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Editorial

ELECTIONS IN A POLITICAL VACUUM

On 29th September, 1978, an announcement from the Office of the Supreme Military Council said that, within a week, the Electoral Commissioner would publish detailed regulations governing District Council elections to be held on 17th November, 1978 as part of the process of return to civilian rule. Given the enormity of the preparatory work involved, we can appreciate why, as we go to press, the regulations have not yet been published. That there should be District Council elections in itself welcome news. For, the last time that Local Government elections of any sort were held was over half a generation ago.

Since the 1966 coup, the consequent dismantling of the Convention People's Party, and the passage of the Local Government (Interim Administration) Decree, 1966 (NLCD 26), and despite the Local Administration Act, 1971 (Act 359) and its later amendments embodied in NRCD 138 (1972) and NRCD 258 (1974), a persistent feature of the local government system has been the absence of popularly elected representatives. For a considerable time now, therefore, our local administration has, in effect, not been distinguishable from the colonial system, the centre-piece of which was the civil servant political Commissioner/Administrator, now called District Chief Executive. With democratic processes inoperative at the grassroots, it is no wonder that the inculcation of democratic culture has been so difficult an enterprise among the mass of the population. Two things, however, are significant about the November 17th elections: (1) the timing of the elections; and (2) the likelihood of their being naively construed as a sort of dress-rehearsal for "National Government" elections.

The target date for return to civilian government is July 1st, 1979. Meanwhile, the Constitutional Committee is expected to present its report by the end of October, 1978; and the Constituent Assembly, to be established by the end of November, 1978, has to finish deliberations by the end of March, 1979, in time for general elections scheduled for 15th June, 1979. If, therefore, the Constituent Assembly requires any popular base, a possibility could understandably be found in the use of popularly elected District Councils as electoral colleges for election of members of that Assembly. We only hope that, even at such a short notice, the Electoral Commissioner and his staff have the resources to conduct these elections without any mishap. For, any dissatisfaction with these elections, following so soon after the farcical March referendum, may spread a political cynicism from which this country may not recover for several years.

Inasmuch as these arrangements are more democratic than those adopted, under similar circumstances, by the National Liberation Council, we endorse them. However,



in the absence of political parties, the campaign for election is bound to be conducted much less on principle than on local standing and very likely personal wealth. In any case, it is some consolation that local government units happen to be strictly circumscribed in the powers and resources at their disposal, and limited in their functions. Chaos or failure tends, therefore, to be localised, and the misfortunes of a district are in no sense comparable to catastrophe at the national level.

"National Government" type elections at the local level, regrettable as they are, consequently do not carry the same import as they do in the case of general elections. Great issues such as strategies of development—socialist or capitalist—the form of distribution of national income, control of levels of demand and expenditure, aggregation of extremely complex and diverse interests, and foreign policy are not the concern of local government units. In such matters, it is the national Government that determines policy and sets the pace.

In any case, may we ask why these elections were not originally incorporated in the announced programme for return to civilian administration. What are the real reasons for this particular surprise package? Or are we back to the usual unplanned "Operations?" Whatever the situation is, it is our hope that the forthcoming District Council elections will not be naively construed as a sort of dress-rehearsal for and a validation of the proposed "National Government".

TO OUR CONTRIBUTORS

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- All correspondence must be supplied with the real name and full address of the writer even if these are not meant for publication. Letters with incomplete addresses shall not be published.
- Contributions intended for publication must, as far as possible, be typewritten, double-spaced, and submitted in duplicate including at least the original. It is our policy not to publish an article or letter already published elsewhere, unless we have special reasons for doing so.
- Articles should normally not exceed four pages foolscap or five pages quarto, double-spaced and with a generous margin. Short letters have a better chance of being published. Under no circumstances will anonymous letters be entertained.

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Economy

THE 1978-79 BUDGET: SOME SELECTIVE COMMENTS

By

R.G. Brooks

The Budget cannot be viewed in isolation from other policy measures taken by the government, policies which are geared towards "the improvement of the welfare of the people" (p.1 of the Budget Statement), an overall goal which is judged to be met by satisfying two intermediate objectives: economic growth and the equitable distribution of the benefits of this growth. Chapters I and II provide an indictment of government policies in attempting to achieve these objectives in recent years, and Chapter III provides an explanation of the recent devaluation.

This latter policy measure overshadows the Budget and this article is bound therefore to comment on its effects. In addition reference is made in the Budget to monetary measures to be announced by the Bank of Ghana. These measures were reported in the daily papers of September 18th. In essence they amount to substantial increases in rates of interest for both borrowing and lending purposes and some financial control measures on the operations of commercial banks. The measures can be viewed as attempts to reinforce the government's stated intent, spelled out in the Budget, to get to grips with the expansion in the money supply.

Unfortunately not too much credence should be placed on the figures shown in Table I of the Budget Statement (p.8), which breaks down estimated revenues and expenditures on both current and capital accounts, and for the following reasons. First, there are well-known inherent problems in forecasting the uncertain future. Second, the government does not have up-to-date information, in particular on actual expenditures for the previous financial year (in this case 1977/78) in sufficient time to prepare meaningful estimates for the succeeding year (1978/79). This has tended in recent years to lead to the substantial underestimation of expenditure.

For example, the government estimated for 1977/78 that the "Overall Balance" on its accounts which would require "deficit" financing was £376 million. Yet on page 2 of the 1978/79 Budget we read: "Worse still, by the end of the first six months of the 1977/78 fiscal year, Bank of Ghana credit for financing the deficit had already exceeded the figure of £735m which was more than the record of £719.2m recorded for the whole of the 1976/77 fiscal year".

Readers should therefore be warned that the figures given in Table A may prove in the actual out-turns (1977/78 and 1978/79) to be far off the mark.

Table A compares the 1977/78 estimates with this year's estimates in order to help us assess the

extent of the changes that have occurred in government projections of revenues and expenditures.

to (5) look rather large. Two things should be borne in mind. (a) 1977/78 actual expenditure was un-

TABLE A: SUMMARY OF GOVERNMENT ACCOUNTS FOR FISCAL YEARS
1977/78 AND 1978/79

	(Cm)	
	1977/78	1978/79
I (a) Tax Revenue	1,732.99	3,045.76
(b) Other Revenue	128.30	160.67
Sub-Total	<u>1,861.29</u>	<u>3,206.43</u>
II RECURRENT EXPENDITURE		
(a) Non debt Expenditure	1,397.18	2,272.97
(b) Pensions, Gratuities and Social Security	130.70	175.10
(c) Interest on Internal Debt	259.38	430.25
(d) Interest on External Debt	16.00	41.10
Sub-Total	<u>1,803.26</u>	<u>2,919.42</u>
III BALANCE ON CURRENT ACCOUNT (I - II)	+58.03	+287.01
IV CAPITAL EXPENDITURE	(Cm)	
	1977/78	1978/79
(a) Development Projects	480.00	900.00
(b) Repayment of Short, Medium and Long-Term Internal & External Debt	175.50	510.45
(c) Other	50.00	135.00
Sub-Total	<u>745.50</u>	<u>1,540.45</u>
V CAPITAL RECEIPTS		
(a) External Loans and Advances	9.00	25.00
(b) Other	292.00	727.70
Sub-Total	<u>311.00</u>	<u>752.70</u>
VI BALANCE ON CAPITAL ACCOUNT (V-IV)	-434.50	-787.75
VII OVERALL BALANCE (III+4VI)	-376.47	-500.74

Source: Compiled from Budget Statements 1977/78, 1978/79

The salient features of the Budget to be gleaned from Table A are: (1) Estimated tax revenue is expected to increase by 75% over the 1977/78 estimate, a substantial increase by any standards. (2) Estimated non debt expenditure (i.e. spending by Ministries, Departments and "para-statal" bodies) is expected to rise by 63% (3) Estimated interest payments on internal and external debt are expected to rise by 71% (4) Overall recurrent expenditure is expected to rise by 62% (5) Expenditure on development projects is projected to rise by 88% (6) Various forms of debt repayment now amount to 33% of estimated capital expenditure, a substantial proportion which leaves less room for manoeuvre on development expenditure. (7) A surprisingly low sum of C25m is expected from External Loans and Advances (i.e. E9m). "Surprisingly", in view of the statement on page 5 of the Budget that "we can expect to generate the necessary foreign exchange resources to increase supplies and ameliorate the situation".

The various percentages noted in features (1)

doubtedly well above the estimated expenditure for that year (shown in column I of Table A). Hence the noted percentage increases should be revised sharply downwards. (b) The "real" impact of these percentage increases will undoubtedly be severely eroded by inflation. The latest figure to hand is a 106% rise in the price index for the period December 1976 to December 1977. (Ghana Commercial Bank Quarterly Economic Review, April-June 1978). Given the hefty push given to the inflation rate by the impact of devaluation it would be unrealistic to expect inflation to moderate much within the next year.

If the government carries out its stated intentions on the expenditure side it is undoubtedly true that a "real" squeeze will occur on government expenditure (the monies voted will be substantially eroded by inflation and the services provided by the government sector are likely to decline). To be fair, if the government can carry out its proposed tightening up on "unnecessary" development expenditure then the "real" impact on the develop-

ment projects which the government judges worthwhile undertaking may well be positive.

This still leaves the problem of holding recurrent expenditures in money terms at the levels implied by the Budget figures, levels which I suspect are highly unlikely in real terms to justify the government's confidence that the "new levels" (of expenditure) "will in no way hamper the efficiency of its operations".

The government is unquestionably placing heavy reliance on its attempts to reduce the expansion in the money supply. But it will still be necessary to find £500.74m to cover the deficit labeled "Overall Balance": hence the money supply will increase. How quickly this reduction in the money supply growth can work its way through to the rate of inflation is anyone's guess, but it can be said for certain it will not happen overnight.

Revenue to Government

Concerning the estimated tax revenue, one may well ask, where is this 75% increase in revenue to come from? It will not come from increases in income or property taxes as these remain largely unchanged. The pattern of indirect taxes has been changed: some excise duties have been raised; the new beer, cigarette, spirits, and cosmetics prices reflect increases in these duties in addition to the adjustment in their prices consequent upon devaluation. Similarly the government has safeguarded its revenues from duties on petroleum products and a number of other goods (e.g. cement, matches, films) by adjusting the duty rates. The new scales of import duties and purchase taxes on vehicles will make most car importers pay more in terms of duty and tax than before, but commercial vehicles will incur less in total.

The most interesting thing to observe, however, is the impact of devaluation on two of the biggest revenue earners for the government, namely import and export (primarily on cocoa) duties. The government has NOT altered the pattern of import duties on most categories of imports: thus agricultural products incur no duty, some items 35%, and others 60%. Now imagine that prior to devaluation an item attracted 35% duty, £100 worth of these imports would have been valued at £115 and would have yielded 35% of £115, that is £40.25 in revenue to the government. In the light of the devaluation, however, £100 worth of goods will be valued at £275 and yield the government 35% of £275, that is, £96.25, more than double the original duty collected. Truly a windfall gain for the government! The government estimates that £618m will be collected from import duties; this figure may well be on the low side.

Similarly, and this matter receives no mention in the Budget, there will be substantial revenue gains from export duties. I understand variable percentage rates of tax are placed on cocoa exports (valued in cedis) depending on the world price. Consequently, given no adjustment in these rates, the government will once more benefit in revenue terms. (For illustrative purposes assume that £100 worth of cocoa exports incurs 20% duty. Before devaluation £100 was equivalent to £115, hence export duty being 20% of £115 comes to £23.

With devaluation £100 equals £275 and export duty being 20% of £275 comes to £55).

It would be wrong to assume that the government is all "take" and no "give". It is noteworthy that the producer price of cocoa has been doubled from £40 to £80 per bag of 30 kg. with no reductions in subsidies such as on spraying machines. Such increases to the farmers will of course to some extent offset the export duty gains. Since there is very little in the Budget for government employees the increase may be seen as a substantial redistribution of income in favour of cocoa farmers.

Whether the farmers will be able to enjoy the benefits of this redistribution is a moot point. Unquestionably the immediate impact of the devaluation will be a substantial hike in the inflation rate and this will no doubt hit the cocoa farmers. Whether also the relationship between cocoa production and food crop production will be restored by the changed incentives for cocoa farmers is far from certain. Although the impact on foreign exchange earnings of the new producer price is unpredictable, it is reasonable to take an optimistic view that it may lead to the reduction in cocoa smuggling and expansion in short-term output.

The government seems to be making sincere attempts to get to grips with the excessive monetary expansion which has prevailed in recent years. I fear, however, that the belief that controlling the growth in the money supply will significantly affect inflation leans rather too far in accepting the "monetarist" explanation for inflation. In the near future inflation is going to be boosted by increased costs of consumer imports and increased industrial costs due to higher prices of imported raw materials consequent upon devaluation. There may also be heavy pressure by unionized and other groups of employees to preserve their real incomes by demanding higher wages and salaries.

Pressure on Prices

In addition, the increased income to cocoa farmers and other exporters able to exploit the new opportunities offered to them will lead to increased demand for goods and this will also increase inflationary pressures.

Perhaps some easing of pressure on prices may occur from the increased supplies of imports, of both raw materials and consumer goods, now being negotiated with potential overseas lenders, but this is by no means certain.

I can therefore only draw pessimistic conclusions about the short-run impact of the various new measures - budgetary, foreign exchange, and monetary - now being pursued. Certainly it is difficult to foresee any quick return in terms of an increase in the rate of economic growth: so much depends on (a) the ability of the export sectors to exploit their new opportunities, (b) the ability of the government to persuade foreign donors to provide the funds which might resuscitate, in particular, the industrial sectors of the economy, and finally (c) the efficacy of the government's own planned expenditures in such key areas as agriculture.

I am most reluctant to predict an "improvement of the welfare of the people" in the near future. I can only hope that the possible longterm pay-offs will confound my short-term pessimism.

Politics

GHANA IN CATHARSIS-1969-1978

II. THE DARK INTERREGNUM

(Jan 13, 1972 - July 5, 1978)

By

Kwame Abaka Pobee

On July 5, 1978, the Ghana Armed Forces held their overdue elections in Ghana for Ghanaians. Why did they do it? Why was it successful when previous attempts at "elections" had failed? It is important to go back to January 13, 1972, and to compare the reception of the coup with that of 1966. The people of Ghana in 1966 had had enough of the arrogance of a one-party government and there was spontaneous favourable reaction, admittedly by mainly the non-CPP elements. But CPP supporters in fairness would say that their revolutionary party had lost momentum and direction. That was not the case in January 1972.

The Progress Party was in the doldrums but it had not lost a sense of purpose and direction. The measures it was adopting to put us back on the road to economic recovery were harsh but in their judgement necessary. They were not shirking the responsibility of government. Maybe history would say the public relations aspect of the implementation of the tough measures were poor, but they genuinely believed the measures were right for the country at that material time. For the purposes of this article, the reception of the Armed Forces' intervention on January 13, 1972 was at best not hostile, but there was no enthusiastic welcome. Ghanaians in their innate wisdom having seen the Ideologue Saviour and His High Dedication and the Liberationists were wary of the Redemptionist.

There will be time enough to evaluate the performance of the Government of the National Redemption Council and the Supreme Military Council Mark I. They cannot be compared to popular political parties in power and therefore cannot be judged according to any such standards. They could be compared with the government of the National Liberation Council. History will probably show that the National Liberation Council even though short-lived, was perhaps the best in terms of sorting out economic problems in difficult circumstances. But if this comparison were made, the first essential difference to be noted was the prominent part played by civilians in the NLC government. The idle boast of "we have the men" and therefore that they did not need civilians that has characterised the second Armed Forces administration was vain and irresponsible, to say the least.

In spite of everything else, the NLC and SMC Mark I can be judged even now as to their performance. We can do that by the one manifesto that they caused to be published. That is the Charter of National Redemption.

"Our Revolution, launched on January 13, 1972, has a clear and compelling purpose. Ghana must be reborn, revitalised, redeemed. Ghana must be filled with new hope and set firmly once again on the road to her God-given destiny". Reborn? Revitalised? and Redeemed?

"Many so-called revolutions have been mere nine-day wonders. Military intervention can be justified only if it opens the way to a genuine revolution that brings real benefits to the people, giving a new sense of meaning and purpose to their lives". The last revolution was more a one-day wonder. What with the statement on "our few privileges.....". What real benefits have the people got? What new sense of meaning and purpose? There are none and therefore according to the NRC/SMC I the military intervention was not justified.

The people knew that before, hence the cool reception given in January 1972. Not only the people but the coup organisers knew, for the preamble of the Charter states: "There comes a time in the history of every nation when adversity can be turned to the advantage of the nation. Such a time has come in our history". The adversity referred to surely must be the advent of the NRC government, because there has not been any advantage to the nation. Let us consider the seven principles of the Charter.

One Nation, One People, One Destiny

The declared results and the aftermath of the referendum of March 30, 1978, do not point to One Nation and One People. Our basic unity has been shattered. Yes we have one Destiny - the destiny of despair and desolation.

Total Manpower Development and Deployment

The stream of Ghanaians going out of the country to settle abroad has been characterised as unpatriotic and selfish. But it ill lies in the mouth of those who have created that situation to talk about it. The unnecessary fight against the professionals and the unconcern shown by the effete TUC are sad commentaries on this particular principle. The only deployment worth mentioning is the deployment of military personnel in positions of civil responsibility that were obviously too big for them. How else could you explain our economic mess? When University professors can be sacked at will, when the Governor of the Bank negotiating abroad for the government can be relieved of his post, when an educated bishop's service on a University Council is no more required for no apparent reason, who dares talk of development and deployment?

Revolutionary Discipline

It was never clear what this meant. Remember the shutting out of a principal secretary and the drilling of civilians? The beating up of doctors and University students? The Opoku Ware incident

was a dark spot even in this period of dark interregnum. This writer did not see any worthwhile example of display of discipline at the official level for it to permeate the people. The Briscoe commission report led to the dismissal AFTER promotion of the numbers 2 and 3 of the military government because of unsavoury practices, and yet an important personage of this government could not find corruption in high circles. The discipline that started off with Datsun cars and Peugeot 504 and ended up with a fleet of Mercedes 450 has its own story to tell.

But when it was claimed that the Mercedes was used only when visiting Heads of State came to Ghana, this was to say the least, a bit of terminological inexactitude. Was the opening of the Trade Fair such an occasion? Was the campaign for Unigov an example of a head of state visiting? And that on the BBC! - Some discipline. What kind of discipline is it that would allow a responsible and disciplined government to give back the property of people who have been found to have acquired their property illegally by a duly constituted commission of inquiry? With this, how dare you talk of probity in national affairs?

Self-Reliance

There was no doubt that some start was made in this field. But self-reliance has been preached by every government since the First Republic. This time there was more talk than action. The Cattle Development Board importing meat was certainly a revolutionary example of self-reliance! It is true that for two years during the regime of NRC/SMC Mark I we were self-reliant and self-sufficient in rice production. But what happened? True, bad weather could be partly blamed for later difficulties. But did some rice cross the borders or not? And who were involved?

Service to the People

"In serving the people we serve ourselves". It will be a fitting citizenship question if put this way: In serving ourselves we serve the people. Only history will tell us whether our leaders during the government of the NRC/SMC Mark I were "polite, modest, truthful, honest and frugal". "National self respect requires respectable leaders and national pride requires leaders of integrity and national redemption is impossible without dedicated leaders", so said the Charter. Fine and noble words these. Did the government measure up to them? What kind of service to the people and patriotism is it that makes the state's own GNTC suffer and an alien firm favoured?

Patriotism and International Brotherhood

GNTC managers were said to be unpatriotic; the smugglers across the borders were unpatriotic. The charter defines a patriot as someone "who will safeguard public property, and will not enrich himself at the expense of the state". We have heard about the GNTC managers and the smugglers across the borders. But are there others? Perhaps our international policy, certainly African policy was better than the dialogue period. But when we cannot fish in Angolan waters and when Kissinger is snubbed and Carter overflies Ghana, our international image must leave much to be desired.

The Mobilisation of Spiritual, Intellectual and Willpower of the Nation

The Christian Council and the Catholic Bishops Conference have yet their stories to tell. So have the Muslim Council and the Pentecostal Churches Association. This writer admits humbly that he is mundane enough to set his eyes on events of this earthly world. But the saga of Madam Prophet must have been too much for believers in the life hereafter. Remember also the Castle episode of the National week of Repentance? My own personal opinion for what it is worth is that no one can honestly say that the government of the NRC/SMC Mark I, helped "mobilise our resources of spirit, intellect and willpower for turning this vision into reality". With the charter I rest my case.

In a way it is unfair to use the Charter as a measure of judgement on the second military Government of Ghana because the charter was produced after its accession to power. But the immediate prospectus was to revive the economy.

That Nsawam and Sogakope and Yeji should be denuded of bread completely during the rule of this government, and that Yamoransa junction should be WITHOUT KENKEY sometime in July 1977 is sufficient commentary on the performance of that government. And oh! the Kenkey Decree. How humiliating! At least in the period of the dark spot it was "one man, one kenkey, or one bread". In the dark interregnum it was "one man no kenkey; one man no bread and one man no chop!"

Armed Forces' Image

In summary, therefore, the government of the National Redemption Council and Supreme Military Council Mark I failed in its prime objective of correcting the economy. No amount of talk of the success of "Operation Feed Yourself" would erase the fact that the food on our plates was exorbitantly costly and ripened plantain was hard to come by. Examined against the background of its own charter, there is a huge and yawning gap between promise and performance.

It was the period of "uni-homoism" - one man show. Cast your mind to January 1972 and to now and you will ask where are all those leaders who started to rule us. They were all removed because, we were told, of ambition and corrupt practices. Now the remover himself has been removed. The dark interregnum is characterised by "Kalabulism" moral turpitude and degeneracy. How can able bodied males sell dog chains and incense by the wayside? That tells the state of unemployment.

The present history is unfolding. But with our ears to the ground we learn that the end of the regime of NRC/SMC I was precipitated by the question of the image of the Army. Kenneth Grundy has analysed the conflicting images of military regimes in Africa, for us to draw upon to conclude this article. "The military officers begin to believe the stories of their own moral superiority. But the military is not alone subject to self-delusion. Various other groups and some individuals seem to have succumbed to an almost naive faith in the redeeming features of military rule by puritan soldiers."

No one can say the last military coup (not the palace one) has been for Ghana a cleansing experience or a rite of purification or an act of self-sacrifice. Julius Nyerere on another occasion said: "This whole week (period) has been a week (period) of grievous shame for our nation. But those who brought this shame upon us are those who tried to intimidate our nation at the point of a gun." This must be said once and for all about the people with guns. The only claim to govern as an identifiable group is that the military have guns. In the last six years I have not ceased asking myself: if the military, why not market women or architects or doctors?

Grundy says that "the common and unfortunate policy once military rule has been established, has been to muddle through, progressively limiting opportunities for protest and opposition. In this way military rule itself may unwillingly serve as a catalyst for further revolutionary change. Disenchantment with military rule could well be the most positive contribution that military rule can make".

The redeeming grace of 5th July, 1978, is that the innate wisdom and good sense of the true Ghanaian soldier asserted themselves redeeming themselves and us from the Redemptionist and the Supremacist. It was the first step to national rediscovery, reconciliation and reintegration. 5th July, 1978 ended the period of the dark interregnum, thus ushering the Dawn.

To be continued

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Education

A NEW PERSPECTIVE FOR ACCOUNTANCY EDUCATION IN GHANA

By
Ato Ghartey

The training and education of most professionals in Ghana is almost completely sponsored by the Government. With some minor variations and technicalities, almost all the training and educational programmes for these professions are designed in collaboration with the Universities and the appropriate professional bodies. However, responsibility for organising, teaching and conducting examinations are almost completely assigned to the Universities. Examples of University wings that have been assigned the responsibility or have participated actively in the training and education of professionals in the country include the Faculties of Architecture, Engineering, and Pharmacy at the University of Science and Technology, and the Ghana Medical School and Faculty of Law at the University of Ghana.

Yet no University in the country has as yet established a separate faculty of accountancy. At the School of Administration accountancy is taught mainly as one of the fields of concentration for the undergraduate degree and between 1973 and 1976 for a select group of candidates admitted for an extra year to prepare for the professional examinations of the Institute of Chartered Accountants, Ghana. At the University of Cape Coast accountancy is taught as one of the subjects in the Department of Commerce, and at the University of Science and Technology it is taught as one of the subjects at the Faculty of Social Sciences.

Thus, notwithstanding the introduction of the Fourth Year post-graduate course at the School of Administration, the primary function of the School has been to provide students with a broad liberal education and not to train them as qualified professional accountants.

It is, therefore, not surprising that professional accountancy students find themselves as the most neglected and frustrated in the country. To date about the only choice available to them has been to try their luck at one or several of the currently highly uncertain and frustrating alien systems of training accountants. But this must not be allowed to continue.

Most of the English-speaking countries in the world have had several studies that have condemned the traditional apprenticeship system of training accountants that virtually keeps students, examiners, tutors and trainers in separate compartments. Some of these countries and professional organizations have taken positive steps to rectify this anomaly.

A recent example is the Association of Certified Accountants which now allows certain designated educational institutions to teach and administer internal examinations for up to four of the five

sections of the Association's examinations, thus bridging the communication gap between lecturers, students and the professional body (which hitherto had been the sole examiner for all sections of the professional examination.) The Institutes of Chartered Accountants and Cost and Management Accountants have also designated certain educational institutions to teach and administer internal examinations for their Foundation Examinations.

Another major progress made in the accountancy profession on the international level has been to widen the educational background and base of accountants in order to make them reasonably comparable to that of other leading professionals in the world. Among the countries that joined during the current decade in making a University degree a pre-requisite for entry as a registered professional student include Canada and Australia.

Of course, in both countries reasonably satisfactory transitional arrangements were made for people who had already started or were just contemplating on qualifying without a University degree. In Britain and Ireland, following the Solomon's Report in 1974, the entry qualification for registration as a professional registered student was raised from G.C.E. 'Ordinary' level or its equivalent to G.C.E. 'Advanced' level or its equivalent.

School of Accountancy

In Ghana the special problems and environmental constraints that face the country in general and accountancy training and education in particular demand a new approach to the solution of the perennial shortage of qualified professional accountants. The medical profession, for example, ensures that students are equipped with a satisfactory blend of theoretical and practical experience before they are granted licences to practice. Besides, not every hospital equipped with qualified doctors in good standing with the Medical Association is used as a Medical School. Only specially selected hospitals equipped with adequate facilities necessary for the training of doctors are generally used as medical schools. Also, the student is not let loose to acquire his education, training and relevant experience from any member of the profession or from any educational institution at will. He is carefully guided, counselled, and supervised during the period of his study.

The country needs a new set of qualified accountants that are equipped with a properly planned, organized and supervised blend of theoretical background and practical and professional training before they are released into the market.

Since there are virtually no educational institutions that currently cater for the dual requirements outlined above and since there are very few practising firms that have the facilities to provide the requisite training desired of the calibre and numbers of qualified professional accountants the country needs, it is proposed that the Government and/or the Universities take the initiative to create a special institution suitably equipped and designed for the education and training of qualified professional accountants in Ghana.

The School of Administration could continue with its current function of providing students with "broad liberal education." However, a new wing of the University of Ghana may have to be set up on lines similar to the Ghana Law School or Ghana Medical School and charged with the responsibility of collaborating with The Institute of Chartered Accountants to educate and train professional accountants in the country in a manner very similar to that of educating and training medical and law students.

It is proposed that after the under-graduate degree, students transfer to the new institution to undergo a well planned, organized and supervised practical training, and attend lectures for two years, and write their final professional examinations during this period.

A further year's period of internship should be required after passing the professional examination but before candidates are finally admitted to membership of the Institute of Chartered Accountants. The period of internship should be served simultaneously with the National Service.

If properly planned and organized, the proposed professional training programme could be self liquidating. The new institution could liaise with such Government wings as the Auditor-General's Department, the Accountant-General's Department, the Inland Revenue Department, the public corporations and the quasi-government owned business organizations and other institutions to provide the rich and diversified, practical professional experience and background desired of qualified professional accountants whether or not they intend to enter into private practice. For example, the internal control review and internal audit functions of most Government and quasi-government organizations could be a potential source of training to the students. And this type of training should definitely be of tremendous benefit to the students, their lecturers and the entire nation.

What is a Profession?

As a transitional arrangement candidates with the intermediate qualification of the Ghana Institute or its equivalent should be admitted in the same standing as B.Sc. (Administration) graduates. Candidates with a non-business degree could be admitted to the School of Administration for a period of two years to prepare them for the B.Sc. (Administration) degree or M.B.A. and thence admitted into the professional programme.

Part of the contemporary definition of a profession is that it contains a core of knowledge of a theoretical character that sets it apart from skilled trades. This is evidenced by all reputable professions in the country such as law, architecture, medicine, engineering and pharmacy. All these professions recognise that a relevant degree is the best background to professional training.

Yet in the April-June, 1974 issue of *The Professional Accountant*, an official publication of the Institute of Chartered Accountants, Ghana, the whole of page 7 was reserved for the following advert:

ARE YOU NOT A BRIGHT STUDENT? Why go to the University before becoming an Accountant? WHY NOT BECOME AN ACCOUNTANT WITHIN THE SHORTEST POSSIBLE TIME? A reputable Profession. A Decent Income. WHAT MORE DO YOU NEED?

Accountants in Ghana cannot have it both ways. Either they claim to be a profession, in which case they must collectively develop the intellectual base of their discipline and promote higher education in the subject, or they should renounce their claims to professional status.

In his book, *The Age of Discontinuity* (1968) Peter Drucker stated, "The skills that vocational education (meaning a technics-oriented practical training such as accountancy) teaches are obsolete. They are the craft skills of yesterday. This is not the way to teach a skill anyhow. The way to teach a skill today is by putting it on a knowledge foundation and teaching it through a systematic course of studies—that is through an organised program."

The current supply mechanisms for the provision of qualified accountants in Ghana needs a complete overhaul and replacement. The proposals outlined in this paper have been provided as a basis of the stimulus for discussion on a new system of educating and training accountants in Ghana.

When sufficient discussions and proposals have been generated from interested parties a detailed study of a new system could be undertaken and an outline drawn up.

International

THE UNITED NATIONS: A THIRD OF A CENTURY BALANCE SHEET

By
S. K. B. ASANTE

On United Nations Day which falls on 24th of October, the world would once again commemorate the ratification of the United Nations Charter and the official beginning of the Organization's historic work thirty-three years ago. Conceivably while the second world conflict was still raging and born before the guns were cold, the United Nations was to seek a lasting peace and a better lot for men. Although its early aspirations have not been fulfilled, the United Nations has had a definite if not wholly tangible impact on the conduct of inter-state relations. There have been many notable achievements in its one third of a century existence, but there is also much unfinished work.

The record and worth of the United Nations, however, cannot be measured in simple terms of success—or lack of it—on each individual item. Far more significant is that nations are now increasingly turning to it with their most difficult global concerns. For, unlike the old League of Nations the United Nations a truly global organization, its membership having expanded from

the original 51 to 150 today. Thus the universality of the UN, which until a few years ago appeared to be a virtually unattainable goal, has now almost been achieved. It would seem appropriate, on this UN anniversary, to look back over the road that mankind has traversed since the victory over fascism thirty-three years ago. This calls for a brief appraisal of the credit and debit sides of the United Nations balance sheet.

As regards the primary function of maintaining international peace and security, the system laid down in the Charter has, for various reasons, not proved strictly applicable in practice. There is all too little understanding of other countries' security problems, fears and objectives. The five permanent Security Council members armed with a negative and paralysing veto, do not give the same consideration to the interests of the Third World countries as they would their own. The legal dominance that they enjoy sanctioned the supremacy of the victorious five Powers of the Second World War. The world has changed since 1945, and the functioning of the United Nations should change accordingly. It should reflect the new power relations which have emerged in the past thirty-years.

Peace Keeping Operations

As an international body, the United Nations is unable to foresee areas of dispute and act in time to prevent open conflicts. If involved in a conflict, it is usually involved late and with reluctance. As the only true global forum, the organization has the right and duty to be involved in disputes which threaten peace and stability whether on a regional or global scale. So far, it lacks the necessary authority and commitment which could only be given by member states. Hence the persistence of the problems in Southern Africa, Cyprus, the Middle East and Lebanon.

In the case of Southern Africa, a situation is approaching where the United Nations' credibility and its capacity to live up to the Charter are being seriously undermined. If present opportunities for peaceful solutions are not seized, the Organization as well as the individual members would have to review their stand in order to protect the basic Charter principles. After more than three years, the deadline set by the General Assembly—30 May 1975—for the withdrawal of the South African forces from Namibia has not been respected. Even the success of the United Nations resolution on the question of free elections in Namibia cannot be so easily predicted, despite the commitment of the five western powers to this issue. The United Nations has called for economic sanctions against the rebel British colony of Rhodesia. But those whom the United Nations condemn remained prosperous, thanks to complicity throughout the world.

Besides, the democratic spirit which inspired the Charter and the instruments created for its implementation have not been able to permeate economic institutions and practices. Inflation raging on an unprecedented scale is due to political, economic and monetary measures of the very same industrial countries which take great

pride in their cautious orthodoxy. The post-war crumbling of the foundations of the monetary system is the doing of the powers which drew up and imposed the agreements and which now refuse to modify them as long as these serve their own interests.

The recent Paris Conference on International Economic Co-operation has done little towards effecting real structural change, improving the rate of recovery of the world economy or solving the problems of high unemployment, inflation and balance-of-payments deficits which continue to plague nations. It should be stressed, however, that the fundamental problem, evoked by the theme of the new international economic order, is the economic and political transformation of mankind. It is in this direction that the challenge to the United Nations lies, and it is in this direction that we should turn the main thrust of the work of the Organisation in the years ahead.

The resolution to convene another special session of the General Assembly in 1980 to assess progress in the direction of the new international economic order is a significant step towards the desirable end. Even more significant is the appointment this year of a Director-General for Development and International Economic Co-operation to provide effective leadership in this area.

Although one of the truly great achievements of the United Nations is the Universal Declaration of Human Rights, the failure to protect and advance human rights remains a matter of grave concern in many parts of the world and, quite apart from the basic considerations of the principle, this is often an important obstacle to the improvement of international relations. No doubt the United Nations has a major responsibility in the field of human rights.

It is regrettable that only one third of the total membership of the Organisation has ratified the major human rights Covenants, and that even fewer states have accepted the Optional Protocol. The United Nations has thus not been able to take a more effective action to advance the day when justice and respect for the individual's rights will be a universally accepted norm.

Over the thirty-three years of its existence, the United Nations has done well, but it has not done well enough. It has passed through a period in which considerable achievement has been mingled with frustration. The danger of a total war has been reduced, but peace remains precarious. Most colonial peoples have acceded to independence, but colonialism has not been completely uprooted. The Universal Declaration of Human Rights casts a new light over the globe, but racism exists. International Co-operation for development has progressed, but the gap between the wealthy countries and the others has widened.

The scientific and technological revolution has opened up unexpected vistas for progress, but disease, hunger and ignorance spread their threatening shadow. Thus the United Nations has not done well enough to reach the goals solemnly proclaimed thirty-three years ago: universal peace, prosperity, social justice—a life worth living for

every human being. We certainly need an ever stronger United Nations to meet these great challenges and problems, old and new.

However, in spite of its surprising disappointments, setbacks and failure in the course of its efforts to build a better world, the United Nations even in its position remains an organisation without an alternative, an imperative instrument of peace and peaceful solutions of international controversies; it remains the most significant international forum in which even the poor, 'have not' Third World states exercise a collective vocal influence on world affairs.

Over its one third of a century existence, the United Nations, in some important respects, has demonstrated its usefulness to the point where it would be difficult to visualize a world which did not have a United Nations. For, for better or for worse, the Organisation has become an established feature of the international scene—one of the palpable realities of world politics. And, so long as the United Nations struggles, it survives; it might one day succeed in becoming the basis for a truly more peaceful world. At the moment it does offer a prospect for peace.

Observer Notebook

IAN SMITH GOES TO WASHINGTON

The decision of the U.S. Government to grant a visa to the rebel leader of the minority regime in Rhodesia, Ian Smith, and his black stooges to go to Washington to plead their unpopular cause is most unfortunate because that decision was arrived at following pressure from a group of conservative senators led by S. I. Hayakawa. It appears that the Carter administration which had been pursuing an ostensibly progressive African policy under the inspiration of Ambassador Andrew Young has been caught off guard on the flimsy pretext that Ian Smith deserves the right to tell his story to the American people.

It is our considered opinion that by finally agreeing to grant a visa to Ian Smith, the U.S. Government is according his regime a recognition and respectability which it does not deserve. Despite the official disclaimers from the State Department, the acceptance of passports issued by the illegal minority regime implies some recognition of that regime and supplies Mr. Smith with the type of political and psychological filip that he has been looking for since the declaration of his rebellion more than a dozen years ago.

Whether Mr. Smith and his black lackeys meet President Carter or not, it will be naive to assume that no important U.S. Government official will meet with them out of public view; for it is inconceivable that the U.S. Government would have risked general condemnation and allowed Mr. Smith to enter the country only so that he could repeat to a few reactionary and senile senators the lies he has told the whole world so often.

Whatever transpires or does not transpire between Mr. Smith's delegation and U.S. Congressmen or the government, the implications of this visit for Africans in general and the Zimbabwe nationalist fighters in particular are clear: they have to fight their own battles to the bitterest end. The story of sanctions busting with the complicity or connivance of the Labour Government of Great Britain and the addition of this latest outrage by the Carter administration should open the eyes of all Africans to the so far secret—and now open — encouragement that the Smith regime has been receiving from its "kith and kin" beyond the seas.

We are also not unaware of the Byrd Amendment which empowered the U.S. Government to import chromium from Rhodesia in defiance of the economic sanctions imposed against that rebel state. This Amendment has been rescinded, but we cite it only to show that Mr. Smith's going to Washington is only the consecration of the support and encouragement he has at various times received from these quarters. How otherwise could he have survived so long and got away with outwitting even the "perfidious Albion"?

No one should be left in any doubt now that when the self-appointed intermediaries speak of a "peaceful solution to the Rhodesian problem" it means no more and no less than peace on the terms of the white minority led by Smith and supported by his black stooges. This is the time for the true nationalists to get together with their allies to ensure that their gallant struggle leads to peace — but on their own terms too.

Letters

ACADEMIC AND NOT POLITICAL GIANT (2)

SIR—Since the publication of *Legon Observer* Vol. X No. 2 my little mind has been trying to find how and when in the political history of Ghana Dr. Kofi Abrefa Busia became a political giant.

The editorial of the issue referred to above was not much of a help in my search. Was it his obsession for democratic principles? What then do we make of the Sallah case for which "no court, no court" was notorious (or was it famous); or was it his infamous opposition (action troopers) to the popularly elected government; or was it his 'Apollo 568'; or his professed belief in Dialogue as "another weapon in the armoury of the strategy for the elimination of apartheid . . ."; or was it his struggle for a federal system of government for a small country like ours — which earned him that 'epitaph'? I am at a loss. Do not let us for conformity sake go by the saying that with death all criticisms cease.

Let us be sincere when showering praises on our leaders — dead or alive. If Busia was a political giant what then was Nkrumah? Do not tell me both were political giants. One of them must have been a dwarf, I suppose, for they, it is believed, are mysterious and oftentimes behind the power of giants. Perhaps my little mind does not fully comprehend 'political'. If it is a question of obsession for mere demo-

cratic principles then certainly Prof. was nonpareil; otherwise let us remember him only as an academic giant.

Box 11470
Accra North.

Kobina Amissah

SIR - One should not speak ill of the dead and eulogies always concentrate on a person's admirable traits rather than on his faults, but surely your editorial on the late Dr. Busia went to extremes? It was extremely difficult to reconcile that pillar of virtue and democracy with the late Prime Minister, who so callously displaced thousands of his fellow Africans, went on television and publicly shouted "no court" when a judgement was given against his government, dismissed hundreds of civil servants mainly of one particular ethnic group and in general so disappointed Ghanaians by his performance that Acheampong's coup was to a large extent welcomed. History will judge, Mr. Editor.

Opoku Ware School,
Kumasi.

Mailyne Charles

THAT EXECUTIVE JET (2)

SIR—It was on the front page of the *Ghanaian Times* issue of 28th September 1978, headlined: "Kutu's Jet Plane Flown in". According to our esteemed G.N.A., the said plane has kente cloth decorations inside it, and among other trappings has our Coat of Arms carefully embossed at the rear.

To my surprise, this news item was denied on the air: it is not Kutu's plane, said the Head of the Armed Forces Public Relations Directorate. Then in a second statement a day later, it was admitted by the same Armed Forces Public Relations Director that the plane was in fact ordered by the Ghana Air Force for the use of any future President of Ghana. If the latter is true, then may I ask a simple question? Do we need this plane (fully paid for) at this time of unprecedented crisis in our economy? How unfeeling!

We have had enough of these lies, and enough is enough! It is better to let us know the full extent of all the mess you, the Army men, have caused. Maybe we may find lasting solutions to them once and for all rather than for ever covering them. After all, what was the use of those amphibian armoured cars, the B.M.W. cars and motor-cycles which probably cost us so much in foreign exchange?

Is this not extremely callous of a military Government when our hospitals are short of drugs and essential equipment? Even now, it is rumoured that some bullet-proof Mercedes Benz cars have arrived at our port in Tema. If this is true, who ordered them and why? Wherefrom the foreign exchange used when the budget says there is none in our coffers? And in any case who are going to use those cars?

We should be extremely wary of the Ghanaian soldier, if he promises a golden horse. They claimed to have redeemed us; now we are hanging on the economic cross—crucified!

Achimota Preparatory School
Achimota.

Mrs. Efua Agovi

SIR - The Public Relations Directorate of the Ghana Armed Forces must, by now, be having nightmares over its contradictory public statements over the alleged Presidential Jet.

Why, at this time, certain people in authority still think they can hold the Ghanaian by the head and administer doses of confusion into his nostrils is something that beats the wildest imagination.

If the Directorate can today deny a GNA report on the arrival of a jet in the country (for whatever purpose) and come out the next day with a spineless admission of the presence of a new jet, then what do they take us for? This contradiction is an insult to the Ghanaian mentality, and Lt. Col. Ennifful must come out with an unequivocal apology at once or get the sack for inefficiency.

University of Ghana,
Legon.

Kwame Dankwa

WHO TIGHTENS HIS BELT?

SIR - On 28th September 1978, the Ghanaian Times carried a report on its front page of an arrival of a 'Presidential Jet' believed to have been ordered by the former head of State, General Acheampong. Later that same day however, the Armed Forces Public Relations Directorate denied the report, saying that there was no plane of that nature at the Air Force Base. Despite this, the GBC announced the next day that the same Directorate had now agreed with the original news report but that instead of its being a presidential plane "it is one of a series of planes ordered by the Air Force".

This 'explanation' is rather annoying when one remembers the severity of the recent budget and the call on Ghanaians to tighten their belts. Now, for how long do we 'tighten our belts' to allow such prestige expenditures? What do we need now, drugs, commercial vehicles or luxurious military planes? This is an affront to the integrity of Ghanaians and I call on all patriotic citizens to rise up in protest against this apparent dissipation of public funds. I also call on the government to heed the resolution of the lawyers in its totality and especially cut down on military expenditure immediately.

Legon Hall,
Legon.

C. S. Domey

LEAVE THE WOMEN ALONE

SIR - People should not blame women for the former Government's irresponsibilities; after all how many women were in the Government of the old SMC? If women are now being accused of contributing to the downfall of the "former" Government as a current member of the Government would have us believe, then my suggestion would be that those who have managed to find themselves in the "current" SMC and/or those who were active members of the "former" should reexamine themselves and find out under what conditions they made gifts and presents of Audis and Golfs and Estate houses.

If any women had anything to gain from the regime, it wasn't because they forced the Government into doing anything for them legally. Never have we also claimed that the few benefits we enjoyed under previous governments had been taken away from us and so we were going to wage war

on the economy. We saw people wage the war and because we were too weak to fight, we provided comic relief on television in programmes like "Osofo Dadzie" etc. during the war, so why didn't we deserve Audis, Golfs and estate houses?

Before and during the "economic war" soldiers or the Forces for that matter, were being told to stop thinking of staging coups d'état and collect loans for cars and estate houses. What was so wrong with women benefiting from these too? If manna was falling from heaven, why was it not advisable for women like men or soldiers to benefit from this?

Or was the SMC member thinking of the "kalabule" dealers? Well, that was the only "reasonable" and "profitable" business at the time, seeing that education had been made nonsense of and the universities had been evacuated of their inhabitants. It was only a question of the survival of the fittest in the corrupt political and economic jungle of the times.

People seem to be talking too much for the more reason that they were not in the "former" Government but are now featuring boldly and actively in the "current" one. Maybe they deserve to, but more action to right the wrongs already done and fewer words, please.

Volta Hall,

Effie Vida Sampson

University of Ghana, Legon.

PERCENTAGE OF DEVALUATION (3)

SIR - If Nana Wereko Ampem II, Chairman of the Economic Advisory Council, does not know how differently one can work out the percentage of the devaluation of a currency, depending on what base one chooses, then I submit that he be withdrawn from the Council immediately to stop him from arguing unnecessarily in the Council over similar calculations which he is due to meet in his work.

Nana has no cause to doubt J.B. Abban's calculation of the devaluation. Both his 58% and Nana's 139% are correct. The difference - Mr. Abban worked in dollar terms and Nana worked in Cedi terms.

Akuafu Hall,
Legon.

Kwame Owusu-Baafi

SIR - From the letters and the editor's note in Vol. X No. 3 issue of the Legon Observer I gather that the case of the percentage of devaluation of the Cedi is becoming controversial or rather confusing.

Devaluation of a currency could be explained as reduction in the value of a currency in terms of other currencies. It is logical to state that one cannot reduce the value of anything beyond unity. Thus it is wrong to talk about a currency being devalued by more than 100%.

The recent change in the exchange rate of the Cedi from 1.15 to 2.75 to the dollar, in my opinion, shows 58% devaluation (i.e. reduction in the value) of the cedi. This in effect means that the cedi equivalent to the dollar has been increased by 139%. It appears to me that it is technically incorrect to refer to the rate of devaluation as "seen in the dollar or cedi terms".

Perhaps an authority could clear the air on this matter.

P. O. Box M.263,
Accra.

S. E. K. Loh

SIR - I find it distressing that our economists should take the lead in confusing the public about the percentage of devaluation of the Cedi. One of them, Nana Werek Ampem II (L.O. Vol. X, No. 3 of 29th September 1978) even professes not to know how another of the breed, Mr. J.B. Abban, arrived at his figure of 58%!

In my naïvete I have been under the impression that the expression, "devaluation of the Cedi", means precisely what it says: reduction in the value of the Cedi. If this is so, then the question by how much the Cedi was recently devalued can only be just an arithmetical one. What was the value of the Cedi before devaluation (in terms of the dollar)? Answer: \$0.87. What was the value of the Cedi after devaluation? Answer: \$0.36. By how much has the value of the Cedi been reduced? Answer: \$0.51. Arithmetically, the percentage of devaluation can be calculated in only one way: $\frac{0.51}{0.87} \times 100\%$. Sir, as you pointed out, this works out to 58.62068. (The exact figure depends upon where the approximations are made.)

What those who arrive at the figure of 139% are doing is calculating the percentage of increase in the value of the Dollar in terms of the Cedi. Now this is not devaluation but re-valuation of the Dollar in terms of the Cedi only. I say "only" because the revaluation of the Dollar applies only to its value in terms of the Cedi and not in terms of any other currency whereas the devaluation of the Cedi, though calculated in terms of the Dollar, applies to the rate at which the Cedi is exchanged for all other currencies.

What this means is that the lordly government of powerful Ghana can only devalue the Cedi; it cannot revalue the Dollar as such. The revaluation of the Dollar in terms of the Cedi is only a necessary consequence of the devaluation of the Cedi.

Department of Political Science,
University of Ghana, Legon.

Kweku Folsom

THEORETICAL SCHOLARS AND PRACTICAL DICTATORS

SIR - Has the *Legon Observer* become so out of date and un knowledgeable about Ghana that it cannot even tell the position Dr. Ofori-Atta held in the Progress Party government?

Having read all the issues of the *Legon Observer* since its re-appearance on the national scene, I am being forced to conclude that Ghana has not done badly at all these years. No nation really listens (or should listen) to its theorists if it wants to survive, although they should not be strangled. Fact is all these scholars in writing keep an eye on what they can later include in their papers for promotion. So let our scholars fill the *Observer* and the *Standard* while the "low-cost dictators" take care of our every day problems. At least the dictators are down to earth.

Faculty of Law,
Legon.

Kofi Kumado

STATE BURIAL FOR BUSIA

SIR - The State burial accorded Dr. K.A. Busia by the S.M.C. has left a sour taste in the mouths of many Ghanaians. Was it really intended as an honour? Or was it a device to gain control of the proceedings and thus prevent any excessive public show of grief which might have proved embarrassing to the government, and at the same time impress the more credulous members of the public with the government's magnanimity?

The evidence points to the latter. The gun-toting soldiers at the airport were no guard of honour, but were clearly there to ensure that mourners toed the line. The delay in the arrival of the plane may have been unavoidable and not on instructions, but it was certainly useful in thinning out the crowd at the airport. The refusal to allow mourners to use the Accra Community Centre for wake-keeping eliminated a potentially awkward situation, as did the decision to whisk the body direct to Sunyani without the originally envisaged stop in Kumasi. These and a number of other incidents gave the impression that the S.M.C. was afraid (and probably with good cause) that unless they kept the whole affair under tight control there would be such an upsurge of public feeling as to place them in a very precarious position.

One wonders what would have happened if the bereaved family, on being offered the State Burial, had replied with dignity, "No, thank you. We and those who have always stood by us are quite capable of arranging a decent burial. We do not need those who destroyed the work of this good man and vilified his name to pay his fare back to the land from which he was hounded." There are many who would wish that this had been their reply, even though it might not have been in the so-called spirit of reconciliation.

Reconciliation means a genuine resolving of differences, not an armed truce. What credence can one lend to the acrobatics of state newspapers which publish fulsome tributes so soon after vicious accusations, or to the solemn regrets voiced by the very people who have undone all that Busia sought to achieve? The death of Busia at this moment of Ghana's history is sad enough. It is doubly sad to see his death being manipulated by those who forced him into exile for their own political ends.

P. O. Box 1695
Kumasi.

V. A. Sackey.

A NATIONAL IDEOLOGY FOR GHANA

SIR—Ghana is at present searching for a suitable political system under which the country can progress economically. Any politico-economic system which is adopted in Ghana must be democratic both politically and economically. I believe that democratic economic progress can take place in Ghana if we adopt "representative socialism" as a national ideology.

While "socialism" generally refers to an economic concept, representative socialism refers to an ideology which rests on both economic and political assumptions. Representative socialism consists of a socialist economic system and a representative democracy.

The fundamental principles of representative socialism are as follows:

1. A heavy preponderance of economic activity takes place under public ownership and control. Enterprises owned wholly or partly by the State should be the chief source of income for the Government. The Government

**THE CHARTER SECRETARIAT
REVIEW COMMITTEE
SUBMISSION OF VIEWS**

The Committee appointed by the Supreme Military Council on the National Charter Secretariat has begun its formal sittings.

2. Its terms of reference are as follows:
 - (a) To assess the programme of the National Charter Secretariat having regard to its stated objectives;
 - (b) To determine whether the National Charter Secretariat, as currently organised and supervised, is the appropriate machinery for achieving those objectives;
 - (c) To consider any other matters which in the opinion of the Committee are reasonably related to the foregoing; and
 - (d) To submit recommendations to the Supreme Military Council on the future role of the National Charter Secretariat in the national life.
3. The Committee invites the general public to submit memoranda on the above terms of reference for its consideration.
4. The Committee will also like to take oral submissions from the public and those who wish to appear before the Committee may do so on Tuesdays or Thursdays after arranging with the Secretary of the Review Committee, who may be reached on Phone No. 22504.
5. The Secretariat of the Committee is located at the National Charter Secretariat (Top floor of the storey building housing Airtours) on Kojo Thompson Road, Adabraka, Accra.
6. All Memoranda should be addressed to:

The Secretary,
National Charter Secretariat
Review Committee,
C/o Information Services Department,

P. O. Box 745,
ACCRA.

in a capitalist country is like an unemployed father who collects money from his children at the end of every month.

2. A recognition of the right of the individual to own some property including small-scale enterprises. It has no illusions that the elimination of private property will remove the root sources of human evil.
3. Representative socialism upholds the assertion that the spiritual development of man will lead to a better society and therefore the state must establish institutions which cater for the spiritual needs of man.

The central economic features of representative socialism are as follows:

1. Independent state corporations which are run by professional managers who exercise full control over the operations of the corporations.
2. Enterprises which are owned jointly by the state and private individuals or companies.
3. Agricultural cooperatives.
4. Small-scale private enterprises.
5. The presence of competition among state corporations or State Industrial Holding Corporations and between private and state enterprises.
6. The absence of control prices and the existence of a free market.

The Supreme Military Council has decided to hand over power to a transitional National Government in which members of the Executive and Legislature are selected on a basis other than membership of political parties. At the end of the four-year interim period, the constitution may be amended so that political parties can campaign for presidential candidates but not for candidates for election to the National Assembly. The constitution should prohibit the formation of political parties which advocate an economic system in which a heavy preponderance of economic activity takes place under private ownership and control.

Political democracy is incomplete without economic democracy. Only a socialist economic system which has its focus on the economic rights and material well-being of all the people, can fulfill the deeper implications of democracy. State corporations and joint ventures should be well organised so that at the end of the interim period it will be meaningful to refer to Ghana as the Socialist Republic of Ghana.

Department of Mathematics,
University of Cape Coast,
Cape Coast.

Dan Offei

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Opinion

AN OPEN LETTER TO THE ELECTORAL COMMISSIONER

Sir,

Since your appointment to the high office of Electoral Commissioner, some of us have been following your activities and pronouncements with keen interest. At least going by your own verbal utterances, you are willing, if not utterly committed, to defend the 'Abban tradition' now established in the Commission. It is common knowledge that Justice Abban together with the Secretary to the Commission, Mr. H. A. Mieza, Assiljoe and other responsible officers of the Commission, following the unsavoury events prior to, and during the infamous referendum, were able to establish a strong tradition of courage, probity, fair-play and independence in the face of the gruelling dictatorship and sustained buffoonery of the Acheampong era.

Many Ghanaians to-day point to it with pride and regret: had we but four Abbans in the country.....! We are not in any doubt of your stated intention to defend and uphold this tradition. After all, the Electoral Commission by proclamation, is not subject to any direction or interference, including those from the government, in the execution of its duties. But, so far, we can only go by your word.

We are also aware that the Akuffo government which appointed you to your present post is new. We are aware that it has given this country a new charter of "freedom"; and it has given its blessings to a new debate, this time on National government and Party Politics. Probably because of your commitment to the values of impartiality and fair-play (both as a result of your own profession and now as an Electoral Commissioner), you have not found it advisable or prudent to contribute to this new debate on our current political and constitutional problems. In your present situation, this may be understandable.

Nevertheless, some of us have, in good faith, advised, exhorted, and warned the S.M.C. Government that a National Government in a no-party state, like its twin offspring, Union Government, 'will be a breeding ground for "low-cost dictators"'. We have pointed out that the system of representation envisaged under the National Government concept, namely, a legislature of assorted individuals as independents, would encourage sycophancy and parochialism and make the ideal of a 'united front' operating on the basis of a 'national consensus' the democrat's dilemma.

Accordingly, taking stock of our political past since Independence, some of us have suggested the compromise idea of a National government in a multi-party state. We have contended that National Government should be the result of political parties in parliament mutually agreeing to come together only for the purpose of meeting our present economic crisis. We have also explained that among other practical virtues, a National government in a multi-party state will curb dictatorship, encourage free discussion and debate in national life and, above all, promote public accountability.

Unfortunately, the S.M.C. government appears unimpressed, and at best quietly adamant. Maybe this is because so far we have adduced only 'political arguments'. Now that the S.M.C. has been forced to admit that this country's coffers are really empty, and that foreign exchange is hard to come by, we think that we should, in addition, produce

'economic arguments'. The economics of our return to civilian rule has not been properly examined. This is where, Mr. Electoral Commissioner, your factual advice based on sound statistics comes in.

So far, agencies of finance and economic planning in the country appear to be silent on the economics of our return to civilian rule. The 1978/79 budget is even more silent on the issue. And the government itself, who will foot the bill in the name of the taxpayer, does not appear to have any knowledge of the full expense involved. In the midst of such pregnant silences, you are, Mr. Electoral Commissioner, perhaps the ultimate person to enlighten the Ghanaian public on the finances of the electoral process. If we are to appreciate the full financial burdens of an important aspect of the return to civilian rule, then the following issues must be clarified with the utmost urgency and despatch:

1. National Government

Assuming there will be three independent candidates standing for election in each of the 140 constituencies in the country,

- How much will it cost the Ghanaian taxpayer?
- How much will it cost to procure, print and distribute ballot papers and other election documents for each of the 420 aspiring M.Ps?
- How much will it cost to finance the campaign and election of a President for National Government in the event of at least three candidates contesting?

2. Multi-Party Government

If political parties will be expected to finance the campaign of their own candidates, the Ghanaian taxpayer for the time being at least will be free of immediate financial burdens. Similarly, if candidates for the presidency may be expected to contest on party ticket, the Ghanaian taxpayer may only contend with actual election expenses. Thus the only question with financial implications will be: how much will it cost to procure, print and distribute election materials for THREE POLITICAL PARTIES in all the 140 constituencies?

3. Under either National Government or Multi-party Government, how much will it cost the Ghanaian taxpayer:

- To conduct a country-wide publicity campaign and elections for the Presidency, Parliament, District and Local Councils?
- To procure, print and/or distribute election material and equipment for the election of (i) President, (ii) M.Ps; (iii) District and Local Councillors.
- To pay personnel and staff, both permanent and hired?

It will be seen that the projected expenditures under items 1 and 3 (for National Government) and those under items 2 and 3 (for multi-party Government) will undoubtedly give us a good idea as to the financial options opened to us in our projected elections. If it is found out that it will be cheaper to conduct elections for a National Government, then it may be necessary, given our national poverty and indebtedness, to reluctantly reconsider our stand on the proposed 4 year interim period.

If, on the other hand, it is proved that it is economically wiser to do so on the basis of multi-party elections, then the

case for a return to political parties would have been infinitely strengthened. In effect, we recognise that this is not a matter to be decided solely by financial considerations. We are convinced of the sanity of our political stand, namely, that we certainly prefer Multi-party Government to National Government. And that given the goodwill to recognise reason and the national interest, we can even borrow money to finance our political convictions in spite of our declared poverty. We are merely constrained to invoke economic arguments because of the apparent recalcitrance of the present S.M.C. Government on the matter of our political future.

Finally, in line with the current emphasis on public accountability, perhaps you may also do us one more favour: confide in the people of Ghana as to:

- how much the Electoral Commission spent on the infamous referendum on Union Government.
- how much was spent on the recent revision of the voters' Register exercise, in which thousands of people, including students on holiday, were employed and paid to help.

Have all these expenses, involving both foreign exchange and cedi components, been settled? We are asking this last question because we do not want to wake up one fine morning to be told that we cannot have materials and equipment for the next set of elections because we have not paid up previous debts!

Mr. Electoral Commissioner, yours is an arduous task; but we are confident that we shall soon have definite feedback from you on the issues raised.

Institute of African Studies,
University of Ghana,
Legon.

J. K. Agovi

Matters Arising

RECONFISCATION OF RESTORED PROPERTIES OR LAW, MORALITY AND PROBITY IN THE PUBLIC SERVICE

By
A. Radix

The notebook entry, "Re-confiscation of Restored Properties" (L.O. Vol. X, No. 3), highlights a number of important questions arising out of the re-confiscation of those assets of public officers of the Nkrumah era which were seized by the state as a result of the findings of commissions of enquiry but were restored by the Acheampong S.M.C. Among these questions perhaps the most vital is whether it is right to confiscate properties from citizens who have legally bought them from those to whom they had been restored after a previous confiscation.

The instinctive reaction of anyone of a liberal and humane disposition to the news of the re-confiscation was that there was something morally wrong, something unjust, in seizing properties from people who had not in any way been involved in an illegal, dishonest or corrupt acquisition of wealth. One is bound to feel instinctive sympathy for those who legally and honestly bought properties from Mr. Krobo Edusei, but now have the properties re-confiscated and

are being told to settle any claims against Mr. Krobo Edusei. How can this make sense when the latter properly and legally sold the properties to them?

A little reflection, however, suggests that there is another side to the coin. The notebook entry rightly concedes that if properties seized as a result of the findings of a public commission of enquiry can simply be restored without much ado, then we might as well give up our quest for probity in public life and our determination to root corruption out of it. If this is granted, further reflection will make it clear that unless we establish the principle that no sale of restored assets is sacrosanct, the policy of confiscation of ill-acquired assets will too easily be defeated. All that would be necessary to defeat the policy would be for a corrupt regime to win support by restoring confiscated assets and getting them quickly or even allegedly sold.

Unfortunately, in arguing the case against reconfiscation the notebook entry confuses legal and moral principles. It holds that unless there was some defect in S.M.C.D. 126 which nullified it in the first place, then those who bought the restored properties did so properly and the re-confiscation is sheer expropriation. If the question is to be determined by the legal validity of Decrees, why stop at S.M.C.D. 126? What about the validity of S.M.C.D. 180, which reconfiscated the properties? What indeed, about the validity of NLCD 354, which confiscated the properties originally? The truth is that the basic question here involved is independent of the validity of Decrees. Even if cast-iron proofs of the validity of all the Decrees were established, there would still be the feeling that there is something morally unjust in seizing properties legally and properly acquired by innocent citizens. The fundamental question therefore is whether the re-confiscation is morally unjust.

In buying the restored properties were the new owners innocent of wrong-doing? I submit quite simply that they were not innocent. The reasons and procedure for the original confiscation of the properties were and still are public knowledge. Because these have been generally considered proper and just, hardly anyone has ever questioned the original act of confiscation, except perhaps—and this is understandable — the owners and their close associates and relatives. For this reason most politically conscious citizens were scandalized by the announcement that the properties had been restored. It was indeed properly regarded as further evidence of the 'Kalabule' nature of Acheampong's government.

When the new owners therefore decided to buy the properties so soon after their restoration they must have known that they were tainted and that should the Acheampong government fall their title to the properties was likely to be jeopardized. On top of this, those who sold their properties so soon after they had been restored must have felt that a succeeding government was likely to take a fresh look at the restoration.

Since the original act of confiscation and the reasons for it, and the discreditable nature of the Acheampong regime have always been public knowledge and the suspicion surrounding the restoration was widespread, the new owners opened themselves wide to the type of treatment they have received. It is a salutary lesson for all.

Read the LEGON
OBSERVER always

Advertiser's Announcement

PUBLIC NOTICE

GOVERNMENT PRESS RELEASE OF 23RD AUGUST, 1978, PUBLISHED IN THE "GHANAIAN TIMES" OF 24TH OF AUGUST, 1978, WHICH ATTEMPTED WITHOUT ANY EVIDENCE TO IMPUGN THE INTEGRITY, MORAL FIBRE AND BUSINESS ETHICS OF DR. JOHN ACKAH BLAY-MIEZAH IN HIS PERSONAL AND FIDUCIARY CAPACITY AS SOLE BENEFICIARY AND TRUSTEE OF OMAN GHANA TRUST FUND AND GROUP CHAIRMAN AND GROUP CHIEF EXECUTIVE OF OMAN GHANA TRUST HOLDINGS' GROUP OF COMPANIES

AND

HIS IMMEDIATE REACTION THERETO, WITH THE MORAL SUPPORT OF THE DIRECTORS OF THE GROUP AS A WHOLE BY A PUBLIC NOTICE PUBLISHED AS ADVERTISER'S ANNOUNCEMENT IN THE "GHANAIAN TIMES" OF 30TH AUGUST, 1978, AND THE "DAILY GRAPHIC" OF 1ST SEPTEMBER, 1978, AND ALL OTHER MATTERS ARISING THEREUNDER.

As a follow-up of the Advertiser's Announcement by Dr. John Ackah Blay-Miezah, Sole Beneficiary and Trustee, Oman Ghana Trust Fund, Chairman and Chief Executive, Oman Ghana Trust Holdings Limited and the following subsidiaries:—

1. Omanhold Castor Seeds Complex Limited,
2. Omanhold Rubber Complex Limited,
3. Omanhold Oil Palm Complex Limited,
4. Omanhold Coconut Complex Limited,
5. Omanhold Sugar Cane Complex Limited,
6. Omanhold Fruit Complex Limited,
7. Omanhold Annatto Complex Limited,
8. Omanhold Starchy Staples Complex Limited,
9. Omanhold Livestock Complex Limited,
10. Omanhold Fisheries Complex Limited,
11. Omanhold Mining Complex Limited,
12. Omanhold Quarries Limited,
13. Omanhold Bricks & Concrete Complex Limited,
14. Omanhold Shipyards & Engineering Complex Limited,
15. Omanhold Pulp/Paper Complex Limited,
16. Omanhold Wood Processing Complex Limited,
17. Omanhold Chemicals and Fertilizers Limited,
18. Omanhold Plant Hire Limited,
19. Omanhold Transport Limited,
20. Omanhold Hotels Limited,
21. Omanhold Wholesale Limited,
22. Omanhold Mortgage Finance Limited,
23. Omanhold Housing Estate Limited,
24. Omanhold Construction Limited,
25. Omanhold Properties Limited,
26. Omanhold Sports Complex Limited,
27. Omanhold Export-Import Limited.

published in the "Ghanaian Times" of 30th August, 1978, and the "Daily Graphic" of 1st September, 1978.

NOTICE IS HEREBY GIVEN TO THE PUBLIC that as at the close of business on Thursday, the 21st of September, 1978, none of the under-mentioned high-powered Public Officers HAD RECEIVED ANY AUTHENTICATED ALLEGATION OR ALLEGATIONS OF A CRIMINAL OR DUBIOUS CHARACTER IMPUGNING THE INTEGRITY OR BUSINESS ETHICS OR MORAL FIBRE OF DR. JOHN ACKAH BLAY-MIEZAH IN HIS PERSONAL OR FIDUCIARY CAPACITY AS THE PUBLIC WERE LED TO BELIEVE A POSSIBILITY EXISTED BY VIRTUE OF THE GOVERNMENT PRESS RELEASE OF 23RD AUGUST, 1978, FOLLOWING A LETTER DATED 13TH SEPTEMBER, 1978, ADDRESSED TO EACH OF THEM, NAMELY,

- (i) THE INSPECTOR-GENERAL OF POLICE AND MEMBER OF THE SUPREME MILITARY COUNCIL;
- (ii) THE ATTORNEY-GENERAL AND COMMISSIONER FOR JUSTICE;
- (iii) THE DIRECTOR OF PUBLIC PROSECUTIONS, MINISTRY OF JUSTICE, AND
- (iv) THE SECRETARY TO THE SUPREME MILITARY COUNCIL.

NOTICE IS HEREBY FURTHER GIVEN that in consequence of the foregoing, and in compliance with the decisions taken by the Board of Directors of Oman Ghana Trust Holdings Ltd. and each of its wholly-owned subsidiaries at emergency meetings of each Board, Dr. John Ackah Blay-Miezah, the Group Chairman and Group Chief Executive, is hereby empowered to exhaust all the constitutional channels open to him by a humble Petition to the Head of State and Chairman of the Supreme Military Council, through the Secretary to the Supreme Military Council, to solicit if possible information about the name or names of the public officer(s) or private citizens or judicial persons who fed the Government of the re-constituted SUPREME MILITARY COUNCIL with a tissue of lies or misleading information about our Dr. John Ackah Blay-Miezah, to enable him after consultation with the Attorney-General and Commissioner for Justice to take whatever legal steps are open to him to bring those responsible to book before the rigours of the law, and to secure a redress from the Ghana Government.

THAT DR. BLAY-MIEZAH AND HIS GROUP OF COMPANIES HEREBY TAKE THIS OPPORTUNITY TO THANK WARMLY ALL THEIR FRIENDS, SYMPATHISERS AND WELL-WISHERS IN ALL WALKS OF LIFE AT HOME AND OVERSEAS INSIDE AND OUTSIDE THE PUBLIC SERVICE WHO NEVER WAVERED IN THEIR FAITH IN HIS INTEGRITY, CHARACTER AND BUSINESS ETHICS AS WELL AS HIS ABILITY IN HIS FIDUCIARY CAPACITY TO IMPLEMENT STEP BY STEP THE SELF-LESS AIMS AND OBJECTIVES OF OMAN GHANA TRUST HOLDINGS LIMITED UNDER THE GUIDANCE AND INSPIRATION OF OMAN GHANA TRUST FUND AND OF WHICH HE IS THE SOLE BENEFICIARY AND TRUSTEE.

SIGNED:—

(DR. JOHN ACKAH BLAY-MIEZAH)

GROUP CHAIRMAN AND GROUP CHIEF EXECUTIVE
OMAN GHANA TRUST HOLDINGS' GROUP OF COMPANIES
SOLE BENEFICIARY AND TRUSTEE
OMAN GHANA TRUST FUND.

ACCRA,
21ST SEPTEMBER, 1978.

The Budget - II

EXPENDITURE CONTROL MEASURES

51. Government has approved the following expenditure control measures:

- (1) At departmental level Government will see to the implementation of its previous policy statement on the establishment of Budget and Planning Units in all the key Ministries, departments and agencies responsible for the preparation and implementation of government projects. Government is convinced that planning, programming and budgeting at the top level would become less tedious if the departmental units are operating efficiently.
- (2) Government has authorised the Ministry of Finance not to release funds for projects which have not been approved and have therefore not been provided for in the annual estimates. Government has directed that no contracts shall be awarded by any Ministry, Department or agency for projects for which no provisions have been made in the budget. Contractors are required to consult the appropriate agencies to ensure that contracts awarded to them have been provided for in the estimates. Funds provided in the estimates will be used exclusively for the projects for which they were authorised.

- (3) Due to laxity in the monitoring of government projects by the sponsoring agencies, projects are unduly delayed and sometimes funds are released to pay for work not done. The Government has directed the Ministry of Finance to arrange periodic visits to project sites to ascertain progress of work.
- (4) It has been observed that some contractors undertaking government projects do not keep proper accounts on their operations. It is an offence for a registered company not to maintain the proper books of accounts. Government wishes it to be known to all government contractors that it is obligatory for them to keep proper accounts which must be opened for periodic inspection by the Auditor-General's Department. Contractors who fail to produce their books for such inspection will render themselves ineligible for awards to them of any further government contracts.
- (5) Further the Ministry, together with the Ministry of Works and Housing, should ensure that any contractor who bids for a government contract must not only show evidence of the possession of appropriate machinery and equipment for the work, but should also indicate prior arrangement for the maintenance of the equipment.
- (6) Government in an earlier budget statement directed that all major motor firms should establish regional maintenance depots and garages. Government has directed Ministry of Finance to pursue the implementation of this directive.

- (7) Some state organizations which are supposed to be self-financing continue to subsist on government funds without making any efforts to evolve meaningful programmes for their restructuring. It has been decided that all such organizations should submit to the Ministries of Finance and Economic Planning their programmes of operation for this fiscal year.
- (8) Government has decided that all Boards and Corporations which earn revenue but subsist on government funds should submit returns indicating their total earnings to the Ministry of Finance at the end of each financial year. In the meantime all such organizations are required to submit to the Ministry of Finance, not later than December 15th a report on their operations during 1977/78, showing their earnings on the sale of goods and services, the accounts into which such earnings were paid and disbursements made from them and for what purpose. Ministries and Departments which also produce and sell goods and services are expected to do the same. The report submitted shall be forwarded to the Auditor-General for examination.

OTHER ECONOMIC POLICY MEASURES

New Cocoa Producer Price

52. In recognition of the important role which the export sector, especially cocoa, has to play in the attempt to resuscitate the economy the Government has decided that the producer price of cocoa be increased by 100 per cent from 40 to 80 per bag of 30kg. Further the subsidies to the cocoa farmer in the form of insecticides and spraying machines will be retained. Government has also allowed the Cocoa Marketing Board for the construction of 'cocoa roads' an amount of £27.84 for every ton of cocoa shipped during the year. This amount is additional to whatever appropriations the Cocoa Marketing Board itself has set aside for construction of cocoa roads, and its disbursement shall be with the approval of the Ministry of Finance.

Export Bonus

53. The institution of the export bonus, which in effect amounts to a multiple exchange rate regime, was to act as an incentive to exporters. For with the over-valuation of the cedi and its attendant high rate of domestic inflation it was more lucrative to market goods locally than to export through official channels. With the adjustment in the exchange rate of the cedi however exporters will be earning more than twice in cedi terms for the same value of goods exported. It is the view of this Government that this is a sufficient incentive to exporters. It has therefore been decided that the Export Bonus on all products except cocoa, be reduced to 10 per cent.

Cost of Living Allowance

54. Again in recognition of the fact that major categories of employees of Government do not have formal wage negotiation procedures Government in its role as employer has decided to grant a Cost of Living Allowance to be assessed on basic salary net of tax and Social Security at the following rates:

- (i) 10 per cent for employees receiving not more than £6,000;
- (ii) 7½ per cent for employees receiving £6,000 but not more than £10,000;
- (iii) 5 per cent for employees receiving more than £10,000;

- (iv) Pensioners shall be paid 10% of their gross income per annum.

This is not supposed to be a general increase applicable to all though naturally because of Government's position as the largest single employer, it will serve as a broad indication of the extent of restraint needed in the circumstances.

The normal process of wage negotiation will continue in force subject to the employers' ability to pay and taking due account of the need for restraint.

CAPITALIZATION AND FINANCIAL NEEDS OF STATE CORPORATIONS

55. Developments in the capitalization of the state corporations have assumed such proportions that they now constitute a heavy burden on Government's budgetary resources. Two major factors account for this state of affairs, viz.:

- (a) lack of proper capital gearing in the instruments of incorporation in terms of Authorized or stated capital, and
- (b) the requirement that bank loans to the corporations be approved and guaranteed by Government.

56. The result of the non-provision of any capital structure—in respect of Authorized and stated capital—has been the heavy dependence on the Central Government without limitation as to the capital gearing for each enterprise or any standard of financial principles by which their loan portfolios could be controlled. Although Government adopted policy measures in the 1974/75 fiscal year to wean the corporations from dependence on government subvention and subsidies by requiring them to finance their operations through loans from the commercial banks with Government guarantee, the actual operation of these measures has been rather detrimental to Government finances.

57. As originally envisaged, the involvement of the commercial banks was intended to ensure proper application of the loan funds as well as financial control of the operations of the enterprises. With the proviso that loans to the Corporations should be approved and guaranteed by Government, the Commercial banks have shown little interest in policing the Corporations' operations or ensuring critical study of projects to which the loans are to be applied. This is because with a government guarantee the banks are assured of their interest income whilst no risk attaches to the recovery of the full value of their loans from Government under its guarantee obligations. Government has had in the circumstances to assume the heavy debt burden of the defaulting corporations. In some instance repayments have involved both accrued interest and the principal loan.

58. In order to relieve Government of such financial burdens and facilitate financial control as well as afford the Ministry the means to monitor their loan portfolios it has been decided that the State Enterprises Commission shall examine and recommend proper Capital structure or gearing for each of the corporations. This will in addition, enable Government to assess the return on its investment in each enterprise.

59. Government has therefore decided:—

- (a) to amend the instruments of incorporation of the State Corporations to embody provisions for proper capitalization in terms of equity and loan capital.
- (b) to remove the provision in the various instruments

making Government guarantee mandatory and as a pre-condition for the granting of loans by the commercial banks to the corporations.

- (c) to authorize the Ministry of Finance to float stocks or bonds in exceptional circumstances to finance the corporations on direct loan basis for which they will be required to assume the debt service burden.

60. Meanwhile, Government is examining the possibility of allowing private Ghanaians participation in some State Enterprises.

POLICY ON THE ESTABLISHMENT OF NEW INDUSTRIES

61. In 1976 the N.R.C. decided to establish an inter-ministerial committee at the Capital Investments Board for the analysis and appraisal of applications for manufacturing licences and to make recommendations to the Commissioner for Industries who is responsible for approving the establishment of new industries. The inter-ministerial Committee was constituted in January, 1977.

62. In the course of its work the Committee has realised that a considerable number of manufacturing enterprises are already in existence with combined installed capacity well above the normal requirements of the local market, and in some cases with a margin for the export market, provided the necessary inputs could be made available. It is however well known that the foreign exchange situation of the country has imposed unavoidable limitations on the ability of these establishments to produce at any appreciable level of capacity. In fact a large number of these enterprises are only operating at an average level of 30 per cent of capacity thus locking up valuable assets that could otherwise be productively utilised.

63. As part of the economic rationalisation exercise Government has decided that the licensing of new manufacturing enterprises be suspended forthwith to enable Government to review the existing industrial structure and take measures to correct the imbalance. Meanwhile Government has decided that application for the establishment of new industries will be considered only if they fall under any of the following categories:

- (1) Agricultural and fishing enterprises, including farming, processing and storage facilities;
- (2) Small-scale enterprises using local materials;
- (3) Export-oriented enterprises utilizing local raw materials; mainly
- (4) Development of local building materials, such as limestone, brick and tiles;
- (5) Foundry and Engineering works producing replacement parts.

INTEREST RATE POLICY

64. As part of the Government's overall policy to gradually rationalize the economy, an active interest rate policy will be introduced. It is quite clear that interest rates have substantially fallen out of line with other prices in recent years. With the rates of inflation experienced in this period and the very large profits to be earned through speculative trading, the proper function of the interest rate as an instrument to encourage savings and ration the demand for money and therefore assure its efficient use had become largely irrelevant. There was no positive advantage in saving; indeed since the value of money was declining by 10 per cent each month it was more lucrative to be a user of funds than to be a saver particularly at the going interest rates.

66. Accordingly the Government has approved the Bank of Ghana's proposal to review interest rates and introduce the necessary adjustments. The object of the exercise will bring interest rates as close as practicable to levels which will encourage savers and discourage speculative demand for money. Other forms of speculative demand for money will be restricted and monetary policy as a whole will be designed to reinforce the Government's priorities in various sectors of the economy. These measures will be announced in the Bank of Ghana's monetary policy to be issued shortly.

67. On the other hand vigorous efforts will be made to encourage savings from the public in order to reduce the budget's dependence on the central bank to finance the deficit. In this regard the Bank of Ghana is to institute new measures to make Government securities more readily available to both the non-bank public as well as to the commercial banks. It is hoped that with the combined advantages of better yields on Government investment and the security which the investments will offer to savers the public will find the new stocks attractive enough as instruments of savings.

THE DEVELOPMENT BUDGET

1. INTRODUCTION

68. Over the years, a large number of projects have been started all over the country which have not been completed and are likely to remain on the books for quite some time. While constraints such as input availability have contributed to this situation, it is also becoming clear that most contractors have far too much on their plate, in the sense that the number of contracts awarded them exceeds their capacity. This is evidenced by the fact that with almost every contract award, the contractors concerned approach the import licence authorities for allocation to import equipment, despite the criterion that the qualification for consideration for contract award is the possession of the requisite machinery and equipment.

69. High levels of expenditures, spread over a wide range of projects have failed to produce the expected results. Payments continued to be made for these projects without the corresponding work being done, with adverse consequences on the economy.

70. The strategy adopted this year therefore is basically to limit the Development Budget to relatively few projects which can be completed during the year and then proceed in similar fashion to complete others in succeeding years. This way at least the public will be able to make use of some of the facilities for which expenditures are being made. At the same time it is natural to expect that agencies and ministries as well as districts whose projects are suspended will feel unhappy about this new development.

71. In order to deal with this situation a special vote of about C50 million has been created. This will be administered by the Ministry of Economic Planning upon the recommendation of the Ministry of Works and Housing after vetting requests in respect of office buildings and accommodation that have been suspended or slowed down.

72. A vote of C20 million has been set aside, again under the Ministry of Economic Planning, to cover expenditures that have been incurred between July 1 and September 12 this year, on suspended projects. Contractors are obliged in their own interest and in the interest of effective implementation, to check with the Ministry of Economic Planning

the status of projects before continuing with further work, since no payments will be made for any work done after September 12, without proper authorisation.

73. Government views with concern the increasing annual expenditures on buses for civil servants. This concern is further aggravated by the uneven distribution among ministries and departments and the rampant misuse of these buses. It has therefore been decided that for this fiscal year, no new buses will be purchased for the Service. This is based on the observation that with proper rationalisation the existing fleet capacity is adequate. It has therefore been decided to pool all these resources under one body to serve the transport needs of the Service.

74. The present system of acquiring vehicles in general and cars in particular for the different ministries and department of the Civil Service and public boards and corporations leaves much to be desired. This is because, to start with, the allocations made to the different agencies may not reflect true relative need. In addition, even if they did, success at obtaining import licences and getting letters of credit opened and confirmed may again not reflect relative need. The offshot of this is the present situation in which the well endowed ministries end up with a far more comfortable stock of vehicles than warranted. For this fiscal year, it has therefore been decided to extract all the approved requests for vehicles, order them in bulk, subject to our foreign exchange limitations and allocate them on the basis of ascertained needs.

75. The discipline in public spending implied in these decisions will call for severe restraint. However, it is the firm intention of Government not to entertain any pressures for supplementary allocations, since failure to hold the line will lead to the worsening of an already critical situation.

Infrastructural Development in Residential Areas

76. Various sums of money have been given to the Tema Development Corporation, the State Housing Corporation and the Lands Department for the provision of infrastructural facilities in newly-acquired areas and in the estates. Development fees paid by property owners in these areas have been grossly inadequate to meet the full costs of development. Consequently, the Government continues to provide large subsidies for the development of these areas.

77. Moreover, the activities of the utility and construction agencies involved in the provision of these facilities have not been properly co-ordinated. Government has therefore appointed a Committee to examine all aspects of the problem and make appropriate recommendations. A special vote of £10 million has been provided under the Ministry of Economic Planning to cater for infrastructural development in residential areas.

Mass Transportation

78. In the provision of mass transportation, the Omnibus Services Authority will step up the rehabilitation programme for its fleet of broken-down vehicles during the year. To this end, Government has made the necessary provision for the purchase of spare parts for the repair work. In addition to that, an allocation of £10 million has been made for the purchase of Willowbrook and Neoplan buses and a second doubledecker bus to augment the fleet of the Omnibus Services Authority.

Use of Public Property

79. Government is concerned about the lack of adequate care and maintenance of public property with the resultant

rapid deterioration of such property and the need for frequent replacement. Consequently, Government has directed that a Unit be established in the Ministry of Economic Planning to examine this problem and recommend appropriate measures for implementation.

II. INFRASTRUCTURE

80. In terms of actual work done, the tempo of activity in this sector is slow. The major reason for this was the inadequate supply of building materials such as cement, iron rods, chippings and bitumen. Another was the low construction capacity by way of equipment and effective management. In spite of the slow growth, expenditure on construction increased remarkably. Among others, this was the inevitable result of the proliferation of projects and the award of contracts for projects some of which had not even been well designed at the time of tender. In addition, the lack of effective supervision and monitoring made it possible for expenditures to be incurred for work which had either not been done or been shoddily done.

81. Government intends to put a stop to this and will only pay for actual work done. Supervision will be strengthened and Government will take action against guilty contractors and colluding officials. It has come to the attention of Government that there is the need to re-design some projects to reduce costs. Buildings for schools, offices, workshops, etc. are often so designed that their functional use is lost. Government has directed the Ministry of Works and Housing to vet all designs especially those of new projects and to advise Government on areas where such savings may be effected without compromising the main objectives. To streamline this, all contract awards at the regional level should be submitted to an Inter-Ministerial Committee drawn from the Ministries of Finance, Economic Planning and Works and Housing for approval before work can commence.

82. As part of its efforts to reduce the high cost of construction, Government has directed that there should be a close scrutiny of consultancy charges. For this purpose, a Committee under the Commissioner for Works and Housing has been set up to examine the problem and to recommend to Government rates that would be applicable to consultancy.

Feeder Roads

83. A major problem in the development of an effective network of feeder roads in the country is that of maintenance after these roads have been constructed. There are several instances where feeder roads have had to be reconstructed after only three years because the necessary maintenance work has not been carried out. The periodic maintenance programme on the existing 5000 km. of feeder roads in the country is consequently to be strengthened. An amount of £4.4 million has been allocated for this. In addition to this Government has directed that all feeder roads in the heavy rain belt should be tarred. Adequate provision has been made to cater for this.

84. Hitherto, there has always been a block allocation for construction of feeder roads. Although some list of roads was kept it has been realised that in the course of the year various "new" roads have found their way into the programme. To prevent this and to be able to account for expenditures in this area, all feeder roads will be itemized and given allocations in the Estimates. For effective implementation

the inventory taking exercise which has been started by the Ghana Highway Authority will be accelerated so that a complete and exhaustive list can be completed in the course of this year.

85. In view of the importance Government attaches to the evacuation of cocoa and other farm produce, an allocation of C60 million has been made for the construction of some 8,000 kilometres of feeder roads. This amount is in addition to that provided under the Cocoa Marketing Board for feeder roads in the cocoa growing areas. In order to avoid duplication the Ministry of Cocoa Affairs will liaise with the Ministry of Works and Housing in this exercise. A special allocation of C1 million has been made for the construction of some 34 bridges in the feeder roads programme.

Trunk Roads

86. This year Government will spend about C75.5 million on the construction of trunk roads and bridges. Among others, high priority will be given to the Axim-Mpataba-Elubo Road, the Hohoe-Jasikan-Dodjapasse-Bimbila Road, the Kumasi-Sunyani Road, the Kumasi-Ofinso-Abofour Road, the Bawdia-Asankragwa-Enchi Road, and the Soronusi-Morno-Yapei Road. In the area of construction of bridges work will continue on those on the Ankobra, the Red Volta, the White Volta, the Bamboi and the Oti Rivers and, in addition, work will start on four new bridges. These are the Daboya, the Mishuo-Kpasimkre, Wiase and the Yagaba Bridges. An allocation of C4 million has been made for the rehabilitation of the Lower Volta Bridge—an important link in the Trans-African Highway—which has developed some defects. Government has directed the Ministry of Works and Housing to ensure that all efforts are made to complete the rehabilitation programme as soon as possible.

87. An effective periodic maintenance programme has been drawn up for trunk roads and their bridges. For this purpose, an allocation of C23.5 million has been made in the Estimates. The Ghana Highway Authority will be given the necessary support to enforce strict supervision of this exercise.

Water

88. The on-going effort to extend the supply of potable water to different areas will continue. Several major water projects have been started which when completed will constitute a significant step towards the attainment of this objective.

89. Work has started on the provision of water for the Techiman District, and the South Western District, which encompasses a large portion of the Nzema Area. To help solve the perennial shortage of water in the western part of Accra, contracts have been awarded for the construction of reservoirs at McCarthy Hill which will supply areas like Dansoman, Odorkor, Kaneshie and Mamprobi. The Upper Regional Water Programme was given a push with the grant of additional funds from the Canadian International Development Agency. In the current year more extension work will continue while a team will try to evaluate the success of the programme.

90. Even though extensions were carried out on a number of district projects for rural water supply, the near-drought situation made it necessary for Government to place indents for 70 water tankers. These indents are expected to arrive in the country this financial year. An allocation of C13.5 million has been made for this purpose.

91. In addition to the water tankers, an allocation of C4 million has been made to start drilling operations for 3,000 wells under a West German Programme. A further sum of C1.5 million has been allocated for the implementation of the UNDP/WHO designed rural water programme. A provision of C600,000 has been made to supply water to the Damfa Rural Health Project. In all, the Government expects to spend C61.6 million for the provision of water.

Transportation

92. The Government is concerned about the inadequacy of mass transportation facilities in the country, even though encouragement has been given to the private sector to operate in this sector, especially in the inter-urban haul. This inadequacy cannot be attributed only to the lack of spare parts and the superstructure. It is also due to the lack of management in the transport sector. Even with the available stock of spares, maintenance of vehicles has been woefully lacking. Recklessness on the part of drivers has been a contributing factor in the high rate of accidents on the road which has reduced the vehicular fleet.

93. In the case of urban areas, the situation has been aggravated by the fact that every individual public institution has tended to own a fleet of vehicles, which is idle for a greater part of the day. There is, therefore, the need to rationalize the provision and the use of official vehicles.

94. In the development of air-transportation, soil tests will continue at the Mampongten site which has been earmarked for a new airport in Ashanti. In addition, the resurfacing of the runway of the Kotoka International Airport will continue. The necessary pieces of equipment, such as crash tenders, navigational aids, and storm warning radar will be provided to ensure aviation safety.

95. Ghana will not gain the benefits of large expenditures on roads if the railway system is left to deteriorate. At the moment, a team of experts is working with the Ghana Railways on a rehabilitation programme to make the system play its useful role as a major bulk hauler. A C20 million loan will be made to the Ghana Railways to continue, with this rehabilitation programme.

Communications

96. Government is also aware of the problems facing the postal and communications development in the country, and, is taking steps to solve them. In the case of postal services a decision has been taken to finance the construction of post offices. To this end, an allocation of C1,270,000 has been made.

97. On telecommunications, continued efforts will be made to improve both the internal and external systems. An agreement has been signed with the African Development Bank under which Ghana will obtain the necessary resources for the implementation of its portion of the Pan African Telecommunications Link (PANAFTEL). The rehabilitation programme for the internal system will continue. Allocations have been made to provide a TV/Microwave Link between the north and the south, the installation of an automatic telephone and Microwave Link at Saltpond, and a distribution network at Elmina. The total requirement is C10.5 million.

(To be continued)

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