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EDITORIAL

NIGERIA

DR. OKOI ARIKPO, until recently the chief executive officer of the Nigerian University Grants Commission and now Federal Commissioner, has recently been leading a deputation to certain African states with a special message from Major-General Gowon to the Heads of State he was sent to visit. General Gowon's message was discouraging. In short, it said: "Hands off our internal affairs!" It was almost as shocking as the outbreak of the shooting war itself, now raging in that country and gathering steady momentum towards the horrors which have been anticipated all over the anguished world, not excluding the columns of the *Legon Observer*.

To an extent General Gowon's attitude can be understood by reason of inner circumstances which most of the rest of the world can only speculate upon, an impasse had long been reached between him and Lt.-Colonel Ojukwu; from this no-compromise position the cold war between the two had inexorably developed into yet another armed conflict—another civil war. Before that point was reached, many efforts had been made, both internally and externally (by friends of Nigeria), to bridge the progressively widening gap between General Gowon and Colonel Ojukwu; several members and Heads of State in the OAU, notable among them Ghana and Lt.-General Ankrah, had been prominent in these attempts at reconciliation or compromise. All had signally failed, including some efforts by the Chief Executives of the Commonwealth Office and the U.N. itself.

With the ominous rumblings of Colonel Ojukwu increasing daily in number and volume, and with General Gowon for his part responding in the manner of a stern father ready to punish an awkward and wilful child, the drift towards armed conflict became more and more serious, until finally war broke out. Once this stage had been reached, a lot more was automatically at stake than ordinary mediation could handle. Now, with the Federal forces unable to deliver an Israeli-style lightning strike, it becomes a matter of the greatest importance to General Gowon not merely to save face but to win the war. Otherwise the political consequence would obviously be—at least to him and to the great majority of his convinced federalists—more disastrous than a military stalemate, or even actual defeat for the federal forces. That is why General Gowon is impelled to send a delegation around Africa to explain his position and urge a hands-off policy upon all concerned.

But other consequences of continued fighting could be equally catastrophic for the federalists. There is the economy at best only prospective for the luckiest or most gifted African leaders today, and certainly in most of the developing countries

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totally incapable of supporting any extraneous expenditures—worst of all those of war. Then there is the imminent, even already present, danger of vested external interests being drawn into the conflict, openly or under cover; economic interests from the West and political hopes from the East could eventually make Nigeria a second and worse Congo. There is, most prostrating of all, the human problems from which no wars ever excuse anybody: refugeeism, homelessness, hunger, and the rest. In Africa we even have to add ethnic separation within families as a possibility of war, perhaps to a greater extent than in other instances around the world. Even then the list of catastrophes is not exhausted by what we have described so far: there is the great probability, for instance, that success in holding out indefinitely on the part of Ojukwu, or failure on the part of Gowon to bring him to heel, would start a chain reaction of defections within the federal camp. . . . All this argues a case for caution and circumspection at operations headquarters in Lagos.

And is Colonel Ojukwu's position, therefore, foolproof? Hardly. There are proliferating signs inside and outside Nigeria of what the Eastern leader may expect, for example, from dissident minorities. We know that the Ibibios, the Ijaws, the Itsekiris, and others, are not all enamoured of the prospect of membership in an autonomous Ibo state with Ibo majority dominance. Ibo-led army units may swing elements in the Mid-West to Colonel Ojukwu during these hostilities, but that is no guarantee of permanent post-war control of such a territory by the new Biafrans. Nor does the Ibo presence in the Kabba areas offer similar assurances of peaceful occupation for Colonel Ojukwu there. Other problems exist, of course, for the Eastern leader, which are too numerous to mention here.

They only argue, as do those of General Gowon, that some way must be found between these two men for the cessation of hostilities and the opening of peace negotiations. In this regard we must express our increased anxiety over the recent declaration and current attitude of the Yoruba leader, Chief Obafemi Awolowo. "Awo" is a long-established federalist and could not be expected to aim for less than his ideal, which is federation based on ethnic realities. This means that he would seek the preservation of the existing Federation, and be loyal to Gowon in the pursuit of this goal. It is only his joining of the "Crush Him!" chorus that is disturbing, since we do not believe that force can achieve peace and harmony in Nigeria; on the contrary we think it can only intensify ethnic hatreds.

The OAU meeting in Congo-Kinshasa—if it should with luck take place in September as scheduled—will have its hands full, most of all with Nigeria. The trouble here is, that apart from the partly self-helped impotence of the OAU in such matters, the host-country for the coming conference is herself again in deep trouble with international mercenaries in the pay, most likely, of Moise Tshombe's friends. If there isn't another dramatic and tragic turn in the sordid *histoire Tshombe* by September, it will not be because this man's powerful friends didn't try. We can only hope they fail, and that the OAU can thus meet in Kinshasa to consider Nigeria.

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L.S.N.A. Communication

AMENDING THE CONSTITUTION—I

By

Our Political Correspondent

THE series of communications on the new Constitution which began with Basic Principles (L.O. Vol. II No. 2) the Legon Society on National Affairs has attempted to put forward suggestions which we hope can help mould opinion about the type of constitution which the New Ghana must have. We have considered such important aspects of the Constitution as fundamental rights, the judiciary, political parties and the electoral system, the executive, the public services, the legislature, decentralization and local government and the role of chieftaincy. We believe that these cover all, or, at any rate, most, of the important political institutions which the new Constitution must deal with.

It is appropriate to crown the series with a consideration of the process of amendment. A constitution is not a piece of mechanism that is so insensitive to factors external to it that it never changes. It operates always in a particular society and its *raison-d'être* is to satisfy the wants and values of that social animal called man. It is impetive therefore that it should change in response to changes in the particular society in which it operates and of whose instrument it is: a constitution that fails to change in this way is bound to fail—with the inevitability of a Greek tragedy. But, although in a leisurely world where changes are slow a constitution may be expected, through various mechanisms, to adjust itself slowly and in the long run to various social changes, in a developing country in a rapidly changing world it is unwise, even dangerous, to look upon a constitution as a piece of self-adjusting mechanism. It is necessary under such conditions to realize that a constitution must be deliberately changed through carefully regulated channels. These carefully regulated channels, popularly known as the amendment process, are, under such conditions, as under other conditions, of crucial importance.

Constitutions and Political Principles

THE crucial importance of the amendment process needs careful explanation especially in view of the wide misconceptions about it that are sometimes discovered in unexpected circles. It goes to the very roots of the constitution. A constitution is often defined as a body of rules setting up the political institution of a state, distributing

the powers and functions of government among them, and regulating the manner of exercise of these powers and functions. Generally speaking, there can be no quarrel with this definition: it is an adequate working definition of a constitution. But a constitution is not *merely* that; it is that and more. That a constitution is more than the above definition is attested to by the fact of modern written constitutions. As the late Ivor Jennings pointed out, a constitution which simply said the word of the Fuehrer (Ghanaians will no doubt find a more homely substitute for this) is the supreme law would still be a constitution. It is, however, inconceivable that a written constitution should contain just this formidable existence. It is inconceivable because such a basic law sharply cuts across two other features of a constitution that are shown up by the idea of a written constitution.

Even a cursory examination of any number of written constitutions shows that each embodies and, to some extent, elaborates a body of political principles. These principles are sometimes set down explicitly in the constitution. But even when they are not explicit they are easily recognizable in the body of the constitution itself, for they inform almost every nook and cranny of it. Now, these principles, whether explicit or only implied, form an integral part of the constitution. This is so for two reasons. First, no constitution can even make provision for all future eventualities and in situations that are not explicitly provided for by the constitution it is in the principles contained in the constitution that guidance has to be sought. Secondly, since no constitution is wholly self-explanatory the courts are often called upon to interpret constitutions. Where the plain words of the constitution are not an enough guide it is to the principles that the courts have to turn—if they are not to resort to the tempting but unsatisfactory method of simply reading their prejudices with the constitution!

The other feature of constitutions which is shown up by written constitutions is that of limitations on the powers of government. This is indeed the heart and soul of modern constitutionalism—that governments exist for *limited* purposes; that to prevent them from doing too much harm to the citizen and to society certain powers should be denied them altogether; and that those powers that are given to them should be carefully hedged round with limitation. This applies to all the main institutions of government, the judiciary, the administration (the civil service), the executive and the legislature. None of these

should have the constitutional right to exercise absolute power. Historically, this is how the idea of written constitutions was ushered into the modern world. The pretensions to absolute power by the early Stuarts in seventeenth century England led to the abortive attempt, in the Instrument of Government, to set down the powers of the monarch on paper so that the King could not mistake the limits of his authority. Again it was the pretensions of George III and his Ministers at arbitrary power over the Englishmen in the thirteen American colonies in the eighteenth century which led to the first successful attempts to set down in unmistakable terms the powers of government.

It is necessary to bear in mind, however, that the idea of limitations on the power of governments or, to use the ancient term, rulers, was not invented in seventeenth-century England. Long before then—centuries before then—the idea was integral to all thought about civilized government. It goes back, indeed, to the Greeks. It is the idea experienced, albeit imperfectly, in the Greek notion of *nomos*, which “speaks either by some ancient written formulation or by some old and unwritten customary rule of the same general scope and validity” and which stood behind and, as it were, controlled mere acts of legislation or enactments. It is to this that Demosthenes referred in a famous address to an Athenian jury: “something common . . . ordered . . . and identical for all men. . . to which it is proper that all men should render obedience. . . .”

This Greek idea is even better illustrated by the great words of Sophocles in his play, *Antigone*. Creon, the King, had decreed something Antigone felt to be impious. She felt it her duty to defy the King and defiantly she told him that royal proclamations (in modern terms, enactments of legislatures and the decrees of governments) could not be held to have overridden

The unwritten and undying laws of God:

Not of to-day nor yesterday, the same

Throughout all time they live; and whence they came
None knoweth.

In these majestic lines Sophocles lays bare, in the words of the late Gilbert Murray, “that eternal law of right of which Greek thought, from Aeschylus to Plato, is so abidingly conscious; a law whose ordinances are beyond death, beyond man and his anthropomorphic gods, unwritten and never failing”. A law, it must be added, to which the Dukes and the Fuehrers and the Stalins and the Osagyefos of this world are subjected by the very nature of things; a law to which “sovereign” and “supreme” legislatures and even constitutions are fully and eternally subordinate.

The history of Natural Law, from Cicero and

the Stoics through the Middle Ages and St. Thomas Aquinas down to Jacques Maritain is one long search for an effective formula to impose restrictions on rulers and governments. And it is the same idea that led the Barons of England to make King John sign the famous Magna Carta at Runnymede in 1215.

An examination of our traditional systems of government will convince anyone that woven into the interstices of our customary laws were always effective and meaningful limitations on the powers of the chief and his elders. Indeed, the whole idea of a government that is not restricted by law is always a malady and aberration from the collective wisdom of mankind. It is also a characteristic of this age of totalitarianism.

Power of Legislature to Amend Constitution

It is sometimes argued that to deny the legislature the right to amend the constitution of its own volition and by itself is “undemocratic”. Presumably it is being claimed that in a democracy the people are supreme and therefore no restrictions can be put on their power. The legislature comprises the representatives of the people and, *ipso facto*, has the same supremacy as the people. To deny the legislature the right to amend the constitution at its will is to deny it supremacy and to violate the cardinal democratic principle of the supremacy of the people. The argument, however, is fallacious; and, besides, it is dangerous. Fallacious, because when the people elect the legislature they do not cease to exist; they continue to exist and to wield a reserve of powers which can always be brought into use. Now, these people who elect the legislature also pass a constitution and declare it the fundamental law of the land. They make the legislature itself ultimately the creature of this fundamental law by which they, the people, have defined the limits of the legislature. Does this radical theory of democracy properly not demand, then, that the legislature should not attempt to usurp the powers of the people? And if the legislature is the creation of the constitution is it not nonsensical to endow the creation with full powers over its creator? Does it make sense to talk of the representatives of the people being supreme over the people?

The theory of the predominance of the legislature over the constitution is also dangerous because in effect it means that the legislature is not restricted in any way. It can do precisely what it likes because if ever it finds that the constitution stands in its way it can change it to suit its purposes.

Thus it can abolish the freedom of the press; subject the Universities to its whims and caprices; cow the trade unions and other voluntary organisations; decree a one-party system; make one

man only eligible for the Presidency; order indefinite detention without trial and re-introduce the "Messiah-complex" into the country's politics! The theory, in short, implies a totalitarian view of democracy, which gives the representatives of the people "total" power. This is not a new idea in the history of political thought. The father of this idea of "totalitarian democracy" was Rousseau. But the connoisseurs of totalitarian democracy would do well to remember that to Rousseau himself the very idea of endowing a representative body with supreme power was the very height of absurdity. He was too much aware of the practical nature of this body to countenance that doctrine. Rather, Rousseau sought to give supreme, "total" power to the General Will. But it must be clear to our radical democrats that the idea of the General Will is in reality the old idea of Natural Law, some infallible power that is beyond the reach of man, to which man is fully subject and which therefore controls his acts, especially legislative ones. Again, to Rousseau, what Edmund Burke called rational freedom was no more and no less than obedience to a law one makes for oneself. When therefore a people make a law in the form of a constitution prescribing how certain things should be done in future and how they themselves will set about doing certain things, such as amending the constitution, they are merely constructing rational freedom for themselves, not trampling down on it. On the principles of Rousseau himself, therefore, there is nothing undemocratic about denying the legislature the right to change the constitution at its will.

Importance of Amendment Process

From all this it is clear that the crucial importance of the amendment process is three-fold. First, it is designed to prevent any of the institutions of government from gaining control over the constitution and thus being able so to change it as to establish its supremacy over the other organs or to arrogate to itself any of their functions. Neither the judiciary nor the executive nor the legislature nor the administration should be able to gain power at the expense of the others through its power to change the constitution. In other words, the amendment process is designed to ensure that the limitations placed over the powers of any of the institutions of government are not removed by that particular institution itself. It is designed, *secondly*, to ensure that the people, who are the real power behind the constitution, have control over amendments that are made to the constitution. The constitution is the fundamental law that has been enacted by the

sovereign people and they must ensure that it is not changed without their consent. Without this power the people cease to be sovereign; sovereignty slips into the hands of those who control the amendment process. As Prof. Herman Finer has put it, he who can change a constitution is master of the constitution, and the amendment process gives this power.

For the people's control over the amendment process to be effective and meaningful two conditions must be fulfilled. As many people as possible must approve it after mature discussion through out the society. It is a dangerous mockery of constitutionalism to get constitutional amendments passed after a perfunctory discussion or dogmatic assertions about the will of the people and on the basis of a hair-breath majority. The amendment process should be such that an amendment can be passed only if it is clear beyond any reasonable doubt that a substantial majority of the people approve it. That is the first condition of its effectiveness.

The second condition of the effectiveness of the amendment process is that the approval that is given to an amendment should not be seen as an exercise by an undifferentiated mass called "the people", but as an act of the various power-units comprising society. It is convenient to talk of "the people" but as a matter of fact society consists not of a homogeneous monolith that can be labelled "the people" but of individuals and aggregates of people exercising power for various ends, which are known as political institutions. If the amendment process is going to be effective it is vital that the people should act through their various institutions. For, if the people are considered as an undifferentiated mass they are in reality being treated as atomised, unorganized individuals. And when they act in this capacity they are totally helpless against the power of the state, the power of highly organized modern government, especially in this age of refined rigging of elections. It is the general problem of freedom; for its effective maintenance power must be opposed to power. The "majority of the people" that must approve a constitutional amendment is, therefore, not a simple majority (as in an ordinary election), but to use the expression of the nineteenth century American politician, John Calhoun, "concurrent majorities". The approval must, that is to say, be given by majority of the various segments of the society, the power-units, who also give their consent by internal majorities. That is the only way to ensure that the government of the day does not drum up phoney majorities to undermine the cons-

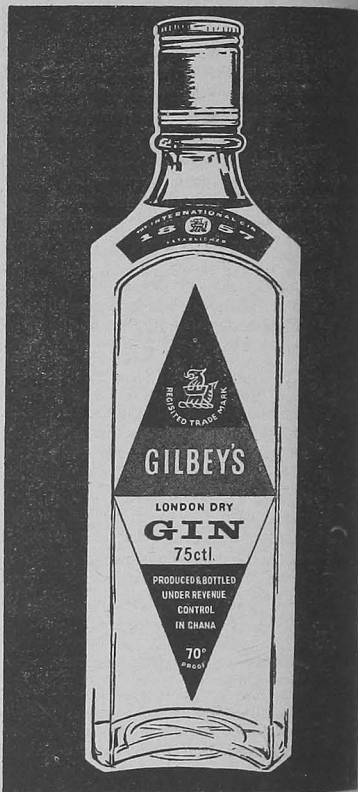
stitution through bogus and fraudulent amendments.

The amendment process is designed, *thirdly*, to ensure that those who undermine the constitution, those who pervert the underlying principles of the constitution do not only act against the constitution, but are seen to do so. If a government wants to exercise powers that would violate the spirit of the constitution the amendment process should, as much as possible, force the government to act unconstitutionally; it should not be easy for such a government to cloak its misdeeds in the gab of constitutionalism. As the late Harold Laski once pointed out, atheism should not be preached from the pulpit in a cathedral. This point is not often appreciated, but it is crucial. For, if a government that is trampling down on the principles underlying the constitution can nevertheless act constitutionally (because it can easily amend the constitution) those who attempt to uphold these principles are then forced to act unconstitutionally, that is, against the express provisions of the constitution. This is highly unfortunate because it makes those who are upholding the constitution appear to be in the wrong; many well-meaning people then have doubts about the wisdom of opposing the government; and the great lethargic weight of the mass of the people is thrown in favour of those subverting the constitution. It is an intolerable position in which to be placed. (This is precisely what happened under Nkrumah: the Supreme Court declared the Preventive Detention Act legal and the Opposition by boycotting the Regional Assemblies elections enabled Nkrumah to gain absolute control over the Regional Assemblies and to bring in the obnoxious Republican Constitution in a perfectly constitutional manner. The Attorney-General, Mr. Victor Owusu, might perhaps remember this before attacking those University lecturers who have the "effrontery" these days to comment freely on public affairs for not opposing the Rogue Dictator—which allegation is not true, any way.

(To be continued)

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The Economy

BUDGET STATEMENT FOR 1967-68

By

Brigadier A. A. Afrifa

(Member of the National Liberation Council and
Commissioner responsible for Finance)

FELLOW Citizens and Friends, a year ago, the National Liberation Council introduced its first Budget. The main purpose of that Budget was to provide a basis for a policy of stabilisation aimed at bringing the economy of the country back to an even keel after the mismanagement of the previous era

2. A large number of the aims of that Budget, I am happy to say, have been achieved. We have succeeded, to an appreciable degree, in bringing Government expenditure under control—for the first time in many years a position of balance was achieved in the public sector in 1966-7; our external debt has been re-negotiated so successfully as to bring the burden of payments within manageable limits; the deficit on our balance of payments has been reduced even though it continues to pose serious problems for the economy; the State enterprises, many of which had become a drain-pipe on the national purse have been re-organised through the offer of participation to private companies with the necessary managerial and technical expertise and in some cases through outright sale to Ghanaian enterprises; and the internal price level has also been stabilised partly through improvements in the supply position of essential commodities.

3. These achievements have been recorded not by the waving of a magic wand but through the pursuit of realistic economic policies supported by the co-operation and assistance of the whole population.

Exchange Rate adjustment

4. Over the past few weeks we have deemed it necessary to introduce far-reaching economic and financial measures because we realise that our problems of national reconstruction need to be tackled at the roots if we are to achieve any lasting improvement in our economic condition. The change in the external rate of the new cedi and the consequent rise in the prices of imported commodities, we realise, will result in a certain amount of hardship for some sections of the community. We want to assure you that these hardships were fully anticipated by us and that we of the National Liberation Council are convinced that this is the price we have to pay for the future economic and financial health of the nation.

5. Fellow citizens and friends, we might be inclined because of the temporary hardships these measures impose upon us to criticise or to question the basis for the decision to introduce these far-reaching reforms. The question we should ask ourselves is—Could we have done otherwise? Could we have achieved our national economic aims any better than through the swallowing of this bitter pill? It is obvious for any perceptive observer that we have over the past few years been living beyond our means. As a result of the bankrupt and irresponsible economic policies pursued by the old government, Ghanaians have been made to consider themselves richer than they really are. We have ostensibly been provided free education, free health services, free

textbooks for our children, etc., without being fully informed of the means whereby these seeming gifts have been obtained. Needless to say, a large proportion of this has come from your pocket and mine through the heavy taxes we have had to pay. In addition some of these services have been obtained through the accumulation of huge external debts which have yet to be repaid. Moreover, through the inflationary financing of annually increasing budgetary deficits, domestic costs and prices have been distorted beyond all recognition thus rendering imported goods cheaper than our own locally produced commodities. Now, apart from the fact that our present foreign exchange situation makes it impossible for us to be in a position to afford the luxury of importing every bit of our requirements from abroad, it stands to reason that as a nation we have to learn to stand on our own feet by supplying as much of our requirements as our resources will allow.

6. In the past eighteen months, our efforts at national reconstruction have been sustained partly through the assistance and willing co-operation of some of our foreign friends. A recent publication issued by the Government indicated that the external financing gap in 1967 alone would amount to NC95 million. This gap which can only be financed through external borrowing and through aid from friendly countries and institutions can be regarded as a measure of our dependence on external help for the maintenance of our present levels of living. It is also a measure of the extent to which we have been living beyond our means. Since international charity does not last forever, and since any loans we obtain in order to maintain our existing standard of living will have to be repaid, at a future time, it is obvious that we have to make fundamental changes in our economy in order to bring our standard of living within a realistic level. This is the primary justification for the alteration in the external rate of the new cedi which has in turn made it possible for us to introduce much-needed changes in our economic system such as increasing the producer price for cocoa. In spite of the obvious advantages in the new measures, it is apparent that the population will be required to make some contribution if the aims of the reforms are to be fully achieved. The National Liberation Council realises that some adjustments will have to be made in order to ensure that these measures do not create burdens beyond limits that can be borne with equanimity.

Economic Policy

7. Adjustments of a long-term nature can, however, only be made within the context of a consistent economic policy covering a number of years. As a means to this end, the Government is publishing concurrently with this year's Budget "An outline of Government Economic Policy" which sets out among other things, the policy the Government intends to follow in the fields of agriculture, industry, social services, etc. It is intended to follow this up very soon with comprehensive policy statements on Agriculture, Industry and the role of Ghanaian enterprises, which are the areas where efforts at economic rehabilitation will have to be intensified to the greatest possible degree.

Agriculture

8. In agriculture, the principal aim will be to lay the foundations for significant advance in the pattern of agricultural production. The policy of crop diversification will have to be vigorously pursued in order to boost

the production of crops other than cocoa, namely, foodstuffs and raw materials for our existing and future factories. Yields of food crops will have to be increased through the use of better seedlings, fertilizers, disease control and improved methods of cultivation. As a minimum target we intend to increase the production of foodstuffs by an annual rate of 4 per cent. We have the natural conditions for the production of rice, maize, sorghum, groundnuts, cotton, kenaf, urena lobata and tobacco. Every encouragement will be given to farmers to produce enough of these crops for domestic consumption and export.

9. Production of cocoa, our main crop, did not come up to expectation during the past year on account of a number of factors, the most important being the difficulty in obtaining labour to maintain the cocoa farms and the inadequacy of capsid control. The recent increase in price to NC6.50 per load should go a long way in helping the farmers to overcome the rising production costs and to ensure more complete harvesting. Arrangements have already been completed to make available sufficient supplies of Gammalin 20 alongside with the reduction in the price of spraying machines in order to enable farmers to control capsid pests effectively.

10. Crop and livestock production as well as production of feeding stuff will also be expanded and State enterprises engaged in this field will be put on a commercial basis with the majority of shares owned in the first instance by government. Later, it is hoped that some of these shares will be sold to the general public.

11. Great attention will also be given to the improvement of our forest estate and the enhancing of its value by increased silvicultural and managerial activities. It is hoped that advantage will be taken of the bonus which devaluation of the currency has offered to increase the value of our exports of timber products.

Industry

12. In the industrial field the main objective of government policy will be to achieve a steady increase in industrial output as a means both of substituting locally produced goods for imported goods, which we cannot afford, and of increasing our capacity to export. As a short-term objective government will endeavour within the limits of our foreign exchange availabilities to promote maximum use of existing factory capacities by increasing facilities for the supply of essential raw materials and equipment. Efforts will also be made to resume the completion of viable projects, to enable them to contribute their share to the national economic effort. In the state sector our efforts at re-organising the state enterprises will be vigorously pursued, while full encouragement will continue to be given particularly to Ghanaian enterprises in the private sector. Benefits under the Capital Investments Act have so far been made available only to foreign enterprises. Steps will be taken in future to extend the concessions under the Act to genuine Ghanaian enterprises. I would like to take this opportunity, however, to emphasize the need for Ghanaians to cultivate the spirit of co-operation in the business field. There are far too many Ghanaians doing business on an individual proprietorship basis. We all know the dangers attendant on the organisation of business along these individualistic lines. Apart from the limits to expansion which this system of business organisation imposes, the removal of the linchpin in the

system may well mean the demise of a once-thriving organisation. While government's policy is aimed at encouraging Ghanaian enterprise, it is apparent that the competition offered by foreign firms can only be effectively met if Ghanaian enterprises are efficiently organised.

Development Plan

13. Fellow citizens and friends, the policy of stabilisation and consolidation which we have been pursuing does not imply that we wish the economy to stagnate. Indeed, the purpose of adopting this policy is to ensure that we make maximum use of such investments as already exist in the economy. But we also wish during this period of stabilisation to prepare the ground for the resumption of expansion in all fields of economic activity according to a properly determined order of priority. To this end we intend during the consolidation period to conduct sectoral studies into the fields of agriculture, telecommunications, water resources and transportation. In the preparation of these studies, which will provide a firm foundation for a thorough-going national development plan, we are obtaining both financial and technical assistance from external sources. It will be our aim to solicit the active participation and co-operation of persons in all walks of life to assist in the preparation of the next Development Plan so that when completed, it will command the full support of all of us in its implementation.

Re-deployment of Labour

14. Over the past eighteen months, as a direct result of our efforts at economic stabilisation, a sizeable amount of unemployment has developed. Some of those who were laid off have found alternative employment. But there is still an appreciable number of persons who have not yet succeeded in finding new employment. Needless to say, we appreciate the wastage of valuable human resources which this situation involves quite apart from the social and other problems which such unemployment engenders. We propose during the current year to continue the special efforts which were started last year to absorb as much of the unemployed as possible through special relief works. Substantial provision has been made in the current year's estimates to provide additional openings not only for those who were rendered redundant as a result of the consolidation exercise but also new entrants into the labour market. To this end the work of the Re-deployment office will be intensified to identify the skills of those still on the redundant list so as to improve their chances of finding suitable jobs. We also hope that the vigorous support which government is giving to the private sector will assist in the creation of more opportunities for useful employment for the unemployed.

Wages and Salaries

15. Fellow citizens and friends as part of the measures introduced by government on the 8th of July, a number of persons in public employment have been offered some increase in their wages and salaries. These increases have been offered not only to alleviate the immediate hardships due to the sudden rise in the cost of living resulting from the devaluation of our currency, but also to bridge the gap that has developed over the years in the level of earnings between the private and public sectors of the economy. I would like to take this opportunity to appeal to private employers as well as workers to exercise restraint in demands for wage increases since any wild increases in wages may through

increasing costs erode any benefits that we may obtain from this measure of exchange rate adjustment.

16. I also wish to address a special appeal to our expatriate friends particularly in the public service. Government is well aware of the special hardships which some of you may have to undergo as a result of the adjustment in the exchange rate of the new cedi. Nevertheless government wishes you to understand the circumstances that have given rise to the need to impose such measures. It is our hope that you will co-operate and assist us fully during these difficult days.

GOVERNMENT FINANCES

The Past Year

17. Fellow citizens and friends, the 1966-67 Budget which was introduced to you by the Chairman of the National Liberation Council on the 20th of July last year provided for a total expenditure of NC334.3 million. This was made up of NC209.7 million for Recurrent expenditure and NC124.6 million for Development expenditure. Total receipts for the same period were estimated at NC297.1 million. There was thus an uncovered deficit of NC37.2 million which it was expected to wipe out as a result of our decision at the time to re-negotiate the debts arising out of our overseas suppliers' credits.

18. Supplementary Estimates approved in the course of the year increased estimated expenditure by NC22.9 million of which NC20.8 million was for Recurrent expenditure and NC2.1 million for Development expenditure. For the whole year therefore total estimated expenditure came to NC357.2 million. Accounts for the 1966-67 financial year have not yet been finalised but the indications are that we might close the year with a surplus of NC1.8 million. Provisional figures received from the Accountant-General's Department show the following position:

Expenditure	NC	NC Million
Recurrent Expenditure		212.8
Development Expenditure (excluding debts arising out of suppliers' credits)		68.0
Total Expenditure		<u>280.8</u>
Receipts		
Ordinary Revenue	243.7	
Capital receipts	38.9	
Total Receipts		<u>282.6</u>
Surplus revenue over expenditure		<u>1.8</u>

19. We were able to achieve this surplus not only because Government expenditure was reduced but also, and perhaps more important, we obtained substantial assistance by way of soft loans, gifts and technical assistance from a number of friendly countries and international organisations. We were also able during the year to re-schedule most of our debts in respect of suppliers' credits. On behalf of the National Liberation Council, I wish to place on record our grateful thanks to those countries and international institutions which made this possible. I can only hope that we shall continue to conduct our economic affairs so prudently that they will have no cause to feel sorry for the assistance they have given us in this our time of need. Like Oliver Twist we would like to hope that we can continue to count on their support and assistance in the great task that lies ahead of us.

The Current Year

20. Fellow Ghanaians and friends, I will now like to turn to the details of the Budget for the year 1967-68. The Annual Estimates provided for a total expenditure of NC393.2 million to be drawn from the Consolidated Fund. This is made up of recurrent expenditure of NC303.8 million and Development expenditure of NC89.4 million. This year, for the first time, we are treating the servicing of our debts in respect of suppliers' credits as Recurrent instead of Development expenditure. In addition, we have provided the sum of NC10 million to pay for arrears of contributions which various Government Agencies, including statutory boards and corporations, should have paid to the Social Security Scheme. There is no justification for such gross neglect of duty but under the sordid conditions which we inherited from the old administration we have no alternative but to ask the taxpayer to make good these payments in the interest of the workers concerned.

21. The Ghana Railway and Ports Administration have also budgeted for a recurrent expenditure of NC17.2 million. This will be met out of the funds and accounts of the Railway and Ports Administration themselves. After providing for this expenditure, the Railway and Ports Authority expect a surplus of NC2 million during the year. This figure is much lower than the estimated surplus for last year but it will have to be remembered that the Administration have suffered recently due to lack of spare parts and rolling stock. It is our hope that with the current offer of commodity loans, the Railway and Ports Administration will be able to obtain their essential supplies to enable them to show a bigger surplus than it has now shown in their estimates. I would like at this stage to congratulate the Railway and Harbours Administration for the very good work they have done in these very difficult conditions.

22. I would also like at this juncture to say that although the Electricity Corporation of Ghana and the State Transport Corporation formally came into existence not so long ago they have worked so hard that it has not become necessary for the Government to give them a subvention to meet their ordinary running expenses. I may also, perhaps, mention here that one of the immediate results which we have achieved from the recent evaluation is the good news that two of our State Enterprises which have hitherto been a drain on Government resources are now expected to end their dependence on subventions from the national Budget. I refer to Ghana Airways Corporation and the State Gold Mining Corporation. I wish them well. I think we can look forward to the day, which I hope will not be too long delayed, when these organizations will be able to contribute to the coffers of the Government to justify the huge investments that we have already made in them.

23. The re-organisation of state enterprises has reduced to a considerable extent their dependence on the national exchequer, although there are still a few which cannot continue to exist without substantial support. At the same time there are other state enterprises and joint ventures which have been making significant contributions to the national Budget. I had the opportunity during the past year of receiving substantial dividends from the Bank of Ghana, the Ghana National Trading Corporation, the Ghana Commercial Bank, the State Paints Corporation and from Lever

Brothers (Ghana) Limited. I do hope that other enterprises will emulate the shining example of these few.

24. Against an estimated total expenditure of NC393.2 million, ordinary revenue is expected to be NC288.7 million. In addition it is estimated that capital receipts amounting to NC104.7 million will be received during the year. These receipts include loans to be raised locally from non-bank sources as well as funds to be made available to us by friendly countries through commodity assistance and project loans. Total resources that are likely to be available to the Government during the year are therefore estimated at NC393.4 million. There will thus be a small surplus of NC200,000 during the year.

25. Fellow citizens and friends, we must congratulate ourselves on being able to achieve this balance in Government Budget after the huge deficits of recent years. It is true that if you examine the figures as set out in the **Financial Statement** you will find that there is a deficit of NC15.1 million on current account; but as I have already explained this is accounted for partly by the inclusion of NC10 million representing arrears of contributions to the Social Security Scheme and partly by the transfer this year of NC32.6 million in respect of our external debts from the Development to the Recurrent portion of the Estimates. Nevertheless, it is necessary to realise that we cannot rely indefinitely on loans and aid, to pay our debts. These debts which were accumulated for us by the old regime must be paid by us and us alone. It is therefore necessary that every effort should be made to pay them from ordinary revenue either through additional taxation or through reducing further Government Expenditure. It is already clear from comments being made through the press and other media that we are not in a position to accept any additional tax burdens at present. Moreover, as I have already said, we of the National Liberation Council, in our desire to restore balance to the Budget, have committed ourselves to place emphasis on the reduction of Government expenditure rather than on increased taxation.

26. With this in mind, and after very careful consideration, the National Liberation Council has decided to adopt the following policies which, it is hoped, will in due course, help to reduce Government expenditure and make additional taxation unnecessary.

27. I will start with Education. Firstly, last year we modified the free textbooks scheme by making the Government responsible for the supply of basic textbooks, exercise books and other materials to all pupils in the primary, middle and secondary schools. These books and materials were to become the property of the children but it was decided that parents should make a contribution to the cost of these books and materials by paying about NC1.70 per annum in respect of children in primary schools; NC4.00 per annum in respect of children in middle schools and NC10.00 per annum in respect of children in secondary schools. With our foreign exchange position still tight, it has become impossible to implement this policy because we cannot pay to bring in enough books to replace all those that will have to be taken away by the pupils at the end of this academic year. It has therefore been decided, very reluctantly and as a temporary measure only, that children should not be allowed to take their books home at the end of the forthcoming school year. The books

will remain the property of the Government but children will be allowed to take home essential books for their home-work and will be required to pay a smaller fee to be announced later, for the use of these books. I wish to assure you that as soon as circumstances permit children will be allowed to own books which they can call their own.

28. Secondly, the old Government, in its characteristic way of monopolising every institution in the country took over a number of private commercial schools without even consulting their owners. Since the takeover of these schools Government has spent large sums of money in improving them. As it is the policy of the National Liberation Council to encourage private initiative it has been decided to hand over these schools back to their owners, if they so desire. The Ministry of Education will however, keep an eye on the schools concerned to ensure that the pupils who go to them get value for the money that their parents pay on their behalf.

29. Thirdly, hitherto every student in a teacher-training college has been paid an allowance which enables him to meet all his requirements with some money to spare. In our present financial position it is unwise to continue with this policy. It has accordingly been decided that this system should be modified. In future teachers-in-training will be on scholarships, the value of which will be sufficient to cover the cost of tuition, board and lodging. It will be expected that parents will be willing to provide their wards with some clothing and pocket money. Provision will be made to cater for genuine cases of hardship.

30. Lastly, at present there is disparity in the value of scholarships granted to science students and students pursuing other courses in our universities. There is no justification for this discrimination. It is therefore proposed that in future all scholarship awards in our universities will be at a flat rate of NC500 per annum, except for medical students who will receive an extra NC50 per annum. This extra amount is meant to assist them to buy their text books which are known to be more expensive than text books required in the other disciplines.

31. I will now turn to Health: In recent years the Government has spent large sums of money to provide first-class health facilities in some parts of the country. In order to make it possible to expand these services to the more remote areas it is necessary to call upon those who now benefit from these services to pay a small amount for this privilege. It has therefore been decided that in future any patient who visits a Government hospital will be required to pay a small fee for his prescription. In-patients who receive treatment in luxurious wards will be required to make higher contributions. Details of this will be announced later.

32. A good deal has been said about the number of our foreign missions abroad. The Government is very much aware that with the recent adjustment in the exchange rate of the New Cedi our foreign service has become a very expensive proposition. But I wish to remind you that when the National Liberation Council took over the reins of Government on the 24th February, 1966, Ghana had 66 missions abroad. We have reduced this number to 44 and we are still considering what further economies can be made without offending accepted diplomatic rules.

33. As a further means of reducing Government expenditure, the National Liberation Council has decided that as soon as the Estimates have been approved each Commissioner will review the estimates of his Ministry and make as much cuts as are compatible with efficiency. The Estimates of expenditure that are being presented to you today can therefore be regarded as indicating the maximum expenditure that Departments can incur. Last year the Chairman of the National Liberation Council informed you of a proposed Decree that would regulate the conduct of public officers in relation to Station Funds. I am happy to inform you that the Decree of the Financial Administration Decree, 1967—has now been passed. It is hoped that our public officers will observe scrupulously the limits imposed by the allocations in the Estimates.

Tax Proposals

34. Fellow citizens and friends, I now turn to the subject which I know all of you are anxious to hear about. I refer to the National Liberation Council's proposals for financing the Budget. As I have already said, the Council does not believe in raising unnecessary taxation merely because it wants money to finance Government expenditure. It believes more in reducing Government expenditure than in increasing revenue through additional taxation. It is therefore proposed to make some slight changes in the existing tax laws so as to give concessions to people in the lower income groups as well as to those who have suffered financially as a result of the recent adjustment in the exchange rate of the New Cedi.

Income Tax

35. I shall first deal with income tax. At present there are two rates of tax levied on companies. Industrial and manufacturing companies pay a tax of 45 per cent on their profits while all other companies pay tax at the rate of 50 per cent. It is proposed to charge a uniform rate of 50 per cent for all companies.

36. It is Government's intention to abolish the withholding tax which imposes a tax of 20 per cent on profits which are repatriated. I am sure that you will agree that we cannot cry out for foreign investment and at the same time penalise those foreign investors who are already in the country by imposing an additional tax on profits which they intend to repatriate for payment to their shareholders. In view, however, of our present foreign exchange difficulties, it is not possible to abolish this tax immediately and it is therefore proposed to do so in three stages. For profits earned as from 1st July, 1967, it is proposed to reduce the withholding tax from 20 per cent to 12½ per cent. This will subsequently be reduced until by the end of the third year, the tax would have been removed altogether. We hope that our expatriate friends will regard this as proof of our desire to encourage foreign investment and also of our determination to liberalise our foreign exchange transactions as soon as conditions permit.

37. To encourage timber and industrial concerns, it is proposed to exempt them from Excess Profits Tax the rate of which is to be increased from 5 per cent to 10 per cent for all other companies.

38. At present, the Income Tax law provides that where a company makes a loss in any one year, it has to pay a minimum tax calculated at 2½ per cent of its turnover. To give encouragement to new enterprises

it is proposed to exempt such enterprises from the minimum tax during the first five years of their existence.

39. As a result of the recent devaluation some companies and individuals, especially Ghanaians, have lost considerable sums of money. To help them remain in business therefore, it is proposed to amend the Income Tax Decree, 1966 to make it possible for such companies and individuals to carry forward losses which are proved to the satisfaction of the Commissioner of Income Tax to have been incurred as a result of the devaluation.

Personal Income Tax

40. So much has been said of the difficulties experienced by our friends in the lower income groups. We appreciate their difficulties and sympathise with them. I am therefore happy to say that the National Liberation Council has decided to raise the tax-free income from NC240 to NC300 and to exempt all those earning up to NC400 per annum from tax instead of the present NC300. In addition, marginal reliefs will be given to those persons earning between NC400 and NC410 per annum. The effect of this will be that whereas under the existing law a man earning, say NC401 per annum will be required to pay income tax at the rate of NC5 per annum, this same man will now be required to pay only 50Np.

41. It is also proposed to reduce slightly the tax payable by all employees earning up to NC4,000 per annum and to increase it slightly for all those earning NC4,500 and above per annum.

42. Hitherto visiting lecturers and professors to our University institutions have been assessed tax at the non-resident rate of 35 per cent. This is too high and has tended to deprive our universities of the invaluable services rendered by such visiting lecturers and professors. It is now proposed to amend the law to provide for such people to be taxed at the normal resident rate.

Miscellaneous Taxes

43. **Entertainment Tax.**— It is proposed to abolish the 10 per cent entertainments duty on admission to concerts and live theatres and to charge a flat rate of 25 per cent in the case of all other chargeable entertainments.

44. **Withholding Tax from contract payments by Government.**— It is proposed to reduce the tax from 5 per cent to 2 per cent for traders or individuals and 2½ per cent for companies. It is also proposed to exempt companies pre-financing Government projects, provided it is proved to the satisfaction of the Commissioner of Income Tax that such companies have no outstanding income tax liabilities.

45. **Capital Gains Tax.**— It is proposed to abolish this tax.

46. **Property Tax.**— There have been several criticisms from the public against this tax because of the multiplicity of taxes that a property owner is called upon to pay in respect of the same property. Local Authorities have also complained that as a result of the imposition by the Government of property tax, property owners are more prepared to pay this tax to Government rather than pay water and municipal rates which are collected by the Local Authorities. For these reasons it has been decided to abolish this tax and it is hoped that local authorities will be able to formulate more realistic financial measures that will enable them to

collect sufficient revenues to carry out the responsibilities which they owe to the public, without resort to large Government subventions. The abolition of this tax should also check the rising trend in rents.

47. **Air Letter Cards.**—Prior to the change to the new cedi the rate charged for air letter cards was ten old pesewas which on conversion now becomes eight and a half new pesewas. This new rate is inconvenient and it has therefore been decided to round it off to nine new pesewas.

48. **Customs Duty and Sales Tax.**—I now wish to speak about customs duties and sales tax. In the statement which I made to you on the 8th of July in connection with the adjustment in the foreign exchange rate of the new cedi, I informed you of the National Liberation Council's decision to waive, or to reduce substantially, customs duty and sales tax on a number of essential commodities in order to retain the selling prices of those commodities at the levels prevailing before devaluation. The commodities affected were meat, fish (fresh and frozen), tinned fish, milk, rice, flour, sugar, petrol and kerosene. The National Liberation Council has given thought to some more of these essential commodities and I am happy to inform you that it has been decided to waive sales tax on corned beef. This should mean a substantial reduction in the price per tin. It has also been decided to reduce customs duty on tyres and tubes from 50 per cent to 30 per cent **ad valorem** and on live animals from NC8.40 to NC6.00 per head. In order to give further incentives to our local manufacturers and also to reduce the selling prices of locally manufactured goods it has been decided to reduce sales tax on all excisable locally manufactured goods including beer from the present rate of 11½ per cent to 7½ per cent. In the case of textiles the reduction will be from 11½ per cent to 5 per cent. It is expected that with these reductions in sales tax and customs duty it will be possible to reduce the prices of locally manufactured goods to the advantage of the consumer. On the other hand people who prefer to buy the more expensive imported commodities will be at liberty to buy them provided they are prepared to pay the price

49. These changes in income tax, customs duties and sales tax are embodied in appropriate Legislative Instruments and Decrees which will be published shortly after this Statement.

50. The Ministry of Trade will also publish shortly the revised controlled prices based on these tax reductions and I wish to appeal to you all to study the new prices carefully and not to allow yourselves to be cheated by unscrupulous traders.

51. Representations have been received suggesting reductions in taxes of a few other commodities such as matchets and cutlasses. It is not possible to give these additional reliefs because of their revenue implications. In the particular case of matchets and cutlasses the present retail price is about a third of the price which our farmers were paying for them—if they were lucky to obtain them—before the Revolution.

52. The timber industry in Ghana has been depressed in recent years largely as a result of mounting production costs. In consequence our timber exports have been priced out of our traditional overseas markets. The devaluation of the cedi will enable our timber to compete favourably with similar products from other countries. Incidentally it has come to our notice that timber

agents in Ghana are reluctant to pass on the benefits of devaluation to the small Ghanaian producer. This is tantamount to cheating on the part of these agents. I would like to warn such agents to pay the appropriate price of the products failing which the Government will be compelled to take drastic action against them. As an added incentive to the timber trade, certain reliefs are being offered. They are designed to favour the export of processed as against unprocessed timber and also to encourage the exploitation of the many lesser known species in our forests. It is proposed to reduce the levy of 5 per cent formerly charged by the Timber Marketing Board to 1 per cent in the case of secondary species and 3 per cent for prime species. It is also proposed to reduce the export duty on sawn timber of all types other than curls by 1 new pesewa per cubic foot. Moreover the Railway and Harbours Administration intends to consider a review of railway freight for timber.

53. It is proposed to abolish the export duty on diamonds. This will encourage the newly-licensed diggers to use the official Diamond market for the sale of their products.

54. Fellow Ghanaians and friends, the Budget proposals which I have just read to you are intended to help us overcome some of the grave economic difficulties which have been inflicted upon us by the old Government. We have tried as much as we can to offer major reliefs to all taxpayers and particularly to those in the lower income groups to alleviate the effect of the recent economic reforms. I wish to take this opportunity to remind you that it is only through hard work that we can raise our standard of living. Let us therefore move together as one people to the great task of revitalising our economy.

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STRATEGY FOR ECONOMIC RECOVERY: THE 1967-68 BUDGET

By

J. A. Dadson

THIS YEAR'S budget has been greeted with considerable relief and general approbation, and for good reason: the drastic devaluation of the cedi four weeks ago not only raised the cost of living and reduced real incomes, but also created the general fear that the budget was going to be an austere one; its proposals, however, came as a pleasant surprise, with good news for all. Income tax has been reduced; sales tax and customs duty on some commodities have been either eliminated or reduced so as to lower their prices; property tax is abolished, and a number of business taxes are re-adjusted in favour of business. The impression one is given is that these changes have been made in response to representations from the public and business-houses. Thus, the government has displayed a shrewdness for which it must be commended. For, it is also part of a policy aimed at solving certain basic, almost intractable problems—the persistent balance of payment deficit problem, unemployment, and our stagnant domestic economic activity.

For the first time in many years, the government has budgeted for a surplus. Against a planned expenditure of N¢393.2m., it expects a revenue of N¢393.2m., a surplus of N¢200,000 in its sector. The revenue will come partly from external sources in aid and loans, and partly from domestic non-bank, non-inflationary sources. Of the expenditure, N¢289.4m., or roughly 25%, is on development. This is a high rate of investment. What effect can we expect this year's proposals to have on the economy?

Problems of the Economy and Policy Objectives

The aim of the government is to stabilize the economy and lay a foundation for growth or expansion. What is sought, in stabilizing the economy, is the restoration of balance to such broad aggregates as saving, investment, output, income and consumption. But a stabilization policy that simultaneously seeks to influence the structure of the economy for real growth is not an easy order at least not in three years. Stability in prices or government expenditure and revenue may call for policies that will exert de-stabilizing influences on other factors, such as employment. This is what has happened in the past twelve months, for example.

The major problems facing the economy last year were the severe inflation at home, the inter-related problem of external deficits, and unemployment. To contain the inflationary pressures and deal with the external payments problem,

a deflationary policy was pursued: government reduced its expenditure drastically. But the improvement in the strain in the economy has been achieved at a price of a further increase (of about 60,000) in unemployment, which was already substantial. Now, as a result of the successful re-negotiation of our external debt payments in respect of suppliers' credit, the pressure on the balance of payment eased considerably in the year, while the supply position improved as a result of our ability to pay for current imports, and with the aid of food gifts and soft loans from external sources.

Our basic problems, however, remain. The reduction in government expenditure meant a reduction in the government's demand for labour. Government expected that as the demand for labour was reduced in the public sector, the private sector's demand would rise, especially in the fields of agriculture, housing, transport, and possibly in new industrial projects. This expectation however, failed. Domestic productive activity has remained stagnant, and the pool of unemployed is swelling with new entrants to the labour market. At the same time, pressure on the external payments has persisted. Thus, further deflation is impossible: this would worsen the unemployment problem. Nor is an appreciable increase in public expenditure without inflation immediately possible. This is what led to the devaluation of the cedi and the increase in the cedi price of cocoa: it is a policy aimed at stimulating employment and production, for import substitution and for export.

Devaluation and Economic Recovery

Thus, the major policy instrument for reactivating the economy is devaluation. The government's gains are substantial: its cedi reserves from cocoa receipts are expected to rise by about N¢15 million, which is how it has been able to reduce taxes and expenditure and yet gained a budget surplus. But the immediate, demonstrable effects have been the sudden rise of commodity prices (and therefore in the cost of living) and hardship to many importers and other businessmen. Because of this, it is tempting to view all or most of the tax proposals as an attempt to mitigate these hardships. This may be only partially true for households and consumers as far as the "essential" commodities go. In the case of business, however, the tax adjustments must be seen as a further incentive to new economic activity.

Certain products will benefit. For example, apart from devaluation having made timber cheaper, and consequently more competitive, in the world market, new incentives are being

offered in order to encourage the export of processed wood as a means of earning foreign currency: these are the reduction of the levy of 5% charged by the Timber Marketing Board to 1% for secondary species and 3% for prime species; the reduction in the export duty on sawn timber; and a (promised) review of railway freight for timber. Devaluation is not likely to raise foreign currency earnings from cocoa by virtue of resulting increased demand; but it is hoped that the increase in the cedi price of cocoa may raise our exports by enabling farmers to hire new hands to maintain their farms and extend the harvested acreage. It is also hoped that the new price, now higher than in the neighbouring countries, will reduce the smuggling of cocoa for sale outside; in that event, supply will increase by over 20,000 tons. This, however, is not certain, as these farmers find the prices of imported goods much lower in those countries. What happens in the cocoa industry, however, will very much depend also on the extent to which the Cocoa Marketing Board uses its cedi reserves, now increased as a result of the devaluation, in investment in facilities and farm supporting services in the cocoa-producing areas.

Again, the reduction of the tax on live animals from N¢8.40 to N¢6.00 is of less than marginal significance to the Bolgatanga Meat Factory, which depends on imported cattle from the Upper Volta. Devaluation raised the unit price of imported live cattle from about N¢75 to about N¢105.00, thus raising its input costs phenomenally. This factory has been working under capacity because of difficulties in obtaining imported raw materials; it now faces a crisis, and perhaps only a substantial subsidy can keep it operating now.

Benefits from our minerals are likely to be marginal, although we may expect our bauxite deposits to be exploited in the near future. Export duty on diamond is now abolished, to encourage newly licensed diggers. Private investment in housing construction using local materials is likely to increase as a result of the abolition of the property tax, and more importantly, of devaluation which now makes imported building materials, especially cement, much more expensive. Here the government, by using local materials in its own construction projects, will encourage greater use of local materials by private investors; it will be demonstrating its faith in their quality, and it will make their production more economical (on an expanded scale).

The net effect of these on our balance of payment may not be much, however; for, as our capital-goods producing sector is negligible in size, in order to produce more manufactures and even

raise agricultural production, we are certain to raise our imports of the necessary inputs (such as machines and equipment, fertilizers, insecticides, and manufacturing components).

The point is that devaluation and mere tax measures are not guaranteed to stimulate production and employment, and solve our balance of payments problem automatically. India's experience attests to this: according to the *Economic Times* of India, that country has lost £73 million in export earnings in the 12 months since the rupee was devalued by one third (!) in June last year on the advice of a World Bank mission that visited India, "as a necessary aid to the country's flagging economy." Even in a highly developed economy, like Britain or France, which has the flexibility and capacity to alter the composition and scale of production very quickly, devaluation is not seen as a fool-proof method of restoring balance to an adverse external account and stimulating a stagnant economy. When Japan used the same method, its economy had reached a sufficiently developed stage industrially to pursue an aggressive export drive, flood the world market with salesmen, cut prices, and offer extensive credits.

Thus, if we wish to earn the real permanent advantages of devaluation, we must produce a realistic plan for rapidly increasing production to substitute for imports, and for an active export drive, *now*. We must determine immediately an order of investment priorities to guide all productive sectors, and organize a more exact survey, classification, and publication of all our resources—natural as well as human. The government must increase its activities in feasibility studies along the established order of priority, as dependence on prospective investors to undertake their own feasibility studies will slow down the rate of new investment. Also, in addition to competitive selling abroad, our export drive will be greatly promoted by encouraging foreign businessmen, *already established*, to build local factories here, and use local raw materials as much as possible in production in order to supply their existing markets. If we can intensify this programme, half the battle is won.

The "Outline of Government Economic Policy" which accompanied the Budget Statement merely restates what the government has been saying all along, and on which there is no disagreement. The new element is the intention to extend to properly organized Ghanaian enterprises the benefits and facilities of the Capital Investments Act, which undoubtedly is good news. But what is needed, and needed immediately, is the more detailed statement of the plan to be followed in

order to transform the structure of the economy. It is not easy, however, to defer comment altogether on the policy for Agriculture until then, since it is the crucial, and yet most neglected, sector

Agriculture

The government states that the production of foodstuffs will be raised by an annual rate of 4%. This is intriguing, for there is no light shed on the assumptions underlying this growth rate target, or on how and for how long this is to be done. Without this information, comment is likely to be uninformed. And yet what really is the significance of this isolated exact statement?

Our population is increasing at an average rate of at least 3%, with the urban areas increasing much faster than the rural. Thus, food production must increase by at least 3% in order just to keep pace with population without necessarily closing the present gap. If we make allowances for modest increases in per capita consumption as a result of increases in incomes, it is clear that 4 per cent per annum is an inadequate rate of growth. This does not take into account the rapid rise in raw materials that must be achieved in order to supply factories producing food import substitutes or exports. Thus, this rate of growth cannot eliminate the pressures on (net) agricultural imports in the foreseeable future. What we need is a plan, a clear policy, for an agricultural sector that is expanding at such a rate that it will support and promote the expansion of other sectors. The challenge is for a minimum increase in output of about 50% in about 10 years.

Given that there are unused and underutilized resources, especially land, in agriculture, and that it is possible to achieve significant increases in productivity by only small injections of low-cost capital and technology, and in some cases a costless operational reorganization, it should be possible to achieve a growth rate of more than 4%, possibly 6%, a year. This is not beyond our capacity; it is entirely feasible. Inadequate supplies of food and raw materials are the consequences not only of underproduction (due to low productivity), but also of the loss (of over 30%) of produce on the farm (due to incomplete harvesting and long distances from motorable roads) and in the marketing channels (for lack of storage facilities etc). The government's policy should have something to say about this in quantitative terms.

It is a matter for much regret that some 18 months after the coup, the nation is still without an agricultural policy, when economic recovery

so crucially depends on agriculture. Agriculture, as Sir Arthur Lewis once said, is still the Cinderella of most economic plans of developing countries. Unless we make this sector move, devaluation and all other policies may prove to be the "bitter pill" in spite of which the economy nevertheless had a miscarriage.

Conclusion

Any firm assessment of what impact this budget will have on growth in the economy as a whole, must await the details of the allocation (or estimates) and the government white paper on industrial and agricultural policy which will show the distribution of projects and the policy for the other sectors of the economy. But if government, business, and labour are prepared to tackle the basic problem of low productivity resolutely, and give it some meaning in the office, in the shop, on the factory floor and on the farm, there is no reason why there should not be some advance in real growth.

Politics

(Special Communication)

INSTITUTION-BUILDING IN GHANA AND NIGERIA: A SUMMARY OF PROCEEDINGS

(Part III)

By

K. Bentsi-Enchill

This is the third instalment of Professor Bentsi-Enchill's summary of the proceedings of the private seminar held at Fourah Bay College, Freetown, on January 3-7 this year.—Editor.

V. The Utilisation of Traditional Political Ideas and Institutions.

It is part of the problem of achieving effective, stable and viable political institutions that these should be linked meaningfully to relevant elements in the traditional organisation of the peoples concerned. For it is easier to understand and grasp new ideas and arrangements if these can somehow be related to one's past experience. And since it is of the first importance that whatever arrangements are finally arrived at should be widely understood and accepted, we are called on to show today more originality and self-awareness than we have hitherto done.

For example, it is clearly desirable that the central principles of the final constitution should be stated and translated into the various languages in a way that most people will understand. Even more important is it that we salvage from our traditional institutions and processes of government whatever ideas and insights are relevant to the solution of our present day constitutional problems. The constitutions of many of the tradi-

tional polities of Ghana, for example, are replete with principles and devices that have significant suggestive value to the constitution-maker. As such ideas are widely understood by the populace, use of them in national institutions can help towards the readier understanding of other supplementary arrangements borrowed from abroad.*

The Role of Chiefs

No less important in this regard is the problem of local government. This has been notoriously unsuccessful under the arrangements copied from Britain through various local enactments. There was some discussion of the ways in which this record of failure can be reversed. The point was made that one avenue of hope lies in the revitalizations not of the so-called tribes but rather of the many political units into which the various peoples are in fact traditionally organised, using groups of such polities, where necessary, on grounds of viability and convenience.

This led to some discussion of the role of chiefs, to the observation that there are different kinds, and that their primary significance is that they symbolize the basic local political units referred to above. Different strategies of change, particularly for the emirates of Northern Nigeria as compared with most other polities elsewhere, seemed clearly desirable; and the point was made that it is sometimes better and more effective to press change through the use of manipulative rather than legislative methods. Furthermore, depending on their relative importance, chiefs will have to be associated with local, regional or national government.

Needless to say, ethnic cleavage and certain undesirable aspects of these traditional authorities could conceivably be re-inforced in the process; and attention was drawn to the importance of avoiding this by the skilful use of various integrative arrangements of a cross-ethnic character.

VI. Economic Development

What may be described as an obligatory commitment to the raising of standards of living through rapid economic development was readily acknowledged by all, and received lengthy discussion. The pursuit of this goal, it was emphasised, must be balanced with the concerns for political freedom, social welfare, and national unity. These call for balanced development in the contexts of urban and rural development, industry in relation to agriculture, domestic in relation to foreign

trade, and they make efficient planning indispensable.

Such planning, though directed from the centre, should involve extensive devolution in the processes by which it is arrived at, reflect the wishes of the people, and involve representatives of major interested groups as well as experts. Under the insistent posture of experimentalism advocated, the necessity of various feasibility studies should be recognised, and the greatest effort made to ensure realistic short and long range planning. Machinery must be developed for giving sustained attention to the problems surrounding the major constraints affecting the potential for economic growth—capital, foreign exchange, natural resources and socio-economic factors.

There must be the clearest and most widespread recognition of the fact that whether we move forward or not economically must depend primarily on ourselves. Operating on the principle that people will pay more tax if they know and appreciate the purposes for which it is required, and if it is not too high to destroy incentive, we must make a sustained effort to mobilise savings and tap the reservoirs of communal and co-operative endeavour to raise ourselves by our own bootstraps. Above all we must somehow organise with a clear understanding of what is required for reaching the levels of self-sustaining economic growth, and achieve the most widespread communication of technological know-how in all its relevant aspects. In support of these concerns it would be of assistance to build into our social, economic and political institutions a skillfully organised competitive element, and reinforce this with the selective award of prizes and honours.

Among other specific matters discussed were the nagging issue of the competitive advantage which the industrialised countries have as against developing countries with their dependence on primary commodities, the problems regarding the shortage of capital and the conduct of foreign banks, the importance of export diversification and import substitution, and of inter-African regional arrangements that can provide a more adequate basis for heavy industries.

VII. Social and Economic Justice: Fundamental Liberties and the Legitimation of Authority

Concern for the determined pursuit of social and economic justice manifested itself at every turn of the discussion. This, it was agreed, must be a basic goal of common endeavour. Especially in the public sector of the economy, the time has come for a more thoughtful and original appraisal of the relative importance of jobs within the civil service, the public corporations, and educational institutions and remuneration regulated

*On this the reader is referred to my 1962 contribution to the U. of Chicago Symposium, entitled "Developments in Former British West Africa", appearing in *Federalism and the New Nations of Africa*, ed. D. Currie, University of Chicago Press, 1964.

accordingly. The freedom to form trade unions, farmers organisations and professional associations should be guaranteed and machinery provided for the payment of compensation to those whose property is acquired compulsorily for the public service. As already indicated earlier, there must be a quest for justice, not only as between individuals but also as between the component peoples of the state, with invigilative machinery provided to ensure that these concerns are effectively attended to.

Three such agencies in particular were identified: one to perform the function of "Ombudsman", that residuary recipient of all manner of complaints concerning the exercise or non-exercise of executive authority and the wrongful implementation of legislative enactments; another to ensure that just attention is paid to "ethnic arithmetic", i.e., the fair distribution of jobs and services among the different peoples of the state; and a third to watch for gaps between policy and implementation, and to assist with the prevention of corrupt practices throughout the state.

No less recurrent was the theme of the importance of guaranteeing fundamental liberties, though this did not receive extended discussion, partly because there was obvious agreement in regard to it, and partly because of its position on the list of topics.

In the discussion concerning the important problem of how one legitimizes the authority of new institutions of government, much attention was given to the analysis of the post-independence malaise. The positive consequence of that post-mortem examination is the stress given to the overriding importance of achieving consensus regarding national institutions, of clearly defining roles, of conceding significant measures of local and regional government to enable the different peoples to enjoy an effective sense of self-government, the importance of achieving widespread understanding of the principles and machinery of government, and the studied use of indigenous ideas and institutions where possible to assist the process of understanding and acceptance and adoption, and the maintenance of effective channels of communication between the people and their government, through a wise use of the media of mass communication. Lacking the centuries of homogeneity and of slow conditions, of which a people like the British can boast, our necessary recourse must be the sedulous pursuit of social and economic justice through agreed and widely accepted institutions of government.

(To be concluded)

Observer Notebook

Accra-Tema City Council Area

ANY CASUAL visitor's first impression about Accra is the fact that problems in the city seem to overwhelm the Council. However, in most cases, non-feasance is inexcusable. For instance, there is not much reason why in order to relieve congestion around Makola market area, the Council has so far not shown much foresight and initiative in, say, constructing a single pedestrian over-pass or bridge between the two sections of the Makola market. In such suburbs as north of Kaneshie, Tesano, Accra New Town, Laterbiokorshie, Madina etc., persons are permitted to build with very little regard to the necessity for well-laid out streets, drainage and sewage system, shopping and recreation centres, with the result that the foot-paths, now turned bushy and dusty streets, are contorted and shapeless, public bath-houses and lavatories are almost non-existent, drainage is terrible, and human health is unnecessarily threatened.

These problems have very little, if any, relationship with unavailability of spare-parts (the stock excuse). They are the result purely of the ineptitude and lack of initiative on the part of the Council which, far from meeting its problems, sits tight for problems to meet it. One wonders what quality of deliberation is done at Council meetings and whether the Council has any coherent and long-term plan for Accra. For, even the idea of good parks and gardens had to come from the Central Government.

Perhaps the Council may plead lack of funds. But surely the inflow of funds is directly proportional to the good business acumen and energy exerted into service and work. The Council flopped even when it entered one of the most lucrative enterprises in the country—the taxi business. Of all local Councils in Ghana, the A.T.C.C. has the largest and best market for its services and goods. A good public transportation system will not only bring in funds, and drive these dangerous and rickety "tro-tro" mummy wagons into other useful services such as the carrying of firewood and foodstuffs, but also relieve poor citizens of the necessity of paying exorbitant taxi fares only to avoid being drenched by rain.

Or should we say that in this age of "expertocracy", the Council lacks the requisite personnel? One may retort that experts don't simply come; they are trained. What is the Council's training scheme like? Would it be too much for the Council

to consider sponsoring the training of town-planners, accountants, etc., specifically for its own purposes, especially when the need arises (as it seems now) for greater decentralisation of administration?

It is good news—not that we never heard it before—that the Council is now aware of the need to provide 100 new buses for the 600,000 inhabitants of its area. Those of us who cannot afford to buy cars may, at least, not lose some efficiency through sheer immobility. We hope that this news is not one of the many hangovers from the propaganda days, when some councils were known to parade two or three new buses in all kinds of directions only to give a false impression of plenty.

Nigeria: Quo Vadis?

NOT THAT the present civil war in Nigeria, which is now in its second month, has no precedents but that it should have started at all and for what purpose is the question. For those who are wont to justify everything on the basis of precedents, the American civil war (1860—1865) is a classic example. That was a war initially for the re-unification of the American federation and, later, as a subsidiary but equally important aim, for the abolition of slavery in America. The present Nigerian war has some semblance to that war. For, the federal government's argument is not only to re-unify the country but also to "liberate" certain minority groups from the grips of the Ibos in the Eastern Region. The analogy ends here because it appears that the aftermaths will not be similar.

The American civil war succeeded in re-unifying the country but it failed to give any meaningful freedom to the Afro-Americans except in a very long-term sense. The Nigerian civil war may end in the "liberation" of the minority groups in the East but it will fail to re-unify the federation except in a very long-term sense.

The reason for this difference is two-fold. Firstly, the people who are to be "liberated" in Nigeria live on the periphery of Iboland while in America, the Afro-Americans were enmeshed in the households and estates of their former overlords. This makes "liberation" easier in Nigeria than it was in America. Secondly, partly for the reason that there is a core of Iboland and partly because the ruling classes in Nigeria are not as homogeneous as those in America, a united Nigeria, in which Ibos may find their just and fair place, will be a much more difficult proposition, especially after such a legacy of bitterness. The homogeneity of the ruling classes in America

stemmed mainly from common background and certain shared norms, values and attitudes; they were united in a common adventure not only to exploit, to varying degrees, the Afro-Americans and the indigenous Indians, but also to exploit to the full a great land-mass sparsely populated and highly endowed with natural resources. Competition was fierce but there was room for all. Hence, competition could co-exist with cessation of hostility. One cannot say the same of Nigeria.

The Nigerian crisis started with the January 15th 1966 coup which to all appearances, was not meant by its real organisers to satisfy ethnic purposes and feelings. It unfortunately got out of hand and, in the familiar Nigerian context, thus gave some plausible excuses for those who had become obsessed with the ethnic theme. The backlash of this was the July 1966 massacre of some 30,000 Ibos by northerners whose domination of the federation had always been a source of bitter friction. The remedy—the creation of more regions—came too late.

However, it is no use crying over spilt milk. One relevant important issue is whether any meaningful victory for either side is possible. Fighting in thickets and groves is not like a desert two-day wonder. There is the other issue of a new constitution for Nigeria and its enforcement. Again, there is the problem of giving each individual, as well as ethnic group, his rightful place in Nigeria. The whole situation is fraught with many such problems.

In the light of these, the consequences of victory, defeat or stalemate are equally disastrous. The solution to the crisis lies in the hands of not only Nigerians but also other Africans, for it is now an African as well as a Nigerian crisis. Peace and justice are the concern of all. Regardless of what Nigerians themselves say, the next OAU Conference will have to deal with the Nigerian issue as, on other occasions, it dealt with the Congolese one. The OAU Conference must explore avenues for mediation and peace after admitting representation from both sides. For, Nigerians should not be permitted to slaughter themselves and fight to the bitter end and into disaster, while other Africans stand by like impotent spectators.

The Congo in Turmoil Again

THE NEWS is that a rival government has been set up in Bukavu in the Congo under the leadership of Colonel Leonard Monga. This government is backed by mercenaries and former Katangese

gendarmes. The stage is set for another civil war in the Congo.

The mercenaries and their friends appear to have moved against the legitimate Congolese government because of Mr. Tshombe's plight. The immediate aim, therefore, is to make the Congolese government aware of the price for Mr. Tshombe's head. But to look at the situation in terms only of Mr. Tshombe's fate is to misunderstand the forces at work in the Congo. Tshombe or no Tshombe, the interest of the forces behind him is to have a government sympathetic to the commercial giants now operating in the country. President Mobutu's entanglement with Union Minière, a rather naive move considering the weaknesses of his position, has marked him out as an enemy.

Now, what next? Much depends on the relative strength of the contestants for power. The rebels will naturally receive the support, perhaps clandestinely, of big business already operating in the Congo and of certain interested governments. Furthermore, the anti-colonial and racist regimes of Portugal, South Africa and Rhodesia have an interest in neutralizing the Congo as a base for freedom fighters. To make matters worse, the Congolese army cannot be expected to offer any serious challenge to the mercenaries. President Mobutu realises that. He has therefore done the only thing possible by asking the Security Council and "friendly" countries for assistance.

The United States is obviously a "friendly" country. Its interests will be better served by having Mobutu than Tshombe. She has already demonstrated her friendliness by sending some military assistance. Fortunately also for President Mobutu almost all African states support him as against Tshombe. Some of them—Ghana and Ethiopia—had earlier responded by giving him some military aid. More aid will however be needed to maintain President Mobutu in power, and it will be forthcoming either within or outside the framework of the United Nations. As for Tshombe, the latest developments do not improve his chances of freedom although they may save his life in so far as the "friendly" countries may make aid conditional upon that. President Mobutu may be tempted to regard his position as unenviable; but he can take comfort from the fact that a handful of mercenaries such as now threaten him can hold many an African country to ransom with impunity—a telling commentary on Africa's weakness.

Letters

The Police and the Public

SIR—The Chairman of the Regional Committee of Administration, Brigadier A. A. Crabbe, has read with great surprise the letter written by Doreen Tulloch and Michael Dummett which appeared in the issue of the *Legon Observer* dated 21 July, 1967, commenting adversely on the behaviour of the Police during the Edina Bakatue Festival on 4 July, 1967, at Elmina. The Regional Chairman's car was all along preceded by a Police car and because of the huge crowd which had gathered near the Lagoon for the ceremony, both cars travelled at a snail's pace. It was, therefore, not necessary for the Police to use their batons in a threatening manner and assume fierce expressions to scare off people as portrayed in the letter. Neither the Chairman nor the Assistant Commissioner of Police who was in the Police car noticed the incident reported.

There are some inaccuracies in the letter which cast a serious doubt on the writers' sincerity and sense of observation. For instance, it is far from the truth to state that the Chairman's speech concluded the ceremony. On the contrary, it was the Chairman who rather declared the ceremony open, and it was after his speech that the necessary customary rites were performed. It is also not correct to state that the way was cleared for the Chairman when the procession of chiefs had already started. As is normally done, the Chairman, followed by the Assistant Commissioner of Police, left the place before the chiefs and spectators took their positions for the procession to be formed. The Chairman did not ride through the procession of chiefs and dancers.

Throughout the whole ceremony there was no occasion when the conduct of the Police became questionable as to the way and manner they carried out their duties. They in fact contributed greatly towards the success of the festival. Neither the Chairman nor the Assistant Commissioner of Police would have shut his eyes at any unbecoming behaviour on the part of the Police and I am directed to point out that the incident described by Moreen Tulloch and Michael Dummett might have been seen through their own peculiar pair of spectacles.

P.O. Box 202,
Cape Coast.

B. Dapaah
(for Regional Administrative Officer)

Check these Traders

SIR—These days the Syrian, Lebanese and Indian traders are in the news. There is no reason why they should not be, with their unfair exploitation, shady deals and arrogant display of ill-gotten wealth. There have been persistent rumours that they duplicate our currencies; advise their foreign creditors to inflate their invoices so as to get money out of the country; evade income tax; import foreign currencies illegally and sell them at double the official rates of exchange; underpay Ghanaian employees; hoard goods to create artificial scarcity and bribe very high officials. All these have been possible because our laws apparently have loopholes within which they can manoeuvre. It is particularly pleasing to hear that the NLC has promised to stiffen some of these laws.

There are certain steps I would suggest to the NLC. First, the personnel of every foreign retail shop must comprise at least 50 percent Ghanaians, 20 per cent of which must be in the pensionable grade. At present there are only Ghanaian "Store Boys" in these shops. Every retail shop must have a cash register machine with a Ghanaian operator. This will open job avenues for our Form Four girls. All importers should be asked to disclose the addresses of their exporting firms so that a check can be made by our trade attaches about the genuineness of the prices. Any importer found to have asked for the prices of the commodities to be inflated should be shown the way out of Ghana. Any trader, be he a Ghanaian or a foreigner, forfeits his hoarded goods when caught. Lastly, those who sell above the official price must be jailed not fined.

P.O. Box M.37
Accra.

Edward Mawusi Kumaga

Working Hours

SIR—I want to suggest for the consideration of the authorities a change in our working hours from the present 42-hour week to a 35-hour week.

The practice of work starting at 7.30 a.m. is slavish in nature and content. Most workers live far away from the centre of the town, where they work; excepting the senior officers, they have no independent means of transport, and in order to appreciate their plight, one has to see workers of both sexes struggling each morning to board **Tro-Tro** trucks in order to arrive at their offices on time. Some of them get to the office late; and invariably they are queried and often punished severely.

Again, closing at 4.30 p.m. each day, and working the best part of Saturday leaves little or no time for shopping, or travelling at week-ends, not to mention the absolute lack of time for our young men and women to stop, sit and think not only about themselves but also of matters of national import. One hears a lot of pious statements urging the people to employ their spare time in useful pursuits, such as improving upon their education, etc. This is good, but how is one supposed to do this under present circumstances?

The practice in other lands, say, in America, is a seven-hour day and a five-day week—Monday to Friday—Saturday being absolutely free; work starts at 9.00 a.m. and ends at 5.00 p.m. with an hour's break for lunch. The result is that workers come to their places of work at the beginning of each day well rested, fresh and ready to put in a good day's work for a good day's pay; and they work really hard, those Americans! What is more, many actually use their spare time to improve upon their education. Night schools are abundant, and it is not uncommon to find an old fellow, still working, yet taking a college degree at 60! Or a young married worker doing further studies!

I suggest, therefore, that office hours in this country be changed to a seven-hour-day, five-day-(35hour)-week system, as follows:—

- (a) Monday—Friday: 8.00 a.m. — 1.00 p.m.
(or 8 — 12 noon)
(b) Lunch: 1 hour.
(c) P.M.: 2.00 — 4.00 p.m.
(or 1 — 4 p.m.)
(e) Saturday: Free

Accra.

Victor Kwami

External Degree Courses

SIR—As I understand it, the External Degree Course, which provides evening classes in Accra does so because this is more convenient for those who cannot attend classes full-time in the University.

Why then are the entrance examinations and interviews arranged for 8.30 a.m. at Legon?

An Enquirer

Professor Bretton's book on Nkrumah

SIR—I have just read *The Rise and Fall of Kwame Nkrumah* by Prof. Henry L. Bretton, and I think it is a scholarly work. Prof. Bretton gives a fair account of the operational aspect of the old government, and, in my opinion this book should be a standard work on that infamous regime.

However, the book is incomplete. The author refers to Nkrumah's control of the press, but fails to point out that the information media were used effectively as an instrument of indoctrination and propaganda. This "positive" aspect may be missed by many. And nothing was said about the Publicity Secretariat, or the Young Pioneers.

Again, the author refers to the President's control of the T.U.C., but it is not pointed out that the U.G.F.C.C. and the National Council of Ghana Women were integral parts of the C.P.P.; and nothing is said about how the institution of the family was attacked and children were taught a new attitude to parental authority.

Nor was there any mention of how Nkrumah tried to subvert the church. An order by Nkrumah for all churches to form branches of the C.P.P. was ignored by all religious bodies except the Muslim Council, which Nkrumah controlled. But the tension between the church and president grew and grew, culminating in the deportation of the Rt. Rev. Bishop Roseveare, the Anglican Bishop.

In spite of these omissions, the book is a good one, and must be read by all.

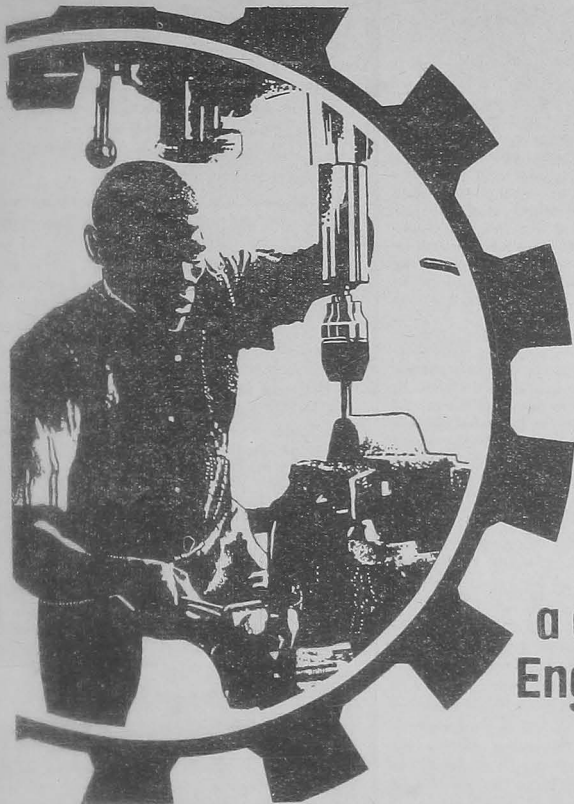
P.O. Box 2690,
Accra.

H. O Williams

Rich Men

SIR—The value of rich men to the State is great. Take two rich men with an income of £5 million a year each. The state could tax them £4 million and leave them with £1 million each. They would grumble, of course, but there would only be two of them making moan. If in a mad drive for equality we forcibly distribute their wealth among 10,000 men so that each person has £1,000 a year we cannot tax them to the tune of £8 million without leaving them all very poor at £200 a year. In addition the Finance department and the ruling cabinet would have on their hands 10,000 moaning citizens—quite a different position.

This opening paragraph bears immediate relevance to the situation in Ghana today. Before the unaltered era of Dr. You-know-who, there were no really rich men in our country, that is to say we did not have millionaires till the Socialist method was forced down



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our people's throats while the political grabbers piled up their mountains of silver and gold. However they got their money, they are very rich and I would be glad to leave them alone in their wealth for the benefit of our tax-collectors. I really would, but I would like to add a rider to their pyramids of money. They would not be free to hide their bank accounts from the Inland Revenue. All the rich politic of the demised regime would by law be bound to keep their money inside Ghana and they would be compelled to give their full bank situation by order of decree, direct from their banks to the tax inspector. Their banks would pay their taxes direct without any more ado. Thus the country whom we generally believe they have robbed would not kill the goose that lays the golden egg. It would, on the contrary, wing, keep the goose alive, and get an annual hatching of golden eggs for a very long time to come.

It is not only tiresome but also expensive and somewhat degrading for us all to have commission after commission digging up the dirt of the recent and not so recent past. It would be cheaper and less humiliating to just establish a prima facie case in each case, and once these men are listed to the Banks and the Tax Inspector as the "Nkrumah-rich" (or NR's), we can reap the tax benefit for our people and country. Surely they cannot say that they had any intention of dodging their taxes and this being so they can only assist in the settlement of accounts due to the exchequer!

Once the idea is accepted it is only too clear that all our efforts in witch-hunting can be diverted into more productive activities and our learned judges can get on with their task of seeing to it that the poor of our villages get justice.

For the rich there will, in this event, be the ending of the nightmare of trying to explain the inexplicable. They will not have to invent lies to prove that a man earning a ministerial salary of around £5,000 a year can easily save £25,000 a year without any effort whatever! We cannot be expected to swallow these whale-sized fabrications, and we should be spared the invitation to make attempt. The act of mercy in sparing these transparent rascals our scrutiny ought to be answered by the wealthy with the response of investment in Ghanaian enterprises, and no doubt their new-found patriotism will be such that they will insist that one-third of their world goods shall be placed in a variety of State Enterprises most of which, though not all, should yield them annual dividends. After all, these state enterprises were launched to the booming reverberations of their cheers and their shouts of Osagyefo and Kantamanto.

Honest rich men who render a true account to the country are indeed a great national asset. They must be recognised as such and so long as we make sure that they pay their taxes we can all devoutly echo the prayer of Abou Ben Adem and say, "May their tribe increase".

100, High Town Rd.,
Luton, Beds.,
England.

Dr. K. A. Taylor

Science and Arts Education

SIR—While I agree with the latest announcement that both Arts and Science students in our universities should be given the same bursary, it is my hope that this will not mislead anyone into thinking that, in our present technological world, the necessity of these two major fields of study is equal. The need for science education cannot be over-emphasised.

Perhaps one of the best ways of encouraging the study of science is to make a science career both academically stimulating and materially rewarding. It may be the responsibility of the central government, to whom most of our students are bonded, to give our science graduates appropriate responsibilities and reward. One has in mind, for instance, the plight of most of our trained engineers who are now frustrated and grumbling. Let us have less emphasis on foreign "experts", contractors, etc. We discourage our own experts and drive them out or make them atrophied, while we sometimes call in quack foreign ones. Train our own men and give them tasks to perform.

Legon.

J. A. Peasah.

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Opinion

THE ROLE OF MIDDLE EASTENERS IN OUR ECONOMY

BRIGADIER AFRIFA has declared his hope that a certain line of business, namely, the retail trade, should be restricted to indigenous Ghanaians. What are the efforts of the Ministry of Trade to implement this important pronouncement? The alarming influx of Syrians and Lebanese into Ghana, and their penetration into every small business or trade in this country, are very disturbing. We should ask ourselves whether this is the sort of investment the NLC has been inviting throughout the world. The Syrians and Lebanese are now found in the taxi business, in the Restaurant or catering trade, in the Retail and Wholesale business, in the usurious money-lending business, and in garages and fitting shops (with a monopoly over the sale of spare parts). Where do indigenous Ghanaian businessmen stand?

Let us examine how these Middle East businessmen are financed in Ghana. The Foreign Banks, in the old days, gave credit preference to foreign nationals to enable them to suppress Ghanaian businessmen. A Lebanese, a Syrian or an Indian arrives in Ghana; he is taken home by one of his countrymen already living in Ghana. This new-comer brings practically nothing in the form of foreign currency or capital machinery for investment. The next day the host takes him to his store and he starts work as a store assistant.

The manager sends his name as an employee to the bank for exchange control purposes. Within three months the host introduces the new-comer to his bankers to open an account. In about six months, the host takes a new store-room and transfers some of his wares into it under the name of this employee. The new man, now having his own store under the umbrage of his host, operates his account in the bank to the advantage of his business. He then approaches the bank for a loan to improve the business, giving his host's name as guarantor. The loan is easily obtained. The new man then pays off the cost of the initial goods to his benefactor/host with or without interest according to the relationship between them; and the new Lebanese is now a full-fledged storekeeper. This racket goes on until all the members of that family, although poor at home, become rich men in Ghana.

After having fleeced Ghana, our Middle Eastern friends then begin to think of investment in their own country. All sorts of dubious methods are employed to transfer their wealth to the Middle East. We do know for instance that Gold and Diamonds are purchased locally and smuggled

out of the country (this includes trinkets and jewels specially made to order); that actual local currency is taken outside Ghana and sold to visitors or Ghanaians coming home at half the rate (I had personal experience at Las Palmas when the manager at Bombay Bazaar, or something like that, offered to sell me Ghana Currency. He had a lot in his desk); we do know that those in the Import Trade also arrange to inflate the invoice prices of the goods imported to enable them transfer more money from the country; and, finally, that those companies also place the names of their relatives on the pay roll and thus manage to transfer 50% of salaries to their country.

This account shows us that foreign nationals from the Middle East are not here for our development. How many Lebanese or Syrian doctors can one find in our hospitals? How many Lebanese or Syrian engineers can one find in our engineering fields? How many Lebanese or Syrian economists can one see in our Civil Service? How many of their educationists can one find in our educational institutions?

If one thinks of these questions, one should not hesitate to conclude that they are no better than parasites in our midst. I would therefore like to make the following suggestions to control the influx of these Syrians and Lebanese:-

- (1) Immigration Authorities should not allow in any individual Syrian or Lebanese unless he is professionally qualified (preference to be given to doctors and engineers);
- (2) All Syrians and Lebanese nationals should renew their residence permit every twelve months.
- (3) Bank of Ghana should not give any Exchange Permit to any foreign national who did not introduce any foreign currency into this country.
- (4) Import Licences should not be issued to individual Syrians or Lebanese, only to limited companies registered in Ghana.
- (5) All Retail Trade Licences to Syrians or Lebanese should be withdrawn; new ones should not be issued to them;
- (6) No Taxicab Licences should be issued to any Syrian or Lebanese;
- (7) Foreign Motor Companies should not use Syrians or Lebanese as Middlemen for the sale of their products in Ghana (especially cars, lorries and trucks);
- (8) The Bank of Ghana should restrict commercial banks in the country from giving overdraft facilities to Syrians and Lebanese and individual Indians.

The Government should rescue this country from the economic domination of the Lebanese, Syrians and Indians.

Anxious Patriot. (Name and Address supplied—Ed.)

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