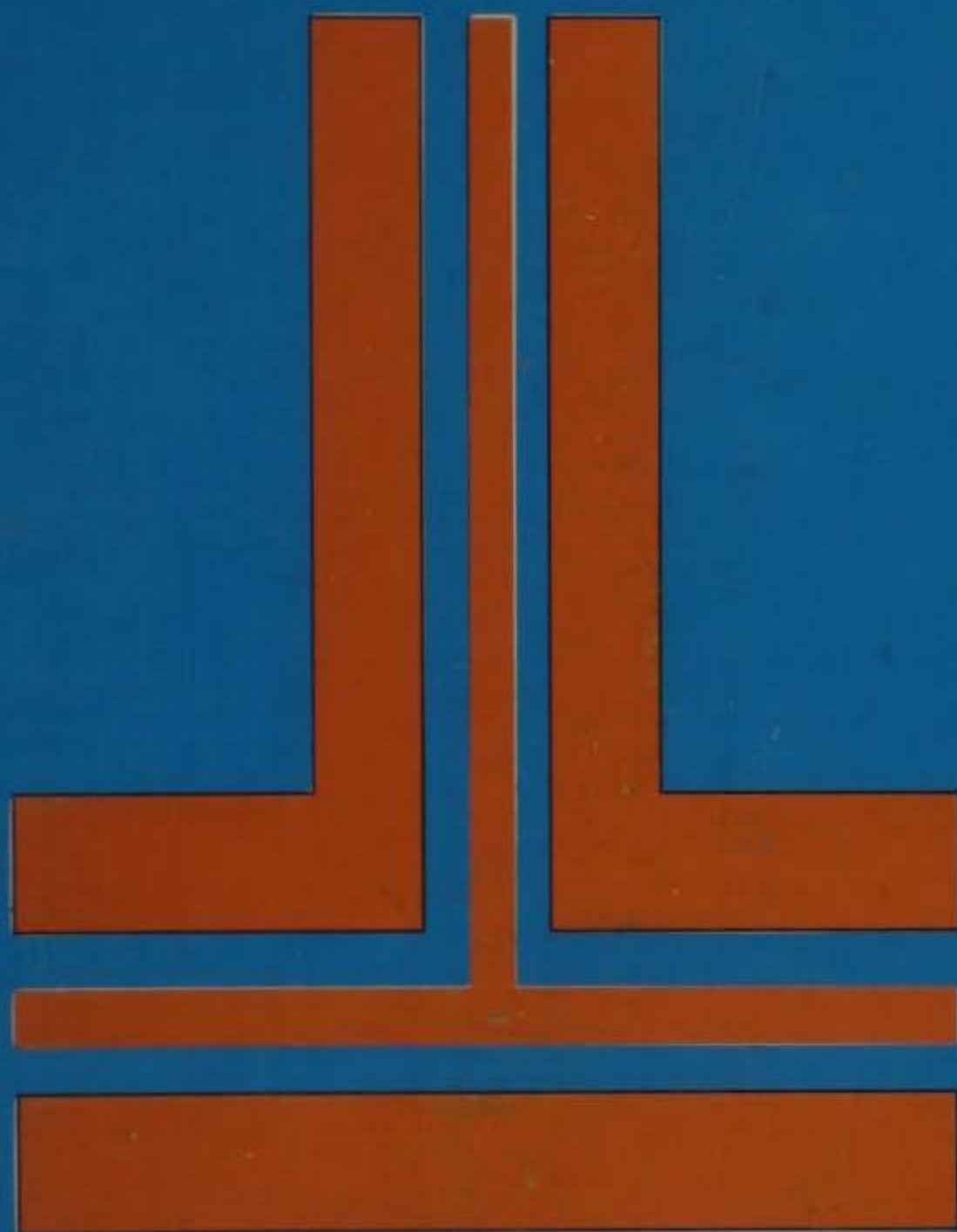


WEALTH ACCUMULATION UTILIZATION AND RETENTION



Kwadwo Asenso-Okyere

**WEALTH ACCUMULATION,
UTILIZATION AND RETENTION**

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AND RETENTION**
A Converse To Treatise On Poverty Reduction

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PREFACE

Salutation

The Chancellor, Oyeeman Wereko Ampem II, the Vice-Chancellor and Chairman of today's function, Professor Ivan Addae-Mensah, Ministers of State, Honourable Parliamentarians, members of the diplomatic corp, Nananom, colleague staff and students of the University of Ghana, Old Vandals, friends, relatives, ladies and gentlemen.

Why the Topic?

Being the first inaugural lecture by a Faculty member in the history of the Institute of Statistical, Social and Economic Research (ISSER) it is not surprising that I chose to speak on the issue of poverty and wealth. Before the World Bank began using poverty as a buzz word in development financing ISSER had been involved in research work on poverty for some time. Many of you may remember the multi-disciplinary poverty studies that were launched in ISSER under the late Professor Twum-Barima in the late 1970s to early 1980s. ISSER is still heavily involved in poverty work with a good number of the staff either directly conducting poverty research or serving on committees dealing with poverty issues.

The choice of topic for this lecture was also inspired by part of the speech of the United Nations Secretary-General, Mr. Kofi Annan on April 16, 1998 that said, "Let us not forget that it is the persistence of poverty that is impeding the full promise of peace for all of Africa's peoples. Alleviating poverty must, therefore, be the first aim of all our efforts. Only then – when opportunity and prosperity become real – will every citizen, young or old, man or woman, have a genuine and lasting stake in a peaceful future – politically, economically and socially.

As a researcher who has done field work in most parts of Ghana and a person who visits home regularly I do not need another survey to convince me about the importance of poverty as a phenomenon. After personal observations and interactions with people for some time

I have become convinced that poverty connotes negativism and some people will always look out for hand-outs in their attempt to move out of poverty.

As an individual, I have observed how some people have used the assets and opportunities available to them to overcome poverty and live in relative prosperity. I have noted the steady progress some people have made through hard work to improve upon their standard of living. I am convinced that if we begin to preach wealth, everybody will work hard and get to that state. We have to be concerned about what it takes to be wealthy instead of how to get out of poverty. This is taking a positive view about life.

Professor Nelson Otu Addo, Chairman of the ISSER Endowment Trust and a member of the ISSER Advisory Board may not remember that it was through one of his usual words of advice and encouragement to me about my work and life that I picked the key words for constructing the title for this inaugural lecture.

Appreciation

This important day has been possible because of God's blessings and mercies, personal perseverance and the help and encouragement of many people, too numerous to mention. However, I wish to mention the names of just six of such individuals.

1. My father, Peter Kwadwo Okyere of blessed memory who took interest in my education and career and development. Any time my school report came and it was good, my father would buy something precious for me as an encouragement to do better. He wanted me to climb to the top but unfortunately he is not here today to witness this function. Kwadwo Okyere worked a 16–18 hour day to make ends meet to care for a family of 12 he had. From kente weaving and later a night club operation, my father worked hard and progressed from one room he rented when I was born to a 28-room house he built by the time I completed my first degree.
2. My mother, Mrs. Martha Tabuwaa Okyere who, together with my father, decided to push me through the education ladder. This woman ensured that my pillow case full of gari and some provi-

sions were ready any time school re-opened. Maame Owonta like her husband got up early at 4. a.m. everyday to get ready for petty trading in Dunkwa market. Through her trading activities, food and meat were always in abundance and that is why I have been able to maintain a good body mass index since then.

3. My uncle, Nana Kwasi Aboagye from whom I have learned so much about the practicalities of wealth accumulation and who has taken so much interest in my personal development. Nana Aboagye is an epitome of hard work. From newspaper vendoring, he has worked meticulously to nurture one of the largest hardware companies in Ghana.
4. My PhD advisor at the University of Missouri-Columbia and now the Vice-Provost for Extension at the Iowa State University, Professor Stanley Johnson, for nurturing my professional development right from graduate school to the present time. Stan has been like a friend to me all the time and currently while he is the editor of the journal for the International Association of Agricultural Economists, I am the associate editor. I still remember the days when we would discuss econometric models over beer at a local café in Columbia, Missouri or spend sleepless nights making sure that models fitted properly. Stan is an embodiment of hard work and success.
5. I have had two wonderful women in my life who have worked hard over the years and given me the needed support and peace of mind for my work. These are my late wife Abena Asenso-Okyere and my current wife, Nana Yaa Asenso-Okyere.

Word of Thanks

There is a whole lot of other people that I am indebted to, too numerous to mention, including former teachers of mine, colleagues and staff on campus especially at ISSER, students I have taught in courses and supervised their theses and dissertations, politicians and policy-makers, private sector and civil society operators, international civil servants and staff of Ghana's development partners, several friends

and relatives. To all of them, I am grateful for contributing to any apparent success I have been able to chalk in my life. I am also grateful to the University of Ghana for my education and career. I thank God for being so merciful to me and showering so many blessings on me. I remain singularly responsible for any lapses in my life.

Finally, I thank all of you for finding time to attend this important Lecture in my life. I will need your continued prayers and support for the rest of my professional and earthly life. May God be with you all.

Legon
April 27, 2000

K. A. O

ABSTRACT

The reduction of poverty has been the objective of many progressive governments all over the world. Although poverty reduction was not explicitly pursued in the early development strategies of Ghana, during the last 10 years or so, it has been directed that all projects and programmes should have a poverty reduction focus. Results from the Ghana Living Standards Survey indicate that the incidence of consumption poverty declined by 8.2 per cent from 1992 to 1998. However, poverty rates in rural savanna and rural coastal areas of Ghana have increased compared to 1992. Poverty reduction among the large number of food crop farmers has been marginal. Nonetheless, about 29.4 per cent of Ghanaians are still below the poverty line and cannot meet their basic nutritional needs. With these abysmal results, there must be a new approach to improving the livelihood of people. This paper argues that if attention could be paid to the accumulation of wealth and its utilization by individuals, there will be better chances of reducing poverty considerably. Individuals should be encouraged to pursue wealth legitimately to improve their well-being. The wealth should be used to the benefit of society so that it will generate the necessary economies. Taking off from Adam Smith Ghana should recognize and vigorously pursue the role of the private sector as the engine of growth and the public sector as a catalytic factor. The paper advocates a sound macro-economic policy and consistent efforts by the public sector to accumulate wealth in terms of foreign exchange reserves and physical infrastructure through savings and investments. Wealth is treated in its broad definition to include physical assets; human assets such as time, land, skills; social assets like health and education; and collective assets like common property such as forests, grazing grounds, water bodies. The paper abhors laziness and, therefore, discourages intervention programmes and remittances that give hand-outs to able-bodied persons who do not want to do productive work.

INTRODUCTION

Economic Development Paradigms

For a long time the world has been polarized between two major development ideologies. The ideologies are socialism and capitalism. The basic objective of any of the ideologies is to promote growth and improve the livelihood of the citizens.

Socialist developmental policies have been geared towards equity in the sharing of the wealth of society. Socialist development policies follow a planned command regime where most of the resources for production are owned by government and what to produce, how much to produce and when to produce are determined by government. The sharing of the output is also determined by government. Although, in general, the standard of living in socialist countries is low in relative terms, inequality is not as pronounced as in capitalist societies.

Under capitalism, productive resources are owned by individuals and firms. These individuals and firms are looked up to as the engine of growth in the economy with government playing a facilitating role. The standard of living of individuals depends upon their initial endowments and their productive capacities.

To Karl Marx, the only source of profits for the capitalist was the exploitation of the workers, and he predicted that sooner or later the accumulation of capital would stop because the system would not be self-sustainable as there would be a time when too much capital per worker would force the profit rate to fall. He said capitalism was, therefore, bound to go into deep and repeated crises. I hope it will not be too difficult to ascertain whether Karl Marx was right or wrong looking at the performance of socialist and capitalist economies. A cursory comparison of the two systems would reveal that not only has capitalism survived an endless accumulation of capital, it has also been able to do so without having to make its workers poorer.

Various development strategies have been pursued in capitalist countries and these are invariably geared toward growth of the economies. The strategies may be agriculture-led, industry-led, infrastructure-led or export-led, depending upon where the emphasis is placed.

The strategies have yielded different results in different countries.

Due to rigidities, external factors, misaligned domestic policies and, therefore, lack of adequate growth, many developing countries have undertaken economic reforms better known as structural adjustment. The outcome of these policies have been positive in some countries but in others it has led to more hardship to some vulnerable and disadvantaged groups.

Economic Development in Ghana

Ghana has had an interesting development strategy from the pre-independence period to the present time. The political economy of Ghana's development strategy has had profound consequence for the level of development in the country.

The pre-independence era of Ghana was characterized by relative domestic price stability and external equilibrium, and coincided with a golden age of consistently high world prices for Ghana's export commodity, cocoa. Annual balance of trade surpluses in every year except 1956 led to an accumulation of sterling reserves and an average gross domestic product (GDP) growth rate of about 6.5 per cent per year. Substantial amount of wealth accumulation by individuals was observed, especially in the cocoa growing areas.

The first three years following independence in 1957 were accompanied by relatively high rates of economic growth and a faster rate of expansion of the country's stock of capital assets. Both savings and investments rates were high, averaging close to 20 per cent between 1958 and 1960. By 1960 Ghana had developed an expanded stock of capital assets, high saving and investment rates, a large accumulation of reserves, and adequate import capacity to foster economic development.

The domestic policies of the Nkrumah era which emphasized industrialization eventually led to severe economic problems for the country due to their high costs and some unprofitable investments decisions. The latter part of the Nkrumah regime marked the beginning of a long-term crises of disequilibrium in the Ghanaian economy. The economy continued to decline into the early 1980s. Real per capita GDP fell and the domestic savings rate fell from over 12 per cent in 1972 to less than 3 per cent in 1981.

In 1983, the government launched an Economic Recovery Programme aimed at resuscitating the economy. The programme made some successes and by 1985 the growth rate of the economy had reached 5.4 per cent. In 1987, a structural adjustment programme was out-doored to restructure the Ghanaian economy so that it could be put on a sustained growth path. One of the objectives was to attain an average annual rate of GDP growth of 5 per cent so that real per capita income could grow at about 2 per cent per year after making adjustments for population growth.

With massive donor support and structural changes, the economy responded positively with an average GDP growth rate of about 5 per cent per annum, agricultural average growth rate of 2.7 per cent per annum, industrial average growth rate of 6.5 per cent per annum, and services average growth rate of 6.9 per cent per annum from 1984 to 1996. From 1991 to 1995, real growth averaged 4.5 per cent per annum. Macroeconomic growth was accompanied by significant improvement in social indicators. Infant mortality decreased from 77 to 66 per 1000 live births, child mortality decreased from 84 to 57 per 1000, malnutrition rate decreased from 31 per cent to 26 per cent and total fertility rate decreased from 6.4 to 5.5 (World Bank, 1995). There have been further improvements in these indicators with total fertility rate dropping to 4.5 in 1998.

The level of growth experienced fell short of the 5.8 per cent GDP growth that was estimated in the early 1990's as necessary to restore average Ghanaian living standards to their 1965 level by the end of the 21st century (World Bank, 1995). The level of macroeconomic growth is also far lower than the 7-8 per cent per annum growth rate envisaged under the Vision 2020 aimed at making Ghana a middle income country by 2020.

Despite respectable levels of macroeconomic growth, per capita income has not risen enough to tackle the widespread poverty that exist in the economy. In the Commonwealth of Nations, with \$390 GNP per capita, Ghana ranked 41st among 52 nations in terms of per capita income in 1999. Using a more comprehensive measure than the per capita income, the UNDP's Human Development Index which is a composite index of life expectancy, educational attainment and income Ghana ranked 133rd among 174 countries in 1997.

One of the setbacks of the economic reforms was the plight of

the poor and the vulnerable which had been made worse off. The attempted solution was the initiation of the Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD) with the objective of alleviating the suffering of the poor and vulnerable. However, PAMSCAD did not achieve its objectives because of the implementation of large number of projects with limited resources and poor targeting. It is quite obvious that poverty reduction was not made an integral part of the reform programme and became an after thought when it was realized that it had an adverse effect on many people.

The Nature and Scope of Poverty

Poverty is the most important developmental issue in the 21st century. The sad reality is that about 60 per cent of the world's population still lives in poverty. Between 1987 and 1993, the number of people with incomes of less than \$1 a day increased by almost 100 million to 1.3 billion. Today, a quarter of the developing world remains in abject poverty, below the minimum conditions defined as human rights by the Universal Declaration of Human Rights. The pathetic part of the situation is that the number of poor persons appears to be growing everywhere, including now in South-East Asia. Sub-saharan Africa is the region which has the greatest percentage of its population in poverty and has the greatest depth of poverty.

Asenso-Okyere, Asante and Gyekye (1993) have reported that poverty occurs in every part of Ghana but there are variations in incidence with respect to locality and socio-economic characteristic. The poor differ in terms of such characteristics as gender, area of residence (i.e. urban or rural), occupation, level of education, disability and age. The four rounds of the Ghana Living Standards Survey (GLSS), the Core Welfare Indicator Questionnaire (CWIQ) and three rounds of the Demographic and Health Survey have provided quantitative estimates of poverty to enable people understand the scope and dimension of the phenomenon. After the necessary adjustments on expenditure data, results from the first three rounds of the GLSS indicate that the poverty headcount increased from 37 per cent to 42 per cent between 1987 and 1988 and fell to 31 per cent in 1992 (World Bank, 1995). Despite the progress that was made, poverty remains a

serious and extensive problem. For over 30 per cent of the population, or about 5 million people, expenditure per capita in 1992 was less than US\$25 a month (Canagarajah, Mazumdar and Ye, 1998). The three northern regions tend to be poorer than the southern regions. The proportion of the poor steadily reduces as the level of education increases. Without a universal pension scheme the aged who are out of employment tend to be poorer than other cohorts of people. Female headed households are over represented in poverty. Self-employed persons especially those in agriculture tend to be poorer than those in wage or formal employment.

If data from the last two rounds of the GLSS are compared, after making the right adjustments, it can be concluded that the incidence of consumption poverty in Ghana declined by 12.3 per cent from 1992 to 1998, although there were 39.5 per cent of the population below the poverty line. Using a lower poverty line to depict extreme poverty resulted in the poverty situation falling from 36.5 per cent in 1992 to 26.8 per cent in 1998. These people cannot meet their basic nutritional requirements, even if they devoted their entire budget to food. The disturbing part of the drop in overall poverty is that the improvement has not been across the board. Poverty is substantially higher in rural areas than urban areas, so that poverty in Ghana is still disproportionately a rural phenomenon. Poverty rates in rural savanna (which has historically registered the highest incidence of poverty) and rural coastal areas of the country have increased compared to 1992. In many of these areas, the situation of the poorest has worsened. There is also evidence of rising inequality in the population. The largest poverty reductions have occurred among private-sector employees in both the formal and informal sectors, and among public sector wage employees. Export farmers have experienced a large reduction in consumption poverty. But poverty reduction among the large number of food crop farmers has been marginal. Although less widespread, urban poverty appears to have been growing fast in the big cities.

The interpretation of poverty under the first three rounds of the GLSS was based on cash expenditures whereas the fourth round was based on a consumption basket. Very often, poverty is associated with money but such a definition may be wrong. Recently, a beneficiary

consultation on individual and community perceptions of poverty was conducted in some districts in Ghana. The consultation formed part of a community-based poverty measurement and monitoring project for which I chaired the preparation stage. The major aim of the consultation was to get an idea about what situation people consider themselves to be in when they say they are poor. It is interesting to know the varied responses that were obtained from different people which shows that poverty is a multifaceted phenomenon. Many situations of life which would have been taken for granted among many of the élite are considered to be important for many simple-minded people. Some of the situations perceived to be poverty related are as follows:

1. Lack of the basic necessities of life – food, clothing and shelter;
2. Inability to educate one's children at all or beyond the basic level;
3. Inability to provide health care for oneself and children;
4. Presence of physical disability;
5. State of poor health;
6. Absence of employment;
7. Lack of material possessions;
8. Aged with no income or support;
9. Inability to fulfill one's social obligations (such as entertain a visitor, donate at funerals, or pay family dues);
10. Lack of capital, credit or land.

Some of these situations reduce the self-esteem of the person and can impact negatively on the person's social and economic performance.

Many of the respondents thought that there were root causes to their plight and that, if these could be tackled or avoided, there could be improvements in their livelihood. It was interesting to know what the respondents considered to be the common causes of poverty. These included:

1. Lack of education/skills;
2. Large family size with no proper means of earning an income;
3. Dependency on farming as the only means of earning an income;
4. Lack of credit and other inputs for establishing a business;
5. Unemployment and lack of opportunities for salaried employment;

6. **General ignorance and inability to utilize resources properly;**
7. **Lack of farm land, limited farm land, degraded farm land;**
8. **Low level of productivity;**
9. **Living in an inaccessible community;**
- 10 **Being born into a poor family;**
11. **Getting into an early marriage;**
12. **Being inflicted with a disaster;**
13. **Engaging in wasteful spending;**
- 14 **Laziness and not wanting to take a job.**

The Human Development Report (UNDP, 1997) has a distinctive approach to poverty reduction and fundamental to this is its definition of poverty as the “denial of choices and opportunities for a tolerable life”. The Report argues that four opportunities and choices are most basic. They are:

1. **to survive through adult life;**
2. **to have access to knowledge to lead a creative life;**
3. **to have access to the minimum necessary material means including both publicly provided facilities as well as private resources such as food; and**
4. **to be included in the life of a community, enjoying the respect of others and enjoying basic human rights.**

Apart from economic reforms which were largely geared towards growth, Ghana has implemented a number of projects and programmes which were supposed to reduce the incidence of poverty. Poverty reduction has been made the focus of all government projects and programmes since the Vision 2020 was launched in 1993. However, it is now obvious that after several years of these efforts, Ghana has not been able to reduce poverty to any significant level. International studies indicate that it will take the average poor Ghanaian 20 years, and the extreme poor, 53 years to cross the poverty line unless a dramatic change is made to the way attempts are being made to improve human livelihood.

A new approach should be taken to get poverty reduced. I am going to argue in this lecture that human livelihood can be improved significantly if serious attention is paid to the accumulation of wealth

and its utilization for the benefit of society. Not much benefit can be obtained from wealth that is not utilized since the economies and externalities associated with it will be lost.

In a country like Ghana where poor people make up a major proportion of the overall population, the poor must contribute substantially to growth if the overall economy is to make progress. The primary source of pro-poor growth will be the private sector, and particularly poor people themselves by utilizing their skills, time and physical resources. Everywhere the starting point is to empower women and men to lift themselves and their families out of poverty. Poor people and communities are fighting poverty and coping with it all the time. They must rely on assets to do so. But these assets are not just economic – like land and credit, but also social – like relations with friends and neighbours. Faced with losing a job, for instance, poor people might borrow from their relatives to keep up rent payments. Assets are also political, such as collective action to fight for improvements in water supply for the community, or to demand macroeconomic policies more favourable to their needs. Assets are also environmental – poor people rely heavily on natural resources for their survival. Personal strength, including personal courage and skills are perhaps most critical. Poor people have many of these assets and they should be strengthened rather than undermined as is often the case.

Economic policy can endeavour to ensure that individuals, when choosing their course of action, do so in a way that will bring about the best outcome for the economy as a whole (Dethier, 1999). Poor people can also benefit from the general growth process which come about through the activities of all members of the society. It is generally accepted that economic growth is a necessary condition for poverty reduction and improvement in the livelihood of people, but it is not a sufficient condition. All countries which made progress in poverty reduction had macroeconomic growth. However, not all countries that experienced growth made progress in poverty reduction.

The Nature of Growth Process

The goods and services that make up national income are produced by using a nation's endowment of assets usually referred to as "factors

of production" – labour, land and natural resources. The services of the factors of production are brought together by entrepreneurs who employ some form of technology to produce goods and services. Growth in income arises when the endowment of factor of production is increased, and when there is an improvement in technology. Various theories of economic growth have focused on different elements of this process (Leith, 1996).

Neoclassical growth theory looks at the accumulation of the nation's endowment of factors of production, and at technological progress. The "vent for surplus" theory derived from the successful growth experience of various primary-exporting countries such as Ghana in the pre-colonial era, saw a good that is "surplus" to national needs like cocoa was sold on the world market for more than the marginal cost of production, generating investable resources. Linkages between the expanding activity and the rest of the economy created various high pay-off activities in the domestic economy in which the surplus could be invested, thereby enhancing the national factor endowment (Leith, 1996).

Recent literature on economic growth suggests the importance of innovations and the diffusion of innovation. The constant searching for better ways of producing goods and services, and learning from the results of that searching, have come to be recognized as central to the process of increasing productivity in all types of economic activities.

An eclectic approach to the process of economic growth suggests a vicious circle. First of all, investable resources are freed up to augment the endowment of factors. Second, a search mechanism continuously identifies high-payoff activities to which factors are committed. Finally, the growth process perpetuates itself when each round of high-payoff activities spawns additional high-payoff, either in the same sectors or via linkages in other sectors, and investable resources are committed to take advantage of them (Solow, 1956).

The process of economic growth is not sustainable when the vicious circle is broken at any point, where the returns are consumed so that no investable resources are available; where no additional high-payoff activities emerge; where the potentially-high-payoff activities, in fact, do not yield at least their opportunity cost; where some constraints are placed on the response of economic agents; where entre-

preneurs find it more profitable to invest in unproductive rather than productive enterprises; or where there is considerable uncertainty about the nature of the future economic climate.

Leith (1996) observed that Ghana broke the vicious circle some time in its development history. In the worst times, it was broken in several places; net investment was negative. Agriculture which is the sector in which most of the people were employed was neglected in favour of industrialization. There were virtually no domestic linkages, as import-substitute industries relied almost exclusively on imported inputs. Investment was focused heavily on state-owned enterprises that dissipated the investment in patronage or other unproductive forms of activity. The highly-regulated environment of the control regime prevented private entrepreneurs from responding to profitable opportunities. Further, the control regime generated such substantial returns from rent seeking and the incentives facing entrepreneurs were tilted sharply towards unproductive rather than productive enterprise.

A new issue has emerged in the growth process in recent times that should be taken into account when countries are devising strategies for economic growth and development. This is the issue of globalization. Globalization refers mainly to the recent trends toward stronger economic, political, and cultural ties among many of the world's nations. One of its manifestations is the expansion of international trade, but it also encompasses increased international flows of capital, technology, and labour around the world, along with tendencies toward universal application of some institutional, legal, political, and cultural practices.

Increasing integration of world capital markets has greatly expanded international flows of both capital, with important effects on investment and growth (Romer, 1991). However, the poorest countries, with underdeveloped capital markets and high risk premiums, have largely been left out of this growing international financial market.

Globalization of world financial markets has also led to problems. The recent Asian financial crises revealed weaknesses in both the international financial systems of a number of developing countries. Many developing countries are simply unable to absorb or efficiently manage the kinds of large short-term capital flows that have become more common.

As summed up by Chief Emeka Anyaoku, immediate past Secretary-General of the Commonwealth,

globalization is the dominant reality of our age. It has brought about a phenomenal expansion in world trade, finance and investment, produced new technologies which have shrunk time and space and in the process transformed the world almost out of recognition from what it was only a few decades ago. For some it has been a world of unparalleled opportunities, the best of all times, but for others, it has been a time of deepening poverty, the worst of all times.

Globalization, particularly trade expansion and capital flows, offers new opportunities but also new challenges for developing countries. Ghana has to examine its endowments and opportunities to see how it can take advantage of globalization and accumulate as much wealth as possible for its growth and development. It is important to be competitive in all respects to be able to get a fair share of the fruits of globalization.

Adam Smith Revisited

I would like to begin my discussion on the role of wealth in promoting a decent human livelihood by referring to Adam Smith who was a Scottish scholar and lived in the period, 1723–1790. Adam Smith began his professional career as a philosopher before he became interested in economics. During his life time, Adam Smith published two classical works that have set many people still thinking. The books are, *The Theory of Moral Sentiments*, and *An Inquiry into the Nature and Causes of the Wealth of Nations*. Although there have been arguments among economists about the thinking of Adam Smith since he published *The Wealth of Nations* in 1776, many similarities have been found in modern-day economic development strategies. Under the supply-side economics of the Republican administration in the US in the 1980's, the name of Adam Smith was invoked through the idea that self-interest should be allowed to determine society's economic decisions about how its resources will be allocated. In saying this, however, Smith had a caveat for self-interested economic ventures (selfishness) and emphasized the role morality played in fostering and sustaining economic growth.

The Wealth of Nations has five books and in the first book Adam Smith writes that the annual labour of every nation is the fund which

originally supplies it with all the necessaries and conveniences of life which it annually consumes, and which consist always in the immediate produce of that labour, or in what is purchased with that produce from other nations. According, therefore, as this produce, or what it is purchased with it, bears a greater or smaller proportion to the number of those who are to consume it, the nation will be better or worse supplied with all the necessaries and conveniences for which it has occasion. But Smith continues that this proportion must, in every nation, be regulated by two different circumstances: first, by the skill, dexterity, and judgement with which its labour is generally applied; secondly, by the proportion between the number of those who are employed in useful labour, and those who are not so employed. Smith observes that the abundance of or scantiness of this supply seems to depend more upon the first circumstance than upon the second.

The observations of Smith are akin to modern-day societies where some households, communities and countries are not able to get enough of the necessaries and conveniences of life because a large number of people do not want to work. These people sometimes tend to consume, even more than those who work.

By the Grace of God, human beings are endowed with many talents and assets with which they are supposed to make a living. Whereas some of them are personal others are communal. All of these talents and assets which are termed resources are supposed to be harnessed to perpetuate life and improve the well-being of people. How efficient the talents are used makes a difference between wealth and poverty.

It is not by accident that Jesus Christ gave us the Parable of the Talents which I will crave your indulgence to allow me to give you excerpts of it from Matthew chapter 25, verses 14–30. A man who was travelling far away gave five talents to one of his servants, two talents to another one and one to the third servant, to each according to his own ability. The one who received the five talents went and traded with them, and made another five talents. The one who received two did likewise and gained two more. However, the one who received one went and dug the ground and hid it there because he was afraid he would lose it. When the Master returned after a very long time, he called the servants to settle accounts with them. He was pleased with the action taken by the servants who made profits on their talents

and subsequently promoted them. But he was disgusted with the inaction of the third servant and therefore ordered that the one talent be taken away from him and given to the one with ten talents. The parable ends with the quotation, "For to everyone who has, more will be given, and he will have abundance; but from him who does not have, even the little he has will be taken away."

The Parable of the Talents signifies the importance of wealth accumulation and utilization in human endeavours. In the second book of the *Wealth of Nations* referred to earlier, Adam Smith writes about the importance of wealth accumulation and the employment of stock. Adam Smith states,

In that crude state of society in which there is no division of labour, in which every man provides everything for himself, it is not necessary that any stock should be accumulated or stored up beforehand, in order to carry on the business of the society. Every man endeavours to supply by his own industry his own occasional wants as they occur. When he is hungry, he goes to the forest to hunt; when his coat is worn out, he clothes himself with the skin of the first large animal he kills; and when his hut begins to go to ruin, he repairs it as well as he can, with the trees and the turf that are nearest it. But when the division of labour has been thoroughly introduced, the produce of a man's own labour can supply but a very small part of his occasional wants. The far greater part of them are supplied by the produce of other men's labour, which he purchases with the produce of his own labour. But this purchase cannot be made till such time as the produce of his own labour has not only been completed, but sold. A stock of goods of different kinds therefore, must be stored up somewhere sufficient to maintain, and to supply him with the materials and tools of his work, till such time, at least, as both events can be brought about.

Adam Smith continues "As the accumulation of stock is previously necessary for carrying out this great improvement in the productive powers of labour, so the accumulation naturally leads to this improvement" He emphasizes the importance of utilization of wealth and writes, "The stock which is accumulated into capital, may either be employed by the person to whom it belongs, or it may be lent to some other person." By so doing, Smith observes that capital is continually going from the first owner to another in one shape and returning to him in another, and it is by means of such circulation, or successive exchanges, that it can yield him a profit. He suggests that capital

should be employed in manufacturing, improvement in land, or purchasing goods, and selling them with a profit.

Accumulation of capital or wealth took place long before Adam Smith wrote *The Wealth of Nations* in 1776. In Genesis chapter 7, verse 8, Noah was instructed by God to accumulate food for use during floods that were forthcoming. Those who have read that part of the Bible would agree about the benefits that accrued to the living beings inside the Ark. Again in Genesis 4, through the divine interpretation of Pharaoh's dream by Joseph, food was accumulated during the seven years of glut to avert a catastrophe during the ensuing seven years of severe famine.

Productive activity and the creation of wealth constitute the substructure on which the demands, needs, interests and aspirations of society are met. The prosperity that accompanied the opening up of the Chinese economy in the late 1970s is worthy of mention. After Deng Xiaoping took over leadership of China in 1978 after the death of Mao Zedong, he allowed China's 800 million peasants to plant vegetables on their own plots. Soon after the peasants began to rejoice from their new-found wealth. This spurred on Deng to move his revolution to urban factories in 1984. Factories started offering workers cash incentives to work harder. With the bonuses, workers became more productive and incomes began to rise. Huge signs proclaiming **TIME IS MONEY AND EFFICIENCY IS LIFE** popped up on the concrete walls of state-owned enterprises. Stalls selling clothes and imported goods appeared in every hutong (*Newsweek*, 1999).

THE PROCESS OF WEALTH ACCUMULATION

Many a time, wealth has been equated only with the acquisition of money and/or property, but there is more to wealth than these two important resources of human beings. Although both money and property are important, there may be other equally or more important elements of wealth.

Three types of wealth will be dwelt upon in this paper as resources for improving human livelihood. If the resources are harnessed properly poverty will be unknown in human settlement. The resources are:

1. **Physical assets such as, money and savings, property;**
2. **Human assets such as time, skills, capabilities, physical stamina, health;**
3. **Collective assets or common property such as land (including grazing grounds), timber, minerals, water bodies.**

Physical Assets

Money and Savings

In the olden days, money or precious metals was the easiest medium for storing wealth. With the advent of banking, people have saved part of their wealth in the banks. This way of accumulating wealth ensures that the money that is saved can be lent out to others for them also to create their own wealth through the productive utilization of the money. Interest earned by savers enables them to acquire more wealth if the interest is remunerative enough.

Adam Smith's so called 'system of natural liberty' in its frugal mode is instrumental to the process that makes savings and investment, rather than pleasure and enjoyment, the 'natural' driving force of economic development. He writes,

Whatever a person saves from his revenue he adds to his capital, and either employs it himself in maintaining an additional number of productive hands, or enables some other person to do so, by lending it to him for an interest, that is, for a share of the profits. As the capital of an individual can be increased only by what he saves from his annual revenue or his annual gains, so the capital of a society, which is the same with that of all the individuals who compose it, can be increased only in the same manner.

After studying several African and East Asian economies, Berthélemy and Soderling (1999) concluded that sustainable growth needs to be based on capital accumulation and structural change, while adjusting macroeconomic policies, in order to keep distortions at the lowest possible level. In their study, it was found that seven African countries (Algeria, Cameroon, Côte d'Ivoire, Egypt, Kenya, South Africa and Tunisia) whose growth rates ranged from 5.1–9.5 per cent per annum from 1960 to 1986 had capital accumulation accounting for 67 per cent of the growth. In comparison with a few East Asian countries (Korea, Taiwan, Malaysia, Singapore and Thailand), it was found that capital accumulation has contributed to 60–80 per cent of

their economic growth during their take-off process from 1960 to 1990.

Although Ghana has experienced a respectable average domestic production (GDP) growth rate of 4.8 per cent from 1983 to 1996, contribution of capital accumulation to the growth was nil (in fact - 0.4 per cent). To a large extent, investment performance in Ghana is determined by foreign capital inflows, due to exceptionally low levels of domestic savings. There is 7-8 per cent foreign assistance in the GDP of Ghana.

Even though domestic savings and gross investments have seen marked improvement since the inception of the ERP, Ghana still has a long way to go in order to generate the rate of investment that will enable the country to achieve the approximate 7-8 per cent GDP growth envisaged under the Vision 2020. Currently, the investment/GDP ratio is about 16.5 per cent. To be able to get 8-10 per cent growth then investments have to be about 60 per cent. But this level of investment cannot be obtained at the current savings rate of 7-8 per cent of GDP. The prospects for future growth without a substantial increase in capital accumulation are not encouraging. With an observable donor fatigue, the absence of an increase in local savings, will hamper capital accumulation and, therefore, stifle growth in the future. It has been possible to achieve relatively high savings and investment rates in Botswana (average of 35.0 per cent and 35.3 per cent respectively over 1970-96) and Mauritius (average 23.1 per cent and 21.4 per cent respectively over 1980-96) and so it can be done in Ghana with the right policies and incentives. In both Botswana and Mauritius, national savings cover investments. Botswana does not have a heavy debt burden and the country is actually a creditor to the World Bank, which is rather exceptional in an African context.

Despite the opening of more banks and the liberalization of banking after the Financial Sector Adjustment Programme (FINSAP), private savings in Ghana have been low as already noted. There are many individuals who keep their money in their houses. Many businesses in the informal sector do not deal with the banks at all. All transactions are made on cash basis. Such a practice tends to reduce financial intermediation and reduces the possibility of utilizing the money to make wealth. The question that has bothered some of us is why this seemingly lack of interest in banking?

One school of thought attributes it to the demonetization of accounts that had more than 50,000 cedis in it in 1983. Many people have not recovered from the shock that the policy generated and have made them lose confidence in the banking system. The freezing of bank accounts of people by the government, especially after military take-overs have also discouraged many wealthy people from fully using the banks as a store of some of their wealth. Such people have rather saved their money abroad. Some politicians also hedge against violent and unorthodox removal from power by saving huge sums of money abroad to be utilized when they are no longer in office. Such practice has led to the loss of huge amounts of wealth to some countries that could have contributed to working capital.

Another reason for low interest in banking is the lack of adequate incentives for savings when at the same time lending rates are very high. In Ghana, the spread between the saving and lending rates could be as much as 15–20 percentage points. In such a case, either the banks have high transaction costs or they are reaping abnormal profits. It has been advocated several times by many people that the spread should be lowered to generate the response needed in the financial sector to spur on the economy. The high lending rates pose problems not only for individuals and firms but also for the nation as a whole in terms of huge interest payments on the national debt. Of late, it has been found that the banks, especially the foreign-owned ones, require large sums of money for the opening of savings accounts and huge minimum amounts to enable the customers to earn interest on their savings. Large amounts of monies are left in current accounts and no interest is paid on them. It is about time the commercial banking sector sat up and introduced innovative products and created other incentives to attract potential savers who are sitting on the fence or are not saving all their 'loose' monies.

What has been found to be an effective way of mobilizing savings from the large number of informal sector operators in the urban areas through *susu* associations has to be encouraged and replicated in the rural areas. Instead of collecting deposits on daily basis as it is done in the urban areas, collections can be done on market days in the rural areas. It is known that most of the monies which are collected find their way to the formal banking sector as deposits. And so the *susu*'s are helping with total financial intermediation.

The introduction of rural banks has helped in mobilizing savings and delivering credit in the rural areas. However, some of the rural banks are in distress and they need to be helped to be on their feet to enable them to play a more meaningful role in rural financial intermediation. Some urban dwellers who can afford should buy shares in these banks to increase their level of capitalization. 'Home boys' and girls in the cities can put a little bit of their earnings in their home rural banks to help with the rural economies.

Property

Acquisition of property is part of human aspirations. It is usually the ambition of people to provide shelter for their families in their lifetime. The several houses built in the cocoa growing areas during the cocoa boom in the 1940s, 1950s and 1960s arose out of this aspiration. These houses which are mostly compound houses continue to provide accommodation for the families of the original owners and other tenants. The only sad thing is that many of these houses are in dilapidated shape due to lack of maintenance over the years. Currently, cocoa farmers cannot accumulate wealth to the same extent or even maintain the old houses because of their worsened terms of trade.

During periods of high inflation people tend to keep large proportions of their wealth in physical property instead of bank savings. As compared with other countries, Ghana's rate of inflation has been relatively high. The rate of inflation rose to 123 per cent in 1983 and fell to 10 per cent in 1992 but rose again to 70.8 per cent in 1995. Even the current reported levels of inflation of less than 15 per cent is still high. These high levels of inflation have made people keep their wealth in property like land and building materials which lie idle for a long time before they are utilized. It is not uncommon to see empty plots of land in newly-developing residential areas because their owners are not ready to develop them. These acquisitions tend to put pressure on prices and move the resources out of the reach of people who want to put them to immediate use.

To encourage people to put their wealth in private property, the rule of law should be upheld at all times so that property rights can be protected. Nobody should indulge in witch-hunting and we should stop asking "*wonyaa no wo hene?*" To wit: "where did you get it from?" If there is wrong doing, it must be proved in a court of law and the

defaulter punished accordingly as laid down by law. We must avoid taking the law into our hands, however powerful we may be.

Human Assets

Human beings are endowed with certain resources or attributes at birth through their genetic build up and others they acquire through their environment or special efforts they make out of life. These resources or attributes include time which may be known to all like the length of a day or uncertain like death; skills and capabilities which may be developed through education and training; physical stamina which may be genetically-related or developed through exercise and nutrition; health which is also genetically-related and can be improved through good lifestyles and proper health care.

Time

Let me start the discussion on the use of time with a quotation from the American printer, author, diplomat, philosopher and scientist, Benjamin Franklin who lived from 1706 to 1790, "Dost thou love life? Then do not squander time for that's the stuff life is made of". There are only 24 hours in a day. How the 24 hours are utilized help to determine whether someone succeeds in life or not. Many people who have used the time at their disposal well have tended to do well and those who have misused their time have often not done well in life. The saying, "time is money" is very familiar and it points to the outcome of the productive use of time.

Recently, when preaching on television, Bishop Duncan Williams of Action Faith Ministry said, "prayer and fasting will move heaven, but money moves the earth". Some churches organize all types of services (deliverance, healing, etc) during working hours and very often these services are filled with people, especially women. These services are organized in addition to those held on Saturdays, Sundays and evenings of week days. When some of these people still remain in poverty then they say God has not answered their prayer. But the same God said you must toil before your hand goes to your mouth. Knowing what to do and when to do it is very important and it makes a lot of difference between success and failure.

Very often, people use the weekends to attend funerals to mourn the dead. Although funerals have some socio-cultural significance,

they have often been an economic drain on people and society at large. In some Ghanaian societies when a person dies there is one week anniversary, the burial and funeral rites which may take 2-3 days, 40th-day anniversary and one year anniversary. Close relations are expected to attend all these anniversaries. In some parts of Ghana, some people tour several funerals on Saturdays with the aim of meeting potential spouses or just to have fun. These days when "take-away food" has become a fashion, some people go to these funerals and pack food for their homes. It is surprising to find that people spend so much time on funerals in a country where labour productivity is low and poverty is so widespread. One can imagine the cost of these funerals and anniversaries in terms of logistical supplies, transport and loss of production. Funerals, therefore, tend to accentuate the poverty situation of many people in this respect. It is difficult to understand why funerals cannot be made much simpler to reduce cost and drudgery. The cancellation of wake-keeping prior to burial for many deaths is a welcome development but a lot more can be done to reduce the cost and drudgery of funerals. An appeal is being made to religious and traditional leaders to take the necessary steps to reduce the amount of time still devoted to funerals in some parts of the country.

Unemployment and under-employment are very rampant in the Ghanaian society. There are a large number of people who are seemingly employed but their output per unit time is so low that they are in a form of disguised unemployment. Many school leavers troop to the cities to work and when the jobs are not forthcoming then they begin petty trading. Such people are found selling various wares along the streets at the peril of their lives. They do not make enough to make them lead a decent life. Some of them become children of the street and spend their life on the streets. They may indulge in other nefarious activities like prostitution and drugs with all their attendant dangers.

Apart from those who are genuinely unemployed, there are others who, because of laziness, are not working. But when Adam and Eve disobeyed God in the Garden of Eden, God said to Adam, "In the sweat of your face you shall eat bread till you return to the ground" Genesis chapter 3, verse 19. I am sure most of you are familiar with such people who hang around and want to live on hand-outs from other people — able-bodied persons either in the villages or the cities who solicit for money for a living. In the rural areas in the abundance

of land, there are young men who do not work and would ask for money from citizens of the area who work elsewhere and visit their home town or village occasionally. Pleadings like “ I have not eaten today and so give me money to buy food” are very common. Such acts of besiege have discouraged many people from visiting their hometowns. You keep wondering what they do with the two hands, the time and other endowments God has given them. In many African cities, many young men congregate at the downtown areas during broad daylight without doing any productive work. Some of them may be involved in mischief and may harass innocent people going about their legitimate business.

Such laziness is in abhorrence to the teachings of the Bible. In Proverbs Chapter 6, Verse 6–11, the Bible says, “Go to the ant, you sluggard! Consider her ways and be wise, Which having no captain, Overseer or ruler, Provides her supplies in the summer, And gathers her food in the harvest. How long will you slumber, O sluggard? When will you rise from your sleep? A little sleep, a little slumber, A little folding of the hands to sleep – So shall your poverty come on you like a robber, And your need like an armed man.” In Proverbs Chapter 10, Verse 4-5, the Bible says, “He who deals with a slack hand becomes poor, But the hand of the diligent makes one rich. He who gathers in summer is a wise son, But he who sleeps in harvest is a son who causes shame.” The Bible discourages handouts to lazy people as written in Proverbs Chapter 20, Verse 4, “ The sluggard will not plough because of the winter, Therefore he will beg during the harvest. And have nothing”. The apostle Paul in his letter to the Thessalonians emphatically wrote; “ For even when we were with you, we commanded you thus: if anyone will not work, neither shall he eat”, 2 Thessalonians Chapter 3, Verse 10.

The low productivity of the Ghanaian worker is sometimes attributed to poor work ethics and bad attitude to work in general. It is not uncommon to go into an office to see some of the staff just conversing or working on lotto numbers when there is something very important to do. This is very common in government establishments. Why take up a job and become idle on it? Some people are the last to report for work but the first to leave. This is the famous LIFO – last in first out principle in accounting. I have sometimes heard people attributing their lackadaisical behaviour at work to low salaries. But

this is the case of chicken and egg. Without increases in productivity it may not be possible for the employer to pay higher wages.

Although laziness is a serious issue, procrastination is worse. Procrastination is the thief of time. There is a saying which goes like this, "Do not postpone to tomorrow what can be done today". Some people tend to postpone many actions that they have to take in life which could have improved their livelihood now or in the future. Some procrastinators do not make use of the time they could have used in carrying out the activity. The time, therefore, becomes slack.

One disturbing practice is the so called 'African punctuality' which is an excuse for attending or starting meetings or functions late. The usual saying is that I do not want to be the first to arrive and in the end everybody else is late, sometimes including the organizers. How can progress be made in this way?

Another issue on the use of time is the large number of official holidays Ghanaians enjoy in a year. There are 12 official holidays in a year and sometimes a few more are declared. One keeps wondering why a poor country can afford to have so many holidays. In a few occasions, the holiday is announced so late that it is difficult to make the necessary adjustments to minimize its negative impacts. The national, firm and individual costs of holidays are so enormous that it is about time an appraisal is done about the number of holidays in Ghana.

In addition to official holidays, some workers unions have been able to negotiate long leave periods as part of their conditions of service. At some work places, the workers enjoy more than 60 days of leave and the impact of this long leave on work scheduling and corporate output can be tremendous.

I would like to reiterate that accumulation of wealth or the reduction of poverty has a direct relationship with the use of time and so it is important for the government, firms and individuals to ensure that time is used effectively.

Skills and Capabilities

A nation's wealth is in its people and so development efforts should be geared towards getting the best out of people. Human beings are endowed with different capabilities as a result of their genetic make-up. Many other skills and capabilities are acquired through education, training and personal experiences.

Since independence, Ghana has put a lot of emphasis on educating its people. The free compulsory education policy of the government during the First Republic enabled many children to receive education. The outcome of that policy is the many Ghanaians who are found in many parts of the world rendering first-class services, including the United Nations Secretary General. In the Fourth Republic Constitution, Free Compulsory Universal Basic Education has been enshrined to ensure that no child is deprived of at least basic education. According to the Vision 2020, "education and training will be oriented to meet the current manpower needs of the nation as well as satisfy the intellectual and skill requirements of a technology-based, modernizing and growing economy". The budgetary allocation to the education sector of 30–40 per cent per annum is also the highest for all the sectors. To reduce the distance children travel to school, many schools have been opened in the rural areas. An educational reform programme was introduced to reduce the length of schooling and make the curriculum respond to current needs. The goal of the Ghana educational system is to increase availability and access to education and improve the quality. Apart from formal education attempts have been made to impart literacy and numeracy skills to adults who did not have the chance to go to school when they were children.

Despite all the efforts, school enrolment and educational achievements are low in Ghana, especially in the northern regions of the country. There is also disparity in school enrolment and education achievements between the rural areas and the urban areas, and between males and females. The basic school drop-out rates for the rural community is still high, at 10 per cent for girls and 6 per cent for boys in primary school, and about 7 per cent for girls and 6 per cent for boys in junior secondary school (JSS) in 1997. Enrolment at pre-basic school level is also very low, especially in rural areas. In 1997, only 6.2 per cent of pupils attained the literacy (English) criterion mastery score of 60 per cent and 2.7 per cent attained the numeracy (Mathematics) criterion mastery score of 55 per cent. These results give cause for concern about the state of basic education in Ghana. Not surprisingly, the average performance of the private schools was superior to that of public schools. The proportion of pupils in the private school sample who scored at the mastery levels and beyond were 68.7 per cent for the literacy test and 40.4 per cent for the numeracy test in 1997. The

relatively-high performance for the private schools is consistent with the trend in many countries, but the difference in Ghana is extremely large and unacceptable considering the greater share of government recurrent expenditure devoted to the education sector.

Adult literacy rate for women is comparatively low. In 1997, more than 70 per cent of females in rural areas could not read and write as compared with 45 per cent of males; the respective rates for the urban areas were 47 per cent for females and 22 per cent for males. Females still form less than 30 per cent of enrolment in tertiary institutions. This gloomy picture on female education in Ghana constitutes a threat to further educational development, since uneducated mothers are less likely than educated mothers to retain their children in school and have less access to information. They are more unlikely to use contraceptives and have smaller families (e.g. the total fertility rate for women who have attended secondary school or higher levels is 3.3, compared with 5.9 for women with no education, and 5.3 for women who have attended primary school). Survival of children is always a problem since they often tend to be unhealthy and malnourished. The ability of educated women to raise their productivity in both market and non-market work guarantees overall higher living standards for their children. Special efforts should, therefore, be made to ensure that the girl-child is enrolled in school and stay in it till completion. It is not by chance that the famous Dr. Kwegyir Aggrey of Ghana said "If you educate a man you educate an individual, and if you educate a woman you educate a nation". A woman with the requisite education or skills is empowered to lead the household out of poverty or help it accumulate more wealth. In 1992, Lawrence Summers, then vice president and chief economist of the World Bank, and now the U.S. treasury secretary, said, "When one takes into account all its benefits, educating girls yields a higher rate of return than any other investment available in the developing world" (IFPRI, 1999).

The expansion of the educational system has included the establishment of government vocational and technical training institutions geared toward providing skilled workers to the manufacturing and other sectors. The Intermediate Technology Transfer Units (ITTU's) under the Ghana Regional Appropriate Technology Industrial Services (GRATIS) project and the National Vocational Training Institute are two good examples. The ITTU's have been set up in all regional

centres to offer training in various vocations and refresher courses for artisans.

In addition to these formal sector centres, there are a large number of informal sector training centres in various trades who take up apprentices and train them on the job. In this respect apprenticeship has been a major form of training for many of the master craftsmen themselves as has been confirmed by a number of industrial surveys. For instance, in an industrial survey by Steel and Webster (1993) it was reported that 44 per cent of Ghanaian micro-entrepreneurs who entered business after 1984 had been apprentices before. The problem with informal sector training is the lack of standardization because there is no laid-down curriculum that is used for instruction and the absence of an evaluation for the apprentices.

It is obvious that acquisition of skills and capabilities and the use of these resources productively would improve the livelihood of people. In order not frustrate people, it is important that any educational or training programme should be geared towards the manpower requirements of the country. A Tracer Study conducted on graduates of the universities in Ghana by ISSER revealed a substantial amount of unemployment among the respondents. One of the major reasons for the unemployment was the mis-match of the discipline with availability of jobs. The lack of special skills like computing can also pose a bottleneck for many job seekers. Educational institutions, especially the universities and polytechnics should, therefore, review their programmes and get them to respond to the demands of the job market. Students must also know the job market and let it guide them in the selection of programmes or courses in educational institutions.

Health and Physical Stamina

The advertisement of a large drug manufacturer begins as, "Health is your greatest wealth". There is a saying in Akan which emphasizes the importance of survival which is the outcome of good health, "*Wowɔ nkwa a na wowɔ adeɛ*". The maintenance of good health is vital for reducing poverty or improving the well-being of a person. In good health one can also develop stamina for extensive work which would enhance the output of the person. Without good health, a person cannot give off his or her best at work and may not fully enjoy leisure. Eventually, death may occur and end the life and contribution of the person.

Ghana has experienced continuous improvements in the health status of its people as a result of improvements in the health care delivery system. Life expectation has increased consistently from 38.0 years in 1948, to 42.2 years in 1960, to 48.5 years in 1968, and to 52.8 years in 1982. Currently, it is estimated at 60.9 years for females and 58.7 years for males. Maternal mortality is officially reported to be 214 deaths for every 100,000 live births (GSS, 1994), but new estimates by WHO/UNICEF (1996) indicate that it could be as high as 740 or 538 as reported by the Maternal Health Project (1998). According to three rounds of Demographic and Health Survey, under-five mortality, which is the overall summary measure of childhood mortality, has fallen from 154.7 deaths per 1000 births in 1988 to 119.4 in 1993 and 107.3 in 1998. Approximately half of all deaths to children under-five occurred during their first year of life.

Despite the progress made, a lot can be done to improve further the health status of Ghanaians. Up till now the morbidity pattern has not changed significantly over the years, with the population suffering from the same diseases such as malaria, tuberculosis, respiratory and gastro-intestinal infections, as well as nutritional deficiencies. Malaria continues to be the most commonly reported disease. It is the major cause of death in children under five years; it is also a significant cause of adult morbidity; and perhaps the leading cause of work-days lost due to morbidity. It has been estimated that, on the average, five days of production are lost as a result of malaria morbidity and caretaking (Asenso-Okyere and Dzator, 1997).

The emerging health situation of Ghanaians is the increasing trend of non-communicable diseases such as cardio-vascular accidents. Records from Korle-Bu Teaching Hospital indicate that for the top 10 causes of death in 1998, non-communicable diseases accounted for about 53 per cent of the total deaths.

Another menace that is impacting on the ability of people to accumulate wealth and improve upon their livelihood is HIV/AIDS. The speed at which the disease is spreading is alarming. It is no longer a public health issue but a development issue as people die and leave children orphaned. Nearly 34 million people in the world are currently living with HIV/AIDS, one-third of whom are young people between the ages of 10 and 24 (World Bank, 2000). The epidemic continues to grow, as 16,000 people worldwide become newly infected each day.

AIDS already accounts for 9 per cent of adult deaths from infectious disease in the developing world, a share that is expected to quadruple by 2020. The disease is heterogenous but one pattern is clear – the poorer the people, the worse the HIV/AIDS problem.

Two-thirds of the world's HIV/AIDS epidemic is in Africa and poses the foremost threat to development in the region. More than 11 million Africans have already died, and another 22 million are now living with HIV/AIDS (World Bank, 2000). In Botswana and Zimbabwe, one in four adults is infected. It has reduced the life expectancy in Zimbabwe by about 20 years. As observed by Callisto Madavo and Jean-Louis Sarbib, World Bank Presidents of the Africa Region, the disturbing part of the disease is that because it kills so many adults in the prime of their working and parenting lives, it decimates the workforce, fractures and impoverishes families, orphans millions, and shreds the fabric of communities. It is equally disturbing to note that the disease is now affecting a considerable number of children who are born to HIV sero-positive mothers. An estimated 87 per cent of the world's children infected with HIV live in Africa. AIDS has taken over malaria and other diseases as the leading cause of death between the ages of 15-49 years in some countries.

In Ghana, a cumulative total of 29,546 cases of AIDS were documented over the 1986-1998 period. The general population prevalence for HIV is 4 per cent. Although the disease has not assumed the same proportions in Ghana as it has done in some other countries, the necessary steps should be taken to avoid a pandemic. Considerable amount of research has been done on the social dimensions of HIV/AIDS in Ghana at ISSER. Some of the results indicate that public education should be intensified to increase the knowledge and improve the attitudes and perceptions of people about the disease before its control gets out of hand. The control strategy of the National AIDS/STD Control Programme include maintaining a safe blood supply, ensuring safe use of needles, and disseminating information through public campaigns to change social attitudes and behaviour. If the control strategy fails, Ghana would have lost a chance of accumulating individual and national wealth as a result of morbidity and pre-mature deaths.

There is general lack of clarity in the literature when nutritional problems are cited as contributing to high mortality. Research has

shown, however, that poor dietary intake is only one of several factors influencing the nutritional status of children (Asenso-Okyere, Asante and Nubé, 1997). In Ghana, available evidence suggests that protein energy malnutrition is the most widespread and serious nutritional disorder among children (MOH, 1994). But ongoing research tends to indicate serious micronutrient malnutrition due to iodine, Vitamin A and iron deficiency. It is heartwarming to know that Vitamin A supplementation is on-going in all regions for children under-five years of age. The Food and Drugs (Amendment) Act 523, was also enacted in 1997 to enforce salt iodization to address the problem of Iodine Deficiency Disorders (IDD).

There has been a slight improvement in the nutritional status of Ghanaian children in the last five years. For example, the proportion of children wasted has declined over the last five years from 11 per cent to 10 per cent. A similar trend is observed in the weight for age index which rose from 24 per cent in 1988 to 27 per cent in 1993 and fell to 25 per cent in 1998.

Some of the childhood-killer diseases like diarrhoea and other water-borne diseases like guinea worm and schistosomiasis are, to a large extent, caused by poor household environmental conditions. These conditions are quite severe in many parts of Ghana because of lack of safe drinking water and proper sanitation. Available data at the Ghana Water Company indicates that about 80 per cent of the population in urban areas had access to safe water in 1998, having risen from 76 per cent in 1991. There have been improvements in the use of safe water in rural areas through the construction of wells, which have been fitted with pumps, but the use of in-house pipe-borne water systems has not seen any significant improvement in recent times. Ghana still faces enormous problems in the provision of safe water to many communities, especially the rural areas despite the increased use of boreholes in the country. The CWIQ survey indicates that about 6.8 per cent of households use flush toilets in Ghana. Although pit or bucket latrine's share of the population has dropped from over 60 per cent in 1992 to just under 30 per cent in 1997, pit latrine is still the most common toilet facility in rural Ghana. In 1992 for example, about 61 per cent of rural households used this facility as compared to about 52 per cent in 1997.

Health care costs are enormous and can run many households

into perpetual poverty. One episode of a serious disease can wipe away all the wealth that has been accumulated by a household. Recent estimates indicate that the annual cost of treating an AIDS patient in Ghana varies from ₵190,000 to ₵545,000. This does not include exceptionally expensive treatments such as antiretrovirals. Assuming 80 per cent of AIDS patients received treatment for the disease, the cost would be about ₵3.8 billion in 1994 and this will rise to ₵26.7 billion (in 1994 prices) by the year 2009. It has been estimated that the average cost of treating an episode of malaria including direct costs and the opportunity costs of travel time and waiting time in Ghana in 1997 amounted to \$8.67 or 3.7 days of output (Asenso-Okyere and Dzator, 1997). Looking at how endemic malaria is in Ghana, the total cost of all the malaria episodes in the country can be very substantial and can erode a significant amount of the wealth of the country.

Due to the health-care-financing policies of the country in terms of user charges and full cost recovery for drugs, a large number of people cannot afford health care. As a result, many health-care-seeking behaviours have evolved that should attract the attention of development practitioners. People are delaying more in attending a health facility; associated with this is increasing self-medication; some people negotiate with the prescriber on the drugs to prescribe, taking into consideration the ability to purchase; others buy part of the prescription and, therefore, run the danger of not obtaining the complementary effects of drugs; some people consult drug store operators and risk the danger of being given wrong diagnosis by half-educated store attendants (Asenso-Okyere, *et al.*, 1997).

An exemption policy which was instituted for the so-called paupers has not been effective because of problems of targeting and delays in getting reimbursement for the facilities after exempting some people from paying. Recently, the aged, children under five and pregnant women have been exempted from paying user charges at public health facilities. If implemented well, the policy will bring relief to many poor people. However, to cover all those who are eligible will require a lot of money.

Our involvement in health insurance research at ISSER has convinced us that, one panacea to the high cost of health care is health insurance (Asenso-Okyere, *et al.*, 1997). However, plans to implement

a national health insurance scheme has been on the drawing board for a long time now due to design problems and difficulties in fixing economic but affordable premiums. There seems to be a shift from a national health insurance scheme to micro insurance schemes like those which have been implemented successfully in some districts of Ghana such as Nkoranza and Damango and other places in the developing world like Guinea-Bissau and Zaire. This is a welcome development because of design and operational complexities of a social health insurance scheme.

Collective Assets

Some assets are owned collectively by society although individuals may have usufructuary rights. Communal or common property resource, therefore, connotes, in a pure circumstance, ownership, rights of use or of transfer of a resource belonging to the community as a whole and not an individual. The most important communal property resources in Ghana are land (including communal grazing land), timber, minerals and water. In spite of their centrality to African social, political, cultural and economic development, policies addressing communal property resources are some of the most neglected in development planning. Whereas water can be exploited by all members of the community without infringing upon ones rights, the exploitation of timber, minerals and land may involve individual rights. The tenure systems of the latter resources have been different and have undergone changes over time.

Desocialization or commercialization of common property resources has brought in new dimensions for managing these resources so that society does not completely abdicate its interests. Both beneficiaries and losers have evolved out of the desocialization syndrome. The new class of property owners can now quantify their wealth in monetary terms. Needed cash for urgent transactions are now obtainable through leasing, share cropping, pledging and other forms of tenurial arrangements.

Common property resources have to be exploited to improve upon human livelihood, but this must be done in a sustainable way so that future generations will have access to the resources. Any adverse effects of the exploitation of the resources on the environment must be avoided.

Land Resources

Since agriculture including forestry provides livelihood for a large number of people, issues concerned with land are social in nature and must be taken seriously. Over the years, tenure arrangements have portrayed some dynamism – from a pure pristine state of customary communal tenure system to what exist in the present time – individual ownership along-side community ownership.

In 1999, Eugenio Proto asserted that in a traditional agrarian sector tenancy contracts allow farm workers to produce and accumulate wealth. This is important in an economy characterized by a high degree of credit imperfections. The wealth-constrained workers can accumulate wealth by working as sharecroppers so that the next generation is able to invest in the venture (Proto, 1999). The tenure arrangements that are in place in Ghana allow a landless person to get access to land while the land owner derives pecuniary benefit in terms of part of the revenue from sale of produce for annual crops or part of the farm for perennial crops. The share-cropping arrangements of “abunu” and “abusa” allow the accumulation of wealth by the operator and the land owner in a unique relationship. The development of the cocoa industry in Ghana has been possible because of the evolution of this arrangement. Some people have advocated for land reforms that will ensure equitable easy access and continuous tenure to land for people who would like to make a living out of agriculture. When people are assured of security of tenure, then they can make long-term commitments to land improvements that can enhance productivity.

Looking at unsuccessful attempts in the past by the government to resolve the underlying problems of land tenure in Ghana, it is conceivable that nothing can be achieved without a major revolution. But the question that needs to be pondered over is whether land nationalization is necessary considering Ghana's socio-cultural set-up?

The earliest legislation of the colonial administration designed to ensure proper control of land in Ghana was the Public Lands Ordinance (1876) stimulated by the need to acquire land for public works. The Rent Stabilization Act 109 of 1960 as amended the same year by Rents (Cocoa Farms Amendment) Regulation authorized the Minister to fix land rents. It also prohibited ejection of tenants without the

Minister's approval (Arhin, 1985; Benneh, 1976). This gave rise to clashes between landowners and tenants. The Act was repealed by the National Liberation Council Decree 49 in 1996. Attempts by the PNDC government to reduce the control and administrative functions of chiefs over stool lands through the establishment of the Lands Commission have not yielded the expected results. Chiefs continue to play their role in the allocation of stool lands. Agitations by migrant farmers for government guarantee for their rights to farm without exploitative levies by chiefs led the government to act again. The Land Title Registration Law of 1986 which makes it mandatory for all titles in land to be registered with the Lands Commission was passed. It is, however, noted that the legislation has not affected rural lands yet. Thus, despite attempts by government to intervene by legislature, the bulk of statutory law relating to rural lands has remained nugatory. Most land matters are handled by lineage elders and local chiefs in accordance with their interpretation of indigenous land laws (Asenso-Okyere, Atsu and Obeng, 1993).

Despite the problems of access to land and security of tenure it will be socio-culturally undesirable to nationalize lands in Ghana at this time. If the state needs land, it can exercise its powers under the State Lands Act, 1962 (Act 125) to acquire the land in any part of the country if it appeared in the public interest to do so. What should be done is enforcement of land titling and protection of property rights for agricultural lands so that farmers can invest and improve upon these lands.

Due to population pressure, the traditional bush fallow system has given rise to intensive cultivation of land which requires optimum soil fertility management to prevent nutrient mining. However, fertilizer application in Ghana is one of the lowest in the developing world. In 1990 Ghanaian farmers used less than 5 kg of plant nutrient per hectare of arable land as compared to 12 kg in Nigeria, 53 kg in Zimbabwe, 110 kilograms in Indonesia and 366 kg in Egypt (Bumb, *et al*, 1994). In per capita terms, a typical Ghanaian farmer used 0.9 kg as compared with 6.5 kg in Malawi and, a global average of 28.5kg. The low fertilizer use has resulted in soil nutrient depletion and reduction in productive capacity and, therefore, a decrease in the ability of farmers to accumulate wealth. For instance it is known that Ghanaian farmers can achieve 3-4 tons per hectare for maize instead of the current 1 ton

per hectare; 20–25 tons per hectare for cassava instead of 7 tons per hectare; 600–800 kg per hectare for cocoa instead of 350 kg per hectare. It is hoped that the completion of land capability map will help optimize the use of land so that the best would be obtained from this important asset.

Livestock is an important store of wealth. People who own livestock can always convert some into cash when there is the need to do so. In the livestock-rearing areas the major land resource for their operations is grazing grounds. Since these grounds are communally owned, they should be managed well so that no one individual takes an undue advantage of the resource at the detriment of the rest of the people. One aspect of the management is the forage which should be done in a sustainable way to ensure continuous supply of food to the animals.

Timber

Closely associated with land is timber. Timber is a renewable resource and so if it is replanted when exploitation of the trees is taking place, it will rejuvenate itself and give the chance to future generations to benefit from it. On the contrary, what has been observed in Ghana is unsustainable exploitation of the forests that has led to depletion of the forest resources. In 1900, the forest cover was 8.2 million hectares but at the moment the forest cover has reduced to 1.4 million hectares. This has resulted from the activities of loggers and charcoal producers who are invading the forests with all veracity without replanting. The disturbing fact is that some of them are even invading the forest reserves. Thus, instead of accumulating wealth, it is being depleted without any retention. The control measure that has been taken is to limit the annual allowable cut to one million cubic metres. The consequence of this policy is that Ghana has to import timber to meet its domestic needs. The pricing policy for LPG gas does not also encourage the use of gas for domestic cooking and so the cutting down of trees for charcoal production continues unabated.

Minerals

Ghana has deposits of a number of minerals, namely, gold, diamonds, manganese and bauxite which have been mined over the years. The Minerals Act, 1962 (Act 175) vested the entire property and all minerals

in Ghana in the state – thereby withdrawing one of the incidents of allodial title under the indigenous land title system. Licences for prospecting and mining are granted by the state through the Minerals Commission.

Re-usable wealth can be created by exploiting the minerals. For some time now, minerals led by gold have taken over from cocoa as the largest foreign exchange earner for Ghana. Since minerals are non-renewable resources, a balance must be struck between current exploitation and the needs and interests of future generations.

There have been severe environmental concerns with mineral exploitation. Surface mining and activities of illegal miners (*galamsey*) have deepened the level of soil degradation in the mining areas and this has taken away the livelihood of many farmers in those areas. Another aspect of environmental concern is arsenic pollution which has posed a health hazard to the population in the mining areas.

With increasing oil and gas explorations, the environmental impact of these activities should be looked at closely so that they do not take away the livelihood of the affected people. The impact of off-shore explorations on fisheries resources has been a major concern of the coastal people and the necessary steps should be taken to minimize any damages and allay their fears.

It is pleasing to know that some steps have been taken by the Environmental Protection Agency to protect the environment by requiring the preparation of environmental impact assessments and the posting of environmental clean-up bonds by prospective mining companies.

Water Bodies

Another common-property resource that is important for human livelihood is water bodies which can provide water for drinking, domestic chores, and irrigation of crops; can be used for transportation; and provide fisheries for consumption. Over the years, surface water seems to be reducing and something has to be done before the situation reaches a crises stage. For instance, the low level of the Volta Lake is not due to drought alone, it is also due to the silting up of many streams and rivers that feed into the Lake.

Customary enforcement of regulations about how close one could

farm to the bank of a river or a stream have been relaxed. As a result, many river banks have been cleared of vegetation and this has increased the rate of evaporation from the water bodies. The Unit Committees of the District Assemblies which have been put into place should help the traditional authorities in seeing to it that the banks of rivers and streams are protected.

Exploitation of the fisheries resources of water bodies can help either in poverty reduction or wealth accumulation. However, like other resources the exploitation must be done in a sustainable way to ensure continuous supply of fish.

Water bodies provide means of transport for people and goods in many countries. The cost of investment in infrastructure and maintenance of water ways is low as compared with road transportation. The immense opportunities that the Volta Lake and some rivers offer for water transportation are well known. However, it is disappointing that these opportunities have not been exploited to their fullest level.

The use of groundwater for irrigation is under serious discussion without giving much attention to its management. The mining of groundwater can bring about very undesirable consequences and so research should focus on how best to manage groundwater resources. A lot can be learned from the different management strategies for groundwater resources in different parts of India as well as other countries.

One menace that is threatening the livelihood of many people who live close by water bodies is water hyacinth (*Eichhornia crassipes*) also known as the "Florida Devil" or "Bengal Terror". Water hyacinth was first identified in Ghana in late 1984 but since then it has been spreading to different parts of the country (Asenso-Okyere, *et al*, 1998).

The devastating effect of the weed can be seen from the Tano/Abbey/Ehy lagoon complex on the south-western border with Côte d'Ivoire. Water hyacinth can be found over 40 kilometres of the lagoon shoreline and 20 kilometres of the Tano river covering an area of about 50 hectares. Movement of the weed in the lagoon from the Ivoirien side sometimes swells up to the surface on the Ghana side and prevents water transportation, which may lead to complete isolation of villages, if other modes of transport are not available. In the Tano lagoon, the presence of water hyacinth has led to a drop of 80-90

percent of fish catches since 1990. A combined effort of the Water Research Institute, the Environmental Protection Agency, the Plant and Regulatory Service of the Ministry of Food and Agriculture, the Ministry of Local Government and Rural Development (District Assemblies) and the inhabitants of the affected areas is needed to eradicate water hyacinth from the Ghanaian environment. If the weed is allowed to spread further, the natural wealth (water resource) of the people would be destroyed and it would intensify the already pervasive poverty situation in the rural areas.

CONCLUSION

The development of every country depends on the performance of the state in general, the communities and the citizenry. Each one has a role to play in wealth accumulation. The state has to serve as a facilitator, partner and catalyst for the market and civil society. The communities must protect their common resources and create more for the exploitation or enjoyment of their people living and those unborn. Individuals must strive to make the best out of life through good lifestyles, hard work and wealth accumulation. It must be remembered that if life is worth living, then it is worth living well.

Sustainable growth needs to be based on a balanced mix of capital accumulation and structural change, while adjusting macroeconomic policies is necessary, in order to keep distortions at the lowest possible level.

Extended periods of rapid growth in Africa starting in the 1960s and 1970s relied heavily on capital accumulation. The prospects for future growth without a substantial increase in capital accumulation are not encouraging. In particular, the fast-growth period of Ghana may prove unsustainable if the economy does not manage to increase its low domestic savings rate of 7–8 percent of GDP. In the absence of an increase in domestic savings, capital accumulation will be hampered, which will stifle growth in the future.

Significant investments will be needed to be able to increase the degree of diversification required for the economy, as well as facilitate labour reallocation out of low productivity agriculture to other higher productivity activities. But incentives for investments are influenced by the overall efficiency of the economy. A low level of produc-

tivity limits potential profits and translates into lower return on capital. Individuals and firms must use the assets available to them to create more assets through investments. In general, as people become wealthy and utilize the wealth, others will share in the wealth and create their own wealth.

Having said so much about wealth accumulation in improving human livelihood I would like to emphasize the need to pull everyone along, especially the poor and vulnerable, in this process by helping individuals to rediscover and improve upon their assets and resources and utilize them to create wealth.

I would like to end by endorsing the saying, *sika frɛ mogya* and encourage everybody to strive to accumulate wealth through legitimate means and utilize the wealth for his or her benefit and that of society.

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