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DEVALUATION

AND

ECONOMIC

RECOVERY

TO WHOM IT MAY CONCERN

The public is informed that as from Thursday, the 6th of July, 1967, Mr. J. K. Donkor, former book-keeper of the Legon Observer at the Liberty Press, has ceased to work for the Legon Observer.

All our customers are advised not to make any payment whatsoever to Mr. Donkor. Any customer who makes any payment to Mr. Donkor in settlement of accounts with the Legon Observer does so at his own risk.

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Editorial

GRAPPLING WITH HARSH ECONOMIC REALITIES

DRASTIC FINANCIAL and economic changes have been introduced recently by the Government. The implications of these changes have been analysed in this issue.

The economic mismanagement of the old regime partly accounted for the coup which ousted the old regime. As one correspondent makes quite clear, these financial and economic changes—the most far-reaching being the devaluation of the cedi—have been necessitated by the economic mess inherited from the old regime. The most intractable element in the economic mess is our balance of payments difficulties.

However, as to whether devaluation is the most appropriate panacea for this economic ill is open to doubt. Historical experience does not seem to justify this economic course of action even in developed industrial countries. The devaluing countries invariably pursue policies (such as the creation of cheap money and wage increases) which are inconsistent with devaluation. It is because of this that professional economists are not always agreed as to its effectiveness in achieving the desired results. But as a theoretical economic weapon to be tried as a last resort it is difficult to dispute the (technical) arguments in favour of devaluation of the currencies of a developing country such as Ghana. Whether devaluation will have beneficial results on our economy or not will depend on a number of factors.

The first factor is that money expenditure should be productive. Secondly, productivity should rise during the devaluation period. Thirdly, wages and salaries should, as accurately as possible, bear as close a relation as possible to the productivity of labour. Under no circumstances should people be paid more than they produce. But all these factors assume a sophisticated industrial economy which is sensitive to 'devaluation prescriptions'.

There are, however, more substantial grounds for questioning devaluation as an effective remedy for most of the ills of economies such as ours. One basic feature of developing economies is the high degree of imperfections in the markets for factors of production and for goods and services. The appropriate remedy is to take direct action on the domestic front to remove such imperfections.

Again, one can roughly say that the pattern of development in Africa is that 20 per cent of the population have been appropriating about 80 per cent of the fruits of development; it is this 20 per

cent, mostly urban dwellers, who, living largely on imported goods, exert pressure on the balance of payments. This imperfection in the economy calls for a change in the rural-urban wage structure. As the rural sector still constitutes about 80 per cent of our population it is appropriate that a fair share of the national income should go to them to enable them increase and sustain the market for domestic manufactures. It is in the light of this that the increase in the producer price of cocoa is to be welcomed. However, whether this increase will be offset by the inevitable rise in the cost of living (after the devaluation) does not admit of an easy answer.

Another unfortunate development in post-coup Ghana is our dependence on the World Bank and the International Monetary Fund (IMF). This dependence is the consequence of the depletion of our national coffers by the old regime. Once developing economies begin to deal with the IMF about their difficulties the ultimate, stereotyped remedy has always been devaluation of their currencies. In recent months such a remedy was prescribed for India and the Congo; it is now Ghana's turn, and may be the turn soon of Sierra Leone and Indonesia. There is no reason to believe that our economy is all that battered, and the Economic Committee must now begin to pursue policies which may loosen the grip of the World Bank and the IMF on our economy. The stereotyped remedies of the World Bank and the IMF, as the economist Nicholas Kaldor has always been saying, fail to make concessions to the peculiar problems of different countries.

We have already taken the decision to devalue the cedi in response to a genuine economic difficulty. We have to ensure that prices, which will inevitably rise, do not rise unreasonably. We also have to reduce unemployment. Unless we ensure this, ordinary Ghanaians may fail to see the necessary distinction between the old regime and the new. Our society is not disciplined enough yet to bear prolonged economic hardships in peace time.

Corrections

THE last issue of the *Legon Observer* was produced under extreme pressure of time and adverse technical circumstances beyond our control. Consequently, more than the usual number of printing errors appeared in the text. The more serious of them are the following:—

First Anniversary Messages

p. 2, col. 1. The first line of Lt. Gen. Ankrah's message was omitted. It should read as follows:

"The *Legon Observer*" has since its inception, ...

A correction slip was attached in the last issue.

L.S.N.A. Communication

p. 7, col. 1: "Members of the L.S.N.A."—

The following names were missing in the main list:—

29. Mr. A. E. Sampson
30. Mr. K. Arhin
31. Mr. A. K. P. Kludze
32. Mr. K. E. de Graft Johnson

Observer Notebook

(1) p. 14, col. 1, last line: the following line is missing:—

... those who gave lectures in the "What Went Wrong" series, he did not find it logically uncomfortable to condemn those who had said precisely the same thing earlier. Be this as it may, it is rather surprising (both logically and historically) ... It should be the last line of that column.

(2) p. 15, col. 1, last line continuing to col. 2, should read as follows:—

... a band of paratroop soldiers has been landed **uninvited in the independent republic of Congo** for purposes not exactly in the interests of her peoples.

[Missing words in bold type]

News Summary

p. 16, col. 2: "New Constitution: Chiefs on Party Politics"

4th line: cancel **NON-PARTY**
and write **NO-PARTY**

Miscellaneous

p. 19, col. 1: "The Middle East War" The writer of the letter quoted from the **New Statesman** is **Bernard Miles**, not **Mermaid Theatre**; and his address is **Mermaid Theatre, Puddle Dock, E.C. 4, (London)**.

Letters

1. p. 26, col. 1: "The National Executive Council"
2nd para., 1st line:— Cancel **The Saint**
Substitute **MY**

2. p. 26, col. 2: "Civilian Rule..."
2nd para., 3rd line: insert **NOT** between **must** and **be**

[I wish to suggest that "soon", while it must not be a long way away, must **NOT** be so soon]

3. p. 27, col. 1— "Accra-Tema City Council"
Last sentence of the last paragraph should read as follows:

Ridiculous threats of dragging people to court for **trivial offences certainly do the council no credit**.

[Missing words in bold type]

And the address is C99/1 Chatfield Ave., ACCRA.

4. p. 27, col. 2:—"Oil Drilling in Ghana"

Whole lines are missing from the penultimate paragraph, which is therefore reproduced:

One doubts whether all these vital processes have been passed through in the Keta Basin. If yes, well and good; but if not, the press has misled the public by publishing such statements as: "It is now known for sure that oil (petroleum) exists. Informed sources indicate that the crude oil deposits discovered in the preliminary exploration are so vast that they can last at least 10 years" (**Sunday Star**, 8-1-67, p. 4); worse ones have appeared in the local press, like, "this oil will be feeding the **GHAIP** refinery at Tema." Such speculations can be harmful.

Postscript

1. p. 30, col. 1:— The title, "One Year of Adventure" is missing.

2. p. 31, col. 1

(a) 5th para. from the bottom: put quotation marks (" ") around **wonderful things** ["wonderful things"]

(b) 2nd para. from bottom: close quotation after square bracket:

... [no name mentioned]"

3. p. 31, col. 2:

(a) 2nd line: Instead of **The people**, write **THESE people**

(b) 5th para. from bottom, last line:

Insert **against** between **strongly** and **us**.

In addition to these, there are missing words, repeated words, spelling mistakes, etc., which we trust our readers will overlook.

—Editor.

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The Economy

ON DEVALUATION OF THE NEW CEDI

By

G. K. Agama

THE COUNTRY is excited with spirited discussion of the new economic measures announced on the eighth of this month. These measures are five in number: first, a change in the external value of the new cedi from N¢1.00 equals 10/- sterling to N¢1.00 equals 7/- sterling, for short, a devaluation of the new cedi by thirty per cent; secondly, an increase in the minimum wage rate from 65 new pesewas to 70 new pesewas per day, and a wage increase of five per cent both of which apply to employees in the public sector; thirdly, an increase in the producer price of cocoa from N¢5.00 to N¢6.50 per load; fourthly, liberalization of import control by placing spare parts, chemicals and drugs on open general licence, and of the outflow of profits and dividends; and fifthly, reduction in import duties on essential commodities in order to alleviate the impact of price increases on consumers.

Much of the public discussion of these measures is devoted to the devaluation of the new cedi. This is rightly so for devaluation of a currency is a serious matter and it is our purpose to examine here the underlying factors, as well as some of the implications for the economy. It is thus appropriate to refresh our minds with the basic problems that afflict the economy.

Savings, Reserves and Investment

During most of the 1950s we were investing in this country more than we were saving. For successive years we fell back largely on reserves accumulated in foreign exchange to finance domestic investment. But this investment was not immediately productive. Thus, by 1961, the reserves of foreign exchange became insufficient to finance further investment on a continuing basis. Two alternatives were open to the authorities to handle the situation; either a reduction in the rate of domestic investment to match the rate of our own saving plus whatever foreign capital that flows into the country, or an increase in the rate of our saving plus foreign capital inflow to match the rate of development which is considered desirable.

The government of the day opted for the second alternative. It tried to increase domestic saving by raising taxes, imposing compulsory savings and by engaging in inflationary taxation, that is, continuing budgetary deficits. In spite of these attempts, the gap between domestic production

and expenditure persisted, largely because government expenditure went out of control between 1961 and 1965; and the balance of payments deficits of this period, it is important to emphasize, are the mirror image of the basic excess of demand over supply. In other words, the import surpluses of this period represent our command over foreign resources with which we bridged the gap between our demands and our performance at home; and the troublesome aspect of these surpluses is that they bear the stamp of our indebtedness to foreigners. In plain language, we have been living beyond our means. But it is more precise to say we have been living beyond our performance. How to remedy this imbalance is the basic economic problem.

Policy of Deflation

The National Liberation Council grasped the essence of the problem and up to July 8, 1967 adopted a stop-gap measure to disinflate the economy by reducing government expenditure. It has built into this policy of disinflation a bias in the redistribution of incomes in favour of the farming community. Meanwhile it has rescheduled our debts, and has begun reorganization of the public enterprises which should help provide the means for repaying these debts. But, one must emphasize, the government has been able to pursue these policies with the support of foreign countries given in the form of food and other essential commodities. This, in effect, means we are still dependent on foreign generosity for our essential demands. The basic problem of domestic imbalance remains. Indeed, it is aggravated by increased unemployment, brought about by the reduction in government demand for labour without offset by an increase in private employers' demand. The expectation of the budget of July 20, 1967 has not been realized in this respect.

The evidence for the persistence of the basic excess of domestic demand over the supply of domestic resources is in the recent publication produced by the Ministry of Information entitled, *Ghana's Economy and Aid Requirements*. For the year 1967, the minimum import requirements for the economy were estimated to be N¢288 million. But the resources available including foreign aid for financing these imports are estimated at N¢193.00 million. Thus, there arises a deficit of N¢95.00 million. If we bear in mind the fact that we shall be called upon to begin paying our foreign debts from 1969 onwards with an initial payment of over £50 million, then a deficit of about £48 million in 1967 raises serious issues. In effect, the economy will be called upon in 1968 to make the preposterous effort of generating a

£50 million surplus over minimum domestic requirements, not to mention the problem of converting that surplus into foreign exchange.

What Went Wrong

Then there is the government budget. The scale of reduction in expenditure in the 1966/67 budget cannot be repeated in 1967/68 unless the private sector shows a sudden willingness to absorb the labour that will be released by the government. On the other hand, the prospects for an increase in tax revenue are not particularly bright. Thus given the understandable reluctance of government to cut expenditure below the level which it considers essential, budget-makers are likely to face the problem of finding resources to match this essential level of expenditure.

Obviously, something went wrong! In fact three things went wrong. The first was the attempt to sustain indefinitely a level of domestic expenditure with what was essentially a windfall gain namely, the foreign exchange accumulations of the early nineteen fifties. In 1961 this windfall gain revealed its suspect and unreliable character. The second thing that went wrong was the failure of the import controls to achieve its basic objective. This failure is not surprising however, for, to be successful, an import control requires the utmost diligence, competence and honesty of its operators. But these are the qualities that are in great demand among us. The government even missed the opportunity to appropriate much of the unearned incomes from trade during the inflation that accompanied the control of imports; and the economy is liable in foreign exchange for a large proportion of these trade profits.

More serious, however, has been the basic distortion in the use of resources that the import control brought about. This relates to the third malady which has persisted in the economy and which in fact brought matters to a head on the 8th of July. Rewards to factors of production in the economy have been higher than the efficiencies of these factors, and, accordingly, domestic cost/price relationships became adversely out of line with cost/price relationships abroad. In other words, imported goods tended to be cheaper at home than home produced goods, and our exports tended to be more expensive relative to foreign competing goods.

What Is To Be Done

What is to be done? To put it in a textbook framework, the economy was characterized by inflation and external deficit. The textbook solution is to deflate or disinflate, to use a more fashionable term. The NLC did this last year by reducing

government expenditure. But the Ghana economy is not a textbook economy, it is a real economy. For it was suffering not only inflation and external deficit but also unemployment as well. The reduction in government expenditure achieved some disinflation but it increased unemployment while the external deficit persisted. This is double agony! The textbook solution for unemployment is increased investment but, in our real situation, this will do havoc to the balance of payments. A squeeze on the external deficit will throw more people out of work, especially as we depend on imports not only for consumption but also for production.

A charitable answer is to make a patriotic appeal to every citizen to work hard, and perhaps harder. To leave it at that is to court disaster; indeed, more disaster, as we are already grappling with one. Besides, it is an emotionally satisfying appeal—the appeal of the politician—and not a rational approach to a basic problem. The correct and immediate solution is to reduce the reward of factors of production in real terms. This is the case where, as in our present circumstances, efficiency cannot be increased right away by a costless reorganization of factors of production or simply by wishing it. The most relevant factor of production here is labour. Real wages of labour in this country, albeit low in relation to other countries, have been generally higher than its efficiency. It should be emphasized that the requisite reduction in real earnings is temporary and provides the condition for steady increase subsequently.

Reduction in real incomes would lead to a reduction in imports and, thereby, bring a favourable influence on the balance of payments; and a reduction in real wages would lower the cost of production and thereby induce an increase in domestic production for home and foreign markets. It would also have a favourable effect on employment and hence on incomes. Government finances would find their appropriate balance subject to the state of employment. In a nutshell, this is the logic of the measures of 8th July. It is a compelling logic, and if we accept the analysis of the Ghana situation, then we must accept the logic of the solution. The issue then is how to implement this solution in the most practical manner.

A Dilemma

It is impractical for the NLC to issue a decree reducing wages for the following reasons. First, it would be politically inexpedient; secondly, on the basis of its own philosophy of government, it does not wish to dictate to the private sector; and thirdly, it desires, as a matter of policy, to diminish direct controls in the economy. In these circumstances, the only real alternative is a revaluation of the new cedi in terms of foreign currency. If people earn more than they produce, they use their earnings either to bid up prices at home or to demand foreign exchange or both. As the amount of foreign exchange remains unchanged, the value of foreign exchange goes up. In other words, the value of our money goes down. To attempt to keep it at its former rate of exchange with foreign currency is to fly in the face of facts. To devalue the domestic currency is to bring real earnings in line with efficiency. This is what the NLC has done.

Relevant Factors

There is a popular doubt—much of it expressed by instant experts in the economics of devaluation—about the beneficial results of the adjustment in the external value of the new cedi. The usually expected results on the balance of payments (increase in exports and decrease in imports) are unconvincing, to these doubters, and it is therefore necessary to state that the effects of devaluation depend essentially on the devaluing country's structure of trade and the policy pursued by its monetary authorities after the devaluation. For a country like Ghana, the relevant considerations in the assessment of the effect of devaluation on the balance of payments are the prices of four groups of goods and services: first, the prices of export goods for which foreign demand is inelastic, secondly, the prices of export goods for which foreign demand is likely to be elastic because of the existence of close substitutes; thirdly, the prices of machinery and intermediate goods which are imported for domestic investment and production; and, fourthly, the prices of other imported manufactured goods which could be produced in Ghana.

On the basis of these distinctions it becomes possible to say with regards to the first case that one cannot be certain which way the foreign exchange earnings of cocoa will go. The second case covers traditional export items like timber and minerals and the prospects here can be said to be favourable even within the next eighteen months. It is reasonable to expect that some other goods we produce may become exportable

in this category as their domestic costs and prices fall as a result of the devaluation. The third category gives a headache, for here it would be desirable to have prices to fall in order to reduce the cost of domestic manufactures. But the devaluation would increase these prices. It is to prevent this increase that spare parts, raw materials and other inputs have been placed on open general licence to induce competition in their trading. The purpose of the devaluation is to increase the prices in the fourth category.

On the whole within the next eighteen months devaluation will reduce the value of imports in foreign exchange. It may, indeed, it is likely to, increase it in new cedis, in which event, at existing rates of *ad valorem* duty, the government budget will reap a benefit. Exports are rather unpredictable but the balance of payments as a whole should benefit. Employment will benefit from increased domestic production of manufactures and from increased employment of labour in the rural economy following the rise in cocoa producer prices.

Wage Increase and Social Justice

The really bothersome piece in the package of measures is the across-the-board increase in wages in the public sector by five per cent. The temptation is to say nothing about it. But it has a certain virtue if it is taken in relation with the increase in producer prices. Apart from alleviating the immediate effects of the thirty-per-cent devaluation considered by itself, it represents an attempt to build into the devaluation a redistribution of incomes in favour of the farming community. This has a sound basis in social justice and economics. Most of the fruits of development in recent years have been appropriated by urban workers whose demands tend to be highly oriented towards imported goods. This redistribution will provide incentives to the rural population to cultivate products which they will exchange for manufactures produced at home.

Unproductive Expenditure

There are two more observations, and we are done. To be successful the devaluation must be accompanied by a resistance to demands for wage increases and for credit to undertake unproductive expenditure. For these are the main sources of the excess supply of cash which reduces the value of our currency in foreign exchange. The only source of increase in real incomes must be increased effort. In this respect, the resort to the price mechanism should produce desirable

results, but it should be emphasized that prevailing prices are not necessarily good indicators of the relative scarcities and efficient uses of resources. There will be need to formulate rules and regulations to correct market imperfections, but the temptation to resort to direct controls, especially of prices, should be resisted. The experience of a price inspectorate here is that it tends to promote a three-cornered collusion between the buyer, the seller and the inspector to the long-run detriment of all three.

The second observation follows partly from the first, and it is that the economy will have to undertake radical reorganization of its utilization of existing resources. This is overdue in the sphere of both domestic and foreign manpower.

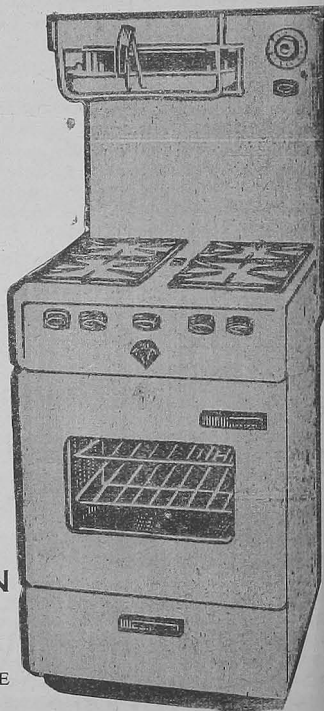
The latter, of course, has become quite more expensive as a result of the devaluation, and it is hoped employers will take advantage to effect profitable substitution of domestic for foreign personnel. This substitution should be extended also to the general class of inputs now imported but some of which can be profitably and conveniently cultivated at home. Both classes of substitution will increase domestic employment. The real lift will come from increased effort, hard work, or, if one chooses to exercise one's jaw, accelerating productivity. For, before devaluation, we established a national centre to promote productivity. This brings into focus the importance of the National Productivity Centre in our economic reorganization.

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Politics

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INSTITUTION-BUILDING IN GHANA AND NIGERIA: A SUMMARY OF PROCEEDINGS (Part II)

By
K. Bentsi-Enchill

[This is the second instalment of Professor Bentsi-Enchill's summary of the proceedings of the private seminar held at Fourah Bay College, Freetown, on January 3-7 this year. The first instalment was published in the *Legon Observer* Vol. II, No. 13—Editor.]

IV Fostering National Unity and Devolution.

This topic, which is as wide as the basic theme of the seminar — institution-building — naturally led the meeting into a discussion of nearly all the specific issues which had been listed for separate discussion, including major aspects of the preceding dialogue regarding multiple cultures, and the taming of power. Notably, the considerations regarding (a) the problem of social and economic justice, (b) legitimisation of authority, (c) the need to utilise traditional political institutions and processes, (d) economic development, (e) fundamental liberties, and (f) effective communication between the government and the people, were explored. And this made it unnecessary to dwell at length on these topics when their turn came for discussion.

On the specific issue of national unity a number of caveats were deemed appropriate. There is a view which takes national unity as a good in itself and considers it in highly monolithic terms, a view which therefore denigrates diversity and differentiation, regarding them as incompatible with the pursuit of common purposes. This is clearly unrealistic in our times and circumstances. More relevant to our situation is the acknowledgement of the heterogeneity of our new states and a view that looks at national unity as a unity in diversity, and sees in cultural differences an opportunity for building richer national cultures. From this more relevant viewpoint unity figures in the problems of political organisation as a means to human fulfilment, and necessarily requires a series of arrangements at the local, regional, national and international levels. Thus the important task of seeking the basic consensus that would enable units like Ghana and Nigeria to operate as viable and stable political entities cannot be pursued in total isolation from the task

of enabling these units to work together with their neighbours, to their mutual advantage.

In this quest the emphasis must be laid on institutional arrangements that emphasize office and function rather than occupants, on arrangements that enable diverse peoples to feel that they belong and are assured of adequate representation and participation in the making of vital decisions. There has to be a deliberate drive for the attainment of social and economic justice. Attention has to be paid to the citing of economic projects and distribution of appointments to public offices. These call for the avoidance of excessive centralisation and for the deliberate use of devolutionary arrangements which in some cases, may well amount to outright federalism.

In regard to this fact of ethnic diversity our countries differ fundamentally from Britain and France, our main colonial mentors. For they are countries with several centuries of substantial homogeneity behind them. The time they had is not at our disposal. We have to achieve by speedy and express agreement unities which in their case was achieved by force, accident, and the slow conditioning of centuries of cohabitation within the same state. The instinctive aversion or resistance to federal or devolutionary systems of government that so strikingly marks the ethos of both these countries is a luxury which we cannot afford. Nevertheless it is the case that the same aversion or resistance is discernible among most of our intellectuals and leaders of thought. Says Arthur Lewis in this regard:—

"Federalism or Devolution"

"The new states would have fared better if they had not had to assume that British and French constitutional ideas were superior to all others. With an American heritage they would have taken the federal idea for granted and it would have been the centralizers who were arguing the unpopular case. As it is, they will need much un-brainwashing before they grasp their problems in true perspective". To do Professor Lewis justice his immediately preceding paragraph, which is relevant, should also be quoted:

"Federalism is a wide term. Outside Nigeria, formal federalism on the American pattern is not required or sought. All that is asked is a degree of provincial devolution. Countries with this kind of problem need both a strong centre and strong provincial governments; and this is not a contradiction, since government functions are now so numerous that there is plenty of room for both. It is quite true that a country needs a strong central government to hold it together, meaning

by this a government which acts boldly in all spheres which are of common interest. But it is equally true that a country with sharp regional differences needs to give its provinces the opportunity to look after their own affairs, if they are to feel content with the political union. Whether one calls this federalism or provincial devolution makes no difference."

Although consensus was reached on the importance of devolution, there were indications of a divergence of opinion on the specific issue of federalism. But specific discussion of this topic was not reached.

In addition to the basic requirements of achieving a broad consensus on the institutions of government, it was agreed further that close attention must be paid to the use of various devices by which supportive attitudes can be induced in the populace. These include the systematic indication and pursuit of common goals, the promotion of the values of co-operation, the development of persuasive group symbols, and the helpful use of the educational system, the media of mass communication, and integrative institutions such as local equivalents of the boy scouts movement and of systems of national service which need not be military. And all the while importance of arrangements that enable wider unities to be achieved should be kept firmly in sight through common service arrangements with neighbouring countries and the determined pursuit of fruitful international co-operation.

(To be Continued)

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Education

TEACHERS AND THE SECONDARY SCHOOLS

By

Ato Dickson

A FEW weeks ago those of us in a privileged position to learn about performance in the West African G.C.E. "O" level examinations repeated the perennial but unoriginal statement that students today are nowhere as good as we were in our own time, and that it is not worth talking any more of academic standards in the secondary schools. There are none. The fact that the same observation was made even more pointedly concerning our own performance as secondary school students is not in the least reassuring, because there is the feeling that the situation is more alarming today than it was twenty or thirty years ago.

At no time in the history of Ghana has so large a proportion of the country's revenue been spent on education. The Alcock English Grammar, the pride of our grandfathers and the best of its kind in the country before and after the First World War, but frankly to be used in close association with a supple cane, is now replaced by streamlined works which make the learning of the English language a pleasure rather than a chore. Modern and well-equipped science laboratories have replaced the dinghy little rooms where the student stared helplessly at a mysterious set of half-a-dozen little glass containers which he knew were called test tubes but which he had never seen used. Most important, the classrooms are now manned by graduate teachers of whom there were very few twenty years ago.

In spite of all these and more changes in the secondary schools; in spite of the fact that examination questions are no tougher, and might indeed be easier, than they were before, the standard of education in our secondary schools is not as high as it should be. For one thing, the English language is mutilated with such zest and ingenuity that one wonders if the students, inspired by the ideals of democracy and progress, are not persistently voting for a new set of grammatical rules of their own invention.

This problem of falling academic standards in our secondary schools is well known. So are the explanations offered by those who have been writing or speaking on them. Usually the blame falls squarely on the student. He is lazy; he is not easily disciplined; he is a drug addict; he drinks more than is good for him; he will go on

strike when he cannot cope with his homework or examinations, etc. But one wonders if the spotlight should not also be turned on the teacher and the headmaster.

The Graduate Teacher

Let us face it: most of us regard the acquisition of a university degree as the crowning success of a long, tiring struggle to gain a respectable standing in society. I hasten to add that I do not see anything wrong with being proud of a university degree. Nevertheless one should emphasise the responsibilities that go with it and the danger of ignoring them when one lays too much stress on enjoying the pleasures and privileges associated with the stratum of society to which graduates belong with others. The Ghanaian graduate, on whom so much public money has been spent, owes a great obligation to society.

How do our graduate teachers perform in the secondary schools? Creditably, on the whole. But, surely, there are some who are guilty of all the weaknesses and faults attributed to the student. They go to the classroom inadequately prepared; they may not even turn up at all for classes. They teach badly and copy everything out for the student to commit to memory. After the strain of working for a university degree, they are loath to continue studying. Was it not a Ghanaian graduate teacher who resisted all attempts to persuade him to teach a certain set-book for English Literature simply because it was not one of the books he studied for his degree examinations? (And was it not an expatriate teacher who said candidly and with relish that he had not read a single book on his subject published since 1956?)

Indiscipline

The problem of indiscipline in the schools has recently been forced on the attention of the public in a most disagreeable manner. On the whole the conclusions reached by those who studied the problem stressed such causes as the taking of hallucinogens, e.g., marijuana, by the students, and deliberate subversion by incorrigible students or by people from outside. Some even see the problem as being symptomatic of the general malaise (whatever that is) that has descended on our youth (under the age of 21). The misguided youth, unlike their hippie brethren in the United States, do not fight with love and flowers. They prefer cudgels and molotov cocktails.

Could it also be that the students are unruly because their activities are connived at by those in authority? Some teachers, graduates or not, are simply not interested in, or close enough to, the students to be a source of good influence. If there should be any interest in the students,

it is sometimes embarrassing, unhealthy, and ineffective. The boisterous students do not feel the moderating or restraining influence of their teachers. Secondary school students, like youth everywhere, weigh up every teacher or headmaster and if they find him wanting, drop their respect for him. To them the teacher or headmaster then appears as a weakling, a windbag, or a misguided individual to be outwitted and ridiculed.

Why The Indifference?

The question that should be asked then is why some of our teachers in the secondary schools do not appear to be interested in their work. There is no doubt about the validity of the eternal complaint that teachers, on balance, always have worse conditions of service and a lower ceiling to the height to which they can advance than their colleagues with identical or even worse academic qualifications in other branches of the Civil Service. The teachers are therefore disgruntled and are anxiously waiting for their sentences (bonds) to expire so they can enter more lucrative professions. In the mean time they endeavour to increase their earnings by doing part-time teaching after regular school hours. Unfortunately the students, both in their schools and outside, suffer because the teachers do not have enough time to prepare adequately for either group. Or if they are able to handle this heavy teaching programme, they are left with little or no opportunity to keep in trim by consulting the latest journals or books on their subjects.

It would nevertheless be wrong to argue that all teachers who engage in part-time work do so from purely mercenary motives. Some teachers are hard put to it, as everyone else would be in their place, to ignore the insistent demands for their services in workers' colleges and in near-by poorly staffed secondary schools. An increase in the supply of teachers is the obvious answer, but this is a long-term solution. For the moment it would help if the teachers realised the enormity of their responsibility and only took on the load they could carry. Their work would be easier still if they taught only those subjects they could handle best or were in charge of already in their schools.

Whatever the reasons for which the teachers assume more responsibility than they can shoulder, the fact still remains that the students do not get the best from them. A sad truth is that worse-paid graduate and non-graduate teachers twenty years ago were more dedicated to their work than their counterparts of today are to theirs, and one has the uneasy feeling that salary increases, which are obviously necessary, would not lead to any improvement in the standard of teaching.

The problem appears to be more fundamental than one of absence of suitable monetary incentive.

The School Text Books

Another reason why the standard of teaching appears to be falling in the secondary schools is the faithful adherence of some graduate teachers to the student text books. The teachers naturally (or hopefully) are aware of the errors in the books, but few of them make a special effort to point them out to the students. One cannot help arriving at such a conclusion when one sees these hoary mistakes faithfully repeated by students every year in the school-leaving examinations. Even if the text books are accurate, they may be incomplete in their coverage of the subject, and yet there are few teachers who would attempt to supply the deficiencies of the books by drawing attention to the missing topics or supplying more detail. The geography student for example writes much better on the Deep South of the United States than on any comparable topic on West Africa, for his text book on the geography of the United States goes into much greater detail than the one on West Africa. Yet a region like the Middle Belt of Nigeria is just as distinctive and significant as the American Deep South. It does not matter if the school texts do not discuss the Nigerian Middle Belt in detail: the teacher should consult more advanced books for the additional and easily comprehensible details that would complete the picture of the Middle Belt. This is something the graduate teacher should not hesitate to do. His proverbial thirst for knowledge and his insatiable curiosity should egg him on!

Obviously the burden on the teacher would be eased considerably if the school texts were improved. It would help if the secondary school teachers themselves wrote the text books. Fortunately a start has been made, but it is only a start. It should be easier still for our university teachers to write the much-needed text books. They are engaged in both teaching and research and should have all the necessary information. They are involved in the West African G.C.E. "O" level examinations and are, or should be, aware of the gaps in the knowledge of the students. The idea held in some quarters that the university lecturer would be wasting his time writing elementary text books and should rather concentrate on writing nothing but learned papers and books of profound scholarship indicates empty snobbery and a serious lack of appreciation of the problems of education in the country. (One might sympathise a little if the university lecturer did in fact busy himself writing learned papers. . .).

Conclusion

Few would doubt that it is the teachers and headmasters who, by facing up to their responsibilities and working together in harmony, could solve the problems of indiscipline and falling academic standards in our secondary schools. Students challenge authority when they know they can do so with impunity. They have even got into the habit of admonishing their teachers every now and again to stick to the syllabus and not stray into a discussion of topics on which they are sure they would never be examined. They fret when they are not allowed to hold Saturday evening dances in the school hall, where they can behave exactly as they see their elders do on such occasions. These and others of a similar nature are problems that would disappear or be minimized if the teachers and headmasters decided firmly to make the students see the error of their ways.

ON BEING EDUCATED

By

Dr. E. M. Hartley (Mathematics Dept., Legon)

FROM TIME to time, reformers urge that the period spent at school by African children is too long; six years primary, two or three years middle school, five years to O-level, and a two-year sixth form course, all compares unfavourably with, say, grade 1 through 12 in U.S.A. We all remember the attempts at streamlining which were put over in the last few years: no sixth form, one year sixth form, four years to O-level, cut out the middle school stage. All these, in series or in parallel, were offered as solutions.

Less attention seems to be given to a similar problem, that of the number of full time courses for advanced study which a student may take after leaving school. Examples show up every day. A science student graduates, taking perhaps an extra year over part of the course; teaches for a year and then takes a diploma course in some fresh subject. A year or two more of teaching, and then he goes off to do a post-graduate year in education. After that, we might hope that Ghana would have a well-trained educator, ready to replace an expensive expatriate, but after another year or so he leaves teaching and becomes an administrator, and is sent abroad for some new training.

This (designedly composite) picture describes a success. Then there are the failures; those who spend two, three, or even four years at the University of Science and Technology discovering that they cannot become engineers, and then decide to start again taking science in Legon. If that does not produce a B.Sc., off to Cape Coast

to become a graduate teacher, or else take a temporary post while looking for an overseas scholarship.

Ten years in Ghana has convinced me that instances of this training and re-training occur repeatedly. Not all are as colourful as the applicant for a clerical post who in fifteen years from gaining London matriculation in the 1940's had fitted in work as a security officer, training (18 months in Nigeria) as a veterinary officer, work as a station master, and three years studying comparative linguistics and Chinese in the University of Peking, and had also acquired a miscellany of other certificates in business management and accountancy, from correspondence courses. Many of our graduates are less adventurous, but still contrive to live at government expense (either the Ghana government or that of some other well disposed nation) for a remarkably long time.

One matter of concern about all this is that the country is not getting a proper return on the investment it makes in education. After leaving school at the age of, say, 20, a Ghanaian in normal health may look forward to perhaps 40 years of work before he retires. What proportion of that time should he expect to spend being maintained by external sources? Figures on this from other countries at a similar stage of development would be interesting and might help towards a correct judgement in this matter. We would condemn the purchase of a machine tool which is immediately adapted for use in a different machine and then melted down and recast to serve a third purpose; but is not this what we so often allow to happen to our trained manpower?

More important, perhaps, are the moral aspects of the situation. What view would we take, and what view ought we to take, for instance, of a person who in sixteen years after leaving secondary school earns a salary for four years? It is very much to Ghana's credit that so high a proportion of the National Budget is spent on education. But is it not itself an urgent task of education to bring home to the citizen of a democracy that if he accepts that it owes him an education then he should recognise that he owes it a life time of service? At present Ghana so often seems to receive merely a few spare years left over from a career of following courses and gaining diplomas, obtaining the status (in itself of what value?) of a been-to.

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Commentary

THE BUSINESSMAN AND THE "LITTLE BUDGET"

By

Kwame Adjei

(Lecturer in Business Administration)

THIS ARTICLE will attempt to review some of the implications of the economic measures recently announced for Ghanaian consumers and businessmen.

Background (Reasons) for the Measures

Three main factors, according to the Commissioner of Finance, have precipitated the introduction of what is being called the "little budget". They are: (a) The pressure on our balance of payments due to the inflationary policies of the old government. (b) Large cash balances were accumulated during the inflationary period exerting pressure on imports and transfers abroad. (c) The black market rate shows a large discount on the cedi which creates incentives for smuggling and illegal exchange transactions. "All these are indications that the rate at which our currency is converted into the currencies of other countries has now become over-valued".

The Government's policy to solve these problems may be summarised as follows:—

- (a) The cedi has been devalued by 30 per cent.
- (b) Cocoa producer's price has been increased from N¢5.00 to N¢6.50.
- (c) Wage and salary earners in the Public Sector will enjoy a COLA increase of 5 per cent, and the minimum wage of 65 new pesewas has been raised to 70 new pesewas.
- (d) The government will introduce a gradual liberalization of remittances of profits and dividends by foreign firms.
- (e) In the case of certain basic commodities, the existing import duties and sales taxes would be either eliminated or significantly reduced.

The question that arises is: are these measures taken the appropriate cure for the disease?

Devaluation of the Cedi

What devaluation means is that prices of Ghanaian products will be lower than prices of imported goods. The normal result to be expected is that foreigners will buy more of Ghanaian-made goods since they will require less of their money to purchase the same items they used to buy. The simple implication of devaluation is that Ghana will be able to sell more of their exportable items.

Now, what are our exportable products whose demand by foreigners can be increased?

Cocoa is the main export commodity, and one would expect Ghana to benefit on it as a result of the devaluation of the cedi; but since the world price is fixed by both the producing and the consuming countries, there will be practically no gain.

The one product which may benefit is timber. The cost of producing timber in this country has been the main obstacle for increasing the sale of timber products overseas. With the availability of trucks, spare parts, and the re-structuring of the rail system, the timber industry should be able to earn Ghana a lot more foreign exchange than it has hitherto been able to do. The other exportable products such as lime, rubber, oranges, bananas, cotton, jute, etc. are not foreign exchange earners yet. Devaluation implies that more of these items will be available for sale over and above the reduction in prices so that even at the reduced prices large quantities will be sold so that in the end total revenue will increase. Taking a simple illustration, if product A was selling at 10 pesewas and 100 items were sold, total revenue of 1,000 pesewas will be realized. If the price of the product is reduced to 7 pesewas it means 143 items should be sold in order to get the same revenue 1,000 pesewas (143×7 pesewas). Will the relative reduction in price raise the demand enough to increase total export sales over present levels? Isn't it indeed likely that Ghanaians will lose revenue from the existing exportable goods because the same quantity will be exported at a lower selling price?

Improper Timing of Devaluation

One may also question the timing of the devaluation of the cedi. No new exportable products have been introduced, nor has the supply of existing exportable items been increased. Therefore, when the Commissioner for Finance says, "If a country has to change its exchange rate it is infinitely better to do so from a position of strength", one may well wonder where our "position of strength" is when we do not have enough of exportable products to take advantage of the devalued cedi? If it were possible for Ghana to reduce the importation of goods more than the increase in import prices Ghanaians will have to pay for the imported commodities, an advantage will have been gained. But we still depend heavily on imported goods—raw materials, drugs, machines, spare parts, and even personnel. But is this possible in the present phase of economic development? Would it not have been better to devalue the cedi in February 1966 when the whole world knew that Ghana was in the financial doldrums?

Import Licence Vrs. Foreign Exchange Allocation
Next is the problem of financing imports. In Ghana, the Banks must guarantee that foreign exchange allocation will be available before a Ghanaian importer can order goods. There are lots of cases now where people have obtained import licences but have been unable to order the goods because foreign exchange was not available to cover the orders. Now, one of the major changes announced by the Commissioner was that certain items have been placed on open licence. But the problem still exists whether we have the foreign exchange to cover all these items—and particularly since these items will cost 30% more than before? Assuming these essential items will be ordered, we are going to need more foreign exchange to buy them.

Confidence

One disadvantage of devaluation is that politically and psychologically it is damaging. That is why in international trade policies devaluation is the last weapon used by any country after all compensatory and selective measures have failed. Only a week or so before the introduction of the "little budget", we were informed by the Bureau of Statistics that Ghana gained a trade surplus amounting to 24.4 million cedis in May; 19 million new cedis in April. The overall surplus between the months of January and May, amounted to 35.6 million new cedis. And the cocoa season has a few months to go. If Ghana was able to gain a trade surplus of this magnitude at the pre-cocoa season, shouldn't we expect further substantial surpluses when the main cocoa season opens—particularly since the world cocoa price has been going up? Besides, if these figures about trade surplus were correct, doesn't it imply that the already existing measures in import duties and licensing, foreign exchange controls and allocation have been effective? Why then this drastic measure of the devaluation of the cedi? Is it that our economic planners were impatient to move slowly and gradually during this reconstruction period? Or do we want to achieve in a decade what other countries took a century to achieve—an attitude that has landed many a developing country into economic chaos? Why do we have to wait until we are earning trade surplus to devalue our currency? Which is the truth? Do we really have a trade surplus or this was only a means of instilling confidence in the minds of Ghanaians?

Black Market

On the problem of cedis and cocoa on the black market: it is possible that raising cocoa producer's price may help reduce the degree or rate of smuggling cocoa or currency. However the basic cause

of cocoa smuggling and currency still remains, and indeed, may even be intensified. With the devaluation of the cedi imported items are going to be both scarce and expensive in Ghana. The temptation is therefore there that people will now have to smuggle more cocoa and currency in order to buy the same things they need.

Improvement in Budgetary Position

The Commissioner for Economic Affairs stated that the adjustment in the foreign exchange rate of the cedi will improve the Government budgetary position by increasing Government receipts more than expenditure. This rests on the revenue to be derived from import duties; for, since prices of imported items are going to be raised and since duties will be imposed *ad valorem*, even at a reduced volume of imports the total revenue to the government will increase. Here again the assumption may be dangerous. But this depends on what happens to the volume of imports. If imports decline significantly, government revenue from duties will fall.

Some Practical Business Implications: Letters of

Credit

How does all this affect businessmen? The immediate major problem facing most Ghanaian importers is the question of payment of goods on the 180-day letters of credit system. In simple terms, a Ghanaian importer orders goods from foreign supplier at price X. The importer is given 180 days to pay the foreign supplier. If the importer sells the goods at price X + Y his profit margin will be Y (disregarding other costs of doing business). If now he has to pay the foreign supplier 30% extra and his profit margin of Y is not enough to cover the 30%, he has to either default in payment after the 180 days or increase his price by more than 30% to be able to absorb the 30% increase in payment to his suppliers. If he has not sold the goods already, he can increase prices so as to push the burden on the consumer. If he has sold the goods already, then he is in trouble.

Who suffers in this exercise? Generally the big importers who are said to have large cash reserves can pay their suppliers immediately the goods arrive. The small businessman, on the other hand, has to sell the goods before he can accumulate enough money to pay his suppliers. He is the one who is going to suffer. Thus, this measure tends to affect adversely the small businessman (mainly Ghanaian) who is now being "encouraged" to get into business. A solution has to be found. The government will either have to negotiate with importers or make up the difference. The government will have to permit future goods

to be sold at prices higher than the 30% increase caused by the devaluation of the cedi, or else face declining business.

Import Substitutes

Some raw material substitutes can be produced in this country, and it would seem the opportunity for enterprising Ghanaians has been created. Tomatoes, onions, potatoes, bananas, cotton, jute, poultry and meat products have a good chance now. The financial and credit institutions—the Agricultural Credit Bank, the Commercial Banks, and the Capital Investment Bank—should be ready to ease credit to help local businessmen.

We face the problem of competition in the manufacturing market. Our manufactured goods contain a large element of imported products and consequently their cost of production will be high. The result is that prices will correspondingly have to be high. The challenge is whether we can raise the quality of our manufactures to make them competitive.

Wage Increases and "Cola"

With a committee now working to review salaries and wages, it is perhaps premature for the Commissioner to complicate the Committee's job by the introduction of wage increases and the cost of living allowance.

Expatriate Management Training and Development

The new exchange rate will make expatriates expensive to employ. It will affect Ghanaian businessmen who need expatriate help. Recruits from overseas will demand higher salaries and other terms of conditions which will go to swell the cost of doing business.

Complaints of Increased Prices

Complaints have already been reported about business firms who want to use the "little budget" as an excuse for increasing prices of their products. The Ghana Electrical Association is reported to have accused dealers of electrical goods for increasing prices of their wares. Around the country, a lot of stores have closed their shops after the announcement on the pretext of stocktaking. It is a natural reaction of people, including businessmen to stop and consider the implications of surprises. It is true that some unscrupulous

persons may take undue advantage of the measures. But at the same time we should understand that a business concern is not a charitable organization. There is bound to be some price disorganization for some time until such time that the full effect of the "little budget" has been realized. We must be prepared for that.

Summary, Conclusions and Recommendations

The main budget will be coming soon after the new Commissioners have had time to submit their estimates. The points to be remembered now are:

- i. Devaluation was not the proper weapon at this stage of our economic reconstruction.
- ii. Compensatory and specific solutions should have been instituted to solve the three major problems instead of the devaluation of the cedi.
- iii. The measures have been ill-timed. No preparation has been made to lay a foundation for import substitutes and since our demand for imports is fairly inelastic, the measures will bring more hardship to the public—particularly small businessmen and urban dwellers.
- iv. And it is not certain that the Government can raise its budgetary revenue as envisaged.
- v. Production costs will increase, which will cause price increases.

There is therefore, a need for re-thinking, if we wish to establish a thriving business community.

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Observer Notebook

The Discoverer of Aggrey

THE ONE Englishman above all others whom the older generations of Ghanaians still remember with affection and nostalgia, and who remains their favourite colonial personality, died a pauper in an obscure corner of England and was buried in an unmarked grave, unsung and almost unwept at the time. Guggisberg, "discoverer" for Africa of James Emman Kwegyir Aggrey and architect of Achimota, Korle Bu, and Takoradi, had to be rescued from posthumous obscurity by Nana Ofori Atta I, acting on behalf and in the name of the Gold Coast people. Ofori Atta also moved for the provision to Guggisberg's relics of a small pension, in token of their esteem and as a challenge to outrageous fate.

These and many more facts are brought out in great detail and with closely-presented objectivity, in the first full-scale study of the complex character known as Frederick Gordon Guggisberg. It is a book called *Guggisberg*, and is the work of Ronald Wraith, who has been in the Africanist world for a long time now: as colonial civil servant in West Africa and elsewhere, as student and authority on local government in Africa, and as a university lecturer in this subject in London.

Guggisberg's name will be in the news again shortly, though in an indirect way and through what was for many Ghanaians his greatest "achievement" of all: "Aggrey of Africa". It so happens that this year—in fact in a few days—we shall be observing the 40th anniversary of the death of Dr. Aggrey, that disaster which overtook Achimota School, the Gold Coast, and Africa as a whole, on July the 30th, 1927, only two years after the "repatriation" home by Guggisberg of this luminous man and great soul.

It is understood that a well known establishment is in the midst of arrangements for a significant public observance of this event. We hope the reported plans succeed. If they do, and a public occasion does take place, it will give many members of the younger generation an opportunity to hear from survivors of the Aggrey-Fraser-Guggisberg era memories of the man who, by all accounts, was one of our proudest national achievements.

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Religion

YOUR GOD IS TOO SMALL

By
C. R. Gaba

PRACTICALLY EVERY Christian prayer formally ends with the phrase "through Jesus Christ our Lord". Perhaps what the Christian means to convey through the medium of this expression is simply this: The Christian's way to God and God's way to the Christian is always "through Jesus Christ." (I Corinthians, 15 v. 57.) Christian hymns also express the same idea:

Thou art the Way: to thee alone
From sin and death we flee;
And he who would the Father seek
Must seek Him, Lord, by Thee.

If the Christian faith demands of its adherents to commune with God exclusively through Jesus Christ, is there any justification for anyone who, faithful to this demand, lumps together all other known religions as a mass of nothing short of superstition? Can't there be any knowledge of God among those who have never heard of Jesus Christ or those who do not feel convinced to accept his claims?

Religion and Christianity

It cannot be denied that some Christians adopt the attitude that regards religion as synonymous with only Christianity. It appears these Christians have never seriously considered the implication of this attitude. Perhaps they have not realized that they are placing a limit on God's power to reveal himself to anyone whom he chooses. Or probably they do not know that this is a way of denying that all men are created in the image of God and are, therefore, naturally equipped to engage in a search to know him. (Apparently these people have either never heard or rejected Paul in Romans I vv. 19 & 20) It is not also unlikely that these Christians have never come into contact with a devout Muslim or Hindu or even a believer in African traditional religion. If they had they would probably need nothing else to convince them that these people cannot be without a knowledge of the true God except they themselves are, in the words of Dr. David Read, a Presbyterian, "rigidly held in the blinkers of dogmatic prejudice." Moreover, this attitude constitutes a clear rejection of the entire Old Testament which is one record of religion before Christianity. Not only this; it is also a refusal to admit that Christianity, in its official attitude, accepts the Old Testament record as the dealings of the one great God with man before the Incarnation which ushered in the Christian faith.

Revelation of God

But there are some other Christians who not only would reject this attitude as unchristian but would also refuse to give their assent to any system of dogma that savours of this attitude. Relying, for example, on the Christian belief that all men have the image of God in them and that God has limitless powers to reveal himself to anyone of his own choice, these open-minded Christians are convinced that there must be the revelation of God in any form of the religious experience; and that if other religions speak the truth, there is no justification for any Christian who doubts God as the source of this truth. Archbishop Temple, an Anglican, writes "There is only one Divine Light and every man in his own measure is enlightened by it." He goes on to say that any truth that was uttered or written by Isaiah, Plato, Buddha or Confucius, for instance, was guided by the one Divine Light. Using a similar figure, Sufi Rumi, a Moslem, expresses the same idea: "The Light is the same but the lamps are different." Then Ruth Benedict, in her *Patterns of Culture*, quotes a relevant saying from a "lower" religion: "In the beginning God gave to every people a cup of clay and from this cup they drank their lives. They all dipped into the water but their cups were different." Simply, the water is the same but the cups are different.

Isaiah and Jeremiah, of course, were not Christians. But Christians down the ages have looked to them as forerunners of their faith and their utterances are highly treasured as a solid part of the Christian Scriptures. Perhaps some Christians do not know that the founder of their religion was born and bred in quite a different faith from what they profess today. Furthermore some other Christians may not be aware that Plato's Greek philosophy provided the basis for much Christian thinking. He who needs a proof should look up the Johannine literature of the New Testament, have a glance through the Epistle to the Hebrews, examine Paul's theology or read the writings of the Church Fathers like St. Augustine.

Christian Predecessors

Professor Zaehner, a Roman Catholic, also warns Christians against preoccupying themselves with only Greek philosophy in their attempt to look for the preparation of the Gospel, as if the religions of Asia had no contributions to make. To this Christian, Zoroaster and Muhammad were true prophets and Christian devotion, in a sense, is nothing basically different from Indian devotional religion. Then Dr. Parrinder, a Methodist minister, devotes a whole book to pleading

with Christians that it is not unchristian to look to other religions for further wisdom. It can also be said that there are some truths in African traditional religion which Christianity must accept and use if it wants to win the hearts of its adherents in unlettered black Africa.

What then are some concrete reasons advanced by those Christians who believe that every form of the religious experience has some knowledge of the true God.

Practically all Christians know that their faith places a good deal of emphasis on the greatness of God. But one is not quite sure if many of them are equally aware that this is also the constant message of Islam. "Praise be to Allah, Lord of the Worlds, King of the Day of Judgment," so say the Moslem Holy Scriptures. To put on the right path those who unnecessarily dissipate their religious zeal on gods and idols, Islam, like Judaism, uncompromisingly proclaims the unity of God. Like Christianity Islam further preaches that God is a just ruler and accordingly demands justice as one guiding principle in man's endeavours towards moral perfection. Anyone who is acquainted with the religion founded by Zoroaster knows that this moral uprightness is a keynote of this faith also.

God and Believers

Another main emphasis of the Christian faith is on the nearness of God to believers. The Psalms which the Christian, like the Jew, regards with equal devotion declare "Whither shall I go from thy Spirit. If I go to heaven. . . to hell. . . dwell in the uttermost parts of the sea. . . thou art there." In the Gospels we read that God is Spirit and that it is a sign of spiritual immaturity to insist on worshipping him at a particular spot only. A Christian hymn further confirms this belief:

"O God unseen yet ever near
Thy presence may we feel".

But he who supposes that the nearness of God to believers is a holy monopoly of Christianity may be rejoicing in ignorance. For what do the Hindu Scriptures say? "That God the Maker of all things. . . dwelling in the heart of man is perceived by the heart, the soul, the mind."

Yet Christians do not sit back when they use expressions like "God broke into history," "God intervened" or when they overemphasise Christian communion with God in chapels and cathedrals—perhaps little knowing that they themselves are questioning their own belief in the all-pervading presence of God in the universe. Is it really part of Christianity that God was ever absent from history so that he would need suddenly to break in?

Is it not rather a solid part of the Christian faith that ever since the beginning of time the universe constantly needs the sustaining presence of God in every second of its existence? In fact some Christians doubt whether Bishop Robinson was completely far from right when he reminded popular Christianity of, at times, thinking too much of God as the one "up there". One wonders if popular Christianity is not a little bit negligent of God's ever-abiding presence in the universe.

(To be continued)

Letters

The New Changes

SIR—I am not an economist and do not pretend to understand why the external value of the cedi has been reduced. There is no better time than now for the press and the radio to explain fully to the public the reasons for, and the implications of, this major economical measure. All we have had so far is a summary statement telling us of the advantages of devaluation which, as they read, do not seem to amount to much.

We are told, for example, that foreign businessmen may now feel more encouraged to invest in the country; but we are not told how easy it will be for the local Ghanaian entrepreneur to import materials for his factory or to start a new business. Will he be in a position to compete with the foreign businessman who may have the advantage of lower overhead costs? In other words, is the control of the country's economy likely to slip back entirely into the hands of foreign businessmen or organisations?

One would also like to be assured that prices of essential goods will not rise. The list given in the daily newspapers of food and other items whose prices may drop or will be stabilized is obviously an abbreviated one and not in the least impressive. Perhaps there is a more comprehensive list that is yet to be released?

These are but two examples of the large number of questions to which the public would, I am sure, like to have answers.

Accra.

Busumafi

Anti-Apartheid Movement

SIR—In our reply (published in your issue dated June 23, 1967) to a reader's letter published in your issue dated June 9, 1967, we pointed out that it was incorrect to suggest that STATE EXPRESS 555, the International King Size brand which Pioneer Tobacco Company now manufactures in Ghana, has any association with the "Rembrandt Tobacco Company of South Africa" as alleged by your correspondent, Mr. David R. Mobbs of the Department of Biochemistry, Ghana Medical School.

I added as a matter of interest that the Proprietor of STATE EXPRESS 555 is the Ardath Tobacco

Company Limited of London who are probably better known throughout the world as "The House of State Express."

We were surprised to read in your first anniversary issue dated July 7, 1967, another letter by the same correspondent, alleging that the "Ardath Tobacco Company, proprietors of STATE EXPRESS is a member of the Carreras Group which is controlled by the Rembrandt Tobacco Company of South Africa."

I very much regret to say that your correspondent is wrong again. Ardath Tobacco Company is a member of the British-American Tobacco (BAT) Group, which is the largest manufacturer of tobacco products in the world and operates 140 factories in 55 countries including Ghana. It has no connection whatsoever with the "Rembrandt Tobacco Company of South Africa"

I am sure you will agree that the situation is getting a bit irritating and that contrary to your correspondent's claim that there is no need to apologise to Pioneer Tobacco Company, this persistent campaign to publish incorrect information about our Company strengthens the case for an apology.

We have no intention of questioning Mr. Mobb's motive in this campaign against Pioneer Tobacco Company. We do not deny his right to comment on what he considers a matter of public interest. All we ask is the recognition that facts are sacred and that in a situation such as that it is not unreasonable to expect an apology.

Pioneer Tobacco Co. Ltd., Isaac Eshun
P.O. Box 11,
Accra.

This closes the correspondence on the anti-apartheid movement. — Editor.

Farmers' Money: What For?

SIR—In a recent *Daily Graphic* editorial one finds it clamouring for a Ghanaian 'Stock Exchange'. I note that the reason given is that of initial issuing of shares, which can be perfectly well handled by our existing banks, where as a stock exchange is mostly looked upon as an institution at which (essentially speculative) purchase and resale of stocks and shares is performed by stock-jobbers and stock-brokers, both at present, I believe, non-existent in Ghana.

The same editorial continues with a somewhat depressing assessment of how Ghana's farmers handle their financial affairs. I quote: Besides, it [a Stock Exchange] will help farmers to invest their money in business instead of wasting it on marrying surplus [sic] wives or on expensive prestige funerals or weddings. The argument is a *nonsequitur* really, as all three wastes are based on customary attitudes and will not, I suppose, be affected by establishing a Stock Exchange.

But why should any of these be the most obvious way for farmers to invest their money? I entertain the charitable hope that at least some farmers may think of investing their money—no, not 'in business'—in the development, expansion and constant improvement of their farms. That, surely, is the real purpose of financial aid to farmers and of recent rises in the official purchase price for cocoa.

To return to my starting-point: I completely fail to understand the panic note on which the editorial ends.

Why should the Ministry of Finance act "before it is too late", especially as on the last page of the same issue of the *Graphic* some indication can be found that banks are not unaware of their responsibility: "an official of [a certain] Bank announced that his bank had plans to offer transactions in shares". Do let us leave these matters in their capable hands instead of wasting resources and manpower direly needed elsewhere in setting up a local Stock Exchange.

Dept. of Linguistics
Legon.

H. Trutenau

The Police and the Public

SIR—On Tuesday, 4 July, we attended the festival at Elmina. The ceremony was concluded by a speech from Brigadier Crabbe. After this the chiefs went in procession along the road, accompanied by an orderly, cheerful crowd, some dancing to the drums. We were in this crowd and were close eyewitnesses of the following event. The police decided to clear a path for two cars carrying Brigadier Crabbe and other officials including a high ranking police officer. Their method was without asking anybody to stand aside, to have about ten constables charge at the crowd, with fierce expressions on their faces and batons flailing. They did not actually strike anybody with their batons, but, when the crowd scattered, terrified, they propelled to the side of the road those, including women, who had not moved quickly enough. They did this with their hands, using considerable force. Anyone seeing them would have taken them to be panicking in face of a hostile crowd, not handling an orderly, peaceful one. Everyone was alarmed, and many of the children appeared severely frightened. Several people, in their haste left sandals lying on the road, over which the first car drove.

The operation cannot be dismissed as an ill-considered action by a sergeant or the like: it must have been plainly witnessed by the police officer and probably by Brigadier Crabbe, who made no move to stop it. It is not our place to judge whether it is proper that chiefs, in ceremonial procession, should be made to huddle at the roadside to let police and army officers pass: but we think that the unprovoked adoption by the police of aggressive and overbearing methods of treating the public deserves the strongest protest.

University of Ghana,
Legon.

Doreen Tulloch &
Michael Dummett*

*Mr. Dummett is a Fellow of All Souls College, Oxford; he visited Ghana recently as an External Examiner of the University of Ghana.

A message to the "Legon Observer"

SIR—May I be allowed to add my hearty appreciation and congratulations to the numerous letters of congratulations and best wishes already sent to you on the occasion of the celebration of the First Anniversary of the *Legon Observer*. The occasion filled our hearts with pride and new hope for the future.

It is really painful to recall the plight of Ghanaians under the old regime when we were deprived of freedom of expression. The press was muzzled with the result that none of our local dailies dared express its independent views on national affairs. The whole country was almost thrown into a state of political lethargy;

the handpicked parliamentarians and the arrogant party activists rode rough-shod over every soul in the country.

Viewed from this angle, it will not be too much of a compliment to say that in spite of the occasional slips of the *Observer* on many issues (meritable in human affairs), it has achieved much in this short time to inspire and impress us: its reputation stands deservedly high. It, therefore, deserves every encouragement and support from the reading public if it is to stand firmly on its feet. We cannot make progress if we allow timidity and opportunism to sway us in our approach to issues of national affairs. The *Legon Observer* has become the champion of the press in Ghana today: from observation it has given a lead to our national news papers on many topics of national interest which helped in the end to clear confusions. Its outspoken journalism is widely respected.

The general realisation in the country now, if I may be right, and which I attribute to the efforts of the *Legon Observer*, is that national affairs—educational, political, economic, social and cultural—are the concern of all of us and not the concern of a "chosen few", or the intellectuals alone.

I wish your paper every success, luck and progress in the years that lie ahead.

Ministry of Health
P.O. Box M.44
Accra.

J. C. Quaye

Letters to the Editor

SIR—Undoubtedly the "Letters" column of your journal is a very important source for assessing public opinion in this country, not only because of the high standard of the *L.O.*, but also because you do publish diverse opinions on varied topics. I wish, if I may, to comment on one aspect of the letters, and their replies, namely, the language used by correspondents.

Letters are generally written either to enquire about something, i.e. to ask for information, or to comment on something, either favourably or critically. It appears that "verbal violence" is a characteristic of the letters that "criticise". Let me illustrate with an example from the *L.O.*, Vol. II, No. 11 (8/6/67).

A correspondent had asked whether it would be "too much to ask for" electricity (from Akosombo) for all Ghanaians. In his reply, the Secretary of the V.R.A., Mr. Akuoko, took his time to answer the question. But in the letter, "Volunteers to America", purporting to answer the *Observer* Notebook entry on the subject of educational exchange between Ghana and America, the Principal Secretary of the Ministry of Education uses very reprehensible language. Instead of "stating the facts (in order) to enable your readers to decide who is doing the muddled thinking—the Ministry or your correspondent" the Principal Secretary, Mr. Brown, unburdens himself of his own judgements, and does so in a tone unbecoming of his office: the other fellow has written "unguardedly"; "this Ministry have had far more experience of Ghanaian education... have the good of Ghana at heart..." The real facts upon which readers are to decide... are not stated.

Two things emerge here. First, people in authority (in Ghana) think that their actions are not subject to question. Secondly, most of us lack courtesy and respect when writing in newspapers, and tend to abuse well-intentioned citizens for expressing their views. It is

high time we learnt to use the language as it ought to be used.

Legon. A. Amuzu-Kpeglo

The Recognition of Biafra

SIR—Mr. Opoku-Owusu's article on the Nigerian crisis is uninformed and actuated by evil motives.

First, he states that when Independence came to Nigeria, "to the surprise of many observers, it was the Moslem North which had the greatest say...". What does "democracy" mean if it should come as a surprise that the largest group in a state have "the greatest say"?

Secondly, he refers to the disagreement between Chief Awolowo and Dr. Azikiwe as if this disagreement could not have been well founded on genuine, fundamental causes, and as if Moslems are unfit to participate in the government of Nigeria and should be regarded as inferior citizens. In any case, who was responsible for the disagreement: the Moslems?

Next, it is said that "the federation schemed to out-manoeuvre Chief Awolowo". What is the evidence? Have the people of the Mid-Western Region protested that the creation of the region was not in their interest?

Again, Mr. Opoku-Owusu states that the Moslems do not consider the Southerners "as their kith and kin". Is this not the case on the other way round?

Finally, Mr. Opoku-Owusu emotionally refers to racism, and calls on the O.A.U., and especially Ghana, to take up arms on behalf of Biafra. Fortunately, Ghana has, since the coup that toppled the former subversion-minded regime, shown greater sanity than that.

St. John's Grammar School
Accra.

Mike O. Ebegare

Development of "Saturday Expectation"?

SIR—As you are no doubt aware the ousted regime was in the habit of announcing matters of moment, like the dismissal of judges, the removal of a Principal Secretary, the detention of a public figure or the deportation of important foreign nationals, at one o'clock in the afternoon during the newscast.

Gradually Ghanaians as well as denizens of all classes came to contract what a friend has termed the "One o'clock Trepidation".

I have observed that recently we have been getting major Government pronouncements on Saturdays. These include the N.L.C.'s decision to appoint Special Commissioners, the actual appointment of the Commissioners and the devaluation of the New Cedi.

I hope we are not unwittingly being led to develop what I may call the "Saturday Expectation"!

P.O. Box 34
Legon, Accra.

I. Ackom Mensah

Occult significance of Kotoka's Death

SIR—The Editor's brief footnote accompanying Mr. Anthony Buckley's letter in the last issue of the *Observer* gives much food for thought. How can Mr. Buckley condemn a subject he has not studied?

Some people, like Mr. Buckley, unable to tolerate ideas different from their own fixed ones condemn or regard as "comic" any new ideas. Convenient catch phrases and words such as "accident of history", "coincidences", "chance" are used to explain what they cannot understand; then, they erroneously think that

that should be the end of the matter. The use of such words, I am afraid, hampers clear thinking.

"There are more things in heaven and earth
Than their philosophy ever dreamed of".

In a world where unorthodox ideas are suspect, it certainly needs some courage (which Mr. Twum-Barima admirably has) to attempt publicly to explain by new, different, unorthodox methods, events often described as "coincidences".

And in this life, which is truly "like a many sided mirror", several hidden truths can be definitely unearthed in many varied ways, orthodox and unorthodox.

Canaan's Lodge, H. K. Akyeampong
Kaneshie,
P.O. Box 15
Accra.

Ghanaian Doctors

SIR—Mari-lyrre Ganaway's reaction to a reported Government intention to resort to legal action in repatriating state-sponsored medical personnel home is unfortunate.

The Civil Service, and for the matter, the Ministry of Health, is well known for its bureaucracy, but it is not to be blamed in this issue.

I trust Mari-lyrre Ganaway and the "can-never-return-home" doctors do not want us to believe that Ghana owes an unredeemable debt to a section of our community, let alone citizens who were educated at the expense of the Ghanaian tax-payer. One has not much bone to pick with doctors who are privately educated, and who, rather than coming back to help their own sick people, prefer to work in developed countries where there are enough doctors.

To appraise the situation realistically the following should be borne in mind:

- i. Our qualified doctors should realize that it is only by working at home that they can help to increase our national income, which will in turn determine how much each person—lawyer, doctor, mason, dressmaker—should receive.
- ii. Our "can-never-return-home" doctors must have been aware of the conditions of service in the Ghana medical service before accepting Ghana Government scholarships to study medicine.
- iii. The apparent high cost of living in Ghana is not peculiar to members of the medical profession.
- iv. It is unrealistic to expect conditions in our hospitals to be the same as those of the developed countries. In fact, medical standards in developed countries are so high that some of our "fugitive" doctors may most probably be assigned the tasks of administering injections.

In the light of these observations, in the interest of justice to the Ghanaian tax-payer and fair-play, I think the Government owes a duty to the Ghanaian tax-payer to take legal steps, as a last resort, to retrieve the money spent on these unpatriotic doctors.

And it can only be hoped that the funds realized from this exercise would be used to raise the salaries of our "home" doctors, build more decent bungalows for them, train our less efficient nurses, and reduce the anomalies in the Ghana medical service.

House No. A.19
P.O. Box 1733
Tesano, Accra.

B. Dzodanu

Opinion

dar'

TRIBALISM IN GHANA?

By

Morre Bossman

GHANAIS are often heard saying quite fondly, with varying degrees of self-satisfaction, "Oh, there's no tribalism in Ghana!"

When the terrible slaughters of tribe by tribe were occurring in Ruanda-Burundi, the majority of us did not even know about them. The Tutsis and Hutus were Africans, yes; but their country was far away and they were virtually strangers to us; we were quite content to be insulated from their troubles.

We heard of tribal warring in the Congo. The Congo is nearer home physically, and for good reason our erstwhile Dictator had taken good care to make us sit up to this fact! All the same most of us could afford to be uncomprehending. "Really it is time those Congolese grew up! Such immaturity does not belong to the modern world", and so on. We watched their leaders come and go. Cities were ravaged, thousands of men and women in their prime were eliminated, while gangs of starving orphans roamed about hunting, reduced to the level of animals. Well, thank God, things seem to be working out now. Or are they?

There were reports from the Sudan, Somaliland, Kenya, Ethiopia; but, "we in West Africa are not like that!"

Came October 1966, following the counter-coup in Nigeria—riots in Port Harcourt. Massacres in Kaduna. Good God! We had to sit up now. This was Nigeria, by tradition and through many associations our closest 'sister' African state. Official reports gave as 10,000 the numbers slaughtered in this eruption of bitterness between Northerner and Easterner, both Nigerians, both Africans, both human beings. Unofficial estimates ran to the blood-chilling figure of 250,000—more than the total population of Kumasi—just killed for no apparent justification. Stories of awful atrocities filtered out. This time we were not insulated. Our concern, our anxiety, our resolution that the situation should be saved are, without question, based on strong and genuine sentiments.

Still, "Those things could never happen here" one hears all around. "Ghanaians are not all that tribalistic" etc., etc. Are we not?

* A week after the abortive counter-coup of April when the Chairman of the National Liberation Council made a statement, he was careful to emphasise that "... rumours that the attempted coup was an insurrection planned by

Ashantis and Fantis against Ewes and Gas were wicked and absolutely untrue".

Now why was this found necessary? It is said, there is no smoke without fire; and people had in fact been saying those things. Before that they had been saying many other things—that the Ewes were manoeuvring themselves into power; that the Ashantis were building up their forces; while the Gas (bless their hearts, as usual too happy to let another bear the burden) wondered what 'that fellow' was doing about it, 'damn it all, the seat of power is in their own territory! All too often, on hearing of a misdeed committed by another the rejoinder is "What else do you expect from him? He is a such-and-such tribesman!" It is not unusual to hear two five-year-old children squabbling and one screaming at the other "Ooo, and that's why you are such and such a tribesman!" or some such absurd vilification. These children could only have learnt or copied these attitudes from their elders whose thoughtless, inexplicable, and quite often idiotic prejudices are too numerous to be listed here. And we say we are not tribalistic. True there are no blatant instances where a person will declare "I will not have this fellow in this job because he is of such-and-such a tribe"; or "have him in my house . . ." etc., etc. But the many overt and subtle expressions do exist all right. As a cynic once put it, "You only have to scratch an African and you see tribe!"

One does not wish to deny that differences from one tribe to the other do exist, some worse than others, some better; or to assert that tribal sentiments are not good on the whole. Nevertheless one cannot ignore the fact that these sentiments—loyalties or prejudices as they happen to be—which may be mild and harmless enough in normal circumstances, at times of strain or stress (as was shown at the time of the tragic events of last April) too readily explode into ugly raging and violence. That is what must be guarded against. But how are they to be guarded against?

Most importantly of all, no leader whatsoever must be allowed to exploit or take advantage of any tribal differentiation, or allow himself to be thus used no matter how glowing the expected results: the unfortunate Tshombe did it and today is both a hunted and a haunted man!

Mostly, however, our common nationality helps; and of course our common aim of creating better conditions of living for ourselves. But that is not enough. It is important to recognise the varying aspects of tribalism as they are, and face

up to them boldly. Then as in all matters of development the more constructive factors or elements are worthy of adoption, while the destructive ones should be abandoned. For example, instead of accusing a tribe 'A' of being too clanish in administrative circles, why not commend their industrious approach to their duties? We could recognise the poetic traditions of tribe 'B' instead of seeing them all as depraved characters; give tribe 'C' credit for diplomacy instead of dismissing them all as charming good-for-nothing. Instead of adopting superior attitudes we could delight in the exotic culture of the 'Ds'; and commend the boldness and quick wits of the 'Es'.

One of the most practical and far reaching approaches to this problem has been suggested by Prof. K. A. B. Jones-Quartey in a recent lecture. Children, the professor said, must be taught that other children are just as good as themselves and if they do not behave within this belief, Ghana cannot improve or even survive.

We have already paid one terrible price for complacency in certain matters when we thought there was no danger. There is nothing to be gained from dismissing these overt and covert expressions of tribalism as not being realistic. They ought to be faced with determination and guided up the right channels. If this is not done the forward movement of development is hampered, sometimes reversed. We can see it happening in Nigeria. It is sheer blindness to say it cannot happen here.

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Press Release

PRESS STATEMENT BY MR. E. N. OMABOE, CHAIRMAN ECONOMIC COMMITTEE OF THE N.L.C. AND COMMISSIONER OF THE MINISTRY OF ECONOMIC AFFAIRS 8TH JULY 1967

A SHORT while ago the Commissioner of Finance in a broadcast to the nation announced a number of radical changes of great potential significance for our country. The object of this Press Conference is to explain in some detail the reasons for these revolutionary changes and to afford members of the Press an opportunity to obtain clarifications on important aspects of the new policies.

To begin with I would like to summarize the changes. There are five major changes. These are:—

- (i) A change in the foreign exchange rate of the new cedi from One New Cedi equals 1.40 U.S. dollars or 10 shillings sterling. As was emphasised in the broadcast this major change does not alter any internal monetary relationships. In other words the new cedi in Ghana will continue to be worth 10 shillings and it is only when one wants to exchange it for a foreign currency that the new rate will apply. It is very important that this point should be made clear to the Ghanaian public to avoid confusion in the minds of the people especially our farming population.
- (ii) The cocoa producer's price is being increased from the present level of NC5.00 to NC6.50 with effect from Monday July 10. This increase represents a rise of 30 per cent. It would be recalled that when the N.L.C. took over in February last year the producer price of cocoa was the equivalent of NC4.00. The proposed new price of NC6.50 is over 50 per cent higher than the price in February, 1966, and it indicates the importance which the Government attaches to our number one export commodity.
- (iii) Increases have been announced retroactively from July 1, 1967, for wage and salary earners in the public sector. The minimum wage rate of 65 new pesewas is being raised to 70 new pesewas and in addition there is a temporary cost-of-living allowance (cola) of 5 per cent for other employees. The Government has already appointed a Wages and Salaries Review Commission whose report when submitted will be given due consideration taking account of the present temporary adjustments in income. The increases that have been granted are not meant to minimize the importance of the work of this Commission.
- (iv) There is going to be a substantial increase in the scope of import and exchange liberalization. A number of basic important items mostly spare parts and chemicals and drugs are to be put on Open General Licence with immediate effect. Our productive capacity has suffered in the past through lack of very small spare parts—sometimes tiny bolts and nuts. The decision to do away with import licensing for these items is a bold one meant to help the smooth running of our factories and other establishments. In addition to this a gradual liberalization of profits and dividends

will be introduced shortly. For more than 5 years now overseas investors with a stake in our economy have not been able to remit any profits and dividends overseas. If we wish to attract foreign investment then we ought to do something about this unsatisfactory state of affairs. We hope to introduce a scheme similar to the one worked out for the arrears of current foreign payments which the NLC inherited so as to re-establish our reputation among international capital markets.

- (v) Any adjustment in foreign exchange rate such as the one introduced today is bound to affect the prices of imported commodities. In fact, this is the whole essence of such a change. However, in order to relieve the burden on consumers of basic imported commodities like rice, flour, milk, motor spirits and kerosene etc., some major adjustments have been made in the duties and taxes on these commodities. In some cases certain duties have had to be completely abolished to enable the prices of these basic commodities to be kept at their existing levels or to show only minimal increases.

The effect of these changes on Government revenue will enable a number of projects to be started to provide job openings for our growing unemployed population. This will enable them also to enjoy the fruits of the efforts of the nation.

Students and Diplomatic Missions Abroad

These then are the major changes which the Government has introduced in the management of our economy and in an effort to rebuild its foundation on a solid basis. The Government will take steps to ensure that no hardship is caused to students who are abroad on Government grants and scholarships by the change in the exchange rate. Additional amounts will be provided to ensure that payments to them in foreign exchange terms remain unchanged. Also additional appropriations will be made for members of Ghanaian diplomatic missions abroad with a view to keeping their emoluments unchanged in foreign exchange terms.

There are other detailed adjustments which have to be made as a result of these changes. Each individual case will be examined and specific directive issued to the appropriate Agencies as soon as possible.

I would like to assure all of you that these revolutionary changes have been made from a position of strength. In February, 1966, there were economic pressure on us to alter the foreign exchange rate of our currency. If we had made the change then it would have been from a position of weakness and the decision might have set in motion a chain of reaction that might have made things intolerably difficult for us. In fact there was considerable speculation in international markets that we would use this economic tool to redress our chronic imbalances and this resulted in considerable hesitation on the part of foreign investors. We resisted and pledged ourselves to the maintenance of the foreign exchange value of our currency and proceeded with other policies until we are now strongly poised to effect these changes. We have maintained all along that these changes are best introduced at a time like this when some measure of strength has been imparted to our economy.

Long-run Benefits

Another point that I want to emphasize is that these changes are very radical and they can only be introduced by a Government with determination and courage, a Government interested in the long-term stability and strength of the economy. Looking around us in the world today we see a number of countries which would like to introduce some of the measures the NLC has had the boldness to announce today. Of course we would continue a touch-and-go existence for as long as the NLC remains in power but where will this ultimately lead the country? If the NLC does not do it now it will be too much to expect any civilian government in the foreseeable future to do it because of the political implications. As a result our economy might continue to limp for as long as we can foresee. It is not at all easy to effect basic structural changes in an economy but there is no doubt at all that the choice that has been made will bring long-run benefits for our economy.

I would like now to list some of the main advantages that we hope to derive from the changes that have been announced.

- (i) Our exports will benefit and become more competitive. The beneficial effects will be realized mainly in the longer run but some increase in export receipts is expected in the short run as well especially for the cocoa and timber industries.
- (ii) The demand for imports will be reduced and there will be increased incentives for domestic substitution of imported products. Because of the overvalued exchange rate many domestic products seem too expensive while foreign goods seem cheap as compared with domestic products.
- (iii) The substantial increase in the producer price for cocoa which has been made possible will reallocate our resources in favour of our cocoa industry. This will stimulate production and enable us to at least maintain our share of the world market.
- (iv) The adjustment in the foreign exchange rate of the cedi is expected to improve the Government budgetary position by increasing Government receipts more than expenditure. This will enable us to improve upon the budgetary deficits that have plagued our economy for the past few years. A part of the additional revenue will be spent on new development projects designed to create employment.
- (v) The changes will make an effective long-term contribution in the field of both industry and agriculture. The production of industrial raw materials in Ghana will become relatively more profitable. Bigger incentives now exist for the production domestically of groundnuts, rubber, cotton, palm oil, cattle, etc.
- (vi) It is expected that foreign capital will be stimulated by the change in the foreign exchange rate. Export industries should benefit most but in other fields also foreign investment is likely to be encouraged because local costs of production will be reduced in foreign exchange terms. The prospects of early new investment in such fields as diamonds, bauxite, manganese, etc., would be improved.
- (vii) Smuggling and black market transactions in the cedi which exist in other West African markets are expected to decline. The spread between the black

market rate and the official rate will be significantly cut down and smuggling and other exchange transactions will become less profitable.

- (viii) The changes will make possible the increasing liberalization of our imports which in turn will lead to increased economic activity.
- (ix) The foreign exchange burden of certain invisible payments is expected to be somewhat reduced and this will help the country's foreign exchange situation.
- (x) The changes will also help us in any move towards regional economic co-operation such as through the proposed Economic Community of West Africa. The benefits of such co-operation will be realised only if Ghanaian products are competitive in neighbouring countries and can be sold there. This is not now the case for most Ghanaian manufactures. The adjustments in the foreign exchange rate will greatly improve the competitiveness of our export products.

Other Effects of the Changes

Any radical changes such as these announced today are bound to carry with them some disadvantages. A significant increase in the prices of imports and domestic manufactures must be expected. This will be a one-time price increase and the extent of the change will depend in each case upon the nature of the commodity. In general, domestic manufactures with less import contents will show smaller price increases. The duty adjustments that have been made are meant to absorb the price increases on only a few basic commodities. For the great majority of commodities, however, prices will show an upward trend before settling down at their appropriate levels. But in the long-run there will be a healthier price relationship between domestic and imported commodities.

The changes are likely to confer windfall gains on some business concerns while other enterprises are likely to be caught off their guard. Everything possible will be done to help cases of genuine hardship through, for instance, help from the banking system. Controls will be instituted as far as possible to ensure that business concerns do not take undue advantage of the changes to exploit consumers. However it ought to be realised that this constitutes a potential danger to the programme.

Our Contribution

All told the advantages far outweigh the sacrifices which we shall have to make in the long-term interests of our economy. The success of the operation depends upon all of us. If for instance we allow ourselves to get involved in a wage-price spiral the whole exercise will break down completely.

The NLC has been emphasizing the need for us all to make sacrifices to supplement the help which our friends from abroad are extending to us. Donor countries are no doubt going to be impressed by the boldness with which we have approached these chronic economic problems. We must leave them in no doubt at all as to our determination to see the operation through to a successful end.

We must all realise that we are waging an economic battle on all fronts. To ensure total victory we should deploy our resources in an optimum manner. The changes that have been introduced today are meant to

redistribute our resources in favour of those sectors of the economy for which we require a high economic growth. This is the only way by which we can join the international economic race to raise standards of living.

With these changes comes a national appeal to our farming population and a challenge to those charged with responsibility for our agricultural industry. For it is obvious that unless we succeed in effecting similar revolutionary changes in agriculture the initial gains we shall derive from the exercise will soon be lost. We have by these changes provided a favourable frame for the productive sectors of our economy. Let us move forward to exploit these advantages to our mutual benefit.

Ensuring Desired Results

The Government intends to keep the economy under continuing review and assess the effects of these changes in particular to ensure that the desired results are obtained. If the Government finds for example that exporters are not making effective use of the additional incentives given to them, it will not hesitate to apply measures such as export taxes to take away part of their additional profits. Similarly stern measures will be taken against firms and individuals who profiteer by indulging in speculative transactions or by increasing prices excessively.

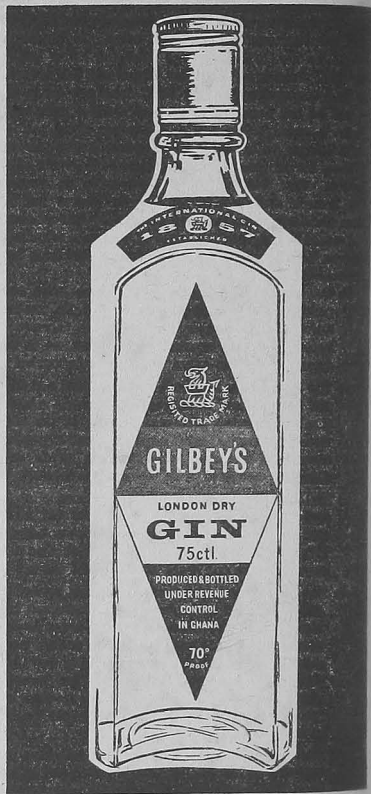
We have obtained the approval of the International Monetary Fund to advance forward our drawings under the stand-by credit approved for us about two months ago. This is to enable us to push through the import liberalization schemes already referred to. We would need the co-operation of importers to succeed. In particular, we would advise importers not to stock more of the commodities placed on Open General Licence than it is absolutely necessary. Any mad rush to overstock would not only be uneconomic for the importers themselves but it would also increase the pressures on our external payments position.

Let me conclude by appealing to all sections of the public to co-operate with us to make these changes a success to ensure the future strength of our economy.

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