

# The Legon Observer

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## EDITORIAL

### UNDERCURRENTS IN THE GHANA-ABBOTT DEBATE

THE CRITICS and defenders of the Agreement signed between the Government of Ghana and the Abbott Laboratories have so far conducted the debate within the context of how far the Agreement is in the long term interest of this country. The popular interest and concern which the debate has generated, apparently, shows that most Ghanaians are opposed to foreign domination of the economy. This is not the whole truth.

We get nearer the whole truth if we realize that the country is now plagued by many divisions. Divergent views are held on the framework for economic development, the future social composition of political leadership of this country, the best policies to pursue on the African and international political scene, and regional/ethnic representation in public appointments. With the present ban on political activity these divisions of opinion can hardly surface, and the Abbott-Ghana debate has provided a useful peg on which to hang these divergent views. These views do not fall into tidy patterns; rather they criss-cross at many points.

To most defenders of the Abbott Agreement the criticisms are based on anything but principles. The criticisms, the defenders argue, are motivated by a desire to destroy the "dominant" position held by one ethnic group in the Civil Service, Commissions of Enquiry and in government. This view is so seriously held that students of the University of Ghana are divided, on this ethnic basis, on the views they hold about the Abbott Agreement. Even some respected individuals in very responsible, authoritative and official circles strongly believe that Lt. Gen. Kotoka's murder was similarly motivated; an erroneous view which Lt. Gen. Ankrah happily refuted in his Press Conference in April 1967. This interpretation of the motives of the critics is, however, as wild as it is untrue, but it has to be nipped quickly in the bud by all right-thinking Ghanaians, if it is not to make an important ethnic group in this country develop a sense of persecution. When people fail to convince others of the rightness of their cause they fall on irrationalism and emotionalism, such as ethnic feeling, for moral and political sustenance. It is unfortunate that whenever a member of a certain particular ethnic group is the subject of national criticism or woe the tendency is to see an explanation in ethnic persecution. The Legon Observer and most Ghanaians have been most indiscriminating in their criticisms of public figures and discussions of national affairs.

### IMPORTANT CORRECTIONS

- A. In this issue, Vol. II, No. 25:—
- (1) p. 9, col. 1, para. 4, line 1: published should read publish.
  - (2) Statement by the Legon Society on National Affairs, p. 27:—
  - (a) Para. 2, line 6: "lost" should read "best".
  - (b) Para. 2, last line: distrustful should read disturbed.
  - (c) Page 28, col. 1, para. 2, line 3: trusted should read brushed.
  - (d) Page 28, col. 2, last para., line 3 care should read core.

B. Vol II, No. 24 (24 Nov., 1967) p. 10, Col. 1:—

There is a serious mistake in the second paragraph which was not discovered until too late. On the third line in paragraph 2, the correct word is "salvage" and not "sabotage". The error was not the Printer's fault; it was typographical, and entirely inadvertent.

Another undercurrent which the Abbott Agreement has revealed is a social-generational conflict. The unemployed and the lower middle-class, who have anti-establishment attitudes, and the educated who fall within the 21-40 age group are, by and large, opposed to the Abbott Agreement, mostly on doctrinal grounds and on the intrinsic merits of the Agreement. This is full of significance for the future course of politics in this country. It is a dangerous division for it can easily constitute a re-enactment of the social division in the country which made it possible for a demagogue to emerge. Channelled in a responsible way it could be a force for good, but since it is difficult to predict with certainty what political alignments are likely to be in the future the fears and instinctive reactions of this social group can unwittingly be enlisted in the cause of demagoguery and irrational government.

The Abbott controversy has not generated the divisions but has provided an occasion for the discerning eye to see forces which may form the basis of political alignments in the country. The underlying ethnic division is dangerous for it has never been a public issue in this country. Irresponsible men who now wish to push it as a principle of politics are trying to reverse our history.

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## Observer Notebook

### That Statement

THERE is an old Akan saying that governing a country is like holding an egg in one's hand; if the egg is pressed too hard it breaks between the fingers; if it is held too loose it breaks on the ground. It is doubtful whether the government knows this saying. It would otherwise not have issued the statement on the Abbott controversy that it did on November 28.

The statement reiterated points that had been repeatedly made by the Commissioner for Industries (who is also chairman of the Negotiating Committee), and effectively rebutted. The argument that there was no alternative to Abbott and the implication that Abbott would bring a massive dose of financial assistance is not true. It is also untrue that the agreement ensures that the country will obtain fifty-five percent of the profits; this depends on what the Board of Directors will do, and Abbott controls this. The claim that even the amended agreement confers no monopoly rights on the new company other than what is needed for an infant industry is only half the truth. The agreement goes beyond this. To claim that profits are “the most important objective in business” is, to say the least, myopic. To concentrate only on profits in individual firms and forget about the larger issues affecting the economy and the future politics of the country is fraught with dangers. Nobody has questioned the need for co-operating with private enterprise, both Ghanaian and foreign. The question is the terms on which this is to be secured. It is not an exaggeration to say that the government fails to see this point.

The new points in the statement were truly remarkable for their success in alienating public opinion. No one has ever suggested that the NLC has anything less than full confidence in the Commissioners; but this does impart papal infallibility to the Commissioners. It is courageous for the government to accept full responsibility; that, however, cannot exclude individual responsibility of Commissioners.

The strident assurances about freedom of speech and public debate rather send a chill down one's spine. The assurances would be dismissed as unnecessary were it not for the thinly veiled threats of the Commissioner for Industries against freedom of speech in his speech during the symposium and the reference of the cowardly, state-owned **Ghanaian Times** to “over-courageous intellectuals”.

illustrative, and instructive—properly raps the knuckles of those who are so shamelessly using the voice of the Government to utter their own unworthy sentiments towards honest critics. This is an encouraging assurance for Ghanaians about the integrity of the men on the state press.

### Justice Delayed is Justice Denied

WE HAVE had occasion once in the *Legon Observer* (Vol. II, No. 19) to draw attention to the number of cases still pending in our courts of law. Some of these cases have been pending for so long that, quite understandably, most law officers have forgotten about the existence of such cases. The law officers at the Attorney-General's Office seem to be so overworked that, with the best will in the world, they can hardly call all the cases for trial or review. It is to make the wheels of justice move faster that the recent increase in the salaries of the law officers in the Attorney-General's Office has been welcomed. The hope is that the recent increase will attract a sufficiently large number of good lawyers to review all pending cases so that the guilty can be punished and the innocent set free.

One outstanding unfortunate case which has been pending for a long time is the one involving Messrs. H. K. Djaba, F. Y. Asare and J. Quartey. These gentlemen were sentenced by Justice Akaiyah to long terms of imprisonment on 10th May, 1965. By finding them guilty and sentencing them to various terms of imprisonment the trial judge might have discharged his duty and allowed justice to take its course. But a cardinal principle of justice is that not only must justice be done, but it must manifestly be seen to be done. Could justice have been done at a time when Nkrumah was at the height of his power (he had by then dismissed the Chief Justice and two other judges in the Adamafo case), and in a case which was so inextricably interwoven with politics and private financial interests?

No definitive answer can instantly be given and the question does not admit of an easy answer if an attempt to answer it is not viewed against the background of the political treatment meted out to one of the accused, who happened to be the "star" accused, and who was given great publicity at the time of the trial.

1. Mr. H. K. Djaba was arrested on the 7th August 1964, and detained under the legislation empowering the Attorney-General to authorize the detention of any person suspected of committing an offence for 28 days. Mr. Djaba was detained, not at a police station,

but at the Nsawam Solitary Confinement Cell. Shortly after, his counsel, Mr. P. A. Adjetej, raised legal objections to this treatment; he was threatened, though indirectly, in consequence of which he stayed away from the trial thereafter.

2. Before the accused returned voluntarily from the United Kingdom (he had been threatened with extradition by the old regime) his wives, some members of his family and a nine year old daughter who had nothing to do with the case had been detained for short periods. The daughter, Dorine Afi Korkor Djaba, who fell sick in prison, died a few months after she was released.
3. When the accused was waiting for trial he was transferred under a warrant from James Fort Prison to Ussher Fort Prison, the maximum Security Prison, on 4th November, 1964.
4. Anyone who read the papers at that time could not fail to see the press campaign conducted against the accused, thus prejudicing a fair trial of the case.
5. Procedural errors were detected by Defence Counsel, but these were brushed aside when Parliament passed legislation under a certificate of urgency, on Nkrumah's instructions, so as to frustrate the anticipated success of the Defence Counsel on account of those procedural errors.
6. Some witnesses committed perjury and got away with it. In fact, perjury was committed in two respects. In one respect, it was calculated to help the case of the prosecution, and here the witness concerned got away with it. In the second respect, the perjury, according to the judge, was calculated to help the defence case, and here the witness concerned was sent to jail for about 6 months.
7. While the trial was pending the principal witness for the prosecution was negotiating with the deposed President to establish a factory in Ghana to produce agricultural machines which had formed the subject-matter of the prosecution; on one occasion while the witness was giving evidence, his evidence was interrupted to enable him to go to the Castle to see the ex-President. This can be found on record.
8. After the accused had been convicted and had appealed, and after about a year had elapsed, the appeal was argued before 3 judges of the court of Appeal (previously the Supreme Court) for some 2 months, and judgement was reserved. After some 5 months the three judges sat again ostensibly to give judgement but only

As for references to "uninformed" criticisms and the alleged breach of the Financial Administration Decree they were singularly improper. A solemn government statement should not attack people in that way, and when a government itself has conferred legal duties on a board it should not attempt to forestall the decisions of the board by simply usurping its functions. Such actions smack of contempt of processes besides being Nkrumaist.

The Commissioner for Industries must have been highly relieved by the massive endorsement of his position. Having lost the argument he was glad to get the NLC to come out publicly on his side no doubt in the hope, as he indicated at the public symposium, of frightening his critics into silence. His relief is the apprehension of the public.

### Savundra, Allegations and Commissions of Enquiry

MR. S. I. IDRISU, a former C.P.P. parliamentarian, dismissed from Parliament by Nkrumah just before the Ghana coup, has repeated his allegation, first made eight years ago, that at least ten members of the disbanded C.P.P. received a total of NC137,000 (£68,000) as bribe from one Mr. Emil Savundra, a Ceylonese businessman. Mr. Savundra came to Ghana in 1958 to try to acquire exclusive mineral rights for the Camp Bird Company in the United Kingdom.

Mr. Idrissu repeated his allegation before the Manyo-Plange Assets Commission which is probing the assets of former C.P.P. functionaries, Parliamentarians and Ministers. According to Mr. Idrissu, the following, on the evidence of what Mr. Savundra himself told him, received bribes: Mr. K. A. Gbedemah, a former Minister of Finance (NC20,000); Mr. Kojo Botsio, a former Minister of Education and Economic Planning (NC20,000); Mr. Krobo Edusei a former Minister (NC14,000); Mr. Kofi Baako, also a former Minister (NC6,000); Mr. Kwaku Boateng a former Minister (NC4,000); and Mr. W. Baidoe-Ansah, a former Ghana Ambassador to Japan, (NC10,000); Mr. Idrissu himself admitted accepting a bribe of NC2,000. The ex-President, Nkrumah, topped the list with a bribe of NC40,000. Mr. Krobo Edusei has appeared before the Manyo-Plange Commission to confirm the allegations of Mr. Idrissu as true. Others, against whom allegations were made, have also appeared before the Manyo-Plange Commission to either deny or confirm these allegations.

It is odd, however, that while others have

appeared before the Manyo-Plange Commission where the allegation was made, Mr. K. A. Gbedemah has appeared at the Annie Jiagge Assets Probe Commission. Unless there is a valid, convincing reason why Mr. Gbedemah should appear before the Annie Jiagge Commission he should properly appear before the Manyo-Plange Commission where the allegation was properly made.

Nobody is saying that the truth cannot be elicited vigorously before this Commission. All we are asking for is what valid reason is there for an allegation to be made before one Commissioner, only to be rebutted or confirmed before another Commissioner. This does not seem to be normal judicial practice. Messrs. Krobo Edusei, Kofi Baako and S. I. Idrissu appeared before the Manyo-Plange Commission. A convincing reason must be given for this odd exception.

### The Press

THE LEVEL of recent discussions of national issues (such as the Abbott-Ghana problem) in the Ghana press must fill the hearts of those genuinely concerned about the restored freedom of this country with joy. The most happy aspect of this is the improved competence and, more importantly, the commendable evidence of COURAGE shown in the state-owned press.

The *Evening News*, by its knack of unearthing information which, though unclassified, is being unhearthily shelved by officials, is doing a great service to the public. We are not surprised that some irate officials have suddenly remembered the commercial status of the Guinea Press, and are dropping hints about the future of that Press. Equally, we are not surprised that the editor of the *Evening News* has ignored these covert threats and is doing his duty as best he sees how. This is not unexpected. After all, you cannot spend 7 long years in Nkrumah's jail under the P.D.A. and come out to be cowed by ex-NASSO members and ex-C.P.P. advisers.

The *Daily Graphic* has, in the past several months, shown a spirit of maturity, objectivity and competence that is most gratifying. Gone is the dormancy with which it used to be associated. And, for it, none of that hysterical sycophancy characteristic of the *Ghanaian Times*, which seems utterly incapable of rising to tolerate levels of intellectual rigour and honesty in its editorial "analyses" of national issues. [But, of the *Times*, more later]. Special mention must be made of the letter by Kodzo Dumoga (Sup. Ed. of the *Graphic*), which appeared in the *Daily Graphic* of December 2, 1967 (p. 18). That letter—cool,

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to say that because of important points of law raised in the appeal the whole appeal would be re-argued before a full bench of 5 judges of the Court of Appeal. This raises an interesting point of law which cannot be fully analysed since the case is still pending. However, it is clear that the accused have been put to extra expense in the re-hearing through no fault of their own. Suppose they can no longer afford to engage counsel, would justice not have been compromised?

9. Finally, the ex-Attorney-General took an interest in the case not warranted by his position as the principal law officer of the Government. This case is of the gravest public importance and the principles involved go to the very roots of the administration of justice under the old regime. It, further, raises many issues:—

First, it could be reasonably supposed that Mr. Djaba's family received the official treatment given so as to put pressure on Mr. Djaba to return from the United Kingdom. The methods used were barbaric and unfair.

Secondly, the veiled threats issued to the first Defence Counsel were such as to render it impossible for the accused to properly and in confidence give any instructions for their Defence.

Finally, it is quite clear that all the accused have suffered immense mental and physical torture, in circumstances which will put a strain on any normal person's nerves, reputation and dignity. Even if justice was done it is extremely difficult to say that it has manifestly been seen to have been done. Great care is needed in unravelling the inter-connections of private financial interests, political intrigues and justice.

Under the old regime one Mr. Lutz Herold, a German, was accused of an ordinary crime of smuggling money into Ghana to carry on pro-Busia activities and jailed for forty years. He appealed to the N.L.C. at the time of the coup and was released. A Frenchman, Mr. Jean Schnaps, was also sentenced to terms of imprisonment under the old regime by a properly constituted court. He also appealed to the NLC and was set free. So also were Messrs. Tawia Adamafo, Ako Adjei and Cofie Crabbe. The principle applied most probably was that the cases in which they were involved had such political overtones that with a change of regime there was no sense in keeping them in prison. The case under discussion clearly appears as political as the other cases; it would seem, therefore, that the same principle could be applied by the NLC.

### Sierra Leone

THE news from Freetown last week featured an unexpected twist to the NRC's problem of how to resolve the political impasse in Sierra Leone and promulgate an acceptable formula for the future return to civilian government and a normal life. The National Reformation Council has scored a brilliant tactical victory in the answer it has at long last given to the Dove-Edwin Report on the General Election of last March; whether the strategy of which these tactics form a part will save the whole situation or not is a matter for the future to determine, or at least to show.

The Dove-Edwin Commission was set up by the NRC, under tremendous pressure of public unrest, some three months after the fateful March elections. The Commission was to unearth and establish once and for all the facts of how the election had been conducted and the voting had gone; in short, what had been the true position between Sir Albert Margai's Sierra Leone People's Party and Mr. Siaka Stevens' All Peoples' Congress at the "end" of the voting. The Commission did a fast and—from all the signs—competent and decisive job, producing a finished report within three months. The position by September then was that everybody knew what the report contained—everybody knew, for that matter, what the report was going to say, even before the Commission was appointed!—but nobody could say it out loud.

The Dove-Edwin Report was always going to say—and did—that the March General Election had been shamelessly rigged by the SLPP, under Albert Margai's "leadership"; secondly, that the APC, under Mr. Siaka Stevens, had nevertheless won the contest for the votes—perhaps narrowly, perhaps substantially, certainly decisively; and thirdly, therefore, that Mr. Siaka Stevens had been properly in line and properly designated for the succession to the Premiership. The National Reformation Council was hard put to it, as to what to do with these findings in public; so it sat on them for three months before publishing them last week. For to agree with the findings of Mr. Justice George Dove-Edwin was to declare itself, the NRC, illegitimate and usurping; but to reject the report would have been even worse, since practically the whole world had long accepted that anything any respectable commission would say about that election could only be a confirmation of the truth.

So the National Reformation Council wrestled with the dilemma for three months, before coming out with its reactions. The Government White

Paper published with the report said the only thing it could say in the circumstances, though it is nevertheless a surprise that the Juxon-Smith Government would stake its fate on the decisions it has taken. The Government (a) agrees with Dove-Edwin that the election was rigged, and therefore that the whole Margai machinery and operation had been the frauds and depredators everybody had said they were; but (b) disagrees with the report about the subsequent events, in particular the appointment of Siaka Stevens by Sir Henry Lightfoot-Boston as Prime Minister, displacing Margai. To balance the position, the Government (c) appoints a large body of civilians charged with the responsibility of preparing the country for the return to civil government, while they, the NRC, still remain in legal control until then.

In our next issue we shall present a full review of the Sierra Leone situation, written by our longtime observer of that scene and based on first-hand information on the personalities, the facts, and the figures involved.

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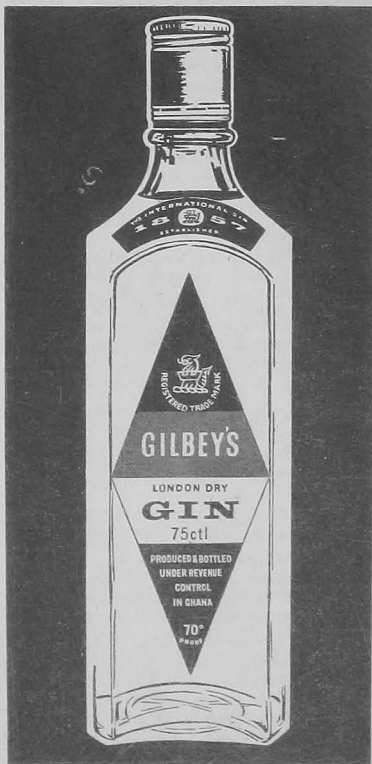
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### "Administrative Arrogance"?

SIR—Permit me to draw your attention to a letter from K. M. A. entitled "Administrative Arrogance", which appeared in the *Legon Observer* of 10 November, 1967, Volume II, Number 23, and to state that it is very surprising to find a letter of this nature in your columns. The structure of the letter itself is such as to make it clear that the writer cannot be aware of the full facts. Secondly, by choosing to connect the Ghana Medical School and to use the phrase "to fulfil an appointment", this letter, whether one likes it or not, would be interpreted as applied to a doctor/patient situation, and lead to unnecessary embarrassment in certain quarters. It is because of this primarily and the needless mention of the Medical School by a writer not sufficiently mindful of the facts as to try and investigate, nor sufficiently brave as to make known his identity, that this letter is written at all.

I happened to have walked a woman out of my office for reasons which were explained to her, which would have been explained to her husband had he cared to ask. In any case the particular wife I walked out of my office has been coming to me with her problems, not medical, even before I joined the Medical School staff, and therefore "Professor of Medical School" has nothing to do with the subject matter in question.

This kind of a letter needs to be viewed against the last paragraph of the letter by Dr. Bekoe in the same issue of the *Legon Observer*, and I hope suggestions there will be taken seriously not only by your editorial staff, but indeed by people with "trigger-happy" pens, whose only way of showing loyalty is by blind attack. Dr. Bekoe writes: "If we cannot use normal avenues to get wrongs of this sort redressed, there is no objection to writing to the Press. But let us not hasten to generalise or make national issues of them". I hope you will agree with me that without any proper investigation your Paper has lent its columns to a most unwarranted attack on the Medical School and you will therefore take appropriate steps to correct the unfortunate impression that has been created.

I take full responsibility for my action in this respect. I intended to drive home to a wrong doer my displeasure in a way, which is probably the only avenue opened; and, given the same circumstances, I would do exactly the same again.

It is about time husbands take note that if their wives are working and receiving a salary for the work, they will have to be subjected to discipline, and the more husbands do to help their wives attain a certain level of acceptance of rules and regulations, the less often will they be called upon to demonstrate husbandly loyalty under completely misguided circumstances.

Prof. F. T. Sai

Dept. of Preventive and Social Medicine,  
 Ghana Medical School,  
 Korle Bu, Accra.

### That Shocking Editorial

SIR—If the *Ghanaian Times* editorial of November 29, 1967 had confined itself to its support of the Government's stand on the Abbott-Ghana Agreement, few

readers would have been surprised. After all, every reader of the *Times* is aware of the paper's solid reputation for never disagreeing with the Government, whatever the merits of the case. But when the paper used its support as a peg on which to hang a hatful of baseless, unprovoked and scurrilous attacks on certain critics, it properly shocked the conscience of reasonable men.

The paper actually had the nerve to write in part: "It is most unfortunate that some of the public speakers during the last few days should have taken this opportunity to court cheap popularity and applause, by wildly indulging in the propagation of anti-foreign sentiments and feelings". The editorial charged University lecturers with this offence.

The editor must have been joking when he wrote, or caused the editorial to be written. Or he must have been too busy to follow the controversy closely. The University lecturers who took part in the debate did not indulge in the propagation of anti-foreign sentiments. This accusation is singularly unfortunate, in bad taste, and downright dishonest. Some of us had expected even a paper like the *Times* to rise above such knavish mudslinging.

What the lecturers did was to prove by means of intelligent analysis and logic that the Abbott-Ghana Agreement was bad, and should not have been so hastily concluded. There was no conscious attempt on their part to whip up anti-foreign feeling in the people of this country. Of course we had entered into an agreement with a foreign firm. If the argument of the critics convincingly proved that we had a raw deal, the *Times* should not expect all of us to applaud such a firm. There is no reason for the editor to imagine that criticism of the Abbott Agreement is definitely criticism of Americans.

The *Times* itself, in one of its rare moments, showed concern about certain clauses in the Agreement, among them Clause 14. The *Times* wrote in its editorial of November 11, 1967, "... It is odious and repugnant to the exercise of the ordinary citizen's right of free choice to create state or quasi-state monopolies". Concluding the editorial of November 11, the *Times* stated that our people should not just sign "any crazy proposal which any Tom, Dick and Harry may bring to this country".

Fine words, those. Yet this same paper turns violently on well-meaning critics who honestly feel that the Ghana-Abbott Agreement is, in the very words of the *Times*, a "crazy proposal".

The critics may be wrong but their guilt could easily be extenuated by honest conviction. Theirs was an attempt to say what they thought. They do not need any popularity. In case the editor of the *Times* does not know, he must be told straight away that the Ofori-Attahs, the Folsoms, and the Twumasis have no need to court popularity, whether it is cheap or dear. They may not have been appointed ambassadors, they may not have been appointed editors of national dailies. But their reputation rests on solid intellectual achievements, not on the opportunism, the dishonesty and the lick-spittle subservience by which some people hope to succeed or have succeeded in earning their daily bread. The insinuating side-swipes of the *Times* editorial cannot destroy the image of these men.

Commonwealth Hall,  
 Legon.

I. K. Gyasi

# THE GHANA - ABBOTT AGREEMENT

## SYMPOSIUM AND COMMENT

### THE SALE OF, AND PRIVATE PARTICIPATION IN, STATE ENTERPRISES

ON Wednesday, Nov. 21, 1967, a symposium on the above theme was held at the State House in Accra, from 5.05 p.m. to about 9 p.m. It was not covered by sound broadcast, but it was carried live on Ghana Television from 5.05 p.m. until 8.05 p.m.

The principal speakers were Mr. R. S. Amegashie, Commissioner for Industries and Chairman of the N.L.C. Negotiating Committee; Mr. B. D. G. Folsom, Senior Lecturer, Political Science, University of Ghana; Mr. Anthony Woode, Managing Director, State Insurance Corporation and Member, Negotiating Committee; and Dr. Jones Ofori-Attah, Lecturer, Economics, University of Ghana. They spoke in that order. The Chairman was Mr. William Ofori-Attah, Chairman, Cocoa Marketing Board.

All the speakers, except Mr. Woode, read prepared speeches. What Mr. Amegashie gave us for publication, however, is different from what he read at the symposium. Certain parts in the original are missing, and new material is inserted. For example, the portion in which he asks his critics to direct their criticisms at the N.L.C., and not to hide behind him and throw stones at the N.L.C., is missing. It is this that Mr. Folsom, following Mr. Amegashie, first takes up. And inserted as new material are details of the several offers from the different pharmaceutical companies which showed interest in the State Pharmaceutical Corporation (presumably in line with Mr. Woode's suggestion), and an explanation of the telegram, alluded to by Dr. Jones Ofori-Attah in his speech, which he (Mr. Amegashie) sent to his (acting) Principal Secretary instructing him to expedite the arrangements with the Abbott representatives. For this reason, Mr. Amegashie's article is presented last.

Mr. Woode did not read a prepared speech. We published extracts of his speech from our taped version of it.

#### Introductory Remarks by Mr. William Ofori-Attah, Chairman

...I think we ought all to be happy that we are living in a new era. I am very happy to be alive today to see this 'thing being done in my own time, with my own eyes,' and within my hearing. For, it is evident that we are moving along the right lines; that our democracy is assured; and that nobody can play any monkey business with it now [Laughter]. For, you can see the difference in atmosphere. Some years ago, there was a big outcry against some activities of the last Government, summarized in one word, "Savundra"; and the President got up one day and said, "As far as I am concerned, this matter is buried" [Laughter]. What is significant is that because he said this, it was buried! But we live to learn from our mistakes. He buried this subject alive; but what do we see now? It is up again. So even if the (present) Government had wanted to bury this, they had this before them to learn; that when these things come up it is better

to have a public discussion of them, and if there are any difficulties or any scandals, remove them. I don't think, however, the Government has any fears on this subject. I think they are genuinely interested in informing the public about this agreement. The Government deserves congratulations in making it possible for a high-ranking Commissioner and a Managing Director of a Corporation to make themselves available, and to array on the other side a formidable team of two of the outstanding critics of this enterprise. ...I am going to ask Mr. Amegashie to speak first; then Mr. Folsom; then Mr. Woode, and Dr. Ofori-Attah. Then the public will be invited to participate in the discussion. ...Nobody will have an alibi; nobody can say in future he was neutral; we don't believe in that nonsense [Laughter]. I call upon Mr. Amegashie to lead this discussion.

### THE SALE OF, AND PRIVATE PARTICIPATION IN, STATE ENTERPRISES

By  
B. D. G. Folsom

I SHALL not be able to take up Mr. Amegashie point by point, because I have already prepared a long speech. Our time is limited, and I am already forced to cut out certain parts of my speech. I should, however, like to give only two direct replies. One is that we are certainly not afraid to criticise the Government [Applause\*]. Nobody who has been reading the Legon Observer could say that. Secondly, there is one obvious, very serious defect in everything Mr. Amegashie has said here, and that is the total lack of any attempt whatever to consider the political aspect of this question. It is that to which I want to address myself. I wish to address myself primarily to the political aspect of this question for two reasons: firstly, Dr. Jones Ofori-Attah is an economist in whom I have trust, and I therefore leave the essentially economic aspect to him. [Applause]; secondly, I do so because I want publicly to explode a myth, a strange myth that has been brooding over the economic affairs of this country since the coup.

2. The myth is that the spheres of politics and economics are two water-tight compartments with no bridge between them, that political phenomena and economic phenomena are two different phenomena. Those who deal with these two different phenomena have such different expertise that it is illegitimate and dangerous to good government for one group to tread on the ground of the other. That is why after the coup, so runs the myth, two different committees were set up to deal with these two different phenomena—the Economic Committee and the Political Committee. One is reminded by this argument of an old saying: "East is East, West is West and never shall the twain meet." Indeed, the argument is sometimes, with some

\* In Mr. Amegashie's speech, of which unfortunately he has not given us a copy, he said, at one point: "Why are people hiding behind me to throw stones at the N.L.C.?" [Boos]. If they are not afraid, they should direct their criticisms at the N.L.C. ... [More boos].

subtlety, pushed further. The fact that the Economic Committee was set up immediately after the coup, but that it took months to set up the Political Committee, is evidence, so runs the myth, that the economic is not only different from, but more important than, the political. This impression was strengthened by the fact that whereas the Economic Committee had its office in the Castle the Political Committee was relegated to Parliament House, the corollary also being true that whereas the Chairman of the Economic Committee was in almost daily communion with Chairman and members of the N.L.C. the Chairman of the Political Committee could only be given weekly audiences, except on special occasions.

3. I am completely at a loss to understand how any educated mind, especially a mind trained in the Social Sciences, can in the middle of the twentieth century conceive such an idea, let alone accept it. I believe the acceptance of this doctrine of a sharp and unbridged dichotomy between politics and economics has done more harm to the country than anything else. Let me, therefore, stress with all the emphasis I can command that the doctrine is a totally false one. Economics and Politics deal with the same broad subject—society; they both seek to organize society, albeit different aspects of society. But society, as we are all aware, cannot be divided into water-tight compartments. There is an unending and constant interaction between all aspects of society. That is why the academic studies of economics and politics, as well as history and sociology, are always seeking to pull together. All these subjects deal with Society and because Society is a continuous interaction of institutions and persons they can never be studied in isolation.

4. For us laymen, amateur economists, economics may be defined as the most efficient way of organising the material resources of society, remembering that these material resources are never sufficient to meet all our needs. Clearly, the way of organizing these material resources is conditioned, and severely so, by the nature of the particular society in which they are being organized. Society has many faces, of which the economic is only one; there are also the moral, the cultural, the religious and, above all, the political faces too. Embedded in all these are values, all of which do not easily co-exist harmoniously. There are various institutions and groups which carry these values and they are always struggling for recognition and their share of the allocation of the resources of the society. Who takes the basic decisions which settle these questions? In other words who take the basic decisions affecting the very nature of the society and the direction in which the society is to move? This is the sphere of politics. It is politics that decides what portion of the resources of the society should be devoted to education, what portion to administration of justice, what portion to health etc. It is indeed politics which decides the nature of the education system, the nature of justice and the very nature of the economic system. It is when this framework has been set that economists bring their expertise to bear on the problems posed.

5. By politics I do not necessarily mean 'politicians' or a dictator who embodies the people. By politics here I simply mean the dialectic of give and take, the free interplay of institutions and people whereby social goals are set and policies are determined. Here the

'experts' are the professional brokers of opinions, the conciliators, those who can influence opinion and interpret the popular will. The technical specialists, the engineers, the doctors, the judges, the agricultural specialists and the economists are all constrained to wait on this activity to know the area within which they can work. This is why Aristotle referred to politics as the 'master-science'.

6. This does not mean that politics can ride roughshod over expertise. The primacy of politics is and ought to be strictly limited; it is clearly dangerous to carry it too far. "Too much politics", Sir Arthur Lewis has said, "is the curse of West Africa"; and Professor Bernard Crick has also added, "Everything is not politics". Politics decides how much of the resources of the state is to be devoted to the provision of health services and where a particular hospital should be built—after listening, be it noted, to what the medical experts have to say about the health needs of the country as a whole and the special needs of particular areas. But it will clearly be absurd for politics to attempt to decide what drugs should be administered to a patient or whether an operation should be performed on a patient—and this, no matter how violently the medical practitioners or the surgeons may disagree among themselves. As problems get less and less general and become more and more particular and technical, needing specialized techniques and a specialized body of knowledge, politics recedes further and further and the expert comes more into his own. Politics is then compelled to accept the decisions of the expert. There is thus a constant interaction between the particular and the general, between the expert and the politician. This interaction is strongest between politics and economics. Clearly, the two are not identical; they are, however, closely, very closely, related. That is why I do not simply say that I am addressing myself to the political aspect of the subject of this symposium, but **primarily** to the political aspect of it. It is impossible whilst dealing with the political aspect to ignore the economic aspect. Similarly, those who deal with the economic aspect cannot ignore the political aspect.

7. Perhaps all this is too theoretical, but it is necessary to the understanding of what I have to say directly about the subject under discussion.

8. The harm that the myth I have been trying to explode has done since the coup is that certain basic decisions about the economic system of the country which are political decisions have been taken by those who consider themselves to be economists. In other words, the Economic Committee have been going beyond its sphere of competence. The problem of defining the basic nature of the economic system of this country is a political one, not an economic one. To be more particular, the question, "What role should private capital, foreign or Ghanaian, play in our economy?" is a political question, not an economic question. However, because the myth has been accepted by the powers that be the Economic Committee has, quite improperly, taken upon itself to decide such a question.

9. It is because this is primarily a political question that I feel confident in stating an opinion which, I know, is widely shared in the country: I am unalterably and unreservedly opposed to handing over the control of the economy of this country to foreigners.

This position should not be misunderstood or misconstrued into something else. I do not say that I am opposed to foreign participation in the country's economy. All economists are agreed that developing countries need not only foreign capital but also foreign expertise or technical know-how to develop their economies. All economists are equally agreed that foreign capital and technical know-how can only supplement, not replace, indigenous resources in these fields. But no economist has ever suggested that to develop its economy an under-developed country must hand over the control of its economy or any section of it to foreigners. All I am therefore saying is that whilst I agree that to salvage the sick economy left us by the former regime we need foreign capital and technical know-how I disagree with the form of foreign participation in the economy that is being fashioned. And I am saying further that this opinion is widely shared in the country to-day.

10. The form, I have said, is that foreigners are being permitted to control important segments, if not the whole, of our economy. I am opposed to this because it involves dangers, both open and concealed, for the country. What are these dangers? First, by their control over the economy foreigners can unduly influence, if not determine, our basic economic objectives. Needless to say, it is most unlikely that their decisions will be in our interest. We, the people of Ghana, are the best judges of our interest; we must never surrender the right to decide what is in our interest to anyone, however over-mighty he may be. Nkrumah arrogated to himself the right to decide this for us and he permitted certain communist countries to exercise undue influence over such decisions. We resented this. We must continue to resent this practice, though the people making the decisions now and the countries exercising their influence may have changed.

11. Secondly, control over our economy permits foreigners to control or unduly influence our political objectives as well. Because of the way the former regime ruthlessly exploited this fear there are people who now openly scoff at those who stress this danger. But it is a real danger nevertheless. There is the ever-present threat of blackmail: "If you do not vote this way in the United Nations; if you do not recognize this government or that, if you do not take this line on this or that issue; we are capable of doing this or that to your economy". The words may not be as direct and as bold as these, but the hints are clear enough; and since no country can lightly allow distortions in its economy the import of the hints is not easily lost. It is not an accident that since the war Japan in spite of her phenomenal economic development has been as ineffective as Puerto Rico in international politics. The private firms who are in strategic positions in the country's economy can also bring pressure upon their governments to influence us to do things not necessarily in our interest.

12. Because of this those who undertake to negotiate with American firms in particular must be alive to how the pressure groups work in the U.S.A. The American system of government is such that the individual Congressman, especially the Senator, has considerable independence and power. It is therefore always useful to influence him in the direction one desires. All sorts of groups, especially businesses, therefore

maintain in Washington organizations whose duty it is to influence Congressmen. There are even organisations which specialize in this type of activity and are ready to sell their services to any groups which have interests to push. There is nothing to stop American firms in this country from organizing their lobby in Washington to bring pressure upon Congress to protect their interests here. Supposing a civilian government decided to repudiate the scandalous Abbott agreement under the pressure of public and parliamentary opinion, or to nationalize the pharmaceutical concern on the ground of its sensitiveness, there would be nothing to stop the lobby in America or the public relations experts spreading rumours of a communist take-over in Ghana—and we should bear in mind that in the American popular imagination the definition of communism is over-flexible—in a matter of hours the overthrow of this country's government could be engineered, as President Arbenz found in Guatemala in 1954!

13. But foreign firms need not work through their home government at all; they can exert political influence here in our midst. Already something of this nature has happened here. The *Pioneer* has published how the Ghanaian editors met and decided to come out against the Abbott agreement; how the *Ghanaian Times* failed to come out against it but rather supported it with weakly reasoned arguments; how a representative of Abbott tried to influence the rest of the press by calling them to a meeting in the office of the editor of the *Ghanaian Times* for a "palaver" and how he was rebuffed. After this the *Ghanaian Times* did something with which we are thoroughly familiar in this country and which we are, consequently, ready to deal with. On November 13 this government newspaper published a full text of the Abbott agreement which was supposed to have been amended in favour of Ghana. The date of that agreement was, however, the same as the date of the original agreement, thereby giving the impression that those objectionable monopoly clauses in the original agreement had never been in it. The general public, of course, had no way of knowing this patent fraud. Those who were familiar with the original agreement detected the fraud, but preferred to bide their time. Last Sunday, on television, the cat was let out of the bag by the Commissioner of Industries himself; the amendments were made on August 22! This is an example of how a Ghanaian paper and a government one at that, can be used in favour of foreign firms!

14. The third danger involved in handing over the control over important segments of our economy to foreigners is the reactions that may be called forth either by the original hand-over or the subsequent policies that may be followed by the foreign firms. Hand over the economy to foreign firms, especially American ones, and as sure as night follows day an anti-American movement will sooner or later arise in the country. In politics as in the world of nature, Laski said, action equals reaction. In the present-day world there is nothing that is better calculated to breed extremism and communism than anti-Americanism. We must therefore be careful not to sow the seeds of anti-Americanism in this country.

15. Then there are the policies that may be followed by these foreign firms once they are in control that

may unleash anti-foreign feelings. Take the state hotels. The only two state hotels capable of making profit have been handed over to an American firm to run for forty years. No sooner had this been done than the firm, the Inter-Continental Hotels Corporation, with an effrontery rare in its audacity, advertised for a European lady secretary—here in Ghana! Already people are complaining of not feeling at ease in these hotels. Then take the Abbott Laboratories. One of their first acts, even before taking over the State Pharmaceutical Corporation, was to order the Ghanaians staying in the corporation's bungalows to move out in favour of Americans. Suppose there was a blow up as a result of these acts—anti-American riots—would the U.S. government not immediately be involved in "safeguarding the lives and property of U.S. citizens"?

16. I can already scent some anti-foreign feeling in the country. I regret to say that it shows signs of being predominantly anti-American. I don't think it is at the moment of a serious nature, but if it is not to reach such a pitch then American business activity in the country must be restrained. My own personal position in this matter is that it is unnecessary to be anti-foreigners or anti-American. Nobody has and can, at this stage, force us to hand over our economy to him. If there are any people to be blamed it is our own people, those who formulate policy for us and those who negotiate for us. To these I therefore turn.

17. The thinking of those who formulate policy for us in respect of private participation in state enterprises and those who negotiate on our behalf has been articulated by the Commissioner for Industries at press conferences, on the air, and on television. He has deployed three main arguments in defence of their policies. First, we need capital, technical know-how and managerial ability. Secondly, he either denies that the economy of the country is being handed over to foreigners or that he does not see that there is anything wrong with that. Thirdly, he claims that we are in such an economic mess that we have to accept anything that comes from outside, regardless of the cost; otherwise, we would perish.

18. There is no doubt that we need capital, technical know-how and managerial ability. That much has already been conceded. I need make only two remarks about this: There is, firstly, the question of determining the extent of our need. This is bound up with the Commissioner's third argument and I will take them up together. The second point I should like to make about our need for capital, technical know-how and managerial ability is that we must be very careful of spurious specialisms. There is no dearth of confidence tricksters on this little globe travelling up and down in search of unmerited profit. One of the most unfounded claims made by the Commissioner on the air was that there was a special type of managerial ability needed in a pharmaceutical factory, which he christened 'drug-manufacturing house management'. No one should be taken in by this. There is no such thing: either you are a good manager, a good administrator, or you are not; if you are, all you need is experience. If you have both the ability and the experience you can manage a drug-manufacturing enterprise. I invite the Commissioner to tell us how they arrived at the conclusion that this country has no people of experienced administrative ability.

19. There is a further point to be made in this connexion. The injection of foreign capital into the economy is by itself no guarantee that the people of this country will benefit from such investment. Economic development defined in terms of per capita production and declaration of dividends is not what is needed in this country. It is possible to have a high degree of economic development based on foreign investment and yet leave the mass of the people poor, undernourished and uneducated whilst foreign firms siphon off profits and a small, microscopic top layer of the indigenous population gorge themselves with superfluities. A comparison between South America and Western Europe since World War II will make clear the point I am here making. Massive American aid, both public and private, enabled Western Europe after the last War to recover economically in a way that is visibly reflected today in the standard of living of the average worker in Western Europe. Long before that, however, American capital was being invested in South America. And with what result? Certainly not with the result that the ordinary citizen has improved his standard of living. The fruits of American investment there have been shared among American firms, the aristocracies and the corrupt politicians. Thus, the form of participation in State Enterprises is crucial. The worst possible form is handing over control of the economy to foreign firms. This brings me to the Commissioner's second argument.

20. Is control over the economy being handed over to foreigners? To answer this question I will invite you to study closely the contracts and agreements that have been signed since the coup. The Abbott agreement, being a classic example of what is being done in our name, has provided the occasion for the current debate, but it is by no means the only agreement that needs radical revision to restore into our own hands our economic resources. Clause 1 of the Abbott agreement says:—

ABBOTT shall be assured of complete control of the management and, in order to achieve this, ABBOTT shall have a majority of the Board of Directors and the voting control of the company, including the right to appoint the Managing Director, the Chairman of the Board of Directors, and the Secretary.

Clause 5 says:—

ABBOTT shall have complete responsibility and control of the operation of ABBOTT GHANA including, but not limited to, selection and discharge of personnel, determination of products to be manufactured and sold, product quality standards, marketing organisation and controls, pricing of products, source of raw materials, packaging standards, contracts for legal, accounting and auditing services, and other functions related to the business of pharmaceutical manufacturing.

Will Ghanaians ever take over the company? Clause 8 answers this:—

... It is the intention of both parties that Ghanaians will be trained and developed to staff all positions in ABBOTT GHANA. This is in accord with ABBOTT's established world-wide policy of utilizing nationals to the greatest extent possible. Remember that with all this Abbott has 45 per cent of the share capital and we have 55 per cent.

21. Each person here must judge for himself whether this is a sell-out or not. For my part—and I know a number of people share this opinion—if this is not a sell-out I do not know what else can be a sell-out. If this does not give a foreign firm complete control over the portion of our economic resources lodged in the State Pharmaceutical Corporation then it can hardly ever be said that a foreign firm controls any country's economic resources.

I have said that this type of agreement has not been signed with Abbott alone. According to the so-called Final Agreement governing the cement factories at Takoradi and Tema published in the Evening News of November 18, 1967, Norcemeit in effect appoints the Managing Director of the joint company to be formed and he has "exclusive power to manage the Company" (Clause 7). In addition, according to Clause 8, Norcemeit will appoint as many members of the Board of Directors as the Ghana Government but one of their Directors, the Managing Director, "shall be the Chairman of the Board". Then follows a sentence which is beautiful for its economy of words: "The Chairman shall have a casting vote". Norcemeit has 25 per cent of the share capital to our 75 per cent.

22. It is here necessary to point out a confusion and a flaw that threatens to cost this country its economic prosperity. The two Agreements cited above confuse management control with policy control. No doubt the two are closely related, but there is nevertheless a distinction between the two such that control over one need not entail control over the other. The claim in the Abbott agreement that in order to ensure them complete control over management they must also control policy, that is the Board of Directors, is not well-founded. This is clearly borne out by the "Head of Agreement covering the Kade Match Factory", Clause 2 of which says: "The entire management of the company will be in the hands of S.I.F.A.". The same clause, however, says "The Board of Directors will consist of five members of which three, including the Chairman, will be appointed by the Government of Ghana and two by S.I.F.A.". Here, paradoxically, the Ghana Government has 51 per cent and S.I.F.A. 49 per cent. The contrast between this and the two previous cases could hardly be greater.

23. Now the Commissioner has said that he will sign the Abbott agreement ten times over, by which he means (he admitted this on the air) that he is going to give all the State Enterprises in which Foreign participation has been invited "the Abbott treatment." He is prepared to commit himself to this even before Abbott has manufactured any drugs here! There are at the moment eight State Enterprises in which foreign participation is being invited and there are already seventeen State/Private Enterprises. If all these twenty-five enterprises were to be run like Abbott Laboratories (Ghana) Ltd. where would we be? The policy, I maintain, is utterly disastrous and we must get it changed. We cannot allow this in a world where the Harold Wilsons and the De Gaulles are working out plans to ward off foreign domination.

24. Now the Commissioner's last argument. We are in such dire economic straits that we must clutch at the first straw with a desperation worthy of the proverbial drowning man. By this argument we invite every Tom, Dick and Harry to take us for a ride—as if

we had no cars in this country! So they rush in with ridiculously low valuations and we are only too anxious to accept them. They make claims and we are over-anxious to endorse them without verifying them. I invite the Commissioner to tell us how they verified the claim that Abbott spends currently "in excess of \$20 million annually on research", and the claim that they have an "established world-wide policy of utilizing nationals to the greatest extent possible", both of which claims are endorsed by us in the Agreement.

25. They, the foreign firms, rush in with their assessments and reports, by-pass the Ghanaian Managers and Board of Directors and go straight to the political people for decisions. Right now, this is what is happening with the Sugar Products Corporation. This is disturbingly similar to what was happening in the great days of Flagstaff House when all sorts of foreign "experts" would rush to the President with all sorts of fanciful schemes, ignoring the Ghanaian civil servants and experts who should properly have evaluated these schemes before inviting the political people for their final decision. The foreign companies have in this way been encouraged in their bluff that it is only we who need them, and they do not need us. The incredible belief is thus entertained that these foreign companies bring their investments and expertise to Ghana out of a sense of altruism and philanthropy. The truth of the matter is that altruism and philanthropy have never been part of the principles of business. The earlier we realized that the foreign firms need us as much as we need them the better for both of us.

26. There is no doubt that at the time of the coup we were in an acute economic crisis and in our desperation we may have committed some mistakes. These can be excused. The Abbott agreement was however, signed sixteen months after the coup and the Commissioner is prepared to sign similar agreements in the future. Is it being suggested that our economic position has not changed, and will not change? The Commissioner himself has from the beginning been a member of the Economic Committee, that body of formidable economic expertise whose word could not be questioned by non-economists. Can he tell us what that Committee has been doing, what all that fluttering has been about—the negotiations, the signing of agreements, the re-scheduling of debts and the borrowing of more money; has all this only succeeded in leaving us where we were at the time of the coup?

27. What analysis has been made of the causes of our economic malaise at the time of the coup? I know of no serious analysis that has been done as a guide to policy. Any superficial analysis shows that a lot of the economic troubles were in fact due to political ones. Many State Enterprises were seriously over-manned because there were political decisions stopping re-deployment. Some of the enterprises were in the first place over-manned because of interference of politicians. Thus about 75 per cent of the gross earnings of the Ambassador Hotel were going into wages and salaries because the place was padded with useless, even obstructive, hands foisted on them by Ministers and other high party official. Sometimes the letters ordering the managers to employ girls also stated the salaries the girls should be paid! Above all, in appoint-

ting Directors and even Managers the former regime thought first of politics and secondly, if at all, of competence. So we had a state of "political inflation" in which the bad drove out the good. The manager who refused to sign a corrupt contract was dismissed. Are we sure we have stopped that practice now?

28. Then there was the question of allocation of import licenses. It is common knowledge that under the old regime a factory could be built—finished, sealed and delivered, and yet the management would find it extremely difficult to get import licence and foreign exchange allocation. This was part of the problem of planning that was being repeatedly disorganised by personal whims and caprices. A mad rush for State Enterprises made people forget even about raw materials; sometimes it appeared the authorities were more interested in providing jobs for the boys than in serious economic development.

29. Then there was what was foreign politics frustrating State Enterprises. Take the Volta River Scheme. We put up a scheme on borrowed money to produce an amount of electricity that is utterly beyond our capacity to consume. Meanwhile our neighbours who could help us out by buying electricity from us have been antagonized by our activities in pursuit of our Pan-African ambitions. Again, take the Bolgatanga meat factory. The full success of that fine factory depended on the supply of cows from Mali. They had, however, to be hauled across M. Yameogo's territory. Meanwhile we were busy antagonising him for reasons that had little to do with us. Remove these purely political factors and your problems have been cut by perhaps a third. This, then, has to be followed by a proper assessment of our own resources, especially human resources.

30. This brings me to my last point. Foreign assistance, let me stress again, can only supplement, not replace, our own efforts. We must carefully assess our resources and ensure that we call in foreign assistance only where we clearly lack something. I can see no evidence of this having been done or being done. Indeed, the Commissioner for Industries who is also Chairman of the Negotiating Committee appears to declare that we have no qualified people at the State Pharmaceutical Corporation without so much as finding out. He thereby, of course, encourages the foreign firms to treat trained Ghanaians with contempt. When he was informed that the State Pharmaceutical Corporation had in fact manufactured drugs his first reaction was to cast doubt not only on the ability and qualifications of the Ghanaians there but on the quality and suitability of the drugs manufactured there. I do not know whether he has revised his views since he learnt that the drugs manufactured by the Ghanaians have been dispensed by Ghanaian doctors at Korle-Bu. If he hasn't, I may inform him that today a further consignment of drugs has been sent to Korle Bu on the latter's own orders and that these drugs were manufactured by the State Pharmaceuticals Corporation, not by Abbott Laboratories.

31. I should like to end on a note of appeal. For sometime now the Ghanaian sense of humour has defined an expert as "a person who comes from outside the country". This underlies a certain lack of self-confidence in people who are put in positions of responsibility. There are too many Ghanaians who

worship foreigners especially if they have a white skin. Jobs these very Ghanaian have done they deny other Ghanaians can do, even though all the requisite qualifications which enabled the former to perform the job are also possessed by the latter. If this country is to move forward we must stop believing in the cult of the foreign expert and let our watchword be "SELF-RELIANCE".

By

Anthony Woode

IF THIS were an electioneering campaign, I believe I would concede Mr. Folson a victory before we went to the polls!

2. I refer to an article written by Mr. Kissi-Adu in the *Pioneer* a few days ago under the title, "Politics and Politicians". He warns that the present economic situation of the country was such that no political party could hope to solve all the problems by itself—only a coalition government could do it. Mr. Kissi-Adu, a veteran journalists must surely know what he is about.

3. Mr. Folson has analysed the reason why the state enterprises did not succeed. One reason he highlights is that these enterprises were overstuffed—it would seem that they were created as "jobs for the boys". However, we must remember that we here are "the boys". The people in the enterprises now constitute a political problem. I agree with Mr. Folson that economics and politics are inseparable. This has been our guideline. We know that the job we have been entrusted with is controversial, and we would like people to know that we are not insensitive to public opinion. Why else should we be here?

4. The latest issue of the *Legon Observer*, a magazine I cherish, came out with an important editorial heading, "National Self-Reliance, or Dependence?" Mr. Folson also ended his speech with similar words. My answer to that question is National Self-Reliance and Interdependence". The world is now a small place. Mr. Folson has rightly referred to our extreme reliance on one side in the past, and is warning against extreme reliance on the other side. I hope that he means we should be rational and balanced, and is not suggesting that we should be completely self-reliant. Our problem then is how least we should do this.

5. It is unfortunate that so much emphasis has been laid on the Abbott Agreement. Our subject is, "The sale of . . . ." It is necessary to view all our enterprises, not one alone. I don't think it is being disputed that something has gone wrong. Let us be self-critical; there is strength in that.

6. If I had not come into contact with other people (and practical problems), I should have developed my own theories. We (who are entrusted with this job) have to tell ourselves that it is bad for this economy to be dominated by outside investment. We know which of our industries were not faring well. Some of them, the small industries such as laundry and tyre re-threading, we offered to Ghanaians first. These were sold to Ghanaians who had shown managerial skill but did not possess the financial requirement. Then there were those industries which were making profits but not up to what they could potentially achieve. These industries, we suggested, should not be sold; we advised participation in them because we hoped that in time, with God

helping us—we hoped) that with expertise to assist the demonstrated Ghanaian managerial skill, the Ghanaians would eventually own them. And there is time for us.

7. Then we came to participation. Here we are sticking our necks out. We want to be helped. We are sensitive to criticisms, as Mr. Commissioner (Amegashie) has implied. We would like to be guided by them in our other negotiations. Now let me refer to the now famous Abbott-Ghana Agreement and the Norcement Agreement mentioned in the press.

8. On the cement works agreement, what do we see in the famous *Legon Observer*, a good magazine we must put our hopes in? We have five people working on the cement enterprise, and they take 25 per cent of the shares; and the paper is asking, "Why not hire them?" Well, what are the facts? I am not saying that these agreements are perfect at all. We had a stronger bargaining power in one and a weaker . . . in the other. Our prime interest was to mine and develop our lime deposits and reduce our cement imports. These five people represent this arrangement, by which we work those factories at Tema and Takoradi in order to keep the flow of cement into the shops by relying on experienced and specialized clinker suppliers and shippers. What we wanted was somebody with these qualities at a low price. And God knows we made a good bargain. And this will be reflected in cement prices soon. This agreement we have committed ourselves to for two years in the first instance, as against 99 years in the Abbott case. People doing this must be credited with some common-sense. Why 2 years? Because we have been assured that it will take that time to survey our lime deposits. We shall then be able to exploit our deposits.

9. But while we were negotiating the other one, there was this abortive coup. The political realities demanded that the other person must seek some protection. And that was our weakness. It took nerves to stand on our feet and negotiate under those circumstances. The important point was that it was necessary for the economy to be revived by making these enterprises work . . . The rubber plantation is also under negotiation. And many others. It took a long time to get investors to show interest in many of them because of the political uncertainty. We have got the cement works operating now; the experts have started the survey.

10. We started from a position of 100 per cent ownership. We had the option to sit and rot on our pride. But we said no; we had the potential, but our 100 per cent ownership would not help us develop it . . . The debate should continue . . . Now, it is interesting that as soon as we sell an enterprise or invite participation, then, overnight, everybody is an expert who could have made the place work! And some of these people want a restriction of imports before they can sell and their products are not up to standard. Take the Joinery Factory, for example. They recently advertised 50 per cent reductions because they could not sell. Why couldn't they sell? Standards are important.

11. In the Abbott Agreement, I think the Commissioner should give details of all the 8 offers so that you know everything. None but Abbott could give us any hope that the factory would work . . . Job 600, where we are sitting, is over-capitalized. So are the Nsawam Canneries, the Jute Factory, the Pharmaceuticals (with

a £12,000 landscape), etc. due to inflation and prestigious expansion. In a situation like this, do we sit on our pride and rot, or do we write off a reasonable portion of the over-capitalization as a national debt, and reduce it to a workable capital? We decided to do the latter in order to develop from there.

12. We have been asked whether we did our own valuation? Well, we have our book value. But I would like what all the eight interested parties had to say . . . Job 600? . . . ? The Meridian Hotel is insured but is not working. What do we do, gentlemen? We all share these problems.

13. Standards. Right now, we have been forced to seek participation for the Textiles Factory. Our expert people on the University campus who are doing research . . . research must never be divorced from practical experience! Everybody should go to the Textiles factory. What are we doing there? We have a management agency . . . Everybody in Ghana thinks he is qualified and would like to be a manager. Under the old regime, they were appointed and did not work. But now, it is not so easy to influence people in that way.

14. Now the new danger is the press. I like my friends the pressmen, but I must warn: We must be careful about emotions. But what we are discussing is not emotionalism.

15. Standards. We all instinctively hesitate to buy things Ghanaian—"Made-in-Here". That a factory is producing or not is not our main concern. What could go wrong to affect the health of millions? If we were not responsible for caring for that, then judge us! This is not marmalade(?); this is not cloth; there is a case where cloth printed here had to be said to come from Abidjan before people would buy it here! . . . For all this we can afford to take risks. But with medicine, we can't. If I am guilty for pushing my caution too far, I like that. I prefer that to the alternative. You could have praised me but I could have killed you.

16. Let me conclude here. The current debate has revealed our economic plight. All developing countries have to depend on foreign loans. We are resorting to progressive ideas; then we come back to renew diplomatic relations only to break them again for the fun of it. Our political experts must answer that. We in Ghana, even in this economic tragedy of Job 600, are trying to find the courage to break from this [Applause]. Thank you.

Chairman, Mr. Wm. Ofori-Attah:

Ladies and Gentlemen, we are warming up for civilian rule [Laughter]. Now, we ask Dr. Ofori-Attah to say a few words.

By  
Jones Ofori-Attah

I SHOULD like to make one comment on Mr. Woode's speech. He said that theory should not be divorced from practice. I should like to suggest that practice should also not be divorced from theory. Now, if, you have an asset built sometime ago, of a type which if worked will lose you money, well, you will have to take a decision whether, if you work it, you will at least be able to recover your current costs of operating the asset. If you cannot cover your cost of operating the asset,

your best bet is to write the asset off. We have had over-capitalized assets. I agree. But that is no reason why we should enter into agreements to work these over-capitalized industries in such a way that in the end we lose again. This is the point: even though these industries are over-capitalized and we need private participation to make them work, we are interested in the form of participation, because it is possible to invite private participation in such a way that in the long run it will hurt us. This is what we are debating, Mr. Chairman . . . .

I THINK we are being asked to discuss two things this evening: (1) the general principle underlying the disposal of State Enterprises; and (2) the terms on which private firms have been invited to participate in State Enterprises.

2. With regard to the general principles adopted by the Negotiating Committee in disposing of the State Enterprises inherited from Nkrumah, there is much which I agree with, but there is also much I disagree with. I am still studying the subject and I do not want to make any hasty observations. I would like to use this occasion to implore the Commissioner for Industries to make available to me, on request, all the details relating in particular to the outright sale of some of these state enterprises to businessmen.

3. I am informed that curious things have happened where enterprises which have been doing very well have been sold for a loss on the capital investment made on them. If this is true, the public should know why.

4. Mr. Chairman, when you are selling a going business concern, you are in fact simultaneously selling two different assets. You are selling the physical assets embodied in plant, buildings, equipment, land etc. You are also selling intangible assets, such as (a) the organizational network built up for production and distribution, and (b) what is called **goodwill**; that is, the fact that the products of the firm are already established in the market and the fact that the firm would have built up already a faithful clientele.

5. The value of the intangible assets of the firm depends upon how the firm is doing, or, as the Americans would put it, the profit capability of the firm. If a firm is making profits then the value placed on goodwill etc. is very high. It would be quite anomalous therefore to sell a profitable business for a loss. If this has happened it would be a poor commentary on the business acumen of the Negotiating Committee. But business acumen is exactly what the Negotiating Committee is supposed to have in abundance.

6. Mr. Chairman, Ghanaians have a right to know who have bought which enterprises and what the terms were. We also want to know who are behind those who have bought these enterprises. We will want to establish that no considerations other than those of the national interest have been operative in this matter.

#### Abbott-Ghana Agreement

7. Mr. Chairman, with your permission, I should now like to turn to the Abbott-Ghana Agreement. I suspect it is the main dish for this symposium. The debate so far has been quite unsatisfactory. I would want, however, first to make a statement. I have in an open letter asked the Commissioner for Industries to resign. I still think he should resign. I want to state firmly and categorically that I am not conducting a per-

sonal vendetta against Mr. Amegashie. As a matter of fact, the first time I met the Commissioner in person was last Sunday. I have asked the Commissioner to resign, because I feel strongly that in the case of the Abbott Affair the national interest of Ghana has been compromised. The Commissioner responsible happens to be Mr. Amegashie but it could have been anybody and my reaction would have been the same.

8. I want to state also that I am not playing politics. These days politics permeates every public issue. My ambition in life is to become a good economist. I hope to get there. I went to Achimota School on government scholarship. My University education was also financed by the Ghana Government. I think the people of Ghana are entitled to dividends in the investment they have made in me.

9. Mr. Chairman, my statement is hereby made. Now the Abbott-Ghana Agreement.

10. I make the following charge:

That in the Abbott-Ghana negotiations in respect of the participation of Abbott Laboratories Ltd. of Illinois in the State Pharmaceutical Corporation, the Commissioner for Industries and the Negotiating Committee jointly and severally are guilty of incompetence in the discharge of their duties in that:

1. They concluded an agreement which is inimical to the national interest of Ghana;
2. That they were outwitted or allowed themselves to be outwitted by a foreign firm;
3. That they concluded an agreement without examining all relevant information and without considering the full implications of the contract; and
4. That as a result of their action they have caused distress to Ghanaians, brought the National Liberation Council into disrepute, and promoted the growth of cynicism among Ghanaians. This is unhealthy and dangerous.

11. Mr. Chairman, every public officer, in the discharge of his duties, is entitled to the benefit of the doubt. But when you can no longer give the benefit of the doubt to a public officer, then, Sir, you can only give him the benefit of the suspicion. This is where cynicism reaches its apogee—another word I learnt from the Americans.

12. The general impression you get when you read the Agreement quietly over and over again is that the document must have been prepared by Abbott and our men were invited merely to sign on the dotted line. For instance, in the **Preamble** it is stated: [See Contract]

13. These claims may or may not be true. The question I want to ask Mr. Amegashie is whether he certified these facts for himself and whether he invited a third party to review the claims of Abbott.

14. We have been taken for suckers many a time. For far too often we have allowed ourselves to be taken for rides by smart con men masquerading as businessmen. A public officer who does not check the credentials of a party he is dealing with—when so much is at stake—is dangerous and incompetent.

15. As opposed to the exalted claims of Abbott, it is stated in the Agreement: "Whereas the Government of Ghana owns pharmaceutical manufacturing facilities which are not being operated and which cannot be operated without additional contributions of capital technical services, and specialized management skills..."

## Enterprises.

11. These problems are still with us regarding some of the State Enterprises. Take for example, the Sugar Products Corporation: there is no money for developing the plantations in Asutsuare and in Komenda. There is no money with which to buy equipment vital to the development of the farms and for transporting cane from the fields to the mills. The current sugar and alcohol production is insufficient to yield funds, through sales, enough to pay wages, salaries, debts and other disbursements. In short, money is needed badly to keep the place going. Furthermore, experience sugar plantation management and efficient mill management must be found if we are to expect Ghana's sugar projects to head towards breaking even and eventually yielding good results. We do not have the money nor enough men with the requisite experience and expertise. What do we do? Dilly-dallying only results in a steady diminution and deterioration of the farms and the factory assets; and a steady loss of the funds already infused and still being infused. What should a responsible Government do in these circumstances. Remember it is no longer possible to merely draw money from the Central Bank. I submit seriously that if firms like Tate and Lyle of the United Kingdom, or Bouchon of France or Saint Louis Sugar would submit participation proposals to us regarding the Sugar projects we should be extremely interested in considering them in a genuine effort to conclude a reasonable joint venture agreement with the proposer.

12. It is my very serious view that participation agreements are the only answer to most of our state enterprises problems at present. We have tried Management Agencies and quite frankly they have failed miserably. They may produce managements but most of our state enterprises need money, and management without working capital merely results in losses. In many cases it is the Management fee that aggravates the losses. Moreover I do not believe that an arrangement which guarantees to the manager a fee irrespective of the gains or losses of his operations is preferable to one in which the manager's remuneration is linked directly with the results of his efforts.

13. There can be no question, therefore, about the wisdom of the decision to invite participation into some of the enterprises in our present circumstances.

14. The procedures in arriving at the terms of the Agreements and the Agreements themselves have also been so bitterly criticised that some explanation and clarification would doubtless help to enable the public to decide whether or not the Government and its advisers have committed all the "dreadful sins" with which they have been charged by the critics.

15. First of all, I should like to say categorically that there is only one Abbott Agreement. The Indenture dated 22nd August 1967 merely corrects and amends and deletes certain provisions of the Indenture dated 3rd June 1967 and these corrections, amendments and deletions are to be read into the Indenture of 3rd June 1967 of which they form a part. The 3rd June 1967 Indenture as amended by the Indenture of 22nd August 1967 is therefore the one and only Abbott Agreement. The Indenture of 22nd August was made and executed long before the criticisms of the Agreement had begun and was not occasioned by these criticisms. There is therefore only one Abbott Agreement.

16. Under this Agreement the Ghana Government and Abbott Laboratories of Illinois, U.S.A. have incorporated a limited liability Company, registered under the Ghana Companies Code 1963 (Act 179), called Abbott Laboratories (Ghana) Limited. The Share capital of this new company is one million new cedis subscribed 55 per cent by the Ghana Government and 45 per cent by Abbott Laboratories of U.S.A. The American partner's shares are payable in one lump sum in United States dollars amounting to NC450,000.

17. Ghana Government's shares are payable by the transfer to the new Company of five hundred and fifty thousand new cedis worth of Ghana's assets comprising the assets constituting the pharmaceutical factory at Kwabenya together with the grant of a lease on the real property on which these assets are located. All these assets including the land are valued by mutual agreement at one million new cedis. Since the assets, including the land, which belonged to the Ghana Government cannot be split into bits, according to value, for transfer to the new company formed purposefully to acquire and operate the pharmaceutical factory, and since the new company requires to have the entire factory to enable it to commence operations, the whole factory has been made over to the new company. The result of this transaction is that the excess of the total value of Ghana's assets transferred to the new company over the value of shares allotted to Ghana remains a debt against the new company in favour of Ghana. Ghana's total assets transferred having been valued at one million new cedis, and shares allotted to Ghana being NC550,000, an amount of NC450,000 is owed to Ghana by the new Company on the coming into being of the new company. If Ghana insists on being paid this amount at once, the NC450,000 subscribed by the American partner could be paid over to the Ghana Government. But this would result in the need for the new company, the majority of whose shares are held by Ghana, to find liquid resources with which to start up and carry on its operations. The American partner is unwilling or unable to infuse more money by way of equity contribution into the new company which itself, by reason of the fact that it is new, is not likely to be capable of raising a substantial working capital through borrowing except possibly against the guarantee of the American partner alone. And if so, at what cost? In these circumstances, what could the Ghana side do other than to allow its entitlement of NC450,000 in the new company to provide funds for start-up and initial operational expenses? Ghana consequently agreed to retain the NC450,000 in the new company as a *debtenture* at an interest rate of 6 per cent per annum. Had there been other possible partners able and willing to put more money than Abbott was prepared to into the venture, Ghana would have turned to them. There were no such others.

18. The negotiations for the joint venture in the pharmaceutical factory were by no means easy. There were originally eight drug manufacturing companies in the running for consideration for participation in the Kwabenya factory. Five of these companies dropped out before we got to serious bargaining, leaving three for the final negotiations. Of the three, UTC's terms were the least attractive. UTC proposed a consortium of the following overseas firms to join up with the Ghana

\* The details in paragraphs 18 to 21 (inclusive) were not read at the symposium.

2. Here are the facts about the various agreements and principles underlying their execution:

Soon after the Coup of 24 February 1966, the new Government of Ghana set out, among other things, to identify the economic problems prevalent within the country and to find solutions for them. A report commissioned on the status of the State Enterprises disclosed that very few of the existing fifty-five State Corporations were operating satisfactorily. Most of them had been making losses consistently. There was a remarkable lack of managerial leadership in all but a few of them. These persistent losses meant a steady diminution in the capital employed in these enterprises.

3. Failure to arrest the trend of these losses must soon enough result in the complete devastation of what net assets were left in the enterprises at the time of take-over by the new Government. The Government, in keeping with its duty to the people of Ghana as well as in keeping with its responsibility as a Government which has forcibly removed the one before it on the ground of its conviction and knowledge that there was need to reverse the trend of misdeeds and negligences of the previous regime, had to take a well-considered and firm decision on these enterprises so as to stop once and for all the losses of assets; and to put the enterprises on a footing which would ensure successful operations leading to the recovery of some of the losses and to a quick step forward into useful production and profitability.

4. It was clear to the Government that adequate working capital, both in foreign and local currencies, had to be found for those enterprises which were in difficulty on account of lack of operational funds; efficient managements had to be found; and managements with vested interest in profitable operations had to be sought and found; the labour force employed in some enterprises had to be trimmed down to sizes compatible with efficiency; and in some cases, where specialised and highly skilled operations were involved, it was considered a *sine qua non* to seek and find association with organisations with world-renowned expertise and undoubted standards of quality such as were necessary to ensure success and acceptability of the products of those enterprises.

5. The financial situation in which the Government was at the time when the decision as to what to do with the State Enterprises, had to be taken, is no secret to any one in this country, nor to many outside it. Ghana's credit-worthiness was at the lowest ebb imaginable. None of the banking institutions even in Ghana could be expected to lend money to the Government to infuse into state corporations. The national debt, owed to sources both within and outside Ghana, was at such a level that nobody except charitable institutions and benevolent aid organisations would listen to any mention of further advances. Yet these enterprises stood in need of cure; some already in a state of crippled operations, others at various stages of completion waiting to be commissioned.

6. The decision of the Government of Ghana in these circumstances was, as, in my earnest submission, it ought to be: that (1) a selected number of the state enterprises should be sold outright to private enterprise which had better chances of finding the money very much needed to keep their operations going; and

(2) participation by private entrepreneurs should be invited into a second lot of selected enterprises.

7. The outstanding merits of this decision are as follows:

(1) There would immediately, on the completion of a sale or on the establishment of a joint venture, be a stop put to further requests to Government for money for running the enterprises—money which, in any event, Government did not have; (2) There was a chance of these enterprises (in private hands) remaining in operation producing the products they were established to produce. There was equally a chance of those remaining in the employment of these enterprises continuing to receive remuneration from the resources of the buyer or participant; (3) The enterprises stood a much better chance of operating successfully and profitably in the hands of private entrepreneurs who were undoubtedly in business to make profits both for themselves and for their partner (Government); (4) The scope of operations of the enterprises stood a much better chance of being expanded in the hands of private entrepreneurs and competent profit-motivated partners with prospects of offering increased employment to Ghanaian labour; (5) Proceeds of sale of enterprises would yield funds to the Government for support to the national budget; (6) Foreign exchange contributions from overseas participants would provide foreign exchange support for the country's balance of payments.

8. In arriving at the decision to invite participation the Government has held the view that a joint venture, with private enterprise—the partner being one who has proven know-how and who will be entrusted with full management powers and responsibilities—is preferable to hiring management with no financial stake in the enterprise—management hired merely for a fee which accrues irrespective of profits or losses.

9. It is thus clear that Government in a move to find solutions to problems facing it has taken a decision in absolute good faith to sell some enterprises and to invite private participation into others. There can be no doubt that the Government has every right to take a decision it deems fit regarding the finding of solutions to its problems. Any criticism of such a decision can only be valid if it shows clearly that the Government had not exercised sufficient care nor applied sufficient thought in arriving at the particular decision; and that had enough care been taken an alternative solution would have been readily found.

10. I should like the critics in this case to tell us what alternatives were open to the Government, in its circumstances, as possible solutions to the problems of the state enterprises. I pose this question because I believe that some of the critics question the wisdom of even the decision to invite participation into some of our state enterprises. What are the alternatives to participation? Some would immediately answer as follows: (1) Engage more efficient personnel both indigenous and foreign: perhaps this is possible, but I cannot see that it has merit over participation which involves the participant staking his own money in the venture and his return measured by the success of his efforts. Besides, where are the liquid resources to pay this hired labour as well as to furnish the operational funds required? (2) Borrow: Ghana could not, and I doubt that it can even now, find sources to supply all the money required as working capital for the State

28. Now, the main problem for any country where foreign subsidiary plants are located—and Canada is a case in point—is simply how to get honest accounting for tax purposes from the subsidiaries. Transactions between subsidiaries and parent companies are difficult to reach for the simple reason that they employ quite different accounting systems to suit their purposes. For instance one way to beat exchange control regulations or evade the tax man is for the subsidiary to inflate the prices of supplies it receives from the parent company and to underprice any sales it may make to the parent company. Either way money is got out of the country, or company tax is evaded. In spite of all this, which is common knowledge, Abbott controls contracts for legal, accounting and auditing services. In other words profits will be declared only when it suits Abbott to do so because they can always show a loss and there is nothing that we can do about it.

29. Clause 6 becomes exceedingly interesting, when you realise that Abbott-Ghana is really fictitious cover for Abbott. The paragraph reads: [See Contract]

30. Clause 7: requires the Government to approve all capital allowances as required by Abbott-Ghana. Is this over and above the capital allowances granted by the Capital Investment Act?

31. Clause 11: It becomes clear that the financial resources for the further expansion of Abbott-Ghana and the further need of the company for working capital would be met by borrowing in the local markets. My question is how do we offset this when the Abbott side of Abbott-Ghana is repatriating its profits?

32. Mr. Chairman, I must draw your attention to the practice now becoming quite common since President Johnson imposed his exchange equalization tax, whereby American firms resident outside the United States have resorted to borrowing from the local markets to finance their expansion.

33. Clause 16 says that the Government shall facilitate the issue of import licences to cover finished and semi-finished products under the Abbott-Ghana label. Abbott-Ghana labels will go on products manufactured by Abbott-Ghana in Ghana. Are we going to import products produced in Ghana. Or is this hinting at something else? Would the Commissioner please check up.

34. And then finally paragraph 17, where Abbott declares its intention to make Accra and "specifically this plant its headquarters for West African distribution". I think by a mental slip-up, the real intentions of Abbott have been revealed in this paragraph. The plant is owned 55 to 45 per cent by Ghana and Abbott. Yet Abbott declares to make the plant its headquarters for West African distribution. Do they mean their portion of the plant? Or they consider the whole plant theirs—and why not? That is letting the cat out of the bag.

35. Now Mr. Chairman, a few more remarks, and I am done. On August 22nd, Mr. Amegashie amended the original agreement signed on June 3rd. The effect of the amendment was to water down considerably the monopoly powers which he had conferred on Abbott. I presume that Mr. Amegashie made the amendments when it became clear to him that monopoly powers are prejudicial of the national interest and also that the Capital Investment Act forbade any practices which limited competition. It is no good to say the Agreement

is the Agreement as amended. The original Agreement containing the monopoly powers stayed valid for about 80 days. What is more if Abbott had been more smart and demanded a clause in the June 3rd Agreement—that the indenture was final and unalterable—that would have been it.

36. A public officer who cannot identify the national interest until after 80 days lapse and a Chairman of the Capital Investment Board who takes 80 days to realise that he has concluded an agreement which is prohibited by the Capital Investment Act, I am afraid, is simply not good enough.

37. Finally, Mr. Chairman, it turns out that, after all, Abbott is an extremely bad choice. That company in spite of its technical know-how and research experience is at the moment producing only approximately six out of 54 drug items which are commonly used in Ghana. Are they now going to start to manufacture all 48 other drugs now in Ghana? No, they won't do that until they are assured of a wide enough market in West Africa to make it economically possible to produce at a reasonable cost. In the meantime what happens? Abbott would place orders from other manufacturers, and mark up the prices. We could have done all that cheaply by using the Supply Commission!

38. Mr. Chairman, would you mind another question? I want to know from Mr. Amegashie whether the Agreement as amended has been signed, sealed and delivered and that Abbott are ready to proceed with operations? If so, wouldn't Mr. Amegashie have contradicted the Financial Administration Degree, N.L.C.D. 1657 page 8: clause 14 and 16:

39. Mr. Chairman, I want now to submit that in the Abbott Affair, the Commissioner and his colleagues have shown gross incompetence. The Commissioner should resign. The Negotiating Committee should be reconstituted. The Abbott-Ghana Agreement should be redrafted.

#### R. S. AMEGASHIE, COMMISSIONER FOR INDUSTRIES REPLIES THE CRITICS

HARDLY a day has passed, within the last fortnight, without some critical comment appearing in one or the other of Ghana's newspapers regarding the Agreement signed recently between the Ghana Government and Abbott Laboratories of Illinois, U.S.A. for the establishment of a joint venture company to acquire and operate the pharmaceutical factory built by the Ghana Government at Kwabena. It is a very pleasant and welcome sign of the health of the times we now live in, as compared with the period up to two years ago, that these criticisms, some quite violent, can be made publicly in Ghana. In my view it is a credit to the Government for having made it possible for this state of affairs to return to Ghana. I have no doubt that the Government welcomes and wishes to give active encouragement to free comment and criticism. However, it is essential that those who criticise must do so with absolute honesty after having satisfied themselves genuinely that they have obtained the true state of the affairs which they criticise. This is important if public opinion is not to be lured calculatingly into support for those scheming to exploit the very platform of free comment and speech to put an end permanently to such freedom in this country.

I want to submit, Mr. Chairman, that this is perniciously untrue. The true state of affairs is that the plant of the State Pharmaceutical Corporation has been in operation since July 1st, when the first trial run was made under the supervision of 3 Hungarians who have since left Ghana. At the moment the plant is being operated by 3 fully qualified Ghanaian industrial pharmacists. My information is that they have produced 25,000 sulphadimidine tablets (M&B) which have been supplied to Korle Bu, and 200,000 aspirin tablets or antipyretics.

It is even alleged that the wife of the production manager of Abbott caught malaria soon after her arrival and she was given chloroquine tablets produced by the State Pharmaceutical Corporation!

16. You all will remember that at his press conference Mr. Amegashie claimed that Ghana had only one Pharmacologist and that it was physically impossible for him to operate the plant. Now it would make no difference to the plant if we had 20 pharmacologists simply because a pharmacologist is not an industrial pharmacist. A pharmacist's area of competence is the study of the effects of drugs on the body. Somebody has to produce the drugs first.

17. The conclusions which follow are not complimentary to Mr. Amegashie. The facts of the situation had changed substantially since July 1st. Why didn't Mr. Amegashie take cognisance of this when he amended the Agreement on August 22nd? After all an operative plant is substantially more valuable than an inoperative plant.

18. The second point is that either Mr. Amegashie had not bothered to ascertain the facts for himself when he gave his press conference or he deliberately tried to hide the facts from or deceive the public. The one is incompetence, the other is irresponsibility.

19. Now in paragraph 1 of the Agreement, we are told that the respective shares of Ghana and Abbott in the venture are 55 per cent and 45 per cent, the share capital being one million new cedis. Nevertheless the Agreement stipulates that Abbott shall be assured of complete control of the management and shall have a majority of the Board of Directors and the voting control of the company. The question is why should we grant a majority to Abbott on the Board of Directors? Mr. Amegashie has never answered this question since the debate began. He has said, however, that Abbott have appointed a Ghanaian as Secretary.

20. What Mr. Amegashie is really saying is this: "I have given full powers to Abbott, but they have not even used it". But there is no presumption that they will not use it. If they did not have use for it, they would not have requested it. With regard to the appointment of a Ghanaian Secretary to the Board of Directors, I want to be the first to congratulate Abbott on a fine public relations gimmick. What Mr. Amegashie has failed to see is simply this: the Ghanaian Secretary appointed by Abbott holds his office at the pleasure of Abbott and not Ghana. The Secretary knows also that he will retain himself in his office only when he plays ball with Abbott because the power to retain or dismiss him belongs perpetually to Abbott. The truth of the matter, Sir, is that with the way the Agreement is concluded and power distributed or rather not distributed, it would not matter a damn whit to Abbott if they appointed an Armenian, a German, an English-

man, a Russian, an American or Ghanaian. They would get the same result, i.e. loyalty to Abbott first and above all else. So how do we protect our interest on the Board of Directors? Will our interest always coincide with those of Abbott? If not what do we do as majority owners?

21. The net effect of this clause is that we are financing a foreign subsidiary. This is the naked truth. Ghana-Abbott is fictitious. What we have is Abbott Laboratories Ltd. of Illinois in Ghana. That is all.

22. Clause 3 of the Agreement raises some puzzling problems. In the first place assets worth about 24 million cedis to us are valued at one million new cedis by Abbott. Mr. Amegashie accepts the offer. The question is why? Can't we refuse to sell our own property if we are not getting a decent price for it? Why do we have to hurry to conclude an agreement with Abbott?

23. The most disturbing feature of this whole deal is the speed with which it is being pushed through. It is even alleged that Mr. Amegashie sent a cablegram from Canada when he was there as an official representative of Ghana to Expo. 67 instructing his Secretary back home to hand over the final papers to Abbott? Mr. Amegashie should know that you can't do government business that way. The question again is why the rush?

24. But now comes the real thing. And this is first class. Abbott values our capital equipment at one million new cedis. The equity capital of the company is one million new cedis. Abbott agrees to contribute 450,000 new cedis. The Government ends up loaning 450,000 new cedis to Abbott-Ghana at 6 per cent per annum but with the principal to be paid after 10 years.

25. There are very complex problems involved here. The easiest way to explain it is that it is quite clear that we have been induced into converting a real asset into an uncertain financial claim ten years hence. The actual capital value of the company i.e. Abbott-Ghana is 1,450,000 new cedis and on that basis Abbott's share should be 31 per cent, not 45 per cent. You see we cannot disembody 450,000 new cedis worth of equipment from the capital stock we have. The earning power of the equipment on the other hand depends on the whole integrated machinery and not upon parts of it. We should therefore have insisted on the full value of the equipment as our share capital.

26. Clause 4 deals with the lease on the real property on which the pharmaceutical plant is located. In the first place the government grants the lease to Abbott-Ghana for ninety-nine years at an annual rental of one new cedi. Fair enough. But the lease is subject to renewal at the option of Abbott for another ninety-nine years. Furthermore there shall be no increase in the annual rental at any time. Why should the lease be subject to renewal for a further ninety-nine years at the OPTION of Abbott, i.e. Abbott of Illinois?

27. Next, clause 5: I have said that Abbott-Ghana is fictitious. What we have is a subsidiary of Abbott in Ghana. Our connection with this subsidiary is that it is in our country and we are equipping and financing it. This is brought out quite clearly in paragraph 5 of the Agreement. Abbott determines the products to be manufactured and sold; determines product quality standards; prices of the products; determines source of raw materials and besides Abbott shall decide on contracts for legal, accounting and auditing services.

Government in the venture: CIBA, SANDOZ, GEIGY, HOFFMAN, LAROCHE, and American Enterprise and UTC itself. UTC's proposals went on:—

(i) We consider NC900,000 to be the value of the buildings, machinery and equipment which are necessary to make full use of the market potential.

(ii) The Consortium is willing to invest foreign exchange up to NC50,000, this being needed for the purchase of additional machinery for the production of ointments, etc., not yet provided for.

(iii) All expenditure in excess of these sums must be considered as interest-free loans by the Ghana Government to the Pharmaceutical Factory for at least the first five years, repayment conditions to be negotiated at a later date.

(iv) UTC is willing to purchase shares from the Ghana Government up to the amount of NC200,000 with the proviso that this is by re-investment of profits\*.

19. The two remaining companies out of which a choice had to be made were:—

(i) Major & Co. (Ghana) Limited in conjunction with and on behalf of Farbwerke Hoechst Ag. of Frankfurt/Main, West Germany, and (ii) Abbott Laboratories of Illinois, U.S.A.

20. Hereunder are summaries of their final proposals:—

#### HOECHST/Major

- (i) A new Company should be formed to operate the project and that its full management should be vested in HOECHST.
- (ii) The shareholding of the new Company to be in the following proportions:  
Ghana Government 40 per cent  
HOECHST/Major 60 per cent
- (iii) The Authorised Capital of the new Company should be £500,000 (NC1,000,000) but the initial call-up to be £250,000 (NC500,000.00) and subscribed in the following manner:  
£100,000 (NC200,000.00) by Ghana Government—by making available existing machinery  
£150,000 (NC300,000.00) by HOECHST/Major—by cash payment. The balance of the Authorised capital is to be called up as necessary if required.
- (iv) The new Company should purchase from the Government the whole of the land, buildings and machinery as it now stands, subject to their condition being normally acceptable, (e.g. the machinery not having deteriorated in storage), and to be responsible for any vital additions or variations to be made to bring the factory into production.
- (v) The new Company will undertake to pay to the Government for all the above the sum of £500,000 (NC1,000,000.00) as set out below:

(a) Immediate Payment	£	
Machinery		100,000
Initial payment for buildings		50,000
		<hr/>
		£150,000
		<hr/>
(b) Balance		
£23,333.68 per annum over 15 years		350,000
		<hr/>
		£500,000
		<hr/>

(vi) The grant of the following facilities shall be a condition of this offer:

- (a) Obligation of the Ghana Government to purchase the pharmaceuticals which are locally processed exclusively from the company if the price does not exceed the lowest import price from a renowned manufacturer by more than 25 per cent.
- (b) In case the company should take up the processing of antibiotics for parental use—penicillin/streptomycin preparations etc.—a price difference of 35 per cent should be accorded to these items. Obligation of the Ghana Government to use the pharmaceuticals purchased from the company only for the Government sector and not to sell them to the private sector.
- (c) Obligation of the Government not to permit the establishment of another pharmaceutical factory for a period of ten years.
- (d) Permission to process all pharmaceuticals including the full range of Hoechst, Behringwerke and Chemische Werke Albert.
- (e) Permission to enter into technical assistance agreements with other pharmaceutical manufacturers to process their pharmaceutical specialities.
- (f) Permission to manufacture cosmetics, baby foods, insecticides and similar products.
- (g) Royalties of 10 per cent on the net sales value of all medical specialities processed by the Company.
- (h) Sufficient import licences for machinery, spare parts, raw materials, packing materials and auxiliaries.
- (i) Import stop for all identical and similar pharmaceuticals processed by the new Company for the Government Sector and the Private Sector.
- (j) Free choice of the source of supply of machinery, spare parts, raw materials, packing materials and auxiliaries.
- (k) Realistic freedom to fix the prices for the locally processed pharmaceuticals in the private sector, whilst complying with local price control.
- (l) Duty/sales Tax exemption for the import of machinery spare parts, raw materials, packing materials and auxiliaries.
- (m) The Company should be free to arrange Loans from the Bank of Ghana to the extent of the investment of Hoechst, i.e. £150,000; such loans to be accorded a preferential interest rate.
- (n) Tax free transfer of Royalties.
- (o) Exemption from Income Tax for a period of ten years.
- (p) Expatriate Quotas for Managerial and Technical Staff.
- (q) Guarantee that the Company will not be nationalised.

#### (B) Abbott Laboratories:

- (i) A new Company to be called Abbott Laboratories (Ghana) Limited (Abbott Ghana—for short) shall be formed.

- (ii) The Authorised and Issued Capital of the Company shall be £500,000 (NC1,000,000.00)
- (iii) There shall be two classes of shares:—
- (1) those with voting rights.
  - (2) those without voting rights.
- (iv) The Share Capital of the new Company shall be held as follows:
- |                                |      |     |  |
|--------------------------------|------|-----|--|
| <b>(1) Ghana Government</b>    |      |     |  |
| Shares with Voting Rights      | 40%  |     |  |
| Shares without Voting Rights   | 15%  | 55% |  |
| <b>(2) Abbott Laboratories</b> |      |     |  |
| Shares with Voting Rights      | 45%  |     |  |
|                                | 100% |     |  |
- (v) Abbott's 45 per cent shareholding which is equal to £225,000 (NC450,000.00) shall be paid in dollars in one sum upon the formation of the company
- (vi) The new Company shall purchase from the Ghana Government the buildings, equipment, supplies and land of the Pharmaceutical factory at £500,000 (NC1,000,000.00) on the following terms:—
- |   |          |
|---|----------|
| (a) <b>Immediate:</b> by issue of shares in new Company to Ghana Government   | £275,000 |
| (b) <b>Balance:</b><br>By issue of Debentures to Ghana Government at Interest Rate of 6 per cent per annum; the first payment of principal to be made upon the expiration of the tax exemption. | 225,000  |
|   | £500,000 |
- (vii) The grant of the following facilities shall be a condition of this offer:
- (a) The buildings, equipment and supplies contributed by Ghana will be provided free and clear of any liens or claims whatsoever.
  - (b) The land on which the factory is established shall be leased to the new Company for ninety-nine years, subject to renewal, at a fixed rental.
  - (c) Abbott shall have complete responsibility and control of the operation of the new company including a majority on the Board of Directors.
  - (d) Exemption from taxation for a period of ten years from the date of commencement of operation.
  - (e) Ghana will facilitate the issue of all necessary construction permits and import licences required for the commencement of production by the new Company.
  - (f) Ghana will approve and facilitate the issuance of all guarantees available under the Investment Guarantee Programme of the U.S. Agency of International Development.
  - (g) Ghana shall appoint the new Company the exclusive supplier of all its products to Government hospitals and other agencies of the Ghana Government.
  - (h) Ghana will limit the number of import licences granted for the import of completely manufactured products competitive with those produced by the new Company during the period "pioneer" of the new Company.

- (i) During the "pioneer period" there shall be no duties levied on the importation of raw materials for use in the production of pharmaceutical products.
  - (j) There shall be no restriction after three years on sale or transfer, inside or outside Ghana, of shares held by Abbott in the new Company to other qualified manufacturer.
  - (k) The new Company may manufacture hospital solutions and devices, baby foods and agro-vet products.
21. The Negotiating Committee's assessment of the two proposals was as follows:
- (i) The two proposals are not very dissimilar in many respects. The differences that stand out are as follows:—
    - (a) Hoechst/Major insist unbendingly on holding a majority in the new Company, whilst Abbott, although they also originally wanted to hold a majority, will accept a minority holding if Ghana so desires. (Hence Abbott's acceptance of Negotiating Committee's suggestions involving 2 classes of shares—with voting rights, and without voting rights).
    - (b) Hoechst/Major is prepared now to contribute only £150,000 for as much as 60 per cent of the ownership of the new Company. Abbott, on the other hand, is prepared to put up £225,000 for 45 per cent of the ownership of the Company; besides they will contribute more in foreign exchange if we are agreeable to push up their portion of the ownership above 45 per cent. Hoechst/Major insist on charging Royalties of 10 per cent on the net sales value of all the new Company products. The Negotiating Committee regards with disfavour this charge when the relationship that subsists is one of **partnership** as distinct from a management agency. Abbott backed down on this charge, on the insistence of the Negotiating Committee; but Hoechst/Major would not abandon their stand on this matter.
    - (d) While Hoechst and Abbott are two internationally-famous pharmaceutical companies, it is noteworthy that Abbott sent a team of 10 experts including chemists, technicians, lawyers and a Vice President—finance to these negotiations. Hoechst, on the other hand have not as yet put in a direct appearance. They have been represented all along by Major and Company (Ghana) Limited. Hoechst have not shown the same depth of interest as have Abbott.
    - (e) Abbott appear very genuine about their undertaking to seriously explore the possibilities of using locally produced raw materials and packaging supplies as well as to produce basic and intermediate pharmaceutical materials in Ghana. The Negotiating Committee did not form the same impression talking to the representatives of the Hoechst/Major group.
22. The Negotiating Committee therefore recommended that negotiations be finalized with Abbott Laboratories leading to the drawing up and execution of a definite and comprehensive Investment Agreement providing for the formation of a Company for the purpose

of purchasing and operating the pharmaceutical factory at Kwabenya.

23. When the Abbott representatives came to Accra finally to sign the Agreement, our fundamental objection to the monopoly and restrictive clauses in their proposals was made very firm to them. They agreed to refer the matter back to their Board of Directors in the United States. It was when their Board agreed to our request that the corrections, amendments and deletions embodied in the Indenture of 22nd August 1967 became necessary.

24. On the question of Management Control, it must be pointed out that, with the numerous instances of interference by the old regime in the running of the State Enterprises fresh in everybody's mind, it is very likely that any investor is going to be willing to put his money in a State venture the operations of which are within his field of expertise without demanding full management control. Besides, if the investor is invited on account of his proven know-how and expertise in the particular function of the enterprise, then I see no reason for our concern over this matter of management control. The investor is in the business to make money; and given average honesty, he will only make money when he makes money for us as well. For sure, management control does not mean that the foreign investor will only engage foreigners. This would be too expensive for profitability. In the Abbott case, the controversy over management control would not have arisen if Ghana had not insisted on and obtained a majority of the share holding in the new Company. For, in that case, there would not have been any ostensible incongruity\*. It would have been as normal as, say, Ghana's position at the present time as shareholder in Lever Brothers (Ghana) Limited at Tema. In the Abbott case, Ghana insisted on and obtained a majority holding in the shareholding so as to earn a larger share of the distributable profits which will now surely be forthcoming because of the efficient management which will be brought to bear on the factory operations. I think this is an arrangement for which we should be congratulated, and certainly not insulted. Several Ghanaians have already been appointed to key positions in the new company including the position of Statutory Secretary.

25. Some say that an American Company has been given some unhealthy monopoly in Ghana. Where is the monopoly in the Abbott Agreement? This country is acutely short of foreign exchange. Is it a sin, in these circumstances, to restrict the importation of drugs which can be made in this country by a Company in which the Ghana Government holds the majority of the shareholding? It is better for us to spend a few more cedis than to disburse a little less of our very insufficient pool of foreign exchange. There is no monopoly in the Agreement, but even if there was this monopoly with regard to the importation of drugs, which there is not, any profits made by Abbott-Ghana would benefit Ghana, whereas all the Commission earned by a private company would only benefit that company.

26. The grant of Capital Investment privileges to the new Company has been criticised by some of the critics. The Capital Investments Act has been on the

statute book since 1963 and benefits have been given and are being given regularly to firms deemed to be in need of such benefits. The purpose of the Act is to attract investors who will cause a healthy capital inflow into this country. To attract capital from elsewhere, it must be made distinctly manifest to the Investor that the return on his capital here is superior to the return he may expect elsewhere. This means positively throwing benefits at him to make him move his resources from somewhere else to here. Why shouldn't a State enterprise in need of help be aided with Capital Investment privileges?

27. It has been said that the factory has made some good drugs supplied to Korle Bu. Do not let us wash our dirty linen in public. The Sterile Room [in that factory] needs to be re-done completely. There is no provision for sterile air supply. There is total absence of humidity control in the factory for the production of high quality tablets. For a drug manufacturing house what is most important is QUALITY CONTROL. And I do not believe that we are yet in a position, on our own, to produce quality drugs. Quality Control has to have sound supportive research facilities I [personally] would not like to unleash on the Ghana market poor quality drugs. They may be fatal.\*

28. It has been said that assets "worth" NC2.0 million have been transferred to the new Company at NC1.0 million and that this is a grievous offence. The truth of the matter is that the assets cost NC2.0 million, i.e. they are on the books at that amount, but they are certainly not worth NC2.0 million. What is more, as assets built for the manufacture of the factory's capacity of drugs as a business venture, they are worth even less. The old regime built grandiose structures for factories—structures the cost of which could never be economically amortised over a reasonable period of time in a venture projected to make profits. There are many examples of this disparity between "cost" and "worth" in the Ghana system. There is 'Job 600', for example. That building is on the books, I am told, at NC16 million. Nobody in his right senses will accept a valuation of NC16 million on 'Job 600' as a business asset, except, perhaps, in some windfall business. This valuation would not be accepted, for example, if 'Job 600' was being considered for a hotel for the following reasons: The depreciation charge alone for the building at book value NC16 million, given a 50 year life, is NC320,000 per annum. This means that, used as a hotel, that building must produce a minimum turnover which, after every expenditure has been set off including depreciation of NC320,000, will yield a balance which amounts to a fair return on the capital employed. With depreciation alone being so high, it is evident that the appropriate minimum turnover is going to be very difficult, if not impossible, to achieve. To insist on the valuation of NC16 million is to forfeit the option of putting the asset to a business use. In fact all the Hotel proprietors who have looked at 'Job 600' with a view to submitting proposals for its use as a hotel have made the point categorically that prerequisite to any negotiation is that the Ghana Government must accept a drastic reduction in the book value of the building. The highest valuation put on it so far is NC3 million.

\* At this point, Mr. Amegashie explained in words omitted in this text the essence of paragraph 24 before he continued with the reading.

\* Paragraphs 28 to 41 were not read at the symposium; what was actually read is printed at the end of this article, following para. 41.

29. In the case of the Kumasi Shoe Factory, the value on the books is NC5 million. A reputable Shoe-Manufacturing Company with world renown has marked off on the Paper Plan of the Factory that portion which is all that is necessary for the production of two million pairs of shoes a year, which is the production capacity of the factory. That portion marked off is worth NC318,000 only. How can we expect a business house with any sense to even look at, let alone consider, NC5 million as the transfer value of such a factory?

30. The question that arises, after these plain facts have been ascertained is: With the transfer values being so low, do we still want participation? The answer to this question depends on what alternatives there are to participation. If we can run the factory ourselves as efficiently as others can, then of course it would be unwise to bring in somebody to share the returns to which we would have been exclusively entitled if we 'go it alone'. But to run a factory efficiently means having the capital and manpower resources to be able to produce and market the quantity and quality of products which are required for purchase.

31. I submit, in all seriousness, that in the case of the Pharmaceutical Factory at Kwabenya, there is no wise alternative to participation and hence, we had to face facts and accept the most reasonable offer made to us.

32. Dr. Ofori-Attah has insinuated that there was something improper about a cable I sent from Ottawa. I wish here to recount the story of this cable.

33. Before I left Ghana it had been agreed with the Managing Director of Abbott Laboratories (Ghana) Limited, Mr. F. T. Bakker, that all outstanding preliminaries necessary for the commencement of production at the Factory would be carried out expeditiously and that in my absence any matters requiring ministerial performance would be taken care of by Mr. J. V. L. Phillips, Commissioner for Lands and Mineral Resources, who was to take temporary charge of my portfolio. In Montreal I got a cable addressed to me in New York and which was forwarded to me. It was from Mr. F. T. Bakker. The cable stated that Mr. Bakker had been informed by Mr. C. W. O. Sackeyfio, Acting Principal Secretary of the Ministry of Industries at the time, that Mr. J. V. L. Phillips was not available in Accra to execute the documents for transfer of the Pharmaceutical Plant and Equipment to Abbott Ghana and that if I would permit Mr. Sackeyfio to execute the documents it would expedite the entry of the technicians on to the Works for commencement of operations. It must be understood that without such a transfer production would not commence at the Factory.

34. Seeing that the execution of the transfer documents necessarily required the signature of a commissioner, I immediately replied as follows through the medium of the Ghana High Commission in Ottawa:—  
"FROM GHANACOM OTTAWA 6TH OCT. 1967 TO FOREIGN ACCRA FOR SACKEYFIO MINDUSTRIES FROM AMEGASHIE.

Abbott's Manager Accra has informed me of difficulty with execution of documents of transfer of Pharmaceutical Plant and Equipment from Ghana Government to Abbott stop If Commissioner Phillips is still unavailable then despatch documents to me in New York care Ambassador Akwei

Ghana Mission for perusal and signature stop Inform me also at once in New York when Taylor Director Public Prosecutions and Mireku of Bank of Ghana leaving for Tokyo stop Standing by in New York for information"

35. While Dr. Ofori-Atta has attempted to give the public the impression that my cable was addressed to my Secretary instructing him to hand over the final papers to Abbott, it is clear that mine was an official cablegram sent through official channels to Mr. C. W. Sackeyfio who was then acting Principal Secretary to my Ministry, the Ministry of Industries. I was carrying out an official duty trying to expedite the transfer of the equipment to the new Company so that they could get started on the production of drugs. Besides, it was the understanding of both sides that Abbott of U.S.A. would not remit their money to Ghana until the transfer of equipment to the new Company had been affected. Where is the impropriety?

36. It has also been alleged that we are handing over the control of Ghana's economy to foreigners. How ridiculous. If indeed we were doing this, it would be a grievous sin indeed. To date, six participation contracts have been signed relating to enterprises, which, in our judgement, will only succeed with foreign participation. They are as follows:—

1. Kade Match Factory—Ghana/French S.I.F.A.
2. Tema and Takoradi Cement Works—Ghana/Norway Cement
3. Pharmaceutical Factory—Ghana/Abbott, U.S.A.
4. Bonsaso Rubber Tyre Factory—Ghana/Firestone
5. State Farms Rubber Plantations—Ghana/Firestone
6. State Furniture and Joinery—Ghana/C.F.C.

37. In all the above joint ventures but one—the Bonsaso Rubber Tyre Factory—the Ghana Government has the majority of the shareholding in the new companies established. Hence Ghana will be entitled to a greater share of the profits which must now be made in these new ventures. Does the formation of these joint ventures in Enterprises which would otherwise have been dying, constitute a handing over of Ghana's economy to foreigners?

38. These new ventures have all been established under the Ghana Companies Code. This Code gives adequate protection to any member or debenture holder of any Company registered under the Code. Thus there really is nothing to be afraid of by the grant to our partners of management control through their majority of numbers on the Board of Directors as well as voting control of the new Companies. Hereunder is what Section 218 of the Companies Code says:

"(1) Any member or debentureholder of a company or in a case falling within section 225 of this Code, the Registrar may apply to the Court for an order under this section on the ground (a) that the affairs of the company are being conducted or the powers of the directors are being exercised in a manner oppressive to one or more of the members or debentureholders or in disregard of his or their proper interests as members, shareholders, officers, or debentureholders of the company; or (b) that some act of the company has been done or is threatened or that some resolution of the members, debentureholders or any class of them has been passed or is proposed which unfairly discriminates

against, or is otherwise unfairly prejudicial to, one or more of the members or debentureholders.

(2) If on such application the Court is of opinion that either of such grounds is established, the Court may, with a view to bringing to an end or remedying the matters complained of, make such order as it thinks fit; and, without prejudice to the generality of the foregoing may by order, (a) direct or prohibit any act or cancel or vary any transaction or resolution; or (b) regulate the conduct of the company's affairs in future; or (c) provide for the purchase of the shares or debentures of any members or debentureholders of the company or by the company itself and in the case of purchases of shares by the company without regard to the limitations imposed by sections 59 to 63, other than subsections (4) and (5) of section 59 of this Code.

(3) Where an order under this section makes any alteration in or addition to any of the company's Regulations then, notwithstanding anything in any other provision of this Code but subject to any provisions of the order, the company shall not have power without the leave of the Court to make any further alteration in or addition to the Regulations inconsistent with the provisions of the order.

(4) An office copy of any order under this section altering or adding to the company's Regulation shall, within twenty-eight days after the making thereof, be delivered by the company to the Registrar for registration; and if a company makes default in complying with this subsection of the company and every officer of the company who is in default shall be liable to a fine not exceeding one hundred pounds."

"(5) On any application under the section by a member or debentureholder of the company the Court, if it thinks fit, may order the applicant to give security for the costs of the company and may direct that the application shall be heard in chambers."

39. I cannot but conclude that some of the criticism has been plainly irresponsible, some wicked.

40. As for the pronouncement that the Agreement was written by Abbott and that Ghana was invited to and did merely sign on the dotted line, it is too frivolous for a reply.

41. We shall go on dauntlessly facing up to the problems of our country and finding solutions to them in these uneasy circumstances.

The following is what was read after para. 27 at the symposium (Paragraphs 28 to 41 were substituted later):-

The humidity in the plant makes it impossible to make first-class tablets of any sort at the moment. The aspirins so far manufactured in the plant have a mottled colour, and a strong scent, which are an indication that they have been manufactured in a humid atmosphere. This will curtail the (?) life of the product. I am assured that no decent pharmaceutical house will manufacture aspirin tablets that will have the kind of shelf (?) life that these will have. The disintegration of aspirin tablets due to humidity (?) releases free salicylic acid, I'm told. It is even feared that this acid may have had therapeutic effects. Without going into medical arguments for or against this (?), it is obviously desirable that aspirin tablets be made under conditions that will ensure the long life of the tablets without the generation of the free acid.

Some of the criticisms have been plainly irresponsible; some wicked. Why haven't the critics, if they were honest, the courage to address their criticisms

to the Government? Why are you all hiding behind me and the Negotiating Committee to throw stones at the Government? [Boo] If you are honest, the Government signed an agreement, come out with the... [Prolonged boo].

As for the pronouncement that the agreement was written by Abbott and that Ghana was invited to, and did merely, sign on the dotted line—it is too frivolous for a reply.

Thank you [Applause].

### THE CONTRACT

THIS indenture is made this 3rd day of June, 1967, between the Government of the Republic of Ghana, acting by JOHN EDWARD OKOE NUNOO of the first part (hereinafter referred to as GOVERNMENT) and ABBOTT LABORATORIES, a company incorporated under the laws of Illinois, U.S.A., acting by Edward George Beyer, Vice-President, Finance, of the second part (hereinafter referred to as ABBOTT).

WHEREAS the government of Ghana ("GHANA") owns pharmaceutical manufacturing facilities which are not being operated and which cannot be operated without additional contributions of capital, technical services, and specialized management skills, and

WHEREAS the GOVERNMENT desires to provide at the earliest possible date for the operation of these pharmaceutical manufacturing facilities and the production of pharmaceutical products of the highest quality;

AND WHEREAS Abbott Laboratories, a Company organised under the laws of Illinois, United States of America ("ABBOTT") is one of the largest producers of high quality pharmaceutical products in the world with manufacturing facilities in over two dozen countries, with technical specialists in all phases of pharmaceutical manufacturing, and with complete facilities for basic and supportive pharmaceutical research in the conduct of which ABBOTT is currently spending in excess of \$20 million annually;

AND WHEREAS ABBOTT believes that a joint venture company of the GOVERNMENT and ABBOTT could acquire and operate the presently inoperative pharmaceutical manufacturing facilities to the mutual benefit of the GOVERNMENT and ABBOTT and to the great benefit of the people of GHANA by providing:

- (i) an increased supply of needed pharmaceutical products of the highest quality at prices consistent with a reasonable return on invested capital;
- (ii) additional opportunities for employment and training in all phases of the production of pharmaceutical products;
- (iii) additional demand for the raw materials and manufactured products produced in GHANA; and
- (iv) a means of reducing the current demand on the foreign exchange of GHANA while developing the future source of foreign exchange through the export and sale of the products in markets throughout the world;

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

- (1) The parties shall incorporate or cause to be incorporated a Ghanaian Limited Liability Company to be known as and called Abbott Laboratories (Ghana) Limited, (hereinafter referred to as ABBOTT-GHANA) shall be authorised to issue

shares and/or debentures to the value of one million new cedis (NC1,000,000). The GOVERNMENT shall contribute fifty-five percent of the capital and ABBOT shall contribute forty-five percent of the capital.

ABBOTT shall be assured of complete control of the management and, in order to achieve this, ABBOTT shall have a majority of the Board of Directors and the voting control of the company, including the right to appoint the Managing Director, the Chairman of the Board of Directors, and the Secretary. Both the parties shall have a right to participate in any future issue of shares in the same proportions and shall have the right of first refusal upon any sale of the other party's shares. In the event ABBOTT wishes to sell its shares to a qualified manufacturer anywhere in the world after three years from formation of the company, the GOVERNMENT will approve and facilitate such sale unless the GOVERNMENT exercises its right to purchase such shares at the same price offered to ABBOTT. The GOVERNMENT may at any time sell its shares to citizens of GHANA but, before offering shares to foreigners, the GOVERNMENT shall offer such shares to ABBOTT at the same price foreigners are willing to pay. In the event of a dispute between ABBOTT and the GOVERNMENT with respect to the price to be paid upon the sale of shares of one party to the other party, the parties shall appoint a mutually acceptable arbitrator or arbitrators.

- (2) ABBOTT shall make its contribution for its issued shares by payment to ABBOTT-GHANA of Four Hundred Fifty Thousand New Cedis (NC450,000) in one lump sum payment in United States dollars. Such payment shall be made after formation of ABBOTT GHANA and after all necessary documents have been formally issued including Regulations (Articles of Incorporation and By-Laws), AID guarantees, and assurances by the various GOVERNMENT agencies and the Bank of Ghana.
- (3) The GOVERNMENT shall make its contribution for its issued shares as follows: the GOVERNMENT will contribute all buildings, equipment, materials, and supplies now owned by it for the purpose of pharmaceutical manufacturing, including all managerial residences and outbuildings as well as the grant of a lease on the real property on which these assets are located. The foregoing assets shall be valued at one million New Cedis (NC1,000,000). ABBOTT GHANA shall execute a Note in favour of the GOVERNMENT in the amount of Four Hundred and Fifty Thousand New Cedis (NC450,000) with interest at the rate of six percent per annum. The Note shall be payable out of the profits of ABBOTT GHANA with the first payment on the principal to be made upon expiration of the tax exemption period. Provided that profits are available, ABBOTT GHANA shall make annual payments of 110,000 New Cedis starting after the expiration of the tax exempt period. ABBOTT GHANA shall have the option to repay at an earlier date without penalty. The net contribution of the GOVERNMENT upon formation of ABBOTT GHANA shall be Five Hundred and Fifty Thousand New Cedis (NC550,000). It is agreed that all buildings, equip-

ment and supplies contributed by GHANA shall be furnished free and clear of any liens or claims whatsoever.

- (4) On formation of ABBOTT GHANA, the GOVERNMENT shall grant to the company a lease on the real property on which the pharmaceutical plant of the GOVERNMENT is located for a period of ninety-nine years at an annual rental of One New Cedi (NC1) subject to renewal at the option of ABBOTT for an additional ninety-nine years. There shall be no increase in the annual rental at any time. It will be provided in the lease that, if the lease is terminated at any time for any reason whatsoever, ABBOTT GHANA will be reimbursed the then current fair market value of the buildings and equipment on the real property.
- (5) ABBOTT shall have complete responsibility and control of the operation of ABBOTT GHANA including, but not limited to, selection and discharge of personnel, determination of products to be manufactured and sold, product quality standards, marketing organisation and controls, pricing of products, source of raw materials, packaging standards, contracts for legal, accounting and auditing services, and other functions related to the ordinary business of pharmaceutical manufacturing.
- (6) ABBOTT will furnish to ABBOTT GHANA technical, consulting and management services in the areas of production, quality control, engineering, accounting, marketing, management systems and other advanced management advice and techniques as required by ABBOTT GHANA. For the performance of these services, ABBOTT GHANA shall reimburse ABBOTT for all out-of-pocket expenses [at cost including, but not limited to, expenses]\* for transportation, lodging, board and communications, and, in addition, a reasonable re-imbusement of salary for each employee of ABBOTT or its related companies assigned to rendering assistance to ABBOTT GHANA.
- (7) ABBOTT GHANA shall apply for and the GOVERNMENT shall approve all benefits available under the Capital Investments Act of 1963 including, but not limited to, a tax exemption for a period of ten years from date of production as defined in the Act, all capital allowances as required by ABBOTT GHANA, exemption from indirect taxes including the turnover tax, and exemption from property taxes and rates. [The GOVERNMENT shall not grant the same or a similar status to any other company manufacturing products in Ghana similar products produced by ABBOTT GHANA during the tax exemption period]\*.
- (8) The GOVERNMENT agrees that ABBOTT GHANA will be permitted to bring into the country, and Immigration quotas will be issued to, twelve management and/or technical persons to operate the plant and to develop an efficient administrative and marketing organisation. It is the intention of both parties that Ghanaians will be trained and developed to staff all positions in ABBOTT GHANA. This is in accord with ABBOTT's established world-wide policy of utilizing nationals to the greatest extent possible.
- (9) The GOVERNMENT will facilitate the issue of all necessary construction permits and import licences

- required for the commencement of business by ABBOTT GHANA.
- (10) ABBOTT may apply to the United States Agency for International Development for all available guarantees under its Investment Guarantee Programme and the GOVERNMENT shall approve and facilitate the issuance of such guarantees. The cost of such guarantees shall be charged to and borne by ABBOTT GHANA.
- (11) In the event that the working capital of ABBOTT GHANA is, in the opinion of the management, inadequate, the GOVERNMENT shall facilitate approval of applications by ABBOTT GHANA for loans in local currency from any commercial bank and, in addition, the GOVERNMENT shall approve applications by ABBOTT GHANA for loans in local currency under any programme of the United States Agency for International Development including funds made available to the GOVERNMENT under P.L. 480.
- (12) ABBOTT GHANA shall continually review the opportunities to use locally produced raw materials and packaging supplies as well as opportunities to produce basic and intermediate pharmaceutical materials in GHANA. Furthermore, ABBOTT GHANA may, when economically feasible, manufacture hospital solutions and devices, baby foods, and agricultural and animal health products with all the benefits of this Agreement.
- (13) ABBOTT GHANA may also contract to manufacture pharmaceutical products for other companies with all the benefits of this Agreement.
- (14) The GOVERNMENT shall appoint ABBOTT GHANA the exclusive supplier of all products manufactured by ABBOTT GHANA to Government hospitals, Government agencies and the Armed Forces of Ghana, and all products furnished to the GOVERNMENT pursuant to this clause shall meet reasonable quality standards\*.
- (15) In order to keep the plant fully utilised, to employ the maximum number of Ghanaian nationals, to save foreign exchange, and to overcome the difficulties of starting up a new industry, the GOVERNMENT shall direct all appropriate agencies to assure the availability of import licences for ABBOTT GHANA. [To achieve the foregoing goals, the GOVERNMENT shall limit the number of import licences granted for the import of completed manufactured products competitive with those produced and/or marketed by ABBOTT GHANA during the period for which benefits under the Capital Investments Act are available to ABBOTT GHANA or establish such other measures as embargoes or tariffs to achieve the same results]\*.
- (16) In recognition of the importance of medical supplies to the health and welfare of the people of Ghana and the desirability of providing such medical supplies at reasonable prices, the GOVERNMENT will not impose for a period of ten years from the date of production any duties on the importation of materials, supplies and equipment for use in the production of any products of ABBOTT GHANA. Also, in recognition of the many problems involved in plant start-up and market development, the GOVERNMENT shall facilitate the issue of import licence to cover finished and semi-finished products including trade marked products under the ABBOTT GHANA label. It is agreed that ABBOTT GHANA WILL manufacture these products at the earliest date possible consistent with maintenance of high quality standards and efficient manufacturing practices.
- (17) Should the proposal be accepted, it is ABBOTT's intention to make Accra, and specifically this plant its headquarters for West African distribution. Implicit in this will be the maintenance of a regional sales staff in Accra.

IN WITNESS WHEREOF the parties hereto have set their hands this day and year first above mentioned. Signed by John Edward Okoe Nunoo for and on behalf of the Government of the Republic of Ghana.

(Sgd).....  
Signed by Edward George Peyer, Vice President, Finance, for and on behalf of Abbott Laboratories of Illinois, U.S.A. (Sgd).....

#### STATEMENT BY THE LEGON SOCIETY ON NATIONAL AFFAIRS

IT IS important that in the debate over the Ghana-Abbott agreement attention should be focused fully on the essential points: It is dangerous to allow ourselves to be distracted by factors that are not immediately relevant to the assessment of the actual provisions of the agreement. There are, without question, several provisions in the agreement that do not appear to be in the national interest and it is necessary that the public mind should be directed to them.

#### Criticisms

Critics of the agreement have directed their attention particularly to six main aspects of it. First, valuation: they feel that it was serious dereliction of duty on the part of our negotiators not to have valued the factory and other buildings attached to it independently of the bidders, and to have accepted the "lost" of the latter's valuations. It is felt that elementary commonsense should indicate that all bidders have a natural interest in bidding low. Secondly, lease: it is felt that the lease is too long and that it is rather strange that it should be renewable at the option of Abbott when the lease is given to Ghana Abbott. Thirdly, it is felt that the agreement contains too much propaganda for Abbott while quite wrongly running down Ghanaian technical expertise. The claims made in the agreement both for Abbott Laboratories of Illinois and against Ghanaian capacity for management and skilled work seem somewhat excessive. Fourthly, people were distrusted by the

\*These clauses have been entirely omitted in the revised Agreement signed on August, 22, 1967.

Clause 14 is an entirely new clause which appears in the revised Agreement as published by the Evening News. (23/11/67)

monopoly aspects of the agreement. It is true that the changes made on August 22 removed the most objectionable monopoly features. But there still appear to be some monopoly features. Moreover the mere fact that the original agreement of June 3 contained these objectionable features give some ground for apprehension. Fifthly, it would appear incontestable that the agreement turns the State Pharmaceutical Corporation into a subsidiary of Abbott. This is considered unnecessary, humiliating and dangerous. Sixthly, there can be no doubt that if more of such agreements are signed they will pose a political problem for future governments, for they will be tantamount to vesting control of a large slice of our economy in the hands of foreigners. This is not a phantom fear and those who negotiate on our behalf should bear it constantly in mind. It is particularly because of this that there was widespread apprehension when the Commissioner for Industries and Chairman of the Negotiating Committee said that he would sign the agreement "ten times over".

It is our considered view that these criticisms are neither frivolous nor merely sentimental. They must therefore not be trusted aside by insulting the critics, as the Government statement surprisingly and improperly does; or, by questioning the critics' motives, as the Commissioner for Industries has repeatedly done; or, through cringing and grovelling editorials and below-the-belt personal attacks by a state-owned newspaper like the *Ghanaian Times*. The criticisms should rather lead the Government to a serious re-consideration of the agreement and the general problems raised by it.

#### Suggestions for Improvement

We offer the following specific suggestions for improving the agreement.

1. The Ghana Government should appoint a majority of the Board of Directors, including the Chairman of the Board. This will enable the Government to control the policy of the Company.
2. The duration of Abbott Laboratories' control of management should be limited to, say, ten years. After this period all important managerial appointments should be vested in the Board of Directors on which Abbott Laboratories will, of course, continue to be fully represented.
3. Right now certain functions that are vested in Abbott Laboratories should be vested in the Board of Directors after the latter has been suitably reconstituted. Such functions should include selection and discharge of Ghanaian personnel, determination of products to be manufactured and sold, pricing of products, source of raw materials and contracts for legal, accounting and auditing services. In other words, article 5 of the agreement should be renegotiated.
4. Finished and semi-finished products should not enter the country under the Ghana Abbott label. Only products actually manufactured by Ghana Abbott should be labelled as such. This is absolutely necessary to reduce the probability of the pharmaceutical factory being turned into a mere packing centre for products of Abbott Laboratories.
5. Ghana Abbott should charge Abbott Laboratories adequate fees for using its plant as its headquarters for West African distribution and steps must be taken to ensure that those who work for Abbott

Laboratories at the plant are not paid and in any other way sustained out of the resources of Ghana Abbott. We think these are reasonable demands whose fulfilment should go a long way to allay public fears.

#### Lessons for The Future

It seems to us that some lessons must be learnt from the current controversy over the Ghana-Abbott agreement. These lessons should go a long way to avoid public furore over any future agreements that may be signed.

1. Before negotiations are started we must be sure of the extent of our deficiencies, how far our native resources can go. Our official representatives and the whole government must avoid reckless declarations that we lack this and that. Such declarations are not always true.
2. If we invite private participation in state enterprises we must ensure that we have the majority shares. To make our majority ownership meaningful we must appoint a majority of the members of the Board of Directors, including the Chairman. It is only in this way that we can retain our control over the economy of this country.
3. If it is necessary to vest management control in the hands of our partners the duration should be limited to a definite period. After this period the Board, on which the partners will also be represented, should assume full control over the enterprise.
4. The importance of training Ghanaians to take over the running of the enterprise should be recognized by making it legally obligatory for those in whom management control is initially vested to train Ghanaians. It should not be relegated to the vague and voluntary world of intentions.
5. The Government of Ghana should avoid endorsing propaganda statements in agreements. Any statement of fact about our partners which we have not verified and cannot, indeed, by their very nature, be verified by us should be removed from agreements before they are signed. Such statements give the impression that the agreements are drawn up by our partners and presented to us for our signature.

We would further like to suggest (6) that the Negotiating Committee should be reconstituted. There should be a permanent care of officials, businessmen and lawyers (preferably draftsmen). For any particular negotiation Ghanaians who are technically qualified in the particular field should be co-opted. This will enable the Negotiating Committee to understand fully the technical implications of every step that is taken. And whoever is responsible for industries should not be a member, let alone the chairman, of the Negotiating Committee. He should be the person to take a final critical look at the work of the Committee on behalf of the general, non-technical public before submission to the whole Government for approval. To make him the chairman of the Negotiating Committee is to render him incapable of performing this vital function. (7) Lastly, before any agreement involving private participation in a state enterprise is finally signed it must be published for public comment. In the absence of a Parliament this is the only way of making sure that the principle of full publicity is adhered to. It must never be forgotten in all our national endeavours that publicity is the great solvent of suspicions and rumours.

### "The Legon Observer's Defeat"

SIR—Mr. Opoku Agyeman's arrogant letter purporting to comment on your Notebook entry on reactions to Nkrumah's overthrow in America should have been treated with the contempt it properly deserves: it should have gone to the waste-paper basket. It lacks intelligence, and bears the stamp of one incapable of adequate thinking and comprehension. And it is too pretentious for good taste. It certainly did not merit a reply. I hope nobody takes him seriously: nobody should take the displaced and confused C.P.P. would-be intellectuals seriously.

South Labadi  
Accra.

K. Agyare

### Crop Production in Ghana

SIR—Though Mr. Wills, Science Editor of the Crops Research Institute (C.R.I.), dismisses as "unimaginative and academic" my suggestion that research Units should be formed to handle all aspects of research on individual crops or group of related crops, but does not come out with any suitable alternatives. Perhaps he is satisfied with the present set up in the C.R.I.

His emphasis on co-operation between research workers in agriculture would imply that normally they do not co-operate. This comes to me as a surprise; perhaps I am not aware that there is no co-operation between research workers in other fields because in my own field and in the department of Crop Science at Legon we fully co-operate, and have very intimate personal relationship with research workers in other institutions, including the C.R.I.

Before coming out with my suggestion I took notice of what appeared to me to be new trends in the structure of the C.R.I. Is it not correct that already there are Divisions or Units dealing with cotton, oil-palm, fruit trees, vegetables and plant introduction? Are these Units going to be kept static or allowed to grow? I think it will be in our own interest to allow them to grow for whether we like it or not they are going to grow and these are my reasons:

(1) More research workers in agriculture are being trained yearly, and (2) research workers, be they Entomologists, Pathologists, Chemists or Breeders, will normally develop an interest in one or a group of crops on which they will like to devote more time.

The question of money to finance several units does not arise here because in the first place, I did not suggest that all the units should be created at once. I thought the present trends at the C.R.I. were commendable and should be pursued gradually as qualified men became available. Secondly, I do not believe Ghana will remain so "broke" all the time as to make it impossible for any further development (or improvement) in agricultural research to be effected.

We must try very hard to stop thinking of research in terms of science cities, brand new laboratories, NC2,600 p.a.-Directors etc. Existing buildings can be equipped and improved where necessary, and even workers in the Research Officer grade who have shown an aptitude in their work towards certain crops could be officers in charge. There are several renowned research Units elsewhere where workers have equal status and in fact work as a team of equals the officers-in-charge being leaders of equals.

It is just not true that "agricultural research workers in Ghana lack a sense of urgency in their work which would encourage them to co-operate fully where it is necessary to do so in order to press through important research projects to their publication and implementation stages". This statement, I think, is not only too sweeping but also unfounded and Mr. Wills will do well to come out with concrete facts to support it. I would like to remind him that before 1960, the vast majority of agricultural research workers in Ghana were expatriates. Is he referring to these expatriate workers or to the Ghanaians the majority of whom started appearing on the scene as recently as 1963-64?

So far the showing of these Ghanaians suggest an attitude to work which is the very opposite of what Mr. Wills would have us believe. In agricultural research (and in all applied research for that matter) one finds it necessary at times to embark on pieces of research which when taken by themselves, might not necessarily result directly in increasing productivity, but are essential first steps upon which further research projects which would directly increase productivity could be mounted. So that if you were to ask a Plant Breeder in what way his studies on the breeding system of a crop could increase yields he may not come out with any impressive answer, but he knows that he needs this knowledge before he can embark upon any meaningful selection and breeding programme.

There are several "fundamental" problems of this nature in the field of agricultural research in Ghana, some can be seen before the beginning of a project, others come up in the middle of the programme, but

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all must be solved before any headway can be made.

Agricultural research is time consuming and only a few people will take short cuts which in many cases will turn out to be disastrous in the long run. Most of the colleagues, I am sure, will make haste slowly and will not rush to see the results of their work in print without checking and re-checking their findings several times over. This attitude should not be taken as a lack of a sense of urgency in our work.

The Science Editors may be temporarily out of job in a situation like ours where we are only starting, but our farmers will benefit in the long run, because they will always have proven recommendations and not half-baked ones, which will become outmoded at the very outset.

Department of Crop Science,  
Legon.

E. V. Doku.

#### Agricultural Research Papers

SIR—I should like to make a brief comment on Professor R. Innes and Mrs. R. Lawson's letter which appeared in your esteemed paper of 24 November, 1967 under the heading "Agricultural Research Papers".

I have a great deal of sympathy with much of what they have to say, but it seems to me they have not faced the whole issue squarely enough. Most of the papers which are written by lecturers are for specialists in their own fields and do not mean much to policy decision makers. I should not blame them if they do not read these papers. Few practical papers may be of immediate use but as they rightly pointed out these decision makers are too busy to read them.

A solution to this problem, of course, would be for Government departments and the State Corporations to establish research units which may be staffed with people who may themselves be doing research, and at the same time make it a point to bring to the notice of the policy makers, papers of practical utility on which action can be taken.

I do not wholly share the sentiments expressed in the last paragraph of their letter. The University's connection with society must not only be close, it must also be seen to be so, and one way to ensure this is for lecturers to advise the Government in their individual capacities.

The procedure of drawing in individuals from the University to give advice rather than seeking to involve the University collectively in matters of policy, is one that is widely practised in Britain, Germany, U.S.A. and all the developed countries and there is nothing new about it in Ghana which should cause alarm!

In a country like ours, where there is a considerable concentration of local and specialised talent in the Universities, it does mean that the Universities in Ghana will have to participate in governmental planning and the research upon which planning should be based to a far greater extent than is necessary in the developed countries.

Perhaps the test of the success of a University in establishing itself as a genuine academic institution is whether outsiders come to it to profit and seek advice from the original creative thought and research that is going on within it.

Institute of Statistics,  
University of Ghana  
Legon.

G. M. K. Kpedekpo

#### Whither Ghana?

SIR—I was shocked to hear of the Government Statement on the Abbott Agreement. Does the NLC wish to stifle public debate with such a statement? According to the official statement, "The Abbott offer was the best received out of eight and this was a subject of prolonged and intensive negotiations". It further stated that the Final Agreement was an improvement on the original offer. May I please ask whether the government considers the Agreement good because it was the best out of eight, or because it was discussed at length? Is it also good because it is an improvement on the original offer? If it is the former, could the government not have advertised for more offers? If it is the latter would public criticisms not further suggest improvements on the "final" Agreement? There is no doubt that we need foreign investment, but I do not think that we have to accept investments which are not likely to benefit us.

Commonwealth Hall,  
Legon.

R. A. Aful

SIR—For Ghanaians in Britain our knowledge of events is rather fragmentary. But from the little news that reaches us it would appear that we are handing over our country to foreigners on a silver platter, not withstanding the political consequences.

We have handed over our two profit-making hotels to the Inter-Continental Hotels Corporation; there is the Firestone Agreement to be signed, and then there is the now famous Abbott Agreement. From what I have read of the latter Agreement it seems to me that, even though we need aid, it is better to do so without bargaining away our self-respect. Indigence with integrity is better than affluence in bondage. We are rushing in headlong where angels fear to tread. Whither Ghana?

Churchill College,  
Cambridge,  
United Kingdom.

I. A. Mensah

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Applications are invited from qualified Ghanaians for the following positions:

### DEPARTMENT OF MARKETING DEVELOPMENT

#### Marketing Research Manager:

The successful applicant will be responsible for the analysis of existing and potential markets, for the identification and interpretation of consumer needs. He must assist in formulating and implementing market research schemes and provide market and motivation research facilities.

Must have thorough market research experience and must be familiar with modern techniques and methods.

#### Advertising Manager:

The successful applicant will be responsible for drawing up advertising campaigns for a wide range of corporations in conformity with approved sales targets. He will also be responsible for developing promotional material in cooperation with advertising agencies.

Candidates will be expected to have had thorough experience in advertising agencies or departments. Ability to express ideas and capacity for visualization of sales points are important.

The successful applicants will be potential successors to the next highest position in G.I.H.C. i.e. the Director of the Department of Marketing Development. They will command excellent remuneration and fringe benefits commensurate with the responsibilities attached to the position.

Applications should be addressed to:

The Director of Management Planning,  
GHANA INDUSTRIAL HOLDING CORPORATION

(in Formation)

c/o S.E.S., P.O. Box 1627, Accra.

before the 20th of December.

(Envelopes should be marked at the top left hand corner for the position applied for).

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Applications are invited from qualified Ghanaians for the following positions:

### DEPARTMENT OF INDUSTRIAL PRODUCTION

#### Specialist—Production Planning and Review:

This is a G.I.H.C. Central Organisation staff appointment. The Specialist will have the function of assisting the Corporation's Divisions in setting up and implementing systems for the Planning, routing, scheduling, dispatch and inspection, as well as utilisation of materials, methods and equipment involved in the manufacturing processes at Plant Level. Additionally he will be concerned with the productivity of the G.I.H.C. as a whole, as distinct from the operations of individual plants.

Candidates, preferably under 35, should have a good degree in Mechanical Engineering or in Business Administration, with emphasis on technology rather than accounting or social sciences, and must have several years of substantial work experience in at least one type of industry more on the shop floor than behind a desk.

#### Facilities Administrator:

The successful applicant will be in charge of the administration of all the fixed assets belonging to and used by the G.I.H.C. at the Headquarters and in the operating divisions. These assets include buildings, machines, vehicles and service installations.

Candidates, aged around 35, should have had substantial past dealings with industrial installations, either as Plant Managers or as Quantity Surveyors or in operating Engineering functions.

The successful applicants will be potential successors to the next highest position in G.I.H.C. i.e. the Director of the Department of Industrial Production. They will command excellent remuneration and fringe benefits commensurate with the responsibilities attached to the positions.

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Applications are invited from qualified Ghanaians for the following positions:

### Administrative Assistant to the Managing Director

The successful applicant will be responsible to the Managing Director of G.I.H.C. for administrative matters and will see to it that administrative procedures and actions are in accordance with the policy directives by the Board and in the larger interests of the Corporation. Also may have to act as an Assistant to the Managing Director as and when ordered to do so, although primarily he will be concerned with the day-to-day conduct of the corporation's affairs taking the routine burdens off the Managing Director's shoulders.

Candidates with 10+ years experience as Senior Executives in Commercial and Business houses will be eligible. Must be objective in outlook and have a business-like character, able to take quick action on important issues.

### Legal and Secretarial Executive Assistant to the Managing Director

The successful applicant will head the Legal and Secretarial Division of the Managing Director's secretariat. Will provide service to all members of the Group, and will advise the Managing Director and the Board from Company Law and Secretarial points of view; may have to act as Company Secretary as and when required.

Candidates should be practising lawyers specialising in Company Law or have had extensive experience as Company Secretaries. Consultants in the above field will also be eligible, on part-time assignment.

The successful applicants will command excellent remuneration and fringe benefits commensurate with the responsibilities attached to the positions.

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Applications are invited from qualified Ghanaians for the following positions:

### DEPARTMENT OF FINANCE

#### Manager—Budget and Accounts :

The successful applicant will report to the Director of Finance, and will act as the Controller of Accounts at the Headquarters of the G.I.H.C. Will have functional control over all Chief Accountants of the Divisions and be responsible for Financial accounting procedures and statements prepared and submitted to Higher Management. Responsibilities include budgets and forecasts. Will liaise directly with the Operational Managers at his level.

Candidates must be senior executives or practitioners, with minimum professional qualifications as A.C.A., A.C.C.A., C.P.A. etc.

#### Manager—Management Accounting and Financial Analysis:

The successful applicant will be expected to develop, install and maintain cost control systems in all sections of the company, in co-operation with the Heads of parallel Departments towards fixing of norms or standards of expenditure quanta, so that a continuous appraisal of financial performance of the units and variances from standards are brought to the notice of Higher Management.

He will be functionally responsible for this activity at the divisions and will advise his Director on financial and cost policies, costing investigations and budgetary control.

Candidates must be at least A.C.W.A.'s or have equivalent senior professional qualifications with extensive consulting or executive experience in this field in sizeable enterprises.

#### Manager—Internal Audit:

This department will serve as a watchdog for the G.I.H.C. for preventing any possible malpractices throughout the divisions, which will not have their own individual internal audit sections. This work is different in scope and purpose from the External Auditor's functions and will have significant importance in the performance of the Corporation Units.

Senior persons with requisite qualifications and pertinent experience only need apply. Must have very thorough knowledge of Industrial Accounting with some practical knowledge of Industrial operations.

The successful applicants will be potential successors to the next highest position in G.I.H.C. i.e. the Director of the Department of Finance. They will command excellent remuneration and fringe benefits commensurate with the responsibilities attached to the position.

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GHANA INDUSTRIAL HOLDING CORPORATION  
(in Formation)  
c/o S.E.S., P.O. Box 1627, Accra.

before the 20th of December.

(Envelope should be marked at the top left hand corner for the position applied for.)

## GHANA INDUSTRIAL HOLDING CORPORATION

The Ghana Industrial Holding Corporation will be the largest multi-industry autonomous business complex in Ghana and will shortly assume complete responsibility for operating more than twenty manufacturing divisions, at present constituted as State Corporations, in the fields of boat-building, chemicals, construction materials, electronics, food processing, footwear, metals, paper, sugar, textiles, etc.

Applications are invited from qualified Ghanaians for the following positions:

### DEPARTMENT OF MANAGEMENT PLANNING

#### Manager—Selection & Training of Personnel:

The successful applicant will be responsible for selection and recruitment of all grades of staff of the G.I.H.C. as required by the Central Organisation and will establish and direct recruitment procedures of office and operative staff at the divisions at all levels. He will manage staff training programmes, workshop seminars, trade testing etc., as a regular feature of personnel development for the Corporation.

Candidates must have University degrees or equivalent qualifications in Business administration and Personnel Management, with some specialisation in selection and training methods, including knowledge of psychometric testing. Experience in executive positions in similar field with progressive establishments essential.

#### Manager—Industrial Relations:

This is a Senior appointment, being in-charge of a department responsible for maintaining industrial peace throughout the Corporation's operations. This department will look after grievance procedures, safety measures, suggestion schemes, labour contracts, Union-Management negotiations, welfare and communication between shop floor and management, among others.

Candidates should have mature experience in similar positions in medium and large-scale enterprises, should be a genial humanist with a good understanding of the labour point of view and should be able to exercise a beneficial influence over all levels of staff, and while generating confidence and goodwill will not hesitate to recommend correct and impartial disciplinary measures to the authorities. If necessary Academic qualifications, vocational, University or technological, will be secondary to field experience.

#### Manager—Personnel Administration:

The work of this department is to interpret and/or modify Personnel Policies of the G.I.H.C., after due approval by the Board, and to ensure correct implementation of the same. The incumbent will be responsible for establishing Personnel budgets after co-ordinating with his counterparts in the other Directorates. Responsibility will extend to personnel records, job evaluation exercise, salary administration, formulation of standard merit-rating schemes and promotion throughout the organisation.

Candidates must have good University degrees, preferably with specialisation in Personnel administration. Adequate experience as Personnel Manager in sizeable organisations or with Consultant firms dealing in personnel matters would be desirable qualifications.

#### Manager—Organisation and Methods

The successful applicant will head a staff department which will have important relations with the Corporation. This department will concentrate on Systems and Procedures and office methods. The Manager will have to anticipate requirements of new operations and changes in systems. Will assist the Director of Management Planning and recommend to him for Board's approval, any organisational adjustments as deemed necessary to optimise efficiency of operations.

Candidates with a good University or Technological background, with some years of similar executive or consulting experience will be considered. Personality should be of a dynamic nature, one who is not willing to take things for granted, and able to implement methods recommended for use.

The successful applicants will be potential successors to the next highest position in G.I.H.C., i.e. the Director, Department of Management Planning. They will command excellent remuneration and fringe benefits commensurate with the responsibilities attached to the position.

Applications should be addressed to

The Director of Management Planning.

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