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Editorial

THE BUDGET - THE PRICE OF DICTATORSHIP

The budget statement for fiscal year 1978-79 issued by the SMC on September 12 is characterised by the type of candour which we had not seen in economic policy statements under the pre-5th July NRC/SMC. It is a frank admission of the colossal failure of the Acheampong government to put the economy right. In its candour, the statement is almost reminiscent of portions of a lecture in the "what-went-wrong" series; in parts too, it reads like an indictment by a completely new government against a preceding one it has violently overthrown for economic maladministration.

For the first time in several years we are now being told that the government itself has been largely responsible for the dizzy rate of inflation by senselessly increasing money supply to levels that have proved disastrous for the economy. The statement admits that whereas money supply rose by 20% per annum between 1960 and 1965; by less than 2% per annum during the 1965-69 period, and by less than 7.5% per annum under the Second Republic, it has been going up by over 80% per annum under the second military government. With the chronic and intolerable shortages, it was not surprising that with "too much money (most inequitably distributed) chasing too few goods", the cedi fell into total disgrace, with the value of money declining by 10% each month!

On reading the government's pathetic admission of failure caused by sheer recklessness, one is tempted to ask, where were all the economists and financial advisers? One must concede the point, however, that in November last year, the Governor of the Bank of Ghana publicly drew attention to the severe dangers posed to the economy by "some very sharp increases in money supply in recent years," and lamented the fact that "in two years, the money supply increased by over ₵1.0 billion at a period when neither agriculture nor industry showed any marked increases in output".

One possible reason why all the warning signs and strictures by the Governor of the Central Bank were ignored can be found in the nature of the government itself. It felt itself to be unaccountable to anyone, and had the added misfortune of being headed by a low-cost dictator who lacked the mental discipline and insight to appreciate the enormity of the problem. The sorry pass to which we have come now appears to be the price we have to pay for having tolerated for so long a dense, unreprensentative, unresponsive and corrupt dictatorship.

And one may well ask, what did the NRC/SMC have to show for this egregious economic mismanagement? We are all witnesses to the persistent decline in the living standards of Ghanaians as a result of chronic shortages of every conceivable item and to the fact that our industrial establishments have been operating well below capacity. The statement admits that the tempo of economic activity as measured by the

Real Domestic Product has been declining since 1974. We are entitled to a much fuller explanation of what really went wrong than the statement cryptically offers.

As regards foreign exchange earnings and reserves, the situation has been equally disastrous. By the end of 1976, the reserves stood at ₵48.7 million; by December 1977 the reserves position was in deficit to the tune of ₵71 million and a month later, that is, by January 1978 the deficit had increased to nearly ₵151 million. All this happened at a time when the international price of cocoa, our main foreign exchange earner, was fetching very high prices (it is currently around £1800 a ton).

The country is entitled to demand from the government a complete and comprehensive statement on how much foreign exchange has been earned since January 1972, how it was disbursed and who were the beneficiaries. This exercise is of crucial importance because if we fail to go to the roots of our problems, realistic solutions will naturally elude us, and we shall sink deeper into the mess.

The recent measures taken by the government to reduce the economic mess - the devaluation and the budget - are certainly bound to hit the general population hard, but even then not equally. For, those who helped and benefitted from this recklessness and mismanagement are the very persons capable of weathering any level of belt-tightening. The honest person on a relatively fixed income and the innocent worker or farmer who had nothing to do with the creation of this critical economic situation are being made to pay for the sins of commission and omission of an irresponsible dictatorship in the face of which they were hypnotised into impotence by mendacious propaganda and strident slogans, and in some cases by generous doses of bribery.

The situation is grave, and even explosive, but we would like to believe that with goodwill and determination on our part, and candour, discipline and probity on the part of the government, we may yet pull ourselves up.

In this regard, the appointment of an Economic Advisory Committee by the government must be seen as an encouraging step to bring some of the most level-headed, pragmatic and distinguished minds in the fields of business and economics to help in finding solutions to our almost intractable problems. It is a pity, though, that this high-powered Committee has been appointed only after the government has announced major financial policies, namely, the devaluation of the cedi and the budget statement. The Akans have a proverb which roughly translates as follows: "A person does not pluck the feathers of a bird and then ask another person to name it".

However, it is better late than never. We hope that the Committee's advice will be taken seriously and that its creation is not mere window-dressing or calculated to act as a buffer or a collective scapegoat to take some or all of the blame for further demonstrations of the type of crass mismanagement to which this country has been subjected for the last few years.

Economy

THE BUDGET AND THE ECONOMY

By

J. Ofori-Atta and K. Ewusi

A wit is said to have described a Minister of Finance as a legally authorised pickpocket. Indeed the fiscal measures announced in the 1978/79 Budget amount to more than picking the pockets of the Ghanaian public. The message of the Budget simply put is this;

> "Fellow Ghanaians, for the past six years your beloved government has grossly mismanaged the economy. The effect to this is that the country is broke and inflation is ravaging wildly. We therefore seek to repair the accumulated damage in one fell swoop. To do this we have taken three measures, namely
>
> (*i*) we have devalued the Cedi by a huge margin;
>
> (*ii*) we have jacked up all indirect taxes;
>
> (*iii*) we have also raised interest rates to unprecedented levels.
>
> The pill is bitter but the economy has to swallow it. We don't care very much who actually downs the pill as long as it is swallowed. Secondly we don't guarantee that the mistakes which brought us to this deplorable state will not be repeated. To start with, as much as half a billion cedis of planned expenditures will be financed by printing money. What the actual size of the deficit will be at the end of the year is anybody's guess".

This may sound a very uncharitable interpretation of the recent economic measures but anybody reading the preamble to the budget cannot resist that conclusion.

Three Recent Measures

Whether the nation will be able to absorb the burden of the budget without serious friction is a political question best left to the political weathermen. We merely seek to highlight some of the economic implications of the budget taken together with the other measures.

To place the analysis in perspective let us quickly review the August/September economic package handed down by the Ministries of Finance and Economic Planning and the Bank of Ghana.

Firstly, the Cedi was devalued by as much as 140% in terms of foreign currencies (August 25).

Secondly, in order to finance a capital budget of 1.5 billion cedis of which ₵90m is earmarked for development projects and to meet current obligations estimated at 3 billion cedis, production and expenditure taxes were raised all around in the budget. In particular the schedules of import duties and purchase taxes on vehicles have been revamped; excise duties on beer, spirits and cigarettes went up steeply; additionally the ex-pump prices of petrol have gone up by as much as 75% for the premium and 88% for the regular. As a sop the producer price of cocoa has been raised by 100% to ₵80.00 per bag of 30 kg. A graduated cost of living allowance (COLA) ranging from 10 to 5% assessed on basic salary net of income tax and social security contribution is to be paid to employees in the public sector. (September 12).

Thirdly, the above measures are reinforced by a restrictive monetary policy. The cash balances of the Commercial Banks with the Bank of Ghana have been frozen at the average levels which they maintained in the preceding twelve months. The lending rates of the Commercial Banks have been increased from 8½% and 12½% to 13% and 18½% per annum respectively. The savings deposit rate has gone up to 12% from 7½% whilst the various discount rates have gone up sympathetically. The Bank of Ghana will now lend to the Government at the penal rate of 14½%. (September 16).

The objects of these measures are to reduce the rate of growth of the money supply which in recent times has been allowed to overshoot the legal limits by an incredible margin; to improve the balance of payments and recoup exhausted reserves with allowance for debt servicing and clearing of arrears. The measures aim also to abate inflation and provide incentives for voluntary savings.

It is hoped that these measures would make a favourable impression on smuggling by the increased producer price of cocoa and by bringing the prices of Ghanaian goods more in line with those in neighbouring countries.

Price Controls

These objectives are to be secured per adjustments operating through higher prices, lower liquidity, restricted availability of credit and lowering of aggregate demand. Real incomes and real consumption would reduce, implying that the economy has been allowed to live too precariously beyond its means.

Laudable as these aims are the question is whether they can be attained within the short term. If not is it prudent to subject the economy to such a severe squeeze? Couldn't the burden be phased sequentially to allow time to monitor the impact of the various several measures separately before crowding them with more and more?

Secondly has the government the capacity to manage such a multiplicity of policy variables? That is the crux of the matter. The record of the government — plainly admitted in the budget statement — provides no grounds for optimism.

What is even more worrying is that the government has not as yet been able to resolve the crucial question of how to manage either domestic prices or imports. On the one hand the government appears inclined to allow domestic prices to find their own levels; on the other hand the government seems unable to decide whether imports should be liberalised or not. Trade controls plus freely determined market prices would certainly be a thoroughly bad policy mix.

The budget can then be meaningfully discussed only within the context of the package as a whole. The Budget reinforces the devaluation; the squeeze on credit and restricted liquidity in turn reinforce the budget.

Assuming away our doubts about the management capacity of the government (which cannot be assumed away) and assuming that the objects of these economic measures can be attained, (which is another doubtful proposition), the question to consider is how the burden is distributed — between the various income classes and between the private and public sectors in the scramble for resources.

The devaluation can be looked upon as a blanket tax—it is like a plague you can't run away from. However, its effects on prices will not be uniform. Prices will rise in proportion to the weight of foreign inputs in the final product and to the extent that domestic commodities substitute for imports. On the other hand, exporters will be overwhelmed by the sudden increase in their cedi earnings from exports. Manufacturers of import substitutes will find increased demand for their products. Distributors, wholesalers and retailers holding stocks will not resist the temptation to raise their prices to the higher levels—thus making considerable windfall gains at the expense of the consumer.

Increase in Cocoa Price

In general terms the devaluation will pinch consumers of imports. The higher income group and the urban population will be relatively worse off since imports and luxury items feature more prominently in their consumption than the rural population and persons in lower income brackets. Thus as a tax the devaluation could be regarded as progressive. Viewed as a tax on spending, it penalizes those who seek to appropriate for their consumption precious foreign exchange.

On the other hand the devaluation is going to put money in the pockets of exporters—principally firms in the mining and timber sectors and manufacturers of textiles and plastics for which we have built up considerable export capacity. Windfall gains will also accrue to undeserving speculators.

Devaluation may be good for the balance of payments and the government budget but it worsens income distribution.

The increase in the producer price of cocoa should be viewed as a consequence of the devaluation rather than as a budgetary give-away. The question is whether ₵80.00 per a bag of 30kg provides an adequate remuneration and whether it is enough to stop smuggling. A tonne of cocoa is fetching something like £1,800 in a rising futures world market. That works out to approximately ₵9,760.00 per tonne — yielding approximately ₵325.00 per bag of 30kg. At ₵80.00 per bag of 30kg this means that the cocoa farmer is paid approximately 25% of the potential value of his labour. The rest accrues to the C.M.B. and the government as operating expenses and tax revenues for the budget.

The cocoa farmer is the most heavily taxed person in Ghana. With a devaluation of 140% and an increase only of 100% of the producer price, the relative position of the cocoa farmer has **worsened** not **improved.** The tax on the cocoa farmer has **increased** not **decreased.**

Before the devaluation the cocoa farmer received ₵40.00 for a bag of 30kg. Converted into dollars he received $35 per bag of 30kg. After the devaluation the new producer price is ₵80.00 but that is only worth $29 in terms of the new exchange rate. Thus in terms of dollars the cocoa farmers is actually being paid **less** not more. His position is worse not only relatively but also absolutely. Now with the official dollar value of cocoa down the incentive to smuggle cocoa out of Ghana will increase not decrease.

The government has quite clearly dished out a raw deal to the cocoa farmer with money illusion. But if the government deliberately sought to cheat the cocoa farmer it will obviously end up cheating itself.

There is a strong argument for upping the producer price to at least ₵96.00 for the following reasons:—

(*i*) at least to maintain the relative position of the farmer if we still think he does not deserve better;

(*ii*) in the common sense recognition of the fact that it is not prudent to starve the hen that lays the golden egg;

(*iii*) in the national interest and for the benefit of the budget to reduce the rate of smuggling.

In plain language the monetary measures amount to an OVERKILL - the private sector is literally going to be drained dry of credit finance. And if the assumption is that by raising the cost of credit the government would thereby reduce its borrowing then the Governor of the Bank should know better. Unlike the private sector, government borrowing is not regulated by the cost of credit; it is regulated by the sense of discipline of the budget-makers and in a compensatory system by the needs of pump-priming. The tragedy of the Ghanaian case is that the government does not feel the need to bind itself to financial discipline. In practical terms restricting credit to the private sector but making it available to the government amounts to transferring real resources to the less efficient sector of the economy which implies inefficient use of scarce resources.

Cost of Living Allowance

The budget seeks to raise the effective rate of tax on imports and also on domestically manufactured goods. It seeks to do this in two ways: firstly by raising tax rates and secondly by converting specific levies to an **ad valorem** base so as to take advantage of the devaluation and price inflation in the country. Apart from raising revenue for the budget the effect of most of these taxes on market prices will be quite negligible because current prices are dominated by monopolistic pricing based on black market currency rates. Thus market prices are far beyond anything that can be explained by c.i.f. values. It is conceivable, provided the market can be flooded, that the price level could actually come down to a reasonable relationship with the devaluation and the revised tax schedules!

For the purpose of this article the more important features of the budget are the cost of living allowance (COLA) and the revised taxes on cigarettes and drinks, petroleum products and the restructured import duties and purchase taxes schedules on imported vehicles. The "cola" is intended as an income supplement. The other taxes are significant because they apply to sensitive products with rigidly controlled and standardised prices and which feature prominently in the cost of living of both high and low income classes. Shifts in the prices of petroleum products, for instance, have serious repercussions on the economy.

As an income supplement, the "cola" is an expensive joke. It seeks to pre-empt and limit wage demands within the narrow 5%-10% band. It is the SMC's version of an income policy. It would have been a legitimate instrument for controlling inflation but with the devaluation and high taxes all round and with the government refusing to make any contribution by balancing its own budget the moral basis for such severe wage restraint and self-immolation is very weak. Already wage claims up to 100% are being made. The TUC which supported Acheampong to bring the economy to its knees has suddenly rediscovered its strident vocal chords. Either in support of Acheampong or out of guilt for having acquiesced in economica--lly lynching the workers below, the government should brace itself for a TUC-led winter of wage storms.

Indirect Taxes

Paradoxically the "cola" has institutionalised the division of wage income into two parts - the taxable and non-taxable. Henceforth wage negotiations are going to be more complex and more difficult to resolve as most claims will lie against non-taxable income. If this should happen the government can only have itself to blame for setting a bad precedence. Wage claims will be more inflationary without benefit to the budget.

Indirect taxes are generally inequitable because they tend to hit the lower income classes harder. For instance, taxes that raise the prices of local foods, drink and tobacco, clothing, fuel and light and rent affect the lower income classes more than those in the higher income bracket because the weights of these items are relatively higher in the expenditure patterns of the workers and those at the bottom of the income ladder. On the other hand taxes that raise the cost of transportation and communication, education and recreation hit the higher income group relatively more. However, there is some built-in flexibility in the expenditures of the higher income group permitting considerable substitution in consumption in response to tax changes. The higher income group can also resist cuts in real consumption by drawing on their savings. The workers have more rigid consumption patterns. At the same time they cannot resist a reduction in real consumption except by going into debt. Most of them are already overburdened with debt anyway.

We conclude that the budget is inequitable in its incidence. It shifts the burden of meeting the bill for the reckless living of the government to the poorer sections of the community. The ramifications of the effects of the increases in the taxes on petroleum will be explosive.

A critical area affecting the cost of living and national productivity is transportation of goods and persons in Ghana. There is such an acute shortage of the means of transportation that the country is literally grinding to a halt. One would have expected the budget to recognise this national, bottleneck and to make a contribution. Unfortunately the joint effect of the devaluation and the budget measures is to aggravate the problem.

The various fiscal measures affecting the transportation sector are as follows:-

(*a*) **Purchase Taxes** - the schedules have been revised.

(*b*) **Import duties:-**

(*i*) Commercial vehicles - previous rates 35%; new rate 0%

(*ii*) Cars below 1300 cc - previous rates 3o%; new rate 15%

(*iii*) All Others - 35%.

(*c*) **Assessment Formula:-**

Formerly the purchase tax was assessed on the value of the c.i.f. plus the import duty; in the new formula the purchase tax is based on the c.i.f. value.

The joint effect of the devaluation, the revised schedules of purchase taxes and import duties and the new assessment formula on costs of vehicles **ex Tema** are illustrated in the Tables below.

Table I shows the effect of the devaluation and the new taxes on the cost of commercial vehicles.

TABLE 1
COMMERCIAL VEHICLES
(Cedis)

	c.i.f.	Import Duty		Sub Total	Purchase Tax		Ex Tema Total	% Increase
		Rate %	Amount		Rate %	Amount		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Pre-Devaluation	6,000	35	2,100	8,100	5	405	8,505	
Post-Devaluation	14,347	0	—	14,347	0	—	14,347	69
Pre-Devaluation	10,000	35	3,500	13,500	15	2,025	15,525	
Post-Devaluation	23,914	0	—	23,914	5	1,196	25,110	62
Pre-Devaluation	15,000	35	5,250	20,250	100	20,250	40,500	
Post-Devaluation	35,868	0	—	35,868	45	16,009	52,000	28
Pre-Devaluation	20,000	35	7,000	27,000	200	54,000	81,000	
Post-Devaluation	47,825	0	—	47,825	100	47,825	95,650	18

TABLE 2
NON-COMMERCIAL CARS ABOVE 1300 cc.
(Cedis)

	c.i.f.	Import Duty		Sub Total	Purchase Tax		Ex Tema Total	% Increase
		Rate %	Amount		Rate %	Amount		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Pre-Devaluation	6,000	35	2,100	8,100	5	406	8,505	
Post-Devaluation	14,347	35	5,021	19,368	0	0	19,368	128
Pre-Devaluation	10,000	35	3,500	13,500	15	2,025	15,525	
Post-Devaluation	23,914	35	8,370	32,284	5	1,196	33,480	116
Per-Devaluation	15,000	35	5,250	20,250	100	20,250	40,500	
Post-Devaluation	35,868	35	12,554	48,422	45	16,141	64,563	59
Pre-Devaluation	20 000	35	7,000	27,000	200	54,000	81 000	
Post-Devaluation	47,825	35	16,739	64,564	100	47,825	112,389	39

Table 2 shows the same exercise for non-commercial vehicles above 1300 cc. In each case col. I shows the amount of port-devaluation cedis required to purchase the same amount of foreign exchange. Col. 7 shows the effect of applying the purchase taxes and import duties pre-and post-devaluation. Col. 8 shows the extent to which the post-devaluation ex Tema (c.i.f. plus import duty plus purchase tax) price has gone up.

In both cases the joint effect of the devaluation and the new taxes has caused the ex Tema value to go up but by less than the extent of the devaluation. The extent to which the ex Tema values have gone up is less for commercial vehicles than for non-commercial vehicles but the increase in each case is significant to affect business costs. Paradoxically enough the more expensive vehicles are penalized less than the relatively cheaper ones. Vehicles with 1300 cc and vehicles costing less than ₵6,000 before the devaluation will all cost 94% more.

The implications of the figures for the supply of transportation are certainly unhappy. In the case of commercial vehicles business costs will go up considerably to the extent that transportation is a significant input. Taxi rates will have to go up to reflect the increased capital costs in addition to increased running costs. That applies equally to tro-tros and other passenger vehicles.

Cars will simply be out of reach of a good number of workers because of the high initial outlays. Loan financed deduction will be so high that the net pay packet will not be enough to purchase a month's petrol to run the vehicle.

Suggested Measures

The picture that is painted by the analysis is gloomy and we are convinced that the economy cannot absorb the real burden of the recent economic package. The budget is not only harsh, it has unacceptable inequitable features. Rather than revive the patient the over-potent medicine is likely to finish him altogether.

We recommend the following to the serious consideration of the government:-

1. The budget should be restructured to eliminate the deficit as a contribution to fighting inflation.
2. The inequitable features of the budget should be re-appraised - in particular we would recommend the withdrawal of the tax on petroleum products.
3. The producer price of cocoa should be raised to at least ₵100.00 per bag of 30kg.
4. The cost of living allowance should be abolished and proper wage guidelines substituted so that the budget can benefit from any wage adjustments.
5. The government should consider the adoption of a multiple exchange rate so that commercial vehicles and other productivity raising imports can be exempted from the devaluation.
6. Interest rates should be lowered; the credit squeeze should be relaxed substituting policy measures to channel credit into the priority areas.

Politics

GHANA IN CATHARSIS—1969-1978

I. THE DARK SPOTS
(1st Oct. 1969 to 13th Jan. 1972.)

By
Kwame Abaka Pobee

Let us start from where we left off because we were rudely interrupted. On January 13, 1972, the Ghana Armed Forces took over the administration of Ghana, basically as a corrective government. It was going to correct the economy, without party or any sectional consideration. They would govern solely according to the national interest. They were going to instil or restore discipline in the society. And it would hand over power to a civilian administration after the economic situation had been righted. It is important to have a proper perspective of the picture in Ghana in January 1972. We shall do so by painting a broad canvas of Ghana in January 1972 by highlighting the dark spots and the bright areas of the Progress Party Administration that took power to serve the nation in October 1969 for a period that turned out to be 27 months.

The "568 episode" left a bitter taste in the mouth. It is true a lot of informed argument went on before the decision was taken. It is true the P.P. government had the legal right to do it. One can understand if it had been applied to people in positions who could affect and effect policy formulation and policy execution. Ninety percent of the 568 could have been ignored. Yes the law was on the side of the Progress Party but the law can be said to be an ass sometimes. It has been said that it was aimed at the opponents of the Progress Party . If that was the case, it was a sad commentary on the Party with pretensions to individual freedom.

Aliens Compliance Order

Stemming from the 568 episode was the famous or rather notorious Sallah case. It is understood that the decision of the Government to fight the case was not lightly taken. Be that as it may, the political position of the Government after the judgement culminating in the "No Court" business invites a conclusion that did not do much credit to the then government, to say the least.

The levels of the salaries announced for the ministers and ministerial secretaries were politically unwise. When comparisons were made with those of British ministers, that was inept. Why not comparable salaries for Ghanaian labourers! The reasoning behind the Aliens Compliance Order was sound. Recent events confirm the innate wisdom and motivation behind the Order. Ghana had to start somewhere to develop its own entrepreneur class. The fact is that some white aliens took the Government seriously and marriages of convenience emerged, accompanied by a spate of naturalisations. The African aliens either through ignorance or belief that nothing would come out of it did not bother to sort things out. Came D-Day, and it appeared that it was the African aliens being expelled whilst the white aliens were not being sent away. The execution of that order also left bitter memories. Nigeria-Ghana relationship in particular reached an all time low even amongst personal friends.

For 27 months the ministers and the functionaries of the 2nd Republic were not in a position to declare their assets. The excuse of inability (or is it unwillingness to design the appropriate forms?) was a lame one and they knew it. It made it difficult to escape the charge that they wanted to amass wealth and property before declaring their assets. It was wicked propaganda, but they invited it upon themselves. Why were the local government elections not held? Was it because the administration's popularity was waning and they feared a licking at the polls? But that is the way it goes in mid-term elections in the United States of America and in the local government elections half way through the term of a British Government. The Progress Party Government missed a unique opportunity to help put local government on a firm footing. Local government has been one sad area of neglect in our national history.

The law to change the character of the Trades Union Congress raised enemies for the Progress Party. The change of the law was not really inimical to the interest of the state or the Trade Unions. History would well show that the spurious statesmanship and the studied apathy displayed by the TUC leadership in the historic events of July 1977 stemmed from a misinterpretation of the facts of the situation against the background of the Progress Party TUC Act.

Irrelevant Measures

The South African dialogue was irrelevant and an unnecessary dissipation of energy. From practical and selfish motives alone we did not need to engage them in dialogue. And if it was for the sake of the Africans over there, they did not want it, so why bother? It was really a monumental irrelevancy.

What happened to the Press Trust? Could somebody tell the nation why the P.P. government could not establish a Press Trust - an institutional plank to prop up the democracy that they were searching for? That rang a hollow bell about the search, as it did about the other notorious "search" of more recent vintage.

The economic measures adopted to solve the ills of the country necessarily created opponents and shook the foundations of the support of the Progress Party. The administration considered that fundamental economic measures were necessary fo the future good of the country. History would pronounce on the wisdom of a major operation to staunch the haemorrhage of a parlous and pallid Ghana rather than a series of minor operations. Certainly the case for the need of the operation was poorly made. But whatever it was, the state of the economy precipitated the intervention of the Ghana Armed Forces for the second time in the 21 years of the country's existence as an independent state. Maybe again history will have something to say on the disposition of the senior personnel in the Ghana Army at that time—an event that has left its own regrettable mark on Ghana. But to go back to the economic situaton, things were hard but we know now that it was child's play compared with recent economic experience.

In spite of all those dark spots and perhaps many more and despite the odds against the Progress Party administration, they were doing their best in their search for democracy and, according to their own lights, biulding firm and solid economic foundations for Ghana. But even more important was the political ambience of the 1969-1972 period. Freedom, that intangible thing to describe, was reigning supreme. It was not any old freedom. It was freedom with responsibility.

The National Assembly was functioning with a vigorous small band of an Opposition Party. The government party was having its local difficulties. There was freedom of speech and freedom of the press. There was a paper called the 'Spokesman' that must have been a pain in the neck of the Progress Party. It did a yeoman's service in the matter of the Wenchi house and the Odumasi Farms. It was not banned though there were stories of the premises of the 'Spokesman' being searched once or so.

Bouquets and Brickbats

The **Legon Observer** after August 1971 warned that the honeymoon was over for the government. It was not also popular with the government. That critical attitude of the **Legon Observer** is the belated answer to the charge that the intellectuals and professionals did not criticise the Busia administration whilst they spared no effort at criticism of the military in power.

It is important at this juncture to recall the general elections of 1969. They were conducted fairly and the results were a true reflection of the state of affairs, as the victory of the Progress Party was the political legitimisation of the 1966 coup d'etat. The poor showing of the Progress Party in the Volta Region was a tragedy as it tended to create a picture of animosity on ethnic basis. But the elections themselves and the policies of the party were not, at least, overtly divisive. Before January 13, 1972, there was an underlying unity and there was stability.

During the regime of the Second Republic the Armed Forces as an institution and the military men as an identifiable group of Ghanaians were respected. They had a reasonably good image.

This piece is not an apologia for the Busia administration. Indeed it can be said it deserved what came to it, and I do not mean the coup. They will be the first to accept that a government receives both bouquets and brickbats when and if it deserves them. But did these dark spots and the economic situation necessarily deserve a change of government at the time - 27 months after taking office when the fundamental law of the land had prescribed 5 years for them? And even if we needed a change was it really to be a Military Government?

Clearly in the days of constitution-making we should reflect on the political, economic and the social aspects of the 1969-72 regime, and if it is possible to do so with the "retrospectoscope," decide whether the dark spots were all that bad on the broader canvas of nation-building, namely, the setting up of a just society and the nurturing of the civilised life. These after all were and are what living on this earth is all about. I submit that in all fairness, the government of the Progress Party cannot be judged either way because it had no time.

This series of articles has been titled 'Ghana in Catharsis' because it is intended to clear our insides so we can take in new energising foods to set us on the road of national recovery. By being outspoken we will redeem ourselves from self-appointed redemptionists. Those were dark spots but there were areas of hope between August 1969 and December 1971. In retrospect the period that followed was a sad unnecessary misfortune as would be made clear by the application of the test of the Charter of National Redemption.

LESSONS IN NATION BUILDING - II

By

Agyare Koillarbi

Our biggest problem as a nation is not just how to repair the damage caused by Acheampong's interlude of corruption and ineptitude between 1972 and 1978 but how to prevent the recurrence of such a traumatic experience.

I believe an answer to this question to be more important because if we do not address ourselves seriously to the issue of how to prevent another Acheampong from emerging on the political scene, we will not have the peace of mind and the serene atmosphere to solve the abnormal problems created by his administration.

This is not to say that before Acheampong Ghana had no problems. There were problems, but they have been magnified and worsened by the peculiar and crude methods which Acheampong imposed on Ghana. Acheampong's methods were so unorthodox that even his sincere and genuine supporters had difficulty defending him publicly. He was so involved with the world of spirits that even to convince us to accept his Union Government, he had to import curious religious mystics like Mrs. Clare Prophet from southern California, noted in America for its production of religious cranks of all kinds.

Mrs. Clare Prophet's blasphemous and illiterate attempt to confirm General Acheampong's assertion of the heavenly inspiration behind the idea of Union Government led to the bizarre and farcical analogy between the idea of Union Government and the christian concept of the Holy Trinity.

Mrs. Prophet's speeches fortunately had the opposite effect. They confirmed the fears of many people that Union Government coming indeed from the spiritual world and revealed to only a few people was not in accord with reason and common sense. In the long run her speeches only sparked a serious debate as to whether Mrs. Prophet herself might not be a psychiatric case.

We must not labour under the illusion that it will not happen again simply because Acheampong has been removed. It will be recalled that after the 1966 coup many people swore never to allow dictatorship again. Yet it did not take more than three years after the hand-over to a civilian regime for the Republic to be saddled with another dictator whose greatest threat to the harmony of the Republic lay in the fact that he often confused the visions and fears of his illiterate mind with messages from heaven.

It is to avoid such tragic events that we must seriously reexamine our institutions and the general values of the citizenry. The big question then is how do we prepare against a repetition of the Acheampong era.

Naturally we have to begin with the Ghana Armed Forces. It is the one institution which must be held responsible for the tragic events of 1972 - 1978. Their initial crime against the Republic was to have chosen an almost illiterate soldier of barely any military distinction to head their government. Assuming that Army rule was necessary for Ghana at the time of the coup, it is rather strange that the Army as an institution could not put forward any of their distinguished and refined officers to head the government. Had that been done, we may have been saved many troubles.

Having put Acheampong on the throne they only watched while he played the game alone. The interesting thing is that even when he was playing his "one man show" he did it all in the name of the Army. This continued until the NRC disappeared and was replaced by the SMC. Everybody thought the collective involvement of all the service heads in government world ensure much greater sanity in government policies. But this was not to be.

Manipulation of the Military

The proclamation setting up the SMC rather worsened the situation by vesting executive powers in the hands of General Acheampong instead of the whole Council. It has always baffled people how the service heads at that time could have agreed to become part of a government in which executive power was vested in only one man. Again under the proclamation, the service heads were members of the SMC only as long as they retained their positions as commanders of the various services. Acheampong was the only exception and looking at the wording of the proclamation he could not be easily removed. No wonder he imagined himself the new Messiah. The army as an institution, particularly the senior officers of the forces, must bear the historical blame for allowing Acheampong to heap so much power upon himself to the detriment of the Republic. Though Acheampong's eventual removal may be a redeeming feature for the Armed Forces, it does not exonerate them from some of the atrocities committed on the civilian population.

The Ghana Armed Forces and Police Force under Acheampong gave every indication that they were prepared to carry out any orders, and they had no qualms about sending armoured cars to secondary schools and university campuses. Any army with this tradition and background of unquestioning obedience cannot protect freedom, democracy and puralism. It means that any time a commander of any important section of the Army feels strongly or even suspects that God has asked him to deliver, liberate or redeem Ghana and establish a novel system of government, all he would need to do is to give the orders and his men will seize the apparatus of government without the slightest regard for the electoral choice of the people.

The question, then, is what must we do to secure our democracy from such reckless military adventurism? There is a large body of public opinion today which favours dismantling the Armed Forces. This is not a wise proposition because the world is still too dangerous for a state to exist without an army. Our neighbour might be tempted to make territorial claims as Togo has in fact been already doing. We might also be subject to blackmail.

We do need an army, but something wholly different from the present military establishment. Instead of the present large standing army cut off from the civilian population, we may have to opt for a small standing army with a militarised population which can be called up for military service at any time the Republic is confronted with dangers.

The political advantage of having a militarised population organised on a militia system is that it exposes large numbers of the population to the art or science of war, thus breaking the monopoly of the skills of war by the standing Army. An Army which has to operate in a social milieu in which most of the adult citizens know the rudiments of war is bound to be careful since casualities can come from both sides.

Military Culture

Another problem of the Ghana Armed Forces is that the training of its members is almost purely confined to the physical aspect of war. Little effort is made to inculcate in the rank and file respect for freedom and human dignity. Experience in most parts of the world shows that a fine military culture can only be built with soldiers whose training combines knowledge of warfare with an ability to appreciate basic human and cultural values.

In addition to gaining professional efficiency, another advantage of upgrading the general educational level of officers and men in the Armed Forces is that they will not be too easily susceptible to misuse by ambitious commanders.

But education and military efficiency are not all at that go to make a fine military culture. The fundamental change which ought to be wrought in the existing military establishment is the command structure of the forces. No efficient army can be built without an effective command system. But such hierarchical command structure if not clothed in proper fine traditions can cause havoc and disaster for society.

That the Ghana Army under Acheampong was prepared to undertake with enthusiasm military action against defenceless and innocent sections of the population is an indication of the one-sided obedient military culture which has developed here. There is always something wrong with any army which enthusiastically carries out orders against its own civilian population. The true and real army is such that when ordered to carry out brutalities against its defenceless population it immediately murmurs or threatens to mutiny. Thus prior knowledge by the senior officers that their men will not obey commands amounting to crimes against their own people will deter them from even giving such criminal commands.

To safeguard future pluralistic institutions in Ghana the army of the Third Republic must be bathed in the multiple culture of obedience and respect for pluralism. The rank and file of the forces must be vigorously educated not just to obey their senior officers but to respect the traditions of freedom, tolerance and resistance to political violence. The Acheampongs of the world do not come with pamphlets. They emerge with guns. The Maoist dictum that power comes from the barrel of the gun is the political reality, however bluntly and crudely stated. And if we want freedom then we must be prepared to fight for it.

Thus it is absolutely imperative that this nation must shed its girlish attitude of yielding to the smallest display of violence, with the high ministers of the Republic rushing to give themselves up at the nearest police station upon an announcement on the radio that the constitution has been suspended. We must learn to resist violence with counterviolence. The Akan tradition of "giving everything to God" (Fa ma Nyame) has so influenced Ghanaian culture that it is sapping the initiative and manhood of this nation, leaving in its trail a nation of effeminate souls ready to surrender to anybody on any terms at the slightest intimidation. No wonder Acheampong stayed on for over six years. He could have stayed on for another ten years if he had played his cards carefully and if he had not fallen victim to his overweening ambitions

Necessary reforms in the army apart, the surest guarantee of our freedoms lies in the civilian population. The importance of the professional strike is that it has unlocked a new power house as a counterweight to the professional arrogance of the military.

Civil Disobdience

The professional bodies may contribute their lot to the protection of freedom by encouraging their members to adopt as part of their code of ethics a rule to the effect that the practice of their professional skills shall be dependent on the existence of a government freely chosen and elected by the people of Ghana and a scrupulous respect for basic human rights. If this were done, it would be difficult for any group of people to use violence to throw out a lawfully constituted government or detain people arbitrarily since that would immediately bring them into conflict with all the important professional groups in the country.

The workers have a major contribution to make to the struggle for freedom but I strongly believe there is a limit to what the workers may do because the absence of well funded and finacially independent unions does not make it practically possible that our workers can endure any confrontation beyond a month. Thus for some time to come it is only the professional classes who can afford a protracted struggle to save this nation from totalitarianism. But the workers should start organising to carry their share of this important civic burden.

But whatever one may say about the effectiveness of the withdrawing of services and other non-violent methods of political action, in the long run when the chips are down democracy, freedom and pluralism must be defended by the sword. Those who believe in freedom must learn to go beyond writings and legal processes because the enemies of democracy like Acheampong come with the sword. The Ghanaian attitude of avoiding bloodshed at all costs even in the face of obvious nonsense is becoming suicidal. No wonder our government can afford to feed us with yellow corn meant for poultry and get away with it. We must develop a tradition of resistance to oppression and political arrogance as part of our national culture. When the enemies of freedom take up guns our only choice should be the very weapon of the aggressor.

It is of course a virtue that we are a peace loving people but that virtue becomes a vice when we choose peace at any price. If we want to build a great democratic nation then we cannot avoid the occasional use of violence to protect our freedoms. To choose otherwise would be to invite more Acheampongs and Amins.

Despite our present problems, I believe that this nation has a historic destiny to strive to take a place by the middle of the next century in the front rank of nations noted for solid achievements in science, literature and artistic creation. My only fear is that unnecessary military intrusion in the political arena will plunge this nation into perpetual turmoil and confusion and thus deprive us of the stability and peace needed to fulfil this historic destiny.

Education

PROBLEMS OF ACCOUNTANCY EDUCATION IN GHANA REVISITED

By

Ato Ghartey

Education and training of professional accountants in Ghana has attracted the attention of almost every Government that has come into power in Ghana. Unfortunately, however, most of these efforts have resulted in a waste of human resource, public and private funds, frustration and confusion, and led astray some very intelligent, talented and capable young Ghanaians who with well planned training and education programmes, tuition, encouragement, guidance, and properly planned and organised professional examinations, could have been very successful and prosperous professional accountants.

Hitherto most of the decisions concerning the education and training of accountants in Ghana have been taken at the absolute discretion and convenience of the Government in power or through committees appointed by the Government or the Institute of Chartered Accountants in Ghana. The general public have almost invariably not been kept informed, consulted or encouraged to participate in or contribute to the decision making. Yet, most of the decisions taken in this respect affect the general public.

It is surmised that the main source of failure of previous efforts is that the recommended systems of training and educating accountants in the country were not subjected to reasonable public discussion and evaluation before inplementation.

Another major source of failure is that most of the previous recommendations have been prototypes of the traditional systems of training accountants in the United Kingdom without making necessary adaptations to suit our local environment and constraints.

The Government, the Universities, the accountancy profession and other interested parties are still groping for avenues for improving the supply of qualified professional accountants to help manage the economy.

Present Qualifying Methods

Thus, in order to avoid some of the mistakes made in earlier efforts and trials, it is proposed that the general public be well informed of major changes or proposals made affecting the training and education of professional accountants in Ghana. Also, active discussion and views must be solicited from the public before a decision on a new system is taken, tested and implemented on innocent young Ghanaian citizens.

The current avenues of qualifying as a professional accountant in most of the English-speaking world include:

1. Serving articleship for a minimum period of three years with a recognized practising firm for candidates with University degrees and for five years for candidates without university degrees; and preparing for the professional examinations during the period of articleship mainly through private tuition and correspondence courses, e.g. of the British Institutes and most of the former British colonies in Africa and elsewhere;
2. Going to school full time or on a sandwich basis, passing the professional examination and serving articleship for a minimum period of three years, e.g. A.C.C.A. and I.C.M.A. in the United Kingdom;
3. Obtaining a university degree and taking a review course through the University or otherwise for the professional examination and serving a prescribed period of articleship after passing the professional examination, e.g. most state C.P.A. Institutes in the United States of America;
4. Obtaining a university degree and serving articleship for a minimum period of three years and during the period of articleship preparing for the professional examinations:
   (*a*) Through evening or part-time courses organized by Universities nominated by the professional institute and taking the final professional examinations administered by the professional institure, e.g. Canada;

(*b*) Through courses organized by the professional institute in liaison with practising accounting firms and taking the final professional examinations administered by the professional institure, e.g. Australia.

The first two methods above have a very serious deficiency that is shared in varying degrees by the third and fourth approaches. Each of the following groups: Examiners (the professional institutes, tutors and lecturers) and students seem to live in completely different worlds. Almost invariably all the professional institute does is to prepare the syllabus and set, grade, and administer the examinations.

Most of the syllabuses prepared are models of professional ambiguity and sometimes impossible to guess their boundaries or to assign reasonable interpretations to their content. Thus, both the student and the lecturer cannot do much but attempt to guess the scope and interpretation of the syllabus.

The only feedback the tutor and the student get from the examiner (the professional institute) are the Examiners' Report and, of course, the student's result slip to indicate whether he passed or failed the examination. What constitutes a pass mark or satisfactory performance and what accounts for the phenomental high rate of failure at most of these professional accountancy examinations still remain a mystery to most candidates, tutors and, perhaps, the professional institutes themselves.

In Ghana the problem of inadequate communication between examiners, tutors and students is further aggravated by the following among others:

1. Absence of educational institutions specially provided with adequate facilities to help students prepare for the professional examinations, e.g. full-time tuition, or evening or part-time courses to help students prepare for the professional examination;
2. Absence of suitable local corespondence material and other educational facilities;
3. Scarcity of suitable or up-to-date text books and professional journals, pronouncements and other publications;
4. Where the candidate is preparing for a foreign examination, reliance on obsolete correspondence materials and sometimes lack of appreciation of foreign cultural and environmental subtleties that characterise most of the foreign correspondence material and textbooks;
5. Apparent lack of co-operation between the Universities and the professional body;
6. Absence of a sufficient number of private practising firms with adequate facilities that can provide satisfactory incentives and training for students;
7. The high demand for semi-qualified accounting personnel to occupy positions which otherwise would have been occupied by qualified accountants provides attractive job offers to students and thus acts as a disincentive to students to persevere and complete their examinations;
8. The highly uncertain outcome of the student's sacrifice of his youthful enjoyment, time, money and other opportunities and realising after at least five years of frustration that he has to make a fresh start to train in some profession other than in accountancy.

In view of the foregoing it should not be surprising that most of the previous efforts for the training of accountants that did not make satisfactory adjustments and adaptations to suit our local constraints and environment did not achieve much success. And, perhaps, this is one of the major reasons why the training and education of accountants in Ghana has lagged behind the training of other sister professionals in the country.

The current supply mechanisms for the provision of qualified professional accountants in the country needs a complete overhaul and replacement. However, in that endeavour the following statement by Littleton and Zimmerman should be the guiding principle:

"The past is somebody's exceprience, our own or that of other people, and knowledge of that experience — its hopes, errors, failures, and success — can be useful when **skillfully focused** on contemporary problems." (emphasis mine.)

A subsequent article will outline a new perspective for the education and training of accountants in Ghana.

Observer Notebook

RE-CONFISCATION OF RESTORED PROPERTIES

The recent decision of the SMC to re-confiscate the immovable properties of Krobo Edusei, A. E. Inkumsah (now deceased), K. Amoa-Awua and J. E. Hagan which had been returned to them by SMCD 126 raises a few questions.

The properties were confiscated by the State under NLCD 354 as a result of adverse findings made against them by Aseets Commissions appointed by the NLC after the 1966 coup. Under NLCD 354, K. Amoa Awuah forfeited three houses, Preko four, Inkumsah four, Hagan one, and Krobo Edusei twenty-three. In addition they were required to pay specified sums to the State : Amoa-Awuah ₵662.94; Preko ₵59,258.53; Inkumsah ₵39,466.23; Hagan ₵5,330.25 and Krobo Edusei ₵277,744.88

Under SMCD 126 all the immovable properties of Amoa-Awuah, Preko, Inkumsah and Hagan affected by NLCD 354 were returned to them while seven of Krobo Edusei's twenty-three were retransferred to him. (Incidentally under another decree, SMCD 125 made and published on the same day as SMCD 126, all the immovable properties of one Emmanuel Cofie Ashley affected by NLCD 400 were returned to him).

The five people were not the only persons affected. Other Decrees e.g. NLCD 400 dealt with other persons against whom adverse findings had been made by Assets Commissions.

The questions which arises is why were these five people (and Ashley) singled out for special favours by the Government? Was the decision Acheampong's alone?

The impression has been created that the decision to return the properties to the five people was made by Acheampong alone. For instance the **Daily Graphic** of September 18, 1978 speaks of a "restoration order by the former Head of State". This is not correct. The "restoration" was made by decree, SMCD 126. Under NRCD 360 which established the SMC, the Chairman of the Council alone could not exercise the legislative powers, i.e. enact a decree. The supreme legislative power was vested in the SMC as a whole and not in any individual, not even in the Head of State. So it must be assumed that SMCD 126 was passed with the knowledge and concurrence of the whole SMC or a majority thereof. Or are we now being told that this was another act in the "one man show"?

Whatever might have prompted the original decision to restore the properties to Krobo Edusei and others it was a good thing that the reconstituted SMC reversed the earlier decision by SMCD 180. If the restoration had been allowed to remain it would have defeated the whole purpose of the Assets Commissions. Since the 1966 coup, Ghanaians have insisted, (when they have had an opportunity to do so) on high standards of integrity and honesty in public officers; and that no such officers should be allowed to retain ill-gotten assets. Hence the Assets Commissions in 1966 and 1972, the confiscation of ill-gotten assets by decrees, Articles 71 (2) (d) of the 1969 Constitution, the requirement in that Constitution that all Ministers and Parliamentarians should declare their assets and current suggestions that all public officers above a certain rank should declare their assets.

While we welcome the decision to reconfiscate the properties of the five people, we do not think those who bought Krobo Edusei's restored property should be made to suffer. The Attorney-General is reported to have said that "the government was only concerned with the affected property and would therefore confiscate them from all those who are currently in possession notwithstanding the terms they entered into with Krobo Edusei. The Attorney-General, however, said that is was up to those who acquired the property from Mr. Krobo Edusei to advise themselves on what action to take against him" (**Daily Graphic** 13th September 1978).

This attitude would be correct and fair if it can be shown that SMCD 126 was null and void **ab initio**. In that case Krobo Edusei would have had no title to convey. But was SMCD 126 null and void? This will be extremely difficult to prove. Unless it can be shown by cogent evidence that the decree was not an act of the SMC it must be accepted as a valid law. If it was valid, title to the properties concerned were revested in Krobo Edusei, in the words of the decree, "with effect from the commencement of this decree without any further assurance other than this decree and free from all encumbrances whatsoever arising out of the take-over of these properties by the State". (The decree was made on 12th August, 1977 and published in the Gazette i.e. took effect, on 19th August, 1977). Krobo Edusei was at perfect liberty to transfer this title and those who purchased the properties also acquired title to them and not mere possession.

In reconfiscating them from these purchasers the State is in effect expropriating the property of innocent purchasers for value (unless the government can show they were not innocent). They are not likely to succeed against Krobo Edusei because most probaby they cannot prove any defect in his title. They therefore stand to lose whatever they paid for the properties. And who is to blame? Kutu Acheampong's SMC.

We think these purchasers' case deserves more careful consideration than the Attorney-General seems to have given to it. The Attorney-General's attitude seems too casual and cynical. After all he was in office when SMCD 126 was passed. Can he tell us what was improper in the enactment of SMCD 126?

THE T.U.C. AT WINNEBA

THE Second Quadrennial conference of the T.U.C. at Winneba must raise some doubts about the health of the congress. It is true everything seems to have gone smoothly. Mr. A. M. Issifu was re-elected Secretary-General by 140 votes to none. Apart from Mr. Baiden's walk-out there was apparently little opposition to the report and policies of the leadership. The conference passed resolutions on transportation, the Prices and Incomes Board, the government's housing policy; it also vowed to oppose any wage-freeze and called for a socialist government for Ghana.

The Secretary-General also explained why the T.U.C. did not support the professionals on their confrontation with the government last year. He is reported to have said they rejected an invitation to join the professionals in their call on the SMC to hand over power "because the move was only aimed at removing certain personalities in authority and not at removing the fundamental evils ruining the society".

"The Congress rejected the move also because the T.U.C. did not consider it radical enough or justifiable to implement a decision in which it did not participate . . . " (**Ghanaian Times** 21/9/78).

This is a very interesting explanation. Of course the main objective of last year's confrontation was to get the military to hand over power because it was thought it was only when a free democratic society was established that organisations like the T.U.C. could campaign against and possibly bring about the removal of "the fundamental evils ruining the country." In any case one of the fundamental evils ruining the country was Acheampong's inept leadership and gross mismanagement. And that was why the professionals demanded his resignation. It is surprising the T.U.C. did not appear to realise this.

If, on the other hand, the T.U.C. realised that Acheampong was ruining the country what did they do on their part or on their own to get him to resign? Nothing so far as the public knows. Indeed during that sad period in our history the T.U.C. affiirmed its support for the government and denounced the professionals. They did everything to discourage workers from backing the professionals. It was not until May 1978 that in conjunction with the Ghana National Associaion of Teachers (GNAT) and the Civil Service Association the T.U.C. at last dared to tell Acheampong in a letter of the plight of the workers and the difficulty the three organisations were finding in holding their members in check. At that time Acheampong's government was nearly dead.

The reason why the T.U.C. did not support the professionals was because it supported Acheampong. One can understand why. He resurrected the T.U.C. and gave it financial support after its quick demise following the Industrial Relations (Amendment) Act 1971 (Act 383). Acheampong also increased salaries and wages considerably, some will say with reckless abandon. But these actions of Acheampong should not have blinded the Congress to the fact that by 1977 the haemorrhaging inflation had wiped out any benefits that workers might have got from these wage increases and that the economy was in shambles. In fact, this year's budget statement admits that "the value of money was declining by 10% each month"!

An example of the T.U.C.'s support for Acheampong is the Congress's stand on Unigov. It supported Unigov but demanded a socialist government. How the T.U.C. expected to get a socialist government in Ghana without an opportunity to organise a socialist movement or party only it will know. May be the T.U.C. did not appreciate the contradiction between a no-party Unigov (or National Government) and a socialist movement.

We believe that a conference once in four years is not good or healthy enough for an organisation which regards itself as democratic and always accountable to the rank and file. Time was when the Congress met more often. What has happened?

The T.U.C. should not be complacement. The Congress covers less than 10% of Ghana's total work force. The members of the National Unions live mostly in the urban industrialised centres in the country. The Congress is hardly known in the rural areas. Yet in those parts of Ghana there are tens of thousands of workers—farm labourers, employed fishermen, and many other categories of workers who are unorganised and often exploited. Such big blocks of workers as teachers and Civil servants are outside the Union. So are senior staffs even in unionised work places. We venture to suggest that the old concepts of trade union membership enshrined in the Trades Union Ordinance is outmoded and should be changed.

ABUSE OF THE FORM T.5?

A major aim of the currency laws is to prevent the illegal importation and exportation of currency. One way of ensuring this is to require persons entering Ghana to declare at the port of entry any currency they have on them. This is done on Form T.5.

It does, however, appear that this declaration provides a loophole for rogues to illegally import or export foreign currency in or out of Ghana. The method used appears quite simple. The declaration made on the Form T.5 is not verified. So the declarant can declare any amount of money in any currency or currencies as the money he is carrying into Ghana. Thus a traveller can declare that he has on him at the time of entry U.S. $200,000, £50,000 sterling, 3,000,000 CFA Francs, 150,000.00 French francs, 100,000 DMs and so on.

Once in Ghana he can collect from friends or other persons any amount of foreign currency falling within the amounts declared. This, if he is not a Ghanaian resident, he is entitled to take away because such a person can take away with him any amount of currency he brings into the country.

It is believed that in this way large amounts of foreign currency are taken out of this country.

The only way to stop making the T.5 declaration a mockery or, what is worse, a cloak for illegal exportation or importation of foreign currency is to verify such declarations. This can be done at the time the declaration is made or, if this is likely to take too long to do at the time of arrival, by asking the declarant to appear before a bank on the next banking day for a check; and also to check against the T.5 declaration any amounts being taken out of Ghana.

In any case the Bank of Ghana should follow up declarations. How many persons resident in Ghana have ever been asked to produce for conversion into cedis the foreign currency on them and declared when they arrived back in Ghana from a foreign visit?

CORRECTIONS

1. In our last editorial, L.O. X, 2, page 26, the figure 40% in paragraph 2 column 2 should read 74%. The error is regretted.

2. In the same issue, the name of the author of the article entitled "On Busses and Books" beginning on page 43 was inadvertently left out. The writer was Daphne Herward. Our apologies to her and to our readers.

Letters

CURBING ROWDYISM IN SPORTS OR "UNISOC"

SIR—The Kumasi Sports Stadium seems to be witnessing a lot of violence lately: the incidents which led to the tragic death of a number of sports fans when the stadium walls collapsed is still under investigation; readers will also recall the violence which erupted at that same venue during the match between Asante Kotoko and Cape Coast Mysterious Dwarfs on 27th August, 1978. The Chairman of Dwarfs was kind enough to catalogue for us in an Advertiser's Announcement (**Daily Graphic** of September 12), the trials and tribulations of the visiting team.

The Commissioner for Sports is apparently very much agitated about these developments. He has threatened to close down any stadium which is the next scene of violence; in fact, the Kumasi Stadium has since been closed down. At least one of the dailies has editorialized on the wisdom of this policy. It is all very commendable. All patriotic citizens should be concerned about violence and we should spare no effort in eliminating violence in all its forms from the society.

Come to think of it, it is amazing how nobody (including the Commissioner for Sports and editors of the dailies) seems to have thought of applying to soccer a violence-free formula with which we should all be familiar by now. Patently, if soccer in Ghana is in any trouble, it is the result of the importation of a foreign game which we insist in playing in the same way it is played in the country of origin, the business of having two opposing teams each determined to beat the other playing against each other does not suit the Ghanaian temperament; and the fact that in a league match the winner takes all two points is no less a source of acrimony.

So why have teams at all? Why two goal-posts when one would do? Before a game starts all who care to play should be made to stand 100 yards away facing the single goal-post. At the blow of the whistle the ball should be kicked among the assembled players in brotherly co-operation towards the single goal-post until with one united endeavour the ball is ushered into the goal. Soccer without teams, that's it!

Why has it not occurred to anyone that this might well be the solution to the "bitterness" and "rancour" that we see in football lately? Besides this would be our own home-grown version of the well known game. Let's call it Union Soccer or "Unisoc" for short. It is guaranteed to succeed and they will sure come from lands afar to study it. Support "Unisoc"! Let's give it a try!

University of Ghana — Ebow Daniel
Legon.

HOW NEW IS THE 'NEW' S.M.C.?

Sir,

Since last July, Lt. Gen Akuffo's S.M.C. has been variously described as 'new' 'reconstituted' and 'present' S.M.C.

Obviously this is being done to potray a break with the Acheampong-led S.M.C. But a close analysis of the composition, aims, name and spirit of the S.M.C., shows that the tag 'new' is deceptive and has some 'ifs' and question marks surrounding it.

For example, if three of the members including its leader belonged to the 'old' body; if the S.M.C. still supports the idea of a non-party system of government by proposing a no-party "Intergov" (Interim government); if the S.M.C. as the sole legislative body cannot even change its name, dissolve itself and infuse some "civilian blood" into the legislative organ before July, 1979 then how does the S.M.C. merit the tag "new"?

With all due respect if Gen. Akuffo really believes in his 'one-man show' charge, then there is no reason why 'his' S.M.C. cannot offer Ghanaians anything new apart from devaluation and the release of those detained after the March 1978 referendum.

Abuakwa State College, — K. Agyei Asare
Kyebi. E/R.

THE BUDGET, DEVALUATION AND THE CITIZEN

SIR - Not being an economist, the intricacies and financial wizardry that went into computing the international value of my hard earned cedi rather escapes me. One day we are told that the cedi was being floated in order that it may find its international level. It never really floated; it was sinking with regularity. Then as if the rate of sinking was not fast enough, the "Salami devaluation" was changed to a catastrophic 140% cedi/dollar devaluation.

The government did not show the requisite decency and respect to the Ghanaian populace by making a formal ministerial announcement with the proper reasons and justifications adduced. The announcement came as a news item. This major national decision, a decision that would cause the collapse of quite a number of honest businesses, a decision that would have caused the collapse of many an elected government, this decision was treated in such a cavalier fashion that one wondered at the implied insolence.

Before we could regain our balance from the seismic throes of the devaluation, a budget was presented, again at a press conference, telling us that we are broke, that we have no foreign reserves, that we are grossly in debt, that we have to tighten our belts, that we have to buy petrol at ₵3.50 a gallon instead of ₵2.00, that diesel oil was now ₵2.00 a gallon instead of ₵1.00 and that I have a cost of living allowance of 5%.

By a stroke of the military pen, I am being told that my life savings are reduced to a third of their value and that whatever expectations I may have of improving the quality of my life, however modest, I should forget. I should be thankful if I can make ends meet, which I doubt.

But why should all these things be? We have a right to know. Why should Ghana be broke? No one has told us, but we must know. I have worked hard all my life. I have toiled for whatever cedi I have earned or saved (and believe me it does not add up to much); why must what little savings I have be now worthless?

Is it because a few soldiers and their cronies, a few senior public officers and not a few unscrupulous businessmen, both Ghanaian and expatriate, have fed fat on what rightly belongs to all Ghanaians? We have a right to know.

It is no use the "re-constituted S.M.C." telling us that this is the present position and we should now start from here. We will not and must not accept such facile diktats. If Col. Oklah, Commissioner for Finance, and Dr. Abbey, Commissioner for Economic Planning, on behalf of the S.M.C., want Ghanaians to co-operate and help pull up this country by its boot straps, then they have more serious work to do than they appear to have done so far.

As a matter of national house-keeping we want to know:—

1. What our foreign indebtedness was from the years 1972 to 1977;
2. what foreign exchange we earned each year from 1972 to 1977;
3. how we spent that foreign exchange;
4. what licences were issued, to whom and for what (these must be published);
5. what letters of credit were opened by the Bank of Ghana, for whom and for what;
6. do customs invoices tally with what goods should have arrived in Ghana;
7. how much was expended on military hardware, and was all the money really spent on military hardware?

What is surprising is that most of the people who have contributed immeasurably in getting us into this economic mess are still strutting along the corridors of power, comfortably cushioned by their recently found wealth. Not much appears to have changed.

The S.M.C. has stated publicly that they are not interested in witch-hunting. Are they afraid of disturbing the hornet's nest? Does that statement imply that those who have raped the country are being left to get away with it? Or is it because a lot of soldiers and other military personnel are involved?

If the S.M.C. is to maintain any credibility then they must break their self-imposed silence on how the country sank into this economic abyss. We the people of Ghana have a right to know. Publish the facts so that we can assess and face up to the difficulties. And take actions which demonstrate unequivocably that the S.M.C. means business. We have had enough of rule by threats and exhortations.

Univ. of Ghana Medical School, Accra. — C.O. Quarcoopome

DISCIPLINED PEOPLE

SIR—When military men are posted to civilian establishments it is envisaged that discipline will be instilled into these places, resulting in increased productivity.

No doubt, there are one or two places which can claim to have improved after military intervention. Looking round, however, one sees a rather massive breakdown in the administration of those establishments after 'disciplined' men in khaki were posted there.

Who can now claim to be disciplined—the soldier or the civilian? Is discipline not a state of mind? Does it reside in military barracks only? The present economic situation of the country is enough to show Ghanaians how disciplined the military government has been.

If the SMC insists on quitting politics, its members should leave without arrogating unto themselves the right to choose a type of government for us.

Lagos. — Kwabena Sunkwa Agyekum

WEALTH PURCHASES PARDON IN OUR COURTS?

SIR—It was not on the front page, so you may have missed it; but I didn't . I was quite upset, indeed purturbed, to read that;

> "In Ghana it is common knowledge that wealth can even purchase from the law courts pardon for past and indulgence of future crime. (E. Marquaye: Daily Graphic, 30/8/78, p. 5)

This is a statement which admits of no ambiguity and must cause concern to all who believe in justice in the land. In fact, I think the Judiciary must get the author to substantiate this sweeping claim or withdraw it; unless of course, it happens to be true. If it is, I am scared stiff. What will be the fate of the poor before our courts?

In the reign of Edward II (1307-27) when bribery and corruption were rife on the English Bench, a popular song complaining of the venality of judges, blessed good judges but said that most judges, at that point in time, were seduced away from their duty by money. Until 30th August, 1978 when I read the piece quoted above, I had held the view that this style of life did not exist on our Bench.

I am still waiting to read some reaction to Mr. Marquaye's article from the appropriate quarters; in the meantime, I continue to sing another Edwardian song which runs:

> "Blessed are those judges who hunger and thirst after justice and who recoil with loathing from injustice; whom neither abundance of gold nor the trappings of the rich can seduce from the strait and narrow path or make needless of the cries of the poor. They decide justly and do not alter the law in order to favour the wealthy."

P. O. Box 10621 Accra North — George Ofori

SIMPLER LANGUAGE, PLEASE

SIR—You are cheating us. Please stop. The **Legon Observer** is not an academic journal but a newspaper for all to read and understand. Therefore, use simple language. Also, stop filling the paper with academic essays like the one on Devaluation versus Devaluation.

Be honest, how many people do you think understood Jones Ofori-Atta's 'heuristic terms', 'elasticities of supply' 'growth-devaluation nexus', 'induced inter-actions', 'graduated increases in wages', 'volte face', 'par excellence, and 'per se'?

F. J. A. Kamara

School of Journalism & Communication, Legon.

Editor's Note: The point is well taken.

'THE UNKNOWN STUDENT'

Sir, — I suggest we erect a monument at the Black Star Square dedicated to The Unknown Student.

I have not the temerity to suggest, as indeed some have suggested, that this monument should replace the one currently at that site dedicated to The Unknown Soldier — because no soldier, known or unknown, has ever fought for the people of this country. But I think the students deserve some monument.

Lintas Ghana Ltd. P. O. Box 449 Accra — Opia-Mensah Kumah

ANCIENT HISTORY IN SECONDARY SCHOOLS

SIR—Most educationalists would agree that examinations are a mixed blessing. They encourage the pupils to work hard and the teachers to teach well, which is good, but they also encourage a nasty mentality among some pupils who refuse to be interested in anything that they think is not on the syllabus.

The remedy would appear to be, put plenty on the syllabus. It is a good thing that there is, for instance, a general paper for advanced level. A further improvement that ought to have been made long ago would be to put Ancient History on the syllabus for O-level. Ancient History, so far from being irrelevant to Africa, is nearer to it than is the history of Elizabethan or Georgian England, as Legon students found to their surprise when they began to study it seriously.

But pupils at school who have not found this out wonder why they are being taught it when it is not an O-level subject, and a reminder that it is studied at Legon or is a subject for London A—level does not inspire them, being rather remote. It is time that it was brought nearer to them.

Ancient History also happens to be a good thing in itself, not only something that is relevant to something else. It is the history of people who did interesting things, made beautiful things, dressed beautifully, invented science, democracy and all sorts of things that we think so very modern. So the sooner it is made an O-level subject the better.

Box 6288 Daphne Hereward
Accra North.

ARE THESE QUESTIONS NECESSARY?

Sir — One comes across the following questions when one is asked to complete an Income Tax Return Form in relation to the individual's marital status and personal particulars (reference page 2):

1) Are you Single?
2) If Single: *a*) Do you have any children?
   b) Do you have other dependants?
3) If married: *a*) Do you have any children?
   b) Do you have other dependants?
4) Are you the only support for your children?
5) Are you the only support for your other dependants?
6) Does anybody else contribute to the support of your (*a*) children, (*b*) other dependants?
7) If "Yes" give the following information about those who contribute: Full Names and Addresses; Relationship to you; Amount furnished ₵; Contribution other than Cash ₵......

Question 9 seeks answers regarding particulars of one's children and other dependants in educational institutions, and actual expenses incurred in their education during the year.

These questions seem to suggest that the information is required by the Commissioner to enable him to reduce the financial burden of workers and the hardships involved in maintaining children and dependants both at home and in educational institutions, but it appears that this is not the case. Why then should the Commissioner take the trouble to ask these questions.?

I am therefore calling on the Commissioner of Income Tax, in the name of equity and fairplay, to come out to tell us the purpose and usefulness of these questions to the applicant and the nation.

His explanation will enable us to put the correct interpretation on the mystery surrounding his Income Tax assessment.

Kweku Ewool

House No. Y.124,
Yamoransah

PERCENTAGE OF DEVALUATION (2)

SIR—In his article entitled "The Realities of Devaluation" J. B. Abban calculates that the recent devaluation of the the Cedi is "a little over fifty-eight per cent (from $1=₵1.15 to $1=₵2.75)."

I do not know how he arrived at his figure but my calculation puts the percentage rate of devaluation at just over 139%. A devaluation of 58% would have moved the exchange rate to the dollar from ₵1.15 to ₵1.82.

E. N. Omaboe Associates Ltd.,
P. O. Box 6251 *Nana Wereko Ampem II*
Accra.

SIR— The article entitled "The Realities of Devaluation" gave the mistaken impression that the present devaluation is only "a little over fifty-eight percent." Indeed it is as much as 139.1% by our calculation if the base is taken as $1.00=₵1.15 to $1.00=₵2.75.

Name and address supplied—**Editor**

Editor's Note: This is the explanation. Before the August devaluation, ₵1.00 was equal to $0.87. Devaluation brought the exchange rate down to ₵1.00 equals $0.36. The difference of 51 cents (87-36) expressed as a percentage of 87 cents gives exactly 58.62068. Dr Ofori-Atta's article in **L.O.**, X, 2, page 27, gave the percentages of the rate of devaluation as seen in both dollar and cedi terms.

CAUSES OF INDUSTRIAL DISPUTES

SIR—Permit me to comment on the Notebook article in **The Legon Observer** of 1st September, 1978 on the Industrial Relations Act, 1965. It is not the death of the Act that accounts for the recent spate of strikes in Ghana, although one must admit that the procedures for resolving industrial disputes under the Act are cumbersome and time-consuming. For this reason workers become too impatient to subscribe to rigidly laid-down procedures in matters of principle and in times of what they see as an emergency.

The recent strikes are, to my mind, a reminiscence and a dramatisation of the industrial relations situation after the 1966 coup and during the administration of the Progress Party. Whereas during the period 1960-65 there were 69 strikes involving the loss of 38,271 man-days, during the period 1966-69 there were 161 strikes involving the loss of 86,795 man-days whilst there were 137 strikes for the 1970-71 period which involved the loss of 140,102 man-days. The corresponding figures for the period 1972-76 were 124 strikes with the loss of 26,959 man-days.

It seems to me that whenever a free atmosphere is created some workers use that as a licence for the outburst of protests in the form of strikes sometimes on minor grievvances, although it is not being suggested that there should be curtailment of the basic freedoms of the individual. But more importantly, the type of relationship existing between the government and the Trade Union movement at any time determines the frequency of strikes. Thus, there were fewer strikes in 1960-69 because of the alignment of the Trade Union movement with the ruling C.P.P. The laissez-faire stance of the NLC encouraged unprecedented strikes. The business interests of people in authority who were antagonistic to a strong Trade Union movement during the P.P. regime resulted in a disharmonious and turbulent industrial atmosphere.

Diversity of interests in human affairs is inevitably linked up with conflicts and that such conflicts in the industrial scene would be occasionally expressed in strikes and lockouts should be accepted as a fact of life and as occupational hazards. The remedy does not lie in legislating against strikes and lockouts; it lies in the effective and expeditious use of the machinery for resolving industrial disputes.

Hall of Trade Unions P. B. Arthiabah
Accra.

SUSPENSION OF "REDEMPTION HOUR"

Sir—Our elders have informed us that GBC Television has decided to cancel further broadcasts of "Redemption Hour". The reason, they say, is that public reaction to the programhas been very critical.

I agree that GBC has the right to decide what programmes to put on the air and also that GBC should listen to and be guided by public opinion. But is the voice of a vociferous minority not being confused with public opinion?

It is possible that not everybody agrees with our religion or mode of worship. But are we not entitled to air time if we are prepared to pay for it, as we have been doing? Half an hour a week cannot be taking too much of the time for other programmes.

GBC, please reconsider this harsh decision.

Osu New Estates, Kofi Kumi-Mensah
Accra.

The Arts

GHANAIAN LITERATURE IN THE USSR

By
Yuri Kovalenko

Several years ago I had a chance to listen to Atukwei Okai when he was reciting his poems. This was in Moscow where he was studying at the time. The poet spoke of his Motherland which had won independence and of his people filled with a resolution to do away with age-old backwardness inherited from colonialism. I was carried away by the passionate character of his poetry.

That meeting was only a hasty one, but I remembered for a long time the poet's tall and slim figure and his cheerful smile. Recently I reread the life-asserting poems of Okai, full of optimism and love for his native country as they have been published in Russian translation in the book "African Poetry" put out by the Moscow publishing house "Khudozhestvennay Literatura".

The volume **African Poetry** is not the only book from which the Soviet reader can acquaint himself with the literature of Ghana. In 1972-1977 Moscow publishing houses alone published, in Russian translation, the work of Ghana's poets and writers of prose, as well as Ghana folklore (included in collections of African literature) in a total circulation of over half a million copies. Besides this the works of these authors are published in the Soviet national republics in the languages of other peoples of the Soviet Union and also in periodicals.

Between the Soviet Union and Ghana there exist friendly relations of many years standing. To my mind common traits can be found in the historical fates of our peoples. The Soviet people for the first time in history started the building of a new socialist society. Ghana was the first among the colonies of tropical Africa to achieve political independence and to start on a course of independent development. The Soviet state has accumulated great experience in solving problems of socio-economic development which Ghana has to deal with after many years of unrestrained imperialist exploitation. Ghana supports the struggle of the Soviet Union against all forms of racial oppression and conducts a peaceful foreign policy.

The works of Ghana's writers help Soviet people to understand more profoundly the feelings and thoughts of the Africans, the diverse life of modern Ghana and its recent past. However Ghana's literature, in the first instance, remains a thing of aesthetic artistic value. The reading of fiction and poetry is an integral part of the cultural life of Soviet people who have a lively interest in the best works of foreign literature. A true lover and connoisseur of poetry draws great satisfaction from the late Michael Dei-Anang's poems which, to my mind, demonstrate the self-assertion of an African who has thrown off colonial fetters and is building a new life.

Not only the poetry of Michael Dei-Anang and Atukwei Okai are published in the book **African Poetry** but the creative works of 16 more Ghanaian poets are also included. Each of these masters has his own unique manner and disposition. But they are all united by the main theme: the free citizen of Ghana who has started a creative life full of faith in a better future.

Faith in its main character, the working man of Ghana, is also characteristic of Ghana's prose which can be read in the volume **Modern African Short** Story put out in Russian translation by the "Progress" publishers. Kwabena Annan, E. Essuman, Ama Ata Aidoo and Kofi Awoonor depict the Africans' everyday life in a realistic way. The writers' sympathies lie with their characters, common inhabitants of Ghana, and therefore there is no pessimism in the stories.

Soviet readers, brought up on the realistic works of Russian and Soviet writers, can easily understand the creative work of Ghana's fiction writers who strive in their short stories (literary genre chosen by them) to respond quickly to the events taking place in the country and to convey the atmosphere of the formation and creation of Ghana's society.

The optimism of the poets and prose writers of Ghana has its roots in African folklore, a beneficial soil which nurtures modern Ghanaian literature. One can see this for oneself from the original anthology of African, including Ghanaian, folklore published in Russian in a volume entitled **Tales of the Peoples of Afeica** put out by the publishing house "Nauka".

The myths and tales of Ghana included in this collection reflect the national traits of Ghana's people and create a kind of moral code for the citizen of Ghana. The people praise bravery, honesty, love, cleverness and deftness and ridicule such human faults as cowardice, meanness, stinginess, stupidity and laziness. Such an attitude to human virtues and faults is typical of the tales of Soviet people as well.

Tales about animals are some of the most popular in Ghana's folklore, the same as of the folklore of the peoples of the USSR. Acquainting himself with the various adventures and tricks of the mischievous "Ananse", the hero of Ghana's folklore, the reader involuntarily draws a parallel with the Fox, a personage of Russian folk tales, who, owing to his cunning and cleverness, is always the victor in the most diverse life situations. Ananse and the Fox personify people, and their age-old faith in the victory of good over evil.

Faith in happiness and the triumph of justice has helped the inhabitants of Ghana to preserve and increase their unique cultural heritage that has become part of world civilization.

The books mentioned in this article are only a part of the work done by Soviet publishing houses in editing the best works of Ghana's prose writers and poets in Russian translation and in translations into other languages of the peoples of the USSR. The acquiantance of the Soviet reader with these works of fiction and poetry promotes a further development of the mutual understanding and consolidation of cultural ties between the peoples of the USSR and Ghana.

Matters Arising

OFUATEY-KUDJOE ON NATIONAL GOVERNMENT — A REJOINDER

By Kobla Phillips

The case for a multi-party system has been very brilliantly put by Prof. W. B. Ofuatey-Kudjoe in your issue of 15-18 September. It has been an exhaustive exposition from every conceivable angle and we all owe this eminent political scientist a debt of gratitude for this illuminating exercise.

I was one of those who dared to appear before the ad hoc committee which gathered views on the Union Government concept. At that time, I was assailed by an oppressive sense fo doom hanging over our country. Our laws were being visibly subverted, and the ad hoc committee, I thought, offered an opportunity to put forward my own views on the proposal as an outlet for the conflict raging inside me.

I expressed very strong views for a form of National Government which would exclude political parties. I also made it very clear that I rejected totally any form of institutional representation of the Armed Forces in Government. The Armed Forces are "tools" of the executive arm of government, and it was inconceivable for the "tools" to join their wielder to direct affairs of the state.

Those Ghanaians who have sojourned abroad for very long periods may have no knowledge of the type of politics that is being practised back home.

Prof. Ofuatey-Kudjoe may not know that this country is irreconcilably split between adherents of the CPP on the one hand and adherents of the PP on the other. And what is more, most people in this country are convinced, and some would go so far as to say, that they know for certain that the 1966 coup d'etat was masterminded by stalwarts of the P.P. and the 1972, coup d'etat was engineered by the party hacks of the CPP.

In perspective, the First Republic was a despotic dictatorship and the Second Republic was characterised by rank vindictiveness.

So what is the choice facing this country to-day? To return to the old conflicts or forge something new for experimentation? This explains the reason for some of us advocating a form of government that would be national in character, and for want of a better name we are currently identifying it as "National Government."

With our past ever before us, not a glorious or proud or reputable one, the reconstituted S.M.C. has a very difficult task as to what political system to adopt for the country. It has since decided rather arbitrarily to impose a four year cooling off period in which a form of National Government would run and regulate the affairs of this country. Fortunately, just at this time press freedom has been restored, the **Legon Observer** has re-appeared and in association with the **Standard** and **Pioneer** so much enlightened discourse has appeared in these worthy journals all unmistakably unanimous on the restoration of the multi-party system.

It will be dangerous in the extreme for the SMC to insist upon imposing a four year cooling off period when the arguments against it are so convincing, practical and enlightened. This is not a matter of retreat or defeat for the SMC but it is sound commonsense to review its stand on the matter.

My own view is that if there are some Ghanaians who would rather have a "National " form of government they should be able to form a party and take their case to the electorate. A name like "The Party for National Reconcilliation" would sound right since the name National Government lends itself to various interpretations. Their manifesto would tell the public what programme they intend to pursue, and on that alone they will be accepted or rejected.

The S.M.C. should, in its own interest avoid making itself a willing scapegoat for any future failure or miscarriage of political life in this country. Of course we hope for success this time having had too many failures in the past.

It is no false claim to say that the 1969 constitution is still relevant, barring a few modifications here and there dictated by our recent experience.

NOTES ON CONTRIBUTORS

K. Ewusi, Associate Professor at the Institute of Statistical, Social and Economic Research, University of Ghana, Legon.

J. Ofori-Atta, Senior Lecturer, Economics Department, Legon; Dean, Faculty of Social Studies; Deputy Minister of Finance under the Second Republic.

Agyare Koillarbi, Private legal practitioner, Accra.

Ato Ghartey, Lecturer, School of Administration, Legon.

The Budget

BUDGET STATEMENT 1978/79

GENERAL DEVELOPMENTS IN THE ECONOMY

1. INTRODUCTION

The major objective of socio-economic development must be the improvement of the welfare of the people. This is usually seen to be attainable through economic growth and the equitable distribution of the benefits of this growth in an environment of political stability. The dynamics of the interaction of these intermediate objectives themselves, coupled with the effects of external and natural influences require that policies should be reviewed periodically to ensure that the implementing agencies remain on course towards the desired objectives.

2. In Ghana, as in most countries, the main objective is not in dispute. A combination of policies based on political pressures, tardiness and reluctance to review policies even when they have been found to be ineffective or harmful has led to unnecessary retardation of growth in a country, which by all accounts, is well endowed with both natural and human resources.

3. A review of the economy as judged by the major economic indicators shows that, at present, the economy is in an extremely critical condition. Inflation as measured by changes in the Consumer Price Index has rapidly risen from less than 10 per cent per annum in the early years of this decade to a current rate of over 100 per cent per annum for the past financial year. The tempo of economic activity as measured by the Real Gross Domestic Product has been declining over the period since 1974. The external accounts are grossly out of balance, with the best estimates showing that reserves are at a very low level. Clearly not all the factors responsible for the present state of affairs are within the control of Government. For this very reason, it is important that those factors within the control of Government be so manipulated as to enable us to reduce the harsh consequences of the other control on the welfare of Ghanaians.

II. INFLATION, MONEY SUPPLY AND THE BUDGET

4. The greatest challenge facing the economy is how to control inflation. Inflation has been defined in simple terms as 'too much money chasing too few goods'. Thus, in terms of overall demand management, a healthy relationship must exist between the stock of money and the availability of goods and services in the economy. When the stock of money increases at rates that far exceed those of the Gross Domestic Product over a long period, the disequilibrium expresses itself in price increases or pressure on foreign reserves or both. This has been the case in Ghana especially in recent years. At the same time, because the distribution of the growing stock of money is not uniform over the working population, it is not surprising that many well-meaning Ghanaians, who have found their own disposable incomes rising rather slowly if at all, fail to recognise the true causes of the inflation we have been experiencing.

5. Given our high dependence on imports and our inability to shield the economy from the hazards of climatic changes, control of inflation must mean *control of the money supply*. In more specific terms this means, control over Government borrowing from the banking eystem especially the Bank of Ghana. In making this statement, note is taken of other sources of growth in money supply, but it is not idle to concentrate on Government borrowing, since credit to Government over the last four years has on average accounted for more than 70 per cent of the overall monetary expansion. The other major source of growth in money supply, i.e. credit to the private sector, has not risen as far as credit to Government. In any case the quantity and quality of this type of credit can be manipulated more readily by policy instruments like interest rates and selective credit controls by the Bank ot Ghana.

6. Analysis of the changes in money supply and the underlying factors shows that changes in net credit to Government from the banking system, especially, the Bank of Ghana to finance Budget deficits went up from ₡17 million in 1973 to ₡781 million in 1977. It also shows that as the size of the Budget deficit continued to expand so did Government borrowing from the Bank ot Ghana. Furthermore, over the last five years more than 70 per cent of every Budget deficit has been financed by the Bank of Ghana resulting in the injection of substantial amounts of new money into the economy.

7. The same analysis shows that the credit guidelines prepared by the Bank of Ghana for Government borrowing from the banking system have been thwarted by unplanned expenditures and shortfalls in revenue collection with consequent serious divergences of actuals from the estimates. In the 1976/77 financial year for example actual credit to Government from the banks was ₡719.2 million and exceeded the projected limit by over 500 per cent. 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 ₡735 million which was more than the record of ₡719.2 million reached for the whole of the 1976/77 fiscal year.

8. Between 1971 and 1977 the money supply rose from an average of ₡280.6 million to ₡1,761.1 million—an increase of ₡1,480.5 million or over 500 per cent. Crudely expressed on an annual basis, the average rate of increase over this period was more than 80 per cent. This situation may be compared with increases of less than 7.5 per cent per annum in the period of 1969 to 1971, less than 2 per cent per annum in 1965 to 1969 and about 20 per cent per annum in the first Republic 1960 to 1965. Clearly the rates of increase in money supply over the 1971 to 1977 period and therefore of over all liquidity have been excessive. This was especially so between 1974 and 1977 when the money supply rose from ₡581.1 to ₡1,761.1 million.

9. In contrast to the high rates of increases in the money supply of recent years the Bank of Ghana Act, Section 22, implies that increases in money supply above 15 per cent per annum are imprudent and perhaps even harmful to the economy. Although the Ministry of Finance was aware of the need for restraint in budgetary expenditures, for a number of reasons it was unable to reduce the deficits in the Budget and therefore the need to borrow massively from the Bank of Ghana.

10. It is normal to expect some surplus from the recurrent side of the Budget to partially finance the development budget. Indeed until recently, this was the case in Ghana. In the last three years, however, the situation has so deteriorated that on the basis of provisional out-turn for the 1977/78 fiscal year, total revenue was not adequate to meet the remuneration bill alone. Indeed the figures show that the overall deficit was over ₡2.0 billion which is roughly equal to the total expenditure for 1976–77.

11. The high rates of inflation experienced since 1974

have been reflected in the growth of expenditures, even though revenues have failed to reflect same. The reason is that in a system of controlled prices, declaration for tax purposes cannot be expected to reflect actual conditions, and income earners are encouraged or even forced to resort to deliberate tax evasion. The resultant budget deficits have reached a level which has necessitated a serious review. Accordingly, this year's recurrent and development budgets have been pruned down to levels that are consistent with the running of an efficient civil service and the need to avoid excessive borrowings from the banking system and its attendant inflationary pressures.

III. FOREIGN EXCHANGE AND THE EXCHANGE RATE

12. According to information available in the Bank of Ghana, significant successes were achieved in the management of our external accounts in 1972 and 1973. As a result of these, the net foreign exchange reserves of the country climbed rapidly to about ₵235 million at the end of calendar 1973. As a result of the Oil Crisis of late 1973 and the substantial slippages in the 1974 import programme the country ended up with such a large deficit that the net foreign exchange reserves dwindled to a paltry ₵20.8 million at the end of 1974. It may be recalled that on September 20, 1974, Government took the unusual step of declaring all unutilised licences as of that date to have been halved. In spite of this the year ended with near record deficit.

13. Some improvement was recorded in 1975. The con tinued injection of excessive liquidity into the system arising from severe budgetary imbalances, and the inadequate supply of goods however created strong inflationary pressures in the economy in 1976. The prevailing inflationary conditions showed in increased demand for imports which put the country's balance of payments under considerable strain. Thus, by the end of that year the net foreign exchange reserves position stood at ₵48.7 million and by December 1977 the external accounts showed that the reserves position was in deficit to the tune of about ₵71 million, and by Ja nuary 1978 the position had further worsened to a *liability of nearly ₵151 million.*

14. In addition to this precarious foreign reserves position, the nation had accumulated short-term debt obligations estimated at the end of April 1978 to be ₵403.4 million.

15. These short-term obligations constitute a serious drawback on our attempts to obtain credits and loans and to attract private capital into productive sectors of the eco nomy.

16. The exchange rate is the price at which the cedi exchanges for other nations' currencies. Until June 1978 this rate had remained fixed. But as a price for foreign exchange it has to be varied from time to time to reflect prevailing economic conditions.

17 The weak balance of payments position and the critical foreign reserves position are clear indications that at the old exchange rate, Ghanaians were demanding more foreign exchange than could be supplied through our export earnings and other foreign exchange receipts. Ordinarily a constant review and adjustment of the exchange rate as an act of conscious policy to reflect the underlying situation would have been the case. Until 19th June, 1978 however Government did not find it possible to do so.

18. Meanwhile an active unofficial market had developed. While on the official market the cedi was equivalent to U.S. S0.87 on the unofficial market individuals sold the cedi for between U.S. $0.12 to U.S. $0.14. This meant that in spite of the law, dealers recognised that the cedi had lost value and were therefore prepared to sell it for foreign currencies at large discounts. Clearly the problem of smuggling is demonstrably intimately related to the existence of these two markets for foreign exchange.

19. As part of the package of measures to return the economy to normalcy, appropriate changes had to be made in the external value of the cedi. Initially, in order to make the adjustment less painful, the cedi was allowed to slide gradually downwards. Among other reasons, this was to enable the financial managers to keep an eye on the course of the adjustment, the interaction with other measures, and effect on the economy. The cedi was devalued in terms of the U.S. Dollar from ₵1.15 to ₵2.75, on the 25th of August.

20. In the short-term some difficulties are to be expected. The demonstration of our determination to effect sound economic management should, however, revive confidence in the viability of the Ghanaian economy. As a consequence we can expect to generate the necessary foreign exchange resources to increase supplies and ameliorate the situation. For example, on the export side, the fact is that prices of our export commodities are determined on world markets and are not affected by the exchange rate of the cedi—indeed they have not been affected by the devaluation. This means that in cedi terms all categories of exporters can now expect to earn more than before. Therefore the incentives we are giving to the export sector should as we expect lead to increased productive activity in that sector. It may be argued that in the immediate term the expected increased production may not materialise. However, with reduced levels of smuggling of cocoa and other exportables together with good harvests, our foreign exchange earnings can be expected to rise. In any case, there is no gainsaying the fact that we are setting the stage for increased foreign exchange earnings in future. For, it is an established fact that Ghanaians react positively to incentives. It is also to be expected that with the devaluation, there will be a considerpble shift away from imported goods to domestic substitutes. This in turn should serve as an incentive to increased domestic production especially in agriculture. Success in this will result in the easing of the pressure on foreign exchange resources.

21. As part of the package of measures being taken to restore the economy to normalcy and in support of the adjustment of the external value of the cedi, appropriate fiscal and monetary policies have been adopted. The fiscal policy measures are spelt out below together with the policy on interest rates. Other monetary measures are expected to be announced by the Bank of Ghana shortly.

FISCAL POLICY MEASURES

22. The main thrust of fiscal policy in what will follow is to create reasonable surplus on current account to partially finance the Capital budget and to keep the overall deficit within prudent limits.

23. The original proposals on non-debt recurrent expenditure submitted by Ministries, Departments and para-statal bodies which depend on government subventions amount to ₵2.6 billion. This is roughly 90.6 per cent above the original provisions made for the preceding financial year. If expenditure on financial services (i.e., social security employers' contribution, pensions and gratuities, and interest on internal and external debt) is added total draft recurrent expenditure comes to ₵3.2 billion.

24. Viewed against Government expected revenue at existing rates of tax of ₵1.6 billion the level of total recurrent

expenditure would leave a current account deficit of ₵1.6 billion. If account is taken of the anticipated expenditure of ₵900 million on development project, the defisit would come to ₵2.5 billion. Obviously for this level of deficit the banking eystem would have to play a substantial role in financing.

25. As has been stated in the introduction however, the one factor that sustained and, in fact, accelerated the rate of inflation during the preceding financial year was the continuous injection of fresh money into the economy in the face of falling levels of production. The need to inject new money became inevitable as government expenditures rose very steeply. Since this budget is intended to start the government's stabilisation programme announced recently, a critical factor to watch will be the divergence between expected revenues and projected expenditures.

26. It is normally bad practice for any enterprise to fail to meet its current expenditures from current revenues, but it is very dangerous for an economy in our present situation to fail to do so. Government recognises that part of the ncreases in the proposals submitted by Ministries and other agencies may be due to a fuller reflection of the salaries and wages adjustment and the various allowances granted during the 1977/78 fiscal year. Nevertheless, it is also obvious that a greater proportion of the increases is due to attempts to safeguard real levels of expenditure from the effects of inflation—a consideration which unfortunately cannot be accommodated in our present circumstances.

27. After careful examination of the proposals submitted, therefore, Government has adjusted expenditure levels for for all agencies which depend on it. The Government is convinced that the new levels will in no way hamper the efficiency of its operations. Thus after account is taken of the effects of the devaluation on current expenditure, and of both devaluation and duty adjustment on revenue, the current account shows a surplus of ₵287.01 million.

28. On the capital account Government intends to spend ₵1.54 billion of which ₵900 million will be for development projects. After taking account of capital receipts from the Social Security Scheme, repayment of advances and loans and other non inflationary sources of finance, government will be left with a deficit of ₵650.74 million. For the financing of this deficit Government hopes to raise ₵150.0 million from other non bank public through various measures to be introduced by the Bank of Ghana. The remainder will be financed by the banking system, especially the Commercial Banks.

TABLE I

SUMMARY OF GOVERNMENT ACCOUNTS

	At existing Rates of Tax ₵m	*At new Rates of Tax* ₵m
I. (*a*) Tax Revenue ..	1,456.33	3,045.76
(*b*) Non-Tax Revenue	134.80	160.67
(*c*) Grants	0.00	0.00
SUB-TOTAL ..	1,591.13	3,206.43
II. RECURRENT EXPENDITURE		
(*a*) Non-debt Expenditure	2,247.25	2,272.97
(*b*) Pensions, Gratuities and Social Security.	168.10	175.10
(*c*) Interest on Internal Debt	430.25	430.25
(*d*) Interest on External Debt	41.10	41.10
SUB-TOTAL ..	2,886.70	2,919.42
III. BALANCE ON CURRENT ACCOUNT (I-II)	−1,295.57	+287.01
IV. CAPITAL EXPENDITURE		
(*a*) Development Projects	900.00	900.00
(*b*) Repayment of Short-terms Internal Debt.	322.70	322.70
(*c*) Repayment of Medium and Longterm Internal Debt. ..	115.00	115.00
(*d*) Repayment of Medium and Longterm External Debt. ..	67.75	67.75
(*e*) Direct Investment	60.00	60.00
(*f*) Other Capital Payment (Advances)	30.00	30.00
(*g*) Loans	45.00	45.00
SUB-TOTAL ..	1,540.45	1,540.45
V. CAPITAL RECEIPTS		
(*a*) External Loans and Advances	25.00	25.00
(*b*) Repayment of Advances and Loans	10.00	10.00
(*c*) Borrowing from Social Security ..	130.00	130.00
(*d*) Other Non-Bank	150.00	150.00
(*e*) Refinancing Loan	437.70	437.70
SUB-TOTAL ..	752.70	752.70
VI. BALANCE ON CAPITAL ACCOUNT (V-IV) ..	−787.75	−787.75
VII. OVERALL BALANCE ..	−2,083.32	−500.74

TAXES ON PRODUCTION AND EXPENDITURE

Import Duties

29. In the 1977/78 Budget Statement Government introduced measures aimed at improving import duty collection by adopting only 3 rates of duty namely, 0 per cent for inputs into the agricultural sector, 35 per cent for all items which were attracting rates below 60 per cent, and 60 per cent for all items which were attracting 60 per cent and above. The rationale was that apart from its operational simplicity it would lead to a reduction in the misclassification and misdescription of imported goods. The result was that import duty collection rose from an effective rate of 17 per cent to about 23 per cent.

30. This year Government is of the opinion that the success achieved last year should be repeated and that the effective duty rate should be raised to 25 per cent. This means the provision of the necessary infrastructural support at the ports, the tightening of security measures, and the introduction of ways of ensuring that the goods imported are actually those for which letters of credit have been established.

31. On the basis of this, it is estimated that ₵618.0 million in import duties will be collected.

(i) Specific duties—adjustments including conversions to ad valorem rates

32. With the present rate of inflation and the adjustment of the exchange rate of the Cedi it has become necessary to amend the specific duty charged on certain items and to put other items on *ad valorem* rates. This move is to ensure that Government duty collection does not suffer any reduction. The existing and the proposed rates and conversions are as indicated on the table below.

(ii) Purchase Tax on Vehicles

33. Government views with deep concern the acute shortage of buses and other commercial vehicles and the resultant high transportation charges for passengers, foodstuffs and other wares. In order to ameliorate the situation Government has decided that the Purchase Tax on all Commercial Vehicles should be scrapped.

34. Government feels that the use of small cars should be encouraged as a policy both to save scarce foreign exchange and to cut down the rate of fuel consumption. Consequently with the adjustment in the exchange rate appropriate changes have been made in the purchase tax rates applicable. These are:

PURCHASE TAX ON VEHICLES

For Locally Assembled Cars (CKD)

	Previous Rates %		New Rates %
(*a*) Where the value does not exceed ₵6,000	0	Where the value does not exceed ₵16,000	0
(*b*) Where the value exceeds ₵6,000 but does not exceed ₵10,000	5	Where the value exceeds ₵16,00 0 but does not exceed ₵24,000	5
(*c*) Where the value exceeds ₵10,000 but does not exceed ₵15,000	100	Where the value exceeds ₵24,000 but does not exceed ₵36,000	45
(*d*) Where the value exceeds ₵15,000	200	Where the value exceeds ₵36,000	100

For Cars Imported Fully Assembled (CBU)

	Previous Rates %		New Rates %
(*a*) Where the value does not exceed ₵6,000	5	Where the value does not exceed ₵16,000	0
(*b*) Where the value exceeds ₵6,000 but does not exceed ₵10,000	15	Where the value exceeds ₵16,000 but does not exceed ₵24,000	5
(*c*) Where the value exceeds ₵10,000 but does not exceed ₵15,000	100	Where the value exceeds ₵24,000 but does not exceed ₵36,000	45
(*d*) Where the value exceeds ₵15,000	200	Where the value exceeds ₵36,000	100

35. Furthermore Government has decided to review the import duties on vehicles as shown below:—

IMPORT DUTY ADJUSTMENT

	Previous Rates %	*New Rates* %
Commercial Vechicles	35	0
Bicycles, Motor cycles	35	5
Cars below 1300 cc.	35	15

All other vehicles will continue to attract import duty at 35 per cent.

36. Government has observed some inequity in the assessment of purchase tax liability between those who bring in their own vehicles and those who use the facilities of vehicle importing agencies. For vehicles imported direct by the user, both the purchase tax and the import duty are assessed on the landed cost of the vehicle. For vehicles imported rough agencies, however, the purchase tax is assessed on the landed cost plus the import duty and service charges of the importing agencies. Government feels this inequity should be corrected. It has therefore decided that the landed cost of a vehicle should be the base for the assessment of both the purchase tax and the import duty. It is hoped this approach will help bring down the final price of vehicles.

EXCISE DUTIES

(*a*) **Beer**

37. It has been decided to increase the special tax from ₵9.84 per carton in the case of beer and ₵9.10 per carton in the case of Guinness to ₵11.32 per carton. The new retail prices per bottle will be as follows:

	Large size Beer	*Mini size Beer*
Bars	₵3.00	₵1.85
Hotels	₵3.20	₵1.90
Discotheques	₵3.50	₵2.00

Correspondingly, the retail prices of Guinness stout will be as follows:

Bars	₵2.10
Hotels	₵2.30
Discotheques	₵2.60

(*b*) **Cigarettes**

38. It has been decided to raise the excise duty on cigarettes from 60 per cent to 65 per cent. In addition the special tax on cigarettes has been revised as follows:

On every packet of twenty sticks of cigarettes manufactured in Ghana;

(*a*) Where the existing price does not exceed ₵1.00 .. .. ₵0.10

(*b*) Where the existing price exceeds ₵1.00 but is below ₵1.20 .. .. ₵0.17½

(*c*) Where the existing price is ₵1.20 or more ₵0.20

The retail prices of the various brands of cigarettes will be as follows:

(*i*) State Express 555 .. .. 3.00 per 20
Rothmans King Size .. .. 3.00 per 20

(ii)	Embassy	2.60 per 20
	Capstan	2.60 per 20
	Pall Mall	2.60 per 20
(iii)	Cresta	2.20 per 20
	Tusker	2.20 per 20
(iv)	Sweet Menthol	1.80 per 20
	Texan	1.80 per 20
	Durbar	1.80 per 20

(c) Spirits

39. Government has decided to raise the excise duty on locally produced spirits from ₵2.25 to ₵3.50 per proof gallon. In order to maintain the existing price relationship between imported and locally produced spirits, the import duty on imported spirits has been revised from ₵49.00 to ₵118.00 per gallon.

Other Excise Duty

40. It has been decided to raise the excise duty payable on *Cosmetics* from 30 per cent to 40 per cent.

Petroleum Products

41. Despite the increased cost of production of petroleum products as a result of the periodic increases in the world price of crude oil the price of petroleum products has remained relatively stable and low. With the rise in the Cedi cost of crude petroleum as a result of the devaluation and in line with Government policy to rationalise prices, it has been decided to adjust the prices of petroleum products as follows:

	Old Price ₵	New Price ₵
Premium per gallon	2.00	3.50
Regular	1.60	3.00
Gas Oil per gallon	1.00	2.00
Liquid Petroleum Gas per cylinder of 32 lb.	7.50	10.00

Government will however continue to subsidise Kerosene by retaining the price at ₵1.00 per gallon. This is in recognition of the importance of Kerosene to our rural folks.

TAXES ON INCOME AND PROPERTY

42. The Government is convinced that the existing rates of tax on income and property are adequate and that what is required is to eliminate the various loopholes which have enabled some persons and establishments to either pay less than what they are liable for or to evade tax payment completely.

43. The proposals that follow are therefore intended to eliminate loopholes in the tax laws and improve the efficiency of collection.

Destruction of books, Documents or other records

44. The Commissioner of income Tax is empowered under the Income Tax Decree, 1975 (S.M.C.D. 5) to call for taxpayers' books, documents and other records. However when External Inspection Teams and Field Auditors of the Central Revenue Department request taxpayers to produce their books and other documents, they are informed that because of the lack of storage space these vital books and documents have been destroyed. In order to make the work of the field audit and external inspection teams more effective, it has been decided that no taxpayer should destroy his books, documents or other financial records which are not more than six years old. Where it is found necessary to destroy any books or documents within this six-year period, permission should be sought from the Commissioner of Income Tax who will communicate his approval in writing specifying the documents or books to be destroyed after carrying out his audit within a period of not more than six months from the date of receipts of the taxpayer's application.

Casual Labour

45. The Central Revenue Department finds it impossible to verify any expenditure under this item which appears in the accounts submitted by taxpayers. In order to rectify the situation Government has decided that employers shall submit full returns of the remunerations of all their employees (including casual labourers) to the Commissioner of Income Tax. Where an employer fails to declare in his return the names of his casual labourers, their Labour Card Numbers and the amount paid to each during the period covered by his accounts, the amount paid in respect of casual labour will not be allowed as deductible expenses for tax purposes. The proviso to section 30 (5) of the Income Tax Decree, 1975 which permits employers to declare only the remunerations of their employees above ₵960.00 per annum is therefore repealed.

Minimum Chargeable Income

46. Government has decided to raise the minimum chargeable incomes of self-employed persons and companies from 2% and 2½% repectively to 5% of turnover.

Night Clubs, Discotheques and Rest-houses Registration Fee

47. Government has decided to levy a uniform registration fee for night clubs, discotheques and rest-houses. The new fees will be ₵3,000.00 per annum.

Manufacturers' Representatives

48. It has been decided that all persons who have registered a business as Manufacturers' Representatives or who intend to do so should also register with the Central Revenue Department on a form specially designed for this purpose which can be procured from any of the offices of the Department.

Rent Tax

49. In the 1977/78 Budget the tax free rent income was raised from ₵648.00 of gross rent to ₵2,000.00 of taxable rent income. The idea in amending the law was to exempt only those property owners whose aggregate gross rent incomes did not exceed ₵2,000.00 per annum from the payment of rent tax. As it turned out the amendment enabled all property owners irrespective of the amounts of rent incomes received by them to avoid tax payment on the first ₵2,000.00 of their rent income.

50. To correct the anomaly it has been decided to amend the Rent Tax Decree, 1977 to exempt only gross rent incomes which are not more than ₵2,000.00 per annum from the rent tax. The new proviso to section I of the Rent Tax Decree, 1977 (S.M.C.D. 115) will therefore be as follows:—

> "Provided that no person whose aggregate gross rent income is not more than two thousand cedis in any year of assessment shall pay tax under this Decree in respect of that year."

As a result of this proposed amendment, Part II of the Schedule to the Rent Tax Decree will be as follows:—

PART II

RATES OF TAX

	%
For the first ₵5,000.00	5
For the next ₵5,000.00	10
For the next ₵10,000.00	15
For the next ₵10,000.00	20
For the next ₵30,000.00	30
For the next ₵20,000.00	45
For the next ₵20,000.00	60
For any amount exceeding ₵100,000.00	65"

(To be continued)

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