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A F R I C A N B U S I N E S S E N T E R P R I S E

A Study of a Group of Traders in Kumasi

Part II

by

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FIRST DRAFT (omitting footnotes) FOR CRITICISM

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E. SOCIAL ASPECTS.

23. The family system: matrilineal inheritance. This section is concerned with the effects of the matrilineal family system upon the African business man.

Some of the inferences drawn tentatively in this and the next section, seem to be of the greatest significance in understanding his problems, and offer a glimpse of some of the reasons for the failure of African business enterprises to develop into larger units. The family system might possibly be considered to be among the chief hindrances to the development of indigenous business enterprise.

The Akan peoples, to which the Ashanti belong, are closely allied linguistically, share many common traditions, and are contained largely within the boundaries of Ghana, in the central and southern areas of the country. The matrilineal system embraces the Akans and some other geographically proximate groups. Most of the business men covered in this survey were Akans and some of their problems of business development can be related to their matrilineal system of inheritance. These are not problems which are shared by patrilineal tribes, so that in Ghana they are largely peculiar to the Akans, who constituted over 40% of the total population in the 1948 Census of Population. But since cocoa is to a considerable extent in the hands of matrilineal peoples, they are among the wealthiest sections of the nation, and a large proportion of Ghanaian business enterprise certainly springs from them.

The other tribes in Ghana - the tribes of the Northern Region, and in the south, the Ga-Adangmes and the Ewes principally - have largely patrilineal inheritance, but of the Akan states, a large proportion of the population of Akwapim is also patrilineal.

Matrilineal inheritance. Matrilineal inheritance in Ashanti belief and practice means that a man is succeeded not by his children but by relatives of the "blood", which can only be transmitted through the female line. The traditional belief is that a person inherits his ntoro or totemic spirit from his father. This is his spiritual inheritance. His physical being he inherits from his mother. It seems a logical next step that he should inherit physical property, that is, material things, from his mother's side.

Briefly, the principle is that a man is succeeded by his brothers, his nephews (his sisters' sons, the eldest sister's sons first, and so on), his sisters, and his nieces, in that order.

Evidence of the breakdown of matrilineal inheritance, notably among the business, professional and white collar classes is apparent in Kumasi, and in the southern urban areas the trend is said to be even more marked.

To avoid confusion, the word "family" is used here in its wider sense to mean the extended family group, the descendants of the maternal grandmother, or perhaps more commonly now at least, the descendants of the mother. The nuclear or immediate family is referred to as a man's "wife (or wives) and children".

How customary inheritance is modified. Customary inheritance can be modified both under existing statute law and customary practice. Under statute law, testamentary disposition, the method receiving the most attention in this paper, is the principal method among the literate classes for overriding customary law. In addition, marriage under the Marriage Ordinance protects the wife and children.

Changes in customary practice have sometimes been made in recognition of the conflict between the extended and the nuclear family. The required information about this from the different state councils has still to be collected, and there is very little in print. As examples of these changes, in Akim Abuakwa and Western Nzima, both states in the Southern Region of Ghana, the property of a man dying intestate may be divided into three, one-third going to his wife (wives), one-third to his children, and one-third to the family. Both gifts inter vivos bestowed publicly, that is in front of witnesses, and wills, were described by Rattray as accepted forms of property disposition in Ashanti, but the consent of the matrilineal lineage was required. In fact, gifts inter vivos of personally-acquired property were only ruled as valid "whether the relatives of the donor approve or not" by the Asanteman Council in 1942.

What happens when an Ashanti business man dies intestate.

Ordinarily, the property of an Ashanti man who dies intestate falls to his matrilineal next of kin, or where there is more than one possible successor, to a member of the family nominated through the head of the family. Occasionally, brothers or nephews who had been employed by the trader inherit, but usually the business disintegrates. His successor rarely knows anything about the business, and the aim is to realize the assets as soon as possible. Business continuity is rarely possible in such circumstances. Clearly, in rural areas where a cocoa farmer nephew inherits from a cocoa farmer uncle the effects cannot be so destructive as in business enterprise.

Attitudes of Akan business men to matrilineal inheritance.

The 52 traders from matrilineal backgrounds, nearly all of whom were Ashanti, who were asked who would inherit from them, gave answers which indicate the strength among this group of the move away from traditional matrilineal inheritance.

The answers may be summarized in tabular form as follows:-

A. Those intending to follow traditional practice:

1. Normal matrilineal inheritance	4
2. Normal matrilineal inheritance but probably only because of obligations to the family	<u>2</u>
Total	6

B. Those intending to effect some alteration by will:

3. Inheritance intended to be altered by will on a compromise plan	17
4. Inheritance intended to be altered by will to leave property entirely to own children	16
5. Inheritance intended to be altered by will but no details	4
6. Already made will leaving all or part to own children	<u>5</u>
Total	<u>42</u>

C. Others:

7. Wish to provide for own children but no mention of a will	3
8. Special case of a man who had no relatives and whose wife would in any case inherit even under a matrilineal system	<u>1</u>
Total	<u>4</u>

52

Notes on this table.

Group A. 1. One of these 4 business men was a partner in a partnership of brothers, who would inherit from him, but carry on the business and provide for his wife and child; another intended to make provision for his children in his lifetime; a third said that his brother would inherit and would be responsible for the wife and family, (see also group B.4).

2. One of these had inherited from the family. He thought to cover his children's education costs by insurance education policies. The other owed much, he said, to his mother, who would be distressed if he cut off the family. (I came across a few instances elsewhere where the mother was the force linking a son to the family. The death of the mother, it was sometimes openly said, would also mean his breaking with the family).

Group B. 3. Examples of these compromise plans were : (a) inheritance to be divided into three for wife or wives, children, and family; or into two, wife (wives) and children, and family; (b) house buildings to be left to the family, the business to go to the children. This was quite a common division, and always with the house property going to the family.

4. There were 3 instances here where the business man was content, while his children were still very young, to leave the position for the time being as his brother's responsibility for the wife and children. But he intended to make a will in favour of his own children when they were older. In 2 of these cases where a brother would normally inherit, the brothers had agreed among themselves not to follow the matrilineal inheritance pattern, but, because the children were still very young, the brothers would look after the children until they were old enough to inherit their father's property. The plans were to make wills only when the children were old enough to inherit.

6. It is surprising that only 5 traders had actually made wills, but two of these traders said that they knew of many others who had already made wills. This, however, it must be emphasized, is not the sort of information that an African willingly gives on the whole, because knowledge of the existence of a will is likely to cause family disharmony.

Group C.7. In these 3 instances, the traders concerned had plans for their children. One intended to form a company with his children as the shareholders when they were older; another proposed to open bank accounts for his children.

In this survey then, 42 traders planned to interfere with customary matrilineal inheritance by making a will, as opposed to 6 (plus possibly 3 more in Group C. 7) who accepted the system and were content to die intestate.

The probable fate of Akan businesses on death. The objections to the matrilineal system of inheritance by a business man were not often concerned with the continuance of the business, however. Sometimes it was felt that a brother would be in a position to take it over, or less frequently, a nephew, or sometimes a son or occasionally a daughter, - by making a will if necessary. In a partnership of brothers the continuance of the business was assured if one of them died, it was usually assumed, and where this was the case in these interviews, the surviving brothers accepted that they would be responsible for the deceased's wife and children.

But out of 115 trading businesses covered, only 21 were partnerships, and only 2 were companies. The rest were sole traders. These were the larger African trading firms in Kumasi, and if businesses further down the scale had been added, there would have been a rapidly increasing proportion of sole traders. In the larger trading units, the form of organization and the size of the business were rarely related, and the significant fact is that most businesses depended upon one man. In general, whatever the legal form of the business, the death of its principal figure brought the problem of its survival.

In some instances, a sole trader was indifferent as to whether a son or nephew continued the business, provided that the successor was able and industrious. Where, however, the trader planned to compromise with the traditional system by making a will to divide his possessions between his family and his wife and children, the business was always intended for the children, it seems, and the house property for the family, as has already been mentioned.

Several sole traders said that their businesses would die with them, because, for example, there was no one with the experience to continue them. But this is not specifically a Ghanaian fate of sole trading businesses, and too much should not be made, therefore, of the extinction of sole traders' businesses upon death.

General objections made against matrilineal succession.

It is worthwhile to list some of the general objections to the matrilineal system of inheritance made by business men in interviews, though these objections were not necessarily concerned with business, and were often part of some hard words against extended family responsibilities. A successful man finds the weight of the family round his neck, and provision for its members in his lifetime a traditional obligation, apart from questions of inheritance. This is the subject of the next section.

These are some of the points made against matrilineal succession.

(a) Degeneration of the traditional system. The old system had tended to degenerate, it was said, into a grabbing of the property of the deceased. Formerly the system had provided that the widow(s) and children became the responsibility of the heir, but that seems often to be no longer the position, and it was said that the widow(s) and children may be thrown into the street with nothing, quite literally, and the children's education ended. This is to express the position rather strongly, for the wife would return to her matrilineal home, (that is, if she were Akan), though possibly taking nothing with her, and possibly finding that the matrilineal guardians of her children were unable, or unwilling, to continue their education. It was common in earlier days for cross-cousin marriages to take place, that is, for an uncle to arrange for his niece to marry his son, or to accept his daughter as the bride of his nephew, thus cross-weaving the two aspects of the family and avoiding the conflicts of succession.

(b) The effect of the system on a man's wife and children. The laws of traditional inheritance and of current responsibility for the extended family system are at the expense, it was sometimes put, of a man's wife and children. One trader went so far as to say that the system tends to make marriage a failure. A wife has no feeling of security, and often takes no interest in her husband's affairs. "It would pay the wife and children to get all they can, while they can, out of the husband," said one trader, "although in fact they generally do not behave like this". "If I died now while my children are still young", said another trader, "the family would not allow my wife to carry on the business". Or, as another trader expressed it, "If you leave your

things to your sons when they are small, the family will chop (eat) your sons".

(c) Nephew behaviour. Even allowing for variations among families and localities, the next in succession can usually be worked out from the theory, other things being equal - which they rarely are. Thus there are often occasions when who will inherit may be in doubt. If a nephew is to inherit, the nephews know that only one can inherit, to the exclusion of the others. Therefore, as one trader put it, the nephews have no hesitation in impoverishing the uncle during his lifetime. The poisoning of uncles, according to a number of informants, was common, and ju-ju was tried on weaker avuncular minds, assuming ju-ju here to be a psychological weapon. Poisoning is not quite the right translation, for it does not necessarily mean poisoning to kill or harm, though this is one meaning. It also means an attempt to change a person's state of mind by a potion bought from a ju-ju man. A wife might use a potion for this purpose on her husband.

In fact, theft and defrauding by nephews, which was said to be not uncommon, did not show up very strongly in this survey. In over 100 case studies, I recorded only 3 instances of nephews defrauding their uncles while employed in their businesses. There were 3 cases where a business man was defrauded by his brother, and 2 cases by other relatives. Court cases rarely follow the discovery of a relative's dishonesty, however, because the matter must not be taken out of the family. In any case the money would not be regained by taking the culprit to court, and the family would not easily tolerate what would be considered as the spoiling of its good name. One trader suggested that because there is no punishment except family disapproval, which is less to be feared now than in the past, the family complex actually tends to increase dishonesty. But where an uncle was the victim of a theft, he invariably determined to exclude the thief from any inheritance on his death.

A successful but illiterate trader said that educated nephews, and sons too, would defraud their uncles and fathers. The educated young man prefers a literate wife, he said, who is likely to have expensive tastes, and he steals to provide for her. Perhaps this had been his own experience, at least.

However, as everyone emphasized, not all nephews bad. Many families seem to maintain bonds of affection and respect.

(d) The aspect of unfairness. In one typical case, where a man had his sons with him in the business, he felt that it was unjust that they should lose everything on his death, as they would unless he made special provision for them, and this at the risk of family strife. The family, who, he said, had never helped him, and who wanted him to die, would not accept his bequeathing his property to his own children who had helped him during his lifetime. This feeling of unfairness was widely expressed.

24. The family system: the costs of the extended family to the business man. Large nuclear families must presumably have been a factor hindering the growth of small business men by absorbing their capital in nineteenth-century Europe. The African business man has similar problems today, but in his society, where the extended family organization exists, he finds himself responsible not only for his own wife and children but also for many of his other relatives. In a matrilineal society, this responsibility is for relatives of the female line of descent, so that a man may be responsible for looking after his mother's mother, his mother, his mother's brothers, his brothers, and his sisters and their children, apart from his own wife and children. He would be responsible for his sisters and their children where the husbands were unable to provide for them, or if his sisters were unmarried, for example.

This means that a successful man is saddled with relatives clamouring for shelter, food, clothing, and money for one reason or another. It is not unknown for an uncle, for example, to say that he expects from a nephew now that he is established, a given amount of, say £5 or £6 a month. Indeed, any "successful" member of the family, male or female, (which means in practice almost anybody with a job), is likely to find family responsibilities round his neck with his first pay packet.

Education costs. In only 21 cases were estimates of family education costs obtained, but in all of these, a figure of over £300 a year was given. One of the bigger business men reckoned that his total family costs, including education, were about £1,500 a year, but he shared these with a relative. Another of the bigger business men said that his business financed the education of one more child from the family every year. A relative receiving secondary education or university education - especially at an overseas institution, was a big individual expense item.

The following table is a guide to the educational responsibilities of some of the business men in this survey. This list shows the number of children for whom a business man was solely responsible, and includes his own children, his brothers and sisters of school age, and his nephews and nieces. Unfortunately, it is only a rough guide, because it was not always clear when compiling the table whether all these children were still in school. This list includes only those cases where the number of children was known exactly.

<u>Number of children,</u>	<u>Number of business men responsible for this number of children.</u>
0 - 5	24
6 - 10	19
11 - 15	12
16 - 20	4
Over 20	3
	<hr/>
	62
	<hr/>

Some examples of family responsibilities. A man's responsibility for his relatives was sometimes onerous. For example, one business man found himself responsible for "six or seven cousins, who have not got good husbands, and their children;" an unmarried man had to support his four sisters and their twelve children; another, in addition to his three wives and nine children, had his mother's family and his father's family to look after, for there was no one else to look after his father's family. One trader, with fifteen children to support, ten of them his own, also supported four sisters, and sent £7 each to his mother and his grandmother every month. It is not surprising that some traders considered the income tax allowances inadequate.

Wives' earnings. On the whole, a wife with a young family was fully occupied looking after the children, otherwise she might trade, or help in her husband's store. Trading on her own account was the commonest occupation of a wife, but many wives helped their husbands in their stores, and so on. Where a wife had an income of her own, she would be likely to make less demands on her husband, but a husband's minimum obligations to provide certain things for his wife and children are fairly rigidly defined and observed. Failure to observe them can be a cause of divorce, I understand.

A few traders mentioned that they had tried to reduce their family costs by setting up brothers, sisters, nephews or nieces, for example, in trading. Educating brothers, sisters, nephews and nieces, apart from sons and daughters, while being in fulfilment of family obligations, also provides for their obtaining better jobs and their future sharing of family costs. On the other hand, there is prestige attached to having many dependents.

How far can family costs be regarded as a drain on a business man's resources? "Most of the profits are taken in family costs," said one of the bigger traders. A smaller trader with heavy family responsibilities said that his was a hand-to-mouth existence. It was often said that a man had to get away from his town and his relatives if he wanted to survive.

One might mention how competition between members of the family for the available funds of a richer member of the family often produces internal family stresses. One informant, for example, put it this way: "If a man gives too much to his wife and children, his family will rise against him; if he gives too much to his family, his wife and children will be against him. If one of the family is looked after, the rest will turn against him. If he looks after one nephew, he will become the enemy of the others. There is always a family quarrel. If an uncle has money, there is suspicion always of ingratiating with him. The demands of the family breed dishonesty in a man".

The implications of making provision for the family do not end here. The building of a house is often in response to family needs, but at the same time the capital is being tied up so that the family cannot dissipate it. While there is any cash, the family, if they know about it, will want it, for recurrent expenses such as clothing or education, or occasional expenses such as medical treatment, for relief from indebtedness,

for bribing to get a good job, or for marriage. A big car, too, means that the money has been spent on oneself, and that any liquid cash, which the family is interested in, has been reduced. Moreover, since the car will sometimes be used as family transport, a bigger car has a chance of a longer life. Conspicuous consumption is not necessarily an adequate explanation of the large car phenomenon. Much depends, of course, upon the attitude of a man to his family, and to his probable heir. But the family likes the prestige of having "a big man" in the family, - a man of substance with property and a car, who is there in the event of trouble. Besides, reflected glories bring material benefits in ordinary dealings with other people. One expects therefore a certain amount of give and take within a family, and the individual behaviour of dependents to be conditioned by family attitudes, for the family as a whole benefits by additions to family property.

The need to keep one's affairs secret from the family sometimes drives a business man to protect himself in other ways. One example is bank accommodation. "If you have a loan," said one trader, "your relatives will know about it and rush for assistance, but no one knows if you have an overdraft". This would be true, for example, where the house was required as security for a loan, and valuers came, and were seen, to assess the property, as opposed to an overdraft which was given, say, without security on past business performance.

Thus, in many cases it can be said that family responsibilities reduce the power of a business man to undertake effective business enterprise, and in some cases appear to distort its direction of growth by making it necessary for a man to hide, or absorb in less useful ways, his cash balances.

25. Akan funerals. Only at a later stage in this survey was it thought that the costs of ceremonies associated with rites de passage might be a serious drain upon a business man. Information was collected only about funerals, which are the most significant item of costs, and in general it seems that while funerals are not a major expense, a budgeting allowance of, commonly, £5 or £6 and possibly as much as £10 or £20 a month, has to be made for them. As important might be the loss of time involved.

There are usually four ceremonies associated with the death of a person, the actual interment, and ceremonies a few days later, forty days later, and one year after death. The big occasion on which invitations are sent to friends is the one a few days after the interment. This often used to be seven days after the death, but now commonly is on a Saturday so that working relatives are able to get away from their place of work. The other ceremonies are chiefly for the family. Actual dates and ceremonies depend upon family decisions. Details of Akan funeral ceremony can be found elsewhere: here the concern is only with the costs of funerals to business men.

The big ceremony is a social occasion depending largely upon the status of the deceased, and one of its principal features is the drinking associated with it. (It has already been mentioned (p.67) that traders in drinkables depend chiefly upon the demand from funeral organizers). The guest is expected to contribute towards the costs of the occasion, and how much one contributes depends upon how close one was in kinship or friendship to the deceased, the size of the funeral celebration, and what is offered to drink. In Kumasi, a guest rarely gives less than 4/- at a small funeral. (The family usually, but not always, gives a poor man a poor funeral). Where a guest has only one bottle of beer put on his table, he might give 4/-, or 7/- for two bottles. He might give a guinea for half a bottle of whisky, or two guineas for a full bottle. Some people follow a rough rule of giving about twice the cost of the drinks that they receive. More distant friends might do this, for example. Commonly, half a guinea, or 13/-, or one or two guineas is given. Multiples of a guinea are usual. A business man might give one or two guineas, or up to eight or more guineas for a close friend.

Friends who cannot attend a funeral often send 4/- or more, according to their tie with the deceased. In both the towns and the villages, neighbours will give donations to help funeral expenses, men 4/- and women 2/- usually, whether they get a drink or not.

Drinks costs are probably not so high outside Kumasi. For example, one Kumasi business man from Ashanti-Akim (north-east Ashanti) said that in his area costs were less because "while in Kumasi people drink whisky and schnapps, in Ashanti-Akim they use a lot of palm wine", and probably illicit gin.

There is an increasing tendency nowadays for small groups of relatives, or of the same clan, or of friends, or of business associates, to join together to give a single donation. The head of a family might give a donation on behalf of the family, or people at the same table at a funeral might join together. "It would be too sweeping however", said one

well-informed Ashanti, "to say from this tendency for small groups to give a single donation, that funeral customs are in the process of disintegration, but it is an indication that the costs of funerals is being felt, and this method definitely reduces the cost of the individual".

A well-known business man may receive sometimes in a single week several invitations to funerals all of which he cannot accept. The number of invitations that a person receives depends upon his status (for example, in traditional social status, as head of a family, or a position of esteem in business or government), upon his wealth and upon his popularity. He will tend to refuse the invitations of more distant relatives and friends but there is some pressure to attend if invited, for, as the Ashantis say, "If I lose a member of my family and you sympathize with me, I will sympathize with you when you lose a member of your family". ("Ayie ye di no akoagye; wogyaa me na menso magye wa").

Funeral costs. The careless choice of a person to manage a funeral party can run a family into debt, though it is rare for a family to make such a mistake in its choice. The organizer is usually a member of the family but he may be someone known to the family who is called on to organize, and who perhaps has assisted in the past; or, in a village, the chief may be asked to take charge, or more rarely perhaps, there may be some person, well-known for his funeral-organizing abilities, who is frequently called on.

The principal costs are the coffin, the drinks and the transport for relatives and friends from neighbouring villages, and for relatives from elsewhere. The husband of a deceased wife will normally pay for the coffin, and half (sometimes more or less) the outstanding drinks debts. In the case of other relatives, if receipts do not cover costs, the family will divide the difference between themselves, each adult member being told what he is expected to pay according to his status, a woman normally paying half, or less, the amount paid by a man. Sometimes a "big man" in the family will take over all or part of the debts himself. Before the reckoning is done, members of the family submit their expenses claims, including their travelling.

A funeral ceremony can cost as much as £500 or sometimes £1,000, but a common figure is over £100. Donations are received only in connection with the big ceremony. The other smaller ceremonies are chiefly family affairs.

The loss of business time. Funeral parties are a late afternoon activity, as a rule. Where a trader has a reliable assistant and has to lock up his store when he is absent, it is obvious that there may be a loss of selling time of several hours on a funeral day, allowing for dressing and travelling. Business men sometimes remarked upon this.

Settling the affairs of mothers, maternal uncles and brothers can take many days, furthermore. A business man with no one to whom he can entrust his store would have to close it for the period of his absence.

In the big firms, though they are said to be considerate, employees cannot always obtain permission to attend funerals, for the time lost would no doubt be a serious interference with business activities. In the small firms, a business man sometimes finds the absence of a member of his staff a serious handicap, especially when the absence is for several days.

One cannot easily estimate the costs of funerals to business men in terms of his own business time and that of his employees. The direct costs of travelling, his contributions, the drinks that he might take along himself, and his share of the expenses if he is related to the deceased, appear formidable enough.

26. Attitudes to foreign-owned business.

(i) Lebanese and Syrian enterprise. A few weeks before the field-work for this study began, the Government introduced into the National Assembly a new immigration bill. In the second reading of this bill (July 1957) some members expressed their opposition to Lebanese and Syrian enterprises in Ghana. The debate in the Assembly was followed by leaders, articles and letters in the press attacking the Lebanese or deploring the attacks on them, and it is possible, with all this fresh in the mind, that some African traders were influenced in their replies to questions in this survey.

Out of 56 traders, 26 expressed feelings of dislike against Lebanese and Syrian traders, 14 of them strongly; 11 had pro-Lebanese sympathies, 4 strongly; and 19 had no particular feelings. Of the 26 in the first group, only 4 traders wished to see the Lebanese and Syrian community evicted, but others spoke of limiting or preventing further immigration.

The chief reason for this hostility towards the Lebanese was their competition in trading. Not only were they competitors, but they "competed evilly", and by "business intrigue" ousted the African from the trading areas. "Africans will never be successful because of the encroachment of the Lebanese". "They spoil the market because they have no fixed prices", or "sell below (our) costs". Some traders were more personal and said that they were losing their business to Lebanese traders, mentioning by name these competitors, or sometimes their alleged undesirable trading practices. Lebanese business methods shocked him, said one African ex-employee of a Lebanese trader. Lebanese ownership of store premises and their alleged "dashing" to obtain the best sites for their stores were objected to by some African traders, and others disliked Lebanese participation in certain trades - the bread trade was mentioned most commonly - or even participation in retail trade at all. Their dishonesty in motor hire-purchase schemes was another allegation.

On the other side, some traders expressed pro-Lebanese feelings. The Lebanese were "friendly", "dealt properly", "helped Africans by giving credit", or "helped Africans by the hire purchase system (though exorbitant profits)"; and, on the personal level, "I got this store through the good offices of a Syrian", or "they are good to me". The belief was expressed that the general effect of Lebanese enterprise was beneficial, sometimes even by traders who had personal dislikes. Lebanese re-investment of profits in buildings and industries was chiefly mentioned, and it was said that Lebanese traders attracted trade into Kumasi.

Among the traders who, on the whole, had no marked feelings, were two who felt that African failure and Lebanese success was chiefly a matter of capital. Given the capital, they said, they could do as well, or better, than a Lebanese trader.

All other considerations aside, the Lebanese trading community constitutes a small, clearly definable group, often working in the same fields as the African trader, and the opposition to the Lebanese seems to spring from this fact, that they are so often direct competitors at the same level as at least the larger African traders. Whether or not they are more efficient is beside the point.

(ii) Indian enterprise. Only 12 African traders had any observations about Indian enterprise, which is relatively small in Ghana. Six traders expressed strong feelings against the Indians, but one thought that they were "harmless". The criticism of 3 traders (heard also from other traders but not recorded) was that Indians did not invest here but sent their money home, though "they do spend a little in the country now". One trader, unsympathetic to Lebanese enterprise, liked the Indians, and said that his Indian neighbour would always help him when cash was short.

(iii) European enterprise. European enterprise came in for relatively little criticism. Complaints were of alleged unfair competition by selling at reduced prices in order to put other firms out of business. "Europeans can sell more cheaply than we can", and "will undersell any line that Africans find profitable". European firms will sell to anybody for a quick turnover; they should have an obligation to distribute fairly, said one trader.

The United African Company had some critics. One trader said that U.A.C. salaries, from managers down to storeboys and messengers, had been increased, "but there had been no increase in commission for poor traders". Seven other traders disliked U.A.C. for allegedly causing prices to rise by creating scarcity, for alleged price undercutting, or for allegedly giving better terms to Syrians than to Africans.

This point that European firms in general favour Syrian (that is, Lebanese and Syrian) traders was made by 13 traders. One trader, not one of the 13, said that it seemed a fair practice that Syrians got better terms when they bought more, but in consequence they could sell at prices equal to or below his cost prices. But most traders said outright that the practice was unfair. As has been said before, in the eyes of these traders, the difference is not between smaller and larger traders, but between smaller African and larger Lebanese and Syrian traders, so that it seems that the racial difference is what is significant to the African trader. The concept of a quantity price, which everyone knows, is lost here. (This is an aspect for the psychologist rather than the economist).

Often it was some managers, rather than some firms, who were criticized, particularly where it was said that they gave preference to Syrians. New managers failed to look after old customers, was another criticism. On the other hand, some managers were helpful and gave advice to their customers.

My impression was that much was taken for granted about standards of behaviour and what should be expected of the big European firms. Occasionally a trader said that he liked or trusted the European firms, or liked their policies of steady prices. For many traders, the European firms seemed part of the scenery. "U.A.C. is a background firm of Ghana", said one trader. They offered employment and facilities, and helped economic development.

27. African group antipathies. Apart from the attitudes of African business men to giving credit to Lagosian traders (see p.67), no worthwhile information was collected about group feelings amongst Africans. In ordinary conversation, it was common to hear non-Ashantis criticize Ashantis, and even to hear Ashantis criticize Ashantis, usually on their dishonesty, and the lengths that they will go to get money. One sometimes heard of their attitude of superiority, or their willingness to make trouble. One Ashanti thought that the Ewes were more industrious people, and so on.

Of other Ghanaian groups, one heard Frafras described as dishonest or lazy, and of Busangas as hardworking. Individual experience is important here, but traditional attitudes and prejudices between peoples and regions, even only a few miles apart, are common the world over. The only significance of such attitudes here is that some traders were perhaps influenced in their choice of a partner or an employee by his origin, and where language or other major differences arose, this was emphasized. My general impression, though one hesitates to generalize on this, was that group antipathies, at least among traders, were not as pronounced as is sometimes thought, except in particular circumstances.

F. THE PROBLEMS OF AFRICAN BUSINESS MEN.

28. The African business man's description of his problems. The preceding sections have described the background and activities of the larger African traders in Kumasi. This section consists of an enumeration of what African traders in Kumasi considered to be their problems. All Kumasi business men would not agree about all of the problems, and sometimes the real problems seemed to the inquirer to be different from those suggested to him by his informants.

It must be emphasized that this study is intended to be largely descriptive, and it is hoped that studies in other urban areas in Ghana will provide a broader basis for possible policy considerations.

The problems described by the business men interviewed have been grouped under a number of headings. Only a few details are given here of how many traders were concerned with each of these difficulties, and, except for a few comments, there is no attempt to indicate how serious or how valid an obstacle any of them might be considered.

A. PREMISES.

(1) Siting. Several traders complained about the poor commercial situation of their stores. Mention has already been made (Section 16) of this problem, which is not specifically Ghanaian. All traders, of course, would like premises in the most frequented shopping streets of the town. Of the traders interviewed, one gave up his store because of its poor position soon after this interview, and tried to work a credit clothing business from his house. Another had ceased using his store as anything but a warehouse, and concentrated on wholesaling.

It was commonly observed that the best sites in Kumasi were in the hands of Lebanese traders.

(2) Rents. There were a few complaints that rents were too high.

(3) Kumasi Market. Sanitation, and especially drainage, in Kumasi Market were criticized. During heavy storms, the lower parts of the market flooded because the drains were inadequate for the volume of water. In spite of building low concrete walls round their premises in self-protection, many traders said that they had losses in sodden stock from time to time. Stall holders had petitioned the Municipal Council many times about this, I was told.

B. FINANCIAL

(4) Capital shortage. It was to be expected that most traders would say that they would like more capital. Several put the point in a general way, saying that shortage of capital was a disability hindering African business development. Of the traders who were asked what they would do with additional capital, most said that they would increase their stocks or add more lines, but some said that they wanted capital so that they could import

directly from overseas themselves. One trader saw his troubles in these terms: he had no capital, therefore he could not buy from overseas and had to buy from the local large firms; therefore his buying prices were high; therefore his selling prices were high; therefore he could not compete. Some small importers said that on occasion they could not take immediate delivery of their imported goods because they had no money.

(5) Credit: bank loans. Bank loans were described as too costly to obtain where property was offered as the security because of valuation costs (one man said that his loan had cost him £75 in valuation charges, for example), and too limited in the size of the loan and the length of the loan period.

Mortgage loans from the Ghana Commercial Bank should be given only to business men with current accounts and acceptable balance sheets, not to non-business men. By "non-business men" was meant money lenders, for example, it was explained, who themselves accept securities such as farms and village buildings which are not easily realizable, and who often consequently are unable to repay their bank loans when their debtors fail. These failures work against the interests of African business, it was said.

One trader had asked for a 10-year loan of £10,000 from one bank, but had been refused. He argued that he could have paid off about £1,000 a year from the rents of his house alone. Such a long-term loan, of course, apart from considerations of security, would have been well outside normal banking practice. The need, however, it was often emphasized, was for long-term loans.

C. BUSINESS PROBLEMS.

(6) Competition with other firms. Some traders listed a number of firms who were their competitors, mentioning African, Levantine, Indian and European firms. Unfair competition from Lebanese and Syrian stores and from the big firms was sometimes alleged. Sometimes this seemed to mean only that the prices of the competing firms were ordinarily lower, or had been reduced to something lower, than the prices at which the dissatisfied African trader could profitably sell. It was also alleged that some of the big firms sent employees round the other stores, including the African stores, to see what the prices were, with the object of undercutting them.

The point about this allegation of unfair competition seems to be (as already mentioned) that the wholesaler gives lower (individual commodity) prices the greater the quantity bought. There are some large African buyers, but most African traders see the position as small African buyers versus larger non-African buyers who have the advantage of lower buying prices.

(7) Credit losses have already been mentioned (p.68).

Comment. The problem of which customers can safely be granted credit must be left to individual traders. Expanding trade is accompanied by increasing credit facilities down the lines of distribution, and vice versa. In the last analysis, success in the granting of credit probably requires individual wisdom, caution and good luck.

8. Agencies. A widely-expressed complaint concerned the existence of agencies, which, traders said, prevented their importing from overseas themselves, and in general meant lower profit margins. If an agency exists in Ghana, an overseas firm will not supply a local firm except through the agency. The few traders who had managed to obtain agencies themselves did not complain about the system, except for one trader with a Japanese agency who said that a Japanese manufacturer would ask more than one person to be an agent, so that a trader found his brand of goods on sale elsewhere. In general, however, to be at the selling end of an agency was considered a desirable condition; to be at the buying end very much less so. The agencies were monopolies in their lines, it was sometimes put, in a manner suggesting condemnation. "The local agent could still make a handsome reward if he dealt with wholesalers, instead of demanding always a retail price for his commodities", said one trader. Another trader said that he thought that there was room for sub-agencies. A senior manager of one big firm said that his firm gave discounts, but the title of sub-agency was never given. In fact, there is no resale price maintenance in Ghana, with a very few exceptions such as on cigarettes, so that prices are determined by the individual firm for almost all commodities.

One trader said that he could not see why, if a manufacturing firm had a good sale in the country, there was any need to establish an agency for its products. In any case, many reputable Ghanaians could do the job now done by European representatives sent out by their firms, he thought.

A common complaint was that manufacturers' agents in Ghana often take upon themselves retailing as well as wholesaling functions.

Some big firms have agencies for competing commodities, which the manufacturers do not particularly like because any manufacturer prefers undivided attention in the marketing of his commodity. "But", said one European particularly well-informed in these matters, "who can be found to take them over? The manufacturers regard the African firms as too small". But the point was made that other traders should still be able to import these goods themselves, though they were charged a small commission to cover advertising undertaken by the agency. Alternatively, the agency could allow to other importers a quota of the total imports, which was said to be the practice of one big firm for one popular commodity.

Many traders, it should be said, were not unaware of manufacturers' interests.

One specific complaint about the agents for a medical preparation indicated how the system could irritate. "If we order early through the local agency in anticipation of market demands," said one trader, "we are told to wait, and then the market is flooded because we are all supplied at the same time."

9. Accountants' fees. Some traders complained that the fees charged by accountants, for compiling accounts for income tax purposes or obtaining a bank loan, for example, were too high. If a trader employed a book-keeper, however, some traders said, the work was made easier for the accountant, and his fees were lower.

10. Government statistics. There was one complaint about the cost of having to use an accountant to prepare the figures required by the Government Statistician's Office. "I don't see the use of government statistics", said the trader. "If there is a use, it should be explained to us. If details are required of my business, I must know why before I tell them. What benefit do I derive?"

This feeling was later found to be much more widespread. I understand that in January 1959 the African Timber Federation asked for, and obtained, the support of the Kumasi African Chamber about the questionnaires of the Government Statistician's Office, for a letter to the Government Statistician and for a delegation to the Minister. "They are worrying us too much", said one of the bigger traders, a Chamber official.

11. Reliable subordinates. As has already been mentioned (p.), losses through the dishonesty of relatives employed in a firm were recorded, and 11 firms interviewed had had cases of thefts by other employees. While these were mostly petty thefts, two of them had involved two larger traders in losses of several thousands of pounds, one from a number of employees over a period of time; the other hand suffered a loss of over £5,000 in 1954. One storekeeper had bought his own goods, of the same kind, to sell in his employer's store. He was sacked upon the discovery at a stock-taking.

Two of the larger African entrepreneurs said that they had been unable to take a holiday for many years because they could find no one to leave in charge of their businesses. Both they, and a third trader, had thought of employing European managers as a solution, one for a leave period only, the other two as permanent employees, - or in one case possibly as a partner.

Comment. The difficulty of finding reliable subordinates seems to be of major importance. If an entrepreneur cannot find a subordinate not only of the required ability but whom he can trust, the expansion of his business beyond the limits of his personal control is impossible.

12. Business association. The alleged inability of the African entrepreneur to form business partnerships and companies was variously explained as the result of his dishonesty, as an indication of the individualist nature of the African, and as a phase which would pass "with time and the realization of his responsibilities." In addition, one of the biggest traders thought that there was "not much understanding of the ways and means of coming together".

The same point of distrust was often made. The absence of mutual confidence means that African business men are afraid to risk their assets by associating in business. Several business men said that they would go into partnership if they could find someone whom they could trust. Members of the family are sometimes made partners or shareholders in a business, though the capital is provided by one man whose business it really is and who continues to control it. One suggestion was that there should be heavier penalties for dishonesty by company directors, and increased penalties for thefts by employees.

It was also said that the rewards from investing in a business were small in comparison with what could be obtained more safely elsewhere, - in house-building or money lending presumably?

From my observations there are two other considerations. (i) It is not only fear of loss through the dishonesty of the other fellow that deters a possible partner or investor, but also a fear of his incapacity as a business man to make the most of the money. (ii) For a business man to merge with others might be to push himself out of a job.

13. The costs of family responsibilities. This topic has already been dealt with in section 24.

14. Income tax. No allowance was made in the income tax returns for the costs of extended family responsibilities, it was sometimes said.

15. Licensing conditions. A few owners of licensed premises thought that opening hours were longer and that the costs of licences were less in Accra than in Kumasi. In fact there is no difference between the two towns, and conditions in Ashanti and the Southern Region are identical. The licensing ordinances for the two regions (Liquor licences (Colony and Ashanti) Cap. 220 and 221) are the same. This point is given as an instance of the mis information which is sometimes to be found.

16. Other problems which were brought up by some traders included beginners's mistakes, losses involved in changing the lines of business, and overordering - especially during the poor 1957-8 season.

Comment. These, however, are ordinary business risks which cannot be passed on, however distressing the results of individual business losses might be.

D. IMPORTING PROBLEMS.

17. Dock charges. Importers said that removal and rent charges at the docks were heavy. If the importer does not receive promptly the information from the shipping company that the goods have arrived, it might not be possible for him to take delivery sufficiently quickly to prevent his goods going on rent.

Some traders use the banks (except the Ghana Commercial Bank which does not offer this service) to clear their goods for them. Others, some of whom said that the banks were reliable but too slow or too dear, employed African clearing agents, a few of whom have established efficient and successful businesses in Takoradi. If the clearing is too slow, the goods will go on rent. A few traders are big enough to have branches or permanent employees in Takoradi, but for many traders the notification of the arrival of their goods means that a member of the firm must go down to Takoradi to clear the goods and find transport to Kumasi for them, before returning. A partner in a partnership of two said that one of them would go down by night train sleeper to Takoradi, and return to Kumasi the following night after completing the business.

Three traders mentioned the practice of having to "dash" the clerks to clear the goods, and it was alleged, the Customs people themselves. At 2/- or 4/- a time, this amounted to between 20/- and 30/- a consignment, - not much, but irritating. This practice was reported in 1957 to the Minister concerned by the Kumasi African Chamber of Commerce.

On the other hand, a shipping clerk is risking his job, for the bigger companies will not tolerate it, if they hear of it. Further, one of the African clearing agents said that there were plenty of people working in the Customs Long Room (which is certainly the impression a visitor gets), and most of the shipping companies employ enough clerks for smooth and rapid working. He never had to dash anybody, he said, but people in a hurry, for example on a one-day visit to Takoradi from inland towns to collect their goods, will ask for speedier handling, and tip to get it.

All these charges affect particularly the small trader, for they are avoided by the big firm with its own importing section.

18. Customs duties were said by some traders to be too high, and even to be spoiling trade. Individual traders were concerned with different commodities, of course. Duties vary, but most goods pay 20 or 25% ad valorem: perfumery and cosmetics pay 66 $\frac{2}{3}$ %.

Since 1957, customs duties have had to be paid on goods on arrival before they have been examined by the importer to see if they are intact. If they are not intact, insurance claims can be made if the losses are discovered in time, but there is no refund from Customs for lost goods. It depends upon the amount for which the goods were insured (the insurable value) and if that amount covered customs duties, whether the importer would recover all his losses. It is usual for African business men to cover these duties. If the losses are discovered too late for insurance claims to be made, the losses must be borne by the importer, of course.

19. Losses at the docks: (i) Theft. At least 17 traders complained of losses at the docks through theft. While most of these thefts were petty, in the case of a few traders they totalled one or two hundred pounds during the course of a year. These thefts were often from cases opened for examination by Customs. Where the losses were not discovered in time - this happened sometimes where the thieves had carefully remailed the cases from which they had stolen - no claims were possible. Some traders did not think it worth the time and trouble to claim on petty pilfering. The heaviest single loss that was mentioned occurred in the 1954-5 season, when an importer could not afford to take delivery of his goods. By the time he was able to claim his goods, his insurance had run out, and he lost through theft and damage, he said, about £500.

Losses at the docks: (ii) Weather. If the goods were not promptly collected, there was no protection for them against the weather, was another complaint. Except at Takoradi?

Losses at the docks: (iii) Bad handling. Only one trader in this survey complained of damage through bad handling.

Losses at the docks: (iv) Insurance claims. Claims took 3 to 4 months to settle, said one business man, and "since we Africans haven't got money, this is a loss and reduces capital for trading". One man said that he had an insurance claim outstanding for a year; another said that he sometimes could "write and write and write" to insurance companies without satisfaction.

The insurance companies' side of these stories is not known, but a manager in one of the big shipping firms explained that insurance claims often required considerable investigation, which took time. This firm had fifteen employees who were fully engaged in investigating insurance claims, Claims were sometimes fictitious, - sometimes presumably in honest error, for such claims occasionally came from the big firms?

This shipping company made it a point of policy, I was told, to try to settle small traders' claims as promptly as possible on the assumption that the smaller firms could less afford delays than the bigger firms.

20. Shipping space. During the season, it is sometimes difficult to get shipping space, and a confirming house may have to wait several months to ship goods. If a trader's orders arrive altogether consequently it may be difficult for him to take delivery of them all immediately. Further, the market may already be flooded with the goods that he thought he had ordered in sufficient time to beat other suppliers.

Comment. This has not been a problem in recent months because 1958 was a year of comparative slump in shipping. Special cargoes requiring special consideration, explosives, for example, might have to wait for suitable accommodation, of course.

21. Overcarrying. Contrary to what was expected from the assertions sometimes heard, the overcarrying of goods beyond their intended port showed up very little in this survey. One trader in the 1956 survey complained that one shipping line always overcarried his goods, (though he did not repeat the complaint 18 months later), but only 4 other traders said that it had happened to them. One of these had had only one experience in 5 or 6 years of trading; another, a long-established trader, one experience in 1955, when his goods had been carried to Nigeria, but he had missed the market for these goods in that year. The third trader had experienced three occasions, and the fourth trader two, but both these traders said that the occasions were not serious and that they did not consider overcarrying to be a problem. A fifth trader said that overcarrying to Accra instead of unloading at Takoradi sometimes happened, and this was awkward for him - presumably for others too - because he had no clearing agent in Accra.

An African clearing agent in Takoradi showed me five examples of overcarrying concerning firms for which he acted as agent, and he said that overcarrying was common in his experience.

Comment. The shipping firms dislike overcarrying because of the extra trouble and cost in which they involve themselves, and because they are fined if they do not produce the goods that they have previously declared to Customs.

It is not always the shipping company's fault that goods are overcarried. Wrongly-stowed goods are the fault of the shipping company, but the shipper or the importer could be at fault through wrong markings. For example, goods consigned to an Accra importer could be marked "Accra", instead of "Accra via Takoradi" - (not strictly an example of over carrying).

22. Other importing points: (i) Ignorance. One trader importing certain drugs without a licence had them seized at Takoradi. This ignorance of the licensing controls, he said, cost him £200. Other cases that I heard of subsequently also concerned drugs.

Comment. While it is impossible, without any doubt, for the authorities to take any other attitude, the costs of genuine ignorance to African traders might well be considerable.

(ii). Lorry transport. During the season, transport for one's goods from the docks to Kumasi was sometimes expensive, because the heavy demand for lorry services enabled lorry owners to increase their charges.

E. OTHER PROBLEMS

23. "Africans lack experience and think that they can do business without it" in the workds of one trader, was a point often made.

Comment. This requires some consideration, perhaps, for on the other hand one hears much about the African trading tradition. Wherein lies the alleged lack of experience? Beyond the ability to drive a shrewd bargain are the requirements of information and techniques, which in certain forms of business are considerable, and/experience of business beyond the petty trading level. Hard work, persistence and shrewdness by themselves are adequate qualities only within limited fields, although within these fields, exceptional personal qualities allied even to complete illiteracy can produce substantial traders. But there is no lack of petty trading experience.

24. Other points. (i) Climatic disabilities. Heat and humidity cause more rapid deterioration than other climatic conditions of some goods. Some drugs and chemical preparations were instanced.

(ii) Prejudice against the African business man exists in the mind of the public, who believe that his prices are higher than those of the non-African trader (see also p.66), it was said.

(iii) Illiteracy as a cause of business failures or as a limiting factor in growth was mentioned.

(iv) Fire. One trader lost £7,000's worth, another £3,500's worth of stock in a market fire in 1955. The stock was not then insured, and is insured in only one of these cases now. My impression is that many traders in the survey had in fact insured their stock against any such serious losses as these, under a fire and theft policy, but no worthwhile figures are available from the survey. Traders in Kumasi obtaining loans from the Kumasi Committee of the Guarantee Corporation insured their stock by agreement.

25. Special problems. Special lines of business have their own problems as mentioned in section 12. Here are two examples. Arms and ammunition dealers look forward to the ending of the emergency regulation imposed in 1954 and the restoration of their private magazines. Most of these firms opened stores outside the emergency areas, which involved extra rent and wages costs.

Booksellers formed their own association, the Ashanti Booksellers' Association in 1955, and a national association, the Ghana Booksellers' Association, was formed a year later. Some of their problems are: (a) the competition of have no premises, who buy and sell school books during the school season only, and tour the villages, selling textbooks, it is said, at excessive prices; (b) the alleged failure of the Education Department to supply to traders the lists of books required for the next school year. In the past, traders have lost money through purchasing the wrong books.

29. His ideas of their solution. The last section contained a list of African traders' problems. Put in another way, such a list could also be to some extent a list of solutions, in that by removing the alleged hindrances, in so far as this is possible, the problems may be solved. This section does not repeat in this way the obverse of the points raised in the last section, but contains other more positive ideas which were suggested, grouped under the same headings as those of the last section. With a few exceptions where a comment has been made, the cost or the practicability of these schemes is not considered, and the consumer is ignored.

A. PREMISES.

(I) Commercial and industrial estates should be built for rental or purchase by Africans only. The suggestion was also made that more factories should be built for African entrepreneurs, but ideas of what should be produced were never very exact.

B. FINANCIAL

(2) Loan facilities should be increased. This was the most frequently-mentioned solution in one form or another.

(i) Guarantee Corporation. Members of the Guarantee Corporation commonly expressed the hope that more funds would be available for lending by the Guarantee Corporation.

(ii) A Guarantee Corporation specially for small traders was another proposal.

(iii) Low interest loans. The Government should give low-interest loans to traders, especially in the cocoa season. Interest rates, it was variously suggested, should be 2, $2\frac{1}{2}$ ("as the co-ops have"), $4\frac{1}{2}$ or 5%. Alternatively, since bank loans cost so much, could not the Government bear some of the interest charges?

(iv) Securities and loans. "Our own bank" could be more accommodating, and one way would be to make the loan amounts nearer to the value of the security offered. Alternatively, the Government (a) "could lend to us on security on better terms than the banks offer"; (b) give guarantees to the banks against loans to traders.

(v) Stock as security for loans. It was sometimes argued that credit possibilities could be increased if the banks would accept stock as a security for loans.

Comment. It is true on the whole that the banks would prefer not to lend against stock. In the absence of other security, however, the banks do lend small amounts quite widely against stock. They require a lien of hypothecation over the stock in the same way as when, as agents, they hold the documents before payment is made for imported goods. The business man

to whom money is lent must have a reputation with the bank, and he must take out a fire insurance policy acknowledging the bank's claim in case of fire. The goods will then be released to him on a letter of trust.

(vi) Loan repayments. Monthly loan repayments and quarterly interest payments should be replaced by a scheme of full repayment at the end of the period of the loan, or by a few periodic payments such as a one-third repayment annually on a three-year loan.

(vii) Who should get the loans? In deciding which traders should get any new government loans, the advice of the banks and/or the local Chamber of Commerce should be sought. Alternatively, the distribution should be left entirely to either the banks, or the Chamber of Commerce, or both.

(viii) Some traders said that they would like increased credit from confirming houses.

3. Assistance to the successful business man. Concentration of assistance to the successful business man was a point made chiefly by successful business men.

Comment. This raises a fundamental policy issue. To whom should the available assistance be given? The amount made available could not possibly satisfy a literally insatiable demand for loans. Should then small loans be made available to many traders, or bigger loans only to a few? The Nigerian Committee on Aids to African Business Men invoked Professor W.A. Lewis's remark in his Report on Industrialization in the Gold Coast, that "African enterprise cannot be built up simply by lending Africans money. To lend money to entrepreneurs who lack managerial capacity is merely to throw it down the drain." (The Committee did not conclude, however, as far as I can see, that the proven trader should therefore receive the larger share of the assistance available).

4. Tex relief. Businesses formed to carry on an industry and declared to be "pioneer" by the Governor-General in Council, may receive a maximum tax relief of five years' exemption from tax on profits. This relief should be extended to new businesses other than those at present eligible.

5. The discounting of bills of exchange. The Kumasi African Chamber of Commerce has pursued with energy a plan for the establishment of the acceptance and discounting of bills of exchange drawn on African business men. This was to have been one of the functions of the Guarantee Corporation which never developed. It was hoped that the Ghana Commercial Bank or its London agent would act as the acceptance house for bills which would then find a market in London, principally. The participating traders themselves would provide the funds, or at least the basis of the funds, to be used as the security for acceptance business by the bank. Such a scheme would make possible greater credit facilities than any individual trader could provide the security for, for provided that all the participating traders did not import at exactly the same time, an importer would be supported also by the funds of the others.

Comment. The Ghana Commercial Bank does some discounting of bills for African traders, and bills of reputable firms can ordinarily be discounted in London, of course.

What amounts to an equivalent service to the discounting of bills, in effect, is the granting of overdrafts by banks to meet current contingencies. This is a very widely-used service.

In some cases, where reputable traders are required to make immediate payment overseas, the London agents of the local bank will advance up to 80% of the value of the documents, which the bank in Ghana will hold against sight payment.

C. BUSINESS.

6. Guarantees for traders buying abroad should be provided by the Government. The establishment of a sort of Credits Guarantee Department, but for overseas sellers not for local business men, would make it possible for overseas suppliers to offer their most favourable terms.

7. An association of traders for trading purposes was often suggested. Such an association, it was felt, would improve their competitive power against the big firms. The suggestions took these forms:

(i) An importing company formed of traders co-operating together.

(ii) The establishment of a government-backed association of small traders to buy in bulk. The function of the Government would be to act as a guarantor, and to organize a clearing house for the goods.

(iii) Company formation by groups of African business men assisted with funds from the Government. This suggestion seemed to arise out of the feeling that companies were desirable in themselves as a form of organization, but would not be formed unless encouraged.

8. A larger share of trade. Interference by Government in existing trade patterns to give African traders a larger share of trade was proposed in such forms as:

(i) all retail trading to be reserved to Africans. The big firms would then be limited to importing and wholesaling functions.

(ii) A quota of the import trade, e.g. 35%, should be reserved for African traders.

9. The Government should patronize indigenous traders. Or, more specifically, a percentage of Government contracts should be awarded to Africans. One suggestion was 45-50% .

10. Accounting service. A government accounting service at recognized fees for income tax accounts should be provided.

11. Cut out the middleman. Some traders felt that in importing it was necessary to get into touch directly with the manufacturer. As already mentioned (p.54), one trader argued that to do this efficiently, frequent visits to Europe were necessary.

Comment. The economist would want to point out that, in general, middlemen functions are not superfluous and have to be provided by somebody. The African trader or the overseas manufacturer could, if either felt it worthwhile, perform these functions himself if he had the resources to do so.

12. The Government should sponsor some leading merchants on trips overseas, so that they can see for themselves what is being sold by overseas manufacturers, - at industrial fairs, for example.

13. Restriction of imports. Imports of those types of goods which are also made locally should be restricted to encourage the local industries. This would not necessarily benefit African as opposed to, say, European entrepreneurs, but the argument was also used that it might provide more employment.

D. IMPORTING.

14. Suggestions for the inland collection of goods imported by traders. Some Kumasi business men felt that they would be better off in terms of time and money if they could collect their goods in Kumasi instead of at the ports, and suggested:

(a) a customs clearing house in Kumasi; and

(b) that the big shipping companies establish warehouses inland.

Comment. A customs clearing house in Kumasi would seem to raise such immediate problems as the necessity for sealed transports from the harbour to Kumasi, and the extra costs of uncollected goods. Import duties form one-third of total government revenue and it is unlikely that anything would be done to endanger its collection. (Are there any examples of inland customs, such as suggested here, in any other country?)

15. Greater police protection was required at the docks.

Comment. There is probably no room, in the physical sense, for further police supervision. A manager of one of the big shipping firms expressed the view that efficiency of the Conference lines in this respect was probably as good as could be hoped. There had been no major theft for many years.

E. GENERAL

16. The Government should nominate more business men to Government boards.

17. Information. A periodical could be published by one of the Ministries giving information on current matters, new legislation, market changes, and so on. Further, the European and African Chambers could co-operate more on matters of information.

18. Instruction in book-keeping and commercial knowledge. Short courses could be arranged for business men in book-keeping and commercial knowledge. (The Uganda government provides short courses for business men. See note D at the end).

19. Decentralization of government departments could make it quicker and easier for Kumasi business men to receive attention.

20. Other points included the reduction of competition by further limiting Levantine and Indian traders; the abolition of import licences; and the reduction of income tax and customs duties.

30. Some comments by European managers on African problems. The experience of European managers in their dealings with African traders could be a valuable source of information about the existing structure of African business. This section summarizes the comments of seven or eight senior commercial and bank managers in Kumasi. These comments are in general terms and it is not suggested that they apply to all African business men, of course.

A general point that was made was that business has been more difficult in recent years than in the earlier post-war period. Apart from considerations of cocoa returns, the sellers' market has disappeared and business competition has grown.

A. FINANCIAL

(1) Capital. African business men often had too little capital to start a business or to meet an emergency in business.

(2) Credit. The problem of security for loans was a real one, though established traders of ability and reputation could obtain some bank accommodation without security. Mortgage loans were often sought by people who were not genuine traders.

The credit provided by the expatriate firms was a factor of importance in African business.

Past failures of West African business men - not only Ghanaians - had meant the contraction of credit to them by overseas suppliers.

It is possible that the turnovers of many African firms did not justify the amount of credit that they already obtained.

B. BUSINESS. In general, an improved business outlook was required, more business knowledge, better business methods and higher moral standards.

(3) Setting up a business. There was still too little understanding about how to establish a business. According to one manager, storekeeper experience did not necessarily make a man a better business man when he established on his own. People who came into money and started trading with no experience, were very likely to fail, at least initially.

(4) Commercial knowledge. An understanding of commercial practices was essential.

(5) An appreciation of the risks involved in business required developing. Some business men cannot distinguish between good and bad risks. A man with a get-rich-quick mentality may make his business into a gamble. Risks can often be reduced with a little forethought. For example, when ordering goods from overseas, an estimation of the market at the time that the goods would arrive was clearly of first importance.

(6) Business Planning. It was essential to plan and keep one's resources within bounds. There is a tendency for the African business

man to be too optimistic and not to keep his transactions within his resources but to overtrade. It was necessary to know how not to overstock against times of low sales and when cash would be short. Sometimes a business man bought more than was prudent, possibly led on by his supplier offering larger quantities at lower prices.

A business man must plan from the beginning. There were examples of employees of the big firms who had left to set up businesses of their own, failing on their first orders to allow for customs duties and overhead costs.

(7) Book-keeping. The absence of proper accounts and records of stock hindered a firm in its dealings with the big firms and the banks, and thus its own development. African traders sometimes failed to take account of their overhead costs probably because, in cases where they did not keep accounts, these costs were not apparent. Some of the bigger African traders also made this criticism.

(8) Business attitudes. (a) The establishment of financial worthiness should be regarded as of first importance.

(b) Some traders are too casual, too dilatory, in their business pursuits.

(c) Ethical behaviour - keeping one's word, and not issuing cheques which will be "returned to drawer", for example - was part of the process of establishing trust.

(d) The get-rich-quick mentality was felt to be too common.

(9) Spurious trading. The damage done to bona fide traders by the spurious practices of a few traders was serious. Some control of traders importing from overseas and stricter provision against malpractices would protect the bona fide trader.

(10) Dealing with the banks. Knowing how to deal properly with the banks was emphasized by bank managers. Points mentioned were:

(i) It is impossible for a bank to know the real state of a man's business if he is not frank about it with his bank manager. Managers of the big firms made the same point in relation to their dealings with African business men.

(ii) The businessman must understand how to run his bank account properly. The importance of regular daily paying in was not sufficiently widely understood, but the practice was growing.

(1) The Nigerian Advisory Committee on Aids to African Business men wrote at some length on business integrity in its Report, instancing malpractices which had led to the establishment of a special "fraud squad" in the police, in Nigeria in 1952, and recommended: a) a revision of the Business Names Ordinance, requiring more information about firms, and a number of safeguards; b) that the Federal Department of Commerce and Industries should be given the power to prosecute cases of commercial fraud coming to its notice; c) that the Federal Government should enter into reciprocal agreements with overseas governments to protect Nigerian firms from fraud by overseas firms.

- (iii) A common failing of the African business man is that he will not sell dead stock at a loss to keep his money turning over.
- (iv) It is not always realized that the lending function of the banks is the provision of short-term credit only
- (v) Misuse of loans. Seeing their business failing during the last difficult year, some traders have admitted that they had put the money from the bank loans that they had obtained for trading purposes into cocoa farms. This was not the use for which the money was provided and repayment is usually a problem in these circumstances.

(11) The state of the law. It is no good drafting complicated bits of machinery, said one manager. A bankruptcy law was felt by some managers to be desirable in that it might be fairer to the creditors, though one manager did not feel that it would make very much difference.

(12) There was a widespread failure to plough back profits. This was believed to be partly as a result of a too-common desire for consumption spending.

(13) Insufficient specialization in trade was a cause of failure, in one manager's view (though another manager disputed this) for, he argued, in the event of difficulty in repaying debts, general lines are the hardest to dispose of.

(14) Life insurance. Insurance on African lives would be facilitated by an actuarial study of the problem by, say, the Government Statistician's Office.

COMMENT

The implications of increased life insurance coverage require some consideration. Provision for funerals, family, and the possession of insurance policies as securities, could effect changes, which cannot be gone into here.

(15) Part-time instruction in book-keeping, commercial knowledge and business techniques would be useful.

(16) There was room for the development of advice bureaux, in some form. The big firms already do offer some advice, when required, but too few traders came for it. This is a service which could be developed. One possible reason for the failure of some African traders was that they did not seek advice on their spending.

(17) If the Government were to provide bonded warehouse space as in Europe, manufacturers' agents could stock staple lines in the ports which would make possible quick deliveries of goods to local traders, avoid periodic flooding of the market, and make it possible for local traders to hold smaller stocks, thereby releasing their capital.

Note A.

Kumasi and the political troubles. The effect on local trade of the violence in and after 1954 associated with political party extremists was mentioned in section 10 (p.15). Two areas near party buildings were particularly affected, Odumasi Road (or Odumasi High Street since renamed Krobo Edusei Road), and Apimpua Road. Business men in these areas blamed their position for their losses. Traders even in less troubled spots said that buyers were afraid to leave the market areas, and that many village people were afraid to come into the town at all. Four business men in this survey left Kumasi for a period for their own safety, and there were instances of traders' houses being blasted, or fears of this, of tenants leaving houses consequently, and of traders being afraid to sleep in their own homes, all of which added to the uncertainty. There were losses to business generally, probably varying according to the situation of the store. Kumasi arms and ammunition dealers were subjected to official restrictions in possession and sales, which still exist.

These troubles, which began in 1954, had left a mark which was apparent at the time of the survey, and was associated with the continuing fall in sales experienced by some traders, though attributable also to other factors, principally in 1957-8 to the small crop. On two days in August 1957 there was widespread shop closing for fear of clashes at the time of the court hearing of the first deportation cases.

It might be noted that while business men have party affiliations, many said that politics and business did not mix in the sense that expressed political views cost customers, though there could be business advantages in political party membership.

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The remainder of this note is largely an exercise in reporting the views of some senior European managers in Kumasi, and is not based upon personal investigations. It is not possible therefore to offer a personal opinion where differing viewpoints exist. Though it is inconclusive, it has been thought worth while to include as part of this note.

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A major consequence of the political troubles in Kumasi seems to have been the impetus given to the commercial development of "bush stations" - villages and small towns which had usually hitherto been important commercially only as produce collecting centres, if at all, chiefly for cocoa. This was first suggested to me by a senior European manager who instanced from his own firm the development of an outstations branch which had increased its turnover sevenfold between 1953 and the end of 1957. Increased turnover meant lower overheads as a percentage of

costs, so that prices in the outstations stores of the big firms had fallen to approximately Kumasi prices plus freight. It was now less worthwhile for customers to come into Kumasi to buy staples, at least. One building contractor, as an example, had decided that he could save trouble and time, and costs of possible vehicle breakdown or of police barriers, by using the local stores in his area, instead of coming into Kumasi, as he had always done in the past.

Two other influences, suggested by the European manager, which are helping the development of these towns, are: (a) the influence of local councils, which are wanting to attract commercial activities, building new markets and developing a sense of civic pride; and (b) the possible fact that there is no room for expansion in central Kumasi. The Municipal Council in fact actually took steps to reduce trading by removing the petty traders from the lorry park in 1957, (only temporarily it seems), and expressed its plan to clear the petty traders and others (chiefly tailors) from the street verandahs, in an attempt to reduce congestion.

If this is a correct picture, and if it signifies a contraction in Kumasi trade (which it need not), it is likely to be principally at the expense of the less efficient traders in Kumasi. It is far from certain, however, that Kumasi is suffering any contraction. One bank, which has opened successful branches elsewhere in Ashanti, shows no drop in its Kumasi figures. The outside branches are catching farmers' savings accounts following successful publicity campaigns by the banks. Some cocoa farmers no longer have to come to Kumasi banks as they used to, and the produce buying firms are making use of the new facilities.

It is not clear why the business of the Kumasi banks should be growing, for one would have expected the contrary. First, there has been the competition from the Ghana Commercial Bank. Second, the general prosperity of the town did not seem to be increasing. The 1957-58 cocoa crop was poor; the French trade was said to be lower than in previous years; and building contracting work was low. There had been new buildings put up in recent years, the Kumasi Hospital, the new Post Office and so on, but only the College of Technology was currently putting up buildings of any size. House building still seemed to be mushrooming in the new outskirts residential areas, but land was difficult to find in the industrial area, and the inquiry into the Asantehene's Lands Office is said to have meant a hold-up in all land transactions.

The 1958-9 season was an improvement on the previous season. Many African traders said that while there had been an improvement it had not been marked with them, though one trader estimated a 30% improvement in his sales. Some, at least, of the big firms in Kumasi showed a significant increase in turnover, which might be one of the reasons that another European manager doubted, in fact contradicted, these suggestions about the extent (and the immediate possibilities of the development) of outstations trading. Many stores close down outside the season, he argued, and his experience was that a person could still buy in Kumasi

at lower prices than those at which a firm could afford to sell in the outstations. It is true that a small trader can obtain transport for his goods more cheaply than the big firms can.

This last point can be developed further. The small trader coming into Kumasi has the chance of buying those lines which are being cleared - perhaps because cash is required by Lebanese traders, for example, for new deliveries of imports - and can thus make better bargains. An outstations storekeeper's prices are fixed; only the responsible managers in Kumasi can decide to reduce prices. Further, a big shopping centre is always likely to have some attraction for buyers, even where good local facilities exist for day-to-day buying.

The desirability of another centre in Ashanti besides Kumasi is another point entirely, but one European manager thought that perhaps Sunyani, in the developing cocoa areas of north-west Ashanti ought to be encouraged, perhaps by reviving the old plan for a railway extension from Wiaso to Sunyani, purposely to divert some of the trade from Kumasi, which he described as "an absolute bottleneck".

Since adequate indices of measurement are not readily available, no conclusions about the outstations development theory can readily be drawn without further personal investigation. There could have been a temporary development ascribable to the political troubles. It is hardly enough to say that we should expect such a development in any case, political troubles or not, in a developing economy.

Note B. Importing procedure at Takoradi Harbour.

When the goods are discharged from the ship in Takoradi Harbour, they must be removed from the docks by the consignee or his agent within four working days after the ship's departure, or they become liable for rent.

Rent: After four complete working days, if the goods have not been collected, they become liable to a rent for storage payable to the Railways and Harbours Authority. These rents vary according to the commodity, according to the size of the package, and whether the storage is under cover or not. Not all goods are stored under cover. There are 6 covered sheds for general cargo, 3 smaller sheds for combustible materials, and 2 sheds for cement. Arms and ammunition, if not immediately collected, are sent for storage to the Government magazine. Machinery which is too big for shed storage is put into an uncovered space.

Removal charges, are payable to the shipping company. Goods which are not collected have not paid duty, so they are removed to the Queen's Warehouse. The charge for goods which are bonded is 1/- per package, and these goods have to go there anyway. But other goods, which have to be removed by the shipping company because they have not been collected, are charged 2/- per package, with lower rates for bulky goods such as asbestos and corrugated iron sheets.

The Railways and Harbours and the Customs decide which goods shall be transferred and which remain in the dock sheds, but the handling is done by the shipping companies. The Queen's Warehouse is about three-quarters of a mile from the sheds, and the justification for the charge is to help defray labour costs. It is hoped that it might also encourage consignees to collect their goods promptly, for the sheds have to be cleared sufficiently before other ships arrive to unload.

Such goods such as cement and bulk cargo, and some others such as beer and sugar, though removal charges apply just the same, are not usually transferred to the Queen's Warehouse, unless they are going to be auctioned, when they must be transferred.

Neither rent nor removal charges occur if the goods are collected within the 4-day period. In practice, this means that the big firms, with their efficient clearing departments at Takoradi, do not pay these charges, but that many petty traders often do. The shipping companies always advise the consignees of their agents before the ship carrying their goods arrive, except in the very rare cases where the Takoradi office of the shipping line receives its information late. A petty trader acting promptly himself or with a reliable agent would not pay these charges.

Charges are often reduced for a small trader, I understand, where there is some acceptable reason for his delay in collecting the goods, and he is not in the habit of leaving his goods on rent. The express purpose of this is to help the small trader whose margins are thought to be lower than those of the big firms.

Note C. The density of African shops in the most commercial areas.

The only way to inquire adequately into the density of African stores in the main shopping streets is to walk along these streets with a notebook and pencil, count the shops and their frontage, and find out who the owner is. Such an enquiry in Kingsway (re-named Prempeh II) Street (excluding the bank premises at the top of the Street) gave these results:

	<u>Number of separate stores</u>	<u>Total number of shop fronts (1)</u>
a) African	9	17
b) European	24	124
c) Indian	27	77
d) Lebanese and Syrian	46	104
e) Not known	3	4
f) Empty	<u>4</u>	<u>4</u>
	<u>113</u>	<u>330</u>

Seven of the African shops were above, that is, south of, Odum Street.

(1) By a shop front is meant a door or a window or equivalent area. Where store was on a corner, a reasonable frontage on the angle was counted, but the frontage not on Kingsway Street was not counted, of course, ("A reasonable frontage" implies an arbitrary decision, necessarily).