right in the end.

Between 1906 to 1945, there was a joint agricultural project between the United Africa Company Limited (U.A.C.), one of the oldest and most tenacious imperial commercial concerns in British West Africa, and the colonial agricultural department. They developed six large cocoa plantations under European management, using cheap local labour and employing their "scientific" methods. The results were disappointing; they incurred heavy losses and the plantations were subsequently abandoned.⁶⁷ The writers argued that "...the Department was not able to offer alternative method of production that was economically more efficient either for African farmers or for

⁶⁵ Ibid., p. 12. See also Polly Hill, Studies in Rural Capitalism in West Africa (Cambridge University Press, 1970), p. 27.

⁶⁶ Green and Hymer (1966), op. cit., p. 310.

⁶⁷ Ibid. See also Hymer (1969), op. cit. where he argued that the "European plantations, using methods advocated by the agricultural officers, found themselves unable to compete with local producers and failed".

plantations".⁶⁸ This finding ties with Hill's vindication of the response of the indigenous cultivators, when she argued that, far from being tradition-bound, the Gold Coast farmer was "forward-looking, prospective, provident and providential".⁶⁹ It supports the observation of Anderson that, "When the average scientific agriculturist goes to the tropics, he has much more to unlearn than to teach, but he frequently seems to be unaware of that fact".⁷⁰ It also strengthens the advice of Apthorpe that,

where judgements of alternative economic strategies are made by the peasant, it need not be assumed that these are less 'modern' than those of the planner whose views may indeed be as traditional as anybody else's.⁷¹

In Africa as a whole, the attitude of the peasants on whom the colonial agricultural officers tried to impose their "modern" ideas, (not backed by knowledge of the peculiar ecological problems and the unique socio-cultural systems of Africa) is similar to the research findings on Ghana. Herskovitz noted the comment of an African farmer in East Africa, who said, "When they (the agricultural officers) talk, they seem to be young men of good sense but nothing they tell us to do works out well".⁷² Ignorance of the peculiar

⁶⁸Green and Hymer (1966), op. cit., p. 310.

⁶⁹Polly Hill, The Migrant Cocoa Farmers of Southern Ghana (Cambridge University Press, 1963), p. 179.

⁷⁰Edgar Anderson, Plants, Man and Life (London: The University Press, 1954), p. 125.

⁷¹Raymond Apthorpe (1975), op. cit., p. 106.

⁷²Melville J. Herskovitz (1962), op. cit., p. 167.

ecological problems of Africa and unwillingness to study them, and the same ethnocentric attitude and superiority complex, led to a number of negative and costly results on the continent. The post-war (1947) Tanganyika Groundnut Scheme, the most publicized of such failures, is illustrative of this. Based on "erroneous forebodings that the wartime shortage of edible fats and oils would be prolonged into the post-war years",⁷³ a hurried 9-week long survey was carried out. This excluded any primary reconnaissance survey, any scientific soil investigation, or a pilot scheme. The scheme failed miserably and was abandoned in 1951 at a staggering loss of £36m. to the British government. Mountjoy and Embleton correctly argued that,

The whole scheme was based upon a misplaced trust in capital--the view being that, given sufficient capital investment human and physical difficulties can be overcome or avoided.⁷⁴

In colonial Ghana the government attempted to embark upon a scheme of controlling the spread of the swollen shoot disease which was ruining the cocoa grown by the peasants. Herkovitz argued that,

Here the suspicion against measures easily misunderstood because imposed by outsiders, was allayed when African officials explained the scientific facts, and applied the necessary correctives. As a result, the problem was not only resolved, but the continuation of the fight against the disease with the understanding and cooperation of the growers themselves, was assured.⁷⁵

⁷³Allan B. Mountjoy and Clifford Embleton, Africa: A Geographical Study (London: Hutchinson Educational Ltd., 1965), pp. 378-79.

⁷⁴Ibid., p. 379.

⁷⁵Ibid., p. 170.

This agrees with our recommendation concerning the utilization of traditional leaders in order to get the willing involvement and participation of the people, in relation to our discussion of the Krobo Huza system.

We argue that African farmers are no more conservative than their counterparts elsewhere. They are quite ready to accept change when it is demonstrated that this is to their advantage, and when changes do not involve too sudden a departure from established rules of social organization, and modes of behaviour. Instead of the prejudices and stereotypes of so-called experts, there is the need to have a second look at the social structures, cultures, experiences and views of the peasants of the Third World. It was this that prompted Polly Hill's "Plea for (the study of) Indigenous Economics".⁷⁶ She pleads that,

We must study the farmer, not patronize him; we must assume that he knows his business better than we do, until there is evidence to the contrary... and at all costs we must avoid generalizations about different types of farmer, who are as different as chalk from cheese.⁷⁷

Contrary to the claims of orthodox development sociologists, conservatism is as much a characteristic of their "traditional" societies, as it is of their "modern" societies. The prime factor is the attitudes and policies of the rulers towards the ruled.

⁷⁶Polly Hill (1970), op. cit., pp. 3-17.

⁷⁷Ibid., p. 28.

This brings us to Hutton and Cohen's third theme: studies showing that peasants frequently respond to economic opportunities in a profit-oriented manner. We shall be brief on this issue here because we intend to analyse this point further in chapter three. We argue that the response of the peasants of Ghana to opportunities for making profit have been so progressive that it puts a question mark on the contrary claims of the psycho-social theorists and other functionalists.

Rhoda Howard shows how the traditional cultivators of colonial Ghana, out of their own volition and initiative vigorously responded to opportunities for making profit, by involving themselves in cash-crop growing for export. By doing so, they got integrated into the world capitalist market and thus evolved into peasants.⁷⁸ Polly Hill explains in her classic work on these peasants,⁷⁹ how some migrated from southern Ghana, moving into the forest areas to the North, in groups, acquiring land, and "aggressively" getting involved in "capitalist" farming. She describes further how they got involved in self-financing expansion of farms, reinvestment of capital, management of labour and enhancing access to markets through self-help projects. They constructed extensive road networks connecting the coastal towns to the inland forest belt.⁸⁰ Szereszewski, supporting this view,

⁷⁸Rhoda Howard, "Formation and Stratification of the Peasantry in Colonial Ghana", The Journal of Peasant Studies VIII, 1 (October, 1980), pp. 61-80.

⁷⁹Polly Hill (1963), op. cit.

⁸⁰Polly Hill (1970), op. cit., p. 28. Also R. Szereszewski, Structural Changes in the Economy of Ghana (London: Weidenfeld and Nicolson, 1965), p. 10. For example, Hill notes that "before 1914 the

argued that the aggressive and deliberate strategies of these indigenous peasants generated the tremendous expansion of the Gold Coast cocoa farming between 1891 to 1911, and constituted the principal factor shaping the present economy of Ghana.⁸¹ David Cohen has correctly argued that these findings "have seriously undermined the premise that African production and exchange have been essentially non-economic."⁸²

Therefore we argue that if up till now the forces of production in Ghana appear to be underdeveloped, and the economy is stagnating and even deteriorating, other factors other than peasant conservatism and traditionalism, must be more responsible for that. It is part of the aim of this study to unravel these other factors.

So far, we have described and analysed the various modernization theories of development, which take their roots from the evolutionary thoughts of the nineteenth century. The requirements for modernization cover a wide range including norms, values, motives, personality traits and attitudes; through forms of socialization, break with institutionalized kinship relations, increasing individuation and

Akwapim farmers had hired contractors to build three bridges over the River Densu (being businessmen they recouped their expenses by charging tolls) and a little later they invested at least £50,000 in the building of motorable access roads to Akwapim". And Szereszewski writes that the extensive road network connecting coastal towns to inland forest belt was "a purely indigenous structure, with traditional techniques of transport, exchange and storage".

⁸¹R. Szereszewski (1965), op. cit., passim.

⁸²David William Cohen, "Agenda for African Economic History", Journal of Economic History XXXI, 1 (March 1971), p. 124.

specialization; to above all, the institutionalization of modern bureaucracies and political systems. The conditions cover such vast grounds, encompassing virtually all spheres of life, that no matter how the underdeveloped countries try, once they are failing to advance economically, some loopholes can be found to make the responsibility their own.

We therefore reiterate our argument that these theories are inadequate to explain the root causes of underdevelopment. No one denies the existence of some internal structural constraints to development in these countries. But such constraints are not endemic to these countries, neither is the modern industrial world free of them. All societies exhibit characteristics of both traditionalism and modernism. It is inadequate to explain underdevelopment in terms of only internal factors. Such approaches help to cover up the historical past of these post-colonial countries, and constitute by implication, a flat denial of the negative impact of imperialism and capitalism on these countries.

(v) Rostow's Leading-Sector Growth Stages Approach

This section deals with the implications for the underdeveloped world, of policies based on dual-economy and cultural-diffusionist concepts, originating from Rostow's growth stages approach. To Rostow, all societies, however diverse in their origins and history, can be identified in their economic dimensions, as lying within one of five categories: The traditional society, with "a ceiling on the level of attainable output per head"; the pre-conditions for take off,

when the "traditional society is transformed in the ways necessary for it to exploit the fruits of modern science". The take-off stage, which is "the great watershed in the life of modern societies...the interval when the old blocs and resistances to steady growth are finally overcome"; fourthly, "the drive to maturity"; and lastly, "the age of high mass consumption".⁸³

The stages which are crucial to our work are the second and third stages which are relevant to the underdeveloped world. For these societies, the border-line between these stages and the fourth appear to be virtually impenetrable; for most of them, this represents an almost insurmountable "steep ascent" which frustrates their development efforts. Rostow argues that "...the take-off stage requires the existence and successful activity of some group in the society which accept borrower's risk, when such risk is defined as to include the propensity to accept innovations...and to undertake acts of capital investment...".⁸⁴ This argument clearly does not differ from the premises of the Neo-Evolutionists which we have already analysed. Other aspects however need to be critically examined.

Rostow contends that during this period "growth becomes the normal condition of society and the ratio of production to capital investment and savings in the country varies from 5% to 10% or more of

⁸³W. W. Rostow, The Stages of Economic Growth: A Non-Communist Manifesto (Cambridge: The University Press, 1961), pp. 4-10.

⁸⁴W. W. Rostow, "The Take-Off into Self-Sustained Growth", in Finkle and Gable (eds.), Political Development and Social Change (New York: John Wiley and Sons, 1971), p. 247.

the national income".⁸⁵ There is usually the tendency for most development economists and sociologists to equate modernism with growth in the annual statistical indices of a country. Thereby, the whole reality of the problem of development is sidetracked by reducing it into mere quantitative terms, irrespective of the qualitative aspects. It is common to see the whole development process reduced into G.N.P. per capita income figures, and output per head. For example Lerner argues that,

Modernization is, in my lexicon, the social process of which development is the economic component. If economic development produces rising output per head, then modernization produces the social environment in which rising productivity is effectively incorporated.⁸⁶

We argue that just as a society can modernize its patterns of consumption, and its infrastructure and social services, without a corresponding advance in development, so is it that increases in annual statistical indices are far from enough evidence in developmental terms. We agree with Seers' contention that, "the direct link between such indices and the number living in poverty is income distribution, and that poverty will be eliminated much more rapidly, if any given rate of economic growth is accompanied by declining concentration of incomes".⁸⁷

⁸⁵W. W. Rostow (1961), op. cit., p. 8.

⁸⁶Daniel Lerner, "Comparative Analysis of Processes of Modernization", in Horace Miner (ed.), The City in Modern Africa (New York: Frederick A. Praeger, 1967), p. 21.

⁸⁷Dudley Seers, "The Meaning of Development", International Development Review XI, 4 (1969), p. 3.

It is a truism that there cannot be development without growth, but in the same vein, there can be growth without development. A country's annual G.N.P. or per capita income, or rates of output per head, are mere statistical forms of development potential; they do not constitute development per se. The fact that in the European and American experiences, general economic development was preceded by and accompanied by encouraging sustained growth rate indices, does not make it an automatic and easily achievable universal goal. The concentration of incomes and affluence among a very insignificant proportion of the populations of the petroleum economies of the Third World, and in a few dependent, open African economies like the Ivory Coast and Kenya, leaving the greater majority in abject poverty, do not make them developed countries. We think that for development to be meaningfully realised, it is of prime importance that the gap between the rich and the poor be narrowed substantially.

The second issue to be examined is the concept of Dualist economies. There is a similarity between the polarized dichotomies of the sociologists and Rostow's dual economy concept. Instead of the undifferentiated tradition--modern society, Rostow's stages model introduces transitional stages in between. In order to reach the take-off stage, Rostow places strong emphasis, not on internally initiated and self-sustained efforts, but on "external intrusion by more advanced societies".⁸⁸ In other words, cultural diffusion of the entrepreneurial motive, capital and technology from the advanced West

⁸⁸W. W. Rostow (1961), op. cit., p. 6.

are to be the principal engines of development. Normally, these under-developed countries are expected to benefit tremendously from this. This is the logic behind the diffusionist approach to development.

On the effect of colonialism on these countries, Rostow argues that,

These invasions...shocked the traditional society and began or hastened its undoing; but they also set in motion ideas and sentiments which initiated the process by which a modern alternative to the traditional society was constructed out of the old culture.⁸⁹

Unfortunately however, most of the post-colonial countries, do not seem to have recovered from that deliberately prescribed and administered "shock"; and there does not seem to be any foreseeable signs of the expected transition through cultural diffusion. It seems logical then to argue that the colonial transformation of these societies was more thoroughly negative and damaging than Rostow and others think.

The dual economy and diffusionist approach, has been the basis of policies implemented since the Second World War in the Third World. Firstly, it is based on the assumption that the exportation of western capital and technology into the Third World, would promote economic growth and development there. The emphasis has been on import substitution industrialization, instead of the improvement and diversification of the agricultural bases of these economies. It is expected that by producing manufactured goods which had hitherto been imported

⁸⁹ Ibid.

from the developed west, vital foreign exchange could be saved by importing only machinery, spare parts, know-how and capital. This model is thus based on the misplaced assumption that whatever happened in Europe's transition to the high consumption stage could be successfully duplicated in the Third World, irrespective of the historical, political and technological differences. Rostow himself says that his "confidence in this hypothesis has been strengthened by the pattern of development in Western Europe...where a similar revolution in consumption patterns has palpably been underway, associated with high momentum in a...group of leading sectors, within the Western European economies".⁹⁰

In the Europe of that time, the productive forces in both the agricultural and industrial sectors were relatively far more developed than in the present Third World countries. Moreover there was a substantial group of bourgeoisie with a substantial amount of accumulated capital. Thus, it was possible to concentrate efforts on recognized "leading sectors" which had "certain direct effects on the other sectors by setting up a powerful effective demand for new inputs...(thus providing)...to the economy a wide range of external economic effects, which...spilled over...outside the directly affected sectors".⁹¹ This positive spill-over effect, which is expected "to raise output per head by placing incomes in the hands of enterprising men who will

⁹⁰W. W. Rostow, "The Problem of Achieving and Maintaining a High Rate of Economic Growth: A Historian's View", American Economic Review (Papers and Proceedings) L, 2 (May, 1960), p. 108.

⁹¹W. W. Rostow (1960), op. cit., p. 106.

plough it into highly productive investment, and set up a chain of effective demand for other manufactured products",⁹² in the whole of society, neither happened in Ghana, nor in most other underdeveloped countries.

Rostow has argued that, "At any period of time, the rate of growth in the sectors will vary greatly; and it is possible to isolate empirically certain leading sectors, at early stages of their evolution, whose rapid expansion plays an essential direct and indirect role in maintaining, the over all momentum of the economy".⁹³ Thus in Europe, there were definite leading sectors which could be empirically identified, and not created artificially. In the case of the underdeveloped world, although many were agrarian economies with the peasants' export crops as the main revenue earning source, the agricultural sectors were not identified empirically as the leading sectors. Instead, impressed by the record of industrialization in the west, policy formulators and advisers chose to create artificially, a leading sector in manufacturing, and to largely ignore the agricultural sector.

In Ghana, Professor Arthur Lewis' policy advice to the 1951-1957 transitional government, as indicated in his Report on Industrialization and the Gold Coast⁹⁴ did just that. Lewis' capitalist-

⁹²W. W. Rostow (1971), op. cit., pp. 252-53.

⁹³W. W. Rostow, "The Stages of Growth", Economic History Review XII, 1 (August, 1959), p. 2.

⁹⁴W. A. Lewis, Report on Industrialization and the Gold Coast (Accra, Ghana: Government Printer, 1953).

subsistence dualist model, assumes that most rural folks are unemployed or under employed because there is "surplus labour" or "unlimited supplies of labour" there. Thus, according to his "Import Substitution by Invitation" formula, industries established by foreign capitalist concerns and the state in urban areas would create job opportunities and attract cheap wage labour from the rural areas. So long as this "surplus labour" was not completely absorbed, wages would not rise, and since these enterprises are labour-intensive, higher levels of profits would be generated. Thus further savings, capital accumulation and investment would be realised. The dynamic resultant economic growth would eventually have the desired spill-over effect in the whole economy.⁹⁵ A detailed analysis of what happened in Ghana as a result of this policy between 1951 to 1960 (and ever since) will be made in the fourth chapter.

We will however point out in a general form, the effect of this type of policy in most underdeveloped countries. By largely ignoring the greater majority in the "rural sector" and concentrating on the "urban sector", incomes in the latter sector become higher than in the former sector. Thus, a premature demonstration effect for luxury goods is generated in the cities. The market for otherwise

⁹⁵ See, W. A. Lewis, "Economic Development with Unlimited Supplies of Labour", The Manchester School (May, 1954). Also, W. A. Lewis, "Reflections on Unlimited Labour", in Luis Eugenio Di Marco (ed.), International Economics and Development: Essays in Honour of Raul Prebisch (New York: Academic Press, 1972), pp. 75-96. Also, W. A. Lewis, "The Dual Economy Revisited", The Manchester School XLVII, 1 (March, 1979), pp. 211-29.

essential goods is greatly restricted because the majority live precariously, on the margins of subsistence and do not possess purchasing power. Thus, usually, import substitution is geared towards the production and assembling of luxury goods (by Third World standards) such as beer, alcoholic beverages, tobacco products, foreign durable goods, tinned foods and modern automobiles, to satisfy the demands of the few affluent people.

The cumulative effects of these policies have been disastrous for most underdeveloped countries. While the costs of imported raw materials, machinery, spare parts and luxury goods keep on soaring, revenue derived from export crops is unable to keep pace with it and thus is unable to meet the costs of import bills. Two main reasons account for this: greater increases in consumer demands and unstable and unreliable world market prices for export products. This situation may be better appreciated because of the fact that most of these countries are export-oriented, mono-cultural economies. The urban-based industries, most of which operate under capacity, mainly due to lack of inputs and mismanagement usually incur substantial losses instead of profits. Thus they do not live up to Rostow's theoretical expectation; namely, to generate increasing capital accumulation and investments and add some dynamism to the economy as a whole. The incentives usually given to the Multi-national Corporations for internal investments by the host governments are alleged to create more losses to these countries. Also, there are usually allegations of underhand dealings between these foreign enterprises and local comprador bourgeoisie, to create further losses of internal

revenue and foreign exchange.

Mounting external debts and depleting foreign exchange reserves, are usually followed by stringent economic measures which cut down on the importation of what the governments consider to be luxury items. Even other inputs for industries and agriculture suffer when these measures are taken. High levels of inflation and rising costs of living generally lead to social discontent and political conflicts, usually initiated by the petty-bourgeoisie living in the urban areas. Portes correctly argued that even some countries like Chile and Uruguay, which managed to establish modern democratic institutions ran into political problems which eroded their democratic orientation, when faced with economic stagnation. He argues that,

Scarcity and frantic competition for national resources conspire against the political moderation and willingness to compromise that are prerequisites to democracy.⁹⁶

In chapter four, we shall provide historical evidence to show parallels between these general trends and what happened in Ghana between 1945 to 1966.

The modernization approach to the study of the problems of underdevelopment is ahistorical in the sense that it does not take into account the objective past historical events which shaped the present post-colonial nation-states. It emphasises a static notion of the development problem and overconcentrates on internal psychological, and cultural variables to explain the problem of underdevelopment,

⁹⁶ Alejandro Portes (1973), op. cit., p. 257.

while ignoring external factors such as the role of foreign capital in these countries. Moreover the model is based on the misplaced assumption that whatever happened in Europe's transition to the present high consumption stage could be successfully duplicated in the Third World today, irrespective of the fact that these countries have different historical and cultural backgrounds. Hence policies formulated on this model fail to achieve the desired results, and rather worsen the economic and political conditions of the underdeveloped countries. It is on these bases that we categorically reject this model because it is inadequate for our purpose of analysing Ghana's problems of underdevelopment and dependence, in this study.

CHAPTER TWO

THE THEORETICAL FRAMEWORK

THE UNDERDEVELOPMENT OR DEPENDENCY THEORY

1. Introduction

Dependency theory, which will be the framework of analysis in this study, was basically formulated as a critique of the inability of orthodox theories to explain the causes of the economic backwardness of Latin America. It was meant to offer a historical, dialectical explanation of how capitalist penetration into those areas resulted in their underdevelopment and increased dependency on foreign capital. This chapter will be devoted to analysing this theory.

(i) The Marxist-Leninist Origins

The purpose of the western theories of development is limited to revealing the nature of those extra-economic variables which in the ultimate analysis are responsible for the rate of growth of production, and also to identify those exogeneous variables which disrupt growth.¹ The crucial defect of this framework is that it ignores the historic dimensions of economic development. Some critics view this anomaly as the major reason why policies formulated on the basis of the dualistic-diffusionist approach, fail to promote development in the Third World.

¹Celso Furtado, Development and Underdevelopment (Berkeley and Los Angeles: University of California Press, 1964), p. 115.

Most Marxist-oriented social analysts identify the crucial historical phenomenon which is ignored by the orthodox theorists, as the epoch of imperialism, during which period western capitalism expanded and reached far into the Third World. They argue that the integration of these areas during the colonial period into the world capitalist system, had more lasting negative than positive effects on these colonies.

The basic argument is that this imperialist expansion disrupted and distorted the economic and cultural structures of the colonies. It produced a new world division of labour and specialization, involving trade patterns controlled by, and therefore benefiting, the western world at the expense of the Third World. Capitalist penetration also created "hybrid structures, part tending to behave as a capitalist system, part perpetuating the features of the previously existing system".² Paradoxically, the export-crop producing sectors, which serve the interests of the world capitalist market and which support most of the economies of the Third World, display these characteristics distinctly.

It is these factors which are held to be the main cause of the underdevelopment of these countries. Therefore, it is incorrect to expect policies based on the unique experience of the West to succeed since "Underdevelopment...is a discrete historical process" through which these highly developed countries of the west never passed".³

²Ibid., p. 129.

³Ibid.

From this perspective most contemporary "Marxists" have criticised their mentor for being as Eurocentric as the orthodox theorists. This is because he expected capitalism to revolutionize the productive forces of the colonies and thereby promote industrialization and hence, economic development throughout the world, on the European model.⁴ In the Communist Manifesto (1848) for example, Marx and Engels argue that,

The bourgeoisie by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most barbarian nations into civilization...It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, ie., to become bourgeois themselves. In one word, it creates a world after its own image.⁵

Another statement which makes his followers uncomfortable the more, appears in his preface to the first German edition of Volume I of Capital (1867):

The country that is more developed only shows to the less developed, the image of its own future.⁶

This is because this statement seems, at least on the surface, to

⁴See for example, Kenzo Mohri, "Marx and Underdevelopment", Monthly Review CXXX, 2 (April, 1979), pp. 32-42; B. Sutcliffe, "Imperialism and Industrialization in the Third World", in Owen and Sutcliffe (eds.), 1977, op. cit., pp. 180-81; and Horace Davis, "Capital and Imperialism; a landmark in Marxist Theory", Monthly Review XIX (Sept., 1967), pp. 14-21.

⁵Karl Marx and F. Engels, The Communist Manifesto (Harmondsworth, Middlesex: Penguin Books Ltd., 1979), pp. 8-9.

⁶Karl Marx, Capital I (New York: International Publishers, 1967), pp. 8-9.

justify the main position of the modernization theorists which contemporary Marxists disagree with.

De Viney and John Crowley, argued that, "The oft-cited statement by Marx: 'The country that is more developed industrially only shows to the less developed the image of its own future', remains the central thesis of modernization theory".⁷ In fact, some modernization theorists actually boldly quote this to support their viewpoint. For example, Daniel Lerner, one of the well-known Neo-Evolutionists stated that,

The hope is that, in the third post-war decade, the enriched sense of alternatives derived from more developed foreign countries will help Africans to select a more workable image of their own development. This was the key idea that Karl Marx tried to express when he wrote in his preface to Capital: "The more developed society presents to the less developed society a picture of its own future".⁸

This is the basis for the discomfiture of Marxists like Kay who argued that,

...in so far as its general historical perspective is that the historical role of capitalism is to develop men's productive forces to a hitherto unprecedented extent, Marxist theory is difficult to reconcile with the existence of world-wide underdevelopment brought about by capitalism.⁹

Contemporary Marxists actually condemn imperialist expansion and

⁷ Stanley De Viney and John Crowley (1978), op. cit., p. 23.

⁸ Daniel Lerner (1967), op. cit., p. 38.

⁹ G. Kay (1975), op. cit., p. 12.

colonization as involving both exploitation and retardation of development.¹⁰

The second issue about which most acclaimed Marxists have expressed deep concern is the fact that despite the voluminous works of Marx, he seemed to have paid relatively little attention in his major works to the economic plight of the colonial territories, whilst concentrating chiefly on the historical development and inherent contradictions of western capitalism. Thus, O'Connor for example, complains that, "In the three volumes of Capital, apart from the brief concluding chapter of volume one, there are only two or three references to the economics of colonialism".¹¹ While admitting that "Marx's approach to pre-capitalist formations is a relatively superficial one",¹² Claude Meillassoux seems to defend it on the grounds that,

Marx's approach to the study of pre-capitalist formations is mainly centered around the demonstration of the historicity of capitalism. His foremost purpose is to show that capitalism is a product of history, that it was preceded by other types of economic formations, and that it is bound to give way in turn, to a different one....It was

¹⁰ See for example, Paul Baran, "On the Roots of Backwardness", in P. Baran, The Political Economy of Growth (Harmondsworth, Middlesex: Penguin Books Ltd., 1978), p. 273.

¹¹ James O'Connor, "The Meaning of Economic Imperialism", in Robert I. Rhodes (ed.), (1970), op. cit., p. 107.

¹² Claude Meillassoux, "From Reproduction to Production: A Marxist Approach to Economic Anthropology", in Harold Wolpe (ed.), The Articulation of Modes of Production: Essays from Economy and Society (London: Routledge and Kegan Paul, 1980), p. 192.

not Marx's intention to analyse the pre-capitalist formations from within, but rather to discover their distinctive features and their succession.¹³

Kay also defends it on historical grounds. He argues that, "Classical Marxist writings do not appear to have very much to say on the subject, as the problem of underdevelopment was scarcely foreseen let alone analysed in the nineteenth century".¹⁴

We argue that because Marx pays relatively scant attention to the reality of the underdevelopment problem, it does not follow that one cannot use Marx's basic conceptual framework to rigorously analyse the reality of underdeveloped societies. For example some attempts have been made to situate the problems of underdevelopment in the sphere of production based on the concept of "the relationship or articulation between the capitalist and other modes of production in the Third World".¹⁵ The basis for this framework is that the "external imposition" of capitalism on the Third World, after initially disrupting the "natural economy",¹⁶ did not revolutionalise the forces of production, but rather left "hybrid structures" with the pre-capitalist modes existing side by side with the capitalist mode.

¹³Ibid.

¹⁴Geoffrey Kay (1975), op. cit., p. 10; also, Bob Sutcliffe (1977), op. cit., pp. 180-85.

¹⁵Harold Wolpe (ed.), (1980), op. cit., p. 1.

¹⁶See Barbara Bradby, "The Destruction of Natural Economy", in H. Wolpe (ed.) (1980), ibid.

However, the capitalist relations of production held sway. Those who subscribe to this framework claim its Marxist origin on these grounds: (1) Marx's emphasis on the primacy of relations of production over relations of exchange (we shall come back to the debate this engendered later); (2) from certain scattered quotations in Marx's works, that suggest, at least implicitly, that Marx was aware of this phenomenon.

One such example is the following:

The capitalist regime has either directly conquered the whole domain of national production, or, where economic conditions are less developed, it at least, indirectly controls those strata of society which, though belonging to the antiquated mode of production, continue to exist side by side with it in gradual decay.¹⁷

and (3) that this is the reality of the situation as obtains in the Third World. In other words, capitalism did not fully capitalise all pre-capitalist modes of production, at least during the colonial era.

Other critics argue that because the proletariat and the bourgeoisie constitute the focal point of Marx's materialistic and dialectical conception of world history; and because he expected all other social classes to gradually disappear, he seemed to think of other classes as transitory, conservative and without relevance to world history. For example, in 1848, Marx argued that,

Of all the classes that stand face to face with the bourgeoisie today, the proletariat alone is a revolutionary class. The other classes decay and finally disappear in the face of modern industry; the proletariat is its special and essential product.¹⁸

¹⁷Karl Marx, Capital I (Moscow: Foreign Languages Publishing House, 1961), p. 765.

¹⁸K. Marx and F. Engels (1979), op. cit., p. 91.

He is even more critical of the rural class (the peasants who form the bulk of the colonial and post-colonial societies in the third world). Marx criticised the nineteenth century French small-holding peasants as inward-looking people; with only localised kinship attachments at the village level, and with no national or political bonds. They are variously labelled, "a class that represents the barbarism within civilisation", "conservative", "unrevolutionary", "superstitious" and "living in stupefied seclusion". They are likened to "a sack of potatoes", and their action is described as an "undecipherable hieroglyphic to the understanding of the civilised".¹⁹ Thus,

They are incapable of enforcing their class interests in their own name, whether through a parliament or a convention. They cannot represent themselves; they must be represented.²⁰

The peasantry is a class-in-itself; not a class-for-itself. It is only the proletariat which can develop to the high level of class-consciousness which can transform it into a class-for-itself. To Marx therefore, neither the peasant nor his system was compatible with progress and development. Marx had viewed with great interest

¹⁹K. Marx, "Peasantry as a Class" in T. Shanin (ed.), Peasants and Peasant Societies (Harmondsworth, Middlesex: Penguin Books Ltd., 1975), pp. 229-37. See also, T. Shanin, "Peasantry as a Political Factor", Sociological Review XIV, 1 (1966), pp. 5-27.

²⁰T. Shanin (1975), op. cit., pp. 230-31. Also David Mitran, Marx Against the Peasants (Carolina: The University Press, 1951), especially Chapters 1-3; also, Michael Duggett, "Marx on Peasant", Journal of Peasant Studies II, 2 (January, 1975); and E. J. Hobsbawn, "Peasants and Politics", Journal of Peasant Studies I (Oct., 1973).

the gradual proletarianization of the peasants of Europe in the nineteenth century. He had expected colonialism and capitalism to do the same in other parts of the world. This never happened.

Even his characterization of the Asiatic mode of production, as relatively static and unchanging, and lacking the requisite internal dynamism to effect rapid social change,²¹ is based on his conception of the strictly rural and peasant populations of the oriental areas. Hence,

in so far as the non-European world is being changed in the direction of capitalism, this occurs...because of the impact of western bourgeois society, not as a consequence of the internal development of the Asiatic mode of production or through the agency of internal social forces.²²

It is interesting that the disappearance of the peasants has not occurred, and is unlikely to do, at least in the foreseeable future. His description of the peasants as conservative and unrevolutionary is incompatible with the numerous, mostly spontaneous but effective, peasant uprisings and rebellions in the nineteenth and twentieth centuries.²³ It does not agree with the fact that most of the

²¹See Shlomo Avineri (ed.), Karl Marx on Colonialism and Modernization (New York: Doubleday and Co. Inc., 1968), the introduction.

²²Shlomo Avineri (ed.), (1968), ibid., pp. 5-6.

²³See for example, Eric Robert Wolf, The Peasant Wars of the Twentieth Century (London: Faber and Faber, 1969); E. R. Wolf, Sons of the Shaking Earth (Chicago: University of Chicago Press, 1961); and, Eric J. Hobsbawn, Primitive Rebels: Studies in Archaic Forms of Social Movement in the Nineteenth and Twentieth Centuries (New York: W. W. Norton and Co., 1959).

revolutions of the twentieth century have occurred in the Third World countries, with the overwhelming majority of their populations comprising peasants and other rural dwellers.

We have observed however, that Marx's position on the impact of colonialism on the Third World, had been shifting with time, as to be justifiably described as ambivalent. For example, by 1853 when writing in the New York Herald Tribune on India, he argues that, "(England will) fulfill a double mission: one destructive, the other regenerating--the annihilation of the old Asiatic society, and the laying of the foundations of western society in Asia".²⁴ Later in the 1860s however, he writes that Ireland "has been stunted in its development by the English invasion and thrown centuries back....By consistent oppression (the Irish) have been artificially converted into an utterly impoverished nation."²⁵ And that, "everytime Ireland was just about to develop herself industrially, she was 'smashed down' and forced back into a mere 'agricultural country'". The only industry that enjoyed a miserable prosperity in Ireland was the "coffin-making" industry.²⁶ Thus between 1848 when the Communist Manifesto was published, and 1867 when Capital Volume I was published, we notice an increasingly critical view by Marx on the question of capitalism and

²⁴Quoted by M. Barrat Brown, "A Critique of Marxist Theories of Imperialism", in Owen and Sutcliffe (1977), op. cit., p. 46.

²⁵Quoted in A. Foster-Carter (1973), op. cit., p. 10.

²⁶Quoted in Kenzo Mohri (1979), op. cit., p. 36.

underdevelopment in the non-industrial countries.²⁷

Marx's concept of the tendency for capitalism to expand to global proportions; his notion of capital accumulation and concentration; his theory of value and appropriation of surplus value from labour; his idea of the exploitative and destructive nature of capitalism; his economic and dialectical interpretation of history; his view of the tendency for the rate of profit to fall in capitalism; his idea of social contradictions and class struggles; and his notion of the increasing polarization of social classes and future world proletarian revolution and the ushering in of world socialism, have remained the cornerstone of various theories of imperialism of the early twentieth century and the various shades of underdevelopment theories since the Second World War.

(ii) Theories of "Imperialism"²⁸

The theories of imperialism as propounded by Lenin, Luxemburg, Hilferding and others, generally conformed to the conceptual framework

²⁷For his views in 1848 refer, pp. 55 above; cf. "The discovery of gold and silver in America, the extirpation, enslavement and entombment of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of blackskins, signalled the rosy dawn of capitalist production", in K. Marx, Capital (1906), quoted in Horace B. David (1967), op. cit., p. 18.

²⁸Although various forms of imperialism predate the 19th century classic epoch of imperialism which culminated in formal colonial rule of the precapitalist societies, our use of this concept would be mainly limited to this period and thenceforward.

of Karl Marx. Some of the features highlighted by them include among others, the influence of Marx's pre-1860s view of the progressive nature of the export of capital and technology to non-industrialized areas; the tendency of capitalism to expand beyond its original territory; the exploitative relations between the imperial centres and the underdeveloped periphery; the economic interpretation of imperialism; and, the tendency to equate imperialism with exploitation. Their most important contribution however, is the characterization of the epoch of imperialism as a definite stage in the expanding trend of capitalism.

They have also generated some controversies on which general agreement has since, not been reached even among Marxists. For example, their theories contain, either explicitly or implicitly, a view that without colonial and post-colonial economic relations and exploitation of the non-industrialized world, capitalism could not have survived. In other words, that the Third World is of crucial importance to the economic survival of western capitalism. Some justify this by pointing to the increasing militarism and subversionist activities of the United States in particular, in the Third World since the Second World War. Others are convinced for instance, that the mounting economic problems of Britain since the war is due to the achievement of independence of most of her colonies and the demise of the British Empire. Secondly, their virtually economic interpretation of imperialism and their tendency to equate imperialism with exploitation are also severely criticised by rightist-social analysts.²⁹ We do not intend to

²⁹ See for example, Harry Magdoff, The Age of Imperialism: The

get involved in these debates here but will discuss them where necessary in relation to the historical evidence we have on Ghana, in Chapters 3 and 4.

Since there are various shades of the interpretation of imperialism by Non-Marxist and Marxist writers, alike, we would rather analyse the positions of Hobson, Luxemburg and Lenin in order to give a broad spectrum of the general approach.

John Atkinson Hobson, a liberal, described by Koebner as "a great advocate for a co-ordination between economic effort and social progress",³⁰ surprisingly gave a rather pseudo-Marxist interpretation to the phenomenon of imperialism.³¹ In his book, Imperialism, A Study (1902), he put forward an essentially economic interpretation, but his use of this approach for advocating for social reforms within the capitalist system, gave it a non-Marxist character. For example, he argues that,

The struggle for markets, the greater eagerness
of producers to sell than of consumers to buy,

Economics of U.S. Foreign Policy (London and New York: Montly Review Press, 1969). Also, S. M. Miller, Roy Bennett and Cyril Alapatt, "Does the U.S. Economy Require Imperialism?", Social Policy I, 3 (Sept./Oct., 1970), pp. 13-19; and Harry Magdoff, Imperialism: From the Colonial Age to the Present (New York and London: Monthly Review Press, 1978), pp. 237-61.

³⁰ Richard Koebner, "The Concept of Economic Imperialism", The Economic History Review XI, 1 (1949), p. 3.

³¹ Other non-Marxists usually, either ignore completely the economic aspects or downplay it into insignificance. Joseph Schumpeter for example, in his book, The Sociology of Imperialism (1919), gave a subjective or psychological explanation, denying flatly any connection between capitalism and imperialism.

is the crowning proof of a false economy of distribution. Imperialism is the fruit of this false economy; social reform is its remedy.³²

Hobson argued that the unequal distribution of incomes, with a concentration of capital in the hands of a few capitalists, meant that more goods will be produced than the mass of the people can buy for the capitalists to make profit. This would not encourage further investments in the economy. The result was that the extra capital lying idle made overseas exportation of capital, a necessity. According to him,

It is not industrial progress that demands the opening up of new markets and areas of investment, but mal-distribution of consuming power which prevents the absorption of commodities and capital within the country.³³

Thus to him, capitalists had no alternative but to export capital to the non-industrialized world for investment, since the "economic taproot of imperialism",³⁴ lay in the export of capital in search of investment opportunities that were declining at home. This concept of capital exportation is a central theme in Lenin's theory of imperialism.

Trevor Lloyd argues that Hobson was of the strong opinion,

that higher profits could be made outside England than inside because the maldistribution of wealth inside England led to a deficiency of demand, or

³²J. A. Hobson, Imperialism, A Study (Michigan: The University Press, 1967), p. 87.

³³Ibid., p. 85.

³⁴Ibid., chapter three.

under-consumption; that the prospect of higher profit led to foreign investment; and that foreign investment led to the acquisition of colonies.³⁵

Hobson's social reform package was that a fairer distribution of incomes in England could raise the general standard of living, rejuvenate internal markets and discourage the rush for external markets and investment outlets. He argued that,

It is idle to attack Imperialism or Militarism as political expedients or policies unless the axe is laid at the economic root of the tree, and the classes for whose interest Imperialism works are shorn of the surplus revenues which seek this outlet.³⁶

Hobson was apparently worried that the export of capital to the colonial territories could lead to the rapid development of the forces of production there, and may pose a threat to the industrial supremacy of the west. This sounds very much like Marx's pre-1860s view of the progressive nature of the export of capital and technology to the colonies. But as Evans has rightly argued,

Industrialization on the periphery has not proven as threatening to the interests of centre country capital as Hobson expected. The development of Multinational Corporations has enabled international capital to retain greater control over third world factories than Hobson could have imagined.³⁷

³⁵Trevor Lloyd, "Africa and Hobson's Imperialism", Past and Present LV (May, 1972), p. 134.

³⁶J. A. Hobson (1967), op. cit., p. 93.

³⁷Peter Evans, Dependent Development: The Alliance of Multi-national, State, and Local Capital in Brazil (Princeton, New Jersey: Princeton University Press, 1979), p. 15.

Rosa Luxemburg puts forward another economic and under-consumptionist interpretation of imperialism, with a revolutionary appendage. She argues that capitalism is forced by unfavourable circumstances in the "core" areas to expand into the "peripheral" areas until such a time that the whole world becomes capitalist. Then comes the relevance of Marx's vision of the world revolution, since the proletariat would be pitched against the bourgeoisie on a world-scale in a decisive class struggle, fatal for the capitalist system. This will lead to a world socialist system. She in effect, expects a mechanical breakdown in the world capitalist system.³⁸

She assumed a closed, self-contained market in which consumption will be overtaken by investment because "the markets provided by workers and capitalists are insufficient to support investments in expanded capacity (accumulation)".³⁹ From this she came to the questionable conclusion that since "accumulation is impossible in an exclusively capitalist environment...capital (should) expand into non-capitalist strata and nations" and squeeze them out, until "... further expansion of capital, becomes impossible".⁴⁰ To her, "though

³⁸For this she has been criticised by many Marxists. The substance of their criticism is typified by Otto Bauer's argument against her that, "Capitalism will not collapse from the mechanical impossibility of realising surplus value. It will be defeated by the rebellion to which it drives the masses...". Quoted by Luxemburg and Nikolai Bukharin, in Imperialism and the Accumulation of Capital (London: Allen Lane, The Penguin Press, 1972), p. 149.

³⁹Harry Magdoff, Imperialism: From the Colonial Age to the Present (London and New York, 1978), pp. 263-64.

⁴⁰R. Luxemburg and N. Bukharin (1972), op. cit., pp. 145-46.

imperialism is the historical method for prolonging the career of capitalism, it is also a sure means of bringing it to a swift conclusion...".⁴¹ We argue that it is the wrongness of Luxemburg's initial assumption of a closed capitalist market and her inability to foresee the tenacity of the capitalist system, which led her to make these hasty conclusions.

What is more relevant to our analysis is the underconsumptionist standpoint which leads most Marxists to think that the capitalist West cannot survive without maintaining economic ties with the Third World. The growing evidence that the developed nations trade among themselves more than the underdeveloped nations; the increasing manufacturing of synthetic substitutes for some of the traditional commodities imported from the underdeveloped world; and, the increasing evidence that underdeveloped countries rather depend more on aid from the developed countries in order to survive, suggest that this argument is hard to substantiate today, though the initial imperialist and capitalist expansion into colonial areas may support such an assumption. Secondly, we realise the congruence between Marx's (pre-1860s) expectation that capitalist expansion into and incorporation of the third world into the capitalist system, would lead to a revolutionization of the forces of production throughout the world. We have already pointed out that this expectation has not come to pass, and judging from trends, may not occur, at least for a long

⁴¹R. Luxemburg, The Accumulation of Capital (London: Routledge and Kegan Paul, 1951), p. 446.

time to come. Capitalism has not led to development; it has rather contributed to "stunted, distorted and stagnant" development in the Third World.

V. I. Lenin argues that (economic) imperialism is a necessary by-product of capitalism, and that it was "the highest stage of capitalism".⁴² He identified this latter stage as the monopoly stage when there was increasing concentration of accumulated capital in the hands of the western financial bourgeoisie, through the fusion of bank and industrial capital, forming finance capital. Large industrial combines and cartels were formed. The chief characteristic of the monopoly stage is that surplus capital has to be exported into foreign areas for investment. It is to Lenin's credit that he foresaw the development of monopoly capitalism, but it was left for the under-development theorists of the 1960s to extend this concept to include and cater for the new peculiar mechanisms of the Multinational Corporations in the underdeveloped areas.

According to Lenin, "A foreign market is needed because it is inherent in capitalist production to strive for unlimited expansion".⁴³ Lenin argued that since the western capitalist monopolies would compete for markets, investment areas and sources of raw materials, the non-industrialised countries would be partitioned and shared among

⁴²See V. I. Lenin, Imperialism, the Highest Stage of Capitalism (Peking: Foreign Languages Press, 1975).

⁴³V. I. Lenin, "A Characterization of Economic Romanticism", in V. I. Lenin, Collected Works II (Moscow: Foreign Languages Publishing House, 1960), p. 164.

themselves. Hence, colonial rule became inevitable. He thus saw an organic unity between capitalism, imperialism and colonialism. He also saw the relationship between the colonial powers and the colonies as economically exploitative and politically oppressive, because of the monopoly of capital by the west. He argued that,

...capitalism has grown into a world system of colonial oppression and of the financial strangulation of the overwhelming majority of the population of the world by a handful of advanced countries.⁴⁴

He called the profits made by western capitalists in the "periphery" "super profits" because they are "obtained over and above the profits which capitalists squeeze out of the workers of their own countries",⁴⁵ due to the yawning gap between wage rates in the two spheres. It is this idea which led to his formulation of the labour aristocracy thesis. In 1907, at the Stuttgart Congress on Social Colonial Policy, Lenin noted that "thanks to colonialism the European proletariat has partly reached a situation where it is not its work that maintains the whole of society but that of practically enslaved natives of the colonies".⁴⁶

Most of the concepts of the dependency (or underdevelopment theorists), such as metropolis-satellite relations (A. G. Frank); core-periphery relations (S. Amin); the world system approach (E.

⁴⁴V. I. Lenin (1975), op. cit., p. 5.

⁴⁵Ibid., p. 9.

⁴⁶A. Foster Carter (1973), op. cit., p. 14.

Wallerstein); unequal exchange (A. Emmanuel); the idea that workers of the "core" collude with their capitalists to exploit the workers and peasants of the "periphery", the general thesis of international relations of dominance, subordination and exploitation; and the structural nature of dependence and underdevelopment, as caused by capitalist penetration into and integration of the underdeveloped societies into the world capitalist system, have their roots in the Marxist-Leninist theories analysed above. This is the basis for their being termed Neo-Marxists, which some traditional Marxists refuse to recognize.⁴⁷ The controversies and debates generated by these concepts and issues would be examined in the next section.

(iii) The Main Thrust of Dependency Theory

The basic argument of dependency theory is that the process of capitalist accumulation and imperialist expansion into precapitalist areas took place at the expense of the underdeveloped countries through exploitation.⁴⁸ It is further argued that it disrupted and distorted the pre-colonial economic structures, and imposed the capitalist relations of production and exchange. It re-oriented the partly or

⁴⁷See Ernesto Laclau, "Feudalism and Capitalism in Latin America", in E. Laclau, Politics and Ideology in Marxist Theory (London: Verso Edition, New Left Books, 1979), pp. 15-50; and A. G. Frank, "Dependence Is Dead, Long Live Dependence and the Class Struggle", Latin American Perspectives I, 1 (Spring, 1974), pp. 87-106, especially pp. 97-98.

⁴⁸Robin Lim, "The Phillipines and the Dependency Debate", Journal of Contemporary Asia VIII, 2 (1978), p. 196.

wholly self-sufficient economies of agricultural countries towards production of marketable commodities. This created export-oriented (mainly mono-cultural) economies producing raw materials for the industries of the metropolitan centres and turned them into markets for the manufactured goods from the metropolis.

Harry Magdoff summarizes the effects of these imposed changes on the underdeveloped countries. He argues that it made them depart from the paths of development that require independence and self-reliance. Thus they lost their economic self-sufficiency, and became dependent on exports for economic viability. This left them to the vagaries of the world capitalist market. He concluded that,

Their industrial structures become adapted to the needs of supplying specialised exports at prices acceptable to the buyers, reducing thereby such flexibility of productive resources as is needed for a diversified and growing economic development.⁴⁹

The New Dependency

Dos Santos, delineates three stages of dependency; the colonial dependency, financial-industrial dependency, and technological-industrial dependency.⁵⁰ "Colonial dependency characterized the relations between Europeans and the colonies whereby a monopoly of trade complemented a monopoly of lands, mines, and manpower in the

⁴⁹Harry Magdoff, "The American Empire and the U.S. Economy" in Robert I. Rhodes (ed.) (1970), op. cit., p. 38.

⁵⁰See Theotonio Dos Santos, "The Structure of Dependence", American Economic Review LX (May 1970), pp. 231-36.

colonized countries".⁵¹ Financial-industrial dependency is characterized by export of capital from centre to periphery for investment in the production of raw materials and agricultural products for consumption in the centre. It was at this period that the export, foreign-oriented economies took firm roots.

The new dependency is based on economies of the Third World, dominated by the activities of the world integrated multi-national corporations. Industries are geared towards import substitution industrialization for the home market. But the industrial plants are mainly oriented towards the production of consumer durables and assembly plant industries, mainly to satisfy the consumption patterns of the few affluent members of the society. Increased import bills of capital goods (machinery and spare parts), raw materials, technical skills, are usually well over and above export earnings delicately "conditioned by the exigencies of the international commodity and capital markets".⁵² The neglect of agriculture also results in local food shortages which compels these agricultural countries to import food from abroad.

The result is usually balance of payment problems. Further negotiations are made for foreign loans (mostly with strings attached) to service foreign debts and to foot increasing import bills. This

⁵¹Ronald H. Chilcote, "A Critical Synthesis of the Dependency Literature", Latin American Perspectives I, 1 (Spring 1974), p. 15.

⁵²Dos Santos (1970), op. cit., p. 232.

is usually accompanied by shortage of goods and services with negative social and political repercussions.

It is also argued that over-generous incentive policies meant to attract foreign investments, such as the transfer of profits, and also other financial and trade malpractices, result in net outflow of capital from the underdeveloped countries. These are held to increase financial, technological and industrial dependency. Furtado correctly argues that,

Once the dependence has been created, the doors are open to the introduction of all the forms of economic exploitation which typify the relationships between underdeveloped and developed countries.⁵³

(iv) The Major Concepts of Dependency Theory

There are two purposes of the formulation of the dependency theory. Firstly, it is meant to act as a critique of orthodox theories of development. Critics have pointed, among other things to its neglect of the historical past of colonised areas (on the assumption that pre-colonial societies were static entities) and its lack of historical specificity. They also point to its lack of class analysis and structural contradictions because of its assumption of the harmonious and orderly manner in which societies develop. Lastly, they argue that it neglects the spatial dimensions of the process of development. While emphasising the overall growth of the economy, it fails to pay

⁵³Celso Furtado (1974: 4-5) quoted in R. H. Chilcote (1974), op. cit., p. 16.

much attention to the regional disparities and unequal distribution of the product of societies, generated by the impact of capital diffusion and monopoly capitalism in the underdeveloped world.

Secondly, dependency theory is meant to counteract the claim that there was a net export of capital from the developed centres to the less developed colonies, and that this would have a positive effect of developing the forces of production in these societies. This was explicit and implicit in various shades of functionalism and Marxist-Leninist theories. Mabogunge correctly argues that,

Whatever the merit of this thesis, the reality of imperial expansion showed the opposite tendencies. Colonial territories proved to be net exporters rather than net receivers of capital. So called "colonial development" was characterised more by asset stripping than investment.⁵⁴

These societies were thus exploited of their resources for the benefit of the metropolitan centres.

Underdevelopment

It is argued that after destroying or distorting the "natural economies" and cultures of the colonies, the imperial powers shaped them into virtually mono-cultural economies, specialising in the exploitation of agricultural crops and other raw materials, to feed industries of the metropolitan centres. Their economies were thereby open to the vagaries of the world capitalist market, controlled and manipulated by the imperial powers to their own advantage. By leaving them as non-

⁵⁴ Akin L. Mabogunge, The Development Process, a Spatial Perspective (London: Hutchinson and Co. Publishers Ltd., 1980), p. 44.

industrialized, agrarian countries, they became markets for the manufactured commodities produced in the developed countries. The term underdevelopment is thus used to refer to the "self-perpetuating processes (and) self-producing structures produced and their results",⁵⁵ which have persisted even into the post-colonial era. A basic characteristic of the concept of underdevelopment is thus its external causality. As Cardoso has argued,

Underdevelopment is seen not merely as a process which is concomitant of the expansion of mercantile capitalism and recurs under industrial capitalism; but as one which is actually generated by them.⁵⁶

And like its counterpart concept-dependency--it is considered to be an almost permanent phenomenon under capitalism, and that the roots developed by it can only be destroyed through a revolutionary break into socialism.

Dependency

The term dependency, considered to be a result of the processes of underdevelopment, is generally applied to the non-autonomous nature of the development process. Santos argues that the phenomenon of dependence, "deepens and aggravates the fundamental problems"⁵⁷ of

⁵⁵Colin Leys, "Underdevelopment and Dependency: Critical Notes", Journal of Contemporary Asia VII, 1 (1977), pp. 92-3.

⁵⁶F. H. Cardoso, "The Consumption of Dependency Theory in the United States", Latin American Research Review XII, 3 (1977), p. 13.

⁵⁷Dos Santos (1970), op. cit., p. 231.

underdevelopment. It is argued that the economies are so structured that they can only depend on external aid for mere survival. And since this is a relationship of exploitation, this condition of dependence would persist unless there is a sudden break with the capitalist system. Then the socialist system could be oriented towards restructuring all the institutions which perpetuate dependence, and policies directed towards self-reliant, self-sustaining development efforts. The new situation would ensure that "major economic policies, institutions, objectives, goals and outcomes are (no more) constrained and...compelled by the independent and unilateral decisions of their leading industrial trading partners...".⁵⁸ Lastly, the concept is essentially directed at the post-colonial era.

Dos Santos offers the clearest conceptualization of dependence.

He defines it as,

a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. The relation of interdependence between these ~~and world trade assumes the form of dependence~~ when some countries (the dominant ones) can expand and be self-sustaining, while other countries (the dependent ones) can do this only as a reflection of that expansion, which can have either positive or negative effects on their immediate development.⁵⁹

Thus a situation of dependence, sets limits to possibilities of where

⁵⁸William John Oyaide, The Role of Direct Private Foreign Investment in Economic Development: A Case Study of Nigeria, 1963-1973 (Washington, D.C.: University Press of America, 1977), p. 13.

⁵⁹T. Dos Santos (1970), op. cit., p. 231. Emphasis ours.

the underdeveloped countries can go in their development effort. The relations between core and periphery is also one of dominance and subordination, especially in international trade. One aspect of this definition is its pessimistic outlook on the possibility of self-sustained development under capitalism. The controversy this has generated would be discussed later.

Development

The term development as conceptualised by the dependency theorists, emphasises self-initiated and self-sustained development. This is an out-come of the failure of diffusionist policies based on the performance of multinational corporations and import substitution industrialization in the underdeveloped countries. The type of socio-economic changes engendered by these policies have rather plunged these countries further into underdevelopment and dependency. Instead of bridging the gap between developed and underdeveloped countries, it has widened the gap considerably. Moreover, within these countries, the economic gap is further widened between the few rich people and the poor majority. It has also created regional disparities within these countries. Thus, the concept of development refers, not only to national economic growth and modernization. It must ensure distributive justice, and socio-economic transformation.⁶⁰ Anything short of the last two, is not development and can even lead to further underdevelopment and dependency. As Dudley Seers has argued,

⁶⁰ See Akin L. Mabogunge (1980), op. cit., chapter 2, pp. 36-50.

A country's level of development can be identified by the degree to which poverty, unemployment and marginality exist....If all three of these have declined from high levels, then beyond doubt there has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result "development" even if per capital income doubled.⁶¹

We subscribe to this notion of development, which emphasises not just the raising of per capita income but, more essentially, the reduction of poverty among the greater majority of the people in a country.

(v) The Main Features of Dependency Theory

The Historical Approach

Four conceptual features stand out as the main features of the dependency theory. The first one is the historical approach which argues that contrary to the orthodox theorists, underdevelopment was not an original state before colonial rule. The pre-colonial societies might have been undeveloped, relative to the then European standards, but were not static entities before the advent of colonial rule. They were developing in their own right and at their own pace.⁶² It would be unrealistic to begin questioning whether these societies could have developed anyway, independent of formal colonial rule, since this was

⁶¹Dudley Seers, "The Meaning of Development", International Development Review XIX, 3 (1977), pp. 2-3. See also Dudley Seers, "The New Meaning of Development", in David Lehmann (ed.), Development Theory: Four Critical Essays (London: Frank Cass and Co. Ltd., 1979), pp. 9-30.

⁶²Refer. A. G. Frank (1969), op. cit., pp. 3-17.

not allowed to happen. What is relevant is that traditional structures and institutions (economic, cultural and political) were either completely destroyed or distorted to suit the interests of the metropolis. The underdevelopment of these societies was a consequence of their incorporation into the world capitalist system.

Totality

The second feature is the concept of totality, which takes roots from two main sources. The first is the Hegelian-Marxian concept of totality, i.e., the whole being greater than the sum of its parts.⁶³ The second is the Marxist-Leninist expectation of capitalism becoming a world-wide phenomenon, before the world proletariat revolution. Hence, the dependency theorists argue that despite some deviations, there is only one world system, and it is the world capitalist system. They argue further that since the world is a single integrated unit as such, it is the only reasonable unit of analysis of development and underdevelopment.⁶⁴ Thus, if one wants to analyse the underdevelopment of a third-world nation-state, this must be treated as part of the integrated whole, which is the world capitalist system.

It is the same concept which led to the argument by Wallerstein, Frank and others, that capitalism permeated all nooks and crannies of the underdeveloped world since the sixteenth century. Frank's metropolis-

⁶³George Luckacs, History and Class Consciousness (London: Oxford University Press, 1971), p. 27.

⁶⁴See for example, I. Wallerstein (1974), "The Future Demise...", op. cit., esp. p. 390.

satellite and Amin's centre-periphery relations were developed to emphasise the Leninist uneven development concept, which shows some parts of the whole almost perpetually underdeveloped relative to the developed areas, whose hegemony over the former areas is guaranteed through exploitative relations. They emphasise however that although some parts may exhibit anti-capitalist modes of production, they are inextricably linked to the world capitalist system through capitalist relations of exchange or market relations. This forms the basis of the famous Laclau-Frank debate, with the former claiming that it is because of Frank's overemphasis on market relations, rather than production relations, that he is blinded to the fact that feudalism existed with capitalism in Latin America.⁶⁵ Others have argued that this same tendency has led most dependency theorists not to realise the ongoing contradictions and class struggles in the Third World; and that there are in fact certain structural changes now going on in the Third World, independent of foreign relations or interference which go un-noticed by the dependency theorists. We shall return to this later.

Others like Kay, while admitting that "capital created underdevelopment", do not think that capitalism permeated colonial society thoroughly enough. Kay thinks that since merchant capital and not industrial capital, was the dominant agent of colonial exploitation;

⁶⁵ See E. Laclau (1979), op. cit., pp. 15-50; and A. G. Frank (1974), op. cit., pp. 87-106. Also see I. Wallerstein, The Modern World-System: World Economy in the Sixteenth Century (New York: Academic Press, 1974), pp. 126-27.

and since, unlike industrial capital, it did not improve the forces of production because it operated not within the sphere of production but rather in the realm of exchange, the result was a blocked transition to capitalism. He argues that,

capital created underdevelopment not because it exploited the underdeveloped world, but because it did not exploit it enough.⁶⁶

In order to support his contention, Kay had a hard time trying to prove that industrial capital did not have a hand in the underdevelopment of the Third World until after the Second World War. He went to the extent of arguing that even the plantations and mines, monopolised, and operated by foreign capitalists during the colonial era were not capitalist enterprises. According to him, this was because, they were not heavily capitalised and also they used migrant labour.. He admitted however that they possessed all the formal qualities of capitalism.

This led Barbalet to argue convincingly against Kay's position that,

The employment of migrant labour and low capitalisation do not...prevent an enterprise from being capitalist. The issue is left in the air by Kay, presumably because he feels that a full acknowledgment of the capitalist nature of plantations and mines would contradict his claim regarding colonial production as a whole.⁶⁷

In fact, it would weaken his argument that industrial capital played no part in the development of underdevelopment in the colonies before

⁶⁶G. Kay (1975), op. cit., pp. x and 55.

⁶⁷J. M. Barbalet, "Underdevelopment and the Colonial Economy", Journal of Contemporary Asia VI, 2, (1976), p. 189.

the Second World War.

In analysing the case of Ghana in chapter 3, we shall be showing that through the activities of local middlemen and brokers, the credit system and usury capital,⁶⁸ and the widespread monetization of most indigenous social and economic activities, including the flooding of the local market with imported commodities both merchant capital (directly) and industrial capital (indirectly) were able to make inroads into the peasants' production process. At least they "forced" the peasants to intensify the cultivation of export crops, without any significant improvement of the forces of production. What Kay and others have failed to realise is that, capital through its monopoly of the market and capital could still realise absolute surplus value from the peasants by paying very low prices for the peasants' products without bearing the extra cost of the labour of the peasants' large production unit (including the wages of the migrant labourers and sometimes, their families). They also forget that the use of (seasonal) migrant labour in the mines and plantations, is in tune with capitals' avowed aim to "depress the cost of labour"⁶⁹ in order to maximise profit. By so doing, the subsistence sector of the traditional economy is left with the burden of subsidising the meagre incomes of the peasants and the migrant labourers, especially

⁶⁸ Rhoda Howard (1980), op. cit., pp. 72-3.

⁶⁹ Henry Bernstein, "Underdevelopment and the Law of Value: A Critique of Kay", Review of African Political Economy, no. 6 (May-August, 1976), pp. 51-64, especially, p. 57.

when the latter return to their traditional homes.

Although we are not attempting to hold brief for the dependent-ists relative neglect of analysing more rigorously, the relations of production, yet at least for the colonial era, their strong emphasis on relations of exchange should not be completely condemned. We are arguing that, although the roots of exploitation are always in the "social relations of production, in the property relations and in the social division of labour",⁷⁰ the mechanisms of exploitation could be essentially different, and often belong to the sphere of circulation and distribution. We should not lose sight of the fact that, although the concept of exploitation is mainly applied to relations between social classes, it is also possible that it could apply to international trade relations between nations. In such a case, those engaged in the production process within the exploited nation are affected indirectly through the lowering of the prices of their commodities on the world market. This may have a depressing effect on the country's economy; it may reduce their incomes and may adversely affect their standards of living. This may happen to workers directly employed by capitalists, as well as to the self-employed petty commodity producers and the peasants engaged in export crop production.

Exploitation and Unequal Exchange

The third feature of the dependency theory is based on the Marxist-Leninist contention that the metropolis-satellite relationships

⁷⁰ Jay R. Mandle, "The Plantation Economy: An Essay in Definition", Science and Society XXXVI, 2 (Spring, 1972), p. 53.

naturally involved exploitation which favoured the metropolis to the disadvantage of the satellite. To back their case that resources are expropriated from the peripheral countries to the centres, they assume a monopoly of markets by the latter, which shows a considerable market power of one over the other. Thus it is concluded that the monopsonist country would offer abnormally low prices for the peripheral country's commodities while commodities and services exported into the periphery would attract abnormally higher prices than should be the case.⁷¹ Our analysis of colonial Ghana's historical experience in chapter two would tend to support this viewpoint.

In order to strengthen their case that exploitation is central to the integration of the underdeveloped world into the world capitalist system, the exponents of dependency theory have introduced the concept of unequal exchange. Emmanuel Arghiri for example, takes as his point of departure, Ricardo's assumption of mobile labour and immobile capital in international relations. He argues that the reality of the situation between centre and periphery is rather the opposite, i.e., immobile labour and mobile capital. Thus his definition of unequal exchange conveys the idea that on the world market, the peripheral countries are obliged to sell their products embodying a relatively large number of hours of labour in order to obtain in exchange from the rich countries, commodities incorporating a much

⁷¹Jan Otto Anderson, Studies in the Theory of Unequal Exchange between Nations (Abo: Abo Akademi, 1976), p. 20.

smaller number of labour hours.⁷² To back his argument, he quotes Marx,

And even if we consider Ricardo's theory...three days of one country's labour may be exchanged for a single day of another country's....In this case the rich country exploits the poor one, even if the latter gains through exchange.⁷³

The assumption of immobility of labour and the relatively wide international wage differentials between centre and periphery is used further to argue that the western proletariat share in the exploitation of the Third World. According to the Leaver, "once capital from the centre, partaking in the generalized equalization of profit rates, was located in the periphery, exploitation of the periphery took the form of unequal exchange because wage differentials between centre and periphery, become more systematic in form".⁷⁴ Thus put simply, since wages of the centre's workers are higher than those of the proletariat in the periphery; and since the profit levels of the centre would be falling, the capitalists in the centre exploit the workers and peasants in the periphery, to make up for their losses in the centre. Amin argues that this is a defensive strategy meant to postpone the

⁷² Geoffrey Pilling, "Imperialism, Trade and Unequal Exchange: The Work of Arghiri Emmanuel", Economy and Society II (1973), pp. 164-65.

⁷³ Karl Marx, "Theories of Surplus Value", quoted in Arghiri Emmanuel, Unequal Exchange: A Study of the Imperialism of Trade (New York and London: Monthly Review Press, 1972), p. 92.

⁷⁴ Richard Leaver, "Samir Amin on Underdevelopment", Journal of Contemporary Asia IX, 3 (1979), p. 328.

inevitable and impending crisis in world capitalism.⁷⁵ Most traditional Marxists have not taken kindly to this kind of argument because it would break the front of the workers of the world, and may disrupt the impending world proletariat revolution.

Revolution

The fourth feature is the emphasis on revolution, in contrast to the evolutionary approach of the orthodox theorists. The static notion of classes and the internal contradictions of the underdeveloped world, implicit in the definition of dependency by Dos Santos and others, has certain implications. It gives rise to the pessimistic view that conditions within the underdeveloped countries are not likely to change for the better under capitalism. Thus, the only way out of this stagnant and deteriorating situation is to break out of the capitalist system and to adopt socialism. It is only then that they would be capable of embarking on self-reliant development. The specific mechanisms through which this forced transition can be effected are never sufficiently spelt out. Most traditional Marxists however feel that this type of forced revolution is anti-Marxist, because it runs counter to Marx's materialistic and dialectical conception of history.

(vi) From Classic Dependency to Dependent Development

The dependency theorists are criticised for characterizing the

⁷⁵ Samir Amin, "Comment on Gerstein", The Insurgent Sociologist VII, 2 (Spring, 1977), pp. 99-103, especially p. 100.

social structures of dependent, capitalist-oriented countries as static entities, lacking the necessary internal dynamism, which can lead to dependent development, much more, independent development. It is argued that they pay attention only to an indigeneous "auxilliary bourgeoisie"⁷⁶ who they claim, cannot operate any viable productive enterprise without depending on foreign capitalists. They are thus criticised for neglecting other social classes, contradictions and changes which go in these countries. It is argued further that they do not give any chance to the possibility of the development of an authentic bourgeoisie, with a firm material base, who can help develop the internal forces of production.

Colin Leys for example, argues that, "because the dependency school sees the periphery as 'locked' into underdevelopment, it tends to minimise the development which actually occurs there".⁷⁷ The dependency theorists have thus been criticised for losing sight of the fact that "dependency has a structural dynamism, rather than stagnation".⁷⁸ In a critique of Frank's controversial "Development of Underdevelopment" thesis, Cardoso argues that,

The idea that there occurs a kind of development of underdevelopment, apart from the play on words,

⁷⁶See Colin Leys, Underdevelopment in Kenya, The Political Economy of Neo-Colonialism, 1964-1971 (Berkeley and Los Angeles: University of California Press, 1975), p. 168.

⁷⁷Colin Leys, "Kenya: What does 'Dependency' Explain?", Review of Africa Political Economy XVII (Jan.-April, 1980), p. 112.

⁷⁸Fernando Henrique Cardoso, interpreted by Philip J. O'Brien in Ivar Oxaal (1975), op. cit., p. 19.

is not helpful. In fact, dependency, monopoly capitalism and development are not contradictory terms; there occurs a kind of dependent capitalist development in the sectors of the third world integrated into new forms of monopolistic expansion.⁷⁹

For Brazil, he gives evidence of a gradual but definite shift of capital (both foreign and State/local) from the traditional raw material production sectors, including joint State/foreign private ventures. Similar findings have been made by Peter Evans (1979) and Phillippe Foucher (1980) also for Brazil, and W. J. Oyaide (1977) for Nigeria.⁸⁰

Bill Warren (1973) came to similar conclusions, using empirical evidence of the industrial and national economic growth records of the Third World since the Second World War. He argued that, although imperialism actually used its political power to hold back the process of transition to capitalist development during the colonial period, yet since 1945 imperialism has made amends by positively promoting economic development in the post-colonial countries. He further argued that if the Third World countries have been experiencing problems with their development since then, the causes are to be found almost entirely from their own internal contradictions.⁸¹

⁷⁹F. H. Cardoso, "Dependency and Development in Latin America", New Left Review LXXIV (July-August, 1972), p. 89.

⁸⁰Peter Evans, Dependent Development, The Alliance of Multi-national, State and Local Capital in Brazil (Princeton, New Jersey: Princeton University Press, 1979). Phillippe Foucher, "Industrial Policy in a Dependent State: The Case of Brazil", Latin American Perspectives VII, 1 (Winter, 1980), pp. 3-22. W. J. Oyaide (1977), op. cit.

⁸¹Bill Warren, "Imperialism and Capitalist Industrialization", New Left Review LXXXI; especially pp. 3-4; Also see Robin Lim (1978), op. cit.

While conceding that some of the problems faced by most dependent economies have their sources from internal structural constraints and contradictions, we argue that it would be unrealistic to overlook the negative impact of the activities of the Multi-national Corporations and foreign governments. And as Anne Phillips has argued,

To produce figures on industrialization and suggest that this implies development; to recognize as he does, 'the backwardness of their agriculture and its consequences, the unevenness and imbalance of their economies' as the most immediate problems facing underdeveloped countries, and then set these problems aside, is hardly to establish a water tight case. Within the development problematic, Warren has proved nothing; the changes he points to can be readily dismissed as not involving 'real' changes in terms of development.⁸²

Phillip Foucher (1980), E. Arghiri Emmanuel (1974) and Akin Mabogunge (1980) have also argued that statistical data such as industrial growth rates and national per capital income, usually give a misleading impression that some underdeveloped countries have either caught up or are catching up with the developed countries in terms of development.⁸³ But as Mabogunge has convincingly argued,

This has tended to create the illusion of escaping from underdevelopment, although questions concerning the ownership of these plants, their products,

⁸² Anne Phillips, "The Concept of Development", Review of African Political Economy, no. 8 (January-April, 1977), p. 13.

⁸³ Phillippe Foucher (1980), op. cit., p. 5; Arghiri Emmanuel, "Myths of Development versus Myths of Underdevelopment", New Left Review LXXXV (May-June, 1974), p. 63; P. McMichael, James Petras and Robert Rhodes, "Imperialism and the Contradictions of Development", ibid., p. 86; Akin L. Mabogunge (1980), op. cit., p. 23.

their markets, their direct and indirect effects on other sectors of the economy, as well as their impact on the physical and cultural environment, soon reveal their limited contribution to the task of transforming the lives of a substantial proportion of the population.⁸⁴

In fact, among the most prominent and outspoken dependency theorists, it is only A. G. Frank who has been constantly attacked for seeing persistent underdevelopment as the outcome of capitalist dependency in the Third World.⁸⁵ It is however very difficult to affirm whether he actually argued that it is not possible to have a dependent industrialization in these countries.⁸⁶ As we have already indicated, the Frankian school only doubt that possibility, at least in the near future, of a self-reliant capitalist industrial development. Members emphasise autonomous development, because historically, developmental strategies based on relying on foreign capital has rather worsened the condition of majority of the populations of the third world countries. As Mabogunge argues, "evidence of acute deprivation and almost inhuman degradation is sharply presented everywhere, both in urban and rural areas. Their conditions stand out most sharply because of the presence of a minority of really wealthy individuals concentrated particularly in the metropolitan centres".⁸⁷ The Frankian School also points out that the social and

⁸⁴Akin L. Mabogunge (1980), ibid.

⁸⁵See Ronald H. Chilcote (1974), op. cit., p. 12.

⁸⁶A similar view has been expressed by Philip O'Brien in Ivar Oxaal et al. (eds.) (1975), op. cit., p. 23.

⁸⁷Akin L. Mabogunge (1980), op. cit., p. 12.

economic costs of capitalist dependent development far outweigh the gains. For example, they point to the outward drainage of capital and resources; the covert, costly consumption patterns generated among the few rich people; and the massive unemployment created by imported labour-saving technology. These indicators are also worth considering before any meaningful conclusions about real development can be legitimated.

Certain up-coming developments in Africa, however, need to be considered. The characterization of social classes by dependency theorists as static groups, is gradually being questioned by recent studies. These studies draw attention to "the emergence of a group of local capitalists--not just traders, but businessmen engaged in productive investment with the potential of becoming an independent capitalist class".⁸⁸ Moreover, these researchers argue that these capitalist classes are not just intermediaries or auxiliaries of foreign capital but actually compete with them and are determined to replace them. Examples are Paul Kennedy (1977) for Ghana, and Nicola Swainson (1977) and Colin Leys (1978) for Kenya.⁸⁹ Instead of these findings helping to draw the attention of some dependency theorists to study more thoroughly, the on-going internal developments and contradic-

⁸⁸"Editorial", Review of African Political Economy, no. 8, (1977), p. 1.

⁸⁹Paul Kennedy, "Indigenous Capitalism in Ghana", Review of African Political Economy, no. 8 (1977), pp. 21-38; Nicola Swainson, "The Rise of a National Bourgeoisie in Kenya", Review of African Political Economy, no. 8 (1977), pp. 35-55; Colin Leys, "Capital Accumulation, Class Formation and Dependency: The Significance of the Kenyan Case", Socialist Register (1978); c-f. Colin Leys (1975), op. cit.

tions within the dependent economies, they rather choose to reject them outright.⁹⁰ This is because these pose a threat to their main theoretical standpoint. As Phillips has said,

If the necessity of socialism lies in the impossibility of a capitalist solution to the problems of national development, any suggestion that there may be a capitalist solution seems to be establishing a case for capitalism.⁹¹

We think that mere admission that some few people within the underdeveloped countries have become extraordinarily rich and are engaged in productive enterprises, independent of foreign capital should not constitute such a threat. Much would depend on whether such developments could have any positive impact on the whole economy. It would also depend on the effect these would have on the living conditions of the poor majority within these countries, and if other sectors of the economy would benefit from a positive spill-over effect. In the absence of these, it would be difficult to conclude that these may have any significant impact on the forces of production, at least, not in the immediate future. Further research is needed to investigate more thoroughly the nature of these developments, and the direction in which they point in developmental terms.

The reaction of some of these dependency theorists to these

⁹⁰See Rafael Kaplinsky, *Capitalist Accumulation in the Periphery The Kenyan Case Re-Examined*, *Review of African Political Economy*, no. 17 (January-April, 1980), pp. 83-105; J. S. Henley, "Capitalist Accumulation in Kenya--Straw Men Rule, Ok?", *ibid.*, pp. 105-108; Colin Leys, "Kenya: What does...", *ibid.*, pp. 108-13.

⁹¹Anne Phillips (1977), *op. cit.*, p. 20.

tentative findings, could legitimise a charge of ahistoricity against them, just as they hold against the functionalists. It seems that their over-concentration on external market relations to the relative neglect of the internal class contradictions and struggles within the relations of production and in relation to the distribution of national wealth, might rightly be the cause of this problem. Hopefully, some of the champions of this conceptual framework are admitting that this anomaly exists in their earlier works, and that they are really making amends in their approach.⁹²

These findings, meanwhile, should remind both development theorists and political activists in the third world, that it is no longer permissible to explain everything that goes wrong within the post-colonial countries in terms of external causation alone. There is a possibility of internal inter-class exploitation as well as for foreign based exploitation. We hope to examine the latter more closely, especially for post-colonial Ghana.

2. The Approach

Our approach will be the dependency conceptual framework. We take as our point of departure the Incorporation Model which contends that the initial underdevelopment and subsequent dependent status of

⁹²See for example, A. G. Frank, Lumpen--Bourgeoisie, Lumpen-Development: Dependence, Class and Politics in Latin America (New York and London: Monthly Review Press, 1972), especially "Mea Culpa", pp. 1-12; and A. G. Frank (1974), op. cit., pp. 87-106, especially p. 97.

the Third World countries was a result of their incorporation into the world capitalist system. Thus the relations of exchange between Ghana and the world capitalist market will be analysed. Ghana's position within the world system will be explored in order to spell out the specific mechanisms of dominance and exploitation.

We realise however, that the social structure possesses its own internal dynamics, with class structures and the nature of social conflicts changing over time. We also recognize that the social system of domination and subordination, and the organization and relations of production and consumption change with time. Therefore our analysis will avoid overstressing the external market relations by also examining more critically the internal dimensions of change and socio-economic contradictions.

We will concentrate (especially for post-colonial Ghana) on the internal structure of the Ghanaian "elite"--the bureaucrats, the professionals, the intellectuals, the politicians, the businessmen. This is to enable us to reveal instances of "collaboration and competition among its different segments" to examine "the bases for conflict and cooperation among the representatives of international capital, owners of local capital and the top echelons of State apparatus";⁹³ analyse the state and the role of the "elite" in manipulating it for their material benefit and for the exploitation of the workers, the peasants and the unemployed.

⁹³Peter Evans (1979), op. cit., pp. 4-5.

This will bring into sharp relief the true nature of the relative living conditions of the majority of the population who have little or no connection with the structure of power relations in the society. We shall then analyse the resultant changing social relations between local and foreign capital, between state and social classes, and intra- and inter-class struggles. It is hoped that the historical evidence and analysis done will help to answer the major questions raised in this study.⁹⁴

3. Methodology

The methodological approach used in data collection and analysis, is the historical method. Extensive library reserach was done on the social, economic and political history of Ghana. Material collected was mainly from secondary sources, available in libraries around Canada. Data from primary sources and other secondary source material not published outside Ghana, was not available for use.

This is only logical since sheer distance alone could not make actual field work in Ghana possible. Even though this problem existed, it was possible to get enough relevant material for a meaningful analysis to be done.

⁹⁴See pp. 5-6, above.

CHAPTER THREE
COLONIALISM AND UNDERDEVELOPMENT (1844-1945)

1. Introduction

The main thrust of Dependency Theory is that western imperialist and capitalist expansion into pre-capitalist areas was the major cause of underdevelopment. Underdevelopment is seen as a dialectical, historical process. It was a result of the integration of the colonised societies into the world capitalist-dominated system. This argument thus counteracts the modernization standpoint which considers the underdevelopment of pre-colonial societies as an original state; i.e., a situation existing before the institution of colonial rule.

This chapter on colonialism in Ghana is aimed at finding answers to questions specifically related to the above thesis. It will attempt to answer the following questions: What were the causes of the initial underdevelopment of Ghana? Which forces both external and internal contributed to the creation of this situation? What was the outcome of these developments on the colonised people?

In this chapter the colonial administration and the expatriate bourgeoisie from one group with similar interests engaged in political and economic struggles against the indigenous petty bourgeoisie, the peasantry and the working class. Attention will however be paid to instances of collaboration, contradictions and competition among various classes and within fractions of classes in the social relations of

production, in order to locate the major sources of underdevelopment in colonial Ghana.

2. Pre-Colonial Socio-Economic Structures

The myth that there existed a static, "dark continent" of Africa before the advent of colonialism still prevails in some academic circles, especially in the West. The basis for this assertion, stems from the ahistoricity of functionalism which we have already analysed and rejected. The implication is that, if this is accepted, then the colonialists met a virtual "tabula rasa" in terms of development. If therefore they initiated and achieved a token level of progress out of nothing, then there is no basis for the argument that colonialism underdeveloped Africa. This section is meant to dispel this myth, especially in the case of pre-colonial Ghana.

In 1951, Ghana had her first popularly elected African majority government, after over a century of colonial rule. This gave the colony only six years of tutelage in western democratic government before political independence. Margery Perham, "a distinguished scholar of Africa...and author of the pioneer work Native Administration in Nigeria"¹ described the election results as "a shock" and argued inter alia that,

Until the very recent penetration by Europe the greater part of the continent was without the

¹See Michael Crowder, West Africa Under Colonial Rule (London: Hutchinson and Co. Ltd., 1970), p. 10.

wheel, the plough or the transport animal; almost without stone houses or clothes, except for skins; without writing and so without history. Mentally as well as physically the African were helpless before a European intrusion all the more speedy and overwhelming because it came at a time when science had given Europe such immense material power.²

The Euro-centric bias and racial prejudice of this assertion is clear. Yet again in 1963, when most African countries had either achieved independence or were in the final process of doing so, Professor Hugh Trevor-Roper, an eminent historian of Oxford University stated that,

...perhaps in the future there will be some African history to teach. But at the present there is none; there is only the history of Europeans in Africa. The rest is darkness...and darkness is not the subject of history.³

This portrait of Africa as one of people, who on the eve of colonial occupation were politically decentralised, living in scattered hamlets and villages, and without any "civilisation", is not supported by the historical evidence of pre-Colonial Ghana.

(i) The Economy

(a) Subsistence Village Economy

It is true that the economy of the pre-colonial era was

²Margery Perham, "The British Problem in Africa", Foreign Affairs XXIX (1959), p. 638, emphasis ours.

³Trevor-Roper, "The Rise of Christian Europe", The Listener, 28th November, 1963, p. 87, quoted in Hunt Davis, "Interpreting the Colonial Period in African History", African Affairs LXXII, 289 (October, 1973), p. 384.

fundamentally the subsistence village type, based on cultivation, hunting, fishing and fairly elaborate craftworks.⁴ The extended family, or household, constituted a self-sufficient economic unit producing and consuming its own food, housing, clothing and tools. There were some specialists in craftsmanship, religion and politics, but these were invariably combined with subsistence economic activities. Land, the main means of production was communally owned, with the chief, or clan or family head holding it in trust for the rest of the community. Since land was not commercialised every member of the society possessed, at least, usufructural rights to it. Even "strangers" could obtain this right by paying a token "fee" in kind, such as by offering drink, or sheep or providing service. Thus, no one was denied the means of his subsistence. This form of co-operation extended into the realms of other traditional and cultural activities.

It cannot be denied that there existed some degree of social inequalities, depending upon various factors such as access to more fertile land and traditional gold-mining fields, the availability of labour depending on the aggregate number of able-bodied persons in the economic unit, and unequal organizational ability of the heads of the various units. The limited use of money however, did not create wide economic inequalities. The higher prestige of chiefs and other traditional leaders was based on their power to extract tribute, taxes and labour from the commoners, but these were mostly paid in kind

⁴K. Arhin, "The Pressure of Cash and its Political Consequences in Asante in the Colonial Period", Journal of African Studies III (1976), p. 455.

rather than in cash.⁵ The division of labour was based on sex and age, and the economic unit (in fact, the whole society) was responsible for caring for the aged and the sick, making it a sort of social security system.

(b) Local and Inter-Regional Trade

The economy thrived and expanded on trade. C. W. Newbury distinguishes two types of pre-colonial trade; the periodic or localised trade, and the long-distance or diffused trade.⁶ The former was an internal exchange economy based on village specialization in the production of various commodities such as fish, salt, cloth, baskets, leather goods, pottery, and jewelry. The regular open markets forged unity among different rural settlements and helped in the exchange of ideas and information.⁷ K. B. Dickson also argues that by the end of the seventeenth century, Ghana was politically "a medley of independent states" and that the main source of coherence between them, was through regional trade, or more meaningfully, 'interstate trade', involving patterns of commodity movements both within and between the broad regions.⁸

⁵For an elaboration of this, see Beverly Grier, "Cocoa Marketing in Colonial Ghana: Capitalist Enterprise and the Emergence of a Rural African Bourgeoisie", Ufahamu X, 1 & 2 (1980-81). See also Stephen Hymer, "Economic Forms in Pre-Colonial Ghana", Journal of Economic History XXX (1970).

⁶C. W. Newbury, "Credit in Early Nineteenth Century West African Trade", Journal of African History XIII, 1 (1972), p. 81.

⁷B. Grier (1980-81), op. cit., p. 92.

⁸K. B. Dickson, "Trade Patterns in Ghana at the Beginning of the Eighteenth Century", in L. A. Konczacki and J. M. Konczacki (eds.), An Economic History of Tropical Africa I (The Pre-Colonial Period), (London: Frank Cass and Co. Ltd., 1977), pp. 132-46.

The commodities involved included agricultural products and livestock, fishing and hunting products, salt, gold, slaves and European and craft industrial goods.

(c) Long-Distance Trade

The Trans-Saharan Trade

It was mainly through long-distance trade that pre-colonial Ghana came into contact with the outside world. Stephen Hymer points out that,

The main link between Ghana and the rest of the world had been the gold trade, and this link connecting Ghana to Western Europe first indirectly through North Africa and then directly through the coastal trade, is almost 1,000 years old.⁹

Thus, there were two types of long-distance trade, the Trans-Saharan Caravan trade and the Coastal Atlantic Trade; the former, at least a thousand years old. According to Mauny, "the Western Sudan was, from the eighth century until the discovery of America, the chief supplier of gold to the western world".¹⁰ The great western Sudanese empires of Ghana (about the 8th-14th centuries), Mali (14th-16th centuries) and Songhai (about 16th century), were involved in this trade. Their rise to eminence and their subsequent fall were contingent upon their control of this trade and their hold of military

⁹Stephen Hymer (1970), op. cit., p. 39.

¹⁰R. A. Mauny, "The Question of Ghana", Africa XXIV (1954), p. 209.

and political power over the outlying provinces.¹¹ Kimble explains that from "earlier times", gold, kola nuts and slaves were exchanged for Venetian beads and Tripolitarian silks, sent overland from the Mediterranean regions.¹² And from the accounts of Nii-Plange, the geographical position of the savanna Northern Territories serving as a bridge between the Sahara Desert routes to the north, and the forest and coastal regions to the south, made it the "meeting place of various itinerant traders". This made the town of Salaga a thriving trading centre, until the colonialists diverted this trade and other economic activities to the south. They created a labour reserve of the North to satisfy the labour requirements of the south and thus relegated the economic pre-eminence of the area into historical oblivion.¹³

(ii) The Trans-Atlantic Legitimate Trade

Kimble points out that the coastal, "exchange economy seems to ante-date all written records", and the "even the Carthaginians are said to have found the system of silent trade established in West Africa".¹⁴ To be more specific however, active coastal and trans-

¹¹B. Grier (1980-81), op. cit., p. 92. See also S. Daniel Neumark, "Trans Saharan Trade in the Middle Ages", in Konczacki and Konczacki (eds.), (1977), op. cit., pp. 127-31, esp. pp. 128-29.

¹²D. Kimble, A Political History of Ghana, 1850-1928 (Oxford: Clarendon Press, 1963), p. 3.

¹³Nii-K., Plange, "Underdevelopment in Northern Ghana: Natural Causes or Colonial Capitalism?", Review of African Political Economy, no. 15 & 16 (May-Dec., 1979), pp. 4-14, esp. p. 7.

¹⁴D. Kimble (1963), op. cit., p. 3.

Atlantic trade began in the fifteenth century. This was some four hundred years before formal colonial rule was established. Actually "when the Portuguese reached Elmina on the Gold Coast in 1482, they found traders from the Mali empire, and a commercialised economy...and a highly developed system existed for producing and selling gold which had previously been sent overland to North Africa...".¹⁵ There is evidence that the Portuguese's initial attempt to build the first fort on the coast was strongly opposed by the chiefs and people of the coast and surrounding country.¹⁶ Also, the inability of the British to penetrate into and control the hinterland trade until late in the nineteenth century was due to the resistance of the coastal middlemen and the firm control of the interior by the Ashantis.

For all this time therefore, European trade was carried on from their forts and trading posts on the coast, through local intermediaries who sold European goods in the interior in exchange for gold, ivory, and slaves. It was estimated for example, that during the eighteenth century, "as much as seven thousand marks" of gold was exported annually...through the coastal ports", and that the Dutch West Indian Company, the English African Company, Dutch interlopers, English interlopers, Bradenburgers and the Danes, the Portuguese and the French were all involved in this trade.¹⁷ Trade at all levels was

¹⁵S. Hymer (1970), op. cit., p. 40.

¹⁶D. Kimble (1963), op. cit., p. 3.

¹⁷K. B. Dickson (1977), op. cit., pp. 140-41.

controlled by middlemen, who were of the traditional royalty and nobility background and by rich citizens. Dickson maintains that, the main reason for this was economic, since "trading in distant markets in those times of general insecurity of life required a great deal of organization, which in turn demanded a heavy outlay that only wealthy citizens could afford".¹⁸

(ii.b) The Trans-Atlantic Slave Trade (C15th-C19th)

There is already a vast literature on this controversial subject and we shall not concern ourselves with the details. The main purpose of this brief section is to highlight the major effects of this trade on the economic potential of pre-colonial Ghana.

Two issues demand immediate attention. Firstly, before the active European participation in the slave trade there was some form of domestic slavery, apart from the slave trade which formed part of the old Trans-Saharan trade. The victims of domestic slavery mainly involved war captives and pawning.* Such slaves however, were in many cases incorporated into the host family and could ultimately have access, at least, to usufructural use of land. They could marry within the family or the immediate society, and they and their offspring could rise to important positions in the society.¹⁹ Ivor

¹⁸Ibid., p. 143.

*Pawning: Taken or pledged as security for a debt.

¹⁹Walter Rodney, "African Slavery and other Forms of Social Oppression on the Upper Guinea Coast, in the Context of the Atlantic Slave Trade", Journal of African History XVII, 3 (1966), pp. 432-43 especially pp. 431-32.

Wilks' evidence of Ashanti shows that both slaves and freemen could rise to senior positions in the state bureaucratic set-up.²⁰ Moreover, unlike the slaves exported as commodities outside Africa, such slaves were used to promote economic productivity and development.²¹ Arhin's evidence shows that incorporated slaves formed the initial labour force which supported the expansion of cocoa growing in Ashanti.²²

The second issue is the fact that the lucrative nature of the Trans-Atlantic slave trade, attracted active local participation, especially by traditional rulers who sold war captives to the Europeans in exchange for consumer goods. Most of these goods contributed rather negatively to the development of the forces of production. For example, the commonest of these were alcoholic beverages, gun powder and firearms, beads and textiles.²³ These rather encouraged more inter-ethnic feuds and also contributed in part, to the abandonment of important local crafts. Rodney describes this as "technological arrest or stagnation and in some instances actual regression, since

²⁰Ivor Wilks, "Aspects of Bureaucratization in Ashanti in the Nineteenth Century", Journal of African History VII, 2 (1966), p. 232.

²¹J. D. Fage, "Slavery and the Slave Trade in the Context of West African History", in Konczacki and Konczacki (eds.) (1977), op. cit., p. 174.

²²K. Arhin, "Aspects of the Ashanti Northern Trade in the Nineteenth Century", Africa XL, 4 (1970), pp. 363-73 esp. p. 370.

²³B. Grier (1980-81), op. cit., p. 99. Also, J. D. Fage (1977), op. cit., p. 171.

people forgot even simple techniques of their forefathers".²⁴

The most controversial issue concerns the demographic effects of the Trans-Atlantic Slave Trade, especially due to the difficulty in the assessment of population figures between the fifteenth and eighteenth centuries, and the correct number of slaves, exported and how many actually survived the long hard journey. However, at least there is some measure of agreement that this led to population stagnation, especially between 1650 and 1800.²⁵ More importantly, the middle Belt of West Africa, defined as stretching roughly between latitudes 7-1/2°N. and 11°N. became under-populated. Harrison Church shows that this area is occupied, in the case of Ghana, by the present-day Northern and Upper Regions. This belt, hemmed in between the strong states of the northerly and southerly regions, suffered most from slave raiding.²⁶ The underdevelopment of the Northern Territories of

²⁴Walter Rodney, How Europe Underdeveloped Africa (Washington D.C.: Howard University Press, 1974), pp. 104-105. Also, W. Rodney, "Technological and Economic Distortion", in P. C. W. Gutkind and P. Waterman (eds.), African Social Studies (London: Heinemann Books Ltd., 1977), pp. 107-15.

²⁵See Walter Rodney (1974), op. cit., p. 97, and F. G. Fage (1977), op. cit., p. 173.

²⁶R. J. Harrison Church, West Africa, A Study of the Environment and of Man's Use of It (London: Longmans, Green & Co. Ltd., 1966), pp. 56 and 446. He calls the Middle Belt, the "Shatter Zone", or "no-man's land" of West Africa. He specifically mentions the Bole region of North-Western Ghana as having been the worst affected area. He also shows that once the population is reduced by these and other factors to about 12 per square mile in country of few streams or nearer 70 per square mile in country where there are many streams, tsetse infestation often becomes so severe as to make the area uninhabitable. Ibid., p. 164.

colonial Ghana, which resulted in its becoming a labour reserve, might partly have been caused by this historical phenomenon.²⁷

Finally, Rodney shows that the slave trade resulted in the massive loss "of agricultural labour force", because it "was composed of able-bodied young men and young women", since "slave buyers preferred their victims between the ages of fifteen and thirty-five and preferably in the early twenties".²⁸

The net effects of the Atlantic Slave Trade on the human resources and therefore the economic development potential of Ghana was negative. This forms a significant part in the assessment of the underdevelopment process.

(iii) Traditional Social Organization

It has been stated that by the seventeenth century, Ghana was politically a checkerboard of independent states, and that it was through inter-state and inter-national trade that a certain measure of cohesion was established. Another factor, a necessary by-product of trade, was the military and imperialist expansionist strategy of the Ashantis, which led to the formation of the Ashanti empire. The major causative factor was the determination of the Ashantis to control the Trans-Saharan trade routes. By the beginning of the nineteenth century,

²⁷ Although we agree with Nii-K Plange's skepticism about using natural causes in explaining the labour-reserve phenomenon, and his argument that it was mainly caused by economic reasons, we think that this explanation could at least have played a part.

²⁸ W. Rodney (1974), op. cit., p. 96.

The Ashanti empire had extended over an area including virtually the whole of modern Ghana, parts of modern Ivory Coast and Togo and included Gonja and Dagomba in the north, Gyaman to the north-east, and Sefwi, Dunkwa, Twifo, Wassa and Nzema to the South-west, Akyem, Assin, Akuapem, Kwahu and Accra to the east and south-east and even Akwamu and Anlo across the Volta.²⁹

These incorporated states, although maintaining a large measure of autonomy, owed traditional allegiance to the "Asantehene" (King of Ashanti) and were obliged to pay tribute to and offer military service upon request to the Asantehene. The latter reserved the right to punish any state which refused or failed to abide by these terms, and in return, to protect any of the subject states against aggression.³⁰ It is in this context that the description of the Ashanti state as "semi-feudal" holds good.³¹

By the first decade of the nineteenth century, a system of bureaucracy had emerged in Kumasi (the Ashanti capital), whose membership depended more on achievement and less on ascription.³² According to Wilks,

Many previously hereditary offices became appointive; biographical studies of leading officials

²⁹Adu Boahen, "Politics in Ghana, 1800-1874", in J. F. Ade Ajayi and Michael Crowder (eds.), History of West Africa II (London: Longman Group Ltd., 1974), p. 167.

³⁰See W. E. F. Ward, A History of Ghana (London: George Allen and Unwin Ltd., 1958), p. 141.

³¹This is because this has some similarity with what happened in feudal Europe.

³²Adu Boahen (1974), op. cit., p. 172.

in the early nineteenth century show that they were appointed and promoted by the King on merit, without regard to their origins. Freeman and slaves, Ashanti and non-Ashanti, were recruited into the bureaucracy transforming itself from a controlled to a ruling one.³³

Furthermore, "a distinction began to take shape between the King acting in his private capacity through his palace functionaries, and in his public capacity through his bureaucratic officials".³⁴ Surely, apart from the elaborate paper-work and red-tapeism connected with present-day bureaucracies, this system was a far cry from the "traditional" type which functionalist theorists emphasise so much in regard to third world countries.

Within each subject-state of the Empire, there was a hierarchy of traditional rulers based on the size and status of the area involved. In Ashanti proper, there was the overall ruler of the Empire--The Asantehene. Each sub-state was ruled by the "Omanhene" (chief), and a group of villages, by the "Obrempon", while the head of a village was the "Odikro".³⁵ It is significant to note that these rulers were elected representatives of the people, and were responsible to them in the final analysis. The commoners had the right to petition and effect the "destoolment" (dethronement) or abdication of a chief who was considered not to be ruling in the best interest of his subjects.

³³Ivor Wilks (1966), op. cit., p. 232.

³⁴Ibid.

³⁵See K. Arhin (1976), p. 454.

This democratic element is aptly described by Apter thus,

The abuse of trusteeship functions was perhaps one of the most crucial factors in the decline of the chiefs. The effect of malpractice were ...'destoolments' or unseating of chiefs who, in the Gold Coast, were elected by the people, and expendable, when they over-rode the prescriptions of office.³⁶

It is quite true that before the institution of formal colonial rule, there was quite a measure of social inequality among the people of the Gold Coast. This has already been demonstrated in the case of the ruling group and the traditional bureaucrats. The long tradition of participation in long distance trade had also produced the "Osikani" (or rich man), and the "Ohiani" or poor man or commoner, who had at least usufructural access to land, and who had a say in the process of democracy. There were also the "nnonkofo" (or slaves) who were accepted and incorporated into the host society and could, by dint of hard work and loyalty, rise to eminent positions. Moreover, the social distances among different groups, did not advance much into widespread exploitative relations because the economy was only partially, not fully monetised. The commonest currencies were gold-dust and cowrie shells, but these media of exchange, were of limited use. Land and labour were largely not marketable and most social obligations could be performed in kind, not in cash. Further, even the "ohene" or chief who controlled the state's coffers, was rich more

³⁶David E. Apter, "Some Economic Factors in the Political Development of the Gold Coast", Journal of Economic History XIV (1954), p. 412.

in services and control of traditional regalia, than in cash.³⁷

In this section, it has been sufficiently demonstrated that before the advent of formal colonial rule, Ghanaian society was not a static one without a history, but an evolving society, progressing at its own pace. As the distinguished "early Ghanaian nationalist", J. E. Casely-Hayford argued,

...before even the British came into relations with our people, we were a developed people, having our own institutions, having our own ideas of government.³⁸

We shall be arguing in the next section of this chapter, that the colonial state's economic and political policies and the exploitative relations between the expatriate merchants and firms and the indigenous people, distorted and in some cases destroyed the traditional socio-economic structures built in the pre-colonial era. In their place, new structures and institutions were established, which largely led to the disintegration of the indigenous society and the underdevelopment of both the people and the economy.

3. The Colonial Economy and Peasant Participation

This section deals, firstly with the historical development of the colonial economy since the establishment of British colonial rule

³⁷See K. Arhin (1976), op. cit., for an elaboration on this point.

³⁸Quoted in Michael Crowder (1970), op. cit., p. 11, cited by Basil Davidson with F. K. Buah and J. F. Ade Ajayi, The Growth of African Civilization: History of West Africa (London, 1965), p. 285.

(1844) to the end of the Second World War (1945). It was in 1844 that a bond was signed between some traditional rulers and the British Government, placing some traditional areas along the coast under British jurisdiction. The process of formal colonial rule was however not completed until 1901 with the defeat and annexation of the powerful Ashanti State in the interior and the declaration of the Northern Territories as a protectorate. We consider the period between the signing of the Bond of 1844 and the end of the Second World War in 1945 as the era of active colonial rule, although not much development took place during the war. Ghana achieved her independence in 1957, twelve years after the war, but events which occurred during these years (1945-1951) are more akin to and would better serve as an adjunct to, the events immediately following independence. This is even more true of the six years of dual rule immediately preceding independence (1951-1957), when internal self-government was achieved and power was shared between the indigenous people and the colonial authorities. 1945-1957 should therefore be considered as a transitional period during which a series of constitutional experimentations and political agitation led eventually to independence. It therefore forms part of the next chapter.

For analysing post-colonial Ghana, the period 1945-1966 was used because it offers a continuity between the colonial and post-colonial periods, hence the internal changes that took place over time are better illustrated. Secondly, during this period both liberal economic policies (1951-1960) and a form of "socialist" economic

policy (1961-1966) were experimented with. Hence this period, short though it may seem, gives a typical illustration of the problems of development and how they were tackled in Ghana. Subsequent economic policies, mainly the liberal, open type do not deviate to any considerable extent from what happened in the period analysed in this study.

Secondly, this section deals with the significant part played by the indigenous peasants in the transformation of the economy, especially after the abolition of the Slave Trade in 1807.

Thirdly, it will be argued that contrary to the acclaimed British belief in laissez faire competitive economy, their trade relations with the indigenous peasants and local merchants involved various mechanisms of exploitation, which resulted in many conflicts between them.

(a) Export Trade

The abolition of the Slave Trade in 1807, resulted in the loss of an important source of wealth to the active participants. Those hardest hit were some of the traditional rulers and elders who thrived on it, for with it, went "the power and authority of the chiefs of the Gold Coast".³⁹ According to Adu Boahen, the abolition "created two problems which had to be overcome", one being "the need to fill the economic vacuum caused by abolition through development of legitimate trade in natural products such as palm oil, cotton, groundnuts, rubber,

³⁹E. Reynolds, "Economic Imperialism: The Case of Gold Coast," Journal of Economic History I (March, 1975), p. 100.

all of which had to be cultivated".⁴⁰

The alternative source of income was firstly found in the cultivation of, and trade in Oil Palm products (kernel and oil), especially by the Krobo, Akwapim and Shai ethnic groups in the Eastern Province. This constituted the major backbone of the economy until the 1880s and the 1890s when, for a brief period, the trade in wild rubber flourished, more especially in the Ashanti territory. Describing the economy by 1880, Bevin argues that,

The most obvious characteristic of the Gold Coast economy in 1880 is the overwhelming predominance of primary products. Of export products, those of Oil Palm were by far the greatest accounting in the period of 1881-1885 for about 73% of the total exports in value....⁴¹

The European commercial firms and merchants took a great interest in the production of oil palm products by the local people at that time because there was an urgent need for machine oil and soap, necessitated by the accelerating industrialization of Britain and continental Europe.⁴² ~~Palm oil products thus became the most important~~

⁴⁰Adu Boahen, Ghana: Evolution and Change in the Nineteenth and Twentieth Centuries (London: Longman Group Ltd., 1975), p. 31. In fact, Boahen argues that the abolition of the slave trade led to the numerous conflicts between the Ashanti and the British. This is because, apart from the loss of revenue, it eliminated one of the means by which the Ashanti disposed of unwanted prisoners of war, and of acquiring the firearms which aided their imperialist expansion.

⁴¹H. J. Bevin, "The Gold Coast Economy by 1800", Transactions of the Gold Coast and Togoland Historical Society XII, part 2 (1956), p. 73.

⁴²Susan Kaplow, "The Mudfish and Crocodile: Underdevelopment of a West African Bourgeoisie", Science and Society XLI, 3 (1977), p. 323. Also R. Howard (1978), op.cit., pp. 19-20.

exports of the Gold Coast for a while, with Britain as the main trading partner. For example, between 1827 and 1841, "Palm Oil exported to Britain rose from 248 tons to 2,137 tons at an average value of about £35 per ton. Total imports from Britain rose from £22,414 to £133,510 in the same period".⁴³

Once the initial need for oil products began to reduce (because substitutes had been found) in importance, trade in them also began to wane. For example "The value of Gold Coast palm produce exports declined steadily between 1880 (£408,720) and 1882 (£228,825)".⁴⁴ This decline however coincided with the rise in production of wild rubber as an alternative. Between 1890 and 1905, the Gold Coast was "the largest exporter of rubber in the British Empire and ranked among the five leading producers of wild rubber in the world, after Brazil, the Congo Free State, Angola and ahead of French Guinea".⁴⁵ Thus, the rubber trade acted as a bridge between the declining era of the oil palm trade and the rise of cocoa and gold as the major props of the economy by the beginning of the present century.

Table I below, shows that the export of Palm produce and rubber did not die simultaneously with the rise of cocoa exports, but that it was a gradual process.

⁴³D. Kimble (1963), op. cit., p. 3.

⁴⁴R. Dumett, "The Rubber Trade of the Gold Coast and Asante in the nineteenth Century: African Innovation and Market Responsiveness", Journal of African History VII, 1 (1971), p. 82.

⁴⁵Ibid., p. 79.

TABLE 1: GHANA VOLUME OF EXPORTS 1891-1911 ('000 TONS)

<u>Years</u>	<u>Cocoa</u>	<u>Palm Kernels</u>	<u>Rubber</u>
1891-1895	.02	73.4	6.8
1896-1900	1.12	59.0	10.7
1901-1905	24.83	73.2	7.1
1906-1910	55.70	54.0	7.7

Sources: Poly Hill 1963:177 for cocoa and palm kernels and Colonial Reports for rubber. Quoted in Barbara Ingham, "Vent for Surplus Reconsidered with Ghanaian Evidence", The Journal of Development Studies XV, 3 (1979), p. 23.

Indeed as Table 2 shows it was after the first decade of the twentieth century that the value of rubber exports, vis-a-vis cocoa began fading into insignificance.

TABLE 2: GHANA RUBBER EXPORTS, 1900-1914 BY VALUE (£)

<u>Years</u>	<u>Volume (Million Tons)</u>	<u>Value (£)</u>
1900-1904	12.9	1,077,932
1905-1909	15.3	1,432,235
1910-1914	9.7	856,661

Sources: Gold Coast Agricultural and Forestry Dept. Reports for 1909, 1910 and 1915, quoted in Dumett (1971:99) and calculated from the latter source.

British colonial sources attributed this to two causes, namely, the practice of adulterating latex by some African producers which in turn caused a significant fall in prices overseas, and reckless overtapping which gradually reduced the population of the trees. Dumett argues

that, "the real threat came neither from adulteration nor the exhaustion of local supplies but from external sources; the burgeoning 'Havae' plantations of South-East Asia and its wild form in Brazil".⁴⁶ These were considered to be of superior quality, hence the neglect of the Ghanaian variety and the subsequent fall of its market value.

Thus firstly palm products, then secondly rubber gradually relinquished their lead to cocoa. It is true that the higher prices offered for cocoa greatly contributed to the shift of the peasants' attention to cocoa growing. It is nevertheless puzzling that both rubber and oil palm grew wildly in an ecological environment which enhanced their free and natural growth. Both reproduce themselves best when their seeds fall in thickly forested areas, with the foliage of the numerous trees shading the young ones from the direct rays of the sun; the cool and humid atmospheric conditions which prevail, and the thick humus and humid soils which exist. In spite of the fact that cocoa also needs these natural conditions best for its growth, it needs in addition, greater input of labour, capital and organizational ability.

It is clear therefore that once the initial urgent need for these products (rubber and oil palm) in the industries of the "metropolis" had been satisfied, and/or alternative sources of supply had

⁴⁶Ibid., pp. 99-100. See also R. Howard (1978), op. cit., p. 72. She explains that relative higher demand for cocoa in the 1900s and 1910s vis-a-vis oil palm products and rubber prompted the peasants to switch their accumulated capital into cocoa production.

been found elsewhere; and once the revenue derived from cocoa (and partly, mining) was sufficient to keep the economy running, there appeared to be no need to pursue the scientific development of the other products. The development of what has been called a "fragile", monocultural economy, typical of many Third World countries", had its beginning in Ghana, from this policy. It was at a latter stage, that the colonial government attempted, unsuccessfully though, to encourage the cultivation of other less lucrative crops, such as coffee and tobacco.⁴⁷

By the early twentieth century, cocoa had taken a commanding position as the major export and revenue-earning crop of the country. "Between 1891 and 1911 the economy underwent a basic structural change. In this twenty-year period two areas of exploitation came to fruition; mining, mostly gold mining, which was dominated by British firms; and commercial agriculture, mainly cocoa, which though produced on small native farms, was marketed through expatriate trading firms".⁴⁸ Table 3 below shows how between 1891 and 1911, cocoa and gold took over prominence from palm products and rubber. Whilst palm products and

⁴⁷R. Howard, "Peripheral Capitalism and the Peasantry in Pre-World War II Colonial Ghana", Unpublished Paper, Dept. of Sociology, McMaster University, 1979, pp. 21-22. See also, Stephen Hymer (1969), op. cit., and R. H. Green and S. H. Hymer (1966), op. cit., pp. 299-319, esp. p. 310.

⁴⁸R. Szereszewski, Structural Changes in the Economy of Ghana, 1891-1911 (London: Weidenfield and Nicolson, 1965), *passim*, quoted from Peter C. Sederberg, "The Gold Coast Under Colonial Rule: An Expenditure Analysis", African Studies Review XIV, 2 (1971), p. 182.

rubber contributed 44% and 31% respectively, of the exports by value in 1891, in 1911 the values fell to 4% and 5% respectively. On the other hand, cocoa and gold contributed 0% and 22% respectively in 1891, but in 1911 these rose (dramatically, especially for cocoa) to 46% and 30% respectively. Between 1900 and 1939 agricultural products constituted an average of 63% of total exports, and cocoa constituted 61% of this.⁴⁹

TABLE 3: SEA-BORNE EXPORTS--GHANA (1891-1911)

<u>Commodity</u>	<u>1891</u>	<u>1901</u>	<u>1911</u>
Palm Products	44%	48%	9%
Rubber	31%	19%	6%
Timber	3%	10%	4%
Gold	14%	4%	30%
Monkey Skins	5%	-	-
Kola Nuts	0%	6%	3%
Cocoa	-	8%	46%
Others	4%	4%	1%

Source: R. Szereszewski (1965), pp. 29, 47 and 67. Our own calculations from values in sterling to percentages.

This trend of over-reliance on cocoa revenues for running the economy had not changed much by 1960, according to Szereszewski (1965) and ever since; it averaged between the 1960s and the 1970s, 60% and 70% of total exports by value. This situation is well illustrated by the

⁴⁹ Calculated from Table 3:2 of R. Howard (1978), op. cit., p. 70.

following remarks:

It was cocoa, not administration, that accounted for Accra's growth as a port, and it was cocoa which attracted increasing amount of foreign investment capital during 1908-1921. Cocoa revenue was used to finance improvements in urban infrastructure, it was also the basis for the boom in private construction activity in the town. Perhaps the most convincing evidence was the fact that projected cocoa earnings were used by Governor Guggisberg to justify his £20m. development scheme, the first of its kind in Gold Coast history.⁵⁰

What this really indicates is that since government revenue for imports and development came mainly from import and export duties, the economic viability of the country depended on the ups and downs of the price of cocoa on the world market.

(b) Indigenous Entrepreneurship

One remarkable feature of these economic activities--oil palm, rubber and cocoa cultivation and trade--was that they owed their success purely to the initiative and entrepreneurial excellence of the Africans. The colonial government did little if anything to support and encourage the improvement of traditional methods of farming. Once revenue was accruing to them for the exploitation of the minerals (especially, gold) and for the construction of basic infrastructure aimed at furthering their exploitation, there was no need to interfere. It was economically sensible, for the colonial authorities, to retain the rural economic structure at its rudimentary state, so that it went on playing its dual

⁵⁰ Richard R. Brand, "The Role of Cocoa in the Growth and Spatial Organization of Accra (Ghana) prior to 1921", African Studies Review XV, 2 (1972), p. 26.

role of supporting the national economy⁵¹ and acting as a social security system for labour siphoned out of it into the mining and public works sectors. This policy also freed foreign capital from paying the cost of the land and "mental labour necessary to create the product (i.e., planning, organization, marketing skills etc.)", and for the labour power for other kinsfolk and farm labourers who helped the farm owner in the productive process. The market price of the cash crop did not take into consideration all these other factors.⁵² Thus, Howard argues that,

Exploitation in the context of monocultural economies does not simply mean that the producer is paid less for his product than the ultimate distributor receives on the world market (implying that there is somewhere a 'fair' market price), but rather that the factors of production, including labour power, are not remunerated.⁵³

The entrepreneurial spirit of these agricultural producers is testified by many writers. For example, on the rubber trade,

⁵¹For example, G. Kay has shown that the Kumasi to Sekondi-Takoradi railway was built with the expectation that money from cocoa freight would help defray the British loan used in building the Takoradi Harbour, while the only reason for siting the harbour there instead of Accra, was to support the European-owned mining industry in that area. The peasants ignored the railway and continued to use the motor road to the nearer Accra port, until the colonial government was forced to build a branch line connecting the eastern cocoa belt to the Kumasi-Sekondi-Takoradi railway. See G. B. Kay (ed.), The Political Economy of Colonialism in Ghana: A Collection of Documents and Statistics, 1900-1960 (Cambridge: The University Press, 1972), pp. 20-25.

⁵²See, Rhoda Howard, "Formation and Stratification of the Peasantry in Colonial Ghana", Journal of Peasant Studies VIII, 1 (October, 1980), pp. 68-9.

⁵³Ibid., p. 68.

Dumett argues that,

...the rubber trade entered into its own largely as a result of indigenous entrepreneurship...whose European influence was peripheral....The basic structure of the rubber trade can be understood only by delving into the activities of the village producers and middlemen who supplied the motive force of the up-country industry...for in many parts of the forest zone local groups took up tapping without formal instruction as a natural response to economic stimuli.⁵⁴

Polly Hill (1963) and others have shown that cocoa exports from Ghana, were and continue to be the outcome of a migratory system of land cultivation.⁵⁵ There is also strong evidence to the effect that capital saved from previous economic activities such as the kola, oil palm and rubber trade was invested into cocoa production.⁵⁶ These

⁵⁴Raymond Dumett (1971), op. cit., pp. 85-6. Similar observations have been made in connection with the oil palm and cocoa. See A. G. Hopkins, "Economic Aspects of Political Movements in Nigeria and the Gold Coast, 1918-1939", Journal of African History VII, 1 (1966), p. 137; also K. B. Dickson, A Historical Geography of Ghana (London: Cambridge University Press, 1969), p. 147; and Barbara Ingham, "Vent for Surplus Reconsidered with Ghanaian Evidence", The Journal of Development Studies XV, 3 (April, 1979), p. 22.

⁵⁵Polly Hill, The Migrant Cocoa Farmers of Southern Ghana (Cambridge University Press, 1963), *passim*. Also see for example, John M. Hunter, "Cocoa Migration and Patterns of Land Ownership in the Densu Valley near Suhum, Ghana", Institute of British Geographers Publications, No. 33 (Transactions and Papers), December 1963, pp. 61-78, esp. p. 61. There he argued that, "widespread cultivation of the cocoa tree began in the late eighteenth-nineties in the forest of the Densu basin where the first farmers were not indigenous Akim but immigrants".

⁵⁶See for example, K. Arhin (1970), op. cit., p. 370; Also K. Arhin, "The Ashanti Rubber Trade with the Gold Coast in the Eighteen-Nineties", Africa XLII, 1 (Jan., 1972), pp. 32-43. Also R. Dumett (1971), op. cit., p. 94 and Polly Hill, Migrant Cocoa Farmers of Southern Ghana (London: Cambridge University Press, 1963), pp. 164-67.

cultivators took the initiative of responding readily and voluntarily to market opportunities. They exhibited the ability to save from former economic enterprises. Armed with the necessary capital they ventured into the "virgin" forest lands to undertake the risk of investing in land and cocoa cultivation for the external market.

(c) The Sociological Impact of the Cash Economy

The incorporation of large numbers of both rural and urban Ghanaians into the cash economy through cash-crop production and trade in the latter and in imported commodities had some sociological effects on the society. At least it removed "traditional political restraints on money making" and permitted the rise of "commoner enterprise and competition" with the traditional rulers and elite.⁵⁷ There was an increasing craze for money making, a gradual drive towards economic individualism. A large number of the population became collectors, carriers, middlemen, brokers, and traders. The effect was the erosion of traditional authority for "it created a class of commoners who accumulated property, prestige and power and who no longer felt threatened if they questioned traditional authority, and inter-state migrations made it possible to evade traditional obligations".⁵⁸ Dumett also argued that, "it seems probable that this process accelerated the weakening of the commercial regulatory powers of chiefs,

⁵⁷ K. Arhin (1976), op. cit., p. 458.

⁵⁸ Ibid., p. 466.

which in times past had kept the private trading sector under close rein".⁵⁹ Another writer summarises the resultant general changes in the relationships of authority and power in the following way:

The spread of cocoa cultivation and the wealth associated with it was disrupting the most sacred of traditional relationships and customs. Chiefs disregarded their peoples and the Asafo⁶⁰ attacked chiefs and the young ignored the authority of the old.⁶¹

The effect of the cash nexus therefore was rather profound. The increase in opportunities for earning cash ran concurrently with the spread of the use of cash. The demand for cash for the purchase of imported goods and to fulfill traditional and social obligations introduced further social changes. Tributes, gifts, marriages, funerals, puberty rites and many other traditional obligations became increasingly monetised. The subsequent rise of "migrant" and wage labour could be traced back to these beginnings.⁶²

(d) Import Trade

~~Another effect of the incorporation of the economy into the~~

⁵⁹ R. Dumett (1971), op. cit., p. 95.

⁶⁰ The Asafo Companies were originally the military youth-wings of the traditional areas of Ghana. The radical protests of the Akim Asafo Companies against the corruption and growing dictatorial tendencies of the Akim Abuakwa chiefs, led to the destoolment of five sub-chiefs, and nearly caused the destoolment of the Paramount Chief himself in the 1930s.

⁶¹ Terrence Johnson, "Protest, Tradition and Change", Economy and Society I, 2 (1972), p. 180.

⁶² K. Arhin (1976), op. cit., p. 460.

world market system was the increase of imported commodities into the country. According to Ingham, Ghana's consumption of imported goods increased by about 6% per annum between 1900 and 1911.⁶³ The table below shows that between 1900-1939 manufactured consumer goods constituted a great proportion of imported commodities.

TABLE 4A: CONSUMER IMPORTED GOODS, % OF TOTAL BY VALUE,
BY 5-YR. AVERAGES, 1900-1939

<u>Year</u>	<u>Tobacco Food & Drink</u>	<u>Clothing Leather Textiles</u>	<u>Other C. Goods</u>	<u>Total C. Goods</u>
1900-1904	38	18	19	75
1905-1909	30	16	16	62
1910-1914	34	14	19	67
1915-1919	30	15	16	61
1920-1924	28	25	14	67
1925-1929	25	31	12	68
1930-1934	30	19	15	64
1935-1939	26	21	14	61

Sources: G. B. Kay (1972) Table 20a, pp. 327-38 in R. Howard (1978)
Table 3:3 p. 80.

On the average, imported consumer goods constituted about 65.6%, whilst investment or capital goods comprised only 34.4% of total imports between 1900 and 1939. It is interesting to notice that even at this early stage, an agricultural country like Ghana could be importing food-stuffs from overseas. It reflects the neglect by cash crop growers of

⁶³Barbara Ingham (1979), op. cit., p. 25.

subsistence crops, mainly because the relatively higher incomes derived from the sale of the former could be conveniently used to purchase imported foods. Secondly, it exposes the colonial governments' bias towards encouraging export crop production to the neglect of subsistence crops. It is also important to notice that firearms, tobacco and alcoholic beverages which formed an important proportion of pre-colonial trans-Atlantic trade still maintained that status, although this "declined drastically in importance after the turn of the twentieth century...."⁶⁴

The greater prominence of clothing, leather and textiles, averaging some 20% of all imports during that period, is significant in the sense that their importation into the Ghanaian market actually out-competed and replaced indigenous textiles.⁶⁵ Ingham argued that rising imports of foodstuffs, drink and tobacco, textiles and other consumer goods could have permitted from the outset some substitution of domestic output by imports.⁶⁶ Bevin puts this more positively in the following words:

...some of the traditional industries appear to have entered on a decline through the impact of external trade and the opportunities of getting cheap imported manufactures of European and American origin.⁶⁷

⁶⁴R. Howard (1978), op. cit., p. 80.

⁶⁵Ibid., p. 83.

⁶⁶Ingham (1979), op. cit., p. 25.

⁶⁷H. J. Bevin (1956), op. cit., p. 73. Writing on the effect of this on Ashanti industry, K. Arhin (1976:460-1) argued that, "Imported cloths and householdgoods replaced locally made ones or

Even though traditional weaving of cloths for example, could not have produced enough cloths to meet the increasing demand, it still could have played a significant part in the economy, and moreover, skills could have improved overtime. Howard noted that the "rich" peasant found it impossible to invest in the sector of petty commodity production because, "he was forced by massive importation of cheap manufactured goods which had already, in great part, replaced such indigenous products as pots and pans and "kente" cloth."⁶⁸

TABLE 4B: INVESTMENT IMPORTED GOODS. PER CENT OF THE
TOTAL VALUE, BY FIVE YEAR AVERAGES, 1900-39

<u>Year</u>	<u>Construction</u>	<u>Fuel</u>	<u>Machinery</u>	<u>Transportation</u>	<u>Total Inv.</u>
1900-4	7	5	4	4	20
1905-9	13	5	7	9	34
1910-14	10	3	6	11	30
1914-19	12	4	7	11	34
1920-24	10	7	4	8	29
1925-29	8	6	5	7	26
1935-39	10	4	7	15	36

Source: G. B. Kay (1972) Table 20a, pp. 327-28; R. Howard (1978) Table 3:3 p. 80.

Although investment goods seem to have attracted some attention during this period (1900-1939), it is noteworthy that these were

those imported from the inland markets....A negative effect of this was the beginning of the extinction of some local crafts which had so impressed visitors to Asante in the nineteenth century".

⁶⁸R. Howard (1979), op. cit., p. 39.

mainly made up of buildings; railway and harbour construction and mining equipment geared towards facilitating commercial activities and the exploitation and exportation of the natural resources of the colony. There was a clear neglect of light industries,⁶⁹ in consonance with the typical colonial policy of leaving the colonies open as a market for manufactured goods from the "metropolis", and also to ensure that government revenue accruing from duties on external trade was not reduced.

(e) The Rise of Agricultural Migrant Labour

By the beginning of the twentieth century labour had begun to flow into the cocoa belt from neighbouring territories and the cocoa cultivators were beginning to employ labour. According to Hill,

...those labour inputs to cocoa which was supplied by the pioneer farmers themselves and their families probably did not come about at the expense of leisure which could mean the entire labour input to cocoa up to 1900. From 1900 hired labour began to play an increasingly important role. By 1911 there were perhaps as many labourers as farmers.⁷⁰

The migrant labourers came from the poorer savanna agricultural territories surrounding the cocoa-growing forest belt, from neighbouring Togo and Dahomey but mainly from the Northern Territories of Ghana.

Nii-Plange's recent findings on Northern Ghana show that the southward movement of farm labourers to the cocoa belt was the outcome

⁶⁹ R. Howard (1978), op. cit., pp. 84-5.

⁷⁰ Polly Hill (1963), op. cit., pp. 189-90.

of the imbalanced regional development strategy of the colonial administration. He argues that by concentrating almost all "development" efforts in the south to the virtual neglect of the north, the colonial authorities created a "labour reserve" of the North. In relation to forced recruitment of "able-bodied" men from the north to work in European-owned mines in the south, he argues that, "It was the demand for labour which determined migration from the North and not the North's mythical lack of resources".⁷¹ The youth unwillingly migrated to sell their labour in cocoa farms owned by fellow Ghanaians because of "lack of (comparable) opportunities for making money" in the North:⁷² enough to enable them to fulfill their social obligations, most of which had become monetised. K. K. Prah has correctly argued that the southward migrations were motivated by the desire of

...building through their earnings a modest capital and then returning to the North with the money made in order to invest the capital one way or another....⁷³

⁷¹See Nii- K. Plange, "Opportunity Cost and Labour Migration: A Misinterpretation of Proletarianization in Northern Ghana", Journal of Modern African Studies XVII, 4 (Dec., 1979), pp. 655-76, esp. pp. 659-61. Also Nii- K. Plange (1979), "Underdevelopment....", op. cit., esp. p. 4.

⁷²R. Howard (1979), op. cit., pp. 9-11. Also R. Howard (1978), op. cit., p. 206, where she argues that "Northern labourers were not completely cut off from the means of production; as migrants, they still had access to the means of production in their pre-capitalist homelands...".

⁷³K. K. Prah, "Social Discrimination and Economic Exploitation of the Northern Minority Nationalities in the Gold Coast and Ghana", in K. K. Prah, Essays on African Society and History (Accra: Ghana University Press, 1976), pp. 26-7.

In some cases however, some of these people became permanent residents in the south when they failed to achieve their original aim. The roots of the present-day underdeveloped status of the Northern and Upper Regions of Ghana, relative to the other regions to the south, can be traced to the heavy loss of human resources emanating from the devastating effects of slave raiding up to the nineteenth century and their subsequent neglect in developmental terms, mainly by both colonial but partly by post-colonial governments.

(f) The Creation and Exploitation of the Peasantry

It has been shown that pre-colonial agrarian folks in Ghana were simple subsistence cultivators. Gutkind differentiates between simple cultivators and peasants. He defines the former as,

...subsistence producers who engage in those (restricted) production activities mostly agricultural which meet the needs of a clearly defined kin unit of narrow or broader extension. Cultivators might also produce a surplus for sale or exchange but it is likely to be small. Perhaps most significantly, cultivators (as subsistence producers) have only peripheral contacts within the state.⁷⁴

He defines the latter as people who,

...while usually also producers of their own basic needs, tend to be incorporated with varying degrees of intensity and closeness into a (colonial) state structure. Peasants are most often an exploited and dependent class who produce for an external market. For that part of peasants' produce which is not sold in the local economy,

⁷⁴ Peter C. W. Gutkind, The Emergent African Urban Proletariat (Montreal: McGill University, Centre for Developing Area Studies, 1974), p. 4, emphasis ours.

he has virtually no control over pricing mechanisms or the marketing of the produce.⁷⁵

Both cultivators and peasants engage in simple agricultural production for the subsistence of both themselves and their production unit (mainly kinsfolk, but in the case of rich peasants, also of farm labourers). But whereas the former sells his surplus (if any) almost exclusively within parts of the territorial boundaries of the state, the peasant is engaged in both local and external market. Thus, Ghanaian simple cultivators who diverted into cash-crop production, became peasants as a result of their "integration...into the world capitalist market".⁷⁶ This process was hastened by the "ready response of the indigenous cultivators" to this opportunity of making money; the latter, necessitated chiefly by the increasing monetization of almost all facets of social obligations, introduced by colonialism.

Yet the external market remained outside the control of the peasants, and in the hands of social forces outside their own communities, including middlemen, foreign merchants and firms, and the colonial state. All in various ways shared with the peasant the surplus which in principle belonged to him. Moreover, as already argued, the price paid to the peasant for his produce, did not account for the factors of production such as land, the labour power of his kinsfolk, and in some cases, the "wages" of hired labour, and other organizational costs. "The peasant has to cover the costs of reproduction of

⁷⁵ Ibid., emphasis ours.

⁷⁶ R. Howard (1979), op. cit., p. 1.

labour, and of the means of production, from his family's production of subsistence and cash crops".⁷⁷ Thus,

...the exchange-value of commodities is lowered to the extent to which the reproduction of the producers is 'subsidised' through use-value production drawing on the labour of all members of the household above a certain age.⁷⁸

Clearly then, the peasants' incorporation into foreign-dominated market made them subordinate to "relations of exchange and appropriation... effectuated by economic and political means".⁷⁹ The domination of the peasantry of colonial Ghana, stemmed from the fact that the marketing and pricing of their produce was controlled by a foreign merchant bourgeoisie, tacitly supported by an alien colonial state; the two combining to exploit the peasantry.

(g) Stratification of the Peasantry

Hamza Alavi's claim that "we cannot speak of the peasantry ...as a homogeneous undifferentiated mass"⁸⁰ which contradicts the functionalist traditional-modern model is little doubted by most modern social scientists. What seems to be a problem is to decide

⁷⁷ Henry Bernstein, "Critique of Kay", Review of African Political Economy, no. 6 (May-August, 1976), p. 59.

⁷⁸ Henry Bernstein, "Notes on Capital and Peasantry", Review of African Political Economy, no. 10 (1977), p. 72.

⁷⁹ Bjorn Beckman, "Peasants, Capital and the State", Review of African Political Economy, no. 10 (1977), editorial.

⁸⁰ Hamza Alavi, "Peasants and Revolution", Socialist Register (1965), p. 241.

which criterion to use in classifying the various strata of peasants. The criteria indeed, differ from one historically specific socio-economic formation to the other. The problem is no less difficult in the case of colonial Ghana's peasants.

Unequal sizes of initial cultivable and subsequent cultivated land; differences in ability to return profits accrued from farming into capital for reinvestment in more land purchases, and beyond, into other commercial activities; variations in ability to accumulate and expand farms by engaging paid labour and/or by using larger number of kinfolk as farmhands; all these led to differences in the class of peasants.

These differences created debt relations between more well-to-do peasants and chiefs and less well-to-do peasants. There was also the part played by a non-resident class of local middlemen and brokers. Their role is described in the following terms:

...the...middlemen consisted of ordinary 'natives' to whom the European traders had advanced credit by supplying them with goods. The function of the credit middlemen was to go up-country and push trade in zones unsafe for the European to visit.⁸¹

Frequently they advanced credit to needy cultivators during the off-season in lieu of the harvesting season. Part of the secret behind the spread of the cash nexus in the early colonial rural Ghana and the further pauperization of the peasants could be traced to the activities of these commercial agents. Thus, most poor peasants were

⁸¹ Allan McPhee, The Economic Revolution in British West Africa (London: Frank Cass Ltd., 2nd Edition, 1971), p. 100.

indebted to rural usurers and credit-giving middlemen. Some peasants mortgaged their lands, others temporarily lost usufructural rights to their land until they could settle their debts. Some remained perpetually indebted and were seasonally engaged as farmhands on the plantations of richer peasants. Those who could not stand living only on share-cropping and daily or seasonal farm labour, found their way out of the rural areas to seek wage labour in the urban centres, especially from the 1930s onwards.⁸²

Exploitation as such, was not confined to the relations between foreigners and the local people. It also existed between interest groups and classes within the local population. Both forms of unequal relationship were however, necessary offshoots of the cash economy and the spread of the cash nexus; the latter two, being direct products of colonialism and peripheral capitalism.* The process of underdevelopment can only be meaningfully analysed if it is conceptualised as a result of both colonial administrative policies and foreign capitalist interests, as well as a result of internal class contradictions engendered by the former.

It would seem proper for us to adopt Howard's criterion for

⁸²For more detailed account of these developments see R. Howard (1980), op. cit., esp. pp. 72-4.

*Peripheral Capitalism: This term is used to describe a type of transitional capitalism which the integration of underdeveloped countries into the world capitalist-dominated market produces. The peripheral countries engage in capitalist relations of exchange with the core countries (trade in raw material for manufactured goods) without the former being necessarily capitalist.

observing stratification and relationships among the peasants. That is debt relationships as well as their relations to the hiring or selling of labour power.⁸³ Using this criterion, three main types of peasants may be identified:

1. The Rich Peasants (including chiefs), who owned extensive farmland and sometimes more than one farm at a time; could lend money to poorer peasants at quite high interest rates; mostly employed migrant labour and often invested outside the farming sector such as in trade and transport, and thus became capitalist farmers. Those who invested in the higher education of their offspring and other relatives, also contributed to the beginning of the development of the petty-bourgeois in the urban areas.

2. The Middle Peasants, who usually owned one or two pieces of farmland and could also use rented land; occasionally they hired migrant labour in addition to their families' labour and generally maintained their independence by their ability to service and pay off any debts they owed.

3. The Poor Peasants, who usually did not own land; and who had usufructural rights to family and clan land; and who could engage in share cropping, or act as hired labour on the farms of richer peasants. These are most of the time or always indebted to the rural usurer and cocoa brokers.⁸⁴

⁸³R. Howard (1980), ibid., esp. pp. 73-4.

⁸⁴See Beverley Grier (1980-81), op. cit., pp. 89-90, for a similar classification.

A capitalist farmer, differentiates himself from the rich peasant by using "his profits to invest in the 'expanded reproduction of capital'; that is, to expand his business holdings".⁸⁵ However, unlike his European counterpart, who during the transition from feudalism and mercantilism to capitalism, invested in industry, the Ghanaian capitalist farmer (as well as the Ghanaian merchant class) invested in the commercial and financial sectors or in real estates. And as Howard correctly argues, "Very few Ghanaian capitalists... were able to consolidate their holdings in the sense of founding stable commercial or financial empires which would later result in industrial investment".⁸⁶ Their lack of an objective economic base, has made them competitively weak vis-a-vis foreign capital in the post-colonial economy. Moreover, they tend to be dependent on both the state and foreign capital for their survival even in the periphery of the post-independence economy,⁸⁷ as we shall be showing in the next chapter.

⁸⁵ R. Howard (1980), op. cit., p. 76. Also Howard (1979), op. cit., pp. 38-9.

⁸⁶ R. Howard (1980), op. cit., p. 77. As Shivji writes, "The classical European bourgeoisie had developed and matured as a mercantile class within the womb of the feudal system. Through its mercantile activities...it managed to accumulate commercial capital (primitive accumulation) which was channelled into the second bracket, industrial capital--thereby accomplishing the most progressive feat of the era of capitalism--the industrial revolution. See I. Shivji, Class Struggles in Tanzania (New York and London: Monthly Review Press, 1976), p. 19.

⁸⁷ One other factor which contributed to this weak economic base, was the deliberate policies of the colonial state and the collaborative manipulation of the colonial economy by foreign capital, which prevented the full participation of the Ghanaian petty bourgeoisie in the bureaucratic and economic sectors.

(h) Peasant Protests: The Trade Boycotts (1858-1938)

The European firms, most especially the British companies, established their firm control of both export and import trade, by forming large combines such as the United Africa Company (U.A.C., 1929) and G. B. Ollivant (G.B.O., 1858). This reduced competition from rival European firms such as the French Compagnie Francaise de l'Afrique Occidentale (C.F.A.O., 1909), and the Swiss Societe Commerciale de l'Quest Africain (S.C.O.A., 1914). Moreover

Although British firms could not substantially oust other non-British Companies, they used informal extra-legal means of control...to guarantee that a large percentage of the trade was kept in British hands.⁸⁸

With these European concerns in full control of trade, indigenous merchants were gradually eliminated into the background, since they could not compete with the large firms.

The banking system was run by British owned banks; the Bank of British West Africa (B.B.W.A., 1894), owned by British-owned Elder Dempster Lines, which was the biggest shipping company in colonial Ghana, and the Colonial Bank (1917), later changed to Barclays Bank, D.C.O. in 1925. The banks never catered for the needs of the indigenous African community, including the peasants and merchants but "rather to the needs of the expatriate traders in Ghana".⁸⁹

⁸⁸ R. Howard (1978), op. cit., p. 101.

⁸⁹ Ibid., p. 132. See also A. Boahen (1975), op. cit., pp. 100-101.

The mining industry was also dominated by three British-owned companies, namely the Ashanti Goldfields Company, the African Manganese Company and the Consolidated Selection Company, for gold, manganese and diamonds respectively. In fact,

Expatriates had to deliberately restrict Ghanaians' access to advanced technology in order to push them out of gold mining. The state defended expatriate interests by reserving the right to mine diamonds by modern methods to Europeans. Moreover, the integration of the mining industry into the tight network of international mining consortia served to exclude Africans.⁹⁰

Thus, the economy of colonial Ghana was virtually controlled and monopolised by British concerns, and other European commercial firms, to the exclusion of the indigenous people.

In commerce, one of the commonest extra-legal mechanisms used by the European companies to ensure the maximization of their profits and their exploitation of the Ghanaian public at large, was price-fixing agreements, contrary to their acclaimed belief in a free competitive market economy.⁹¹ In most cases, downward trends of

⁹⁰Boahen (1975), *ibid.*, p. 69; Boahen shows that, "until after independence, European mining companies were in most cases paying only ridiculously low rent for their concessions and hardly any taxes. Ghana was therefore deriving little direct revenue from these minerals". *Ibid.*, p. 96.

⁹¹See for example, R. Dumett (1971), *op. cit.*, p. 84; E. Reynolds, "The Rise and Fall of an African Merchant Class on the Gold Coast, 1830-1874"; a paper presented to the Congress of Africanists, 3rd Session, Addis-Ababa (1973), p. 16. See also S. Kaplow (1977), *op. cit.*, p. 328, and also R. R. Brand (1972), *op. cit.*, p. 275. He also cites a copy of the pooling agreements between three British firms dated 1.3.1904 found in a collection of United Africa Company papers (Envelope 309, Public Records Office, London). See *ibid.*, pp. 322 and 329.

market prices were determined partly by the unsteady and unfavourable conditions of the world market, such as during the inter-war period, 1919-1939. Almost all such lowering of producer prices, and increasing of the prices of imported commodities were however viewed by the Africans as part of the conspiracy among the monopolistic firms to manipulate market prices to their own advantage.

One method which was commonly used as a form of protest by the peasants (sometimes in concert with their chiefs, local merchants and intellectuals), was trade boycotts. This strategy was used at various times right from the mid-nineteenth century to beyond the second world war, when nationalist agitation led to a general African boycott of, and looting of goods of the European firms in February 1948.⁹²

From 1858 to 1866 there was an oil-palm trade boycott, and in 1917-1918, 1921-1922, 1922-23, 1930-31 and 1937-38, there were cocoa hold-ups. Freda Wolfson maintains that the decision of the Krobo ethnic group to stage the oil boycott was made voluntarily and it was unanimously supported. According to her, there is no indication

⁹²This action, taken during the heat of the post-war struggle for self-government was a form of protest against high prices of European imported commodities. The Africans suspected that this was an outcome of price-fixing and market share agreements by the Association of West African Merchants (AWAM) formed by the large rival European firms operating in West Africa. See for example, R. Howard (1978), *op. cit.*, p. 109. One George Grant, once a prosperous Ghanaian businessman who was squeezed out of business by AWAM complained to the Watson Commission, formed in 1948 to investigate the post-war unrest in Ghana, that, "We are not getting licenses for the import of goods". See A. Boahen (1975), *op. cit.*, p. 157.

of any agitation from outside, in colonial documents.⁹³ This action was thus initiated and executed solely by the peasants to protest against low producer prices and to enhance their own economic interests. The peasants stood together to rebuff attempts by a few chiefs, who had been offered 'political reward in return for their subservience' by the colonial government, to break their ranks. In fact, "they were isolated from the people and their defection failed to shake the resolution of the vast majority to with-hold their produce",⁹⁴ for nearly eight years running.

Apart from some petty differences⁹⁵ and details, the cocoa boycotts were generally aimed against the following: (1) The British and European monopoly of the cocoa trade and the virtual elimination of the Africans from the direct shipment of cocoa; (2) the system of brokerage and sub-brokerage which increased the number of middlemen, each making a profit, and thus reducing the producer prices paid to the peasants,⁹⁶ and (3) the system of price-fixing agreements among

⁹³ Freda Wolfson, "A Price Agreement on the Gold Coast--The Krobo Oil Boycott, 1858-1866", Economic History Review VI, 1 (1953), p. 68.

⁹⁴ Ibid., pp. 68-9.

⁹⁵ For example, the 1917-18 boycott was caused by "the increase of railway rates and government imposition of export duty on cocoa as part of a policy of financial retrenchment", which resulted in the reduction of the price offered to the peasants. See Jarle Simensen, "Rural Mass Action in the context of Anti-Colonial Protest: The Asafo Movement of Akim Abuakwa, Ghana", Canadian Journal of African Studies VIII, 1 (1974), p. 32.

⁹⁶ R. Howard, "Differential Class Participation in an African Protest Movement, The Gold Coast Cocoa Boycott of 1937-38", Canadian Journal of African Studies X, 3 (1976 b), p. 470.

foreign firms which further depressed producer prices of cocoa and raised the prices of imported goods. These resulted in most peasants falling in debt and pledging their crops and lands.⁹⁷

The early boycotts (1917-18, 1921-22, 1922-23) failed to achieve their objectives principally because, they were confined to only the pioneer cocoa growing areas in the Eastern provinces, thus the support they engendered was thin and weak. Moreover, their short durations (maximum of two months) were caused by the fact that, poorer peasants could not hold on much longer because of pressing financial problems. In the case of the 1920's boycotts, coercive methods used by the richer peasant-traders failed to retain the interest of their poorer neighbours and the government stepped in. As Southall puts it,

Such compulsion was strongly countered by the administration, which viewed it as a threat to both the existing economic order and to its own political control.⁹⁸

The protests of the 1930s however, had two related aims, (1) to with-hold their cocoa from the market in order to force producer prices up, and (2) to boycott imported European goods. The 1930-31 boycott was initiated and sustained by the wealthier farmers and chiefs, both interested in eliminating the alien brokers

⁹⁷Sam Rhodie, "The Gold Coast Cocoa Hold-up of 1930-31", Transactions of the Historical Society of Ghana (1968), p. 105.

⁹⁸Roger Southall, "Farmers, Traders and Brokers in the Gold Coast Cocoa Economy", Canadian Journal of African Studies VII, 2 (1978), p. 203.

in order to trade directly with the expatriate firms. But again, they found it difficult to sustain the interest of the poorer peasants for the same reason as before. Moreover, this boycott was, as in the previous cases, limited to the Eastern Province. Again, the colonial administration stepped in. According to Southall,

...because of official prosecution of those found guilty of interference with the 'freedom of trade', extreme pressure on the chiefs to withdraw their support and leakage caused by secret sales of cocoa by small producers in dire financial straits, the hold-up met ignominious collapse after a two-month duration.⁹⁹

The 1937-38 boycott was more successful because of the following factors: (1) Unlike the previous boycotts, this took place in both the pioneering cocoa areas in the Eastern Province as well as the newer ones in the Central Region and Ashanti. (2) "Remembering what happened in connection with the 1931 hold-up, this hold was limited to "economic protest".¹⁰⁰ This was mainly against price fixing by the expatriate firms without due consultation with the farmers, and to bring down the cost of imported goods,¹⁰¹ and thirdly, to break the hold which Europeans (mainly British), expatriate firms had on the marketing of peasant-produced cocoa overseas.¹⁰² (3) It attracted

⁹⁹ Ibid., p. 205.

¹⁰⁰ Björn M. Edsman, Lawyers in Gold Coast Politics c. 1900-1945 (Motala: Borgstroms Tryckeri Aktiebolag, Sweden, 1979), p. 188.

¹⁰¹ Adu Boahen (1975), op. cit., pp. 147-48.

¹⁰² R. Howard (1976 b), op. cit., p. 470.

the concerted participation of both the chiefs and the petty bourgeoisie, thus bringing to an end their disagreements on indirect rule and native administration. Edsman correctly argues that,

The real significance of the hold-up was that it brought together all sections of the African community in a common cause, the cause for better socio-economic conditions.¹⁰³

(4) For various reasons of their own, this hold-up attracted other groups into the fray. Describing the tremendous support this hold-up engendered, Howard writes that,

Tactics of the movement included not only the boycotting of cocoa buyers, but also the boycott of all but the most essential European-produced imported goods (whether sold in European or African shops), sympathy strikes by market mammies, lorry drivers and surf-boat workers, and ultimately, the burning of some 400 tons of cocoa.¹⁰⁴

This boycott was the longest in duration, lasting between October 1937 and April 1938 and forced the appointment of the Nowell Commission to look into the grievances. The only sad outcome of the boycott was the fact that a Cocoa Marketing Board was instituted, "which, in using expatriate firms as its buying agent, perpetuated the system which the Africans had been protesting".¹⁰⁵

It has been sufficiently demonstrated in this section, that the operations of the British commercial concerns in colonial Ghana, was a

¹⁰³ Bjorn M. Edsman (1979), op. cit., p. 190.

¹⁰⁴ R. Howard (1976 b), op. cit., p. 470.

¹⁰⁵ Ibid.

far cry from their accalimed belief in, and practice of, fair competitive market economy, in their own country. British firms (and to some extent, other European companies) monopolised the entire economy of the colony--including mining, banking, shipping and commerce. With tacit approval of the British colonial administration, they eliminated the indigenous people from full participation in the economy, especially in trade. Moreover, by various extra-legal means, including secret trade sharing and price-fixing agreements, and a cumbersome system of brokerage, they depressed the producer prices paid for the produce of the peasants, while they escalated the prices of imported commodities. These tactics are among the very ones which, as we have shown in the first chapter, dependency theorists hold, to be the mechanisms through which the colonies became underdeveloped and dependent. It is this which present newly independent Third World leaders with an uphill task in economic restructuring.

Trade boycott was what seemed to be the only effective means by which the Ghanaian peasants (sometimes with the backing of other sections of the indigenous community) could express their discontent against this system of exploitation. What matters is not whether some of these protests failed to achieve their objectives or not. Rather that, the Africans demonstrated at least, their awareness of the exploitation they suffered as a result of the oligopolisation of almost all facets of the economy by foreign companies.

The general performance of the peasantry in colonial Ghana clearly deserves a worthier description than a "sack of potatoes" which Marx used to describe the peasantry of France in the eighteenth

century. It is true that their protests were limited in scope, and addressed mainly towards reforms in the colonial economic system; their actions "tendered to be of a spontaneous, localised and spasmodic nature".¹⁰⁶ It is also true that in situations like this, the idea of a general, sustained peasant movement can only be realised when inspired from the outside. This inspiration was to come after the second world war, from the Ghanaian urban petty bourgeoisie in the nationalist agitations which eventually led to the overthrow of the colonial political structure. The peasantry formed the mass base of the struggle for independence.

4. The "Embryonic" Labouring Class: From Forced Labourer to Semi-Proletariat (1900-1939)

The necessity for wage labour on the part of needy Ghanaians was the direct outcome of the rise of money and the exchange economy in the colonial period, which in turn necessitated the growth of production mainly for the market. The monetization and commoditization of the rural sector only accentuated the economic differences among the peasantry. Severe want among the poor, indebted peasants and their determination to survive the problems posed by capitalization, led to the rural-urban drift. Many needy peasants, pressured by the lack of money making, found themselves seeking employment in the urban areas. Thus, "thousands of Africans have been uprooted from their subsistence

¹⁰⁶T. Shanin (ed.), Peasants and Peasant Societies (Harmondsworth, Middlesex: Penguin House, 1971), pp. 258.

economies, and their existence has been dependent upon their ability to sell their labour".¹⁰⁷ It was the rural sector that fed the urban sector with labour; it was the peasantry that begat the labouring class.

In colonial Ghana however, such voluntary migration to the urban areas came late. It was preceded by two migratory waves. The three stages could be identified as follows: The first wave began in the last decade of the nineteenth century and the beginning of the twentieth century. This was basically a north-south movement, and was a rural-rural migration. It involved mainly northerners, who, as shown earlier in section "e" of this chapter, migrated southwards into the cocoa belt to work, mainly temporarily as labourers. This was because of the relative neglect of the region in developmental terms by the colonial administration, thus creating a labour reserve of the north. We do not consider these farm labourers as proletariats because of the temporariness of their work in the cocoa farms, and their subsequent return to the north, where they still retained usufructural rights to family lands.

The second wave (1905-1927) was necessitated by the acute shortage of manual labour in the foreign-owned mines and the government Public Works Department. Force was resorted to, in order to recruit labourers from the north, especially for the mines, because most of the migrants preferred the relatively easier and comparatively less

¹⁰⁷Martin L. Kilson Jr., "Nationalism and Social Classes in British West Africa", Journal of Politics XX, 2 (1958), p. 372.

dangerous work on the cocoa farms to the more difficult and relatively unknown but risky jobs in the mines. To the northern migrants, it was rational to go to the rural cocoa areas where one was assured of housing and food, in addition to share-cropping, rather than to the uncertainties of the mining and public works in the towns. As Howard has shown,

...while there was an economic incentive to produce more cocoa in so far as migrants were paid under crop-sharing agreements, wage rates in the public and mining sector were artificially kept low because of the European assumption that there was a 'backward sloping supply curve' of African wage labour, and that if wages were raised fewer Africans would work for shorter periods of time.¹⁰⁸

Under this guise, wages for African labourers in European employ were severely depressed, just enough to make bare subsistence a possibility.

The third wave began in the 1920s, especially during the governorship of Sir Gordon Guggisberg (1919-1927) who broke the typical colonial administrative tradition of "fiscal conservatism" and embarked on increased government-spending on public works, thus creating the need for employing wage labour.¹⁰⁹ This was heightened however in the 1930s, when most poor peasants, indebted to rural usurers and creditors, and who could not make ends meet in cash crop production, moved into the urban centres to seek manual wage employment. Meanwhile the colonial government had started getting involved in the development

¹⁰⁸R. Howard (1980), op. cit., p. 75.

¹⁰⁹Peter S. Sederberg, "The Gold Coast under Colonial Rule: An Expenditure Analysis", African Studies Review XIV, 2 (1971), p. 200.

of education begun by the Christian missions. The type of education was mainly oriented towards producing white-collar workers to fill the lowest positions in the colonial civil service. This also started producing large numbers of mainly elementary school leavers, whose attitude towards rural life and agriculture was negative. This group eventually found their way into the urban areas to seek employment mainly in the civil service and the European firms.

It is true that a few efforts were made, especially by the missions (especially the Basel mission) and later the colonial government throughout the latter half of the nineteenth century and the early twentieth century to establish agricultural training schools and to provide technical and vocational education. However, in general terms,

The paradox in Ghanaian education has been the emphasis placed on vocational and agricultural training in all documentary sources and the relative absence of it within the actual system of education.¹¹⁰

The few experiments made in this direction failed, not because of the irrationality of African demand for academic rather than vocational education. Rather, two other factors which contributed to this situation are, (1) the relative neglect of the rural areas in terms of social amenities and (2) the fact that the economy, based on trade to the neglect of industries, caused a greater demand for clerical and commercial employees than for technically trained personnel. There was

¹¹⁰ Philip Foster, "The Vocational School Fallacy in Development Planning", in Jerome Karabel and A. H. Halsey (eds.), Power and Ideology in Education (New York: Oxford University Press, 1977), p. 357.

thus "a very high correlation between perceived prestige (and opportunities for higher social mobility) and perceived income variables".¹¹¹

The bulk of those rural folk who were forced by pecuniary problems and the relatively dreary life of the rural areas to seek manual wage employment in the urban areas, initially counted themselves as temporary sojourners in the towns. They were more of migrants than a permanent proletariat. They were in the towns in order to make the money they needed and to go back to the rural areas, where their family and clan lands awaited cultivation.¹¹² There was therefore a constant movement back and forth between the urban "strangelands" and the rural "homelands". The beginnings of what might be called a permanent wage-labour class in the urban areas, and the creation of large numbers of unemployed youth in the urban setting, would more appropriately date from the end of the second world war. In such circumstances, it would seem more accurate to adopt Arrighi and Saul's term of "semi-proletarianized peasants" to describe the pre-war wage labour seekers and labourers since migrant labour characterised by partial dependence on wage-labour employment for its existence does not constitute a proper proletariat.¹¹³

¹¹¹Ibid., p. 365.

¹¹²See R. Howard (1978), op. cit., pp. 204-6; also K. K. Prah (1976), op. cit., p. 26.

¹¹³See Giovanni Arrighi and John S. Saul, "Socialism and Economic Development in Tropical Africa", Journal of Modern African Studies VI, 2 (1968), p. 148.

The question of labour shortages in the mining industry and government works in Africa, has been aptly explained by Gutkind as follows:

For Africans to make themselves available for wage labour in the early period of the century was not common practice, even though housing, food and medical needs were usually supplied by the employer. Colonial governments constantly complained about the 'scarcity of labour' and the unwillingness of Africans to respond to what employment opportunities existed--it was presumed that unless coerced the Africans would not work.¹¹⁴

This presumption is not different from the views of functionalist theorists that Africans were irrational beings on whom ideas from the west must be imposed in order that they may respond to innovation and economic opportunities. We have already dismissed this assumption in the matter of the peasants of colonial Ghana. We have also shown the rationality behind the migrants' preference for farm labour instead of mine and public works labour. The situation in colonial Ghana, in relation to labour shortages was not too different from what occurred in other parts of Africa. Shortage of labour became acute even in the cocoa industry during times of boom, and also especially during the Guggisberg era in the development of railways, roads and ports. The pressure was most serious in the mines where, as already indicated, Ghanaians considered the work dangerous, un lucrative and unpleasant.

In 1906 labour shortage in the Tarkwa mines in the central Province necessitated the first attempt at a large-scale forceful

¹¹⁴Peter C. W. Gutkind (1974), op. cit., p. 8.

recruitment of labour. Roger Thomas records the high level of what he described as "desertion" among the labourers recruited from the north-east, both on the journey south and after arrival at the mines.¹¹⁵ Apparently, most of them did not know "the exact nature of mine work... and...the labourers were not told that they would be required to work underground, and in a regular fashion". So between 1920 and 1927 there was a very high death rate among the mine labourers.¹¹⁶

Up to the second world war, workers in the civil service, the railways and the mines formed trade unions, and as Roper has shown, "the period between 1914 and 1939 appears to have been one of general unrest in the Gold Coast; on the railways, among artisans working for the government and private commerce".¹¹⁷ These labour unrests were mainly caused by declining value of wages in the face of rising prices of imported commodities, and the static levels of wages relative to increasing prices for agricultural and mineral products. The world-wide depression of the 1930s also intensified the economic hardships

¹¹⁵ Roger Thomas, "Forced Labour in British West Africa: The Case of the Northern Territories of the Gold Coast, 1906-1927", Journal of African History XIV, 1 (1976), pp. 80-1.

¹¹⁶ Ibid., pp. 82 and 103.

¹¹⁷ J. I. Roper, Labour Problems in West Africa (London: Oxford University Press, 1958), p. 52. For example, in 1919 the Public Works Department employees in Accra collectively, protested against the delay in payment of their wages. In 1920 an Artisans and Labourers Union of government employees threatened an industrial action, and in 1921 some of them came out on strike against threatened reduction in pay but to no purpose. In 1924, there was a well organised strike of miners at Obuasi. See David Kimble (1963), op. cit., p. 26.

of the workers. This was a period when world market prices for export commodities including cocoa fell drastically, hence government revenue, partly used in paying wages, was reduced.

It is quite clear therefore, that the industrial unrest in colonial Ghana was basically economically determined, but unlike the peasants, the workers stretched their protests into anti-colonial and anti-British proportions. Petitions from workers often expressed a consciousness of status. One such very strongly worded petition was sent to the Labour Commissioner by the mine workers of Obuasi in 1938. The petition demanded better wages and working conditions and read in part,

We are the working class....We suffer but there are no rewards. We demand justice and equality. We do not find any justification why we should not be paid as our brother miners in England or the United States of America....We are the same as they. But our time will come when we will rise up and take what is our rightful due.¹¹⁸

The attitude of colonial authorities to such demands is expressed in a minute by the Chief Secretary for the Gold Coast to the Governor in March 1927, reading inter-alia as follows:

The evidence before us suggests that our recent labour unrest is the result of a sharp change of attitude of native workers in the mines, in commerce and Government. These natives seem to have little understanding that there must be a relationship between the pay received and the work performed. Various officers have reported that Native labour is now more demanding and that various self-appointed 'leaders' have been able

¹¹⁸ Ghana National Archives, File P.7 1938, quoted in P.C.W. Gutkind (1974), op. cit., p. 26.

to maintain considerable influence at the expense of the tribal authorities. Reports have recently been received that railway workers are demanding 'parity' with their counterparts in the United Kingdom.¹¹⁹

Such trade union dynamism stretched into the second world war, forcing the colonial administration to sometimes construe all demands for higher wages and better conditions of service to be "acts threatening the well being of the state", and to enact ordinances aimed at curbing industrial unrests.¹²⁰ These measures could not dampen the radicalism of the workers. During the post-war era, some of the Trade Unions were in the forefront of the upsurge of anti-colonial nationalism. They played a prominent role in the achievement of independence in 1957. For example, in 1950, a general strike was declared throughout the country to back Kwame Nkrumah's (the nationalist leader of the Convention People's Party) call for a positive action campaign of non-violent civil disobedience.¹²¹

¹¹⁹ Ibid., p. 25.

¹²⁰ Rolf Gerritsen, "The Evolution of the Ghana Trades Union Congress under the Convention Peoples Party: Towards a Re-Interpretation", Transactions of the Historical Society of Ghana XIII, 2 (1971), p. 230. For example in 1940 a Workers' Compensation Ordinance was passed and in 1941, (the same year when the Ghana Labour Movement was officially born) the conspiracy and protection of Property (Trade Disputes) Ordinance and the Trade Dispute Arbitration and Inquiry Ordinance were passed. This later ordinance empowered "the Governor to make orders with a view of preventing work being interrupted by trade disputes".

¹²¹ Lester N. Trachtman, "The Labour Movement of Ghana: A Study in Political Unionism", Economic Development and Cultural Change X, 2, Part 1 (Jan. 1962), p. 184. As a result the colonial administration sent several union leaders to jail with the political leaders, and many unionists lost their jobs.

The colonial government largely neglected rural development, despite the fact that government revenue for carrying out infrastructural projects in the urban areas, and for the running of the administration came mainly from the sweat and toil of the rural-based peasants. Secondly, the drift of the youth from the rural areas, a direct outcome of this colonial policy, meant that valuable manpower was lost from the agricultural sector, hence the shortages of local foodstuffs and the importation of foods mainly from Britain. Also, part of the colonial legacy was the large number of unemployed youth in the urban areas; a problem which the post-colonial African governments have been grappling with ever since. Thirdly, the forced recruitment of labour from the northern "labour reserve" created by the colonial administration, apart from the social problems caused in affected area, further depressed the developmental potential of that region. Efforts of various post-colonial governments to close the gap between these regions (now the Northern and Upper Regions) and other regions have so far not succeeded. These factors, among others, contributed to the underdevelopment of Ghana.

5. The Underdevelopment of the "Bourgeoisie"

The main aims of this section are three-fold. Firstly, to advance the argument that by both overt and covert means, the expatriate commercial bourgeoisie, with the tacit approval of the British colonial state, ensured that the efforts of the indigenous entrepreneurial class to meaningfully and fully participate on equal terms

in the trade sector, were effectively checked and frustrated. Hence the type of Ghanaian bourgeoisie which emerged from colonial rule, cannot be described as an authentic national bourgeoisie, but rather an economically weak, discontented petty bourgeoisie.

Secondly, to argue that the colonial state, by various measures it took, made certain that the Ghanaian intelligentsia were effectively prevented from occupying prominent positions within the colonial administration. Hence, apart from some token representation of Africans in the colonial legislative council (a representation which carried only advisory roles); and the windowdressing incorporation of traditional rulers mainly in local government to the neglect of the intelligentsia, Ghana was to emerge on the eve of independence with only a 6-year (1951-1957) tutelage in democratic rule and political administration. Moreover, the bulk of the prominent positions in the colonial bureaucratic machinery, were still occupied by Britons. Thus, the bourgeoisie that emerged from colonialism, "lacked both the historical maturity of their metropolitan counterpart and the latter's objective economic base".¹²²

Thirdly, to advance the case that the reformist political movements organised mainly by the petty-bourgeoisie, sometimes with the backing of the traditional rulers during the colonial era, were essentially measures taken to demonstrate their discontent and frustration. Also it was meant to win some measure of participation in the

¹²² Issa G. Shivji, Class Struggles in Tanzania (New York: Monthly Review Press, 1976), p. 20.

economic and political system.¹²³

The origin of the petty-bourgeoisie in colonial Ghana could be traced to the long relations of the coastal people with the European merchants who settled on the coast to trade with the people of the Gold Coast. Most family heads took advantage of early missionary educational facilities on the coast to give their offspring (mainly the male) good liberal education. Long before the formal placement of the colony under British colonial administration, and when they had no direct control over the hinterland, the merchants had to depend on coastal-based Africans to coordinate their trade with the interior people. Hence the role of the first generation of Ghanaian petty bourgeoisie was to act as middlemen. Later, some of the "upstarts" in the commercial field worked themselves into "independent" traders by making use of the initial capital gained from the commission and credit facilities they enjoyed from the foreign commercial concerns. The second generation of petty-bourgeoisie were from the rural areas where chiefs and the traditional royalists, the successful capitalist farmers and the Christian families helped their children to benefit from missionary education.

Like their peasant and semi-proletariat counterparts, the petty bourgeoisie were a creation of colonialism and peripheral capitalism. By the second half of the nineteenth century, there was quite a sizeable number of Ghanaian petty bourgeoisie--an embryonic intellectual stratum, especially professional lawyers; an infant merchant

¹²³See for example, Bjorn M. Edsman (1979), op. cit., passim.

stratum, and a few bureaucrats who held mostly junior positions in the colonial administration. Our analysis will centre around the development and activities of these three subgroups, viz-z-viz the colonial state and the expatriate bourgeoisie.

(a) Ghanaian Merchants in the Colonial Administration and Trade

The first form of trade which involved the Africans directly in the European trade was the Commission System. By the 1840s, merchant houses in London advanced goods on credit to their British agents on the Ghanaian coast, and received primary products from Ghana in return. These agents on the coast were charged a percentage commission on the shipping and goods and on the sale of produce.

According to Reynolds,

Under this agreement any person who wished to go to Africa to seek his fortune applied to a house, which then supplied him with goods on credit and charged a commission.¹²⁴

The implication of this arrangement was that the London merchant houses were absolved of all risks involved in the trade, while their agents on the Ghanaian coast and the Ghanaian middlemen who represented them in the hinterland bore the brunt of the risks involved. The arrangement between the European agents and the Ghanaian middlemen who sent credited goods into the interior and brought back cash crops which were marketed by the Europeans, was also based on commission.¹²⁵

¹²⁴Edward Reynolds, "Economic Imperialism: The Case of the Gold Coast", Journal of Economic History XXXV, 1 (March, 1975), p. 99.

¹²⁵See S. Kaplow (1977), op. cit., p. 319. Also, S. Kaplow, "Primitive Accumulation and Traditional Social Relations on the

The ultimate effect of all this is that before the peasant consumers at the far end of the chain (for it was not unusual that there could be more than one middleman) could get the imported goods to buy, all the intermediaries had gained some profit. This made prices of such commodities very high in the rural areas. On the other hand, by the system of brokerage and sub-brokerage, the prices paid for the produce of the peasants were depressed in so far as each intermediary up the ladder made some profit. Hence, Beverly Grier's argument that,

...in buying up the crops of smaller producers and selling these crops to European merchants on the coast, they (the Ghanaian middlemen) at once appropriate a surplus from the rural producers and cut into the profits of European capital in the colony.¹²⁶

We therefore reiterate our argument that the exploitation of poor peasants in the interior was the outcome of the collaboration between the up-coming African "bourgeoisie" and the expatriate bourgeoisie. This is of particular significance because as long as such opportunities were open to them, these middlemen were contented to operate within the system. As we shall argue later, it was only when their European counterparts began to deny them these opportunities, that their frustration was extended to attempting to "bypass the European firms and export directly to Europe and North America".¹²⁷ Their

Nineteenth Century Gold Coast", Canadian Journal of African Studies VII, 1 (1978), p. 20.

¹²⁶B. Grier (1980-81), op. cit., p. 90.

¹²⁷Ibid.

political organizations and protests were all a result of such frustrations.

This earlier period of trade by credit and commission was a time of relative prosperity for the Ghanaian merchants. Kaplow in fact shows that the success of the indigenous merchants during this period was due to the fact that, "with the profits of the slaving era gone, the British government was understandably lukewarm about the Gold Coast". They turned over the coastal settlements entirely to merchants rule under Governor George Maclean (1830-1843).¹²⁸ A situation was therefore created in which Ghanaian merchants met their European colleagues as equals and had a substantial part in governing the settlements. Indeed, as one of the British merchants commented,

...a number of Africans were admitted to the same advantages as the resident English traders and received their supplies direct from the London firms and enjoyed credit facilities.¹²⁹

Also during the Maclean era, some Ghanaians acted as justices of the peace. For example, one Hansen became a magistrate and commander of James Fort in 1835, and one Bannerman, became commander of the Christianborg Fort in 1850. He was later named Lieutenant Governor. He was even proposed for governorship of the entire body of merchants including the Europeans, "on the grounds that his knowledge

¹²⁸S. Kaplow (1980-81), op. cit., p. 322.

¹²⁹Andrew Swanzy, "On Trade in Western Africa with or without British Protection", Journal of African Studies XXII (1874), p. 479, quoted in E. Reynolds (1975), op. cit., p. 105.

of the people, based on long, personal experience, would further the cause of social progress".¹³⁰ And in trade,

The result was clear by 1857 when it was observed with slight exaggeration that the old class of European merchants who greatly monopolised the trade had passed away and the amount of business done formerly by a few is now in the hands of numerous small traders chiefly natives.¹³¹

From the 1860s however, the tables began to turn against the Ghanaian merchants due to a number of inter-related factors. In both political administration and participation in trade they began to experience a precipitous decline. Their prominence in politics began to wane. By 1844, with the signing of the bond between the coastal chiefs and the British which placed the coastal "states" under British jurisdiction and protection, a system of direct colonial administration began to take shape. As Kaplow shows, after 1850 the African merchants were no longer indispensable and a British-dominated bureaucratic machinery was set up. Governor Connor for example was reported to have removed the Ghanaian merchants from office and filled the vacancies created with military men, while E. B. Andrews, the Governor from 1860 rejected "the necessity of employing even a certain amount of native talent".¹³² Moreover, merchant ex-officio members of the Legislative Council were not reappointed when

¹³⁰David Kimble (1963), op. cit., p. 65.

¹³¹E. Reynolds (1973), op. cit., p. 7.

¹³²S. Kaplow (1977), op. cit., p. 327.

their terms expired and no Africans were appointed to it between 1874 and 1886.¹³³ Thus, there was a round-about-turn from a policy which recognized 'native talent' to one which did not consider Africans as qualified to participate in the running of their country.

Conditions in the trade sector were not favourable either. One of the factors which also contributed to the success of the Ghanaian merchants during the 1840s and the 1850s was the introduction of the steamship, and the formation of African Steamship Company. This gave both Ghanaian and European merchants the opportunity to utilize this facility to expedite their trade transactions with the London firms.¹³⁴ By the 1860s however, their success began to rouse the jealousy of the large firms and they took measures to deprive their Ghanaian counterparts of this direct shipping facilities.¹³⁵ Secondly, with the banking system under the control of the British, steps were taken to ensure that such facilities as bank loans and credits were enjoyed mainly by European merchants.¹³⁶ Thirdly, European agents of the overseas firms were noted for overcharging Africans, viz-z-viz their European and mulatto counterparts in the pricing of imported commodities. Thus, the profits of the Ghanaian merchants were

¹³³D. Kimble (1963), op. cit., p. 409. Also S. Kaplow (1977), op. cit., p. 327.

¹³⁴E. Reynolds (1973), op. cit., p. 6.

¹³⁵Ibid., p. 7.

¹³⁶See R. Howard (1978), op. cit., p. 132.

relatively very low and most of them suffered losses. This, added to the risks involved in trading in the hinterland turned most indigenous merchants into debtors and bankrupts. One example was that of Joseph Smith who became bankrupt in 1861 and whose invoices showed that he was overcharged, 25% to 75% of the goods he credited.¹³⁷ Kaplow shows that African debts during this period, ranged from "several hundreds to, in one case, thirty thousand pounds".¹³⁸

So widespread was the indebtedness and bankruptcy of the Ghanaian merchants that in 1858 a bankruptcy law was passed "to deal with insolvent African merchants which made the debtors' assets available to his creditors, including jail sentence".¹³⁹ To this some Africans countered by concealing their personal property and declaring it as family property. Most of them even preferred to go to prison and come back to enjoy their fortune, rather than paying back their debts.

The over-all effect of these developments was that the Europeans blacklisted the majority of the Africans and would no longer offer them credits. Many Africans found themselves completely out of business. The demise of the credit system was also caused by the improvement of the road transportation system which made it possible

¹³⁷E. Reynolds (1975), op. cit., p. 109.

¹³⁸S. Kaplow (1977), op. cit., p. 325.

¹³⁹See E. Reynolds (1973), op. cit., p. 11. Also, S. Kaplow (1977), op. cit., p. 325. And, E. Reynolds (1975), op. cit., p. 108.

for the big European firms to open branches inland thereby reducing the need for the services of African middlemen. In particular, the Basel Mission Trading Company, founded in 1859 (and later renamed the Union Trading Company) followed their missionary stations to open many branches in the hinterland.¹⁴⁰ Other companies followed suit. With the demise of the credit and commission system and the elimination of the Ghanaian middlemen, the process of the oligopolization of the trade sector by the European firms was complete. The underdevelopment of the indigenous merchants had begun in earnest.

Henceforward, the alliance between the expatriate merchants and their Ghanaian counterparts was broken, and as we shall show later, the tensions and conflicts generated were transferred into the political sphere. The content of the complaints of the local merchants, most of whom were part of the intelligentsia, against what they perceived as an unwarranted intrusion into their domain is indicative of their frustration. It also expresses their awareness of the full implications of the colonial situation. For example, one of such complaints read in part as follows:

They (the Europeans) are doing no material good in point of trade, but harm. Since they established themselves here as merchants they have been imitators and not innovators; they have not conferred any boon on the public by introducing any industrial developments of fresh resources here. They have not lent their energy by adding to the natural wealth of this country....With their large means they undersell everyone here, and by their means have wrested the trade from our hands.¹⁴¹

¹⁴⁰ Ibid., p. 109.

¹⁴¹ African Times XXII, 8 (1868), a Letter signed by "An Old

(b) The Ghanaian Intelligentsia and the Colonial Administration

The aspiring Ghanaian merchants were not alone in these deliberate acts calculated to frustrate their economic and social advancement. It has already been stated that the majority of the merchants were at the same time members of the Ghanaian intellectual, professional community. Those in the bureaucracy had their "fair" share of this treatment. From the end of the nineteenth century onwards, measures were taken to expand the bureaucratic machinery and the colonial administration was more tightly organised.¹⁴² Deliberate measures were taken to exclude Africans from appointment to high offices, with the lame excuse that the growing complexity of the administration needed European expertise and required much higher qualifications than most Ghanaians possessed. Paradoxically, almost all the Ghanaian professionals were trained in the famous British universities such as Oxford, and Cambridge.

Eligibility requirements for senior posts stiffened, and appointments were made without the competitive examinations used in other parts of the Empire. Of the 247 officials listed in 1908 only 5 were African, all but one were in lower positions.¹⁴³

Accra" and quoted in E. Reynolds (1975), op. cit., p. 110.

¹⁴²For example, in 1876 the Supreme Court Ordinance was passed, with British District Commissioners exercising powers of judges of the Supreme Court within their districts; In 1883, the Native Jurisdiction Ordinance act was passed, empowering the governor-in-council to dismiss or suspend any chief who "abused his power". Chiefs were to set up native tribunals with by-laws subject to the approval of the Governor. See, Adu Boahen (1975), op. cit., pp. 57ff.

¹⁴³D. Kimble (1963), op. cit., p. 100.

In the Gold Coast African candidates for the post of District Commissioner had to satisfy the specialised requirements of being either solicitors or barristers.¹⁴⁴

A pamphlet drawn up in 1902 for the new West African Medical Service stated that applicants must be of European parentage.¹⁴⁵

One Governor made the first attempt to break the policy of excluding Africans from holding high offices in the colonial administration. Governor Guggisberg (1919-1927) chartered his new Africanization course belatedly in 1926, after being in office for seven years. He gave two plausible reasons for this change of policy, namely: (1) That it was dictated by the spirit of justice, "for it was fairplay to give these inhabitants of the country who were properly qualified for the work, an opportunity of entering and eventually advancing to the highest appointments in the government services"; and (2) That the policy was also meant to reduce expenditure on the costly system of staffing the senior service with Europeans.¹⁴⁶ This policy however met a storm of protests by the European administrators who saw it as a calculated attempt to make them subordinate to Africans or even to get them out of jobs. According to Shaloff,

¹⁴⁴Ibid., p. 99.

¹⁴⁵G. I. C. Eluwa, "Background to the Emergence of the National Congress of British West Africa", African Studies Review XIV, 2 (1971), pp. 206-7.

¹⁴⁶Stanley Shaloff, "The Africanization Controversy in the Gold Coast, 1926-1946", African Studies Review XVII, 3 (1974), p. 493.

...they justified their opposition to Africanization by questioning not only the qualifications and experience of the candidates who lay claim to senior posts, but in some cases...they reflected negatively upon their moral rectitude and political reliability.¹⁴⁷

It is quite interesting to note that Guggisberg himself actually compromised his own plan at birth by his unwillingness to permit Africans to enter the political service. Agbodeka correctly, but not without some exaggeration, states that,

...the circumstances in which they did this strongly suggest that they felt that during this period of consolidation, they could not afford to risk employing in the colonial service people known to be opposed to the colonial ideology. And it was known that educated Africans were opposed to colonialism.¹⁴⁸

Agbodeka gave a second tangible reason: the abandonment of the nineteenth century missionary idea of the educated African finally taking over the political administration, in favour of the twentieth century philosophy of indirect rule, through traditional rulers. The implications of this change of policy will be analysed in the

¹⁴⁷ Ibid., p. 494.

¹⁴⁸ Francis Agbodeka, "Sir Gordon Guggisberg's Contribution to the Development of the Gold Coast, 1919-1927", Transactions of the Historical Society of Ghana XIII (1972), p. 63, emphasis ours. We have argued that the educated Africans were not opposed to colonialism per se. They were rather opposed to the treatment being meted out to them and would have continued compromising colonial rule had they retained the mid-nineteenth century favourable positions, which they lost. As Edsman (1979) correctly argues, what this group of intellectuals and merchants were fighting for, both in the pre-war and post-war era, were reforms within the system, not the overthrow of the system. This will be further elaborated on in Chapter 4.

next sub-section.

It was left for subsequent Governors who came after Guggisberg to uphold the view of the Europeans, and to wreck the Africanization plan. Two years after assuming office, Sir Ransford Slater (1927-1932) told the Legislative Council that,

...it would be difficult...to find an African with the necessary independence and strength of character who could be reasonably acceptable to the native population, who would be placed in his charge.¹⁴⁹

The racist undertones of this statement is indisputable. Shaloff remarked further that, "everyone understood the Governor to mean that only Europeans possessed the special qualifications which were necessary to win the trust of the people they governed". The Governor even "rejected out of hand the suggestion that everyone ought to be compensated equally for the same work".¹⁵⁰ The implications here being that Europeans, because of their "superiority" (viz-a-viz the British-trained Africans) in terms of qualifications and skill, were to receive more pay for equal work done than their African counterparts.

What really happened therefore was that, the number of Europeans employed in the civil service practically doubled between 1926 and 1946, thus leaving the Africans scarcely better off at the end of the supposed Africanization drive than they had been at the start. Austin shows that,

¹⁴⁹ Legislative Council Report, 25.2.1929, quoted in S. Shaloff (1974), op. cit., p. 494.

¹⁵⁰ Ibid.

...at the end of the war, there were still 89 Africans in senior positions, a far cry from the 229 Guggisberg intended. And what was more revealing, there were 960 Europeans instead of the anticipated 319.¹⁵¹

There is little wonder that the report of the Watson Commission which inquired into the 1948 civil riots, stated among other things that,

the major obstacle was not lack of capable candidates, but the fact that Africanization was never more than a promise, and not a driving force in government policy.¹⁵²

In fact, by 1954, there were only 4 African heads of departments and 10 assistant secretaries. By 1958, a year after independence, 69% of the posts in "super-scale and the next two grades" were held by Europeans. In 1958, 50% of the Permanent Secretaries to Ghanaian ministers were still expatriates.¹⁵³ The last batch of British civil servants left in 1961, the year in which Ghana officially embarked upon a "socialist" path.¹⁵⁴ It was not only in western democratic rule that Ghanaians were given only a short period of tutelage, but also in civil administration. The problems which Ghana faced in administering the country and following Westminster rule to the letter, were partly an outcome of colonial policy.

¹⁵¹Dennis Austin, Politics in Ghana, 1946-1960 (London: Oxford University Press, 1964), p. 8.

¹⁵²Quoted in G. E. Metcalfe, Great Britain and Ghana, Documents of Ghana History (London: Thomas Nelson and Co., 1964), p. 682.

¹⁵³Richard Symonds, The British and Their Successors (Evanston: Northwestern University Press, 1966), p. 153.

¹⁵⁴See T. Peter Omari, The Anatomy of an African Dictatorship (New York: Africana Publishing Corporation, 1970), p. 86.

(c) Indirect Rule (or Divide and Rule): The Traditional Rulers
Versus the Petty Bourgeoisie

In the 1920s the British started taking measures to pressure and strengthen traditional authority through the official institution of Indirect Rule. There were constitutional reforms meant to integrate the chiefs into the colonial governmental set-up, mainly at the local level. Thus,

the drive towards westernization was abandoned, and policy-makers instead turned their attention to the preservation of traditional socio-political, economic and judicial structures.¹⁵⁵

Henceforward, central government was to be effectively in the hands of European administrators, local government virtually in the hands of traditional authorities, under the supervision of the British District Commissioners. One important effect of this was that it pitched the chiefs (supported by the Colonial state) against the Ghanaian intelligensia. The front of the Africans was divided and weakened, and this reduced the pressure on the colonial administration. Thus Indirect Rule was in effect a divide and rule policy. This however allied the intellectuals to the youth and rural peasants (especially the rich peasants). It fuelled further, the political activities of the intellectuals not only in Ghana but also in the other British colonies in West Africa. The formation of the National Congress of British West Africa and its operations in the 1920s and 30s, was a direct reaction of the intellectuals in all the English

¹⁵⁵ Bjorn Edsman (1979), op. cit., pp. 25-6.

speaking colonies against their virtual exclusion from the administration of their countries.

Through the constitution of 1925 in Ghana, the Paramount Chiefs were constituted into Provincial Councils and even given higher representation than the intellectuals on the Legislative Council. This form of representation remained largely unchanged until after the second world war, despite the opposition of the petty bourgeoisie. During this period, there were five European members representing expatriate economic interests, and nine unofficial African representatives.¹⁵⁶ Of this nine, six were elected by the Provincial Council of Chiefs in the colony, and only three were elected on the basis of property franchise to represent the municipalities of Accra, Cape Coast and Sekondi-Takoradi.¹⁵⁷

The Native Administration Ordinance of 1927 strengthened the position of the Paramount Chiefs at the local level by recognizing the State Council of Chiefs, defining procedural rules of destoolment cases and giving the chiefs power to deal with subversive elements in their traditional areas.¹⁵⁸ The chiefs could therefore no more be easily and directly destooled by their subjects without the consent of the colonial state although the latter frequently destooled them.

¹⁵⁶David Kimble (1963), op. cit., p. 441. P. Sederberg (1971), op. cit., p. 181.

¹⁵⁷Ibid.

¹⁵⁸See Adu Boahen (1975), op. cit., p. 116. Also D. Kimble (1963), op. cit., p. 493.

This relative immunity, strengthened the powers of the chiefs immensely. In short, the chiefs were recognized by the colonial state as the true representatives of African opinion in the colony, and the intellectuals were further barred from participating in the political administration at all levels.

With the opportunities in the colonial hierarchy virtually nil, and having been alienated from the chiefs, African merchants and professionals, sought to carve out an independent sphere of political activities. The lawyers especially were the most articulate and politically active group. The petty-bourgeoisie were the brains and force behind the formation of various associations and societies, criticising colonial policies, supporting various peasant uprisings in the rural areas. They backed the cocoa boycotts of the 1930s and the rebellion of the rural youths against chiefly authority in the Akim Abuakwa district which led to the destoolment of five divisional chiefs,¹⁵⁹ because of their opposition to indirect rule and the elevated political status of the chiefs above them.

The Fante Confederation (1868-1873) was the earliest political organization sponsored jointly by the intellectual-professional Ghanaians and the chiefs. It was formed basically to resist the British invasion of the authority of the Fante Chiefs and pressed, though unsuccessfully, for internal self-government.¹⁶⁰ What was

¹⁵⁹ See Jarle Simensen (1974), op. cit., pp. 33-4.

¹⁶⁰ G. I. C. Eluwa (1971), op. cit., p. 210.

unique about this movement was that it combined traditional institutions with modern and progressive objectives such as encouraging unity between member traditional "states", defending each other from external aggression; to build schools and to promote agriculture and industries.¹⁶¹ The movement failed for a number of reasons, including lack of funds, the inability to build up a strong army to resist the British, and the hostility of the British who, "saw the confederation as a serious threat to their position and did everything they could to sabotage it".¹⁶²

The second political organization embracing both the chiefs and the petty-bourgeoisie was the Aborigines Rights Protection Society (A.R.P.S.). It was formed to protest various measures taken by the colonial state to strengthen the British hold over the colony, and to fight for stronger African representation on the Legislative Council.¹⁶³ It was noted however for its stand against the Crown Lands Bill (1894 and 1897) introduced by the Colonial state. This bill labelled fallow lands, owned by Africans, but left to fallow in order to regenerate their fertility by natural means, as Waste Lands. These were to be declared as Crown Lands and to be controlled by the colonial state. Though this measure was supposedly being taken to protect African interests, the main intention seemed to the Africans

¹⁶¹Adu Boahen (1975), op. cit., pp. 52-4.

¹⁶²Ibid., pp. 54-6.

¹⁶³Ibid., p. 60.

to be to ensure the takeover of these lands by Europeans to establish plantations. Secondly, it would give the foreign mining companies "absolute control of land concessions...".¹⁶⁴ The bill was abandoned mainly because of the persistent and unyielding protests of the A.R.P.S.¹⁶⁵

The main political organ of African opposition to British rule in the 1920s and 1930s was the National Congress of British West Africa. The leaders made the first serious move towards formulating a policy which would take account of economic problems that were existing. The text of the policy ran in part,

...the time has come for the formation of a corporation, to be known as the British West African Co-operative Association...to found banks, promote shipping facilities, to inspire and maintain a British West African National Economic Development.¹⁶⁶

The core of the policy was, not surprisingly, co-operation, in the face of the alliance between the colonial state and the British Merchant class and administrators, seeking to strangle them politically and economically in their own countries. The scope was wider. It embraced the whole of the British colonies in West Africa.

According to Kaplow, the Ghanaian capitalist farmers, merchants

¹⁶⁴R. Howard (1978), op. cit., pp. 39-40.

¹⁶⁵See R. Howard (1978), op. cit., p. 42, for other reasons which might have led the colonial administration to withdraw the Lands Bill.

¹⁶⁶A. G. Hopkins (1966), op. cit., pp. 135-36.

and intellectuals "made several attempts to break the stranglehold of European capital by pooling resources together to establish banks and farmers' co-operatives, to form limited liability companies to ship cocoa directly to overseas buyers. They initiated two cocoa hold-ups (1930-31; 1937-38); all to no avail".¹⁶⁷ Hopkins gives an illuminating account of the energetic leadership offered by one Krobo, Tete Ansah in these attempts at economic independence and survival. He describes Ansah in the following words,

He was economically a revolutionary but politically a moderate, concerned to secure better terms for the African within the existing colonial economic structure itself. He felt that his plans could be carried out without presenting any fundamental challenge to colonial rule.¹⁶⁸

This reformist attitude to colonial rule was common to all the political leaders of the colonial era.

Thus, once they had failed in these ventures, the leaders turned their attention to political programmes which concentrated on constitutional reforms. Apparently they were thinking that once political self-government was achieved, their chances of gaining control of the economy would be brighter. Our analysis of the leadership of the post-war nationalist movements at the beginning of the next chapter should be viewed in this light.

Conclusion

Our analysis of the historical, social and political processes

¹⁶⁷S. Kaplow (1977), op. cit., p. 333.

¹⁶⁸A. G. Hopkins (1966), op. cit., p. 138.

in colonial Ghana, has rejected the hypothesis that the underdevelopment of Ghana existed before the inception of colonial rule, and that the imperialist powers met a static primitive society at the beginning of colonial rule. The findings in this chapter have confirmed the dependency theory thesis that the institution of colonialism and the introduction of a rather distorted type of capitalism had adverse effects on the development potential, the social structure and organization and the traditional economic systems of the people of Ghana.

We have also confirmed that the colonial state, acting in the interest of the imperialist metropolis, and the dominant expatriate bourgeoisie representing the interests of industrial and commercial concerns in the metropolis, tacitly (and sometimes actively) condoned the progressive underdevelopment of the colony of Ghana and its people. Further, we have shown that the monopoly of the commanding heights of the economy by expatriate firms, and the unequal exchange relations in trade between the colony and the metropolis, were the main mechanisms which promoted the initial underdevelopment of the various indigenous classes in Ghana. Finally, we have shown, that the deliberate policies of the colonial state in blocking opportunities of the indigenous petty bourgeoisie from actively participating in the political administration and decision-making processes of the colony, also contributed to furthering the underdevelopment of the indigenous petty-bourgeoisie.

Above all, it has been shown that the economic policies of the colonial state resulted in the creation of a typical colonial

trade economy, specialising in the production and exportation of raw materials, especially cocoa to the metropolis in exchange for manufactured goods from the metropolis. Hence, the integration of Ghana into the mainstream of the world capitalist system, which resulted in the initial underdevelopment of Ghana.

In the next chapter the task of this study, will be to find out if because our findings in chapter three have confirmed that the initial underdevelopment of Ghana was caused mainly by external factors, it will be legitimate to attribute the persistence of this condition in the post-colonial era, solely to the same factors.

CHAPTER FOUR
POLITICAL INDEPENDENCE AND ECONOMIC DEPENDENCE
IN GHANA (1945-1966)

1. Introduction

Modernization theorists claim that the major sources of the underdevelopment of the present third world countries are some internal structural constraints within these societies themselves. Among these internal factors are, lack of "entrepreneurial spirit", traditionalism and conservatism, which made it difficult to diffuse western innovative ideas and technology in these societies. While not disputing the fact that certain internal structural constraints, including those mentioned above, might have caused some drawbacks to rapid economic growth in these societies, dependency theorists rightly criticise this approach on the grounds of ignoring external and historical factors. The major source of underdevelopment is imperial rule and colonialism. Our analysis of Ghana's colonial experience supports this thesis. Secondly, dependency theorists argue that development policy recommendations for post-colonial countries, based on the modernization framework, are usually modelled on the unique historical experience of Europe despite the fact that there are vast differences in the history, culture and other factors, between these societies. Thus many of these policies tend rather to perpetuate underdevelopment and dependence in these countries while benefiting Western Multinational Corporations. The experience

of Latin American countries and many African countries since the end of the second world war, tends to support this thesis.

In their enthusiasm to avoid this ahistoricity and overstress of internal factors in explaining this situation however, many dependency theorists often tend to do the direct opposite. They tend to largely ignore the internal forces and dynamics in the relations of production in these post-colonial societies. For example, in attempting to explain the persistence of underdevelopment and dependency, some dependency theorists tend to concentrate on external factors, mainly the unequal economic relations of exchange (trade) between these countries and western capitalist countries. More often than not, they ignore the changing internal relations of production and exchange between indigenous classes and the metropolitan classes on one hand, and among indigenous social classes on the other hand. As Saul has correctly argued,

...this kind of outward-looking underdevelopment theory can sometimes seem almost too powerful (and too blunt) a tool. Handled carelessly, it can degenerate into a sterile determinism, overwhelming the specificity of different concrete experiences in Africa and devaluing the importance of domestic actors.¹

It has been shown in Chapter Two that recent findings in some parts of Africa for example, point to the gradual emergence of indigenous national bourgeoisie, operating in their countries' economies as businessmen and industrialists, independent of the foreign

¹John S. Saul, The State and Revolution in Eastern Africa (New York and London: Monthly Review Press, 1979), pp. 4-5.

capital.² There is also evidence of growing exploitative relations of production not only between indigenous classes and metropolitan classes but also among indigenous social classes. Thus, it is no longer adequate, as some dependency theorists and African political leaders tend to do, to attribute the perpetuation of underdevelopment and dependence in post-colonial nation-states solely to external intrusion of Western capital and multinational corporations, although the latter also plays a part. The rest of this thesis will focus on these issues.

The present chapter is aimed at finding answers to two crucial questions related to the political economy of Ghana, from the end of the Second World War to the end of the First Republic (1945-1966). The questions are:

1. Why did dependency and underdevelopment persist in spite of the fact that state power was in the hands of the indigenous people since 1951? and
2. What were the social forces of conflict and change, and what changes occurred in the social relations of production and the distribution of national wealth?

In order to find answers to these questions, it is necessary to make a rigorous analysis of the social classes within this period in order to identify instances of antagonism, collaboration and cooperation among different social classes and within some classes

²See footnote 89 of Chapter 2, p. 89.

which contributed to the persistence of underdevelopment and dependence. While not ignoring the relations of exchange, the focus of analysis will be in the sphere of production, from which the relations of exploitation originate. As Shivji correctly argues, "Classes are inseparable from the system of social production in which they exist".³ A vigorous examination of the productive forces (i.e., the technological level of the means of production and organization of labour power), and the relations of production (i.e., the relations that men set up among themselves in the process of social production)⁴ will be central to our analysis.

Lenin defines social classes as,

large groups of people differing from each other by the place they occupy in the historically determined system of production, by their relation (in some cases fixed and formulated in law) to the means of production, by their role in the social organization of labour, and consequently by the dimensions and mode of acquiring the share of social wealth which they dispose.⁵

Thus we identify classes by their opposition as groups of individuals with similar interests to one another and by virtue of the role they play in the productive process and the contradictions these create,

³ Issa Shivji, Class Struggles in Tanzania (New York and London: Monthly Review Press, 1976), p. 19.

⁴ Guy Martin, "Class Analysis and Politics in Africa: Some Observations on the Role of the Bourgeoisie in the Political Process in West Africa", Ufahamu XVII, 1 (1976), p. 47.

⁵ V. I. Lenin, Selected Works III, p. 248, quoted in Mahmood Mamdani, Politics and Class Formation in Uganda (New York and London: Monthly Review Press, 1976), p. 8.

including the acquisition and appropriation of wealth and property. It will then be possible to identify differentiations (relations of exploitation, dependence etc.), to analyse differing and contradictory social interests, including power structure, income distribution and so forth; and also tendencies towards class expression of contradictory interests such as political parties, ethnic solidarity, strikes, protests etc.⁶ In this connection the role of the post-colonial state is not to be ignored for

Although it might be argued that the state functions in the general interest, not on behalf of any particular interest, the fact is that the process of production is at the same time a process of social appropriation. Production relations are at the same time class relations. The process of production the state helps maintain is thus in the objective interest of those who appropriate surplus labour and against the objective interest of those whose labour is appropriated. The state is thus a class category.⁷

Moreover, as Saul correctly argues, "...indigenous classes in post-colonial Africa now have much more direct access to the state and given the centrality of such a state, it is not surprising that various classes and fractions of classes are tempted to seize hold of it and use it for their own ends".⁸

⁶See Dos Santos, "The Concept of Social Classes", Science and Society XXXIV, 2 (Summer, 1970), pp. 190-93.

⁷M. Mamdani (1976), op. cit., p. 12. Also, Issa Shivji (1976), op. cit., p. 11.

⁸J. S. Saul (1979), op. cit., p. 5.

2. Identifying the Post-Colonial Class Structures in Ghana

Two questions are pertinent in this exercise. Which classes emerged from the colonial era? What was the nature of these classes? The answers to these questions will form the base from which we will analyse of the development and transformation of these classes over time, viz-a-viz the social relations of production, exchange and distribution in the post-colonial era (1957-1966) which is the main focus of this chapter.

A good starting point will be Hamza Alavis' formulations on the Post-Colonial State.⁹ He argues that (1) The colonial governments in the third world replicated the state coercive apparatus of the metropolitan centres in the colonies, and used this to dominate the indigenous classes in these relatively underdeveloped societies. (2) Upon the attainment of independence the post-colonial governments inherit this apparatus which is over-developed relative to the under-developed economic base. (3) The inherited state apparatus assumes a "relatively autonomous" position viz-a-viz the three competing propertied exploiting classes, namely the indigenous bourgeoisie, the metropolitan neo-colonialist bourgeoisie and the landed classes.¹⁰ Thus, those who staff and control the state apparatus, the bureaucratic-military oligarchy, mediate between the contending classes. But in

⁹ See Hamza Alavi, "The State in Post-Colonial Societies: Pakistan and Bangladesh", New Left Review LXXIV (July-August 1972), pp. 59-81.

¹⁰ Ibid., p. 59.

doing so, they tend to align themselves with the metropolitan bourgeoisie. In other words they tend to act as agents of foreign capital, and as conduits, through which the metropolitan bourgeoisie siphon off the economic surplus of the post-colonial societies. Through this, the bureaucracy manipulates the state in their own interest and appropriate economic surplus for themselves.

The first issue of interest to us is the concept of the over-developed state which Alavi argues that indigenous ruling classes inherit at independence. In this historically specific case of Ghana, we would rather argue that in relation to the economy, the inherited colonial state was more developed, but not over-developed. As we shall show later in this chapter, the large scale extension of the state apparatus, including the bureaucratic machinery, occurred after the attainment of political independence. Specifically, this occurred mainly after 1961, when the "socialist" strategy of development was initiated. Secondly, instead of an authentic indigenous bourgeoisie, we have shown in the previous chapter that owing to specific colonial policies which favoured the economic advancement of the metropolitan bourgeoisie viz-a-viz their indigenous counterparts, what emerged at the end of colonial rule, was an economically weak but politically vocal petty-bourgeoisie. Thirdly, although the chiefs of colonial Ghana, might be said to have had greater access to land than ordinary peasants, they only controlled the land on behalf of their subjects, and lost this control upon vacating their positions as chiefs. Moreover, clan and family lands were controlled by their heads, but again on behalf of the members. Hence, in practice,

each member had usufructural rights to the use of the communally-owned land. Thus in the case of Ghana, there was no landed class as Alavi contended. What emerged from the colonial era was a stratified peasantry, engaged in pre-capitalist mode of production, but which, "under the pressures of commercialization"¹¹ was involved in capitalist relations of production. Fourthly, there was no bureaucratic-military oligarchy at independence whose control over the state apparatus gave them the power to pursue the role of mediator between the competing metropolitan bourgeoisie and the indigenous bourgeoisie. We have shown in the previous chapter that the top strata of the political and bureaucratic sectors of the colonial administration were largely closed to the indigenous intellectuals. Rather, as we shall show later in this chapter, by virtue of having led and won the fight for independence, a fraction of the petty-bourgeoisie transformed the state, not only into an instrument of political domination, but also into a source of economic power. It is true that the achievement of independence enabled the aspiring African bureaucrats to occupy the relatively lucrative positions of the out-going expatriate top bureaucrats. However, the hegemony on the military-bureaucracy over the Ghanaian society came after the period which forms the focus of this chapter.

Thus the social classes which emerged at the end of the colonial era were (1) A class of expatriate bourgeoisie in firm

¹¹J. S. Saul, "The State in Post-Colonial Societies: Tanzania", in J. S. Saul (1979), op. cit., p. 172.

control of the economy. (2) A Petty-bourgeois class divided into various fractions, namely (a) The Economic (or Commercial) fraction, the majority of whom were retail traders and businessmen; (b) The Bureaucratic (or Administrative) stratum, in public service; (c) The Political Stratum, including leaders of the contending political parties and the traditional rulers; (d) The Intellectual Stratum, made up mainly of professionals, such as lawyers and teachers. (3) The Peasantry, who as we have shown in the previous chapter was stratified into Capitalist farmers, Rich peasants, Middle peasants and Poor peasants, and (4) The Urban Working Class, mainly urbanized and engaged in public works, the mines and the commercial fields. At the bottom, were the large numbers of elementary educated or completely uneducated unemployed in the urban areas.¹² Although our analysis of the economic and political changes in post-war Ghana, will take account of all these classes, we shall focus more on the role of the petty-bourgeoisie, in order to locate its strengths and weaknesses, its relations to the state and political power, its relations to the metropolitan bourgeoisie, the peasants and workers.

Three phases of the social, political and economic transformations in post-war Ghana up to 1966 can be delineated as follows:

(1) The Era of the Struggle for Independence (1945-1957); (2) The

¹² It is important to note that the various strata within classes are not so clear-cut in reality; several overlappings occur. For example, it was not uncommon to have the same person in two or even three categories within the petty-bourgeois class. This neat compartmentalization is therefore done for convenience of our analysis.

Period of Political Consolidation (1957-1960); and (3) The "Socialist" Era of "Structural Transformation", (1961-1966). Our analysis will mainly fall under these headings.

3. The Beginnings of the Post-War Nationalist Struggles for Political Independence

In the previous chapter it was shown that all sections of the indigenous classes found the path to their further development blocked, both by the deliberate policies of the colonial state and the dominance of the economy by the expatriate bourgeoisie--Europeans and Lebanese alike. African nationalist politics aimed at reversing these trends originated in the pre-war era, but became more intensified after the war.

The leaders of the earlier nationalist movement were the petty-bourgeoisie class of African merchants who had competed unsuccessfully with the expatriate bourgeoisie for control of trade, and the intellectual-professional fraction, who were largely deprived of occupying senior posts in the colonial administration. They were also prevented from fully participating in the decision-making organs of the political machinery. The beginnings of nationalist politics was therefore an inter-class struggle between the colonial state and the expatriate bourgeoisie (representing foreign firms who had a monopolised control of the economy, including banking, commerce, trade and mining) on one hand, and the disgruntled local petty-bourgeoisie on the other hand. The aim of the former, was to

maintain their hegemony over the indigenous classes, while the latter aimed at eventually replacing the former in the control of state power. They considered themselves mainly by virtue of their educational background, the rightful heirs to the colonialists.

The leadership of the African petty-bourgeoisie was from the start, "conservative and moderate", and remained so.¹³ What they demanded was not the radical overthrow of the colonial state, but gradual opportunities to promote their upward social mobility, in the political, bureaucratic and economic sphere. The ultimate aim was to achieve economic power, but the immediate goal was to take over, through peaceful and constitutional means, the reins of government. They had correctly realised that the control of state power, enabled the expatriate bourgeoisie to monopolise the economy in the interest of foreign capital, and that once political power changed hands, they could also turn the tables in their own favour. The first victory won, was the Burns Constitution of 1946, which provided for an African majority in the Legislative Council.¹⁴

Other sections of the indigenous classes also nursed some grievances which eventually led to civil disturbances in 1948. One

¹³Adu Boahen, Ghana, Evolution and Change in the Nineteenth and Twentieth Centuries (London: Longmans Group Ltd., 1975), p. 160.

¹⁴For details see for example, Dennis Austin, Politics in Ghana, 1946-1960 (London: Oxford University Press, 1964), p. 11. It is interesting to note that the Legislative Council was only in an advisory position. The Executive Council, made up of one the British was the Supreme decision-making body, responsible to the Governor.

effect of the Second World War, was the acute shortage of imported goods which resulted in higher prices and escalating cost of living especially in the urban areas. Ghanaians attributed this situation to the monopoly of trade and secret price-fixing arrangements among the European firms, which formed the Association of West African Merchants (AWAM). The report of the Watson Commission set up in 1948 to investigate the causes of civil disturbances which occurred that year, emphasised, "the inability of the government to bring down high prices, curtail profiteering and ease other economic burdens of the country".¹⁵ The testimony of a representative of the Ashanti Youth Association (AYA) before this commission, gives a good approximation of the mood of Ghanaians on this issue:

The Gold Coast African has been subject for a long time to economic oppression and exploitation. The economic oppression is evinced in the export and import policy of the Government....The AWAM, the quota system, and act of past performance, all of which are major roots of our present economic troubles were born during the war, and therefore should be withdrawn immediately.¹⁶

The Ghanaian reaction to this situation was typical of the pre-war era. An Accra sub-chief and businessman (Nii Kwabena Bonne III), successfully organized a boycott of foreign goods and shops, lasting between 26 January, 1948 and 11 February 1948. It ended only with an assurance by the British-dominated Chamber of

¹⁵ F. M. Bourret, Ghana, The Road to Independence, 1919-1957 (Stanford: The University Press, 1960), p. 167.

¹⁶ Ibid., p. 70.

Commerce that prices would be reduced.¹⁷

The second major cause for complaint was the colonial government's decision to forcefully cut down peasants' cocoa trees which had been affected by the virus called Swollen Shoot, in order to prevent its spread to healthier trees.¹⁸ "The cutting of as many as 2-1/2 million trees greatly reduced the peasant's annual yields and income, and although payment was made to enable farmers to replant, it was regarded as inadequate".¹⁹ By this action, the colonial administration had incurred the hostility of the peasants.

A third problem was the increasing numbers of unemployed youth in the urban areas, especially the elementary school leavers. They had received a liberal education but without any special skills. They had developed a loathing for rural and agricultural life, and preferred white-collar jobs, which were not available because the economy had not expanded enough to absorb them all. As Ghanaians perceived the situation, the type of education given discouraged the school leavers from agriculture and other trades. A part of the 1948 Watson Commission report read as follows:

¹⁷ D. Austin (1964), op. cit., pp. 70-2.

¹⁸ It is interesting to note that although cocoa had been the life blood of the colonial economy since the last decade of the nineteenth century, not much research was done by the colonial government to prevent or cure this crop disease, other than cutting down the trees. The West African Cocoa Research Institute (WACRI) was established in 1944 to study cocoa disease had been detected in the 1930s. See D. Austin (1964), ibid., p. 60 and F. M. Bourret (1960), op. cit., p. 205.

¹⁹ D. Austin (1964), op. cit., p. 59.

...the general complaint appears to be that education provided in the schools actively discourages pupils to trades and crafts. It is realised that literary education is doing harm in the Gold Coast.²⁰

This group of frustrated, unemployed youth also added fuel to the civil disturbances which took place in 1948.

The situation which gave immediate spark to the disturbances came from the Ghanaian ex-servicemen who had fought alongside the British and Western allies in the Second World War. They had been demobilised without any compensation, neither had they obtained jobs. They were hard hit by the inflation and high costs of living. On 28th February 1948, they decided to march to the Christianborg Castle in Accra (the seat of government) to present a petition directly to the Governor on their grievances. Two of their leaders were shot dead on the spot, and many others injured, on the orders of a British officer. Wild rioting, arson and looting of European and Lebanese shops, resulted in the loss of 29 lives with 237 people injured, and the Watson Commission report estimated property damage at over £2 million.²¹

The colonial government declared a state of emergency, and arrested six of the leading nationalist leaders, even though there was no evidence of their involvement in the disturbances.²² A

²⁰ A. Boahen (1975), op. cit., p. 156.

²¹ F. M. Bourret (1960), op. cit., p. 169. And D. Austin (1964), op. cit., p. 74.

²² See for example B. Fitch and M. Oppenheimer, Ghana: End of an Illusion (New York: Monthly Review Press, 1966), pp. 16-17.

Commission of Enquiry under the chairmanship of a Briton, Sir Atken K. Watson, was appointed to investigate the causes of the disturbances and to make recommendations to the colonial government. The report showed that the disturbances were mainly caused by economic as well as other factors, including high prices of commodities, the cutting of cocoa trees, the concentration of economic power in the hands of non-Ghanaians and the exclusion of Ghanaians from the policy-making institutions of the country. The committee recommended sweeping economic and constitutional changes which would increasingly give Ghanaians greater participation in the economic and political administration of the country.²³ This was exactly what the then nationalist leaders wanted. The result was another constitution in 1950, which changed the nature of the political struggles of the country till independence was won. We shall elaborate on this in the next section.

4. Intra Petty-Bourgeois Class Struggles for State Power: Phase I

The first post-war political party to emerge was the United Gold Coast Convention formed in 1947, whose leadership was composed of petty-bourgeois, commercial, professional/intellectual and bureaucratic class. The majority of them also had business interests. "Some of the key members were also closely connected with

²³W. E. F. Ward, A History of Ghana (London: George Allen and Unwin Ltd., 1958), p. 141.

traditional ruling clans".²⁴ This connection enabled the leadership to forge an alliance with the chiefs, despite their pre-war disagreement on Indirect Rule as we have shown in the previous chapter. However, as we shall be showing later, the youth wing of the party continued their opposition to the chiefs, who they considered too conservative and tolerant of colonial rule. The chiefs, like the rest of the leadership of the UGCC were uncomfortable with the radical and impatient political behaviour of the youth. These factors further consolidated the alliance between the "elitist" petty-bourgeoisie and the traditional rulers. Thus, the party was,

...a conservative and moderate, bourgeois or elitist movement drawing its support mainly from the traditional rulers and their elders, professional classes and the disgruntled businessmen.²⁵

The aim of the party even confirms this assertion. The aim was,

...that by all legitimate and constitutional means the direction and control of government should pass into the hands of the people and their chiefs in the shortest possible time.²⁶

²⁴ A. Boahen (1975), op. cit., p. 160. He shows that J. B. Danquah (a lawyer), William Ofori Atta (a graduate teacher) were respectively brother and son of the powerful paramount chief, Nana Sir Ofori Atta I, while E. A. Akuffo Addo (another lawyer) was the son-in-law of the same chief.

²⁵ Ibid., p. 160.

²⁶ Ibid., p. 158, emphasis ours. Bourret has correctly argued, that this emphasis on the chiefs and on constitutional procedure points up to the fact that the UGCC represented a conservative type of nationalism. See. F. M. Bourret (1960), op. cit., p. 167.

The leaders were primarily concerned with their ultimate economic betterment which they thought had been hampered by the monopoly of the Europeans and Lebanese. Rathbone has correctly argued in this connection that,

...the UGCC members seemed to have been concerned primarily with the economic situation, complaining about unfair trading practices, fulminating against the Lebanese and calling for the abolition of the monopolistic European commercial organization called the Association of West African Merchants.²⁷

They had convinced themselves that by gradual, peaceful and constitutional means, they could take over the reins of government and the bureaucracy, which would then open their chances of eliminating the monopoly of foreigners over the economy. Hence, they could enhance their own economic power. It was a gradual route from state power to economic power which they sought.

In pursuing this goal, they employed the services of a more youthful and dynamic Kwame Nkrumah, as their General Secretary, and entrusted the nation-wide recruitment campaign and organization of the party in his hands. Unlike the other leaders of the UGCC, he was from a rural, peasant background, and therefore a "commoner". His educational achievements in the United States, however, made him an equal in terms of class--a petty-bourgeois. He had considerable oratory power and organizational ability, the latter being the main

²⁷ Richard Rathbone, "Businessmen in Politics: Party Struggle in Ghana, 1949-1957", The Journal of Development Studies IX, 3 (April, 1973), p. 394.

reason for his appointment.²⁸ As author of Towards Colonial Freedom (London, 1946), he exhibited convincing familiarity with Leninist literature. He had also actively participated in student politics while overseas. Thus, at least on the rhetorical level, he was more radical than the other conservative UGCC leaders. The Marxist and revolutionary catch-phrases which he used in his propaganda work as General-Secretary of the UGCC seemed more appealing to the youth than what the UGCC leadership had to offer. His life as a private student, doing menial jobs in order to pay for his education in the United States, coupled with his rural peasant background, made it easier for him to identify with and deal with the ordinary Ghanaian.

His country-wide propaganda work made him more conversant with the problems of the rural majority relative to the UGCC leaders who were content with their urban base. He soon popularised the UGCC and himself in many areas where he opened branches and installed local officers. These later formed the structure on which he built his own party. His growing popularity and his relatively radical approach to politics, including his Marxist rhetoric, made the UGCC leaders uncomfortable, and in 1948 he was removed as Secretary and made Treasurer instead. The stage was almost set for the first phase of the intra-petty-bourgeois class struggles.

²⁸His father was a rural-based peasant and a goldsmith. He studied economics, sociology, theology, philosophy, education and political science at the Universities of Pennsylvania and Lincoln. He was a lay preacher in the Baptist Church in Philadelphia and worked as a student organiser and agitator. See Adu Boahen (1975), op. cit., p. 161.

This was hastened by certain issues which made the youth wing dissatisfied with the leadership and political strategies of the UGCC and drew the members closer to Kwame Nkrumah. Firstly, in age, wealth and educational background, there was a big gap--the youths were generally school leavers and "commoners", while the leadership was mainly made up of the intellectual and professional "elites". And as Boahen shows, "...there was not a single young man in the leadership...".²⁹

Secondly, both the leadership and the youth were initially united because of their ultimate aim of replacing the colonial administration and eliminating the expatriate monopoly of the economy, especially trade. Yet the unwillingness of the leadership to incorporate the youth into their ranks, and the fact that most of the leaders were relatively better established in business, convinced the youth that it would be better to break-away and chart an independent course. That is, to circumvent the UGCC leaders, and seize state power for themselves. Rathbone puts it this way,

It was clear to the excluded business interests that a more radical economic future was their only hope. They looked not unnaturally to a programme that would open contract allocation to them; that would oppose expatriate commerce and that would undercut the restrictive business practices of the older established African businessmen.³⁰

²⁹Ibid., p. 160.

³⁰Richard Rathbone, "Politics and Factionalism in Ghana", Current History LX, 355 (March, 1971), p. 166.

For this, Nkrumah's revolutionary rhetoric and his vocal opposition to the leadership's relatively conservative and moderate outlook, suited the youth.

Thirdly, there was a tendency for the leadership to feel very uncomfortable with the relatively radical politics and impatience of their youthful counterparts. Thus they held themselves aloof from and were "snobbish" towards the youth. On the other hand, Nkrumah's low social origins, and his down-to-earth attitudes enabled him to identify with the youth, and all sections of the Ghanaian community, irrespective of their educational background, level of wealth and class origins. The testimony of one of the leaders of the Ashanti Youth Association³¹ confirms this:

At that time we have all the lawyer class; the National Executive of the UGCC were all lawyers. When you go to Saltpond, sometimes those big men may be eating in one place and they will not allow you to enter there...whereas in the case of Nkrumah, although he receives £25, when you go to Saltpond to consult him, he buys kenkey and eats with you while you can't go the Danquah to eat with him.³²

Fourthly, the youth-wing felt uneasy about the alliance

³¹The Ashanti Youth Association (AYA) was one of many Youth Associations and study groups which united to form the Committee on Youth Organizations (CYO), the youth wing of the UGCC and later broke off to form the Convention People's Party (CPP) under Nkrumah's leadership.

³²J. B. Danquah was a prominent lawyer, with a royalist background (see footnote 24 above). He was one of the older top six leaders of the UGCC who were arrested and imprisoned by the colonial government on suspicion of having organised the 1948 civil riots.

between the elitists leadership and the chiefs, the latter equated by them with colonial domination. It has already been shown in the previous chapter, that the youths were becoming more and more independent of the influence of their "dictatorial" traditional leaders, due to the former's growing economic self sufficiency and their disgust at the apparent collusion between their chiefs and the colonial state, since the 1920s.

The Coussey Committee of 1949, the 1951 Constitution and Elections

As an outcome of the 1948 Watson Commission's recommendations for further constitutional changes, an all Ghanaian Constitutional Committee was appointed under the chairmanship of a Ghanaian jurist, Justice (later Sir) Henley Coussey, to prepare a draft constitution for the country. The colonial administration made the mistake of including all the influential political leaders of the UGCC on this committee, except Kwame Nkrumah. The youth movements (especially the CYO which was the youth wing of the UGCC) and the workers union (the Trade Union Congress, "officially born in 1941, when the British colonial government passed a law recognizing trade unions".)³³ were also excluded. Clearly, the colonial administration's experience with the past role played by the youth and workers during the 1948 riots, and the growing popularity of Nkrumah among these "radical

³³ Lester N. Trachtman, "The Labour Movement of Ghana: A Study in Political Unionism", Economic Development and Cultural Change X, 2, Part I (January, 1962), p. 184.

elements", made them decide to have only people with moderate views on this committee. We have also shown the growing differences between Nkrumah and the youths on one hand, and the leaders of UGCC on the other. Thus, the latter apparently backed this exclusion of Nkrumah. In protest against this "betrayal", and on the seeming invitation of the youth wing of the UGCC, the Convention Peoples Party (CPP) was formed in June 1949, with Nkrumah as the leader. The intra petty-bourgeois conflict began from then. As Boahen put it,

The battle between the rebel CPP and the UGCC and the colonial government both of which accepted the 1950 constitution then began in earnest.³⁴

And as Ninsin correctly argued,

...subsequent political conflicts in the country were internal fights within the petty-bourgeoisie (between "ins" and "outs") over who should control the state apparatus in order to enjoy the fruits of power.³⁵

Although the leadership of the CPP were relatively more youthful, lower in wealth, and professional qualifications, and mainly came from rural-peasant origins, viz-a-viz the UGCC, the general consensus is that they were clearly a "lower" fraction of the petty-bourgeois class.³⁶ Vocationally, they were "shopkeepers,

³⁴Adu Boahen (1975), op. cit., p. 170.

³⁵Kwame Ninsin, "Kwame Nkrumah's Socialism: A Reappraisal", Ufahamu IX, 1 (1979), p. 86. Also, R. Rathbone (1971), op. cit., p. 175.

³⁶See Fitch and Oppenheimer (1966), op. cit., Roger Genoud, Nationalism and Economic Development in Ghana (New York: Frederick Praeger Publishers, 1969), I. L. Markovitz, Power and Class in Africa (New Jersey: Prentice-Hall Inc., 1977), Dennis Austin (1964), op. cit., and Richard Wright, Black Power (New York: Harper and Row Brothers, 1954).

petty traders, clerks, junior civil servants, and primary school teachers".³⁷ Educationally, "not one of these people was a lawyer and only one was a graduate; all the others were primary and secondary school leavers...".³⁸ The CPP leaderships relative youthfulness, volatility and better organizational ability soon paid off. The nation-wide membership drive resulted in a more broad-based and more heterogenous party in terms of class composition, geographical distribution and ethnic distribution than the UGCC.³⁹ Special alliances were forged with certain sections of the Ghanaian community such as market women, peasants, the workers union and so on by giving them major roles to play in the party organization. Nkrumah once said to Richard Wright (see footnote 39 above) at the Installation of Officers of the Women's Wing of the Party in 1953 that,

Nobody wanted to touch these people (i.e., the 'masses'). The missionaries would go just so far, and no farther toward them. One can only organize them by going where they are, living with them, eating with them, sharing their lives. We are making a special drive to enlist women in the party; they have been left out of our national life long enough. In the words of Lenin, I've asked the cooks to come out of their kitchens and learn how to rule!⁴⁰

³⁷Fitch and Oppenheimer (1966), op. cit., p. 21.

³⁸A. Boahen (1975), op. cit., p. 168.

³⁹Richard Wright, a black American who in 1953 went to the Gold Coast, "to do some research into the social and historical aspects of Ghana", and had access to the CPP files confirms the broad national base of the party. See R. Wright (1974), op. cit., p. 106.

⁴⁰Ibid., pp. 59-60. The UGCC's reluctance to go down into the streets and villages, due to their elitist attitude also contributed to their defeat by the CPP in the political struggles.

Both the old UGCC and the new CPP had the similar objective of replacing the colonial administration, controlling state power, and using it to enrich themselves and their supporters. In Ghanaian politics, the intra-class struggle for state power was and has ever since been on a winner-takes-all basis.⁴¹ Maxwell Owusu's research confirms that the prospect of self-enrichment in an independent Ghana played a greater part in mobilising people for the independence struggle.⁴²

Nor, as subsequent developments showed, did any of the contending parties seek the radical overthrow of the colonial structure. In spite of the Marxist rhetoric of the CPP, its leaders also accepted the gradualist, constitutional approach within the colonial framework. Nkrumah himself confirmed that in 1951,

Two courses of action lay open to me and my party. We could boycott the existing colonial government machinery. Or we could co-operate with it, meanwhile strengthening the position of myself and my colleagues in the cabinet and so advance the date

⁴¹See R. Rathbone (1971), *op. cit.*, pp. 164-67 and 175. For example he shows that the "aspirant entrepreneurs", of the CPP won "contracts of all manner of local government works--school buildings, latrine digging, supplying materials and so on...", as a result of having won the elections of 1951-1956, until 1966 when the CPP government was ousted. He shows that after 1966 the CPP's opponents also had their turn until 1972.

⁴²See Maxwell Owusu, *Uses and Abuses of Political Power: A Case Study of Continuity and Change in the Politics of Ghana* (Chicago: University Press, 1970), especially p. 325. Also Victor T. Le Vine, *Political Corruption: The Ghana Case* (Stanford: Hoover University Press, 1975), *passim*, and James S. Scott, *Comparative Political Corruption* (Englewood Cliffs, New Jersey: Prentice-Hall, 1972), especially pp. 125-217.

to full independence....In choosing the second, we did not forget, but tried to bury, past differences and sought co-operation with the existing machinery of government....My keenest anxiety was to avoid any dislocation of government....⁴³

This tactical action of co-operating with the colonial administration lasted for all the six years of dual rule (1951-1957) when power was shared between the CPP and the Colonial administration, with Nkrumah as Prime Minister. The only visible differences between the UGCC and CPP was the conservative, moderate approach of the former and the radical and impatient approach of the latter. For, while the UGCC vaguely demanded, self government "within the shortest possible time" the CPP demanded "self government now!"

The Coussey Committee's report (1950) amended by the colonial government, which formed the basis of the 1951 Constitution, included a recommendation for an executive council comprising three ex-officio members (all British) and 8 Ghanaian ministers to be drawn from the Legislative Assembly. There was to be a single-chamber legislature, with the three British ex-officio members and six other special members representing British mining and commercial interests. Of the seventy-five African members, only five were to be elected directly. The rest were to be elected indirectly through electoral colleges and the houses of chiefs. The UGCC accepted the constitution. The CPP, not unexpectedly, opposed the constitution. Nkrumah described it as "bogus and fraudulent". The Accra Evening News,

⁴³ Kwame Nkrumah, Africa Must Unite (London: Heinemann Educ. Books, 1963), pp. 88-9.

mouthpiece of the CPP declared that,

As for us, we have already declared our stand with regards to the new constitution, that only full dominion status...will satisfy us and by this demand we shall stand and face all storms, however strong they are. Ghana must be free and free now.⁴⁴

To back their demands, Kwame Nkrumah declared Positive Action in January 1950, a form of non-violent, general civil disobedience. The Trades Union Congress declared a nation-wide workers' strike to coincide with Positive-Action. The colonial government's reaction was typical. A state of emergency was once again declared. The CPP's newspapers were banned, and Nkrumah and some party leaders, including the TUC leaders were quickly put to trial and imprisoned. That was another factor which increased the popularity of the CPP, for

...when in due course the prisoners were released they adopted as a badge of distinction a round white cap, with the letters PG, standing for 'Prison Graduate', embroidered on it. To have a term in jail for such offences gave them the sort of standing which Siberian exile gave a Bolshevik in 1917.⁴⁵

Despite the CPP's outright condemnation of the 1951 constitution, the party decided to contest that year's election based on the same constitution. Apart from the indisputable popularity of their leader, the youthful leadership of the party shared with him,

⁴⁴F. M. Bourret (1960), op. cit., p. 172. See also K. Nkrumah, Ghana: Autobiography of Kwame Nkrumah (New York: International Publishers, 1957), pp. 110-22.

⁴⁵W. E. F. Ward (1958), op. cit., p. 341.

his rhetorical and organizational abilities. Hence even during his absence in prison, his political aides were able to organize the party efficiently.

The commoners gave a depth to nationalist demands, the elementary school leavers gave national direction to local grievances. And it was the long-term growth of an educated commoner class which enabled the CPP to spread so quickly after 1949....The Youth societies became branches and the malcontents, party secretaries.⁴⁶

The party won all seats of the Accra Municipal Council and the Kumasi Town Council elections in 1950.⁴⁷ This convinced the Governor of the overwhelming popularity of Nkrumah and the CPP and hence, even though he was still in prison, he was allowed to stand as a candidate in the first general elections of 1951. Nkrumah won his seat from prison. The party won the elections resoundingly, claiming 34 out of the 38 elected seats. Nkrumah was released and appointed leader of Government Business, and renamed Prime Minister in 1952. The other factors which contributed to the defeat of the UGCC were (1) the fact that the CPP could not only reward only those who supported it but also it could withdraw government favour from its opponents,⁴⁸ and (2) a "campaign of character assassination" which the CPP waged against the UGCC leaders, "that its leaders had accepted a huge bribe

⁴⁶D. Austin (1964), op. cit., p. 27.

⁴⁷A. Boahen (1975), op. cit., p. 171.

⁴⁸D. Austin, "Opposition in Ghana, 1947-67", in Rodney Barker, Studies in Opposition (London: The MacMillan Press Ltd., 1971), p. 252.

from the British government with a view to abandoning the struggle for independence".⁴⁹

The results however marked a shift in the political balance of power between the traditional aristocracy and the "upper" fraction of the petty-bourgeoisie professional and intellectuals to the "lower" fraction of the petty-bourgeoisie and the common people. The first phase of the intra-petty-bourgeoisie class struggle had ended, with the latter group as winners.

5. Intra-Petty-Bourgeoisie Class Struggles for State Power: Phase II: "Tribal Politics" (1951-1957)

"Tribalism" in African politics is a touchy question which unfortunately is sometimes dismissed by many "radical" African social analysts as an expression of "false consciousness", used by the bourgeoisie to exploit the "masses" for their own bourgeois class interests. We argue that tribal consciousness is a real phenomenon and that rather than dismissing it outright, the phenomenon itself needs to be explained from an objective historical perspective.

Tribalism predates imperialism and colonialism. Before colonial rule was imposed on Africa, as we showed in Chapter two, there existed both strong centralized and weak independent states based on common ethnic origins. The present territorial boundaries of Africa were a creation of the imperial powers competing among

⁴⁹ Adu Boahen (1975), op. cit., pp. 171-2.

themselves to carve chunks of colonial territories for themselves. The result was a checker-board of artificial national boundaries which sometimes divided some ethnic groups (as in the case of the Ewe of Ghana), or clustered people with similar or diverse ethnic and religious backgrounds in the same territories or regions. Naturally conflicts of interest arise when, as a result of colonial unequal regional development, certain regions (like Northern region of Ghana, composed of different ethnic groups but united by the Muslim religion) are less developed relative to other regions. Conflicts of interest can also arise in terms of the distribution of national wealth, when certain regions with homogeneous ethnic background (as in the case of the Ashanti of Ghana) who produce the bulk of the nation's wealth, feel they should receive more than other regions. These constitute enormous problems for the leaders of the post-colonial states in terms of maintaining national unity, and also impose structural constraints on the development effort. Ghana is no exception to these problems.

Those fractions of the bourgeoisie competing for control of state power, aware of the potency of ethnic sentiments as a strong political force, can manipulate it to their advantage, even though they publicly condemn it. Enloe's major thesis in her book entitled Ethnic Soldiers, State Security in a Divided Society (1980) is that,

...state elites-modern no less than pre-modern conceive of politics and their own interests in ethnic terms far more often than they admit; that state elites exploit ethnic divisions at the same

time as they publicly deplore them. In other words, when state planners set out to optimize their security, they think ethnically.⁵⁰

And as Kilson has correctly argued,

In as much as the central elites are of diverse traditional origins, the capacity of local interest groups to manipulate parochial forces is of no mean political importance.⁵¹

It is easy for prominent bourgeois elements in their localities, to gain strong political footing in their regions or constituencies, by inducing "any given ethnic group to interpret the essence of their background as being a zero-sum game over the distribution of scarce resources played out between tribes, rather than being primarily a result of class division".⁵² It is also easy to gain local political support by convincing a relatively wealthier region of homogeneous ethnicity that their interests will be better served if they seceded from the rest of the post-colonial nation-state. It is also easy for prominent local bourgeoisie to convince their tribal counterparts that being a minority group, they could be discriminated against in terms of the distribution of national wealth.

The nature of the intra-petty-bourgeois class struggle for

⁵⁰Cynthia H. Enloe, Ethnic Soldiers: State Security in a Divided Society (Harmondsworth, Middlesex: Penguin Books Ltd., 1980), p. IX.

⁵¹Martin Kilson, "The Grassroots in Ghanaian Politics", in Foster and A. R. Zolberg (eds.), Ghana and the Ivory Coast, Perspectives on Modernization (Chicago and London: The University of Chicago Press, 1971), p. 104.

⁵²J. S. Saul (1979), op. cit., p. 361.

control of state power in Ghana after the first phase shifted in this direction. After losing in the 1951 elections, the leaders of the opposition UGCC began to give "national focus to innumerable local protest movements which in turn provided them with solid local backing in their constituencies".⁵³ Many ethnic-backed political movements, supported by local "elites" sprang up, and the CPP-cum-Colonial government had a hard time containing them.

The National Liberation Movement (NLM) was formed in 1954, as an Ashanti national movement, led by the Ashanti traditional "elite", but backed by the UGCC intellectual, professional, petty-bourgeoisie. The Ashanti's "were roused as a nation by the general feeling that they were being cheated by the CPP government".⁵⁴ The NLM sprang up primarily as a protest movement against the CPP government's Cocoa Duty and Development Funds (Amendment) Bill of 1954 which pegged cocoa producer prices at 72/- for four years instead of £5 as promised by the CPP in the 1954 electioneering campaign. Thus, as Kilson correctly argued,

Although the NLM was in a basic sense a secular affair, stemming from the key position in Ghana's cocoa industry and endeavouring to give Ashanti greater leverage over the politics of cocoa, the NLM was also a sacred movement. Its operative *raison d'être* was linked to the historical role and status of traditional Ashanti; its *elan* derived more from this link with glorified Ashanti's large contribution to Ghana's economic life.⁵⁵

⁵³D. Austin (1971), op. cit., p. 255.

⁵⁴A. Boahen (1975), op. cit., p. 183.

⁵⁵M. Kilson (1971), op. cit., p. 105.

The demand for higher cocoa prices was in the interest of all cocoa-growing peasants in the country. Thus had the NLM been identified with only this demand, it would at least have won a large following from other cocoa-producing areas in the country. It however demanded a federal form of government and called for fresh national elections on this issue. This naturally was interpreted by many non-Ashantis as a reaction to the fact that the Ashanti wanted to "pull out" because it produced the bulk of the nation's wealth. The dominance of Ashantis in its leadership, made it essentially a regional-ethnic party, and it never developed into a national party. In the 1956 elections, it won 12 out of the 104 seats, all in Ashanti.

The Togoland Congress was formed in 1951 by the Ewe-speaking people led by their intellectual petty-bourgeoisie, to fight for separation of British Togoland (now the Volta Region of Ghana) from the Gold Coast Colony, and their unification with neighbouring French Togoland (now the Republic of Togo). As a result of the colonial partition of Africa by the imperial powers, the Ewe spilt across the frontier into the neighbouring state of Togo where the government at the time was primarily Ewe-speaking people. Being a minority group in the Gold Coast, they thought it better to join their Ewe counterparts across the border. Thus,

The principal aim of the Congress was to intensify the campaign which had been raging since the 1920's and 1930's for the unification of the British and French mandated territories of Togoland

created in 1921 out of the single German colony of Togo.⁵⁶

The CPP government refused to compromise. The issue was finally settled in a plebiscite under UN supervision in 1956. The result was that the majority voted in favour of the CPP's stand for union with British Togoland. This gave birth to the present Volta Region of Ghana. The Congress also never became a national party. In the 1954 and 1956 general elections, it won only two and three seats respectively, all in its own ethnic base.

The Northern Peoples Party (NPP) formed in 1954 arose, primarily, "out of the fear of the people of the Northern and Upper Regions, especially of the educated people and the chiefs of becoming dominated by the people of the South after independence".⁵⁷ In Chapter three we have shown how the colonial government ignored this region in terms of development, while concentrating on the south, resulting in that region's becoming a cheap labour reserve for the south. This party also remained primarily a Regionalist party, winning 12 and 15 of the 104 national seats in the 1954 and 1956 elections respectively; and all in the North.

Thus all these parties, and other smaller ones which usually sprang up and died within a short time, never became national parties, but remained only as regional ethnic and religious, "loose conglomerate-

⁵⁶A. Boahen (1975), op. cit., p. 181.

⁵⁷Ibid., p. 180.

tions of tribal and other interest groups seeking autonomy".⁵⁸ The CPP was the only party which won seats in all the regions of the country, in the general elections held in 1951, 1954, and 1956 respectively. The tables below show the results of the 1954 and 1956 elections:

TABLE 5: 1954 Election Results

<u>Party</u>	<u>No. of Seats</u>
The Convention Peoples Party	71
Independents	16
The Northern Peoples Party	12
The Togoland Congress	2
The Ghana Congress Party	1
The Moslem Association Party	1
The Anlo Youth Organization	1
	<hr/>
	104

Source: David Apter, Ghana in Transition (New York: Atheneum Press, 1968), p. 231.

TABLE 6: 1956 Election Results

<u>Party</u>	<u>No. of Seats</u>
The C.P.P.	71
The National Liberation Movement	12
The Northern Peoples Party	15
The Moslem Association Party	3
The Togoland Congress	3
Others	3
	<hr/>
	104

Source: Henry L. Bretton (1958), p. 57.

⁵⁸Henry L. Bretton, "Current Political Thought and Practice in Ghana, The American Political Science Review LII, 1 (March, 1958), p. 57.

The 1956 election was the decisive one, which led to independence in 1957, under Nkrumah and the CPP. The second phase of the intra-petty-bourgeoisie class struggle, was thus again won by the "lower" fraction of the petty bourgeoisie, and lost by the "upper" fraction of the petty-bourgeoisie professional, intellectual and chiefly elements.

6. Intra-Petty-Bourgeoisie Class Struggles for State Power, Phase III:
The Period of Political Consolidation (1957-1960)

Independence was achieved on 6 March 1957. State power was finally won by the lower fraction of the petty-bourgeoisie, i.e., the CPP led by Kwame Nkrumah. But the strong ethnic and localised influence of prominent opposition leaders could still mean virtual territorial division of the country between the central government and the opposition. Moreover, it was clear that the latter had not abandoned their demand for a federal form of government. Nkrumah's conviction was that a unitary form of government would ensure the stable political climate which was needed for effective and uninterrupted economic development to take place later. This is reflected in his popular slogan, "Seek ye first the political kingdom and all other things shall be added unto it". Thus absolute political power comes before economic transformation.

Accordingly, the CPP government took measures, between 1957 and 1960 to effectively consolidate their political power, before the shift to "socialism" and a de facto one-party rule was made in 1961. First, a series of acts of parliament were enacted to

gradually eliminate opposition.

1. The Deportation Act (1957), ensured that all aliens, especially the Moslem leaders of Ashanti and some Lebanese, who were suspected of funding the opposition parties were deported forthwith. According to Peter Garlick, "Businessmen, if they were non-Ghanaian, were among those deported".⁵⁹

2. The Emergency Powers Act (1957), gave the government powers to declare a state of emergency when it deemed it necessary for the maintenance of peace and order and for protecting the security of the state, by ordering the detention or deportation of anyone considered a security risk during the period of the emergency.

3. The Avoidance of Discrimination Act (1957), forbade the existence of parties formed on regional, tribal or religious basis. This forced the various opposition parties, to merge into the United Party (UP), and thus made surveillance of the activities of the opposition easier for the government.

4. The Preventive Detention Act (1958), was passed "to empower the government to imprison without trial, any persons suspected of activities prejudicial to the State's security".⁶⁰ Thus on grounds of alleged participation in subversive activities aimed at endangering

⁵⁹Peter Garlick, African Traders and Economic Development in Ghana (Oxford: Clarendon Press, 1971), p. 22.

⁶⁰D. Austin (1964), op. cit., p. 38.

the security of the state, many leading opposition leaders were detained without trial, and others went into exile.

5. The Offences Against the State (False Reports) Act (1959), empowered the state to imprison anyone for "communicating false statement or report likely to injure the credibility or reputation of Ghana or the Government of Ghana and which he knows or has reason to believe is false...".⁶¹

The CPP leadership had no doubt in their minds that so long as the anti-CPP chiefs ruled in their areas, anti-government activities would still prevail in those localities. Thus, a carefully mounted attack was made on opposition chiefs, especially in Ashanti and Akim.⁶² Pro-CPP claimants to these stools were encouraged to profer destoolment (or dethronement) charges against the Pro-NLM chiefs. The government upheld these charges; the anti-government chiefs were destooled, and in their places pro-CPP chiefs were installed. Thus,

By such means, every pro-NLM chief in Ashanti was removed from office with the exception of the Asantehene (the most senior Ashanti chief) who was spared only after he had made a public declaration of support for 'the government of the day'...⁶³

In order to ensure that the ruling party's power penetrated

⁶¹Beverley Pooley, "The Modernization of Law in Ghana", in P. Foster and A. R. Zolberg (1971), op. cit., p. 185.

⁶²T. P. Omari, Kwame Nkrumah, The Anatomy of an African Dictatorship (New York: Africana Publishing Corporation, 1970), p. 50.

⁶³D. Austin (1964), op. cit., p. 378.

the entire state structure, various institutions headed by strong party supporters were created. Regional and District administrative offices were established headed by politically appointed Regional and District Commissioners as "representatives of the government". This greatly reduced the powers of the chiefs in their chiefdoms. The party itself had numerous regional, district and local branches with powerful party organisers and secretaries. The United Ghana Farmers' Council, headed by party stalwarts who were not necessarily active peasants, was given statutory recognition as the sole representative of the farmers of the country in 1957. The National Cooperative Council was also created and manned by party members, at the expense of the genuinely Independent Alliance of Cooperatives formed by the peasants themselves. By these means, the peasants especially the most vocal among them (the capitalist farmers and rich peasants) were brought under the control of the party.

The Industrial Relations Act of 1958, established a centralized structure of a limited number of workers unions--called the Trade Union Congress--also headed by strong party supporters. The Women's Organisation, the National Council of Women formed in 1953 was also brought under the party's domination. As Nkrumah himself declared in a speech to the 10th Annual Delegates Conference of the CPP in 1959, the CPP

...is likened to a mighty tree with many branches. The CPP constitutes the root and trunk, and its branches include such organisations as the United Ghana Farmers Council, The Trades Union Congress, the Cooperative Movement,...The Women's Organizations, the Exservicemen, the National Association

of Socialist Students Organisation...and other patriotic organisations which in their various ways are giving support to our Party.⁶⁴

And to emphasise the fusion of party and government, he declared,

I want it to be firmly understood that it is the CPP which makes the government and not the government the CPP and we intend to give public acknowledgement to this fact by raising the prestige of our Party to its proper status in our national structure.⁶⁵

Thus at this point, it was clear to everyone that in order to assure one's wealth, influence in society or to gain promotion in one's job, one had to join the party. While ensuring that the sources of the opposition parties' finances were blocked, measures were taken for the creation of institutions to enhance the economic advancement of the party "faithfuls" and to finance the ruling party itself. According to Bretton,

Foreign and domestic contractors and businessmen were pressured into paying commissions or outright donations purportedly to support the CPP.⁶⁶

And foreign businesses, especially Lebanese, Syrian, Greek and even British commercial firms and contractors contributed to these funds. For example, 10% commissions were levied on the price of all contracts

⁶⁴Ibid., p. 383.

⁶⁵Ibid. Also Jon Kraus, "Political Change, Conflict and Development in Ghana", P. Foster and A. R. Zolberg (1971), op. cit., p. 54.

⁶⁶Henry L. Bretton, The Rise and Fall of Kwame Nkrumah (New York: Frederick Praeger, 1966), p. 66.

negotiated by ministers, principal secretaries and public corporations.⁶⁷ Thus, an institution like the Cocoa Purchasing Company, formed in 1952 as a subsidiary of the Cocoa Marketing Board to buy cocoa directly from peasants instead of middlemen and brokers, was used for "the greater financial self-aggrandisement" of party members.⁶⁸ The National Development Corporation (NADECO) acted as "the collecting agency" for funds which went into the pockets of party-appointed Chairmen and Boards of Directors of various organizations, and the coffers of the governing party itself.⁶⁹

There was also a direct shift from free democratic, multi-party elections towards a de facto one-party rule. Free elections ended with colonial rule; the last one in 1956. After independence, a mixture of coercion and rigging of elections ensured that in every election only CPP members were returned to Parliament. Austin correctly argued that,

One must discount the party's later successes: the 1960 election was crooked, the referendum (held to approve or disapprove a Republican constitution) a farce, the 1965 elections an absurd charade--198 candidates selected by the central committee (of the CPP) and then declared to be elected unopposed in 198 constituencies. It was simply a non-election.⁷⁰

⁶⁷ Victor T. Le Vine (1975), op. cit., p. 31.

⁶⁸ Findings of Jibowu Commission of Inquiry into the Affairs of the CPC Ltd., Report of 1966, passim, quoted in Fitch and Oppenheimer (1966), op. cit., pp. 68-9.

⁶⁹ Ibid., p. 66.

⁷⁰ D. Austin (1971), op. cit., p. 252.

Thus all constitutional or democratic means of confirming or changing governments were effectively blocked. It took only the Armed Forces to forcefully dislodge the CPP government in 1966.

After destroying the official opposition, the CPP turned into itself, and on the grounds that some leading members of the government including top cabinet ministers, had abused their positions as ministers of state by illegally acquiring wealth or engaging in political subversion, all rightist and critical elements in the party were eliminated.⁷¹ What Nkrumah did to silence the opposition, he did also to silence criticism within his own party, through purges, demotions, enforced resignations and detentions.⁷² By 1960 therefore all forms of opposition had been eliminated and absolute power was in the hands of Nkrumah and the CPP. By 1964, Ghana officially became a de jure one-party state. Thus the three-phased intra petty-bourgeoisie class struggle for state power was finally won by the "lower" fraction of the petty bourgeoisie.

7. Economic Strategies, Phase I (1951-1961)

In the previous section of this chapter, we have analysed in detail the class struggles between two factions of the petty-

⁷¹John Esseks, "Government and Indigenous Private Enterprise in Ghana", The Journal of Modern African Studies IX, 1 (1971), pp. 14-15.

⁷²T. P. Omari (1970), op. cit., pp. 66 and 88; D. Austin (1964), op. cit., p. 405; R. Rathbone (1973), op. cit., p. 24; M. Kilson (1971), op. cit., p. 113 and D. Austin (1971), op. cit., p. 26.

bourgeoisie to gain control of state power at the eventual end of colonial rule, and the outcome of this struggle. The "lower" fraction of the bourgeoisie won decisively, and managed through their control of the state apparatus to retain power until 1966. On assumption of office in 1951 however, the CPP came face-to-face with the realities of holding power; namely, how (as they had promised) to fulfill the hopes of the Ghanaian people for a more just and better distribution of opportunities and of national wealth than the people had experienced under alien rule. Secondly, and more importantly, how to solve the twin problems of "decolonization and underdevelopment". The next two sections will analyse the economic strategies adopted by the CPP government between 1951 and 1961, and 1961 to 1966 respectively, while the subsequent section will investigate the effects of these strategies on the various classes in the Ghanaian society.

Before doing these however, it will be useful to identify some of the factors existing prior to the CPP's assumption of office which might have introduced some problems and constraints on the development effort during 1951-1966. We have shown in the previous section that the victory of the CPP over their rivals, had alienated the most influential groups in the country, namely the intellectuals, the professionals including the bureaucrats, and the traditional leaders. Despite the CPP's electoral victories, they (opposition) were still actively engaged in conflict with the government. It is natural to expect these groups to be critical (even sometimes far

too critical) of the performances of their rivals in government, especially to monitor and interpret in their own way to parochial interests, how fair or unfair the government would be in the distribution of national wealth. For a government, members of which were mainly from the grass roots with no previous experience in administration, the question of how to keep the new nation-state united and how to ensure a stable political climate and at the same time push ahead with the development effort, was a demanding one.

The CPP however had the support of the most volatile sections of the Ghanaian community, namely, the numerous discontented urban unemployed (looking for jobs), the artisans, clerical workers, school leavers, junior civil servants, teachers, poor rural peasants and market women. These people had high expectations that under an African government, they would have a better deal than under alien rule. The CPP seemed to know how to satisfy these people; create jobs for them, improve their working conditions and above all provide them with the amenities they need. The CPP also knew that in order to retain power, they needed to retain the confidence and the "ephemeral" support of these people. As Nkrumah himself notes,

The leaders are now expected, simply as a result of having acquired independence, to work miracles. The people look for new schools, new towns, new factories. They expect political equality to bring economic equality. They do not realise what it may cost. In this situation, however poor the country, the new government cannot sit and do nothing. Construction must begin. There must be something to show for independence. And if there is nothing to show, popular discontent may split the country apart.⁷³

⁷³K. Nkrumah, "African Prospect", Foreign Affairs XXXVII, 1 (October,

This conviction may help to partly explain why the economic strategy adopted from the beginning laid so much emphasis on building infrastructure and providing social services. It may also partly explain the anxiety of Kwame Nkrumah and the CPP to transform Ghana overnight into a modern state, as he (Nkrumah) argues,

A once dependent territory if it is to survive in the modern world industry is to accomplish in a single generation what it has taken developed nations three hundred years or more to achieve.⁷⁴

In the Ghanaian case, independence came after six-years of shared rule between the colonial administration and the CPP (1951-57), during which time, although Nkrumah was the Prime Minister, "Ultimate executive power remained vested in the Governor, while the very important portfolios of Finance, Justice and External Affairs were in the hands of the Colonial Service officials".⁷⁵ The civil service, especially the top positions, were still dominated by expatriates. According to Nkrumah,

Our civil service, the one which we inherited during our spell of internal self-government between 1951 and March 1957, was the machine that had been formed by the imperial power to carry out its colonial policy. Though we had joint control, it was as junior partners. We were, it is true, the ruling party, but the imperial government still reigned supreme, and we were subordinated to its pro-counsel,

1958, p. 51.

⁷⁴K. Nkrumah, Dark Days in Ghana (New York: International Publishers, 1968), p. 67.

⁷⁵Adu Boahen (1975), op. cit., p.

the Governor.⁷⁶

Therefore, at least, for the first six years of the CPP's rule, there were limitations as to how far they could go in taking important and radical decisions. Moreover, as we have shown in the previous section, Nkrumah and his colleagues were anxious to "co-operate" with the colonial administration in such a way that the move towards full independence would not be prejudiced. Fitch and Oppenheimer (1966) consider Nkrumah's cooperation with the Colonial government during 1951-1957 as the main and only reason why Nkrumah's government postponed their policy of structural transformation of the economy through socialism until after 1961. We would rather argue as Genoud does,⁷⁷ that although this may constitute some limitations, the long "struggle for power" between the CPP and its opponents diverted the government's attention more to how to establish their political position until the end of the political consolidation period in 1961, when all forms of open opposition had been eliminated. This will partly explain, why as we shall show later, even after the withdrawal of the colonial power in early 1957, the colonial economic policies were retained at least in substance until after 1961.

It is also important to note that on assumption of office the CPP leaders had had no previous experience in government. It is

⁷⁶K. Nkrumah (1963), op. cit., pp. 88-9.

⁷⁷See Fitch and Oppenheimer (1966), op. cit., pp. 58 and 82. See also Roger Genoud (1969), op. cit., pp. 78-86.

therefore doubtful if the CPP government, engaged all along in political conflict, had any clear idea of what economic strategy to pursue in overcoming underdevelopment. Thus, the government had to rely on foreign economic advice to formulate their initial economic strategies.

The government invited the famous West Indian economist, Sir Arthur Lewis in 1952 to advise it on the possibilities of developing industries in Ghana. His recommendations in the Report on Industrialization and the Gold Coast (Accra, 1953), can be summarised as follows:

(1) High priority should be given to waging a concentrated effort on growing food; (2) There must be an expansion of infrastructure and public services; (3) Government involvement in industrialisation should be minimal and geared towards producing commodities which had hitherto been imported in order to save on foreign exchange, i.e., Import Substitution; (4) Funds should be set aside to reform and strengthen the Industrial Development Corporation (IDC), (formed in 1947 by the colonial government to develop industries), to invest later in joint private-state enterprises; (5) Foreign private enterprise should be the main source of the industrialisation programme, and every effort should be made to attract foreign capital and technical expertise.⁷⁸ Most of these recommendations were accepted and became the main pillars of government policy until after 1960. It should be noted

⁷⁸For details of what Lewis' recommendations were, see A. Krassowski, *Development and the Debt Trap* (London: Overseas Dev. Institute, 1974), pp. 20-1; Leslie Grayson, "Ghanaian Industrial Strategy: Some Problems for the 1970s", The Economic Bulletin of Ghana I, 3 (1971), pp. 66ff.; Roger Murray, "Second Thoughts on Ghana", New Left Review, No. 42 (March-April, 1967), p. 33; R. Genoud (1966), op. cit., pp. 82-3.

that the recommendation that government should open the economy for foreign participation on liberal terms, while concentrating on the provision of infrastructure and public services are similar in substance and practice to the colonial policy up to 1951. The only significant difference between Lewis' recommendations and colonial policy was his emphasis on government involvement in increased food production, which the CPP government ignored until after 1961.

In 1951, shortly after Nkrumah became Leader of Government Business, a 10-year development plan was launched by the colonial government. The breakdown of the investment categories are shown in the table below. It can clearly be seen that agriculture and industry had been given the lowest priority (17%), while the infrastructure and

TABLE 7: 1951 Plan, Investment Categories

<u>Main Sector</u>	<u>% of Total Investment</u>	<u>Individual Categories</u>
Economic and Productive Services	17	Agriculture, Industry, Electricity, Water
Communications	35	Road, Rail, Harbour, Telecommunications
Social Services	33	Education, Health, Housing, Welfare
Common Services and General Administration	15	Government Offices, Police, Prisons, Defence

Source: Andrzej Krassowski, Development and the Debt Trap (London: Croom Helm Ltd., 1974), pp. 13-17.

social services (68%) had the highest priority. On assumption of office, the CPP government operated with the framework of this plan, with some revisions which only increased public expenditure, until it was abandoned half-way through its intended life-span. The Nkrumah government, in line with Lewis' advice and its own anxiety to satisfy the people and retain their confidence, plunged into massive spending on public investment. Contrary to the usual British colonial policy of fiscal caution and fiscal conservatism.

By 1955 planned investment had grown from the original £74 million over 10 years to £122 million over 5 years (with £66 million actually spent). (Thus)...by the second half of 1955, the budget had started moving into deficits; £9 million in 1956 and £10 million in 1956. In these same two years the balance of payments was also in deficit, for the first time since before the war, and external reserves had to be drawn on to the tune of £37 million.⁷⁹

The ten year plan was abandoned, and replaced by a Second 5 year Development Plan (1959-1964). The details of investment in this plan are given in the table below.

It is clear from this table that the pattern of investment had not changed from the colonial type. Agriculture (8%), Mining and Manufacturing (12%), sectors which at least could have provided a start towards the diversification of the economy, were allocated only 20% of the investment. The major source of investment in agriculture was still left in the hands of the peasants, most of

⁷⁹ A. Krassowski (1974), op. cit., pp. 22 and 225.

TABLE 8: 5 Year Dev. Plan (1959-1964) Investment Categories

<u>Main Sector</u>	<u>Value in £ Million</u>	<u>% of Total Investment</u>
Agriculture	2.1	8
Mining and Manufacturing	3.2	12
Infrastructure and Public Services	8.2	31
Education	2.9	11
Health, Social Services and Housing	5.0	19
General Administration	5.0	19

Source: A Krassowski (1974), p. 37.

whom, especially the food crop growers, were using crude, inefficient methods of cultivating their crops. The government's contribution, mainly reserved for export-crop farmers, was limited to providing extension services, such as pesticides, fertilizers and improved seeds. On the other hand, the industrialisation plan still followed the Lewis strategy. The Industrial Development Corporation was making a modest beginning in "pioneering" industry, mainly producing Import-Substitution goods, while the bulk of industrial effort was left open for private foreign capital. Yet mainly for the sake of political expediency, Public Services, Education, Social Services and Government Administration were allocated 80% of the planned investment. This plan was abandoned by the end of 1961 for reasons we will be showing later.

The massive expenditure on infrastructure and social services yielded some impressive, positive results. In the field of education, the following table speaks for itself:

TABLE 9: Educational Expansion, 1950-1958

<u>Educational Institutions</u>	<u>1950 No. of Inst.</u>	<u>Total Enrollment</u>	<u>1958 No. of Inst.</u>	<u>Total Enrollment</u>
Primary & Middle Schools	3,000	272,000	5,000	611,000
Secondary Schools	56	6,000	63	13,000
Teacher Training Colleges	19	1,777	30	4,055
University College of the Gold Coast	1	211	1	424
Kumasi College of Technology	1	-	1	536

Source: Dennis Austin (1960), p. 21.

Adu Boahen, gives the most detailed list of the achievements of the Nkrumah government between 1951-60. For example, on health, there were new hospitals in towns, health centres and clinics in rural areas, and massive campaigns were launched against widespread diseases such as yaws, smallpox, tuberculosis and leprosy. He shows that by 1960, about 400 students were on scholarships to study medicine. On housing the Ghana Housing Corporation formed in 1956 had begun building for urban dwellers. Other social services included pipe-borne water and electricity for urban areas, and health services and wells for rural areas. Extensive facelifts were

also done in the major towns, and a new Tema township and harbour was built including a fishing harbour. There was also extension works done on the Takoradi Harbour, the existing railway system was extended with the Akyease-Kotoku line; the main artery of the country by road, the Accra-Kumasi-Tamali-Bolgatanga route and an 805 feet Adomi Bridge linking the Volta Region with the rest of the country over the River Volta, were completed.⁸⁰

This impressive achievement in the field of infrastructure and social services however, had negative effects on the economy. This meant the creation of jobs and raising of incomes which at the same time raised the demand for consumer goods. Between 1957-58 and 1959-60, import of consumer goods rose from £58 million to £118 million. The high import content in investment, raised the import bill from £95 m in 1958 to £163 million in 1961. The balance of payments deficits on current account fell from a surplus of £11 million in 1958 to a deficit of £52 million by 1961. Worst of all, Ghana's foreign reserves had been very heavily drawn on due to the ever increasing government expenditure. They fell from £178 million at the end of 1958 to £73 million at the end of 1961.⁸¹

The hope of attracting substantial foreign capital investment as predicted by Lewis was never fulfilled, even though government

⁸⁰For some details see A. Boahen (1975), op. cit., pp. 173-201.

⁸¹See William F. Steel, "Import Substitution and Excess Capacity in Ghana", Oxford Journal of Economics (1968), p. 217 and A. Krassowski (1974), op. cit., p. 45.

had offered attractive incentives. According to Boahen, these incentives included a reduction of company tax rate from 45% to 40% in 1958; tax reliefs to new industries; exemption of customs duties on raw materials and semi-processed materials for manufacturing, and government provision of an infrastructure of roads and railways.⁸² There was between 1957-9, a net outflow of capital to the tune of £8 million, and in 1960, a net inflow of £2 million, "mainly due to already established large expatriate companies".⁸³

The monopoly of trade by the large expatriate firms since the pre-war period still existed, and the number of Syrian and Lebanese operating in the retail trade actually increased between 1957-1960. Timber and Mining concerns (still dominated by expatriates) were granted free loans to boost their operations. The fields of construction, insurance and manufacturing were still dominated by expatriate firms and companies, while they were guaranteed free transfer of profits abroad.⁸⁴

Clearly, the strategy had failed. The country's economic situation had worsened, with foreign reserves virtually exhausted. The commanding heights of the economy was still in the hands of foreign concerns. The structure of the underdeveloped colonial economy still remained intact, even though some degree of modernization

⁸²A. Boahen (1975), op. cit., pp. 199-200.

⁸³A. Krassowski (1974), op. cit., p. 54.

⁸⁴See A. Boahen (1975), op. cit., pp. 197-98.

had taken place. Ghana's dependence on the world capitalist market and on foreign capital had not diminished. The failure of this strategy, and the disappointing response of foreign capital made the government decide to change its economic strategy after 1961.

8. Economic Strategies, Phase II (1961-1966)

1961 was a year of decision following the disastrous outcome of the pre-1961 strategy. A new economic strategy was needed. The new strategy was termed a socialist policy in which emphasis was to be placed on (1) Rapid Industrialization, mainly import substitution; (2) Capital-intensive agriculture; (3) Greater state involvement in industrial and agricultural enterprises. According to Grayson, this policy was theoretically aimed at (1) breaking the dominance of the economy by foreign firms and (2) reducing external economic dependence.⁸⁵ Our analysis in this section will focus on whether in practice these objectives were achieved between 1961 and 1966 and why.

In practice, we would argue, with our knowledge of the state of the economy by 1961, that to maintain the high government spending levels of pre-1961, it would be very difficult to achieve these aims by relying solely on government's resources. As Berg correctly argues,

...the acceleration of development spending
(this new strategy involved) clearly could not

⁸⁵Leslie Grayson, "A Conglomerate in Africa: Public Sector Manufacturing Enterprises in Ghana, 1962-1971", African Studies Review XVI, 3 (December, 1975), p. 315.

be sustained with the level of financial and physical resources at the disposal of the Ghana government.⁸⁶

The nation's reserves by 1963 were £47.8 million, which was £27.4 million or 35.4% lower than the level for the end of 1962. This sharp decline in only one year has been attributed partly to the "increase in government expenditure and partly by the increase in imports".⁸⁷

It was therefore decided by the government that the new 7-Year Development plan (1963-70) was to depend heavily on private foreign investment. Out of the £841 million planned investment, £486 million or 57.8% was to be from private foreign sources. In order to rationalise this apparent contradiction between the socialist policy and reliance on foreign capital, and to assuage the fears of potential western investors, it was officially stated that,

...any suggestion that vigorous state and private sectors within the same economy are incompatible is unacceptable...(and that)...
the transition to socialism could be effected without resort to such expedients as nationalisation which if carried out with full compensation, would only change the ownership of the means of production without adding to productive capacity or employment opportunities, and if carried out without such compensation would inevitably incur such a large measure of hostility as to make

⁸⁶E. J. Berg, "Structural Transformation versus Gradualism: Recent Economic Development in Ghana and the Ivory Coast", in P. Foster and A. R. Zolberg (1971), op. cit., p. 201.

⁸⁷Economic Survey, 1963, paragraph 151, p. 53, quoted in Isaac Bissie, "Ghana's Seven-Year Development Plan in Retrospect", The Economic Bulletin of Ghana XL, 1 (1967), p. 33.

our development plans very much more difficult to achieve.⁸⁸

Clearly then, the 7-Year Plan was only transitional between the pre-1961 capitalist era and a future "socialist" era. The economy was divided into five sectors, namely the state sector, the Joint State-Foreign sector, Foreign Private sector; the co-operatives and the small-scale Ghanaian private sector.⁸⁹ The strategy for the eventual move to complete state control of the economy, was for the state sector to expand faster than, and eventually overtake the private sector. Nkrumah himself argued that, "It was considered, in the circumstances of the time (by which he meant the poor economic situation of the country), that the undertaking of joint projects with already operating capitalist concerns was better than the alternative of economic blockade by the West and consequent lack of development...".⁹⁰

It was officially announced that, Foreign firms already established in Ghana are to be given every encouragement and support to continue their operation and expand their services while prospective investors are assured a place.⁹¹

⁸⁸Ibid., emphasis ours.

⁸⁹We will be dealing with the last sector in this chapter under the sub-title, "State and People Relations...".

⁹⁰K. Nkrumah, Revolutionary Path (New York: International Publishers, 1973), p. 182.

⁹¹"Ghana's 7-year Development Plan", in Trade Directory of the Republic of Ghana (London: The Diplomatic Press and Publishing Co., 1964), p. 22. Some of the main fields open to foreign capital were manufacturing industry, petroleum prospecting, the local processing of mineral products etc.

A special investment law, the Capital Investment Act (1963) was passed to attract new foreign investors, with guarantees against unfair nationalization; to allow the free transfer of profits outside the country; for a 5-10 year tax holiday, for capital depreciation allowances; for total or partial exemption from import duty and purchase tax on raw materials used.⁹² Thus for the period 1963-70 both already established multinational corporations and prospective ones were assured of a good climate for investment. Throughout the 1963-1966 period (at the end of which Nkrumah's government was forcefully overthrown) efforts were made to maintain this policy, and the government avoided any competition in areas specifically reserved for foreign investors.⁹³ Clearly therefore, the expansion of and continued dominance by foreign capital of Ghana's economy throughout the Nkrumah period, the "socialist" period included, was a direct outcome of the government's own policy of inviting and wooing foreign capital. Therefore, if by the end of this era, Ghana's dependency status worsened compared to during the colonial era, it cannot wholly be attributed to external factors.

In this second phase of the economic strategies there was no significant shift from the previous policy of emphasising infrastructure and social services in the development effort, although

⁹²Quarterly Economic Review, 25 June 1963, p. 2.

⁹³Quarterly Economic Review, 20 June 1962, p. 2, 27 December 1962, p. 1.

the plan emphasised priority to agriculture and industry. The table below shows the allocation of funds in the 7-Year plan, to both productive (including agriculture and industry sectors) and infrastructure and social services, which confirms this view:

TABLE 10: The Share of Productive Investment in Ghana (1951-1969/70)

<u>--% of Total</u>		
<u>Plans</u>	<u>Productive Investments</u>	<u>Investments in the Infrastructure and Social Services</u>
1st 5-Year plan (1951-1956)	11.2	18.8
2nd 5-Year plan (1959-1964)	20.3	79.7
7-Year plan (1963/64-1969/70)	37.3	62.7

Source: Walter B. Birmingham, I. Neustadt and E. N. Omaboe (eds.), A Study of Contemporary Ghana, Vol. 1: The Economy of Ghana (London: Allen and Unwin, 1966), p. 455.

The Economic Survey of 1963 stated this view clearly,

The pattern of government expenditure is changing very slowly in favour of more investment in productive enterprises. Unfortunately the pattern still remains weighted in favour of current expenditure and investment in directly unproductive sectors of the economy.⁹⁴

However, state involvement in trade, commerce, insurance, industry and agriculture was quite substantial.

In trade, the Ghana National Trading Corporation was

⁹⁴ Quarterly Economic Review, 11 December 1964, p. 4.

established in 1962 to monopolise the greater proportion of the consumer items imported. This corporation was formed through the nationalization of a relatively weak Greek-owned company, A. G. Leventis Co. Limited, while the more powerful multinationals like the United Africa Company (UAC) were left untouched. As Nkrumah himself admits, "By 1965, the GNTC was distributing (only) 32% of all imports".⁹⁵ The rest of import trade was in the hands of the large expatriate companies. When Cocoa purchasing was taken over from the expatriate companies by the state, and when the State Insurance Corporation was established in 1962 to control a large part of insurance business in Ghana,⁹⁶ the displaced expatriate companies quickly shifted into the import substitution industrialization sector. They entered fields where the home market was good, e.g., brewery, distilleries, tobacco, vehicle assembling and textile.⁹⁷

The government's industrialization policy was a continuation of the pre-1961 import substitution policy. This was aimed at easing the balance of payments problems.⁹⁸ The table below shows the pattern of ownership of manufacturing by sectors:

⁹⁵K. Nkrumah (1968), op. cit., p. 90.

⁹⁶A. Boahen (1975), op. cit., p. 214.

⁹⁷See for example, Fitch and Oppenheimer (1966), op. cit., p. 89.

⁹⁸See M. B. Kwesi Darkoh, "The Development and Problems of Manufacturing Industry in Ghana During the Nkrumah Era", Udo, No. 16 (July, 1977), p. 11. Also L. Grayson (1971), op. cit., pp. 3-23.

TABLE 11: Percentage of Ownership of Manufacturing by Sectors
(1962-1965)

<u>Sectors</u>	<u>1962</u>	<u>1964</u>	<u>1965</u>
State	11.8	13.9	17.2
Cooperative	0.1	0.6	0.6
Joint	7.1	7.3	10.6
Private	81.0	78.2	72.5

Source: A. N. Hackman, "Impediments to the Growth of Indigenous Entrepreneurship in Ghana, 1964-1968", The Economic Bulletin of Ghana II (1972), Table 4, p. 91.

A quick examination of this table shows that private investment, mainly foreign, formed the bulk of investment in industry, although state participation also increased over time. The next table shows the pattern of ownership of private manufacturing between 1962 and 1965:

TABLE 12: Pattern of Ownership of Private Manufacturing by Nationality
(Percentage)

<u>Nationality</u>	<u>1962</u>	<u>1964</u>	<u>1965</u>
Ghanaian	20.8	23.2	26.6
Non-Ghanaian	63.2	62.7	56.4
Mixed	7.0	14.1	17.0

Source: A. N. Hackam, Ibid.

In private investment alone, foreign capital was responsible for between

56% - 63%, although Ghanaian enterprises also increased overtime. The expansion of output in the manufacturing sector was impressive as depicted by the table below:

TABLE 13: Gross Manufacturing Output 1962-65 (As Percentage of Total Output)

<u>Sectors</u>	<u>1962</u>	<u>1964</u>	<u>1965</u>	<u>Annual Growth Rate</u>
State-owned	11.8	19.5	24.1	35.5
State-Foreign	7.1	12.7	17.5	38.3
Foreign-Private	80.9	67.6	58.2	13.8

Source: William F. Steel, "Import Substitution and Excess Capacity in Ghana", Oxford Journal of Economics LXXXII, 1 (1968), p. 214.

The statistical data here represents an encouraging trend in the growth rate of mainly foreign-owned enterprises, but also to some extent, the State and Joint sectors. But as Steel correctly argued,

Although this rapid expansion of production in factories with government participation contributed to an average growth rate of over 11% in real gross manufacturing output during this period there was no concomitant growth in the economy as a whole.⁹⁹

Most of these State enterprises (by 1965 there were about 40 state-owned industries and numerous state mechanised farms) actually rather increased the national debt burden. Due to the

⁹⁹W. F. Steel (1968), op. cit., p. 215.

government's failure to attract foreign investment and long-term soft loans, the government resorted to contracting short-term bilateral loans, attracting 5-6% interest over 6 years. According to the Ghana Economic Survey (1964), Ghana had received £168 million worth of short-term credits since 1961. Out of this £157 million was to be repaid within 4-6 years.¹⁰⁰ Between 1961 and 1966 virtually all projects undertaken in the public sector were funded through supplier's credits. This increased the national debt burden. Secondly, various ministries could contract loans without the approval of the bureaucratic institutions responsible for that. Thus, this usually created debts over and above planned expenditures.¹⁰¹ Thirdly, the mushrooming of projects initiated by various ministries gave rise to its abuse. Ministers demanded and received 10% commissions on Contracts awarded. This generally inflated the costs of projects.¹⁰² Fourthly, the government was

¹⁰⁰See Fitch and Oppenheimer (1966), op. cit., p. 120.

¹⁰¹See L. Grayson, "The Role of Supplier's Credits in the Industrialization of Ghana", Economic Development and Cultural Change, XXI, 3 (1973), p. 495.

¹⁰²Ibid., for example The Apaloo Commission Report (1967), observed that Parkinson Howard a British firm which built the Accra-Tema Motorway, the Tema Harbour Extension, the Dry Docks, among other projects, paid between 1958 and 1963 a total of £680,000 in three instalments to certain ministers. The report observed that,

We cannot feel satisfied that the fact that they (Parkinson Howard) had to make a contribution to the Convention People's Party did not influence the price which they quoted for the various projects they carried out in this country.

(Quoted in Ibid., p. 460.)

put in a weaker position when it came to determining the type and pattern of investment; thus it sometimes happened that some projects might not be viable or might be unsuitable for certain locations but might be approved, since the primary motivation of the owner of investment capital or the equipment peddler was not the concern "Whether a particular industry was suitable for Ghana but whether, the firms he represented had excess capacity and therefore, interested in exporting their equipment".¹⁰³ Fifthly, most of the enterprises were capital-intensive thus constituting a further drain on the foreign exchange of Ghana. Darkoh mentions beverages, tobacco, leather and rubber, chemicals and grain mills, and bakery, as "requiring the most capital per worker".¹⁰⁴ Sixthly, manufacturing did not contribute much to export earnings even though it drained much foreign exchange. For example, in 1962 manufactured export contributed £G 10.6 million or only 8.5% of total exports.¹⁰⁵ Some factories were also built without knowledge of the source of raw materials to keep them functioning. For example, a tomato processing factory and a corned beef factory in the North,

¹⁰³Ibid., pp. 490-91. For example the USSR sold Ghana three expensive jet aircrafts at a time when most of Ghana Airways international flights had absurdly low load factors. The British firm Parkinson-Howard, sold Ghana a huge dry dock when the British ship-building industry was in recession. The dry dock was finally commissioned in 1969 and has been standing idle since.

¹⁰⁴M. B. K. Darkoh (1977), op. cit., p. 17.

¹⁰⁵Ibid., p. 19.

and two sugar factories in the South.¹⁰⁶ There were also cases where contracts were signed without the civil engineering aspects considered. Thus, some machinery arrived but had to be stored for a long time. In other cases shipment had to be suspended at the request of ministers while claims for storage and reconditioning were made by the suppliers.¹⁰⁷ Finally, most state enterprises ran at losses because of "bad management, lack of skilled labour, inadequate capital and lack of raw materials". For example, out of 22 state-owned factories in operation in 1965, only two were running at a profit.¹⁰⁸ "In the 1963-64 financial year, one-third of the invested capital was lost and in 1966 a loss of over \$100 million was incurred by 22 state corporations".¹⁰⁹

Part of the problem was also caused by the excessive growth of the bureaucratic machinery. The numerous wings of the powerful ruling party in every area and sector of the society has already been mentioned. According to Berg, by 1965 Ghana was an "administrative jungle". There were 31 ministries, with bureaucratic machinery to match each. There were also numerous statutory corporations.¹¹⁰

¹⁰⁶ A. Boahen (1975), op. cit., p. 216.

¹⁰⁷ Leslie Grayson (1973), op. cit., p. 490.

¹⁰⁸ A. Boahen (1974), op. cit., p. 216.

¹⁰⁹ H. H. Werlin, "The Consequences of Corruption, The Ghanaian Experience", Political Science Quarterly LXXXVIII, 1 (March, 1973), pp. 74-5.

¹¹⁰ E. J. Berg (1971), op. cit., p. 211.

The Agricultural Sector for example had the Ministry of Agriculture, the State Farms Corporation, the United Ghana Farmers Council, the Agricultural Wing of the Workers Brigade, the Young Farmers' League and

25 other agencies; lines of authority were hopelessly entangled, coordination inexistent, and personal access to political figures was more important in decisions than technical or economic issues.¹¹¹

Most of these institutions were wings of the ruling party. Thus political considerations and political interferences were contributory to disorderliness in decision-making. These also caused lack of coordination and proper management. The fragmentation of the administrative system placed greater demand on the civil service for skills which were in short supply, especially project selection, evaluation, management and supervision. These affected efficiency, hence output. It also necessitated the hiring of expatriates in management and supervisory positions, thus constituting a further drain on the financial resources of the country.

Another factor which contributed to a further drain on the financial resources of the country and deepened its dependence of foreign capital during this period (1961-1965) when the country was facing economic crisis, was the Volta River Project (VRP). This was a project designed to harness the waters of Ghana's largest river, the Volta, for the purpose of generating electricity and for

¹¹¹Ibid.

use in aluminium smelting. It was originally planned in the 1950s by the British government to be used in refining the abundant bauxite resources of the country; to promote irrigation from the waters of the lake to be formed behind a dam; for promoting fishing and other economic activities. The plan was however abandoned by the British when it was realised that aluminium was no more scarce on the world market after 1956.¹¹²

After independence, Nkrumah persistently persuaded and pressured the World Bank, the US government, the British government, and a US consortium (the Kaiser Corporation) to agree to help finance the project. The estimated cost was to be £140 million; 50% of which was to be borne by the Ghana government. The government was also to spend millions more for the construction of Tema township and port, the Accra-Tema (18 mile) motorway and other facilities, "which constituted essential infrastructure for the combined dam-power, plant smelter project, the control of health hazards and the resettling of 8,000 inhabitants whose land and homes were to be flooded by the lake".¹¹³ Valco (Volta Aluminium Company) was not to develop an integrated aluminium industry in Ghana. Despite the abundant untapped bauxite deposits in Ghana, Valco would import alumina, processed in the United States from Jamaican bauxite, while

¹¹²Fitch and Oppenheimer (1966), op. cit., p. 125.

¹¹³Ann Seidman, "Old Motives, New Methods: Foreign Enterprise in Africa", in Christopher Allen and R. W. Johnson (eds.), African Perspectives (London: Cambridge University Press, 1970), p. 252.

Ghana continued to export raw bauxite to the world market. Part of the agreement offered two-thirds of the electrical power for the use of Valco, to be sold to it very cheaply, almost at cost price, at about one-third of the cost to even Ghanaian consumers. And the company was allowed to repatriate most of its profit, tax free. This agreement was correctly described by Seidman as the "creation of another export enclave".¹¹⁴

The problem with this arrangement is that, apart from putting Ghana at a bit disadvantage viz-a-viz the other partners, it worsened the already precarious economic condition of the country. According to Hart,

By 1976, the fixed assets held by the VRA had entailed a total expenditure of £200 million. The foreign component of these expenditures had amounted to £144.8 million, that is about 75%. The bulk of this foreign expenditure had been incurred during the construction period, 1962-66 and amounted to £93 million or £18.6 million per annum.¹¹⁵

This single gigantic project actually played a not insignificant role in the balance of payments deficits Ghana experienced during this period.¹¹⁶

The factors analysed above, contributed significantly to the

¹¹⁴Ibid., p. 256.

¹¹⁵David Hart, The Volta River Project: A Case Study in Politics and Technology (Edinburgh: The University Press, 1980), p. 54.

¹¹⁶See Table 20, p. 254.

failure of the socialist experiment in Ghana between 1961 and 1966.

9. State and "People" Relations in Ghana (1957-1966)

The failure of the economic policies of the post-colonial state, reflected in the deteriorating economic conditions of the country, had adverse effects on the various social classes in the country. The almost depleted foreign reserves and balance of payments problems, led to austerity measures aimed at solving them, from 1961 onwards. This included import restrictions and licensing.

Import restriction of consumer goods resulted in acute shortages of goods, which naturally led to negative responses such as hoarding, smuggling and excessive profiteering. The state-owned Ghana National Trading Corporation, given monopoly over the importation and distribution of goods, proved inefficient in the distribution exercise,¹¹⁷ and its officials colluded with various top politicians and bureaucrats to use this for their own economic interests. In a broadcast on 18 April, 1965, Nkrumah attributed shortages of essential consumer goods to officials of state agencies responsible for their import and distribution. He said, the officials,

...diverted the goods to the wives and relations of ministers, regional and district commissioners, civil servants, party officials, parliamentarians, managing directors of state corporations, factories and state farms. By hoarding and reselling the goods at exorbitant prices and thus enriching themselves and their relatives, these public men proved unworthy of their public offices.¹¹⁸

¹¹⁷A. Boahen (1975), op. cit., p. 214.

¹¹⁸Quoted in P. C. Garlick (1971), op. cit., p. 24.

The import license allocation also was opened to abuse. According to government white paper in 1967, the import licensing had developed into a racket,

...organised and systematically operated through agents at different levels of society, involving various persons some of them supposedly respectable....So well organised was this business that, against their will, decent importers were compelled to accept the improper method of obtaining licenses as the only means of survival.¹¹⁹

Thus during the Nkrumah era, the numerous state institutions gave opportunities for members of the CPP ruling class to exploit other subordinate classes in the society. From this perspective, it can be argued that a greater part of the exploitation in Ghanaian society was due mainly to internal factors which should be explained in terms of class conflicts.

Prices escalated astronomically. Those hardest hit were the workers in the urban areas, whose wages could not keep pace with inflation. The table below shows the real minimum wage of workers in Ghana between 1957 and 1966. Only in five of the ten years were wages above the 1939 level. The decline of workers' wages is even more precipitous after 1963, and reflects the deteriorating trends of the socialist economy, itself a result of the economic policies of the government. The cost of living also escalated between

¹¹⁹White Paper on the Report of the Commission of Enquiry into Alleged Irregularities and Malpractices in Connection with the Grant of Import Licences, No. 4 64 (Accra, Ghana, 1967), p. 6, quoted in Victor Le Vine (1975), op. cit., p. 32.

TABLE 14: Index of Real Wages (1957-1966) (1939 = 100)

Years	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
Real Minimum Wages	98	104	101	118	111	102	97	86	67	64

Source: Kwodwo Ewusi, The Distribution of Monetary Incomes in Ghana (Legon, 1971), p. 43, quoted in Jim Silver, "Class Struggles in Ghana's Mining Industry", Review of African Political Economy, No. 12 (May-Aug., 1978), p. 68.

1963-1965 as a result of the shortage of goods and the soaring prices of goods. The table below illustrates this:

TABLE 15: 1965: National Index for Various Commodity Groups
(March, 1963 = 100)

<u>Items</u>	<u>Index</u>	<u>Items</u>	<u>Index</u>
Local Food	172.0	Imported Food	128.8
Clothing	140.6	Drink & Tobacco	122.5
Durable Goods	134.8	Transport & Communications	117.9
Fuel & Light	131.5	Miscellaneous	117.9
		Rent	100.0

Source: Ferdinand Stoces, "Agriculture Production in Ghana (1955-1965)", The Economic Bulletin of Ghana X, 3 (1966), p. 6.

It can be seen from the table above that apart from rent, virtually every other commodity shot up in price during that period. Yet, "workers could not press for higher wages because the Industrial Relations Act (1958) forbade such action, and the result was that

there was a strong undercurrent of dissatisfaction with existing wage levels".¹²⁰ The act made strike virtually impossible, and the Trades Union Congress was headed by staunch party supporters and all affiliated unions were effectively infiltrated by party cadres.¹²¹

Comparing the Nkrumah era to both the colonial era and the Post-Nkrumah era, Jon Kraus' research reveals that the Nkrumah period had the least number of strikes because of the absolutist nature of the regime.¹²² Throughout this period, there was only one militant and effective strike action in 1961, by the Sekondi-Takoradi Railway and Dockworkers Union.¹²³ This action was sparked by the introduction of a compulsory savings scheme "under which all persons earning over £120 per annum were forced to accept 5% of their wages or salaries in the form of National Investment Bond, drawing 4% interest and redeemable after 10 years".¹²⁴

¹²⁰P. C. Garlick (1971), op. cit., p. 127.

¹²¹Jim Silver, "Class Struggles in Ghana's Mining Industry", Review of African Political Economy, No. 12 (May-August, 1978), p. 69.

¹²²Jon Kraus, "The Political Economy of Industrial Relations in Ghana", in Ukandi D. Damachi et al. (eds.), Industrial Relations in Africa (London: McMillan Press, 1979), p. 122.

¹²³See Richard D. Jeffries, "Populist Tendencies in the Ghanaian Trades Union Movement", in R. Sandbrook and R. Cohen (eds.), The Development of an African Working Class (Toronto: University of Toronto Press, 1975), pp. 261-80.

¹²⁴Yaw Twumasi, "The 1969 Election", in D. Austin and L. Luckman (eds.), Politicians and Soldiers in Ghana, 1969-1972 (London: Frank Cass, 1975), pp. 146-47.

Even though one can argue that the rising cost of living might affect urban dwellers more than rural dwellers, the peasants also faced many problems. The monopoly of cocoa purchasing and pricing was vested in another institution. The United Ghana Farmers Cooperative Council, an agent of the Cocoa Marketing Board, and also a branch of the ruling party headed by prominent party members. It was imposed on the peasants as their only official mouthpiece. According to Due, between 1957-1961, farmers were paid only 57% of the world prices, while after 1964 they received only about 51.5% of the world price.¹²⁵ Producer prices were never matched with inflation but kept on falling for most of the Nkrumah era as shown below in the table (see next page). It is significant to note that the lowest price of forty shillings in 1965-66 coincided with the military coup which ousted the Nkrumah government. Moreover, according to Esseks, between 1957-60 there was substantial government expenditure on technical assistance--improved seeds and seedlings, subsidies for insecticides and spraying machines. He argued however that the farmers paid for all such benefits through the high export duties charged on their cocoa.¹²⁶

Like other state-party institutions created by the Nkrumah government, the UGFCC (United Ghana Farmers Cooperative Council) proved inefficient in the extension service work it took over from

¹²⁵Jean M. Due, "Agricultural Development in the Ivory Coast and Ghana", Journal of Modern African Studies VII, 4 (1969), p. 644.

¹²⁶J. Esseks (1971), op. cit., p. 14.

TABLE 16: Prices Paid to Cocoa Farmers (Price per 60 lbs Load)

<u>Period</u>		<u>Price</u>	<u>Reasons for Change</u>
1954-55		72 shillings	
1955-56		80 shillings	
1956-57		80 shillings	
1957-58		72 shillings	
1958-59		72 shillings	
1959-60		60 shillings	
1960-61	Main Crop	60 shillings	6 shillings for compulsory savings, converted into cocoa farmers income tax in November 1963
1960-61	Mid Crop	54 shillings	
1961-62		54 shillings	
1962-63		54 shillings	
1963-64		54 shillings	
1965-66	Mid Crop	50 shillings	4 shillings to finance the newly created Agric. Credit Bank
1965-66	Main Crop	40 shillings	

Source: Peter Garlick, African Traders and Economic Development in Ghana (Oxford: Clarendon Press, 1971).

the Ministry of Agriculture, and its officials cheated the peasants and squandered funds. The Council also signed dubious contracts with foreign multinationals (in return for 10% kickbacks) for the supply of large quantities of machinery and other equipment on suppliers' credit terms, many of which proved to be unsuitable for the country.¹²⁷ The mood of the peasants against the imposition of

¹²⁷ The Report of the de-Graft Johnson Committee of Inquiry on the Purchase of Cocoa (Accra, 1966), quoted in Jean M. Due, op. cit., pp. 642-44.

the UGFCC on them is aptly summarised by the de-Graft Johnson Report as follows:

The effect of the UGFCC on farmers had been sinister and the farmers' discontent and apparent hostility toward the UGFCC is justified...¹²⁸

We have argued in the previous chapter that the colonial state's policies against the commercial petty-bourgeoisie resulted in the underdevelopment and therefore the absence of an authentic bourgeoisie on the eve of independence. Naturally this group would expect the domination of trade by foreign firms to be terminated by the post-colonial state and turned in their favour. Esseks identifies two phases in which government policy towards this group changed. These were: (1) 1957-60--when African contractors and timbermen were given preferential treatment, and some institutions like the IDC, the Guarantee Corporation and the Mortgages Loans Scheme gave some amount of credit to African businessmen; and (2) 1961-66--when mainly for ideological reasons, further assistance to African businessmen (opposed to the ruling party) was curtailed.¹²⁹

It has however been correctly argued that most of the help given during the first period discriminated against opposition members, and in favour of the ruling party's supporters.¹³⁰ Among

¹²⁸Quoted in ibid., p. 644.

¹²⁹J. Esseks (1971), op. cit., p. 21.

¹³⁰R. Rathbone (1971), op. cit., p. 175. See also P. Garlick (1971), op. cit., pp. 120-21.

the reasons given for the change of policy in 1961 were that many of those who received loans during the earlier period defaulted in payment,¹³¹ and that the government did not want a class of prosperous Ghanaian businessmen to emerge because that would be incompatible with socialism.¹³² Paradoxically the government was content to allow Lebanese, Indian and European firms to outsell Africans and relegate them into mere petty traders and retailers. The result of this post-1960 policy was that "the government's attempt to free the country from the condition of neo-colonial dependence temporarily prolonged the peripheral status of many African traders in the local economy".¹³³

Thus by 1966 the Nkrumah government had alienated almost all sections of the Ghanaian community, including the Armed Forces, which had hitherto continued its colonial role as loyal defenders of the state. The military itself was hard hit by the existing harsh economic conditions, both as individuals because of the very high cost of living and the shortage of goods, and as an institution, because of the shortage of equipment and the loss of some facilities. The regular army felt threatened by the formation of a special President's Guard Regiment which enjoyed better facilities than

¹³¹J. Esseks (1971), op. cit., p. 15.

¹³²Henry Bretton (1966), op. cit., p. 106.

¹³³See P. Kennedy, "Dependency Theory and the Role of Third World Businessmen: Ghana as a Test Case", West African Journal of Sociology and Political Science II, 1 (1976), p. 26.

the regular army. Moreover they felt humiliated when the President dismissed two generals from the regular army.¹³⁴ The coup itself was long overdue, since the government had closed all constitutional means of criticism and change of government. It was timed to coincide with the time when the suffering of Ghanaians had reached a point where some measure of legitimacy and credibility might be given to the military usurpers of state power. On the 24 February 1966 a coup d'etat brought an end to the CPP regime and the first military regime in Ghana, the National Liberation Council, came into office.

10. Deepened Dependence

Certain features of the political economy of post-colonial Ghana have been made clear by our analysis in this chapter. It has been shown that the intra petty-bourgeoisie class struggles for the control of state power was motivated by the desire to use political power as a means of enriching themselves and exploiting other classes in society. Our analysis of what happened in Ghana after the political struggles showed that the new ruling class used state institutions to dominate and exploit the other classes in the society.

It has also been shown that the root cause of the persistence of dependence is a direct outcome of the economic policies the

¹³⁴See Adu Boahen (1975), op. cit., p. 200.

government pursued. For example, the over expansion of the state machinery including the political and administrative bureaucracy and other institutions, and the over expansion of state participation in the economy, were mainly responsible for many of the problems which occurred. Some of these were the incompetence, lack of co-ordination and control, the lack of integration between different sectors of the economy and the creation of opportunities for acts of graft.

It has also been shown that the overdependence on foreign capital, not only strengthened the integration of Ghana into the world capitalist-dominated economic system, but also deepened her dependence on external forces. The dominant classes continued to serve as a bridge for external exploitation and surplus extraction by foreign interests while the gap between the rich and poor in the society widened. It also involved a large drainage of capital from Ghana. According to a study by Goncharov, "income on all types of direct foreign investments during 1955-59 was annually taken abroad to the tune of £3.2 million on the average".¹³⁵ And that was when the large-scale state investment based on foreign capital had not even yet begun.

After 15 years of the CPP's rule, the colonial structure of the economy remained intact. Ghana was still essentially an export-oriented economy, depending precariously on the vagaries of the

¹³⁵ See M. B. K. Darkoh (1977), op. cit., p. 33.

world capitalist-dominated market. This was compounded by the fact that the efforts made to diversify the economy woefully failed, and Ghana's dependence on revenues from a single crop for servicing vital sectors of the economy did not change over time (average 60%) as the table below illustrates:

TABLE 17: Ghana: Export Earnings and Government Revenue, 1961-65
(In Million Cedis)

<u>Year</u>	<u>Total Export Earnings</u>	<u>Total Export Earnings from Cocoa</u>	<u>% of Cocoa Contribution to Total Export Earnings</u>
1961	230.3	138.6	60
1962	230.0	134.1	58
1963	217.9	136.2	63
1964	229.2	136.2	59
1965	226.9	136.5	60
1966	191.4	102.8	54

Source: Ghana, Central Bureau of Statistics: Economic Survey and Quarterly Digest of Statistics, Quarterly Economic Bulletin, quoted from T. K. Morrison, "The Political Economy of Export Instability in Developing Countries: 'The Case of Ghana'", Journal of African Studies VI, 3 (1979), Table 1, p. 161.

Thus, a sudden fall in world cocoa prices as happened in 1965, was followed by serious economic crisis with grave political consequences. The economic squeeze which had been brewing over the years finally gained political significance--in the form of the 1966 coup--following the precipitous fall of cocoa prices in 1965; as reflected in the sudden fall of cocoa earnings in the table above.

The sudden drive towards greater state participation in the economy, with emphasis on numerous state-owned factories, state farms and other statutory state corporations rather increased the import bills of the country. This was because (these enterprises being mainly capital-intensive) there was a huge importation of raw materials, heavy equipment and spare parts. Thus, as Berg shows, the import bill for 1957-59 was 22% of GDP, but rose to 24% of GDP in 1963-65.¹³⁶ Yet, as we have shown, the majority of these projects were running at a loss.

The over-reliance on external financing for its development projects, especially the prolific use of short term suppliers' credits, clearly mortgaged future export earnings, and increased foreign capital's dominance of the economy and hence deepened dependency further. The table below shows the extent of Ghana's external debts and the proportion (%) of it in the form of suppliers' credits:

TABLE 18: Ghana, External Debts, 1961-1968

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Govt., foreign liabilities (% million dollars)	16	26	38	347	378	395	484
Suppliers Credits as % of govt. foreign liabilities	77.7	82.7	76.0	82.5	79.5	71.7	70.5

Sources: Economic Survey 1968, Table 13, p. 28 quoted in Leslie Grayson, "The Role of Suppliers" Credits in the Industrialization of Ghana", Economic Development and Cultural Change XXI, 3 (1973), p. 478.

¹³⁶E. Berg (1971), op. cit., p. 197.

The result of such a situation is compounded by the unfavourable visible external trade balances due to the falling cocoa prices, as shown in the following table:

TABLE 19: Exports, Imports and Visible Trade Balance in Ghana,
1960-1965 (Million Cedis)

<u>Year</u>	<u>Exports</u>	<u>Imports</u>	<u>Balance</u>
1960	232	259	-27
1961	229	287	-58
1962	230	235	- 5
1963	218	261	-43
1964	230	243	-13
1965	227	320	-93

Source: Ghana, Economic Survey, 1967, p. 33 quoted in Jean M. Due, "Agricultural Development in the Ivory Coast and Ghana," The Journal of Modern African Studies VII, 4 (1969), p. 64.

The cumulative effects of these was a deepening balance of payment crises as shown in the table on the next page.

In conclusion therefore, we are arguing that the main cause of Ghana's persistent underdevelopment and deepened dependence in post-colonial Ghana was a direct outcome of the distorted and contradictory economic policies of the post-colonial state and the relations of dominance and exploitation, emanating from the process of production and the distribution of national wealth. In so far as Ghana was still integrated in the world capitalist system and dependent on foreign capital, it would seem reasonable to argue that her plight was due partly to external forces. But these forces were

TABLE 20: Ghana's Balance of Payments (Current Accounts)
(In million cedis)

<u>Year</u>	<u>Balance of Payments</u>
1961	-147
1962	- 80
1963	-128
1964	- 99
1965	-220
1966	-129

Sources: Birmingham et al., 1966; Bank of Ghana Annual Reports, Central Bureau of Statistics Yearbooks (passim), quoted in David Hart, The Volta River Project, A Case Study in Politics and Technology (Edinburgh: University Press, 1980), pp. 40-1.

the direct creation of the internal dynamics and contradictions in the social relations of production in Ghana. Ghana was still dependent on external forces because it was in the interest of the ruling classes to maintain the status quo.

11. The Last Phase of the Class Struggle, 1961-1966

It has been shown that the intra petty-bourgeoisie class struggles was finally won by the lower fraction of that class, and that state power was absolutely in its hands. By means of the Preventive Detention Act (1958), revised in 1962 to grant the President the right to detain anyone for as long as he deemed necessary in the interest of State security, all open official

opposition was silenced.¹³⁷ And "by tightly controlling credit and other commercial facilities, the CPP leadership was able to destroy their opponents' means for independent political action".¹³⁸

The ultimate aim of Kwame Nkrumah was however to establish his absolute authority over the whole country. Once he had destroyed any official opposition, he sought to eliminate those within his party, who he viewed as a threat to his position and to his "socialist" designs. Although the class-base of the leadership of the party was petty-bourgeois, individually they were a conglomerate of people with diverse ideological leanings and personal aims. Nkrumah himself said that

The circumstances under which the CPP was formed resulted in its being a compromise organization composed of some genuine revolutionaries but containing many of those who were interested in independence only so as to better themselves and to take the place of the previous colonial traders and businessmen.¹³⁹

The party therefore comprised both "rightist elements" who favoured capitalism and were opposed to Nkrumah's "socialist" plans, and some "leftist romantic socialists",¹⁴⁰ who sought to eliminate and replace the capitalist elements within the ruling party. The first stage

¹³⁷Henry Bretton (1966), op. cit., p. 57.

¹³⁸K. Ninsin (1979), op. cit., p. 97.

¹³⁹Kwame Nkrumah (1968), op. cit., p. 71.

¹⁴⁰K. Ninsin (1969), op. cit., p. 85.

of the intra class-struggle within the party was between so-called "socialists" and "non-socialists".¹⁴¹ This internal power struggle within the party ended in favour of the former group. The first step Nkrumah took was to purge the party of the rightist majority in the leadership, most of whom had business interests and were pro-west.¹⁴² Only three of the "old guards" who were less a threat and completely "devoted to Nkrumah" were left untouched in the right wing purges.¹⁴³ It is interesting that Nkrumah did not remove those ministers who posed no threat to his power even if they were inefficient.

The so-called socialist or leftist elements were also divided into two camps which Apter has called "moderates" and "puritans",¹⁴⁴ the former favouring a form of "Pan-Africanist socialism" and the latter adhering to "scientific socialism". The second stage of the intra class struggle within the party was therefore between two factions of "socialists". The conflicts increased in intensity and bitterness and "Nkrumah had to spend a great deal of time playing one group against the other and trying to maintain party unity".¹⁴⁵

¹⁴¹A. Boahen (1975), op. cit., p. 207.

¹⁴²W. Scott Thompson, Ghana's Foreign Policy, 1957-1966 (New Jersey: Princeton University Press, 1969), pp. 17-18.

¹⁴³D. E. Apter, Ghana in Transition (New York: Atheneum, 1963), p. 362.

¹⁴⁴Ibid., p. 350.

¹⁴⁵A. Boahen (1975), op. cit., p. 207.

Ultimately, the party was purged of the "moderates" and the influence of the socialist theoreticians and militants was upgraded. This latter group formed the intellectual backbone of the party, and was given control of the party secretariat, party propaganda machinery and public ideological education. This "cadre of convinced socialists" were in firm control of the mass media.¹⁴⁶ They calculatedly introduced and vigorously promoted the sycophantic politics which ultimately resulted in the deifying of Nkrumah during the last years of his reign. For example, the mouthpiece of the party, The Evening News in its 23 October 1961 issue stated that,

Nkrumah is our Messiah. Who ever sees his brothers' need and supplies it--not by casting of discarded garment to him--by giving him a moral and spiritual standard by which he shall live; that is the Messiah, the Christ...Karl Marx demonstrated the Christ, and so did Lenin of the USSR, Ghandi of India, Mao of China and in our midst is Kwame Nkrumah.¹⁴⁷

And as Apter puts it,

Ideology became a political religion, increasingly intolerant of all other religions, monopolistic, expressed through the militant elect of the party. The writings and speeches of Nkrumah took on the quality of sacred texts, to be interpreted in slogans and revolutionary symbols and to be taught to the women and children.¹⁴⁸

A form of patron-client system was established in which only those

¹⁴⁶Ibid., p. 208.

¹⁴⁷Quoted in T. P. Omari (1970), op. cit., p. 116.

¹⁴⁸D. E. Apter (1963), op. cit., p. 361.

who could shout loudest in praise of the leader of the nation could be sure of material and political gains.

This route towards the replacement of "government by law, by government by one man"¹⁴⁹ was finally effected by constitutional means in the virtual de facto one-party state. A Republican constitution, confirmed by an openly rigged plebiscite in 1960, established that, "Nkrumah was always right and any oral or written criticism of him or of any acts or policies or those of his government for which he was responsible in totality would be deemed lese majesty and punishable as a criminal offense".¹⁵⁰ This constitution also permanently established Kwame Nkrumah as President for life and made it legal for him to remove any threat to this position. Thus,

The Head of State, armed with all his powers, dismissed members of the Armed Forces and the Judiciary, when and how he liked, everytime he suspected a threat to his position...¹⁵¹

By means of another rigged plebiscite in 1964, Ghana became a de jure one-party state, under the one-man rule of Kwame Nkrumah.¹⁵²

While the worsening economic conditions of the country made it increasingly difficult for the ordinary persons to make ends meet,

¹⁴⁹H. Bretton (1966), op. cit., p. 58.

¹⁵⁰Ibid., p. 55.

¹⁵¹A. A. Afrifa, The Ghana Coup, 24 February, 1966 (London: Frank Cass, 1966), p. 63.

¹⁵²W. S. Thompson (1969), op. cit., pp. 291-92.

ministers and party officials displayed so much ostentation that drew resentment against the government from all sections of the population. The remnants of opposition elements, driven underground by Nkrumah's harsh rule, resorted to violence and assassination attempts on Nkrumah's life, which daily made him insecure and removed to a large extent from public life. The result was a tightening of security and more repressive measures including indiscriminate detention of many Ghanaians, through the activities of secret state informers.¹⁵³

Nkrumah's insecurity and increasing isolation towards the end of his rule made him begin to use ethnic sentiments as a last resort to retain power. According to Enloe, he played ethnic groups against one another in both the Armed Forces and the Police Service.¹⁵⁴ Finally,

He created his personal Palace Guard, which was increasingly drawn from the Nzima, his own community while purging those Ga and Ewe officers thought to have been involved in a 1962 abortive coup. (But)...such policies eventually intensified inter-ethnic resentment against Nkrumah himself.¹⁵⁵

These measures could not save him from the military coup which ended his one-man rule on 24 February 1966, and which was welcomed by many Ghanaians including members of his own party.

¹⁵³ Ibid. See also H. Bretton (1966), op. cit., pp. 56-63 and A. A. Afrifa (1966), op. cit., pp. 75-6.

¹⁵⁴ Cynthia Enloe (1980), op. cit., pp. 101 and 148.

¹⁵⁵ Ibid., pp. 148-49.

CHAPTER FIVE

CONCLUSIONS

This study was motivated by the desire to come to grips with the problem of the inability of post-colonial nation-states to make any breakthrough in their development efforts, and why they continue to be economically underdeveloped and dependent on external forces. The crucial questions posed at the beginning of this study were: How did this condition of underdevelopment begin? What were the forces, both internal and external which contributed to the origination of these problems? Have these forces changed our times? What have been the consequences of this situation on these societies? This study focussed on finding answers to these questions by examining empirical data on past historical and social processes and the consequences of these processes for present day Ghana.

In seeking a suitable theoretical framework to adopt in our analysis of the problems of underdevelopment and dependency in Ghana, the orthodox sociological approach to explaining underdevelopment, rooted in the theories of modernization was examined. It was rejected as inadequate for the purpose of analysing the problem of underdevelopment and dependence, mainly because this approach is ahistorical. Thus it conceptualises underdevelopment as an original state and tends to explain it in terms of static cultural and psychological variables. The analysis made on pre-colonial

Ghana and on the effects of colonial domination on the Ghanaian society in chapter three tends to suggest that this approach is inadequate to explain underdevelopment. It suggests that underdevelopment is essentially a historical process, although at any point in time, in all societies including developed ones, certain internal factors, including cultural and psychological ones, might constitute problems to rapid development.

Thus instead of the modernization approach, the Dependency framework, analysed in chapter two was used in this study. This approach, sees underdevelopment as a result of the historical, global expansion of imperialism and capitalism into pre-colonial societies, and their integration into the world capitalist system. This view is based on the assumption that capitalist development is based on a system of control, accumulation and unequal exchange.

Certain debatable issues have arisen in this school of thought, however. As a result of the fact that most of these underdeveloped colonies were turned into out-ward oriented, trading economies, exporting raw materials to the metropolitan centres, and importing manufactured goods in return; and as a result of the relations of exploitation, through the mechanism of unequal exchange the trade relations entail, most dependency theorists tend to focus their attention more to analysing the market relations between developed and underdeveloped societies.

Critics of the market relations approach argue that the source of exploitation is in the mode of production, and that the analysis

of the social relations in the process of production leads to a further understanding of the different classes involved in the relations of exploitation and exchange, and the changes which occur. This approach then helps to explain whether exploitation is essentially caused by the external factors alone or whether indigenous class interests are involved in the exploitation process, either in collaboration with foreign capital or independent of the latter.

In this study, the latter approach was adopted and a rigorous analysis of the inter- and intra-class relations of production and distribution of social wealth were the focal points. The internal dynamics of conflict and change were analysed while the outcome was linked with the external dimensions.

The major hypotheses tested in this study were that (1) the phenomena of underdevelopment and dependency originated from Ghana's integration into the world capitalist-dominated system, and that (2) the same factors and forces which initiated underdevelopment and dependence, were responsible for their persistence in post-colonial Ghana.

Summary of Findings

Our examination of the stage of development of pre-colonial Ghana, before the institution of colonial rule does not sustain the view held by modernization theorists that underdevelopment was an original state and that Ghanaian society was static in social, economic and political terms. Pre-colonial Ghana had its own

economic system based on a dynamic linkage between subsistence economic activities and trade. Local trade was interlinked with regional trade in gold, salt, craft goods and so on. There was also a tradition of many centuries of long distance trade both with the Arab neighbours to the north, across the Sahara, and with European traders on the coastal south. The evidence also showed quite developed social organizations, the most powerful being the centralized bureaucracy of Ashanti. Thus before colonial rule, the independent states inhabiting the present boundaries of Ghana were developing at their own pace both in the economic and political spheres.

Our analysis has also shown that imperialist penetration into Ghanaian society, with the subsequent imposition of colonial rule, not only disrupted this process of development, but also distorted the economies and social structure of the existing society. The mechanism through which the phenomena of underdevelopment and dependence were created can be summarised as follows: (1) the trans-Atlantic slave trade; (2) the disruption and distortion of the pre-colonial economy; (3) the creation of an economy which effectively integrated the colony into the mainstream of the world capitalist system; (4) the systematic exploitation and underdevelopment of the indigenous classes.

The trans-Atlantic slave trade not only disrupted social structures and organization, but also undermined other pre-colonial legitimate trades and industries. It also robbed the society of virile youth and potential labour force, with grave demographic

consequences.

In line with the interests of the imperial design to create markets for manufactured goods produced by the industrial houses in the metropolis, the Ghanaian market was flooded with cheap consumer goods. This not only systematically changed the consumption tastes of Ghanaians, but also undermined the existing traditional industries such as pottery and textiles. Throughout the colonial period there was no effort made by the colonial state to develop manufacturing industries in the colony since that would undermine the objective of the imperial power to use the colony as a market for the metropolis' commodities.

Part of that objective was to use the colony as a source of raw materials to feed the industries of the metropolis. Thus the cultivation of cash crops by peasants and the expropriation of minerals by foreign concerns was the backbone of colonial economic policy. Thus an essentially outward-oriented trading economy was created which effectively integrated the colony into the world capitalist-dominated market. Ghana's peripheral role in the international division of labour was thus to specialize in the production of raw materials, mainly cocoa and some minerals which were traded for manufactured goods from the metropolis. In order to facilitate the exploitation of resources and to facilitate external trade, the colonial state undertook some modest development of railways, roads and a harbour all connecting the resource-rich areas to the outside world. Thus, the structure of production in the colony became

progressively an extension of external economic interests.

With the tacit connivance of the colonial state, all sectors of the economy were effectively monopolised by foreign interests. African merchants were systematically eliminated by foreign concerns from direct trading activities with the outside world and thus played the nominal role of middlemen. They were discriminated against by the foreign-owned banks, while shipping facilities were largely denied them. The colonial state also took measures to make it difficult for African intellectuals to occupy high positions in the civil service, and deprived them of effectively participating in the political decision-making process. The peasants, using pre-capitalist methods of production, were engaged in capitalist relations of production, through African middlemen, with the monopsonist European cocoa buying firms. The latter often depressed producer prices through secret price-fixing agreements.

It is legitimate to conclude therefore, that Ghana's integration into the world capitalist system, under the political domination of the colonial state and the monopoly of the economy by foreign firms and companies, was the main cause of her underdevelopment. Through the mechanism of unequal exchange of raw material for manufactured goods, the colony was subjected to international exploitation. At independence the economy remained a typical colonial-type trade economy, dependent on the uncertain conditions of the world market. The economic squeeze of the Ghanaian petty-bourgeoisie by foreign monopsonist firms prevented the development of an authentic bourgeoisie with a strong economic base to initiate a vigorous

economic development drive in the immediate post-colonial era. Ghana did not emerge from colonial rule as a capitalist nation-state, but rather as an underdeveloped peripheral capitalist country serving the needs of the metropolis. Our findings on the analysis made in chapter three on colonial Ghana therefore tends to support the hypothesis that the phenomena of underdevelopment and dependency originated from Ghana's integration into the world capitalist-dominated system.

The problem of the persistence of underdevelopment and dependence in the post-colonial era was analysed in chapter four. Two stages of economic policy were identified. Firstly, up to 1961 the post-colonial government was so pre-occupied with establishing its political foothold in its struggle with the opposition that no attempt at a radical transformation of the economy was made. The colonial policy of expanding infrastructure and social services was continued, but unlike the colonial policy of fiscal conservatism, the post-colonial government embarked upon huge government expenditures which almost depleted the foreign reserves inherited at independence. Clearly, this was a policy of political expediency, based on the assumption that national support for government would be strengthened by this rapid modernization programme.

After 1961, the government policy dramatically changed into massive expansion of state participation in the economy--dubbed a socialist policy--in which numerous state institutions and large-scale, capital intensive industries and farms were created. State

enterprises were to be the main pillars for the transition to Socialism. It was ostensibly aimed at reducing dependence on foreign capital and breaking the dominance of foreign capital in the economy. Measures were also taken to withdraw government assistance to local businessmen on the ideological grounds that socialism was incompatible with the development of a capitalist class.

The implementation of these policies however introduced some contradictions which led to the failure of this strategy. Firstly, such an expansion of state participation at a time when the economy was weak, made it imperative to continue depending on foreign capital. Thus foreign borrowing increased instead of reducing. Moreover, special measures were taken to encourage already established foreign firms and prospective ones to invest in the economy, with handsome incentives offered by government. Secondly, since the state enterprises were mainly capital-intensive, government import bills rose dramatically due to increased importation of equipment, spare parts and raw materials. Thirdly, the over expansion of the state apparatus created problems of control, management and co-ordination, and gave members of the ruling class the opportunity to use their position to accumulate wealth for themselves in complete contradiction to the government's aim of preventing the creation of a capitalist ruling class. Fourthly, due to mismanagement, incompetence and corruption, most of the state enterprises rather became economic liabilities to the country.

The cumulative effects of these contradictions, were that

the nation incurred heavy external debts and was plunged into balance of payments crisis. The dependence on foreign capital increased. The attempt to diversify the economy failed and the colonial structure remained intact. Ghana was still integrated steadfastly into the world capitalist market. Government's aim at preventing the development of a capitalist class was also contradicted by the opportunities its policies offered the ruling class to use state power and their public positions to exploit other classes and to accumulate wealth. At the same time aspirant African businessmen, not connected to the citadels of power, still retained their colonial peripheral status viz-a-viz, foreign capital and the ruling class. The local dominant class served as a bridge for external exploitation and surplus extraction by foreign interests. But foreign capital did not impose itself on the state and society, as it did in the colonial situation. It was rather the state's encouragement which perpetuated foreign dominance of the economy. Hence, our findings on the historical developments in the post-colonial era, do not wholly support the second hypothesis that, "the same factors and forces which initiated underdevelopment and dependence, were responsible for their persistence in post-colonial Ghana".

This conclusion raises to the forefront the issue which has constituted the debate in the circles of dependency theorists. The tendency for many dependency theorists to concentrate their analysis of underdevelopment on market or international exchange relations between underdeveloped countries and the developed world, introduces

certain anomalies in the study of the sociology of development. In the first place, this approach diverts attention from the internal dynamics and dialectics of change which occur within the periphery. Secondly, it over-simplifies the explanation of the problems of underdevelopment, by attributing everything that goes wrong within the Third World to external causation. The same tendency is noticeable in the pronouncements of most Third World leaders, even though as our analysis have shown, many of these problems are the outcome of the policies and actions of the ruling classes. By neglecting the internal forces of change at work within these societies, there is the tendency not to notice the on-going changes in the social relations of production. Thus, such analysts can also be accused of conceptualizing the development problematic as a static phenomenon. The approach can also be described as ahistoric since it makes little allowance for social change.

It is argued therefore that in order to objectively identify the sources of exploitation at any given point of time; and to be able to objectively observe the changing nature of the forces responsible for the perpetuation of underdevelopment and dependence, analysis must be focused on the sphere of production from which emanates the relations of exploitation. Our analysis of the processes of change in post-colonial Ghana shows clearly that the emergence of the new ruling class in control of state power, changed the nature of the mechanisms of exploitation profoundly. In many post-colonial states, the ruling classes tend to take advantage of their control of

the national production and distribution processes to amass wealth for themselves, irrespective of whether they collude with foreign capital or not.

A change in the direction of the approach to the analysis of the problem of underdevelopment, from over-emphasis on external market relations to more concentration on the analysis of the internal forces and dynamics of change in the process of production, will go a long way to improve the Dependency conceptual framework.

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