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AFRICAN BUSINESS ENTERPRISE

A STUDY OF A GROUP OF TRADERS IN KUMASI

PART I



by

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P R E F A C E

This draft is intended for circulation among a small group of business men, university people and others for their further criticisms of fact, generalizations and emphasis.

Part II of this study will appear within the next few months and will consist of material under roughly these headings.

E. SOCIAL ASPECTS

23. The family system: inheritance and succession.
24. The family system: capital leakage - business men and family costs.
25. A note on some social customs.
26. Attitude to foreign business enterprise.
27. African group antipathies.

F. THE PROBLEMS OF AFRICAN BUSINESS MEN

28. The African business man's description of his problems.
29. His ideas of their solution.
30. Some comments by European managers on African problems.

Part II is the more important part of the study from the African business man's point of view, containing an analysis of his business problems, which he wants to see stated as a basis for tackling them.

P.C.G.
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PART I

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A STUDY OF A GROUP OF TRADERS IN KUMASI

A. INTRODUCTORY

1. Scope of this inquiry.

This is a first report into African business carried out by the Research Division of the Economics Department of the University College of Ghana. The primary concern of this inquiry is the problems of African business men. This however involves a good deal of background material which in so far as it is relevant is included in this report. The report is limited to the larger independent African wholesale and retail traders in Kumasi, the Ashanti capital, who have permanent premises. A few of the larger market traders are included, but storekeepers of the big firms, and petty and itinerant traders are completely excluded. In some of the tables, information is included about business men in activities other than trade, but it is always shown when this is done.

Field work. Most of the field work for this study was carried out between August and December 1957, and follows a smaller inquiry made in Kumasi between February and April 1956, which served as a pilot survey.⁽¹⁾ This pilot study proved useful in a number of ways, apart from showing what other information was needed and how questionnaires might be redrafted. It provided examples of how individual businesses had changed during the period between the two inquiries, and a check on how accurate and clear the replies to the first inquiry had been. On this last point, the results were extremely reassuring. Twenty-three of those interviewed in 1956 were interviewed again in 1957. Most of those not interviewed again were not traders.

The traders interviewed. The interest and co-operation shown by most African traders in this inquiry should be placed on record. Only two traders (both of whom were illiterate gentlemen who were afraid that I was from the Department of Income Tax) in about one hundred and fifty interviews, refused to answer my questions. These interviews ranged from roadside chats to more detailed questionings lasting an hour or two, and sometimes running into more than one interview. About ninety of the interviews were of this detailed nature. With only one or two exceptions, all the largest African traders in Kumasi as far as is known are included in this survey, and the emphasis is upon their problems, as the most successful traders.

(1) A short progress report on this survey was read at the 1956 Conference of the West African Institute of Social and Economic Research at Ibadan, but was not published in the transactions, because it was merely an account of work in progress.

Acknowledgments. To a few African business men, particularly Mr. J.A. Addison, Chairman of the Kumasi African Chamber of Commerce, and Mr. K. Agyarko, this study owes a great deal, and their friendship has been greatly valued. My debt to very many other people, European business men, bankers and colleagues in the University College of Ghana, who have patiently ironed out the worst mistakes in earlier drafts of this material, must be recorded.

Purpose. The purpose of this work is to help formulate some general picture of private economic enterprise by Africans in Ghana today, with a view to indicating what factors may prevent an enterprise from expanding. The particular aspect with which this survey is concerned is the distribution sector of the economy. There are, of course, African business men in all the other sectors, extractive and manufacturing industries, commercial and personal services, and so on.

Method. The method of collecting material should be mentioned. A questionnaire was used as a basis for the questions asked in most interviews, but was not distributed. All the information was collected by the writer by oral questioning. An interpreter had to be used on only a few occasions.

In the survey, not all the information sought was obtained from all the traders. Consequently, in the analysis of the information which was obtained, the totals vary from table to table. Most of the traders interviewed wished to preserve their anonymity and this request has been scrupulously respected.

Government Committees to inquire into African business needs. The general feeling that the African sector of business in West Africa should be helped to develop has resulted in both the Nigerian Federal Government (in January 1958) and the Ghanaian Government

(in June 1958) setting up committees to suggest methods of helping African business men.⁽¹⁾ This study, which is along the same lines, may prove of assistance.

Future study on history. While pursuing the main purpose of this study, there was an opportunity, which it would have been a pity to miss, to record from the older generation of traders, some now retired, and from the relatives of well-known traders now dead, something of the history of African traders in Kumasi since the beginning of the century. This material will be written up separately.

2. A note about Kumasi.

Kumasi is the chief town of Ashanti, the old kingdom which now constitutes one of the major administrative divisions of Ghana. In the centre of the forest country, Kumasi has a long history as a trading centre where products from the north and south met. (See sketch map at end).

(1) The Nigerian Government chose more widely than the Ghanaian Government in the membership of its committee. The Nigerian Committee of 17 under the chairmanship of a barrister consisted of "a well-known Emir, 3 bankers, 2 university lecturers, and 10 leading business men of whom 5 are members of one or other of the legislative houses".

The Ghanaian Committee of 5, consisted of an eminent retired judge as chairman, 2 MP's (one a back-bencher and a business man, the other a parliamentary secretary), a former Chairman of the Ghana African Chamber of Commerce (now Chairman of the Industrial and Agricultural Development Corporations), and a senior civil servant, the Assistant Commissioner for Commerce, as its secretary.

The Nigerian committee's terms of reference were:

- i. to review the measures already taken to assist African business men;
- ii. to make recommendations as to what measures shall in the future be taken by the Federal Government to assist them; and
- iii. in particular to examine proposals for providing credit facilities for African importers and exporters, and to propose a scheme.

The Ghanaian committee's terms of reference were:

- i. to examine the present position of local enterprises and businesses operated by Ghanaians;
- ii. to ascertain the difficulties encountered by Ghanaians in the operation of these enterprises;
- iii. to make recommendations as to the best means of assisting Ghanaian business men to overcome their difficulties; and
- iv. to consider any matter cognate to the terms of reference.

According to the 1948 population census, Kumasi had a population of 78,000 but its present population is probably nearer 100,000. Of all the other towns in Ghana, only Accra has a bigger population, with 167,000 in the 1948 population census - now possibly over 200,000. ✓

Accra trade is less seasonal than that of Kumasi, which, being the chief cocoa collecting centre, has a very marked seasonal trade directly related to Ghana's major export crop. The total currency in circulation in the whole country indicates the general importance of the cocoa harvest in the economy. In 1956, for example, the total currency in circulation varied from a maximum of £38 million in December, the chief cocoa month, to about £23 in August. December, of course, is also the Christmas season, a month of net Post Office withdrawals in 1956, though not in 1955. Cocoa farmers received about £39 million for the 1956-7 season, and about £27 million for the 1957-8 season.⁽¹⁾

Kumasi has one of the largest and most prosperous markets in West Africa. Covering an area of almost 25½ acres, the Central Market in Kumasi, built and opened in 1925, had almost 8,000 traders in it,⁽²⁾ not counting the traders' relatives and assistants. There are also a few smaller markets in the municipality apart from the Central Market. Besides the markets, there are the big expatriate firms which supply most of the imported goods sold by the market traders. Some of these big firms find their best single Ghanaian market - if not their best West African market - in Kumasi. Between the large importers and the petty traders are a few large and medium-sized Indian and Lebanese firms, many small Lebanese and Syrian traders, and a few African trading firms. It is this last group of African traders which is the subject of this study.

(1) Dr. B.M. Niculescu's estimates in the Economic Bulletin, Economic Society of Ghana, February 1958, p. 11.

(2) This is the November 1957 figure. Figures in June 1958 gave a possible maximum of over 9,000 traders at any one time. See footnote on p. 6.

B. ANALYSIS OF THE KUMASI SURVEY. THE BACKGROUND OF THE AFRICAN ENTREPRENEUR

3. The tribal origins of Kumasi traders.

The following table shows the tribal associations of 111 of the traders interviewed in Kumasi. Of these, 10 were market stall holders, and 101 had permanent premises in town. There are only five women in the total - three Fantis and two Ashantis. The table shows the predominance of Ashantis among those traders established in permanent (as opposed to market) premises.

<u>Tribal group</u>	<u>Number of traders</u>
Ashanti	77
Fanti (from the central coastal areas)	9
Ewe (Togoland)	6
Nigerian	6
Akwapim (area 100 miles S.E. of Kumasi)	3
Ga (Accra region)	3
Kwahu (area 60 miles east of Kumasi)	3
Nzima (S.W. Ghana)	3
Creole (Sierra Leone)	1
	<u>111</u>

The figure of 77 Ashanti traders includes 2 Ashanti Brongs. 5 of the 77 had market stalls, 13 were partnerships, in 11 of which the other partners were Ashantis too. In the other 2 partnerships, the other partner in each case was a European.⁽¹⁾ Of the 9 Fanti business units, 1 was a company with Fanti shareholders, 1 was a partnership with Fanti partners, and 2 were women with market stores. Of the 5 Ewe units, 1 was a partnership of 2 Ewes, and 1 a market store holder. The 6 Nigerians⁽²⁾ included 2 Hausa business men,

(1) The European in one partnership worked in the firm in Kumasi. The European in the other partnership was permanently in England, acting as buyer.

(2) One Nigerian bar and provisions shopkeeper from Warri, included in this list, mentioned the names of 4 other Warri bar keepers in Kumasi, who, however, were not visited. Similarly, from a Ga, information was obtained about 2 Ga women bar keepers, again not included here, and so on.

both born in Ghana, and a Yoruba partnership in the market.

There is apparently a tradition among Kwahus that they will not succeed in business in Kumasi, and it is well known that they prefer the hundred miles journey south to Accra to the sixty miles journey west to Kumasi. They give a number of other reasons for this. For example, that Kumasi's trade is too seasonal; that the Ashantis are too fond of law suits; and, as time has gone on, the pull of established relatives in Accra. Most of the Kwahus in trade in Kumasi are employees of the big firms, or small market traders, including many women.

Apart from the two Hausa traders who were born in this country, there are many other examples of other Kumasi traders who were born and have lived most or all of their lives outside their tribal areas.

4. Tribal organisation of trade in Kumasi Market.

By contrast, in Kumasi Market, specialization in relation to tribe is much more marked and varied. M. Jean Rouch⁽¹⁾ describes the findings of his 1954 inquiry into the ethnic origins of 3,612 out of the 4,500 traders there, known locally as "squatters", who have no premises and pay a daily licence fee of 6d per person per load. Rouch reported annual increases in their numbers from 1952 to 1954. There were still about 4,500 squatters in November 1957, when altogether there were some 7,800 traders in the market - 4,500 squatters and 3,300 in temporary (that is, constructed by the traders themselves) and permanent (municipally-built) store premises.⁽²⁾

Rouch found that, of the 3,612 traders interviewed, the Ashantis with 472, formed the second largest group. This is only 13%, as against the largest group, 805 Yorubas, who formed 22% of the total.⁽³⁾ However, as far as market stall holders are concerned, the proportion of Ashantis there is much greater than 13%. The Market Manager, who has been in the market since 1938, suggested that it might even be as high as 70%: other officials suggested about 33%.

(1) Notes on Migrations into the Gold Coast. (1954), p.39.

(2) Figures obtained in June 1958 showed an increase on these November 1957 figures. The June 1958 figures were: "squatters" - totals varied from day to day, but sometimes over 5,000 were recorded; permanent stalls - 3,137; temporary - about 950. These figures give a total of over 9,000 traders. This is a maximum figure, (excluding relatives and assistants).

(3) Consequently, Yoruba festivals affect market activity.

According to the acting head of the market textile sellers, (who, like the head, is a man), there are about 60 textile sellers, both men and women, in the market, who are all Ashantis, except for about 5 Fanti women. In haberdashery, among the larger traders, there are 2 or 3 Ashantis, one Fanti woman, and a few Kwahus; and nearly all the small traders are "Lagosians", (that is, Yoruba), according to one prominent haberdashery market trader. In the local products section of the market, however, there are marked tribal groupings according to the product. Most of this information came from the market officials on the spot. Starch, for example, is sold by Ewes; Northern Region grains, such as cow peas and guinea corn, by women from the north; the Hausa from Nigeria deal in bagged maize; Frafra and Moshie in Kapok; Frafra in chickens. The Gaos (from the French Soudan) control the wholesale trade in smoked Niger fish from Mopti, selling to the retailers, Ashanti and Kwahu mummies. The Gaos also control the dried and salted fish trade from the Niger, but their own women folk retail this fish, running market stalls in their husbands' names. The Yoruba bring in smoked fish from the Northern Region and Trans-Volta. They also prepare certain foods for sale by hawkers; they make 'agidi' from maize, and 'konkonte' from pulverized dried cassava. This powdered cassava is sold to them chiefly by Grunshie women. Kenkey-making is in the hands of people from Ada.

There is no tribal alignment, on the other hand, in the sale of local food products such as garden eggs and peppers, (though oranges appear to be in the hands chiefly of Ashanti and some Kwahu women), or in dried and smoked fish from the coast though there are many Fanti women in this trade.

Rouch observed that the Gaos are the only men to have entered the retail food market, (which, he thought, partly explained their lack of popularity). While they do some retailing, the Gaos are chiefly wholesalers of fish and of farm products, notably yams. However, the retail meat market in November 1957 was entirely, except for one woman, in the hands of men, chiefly from the Northern Region of Ghana.

5. The educational background of a group of Kumasi traders.

Details of their education were obtained from 64 traders.

<u>Type of education</u>	<u>Number of traders</u>
No education	6
Primary education	6
Middle School	33
Secondary School	5
Commercial School (including private colleges)	3
Trade School	2
Teacher Training	2
Some University education	1
Other:	
Pharmacy training	3
Nursing	1
Arabic	1
Some night school only	1
	<hr/>
	64
	<hr/>

In this table only one partner in all partnerships about which there is information is included. Usually it is the active partner, or in other cases where there is more than one active partner, the dominant one. Where a person has attended an institution for more advanced education, the fact that he attended other institutions first has not been recorded in the table.

The importance of middle school education in this group is striking. Old middle school standards are generally considered by educationalists to have been superior to those of the present, I understand.

The person who had a nursing training is the only woman in the table.

There does not appear to be any relationship between the level of education and the degree of success in business. Here is a table to show the educational background of the sole traders or dominant

partners in the fourteen largest African businesses in Kumasi. Their ages, approximated to conceal identity, are given along with a rough estimate of their standard of spoken English. An illiterate dominant partner might have an adequately-educated junior partner, and an illiterate sole trader a literate clerk or relative, of course.

Table to show the educational background of the entrepreneurs in the fourteen largest African businesses in Kumasi

<u>Education</u>	<u>Age</u>	<u>Estimate of standard of spoken English</u>
Middle School	45	Very good
"	30	"
"?	50	"
"	40	"
"	45	"
"	45	"
"	50	"
"	30?	"
"	40	"
"	30	"
"?	25	"
Secondary School	40	"
Illiterate	40	Very poor
"	40	"

To correlate age and success presents difficulties. The man of thirty might be more energetic than a man of fifty, but a man of fifty has the wider experience? Many traders however do not undertake their own businesses until a later age, perhaps on their retirement from a job with a firm or with Government, when often their business is to supplement their pension and provide them with an occupation, rather than to develop their entrepreneurial capacities.

6. The number of years in business.

Table to show the number of years in business of a group of Kumasi traders.

<u>Number of years in business, and date of establishment</u>	<u>Number of traders</u>
Under 5 years (Established since January 1953)	23
6 - 12 years (Established 1946-1952, that is after the Second World War)	41
13 - 19 years (Established during the War)	14
20 - 24 years (Established 1934 - 38)	11
25 years and over (Established in or before 1933)	9
	98

Two-thirds of the traders supplying this information had thus established themselves in business since the Second World War, and nearly one quarter during the last five years (between 1953 and 1957). The longest-established trader in Kumasi appears to be a cloth trader, in a small way of business, but in a permanent store (these are the twelfth premises that he has occupied). He started business in 1914. But the oldest existing African firm of any size was established in 1917, and is a limited company selling stationery and books. It is now carried on by the son of the founder, who died in 1953. This is one of the only two African firms in Kumasi which have survived into the second generation, as far as I can discover.

7. Experience before entering into trade.

TABLE: The experience of 76 Kumasi business men before entering into trade

	<u>NUMBER OF YEARS</u>			<u>TOTAL</u>
	<u>5 years or less</u>	<u>5 - 10 years</u>	<u>Over 11 years</u>	
a. Experience with an expatriate firm: (i) as a storekeeper ⁽¹⁾	3	6	12	21
(ii) as a clerk or assistant	2	2	-	4
b. Produce buyer for an expatriate firm	1	3	-	4
c. Assistant to a Lebanese or Syrian Trader	2	-	-	2
d. Assistant to a European sole trader	1	-	-	1

Table (continued)

	<u>5 years</u> <u>or less</u>	<u>5 - 10</u> <u>years</u>	<u>Over</u> <u>11 years</u>	<u>TOTAL</u>
e. Assistant to an African sole trader	1	-	-	1
f. Government official: (i) Junior	2	1	-	3
(ii) Senior	-	-	3	3
g. Bank clerk	1	-	1	2
h. Teacher	-	-	2	2
i. Lawyer's clerk	-	-	2	2
j. Police	-	1	-	1
<hr/>				
k. Experience in father's business				3
l. Apprentice (to a weaver, tailor, goldsmith or cobbler)				11
m. No experience outside own business, (i.e. trading since schooldays)				7
n. Farmer				1
o. Miscellaneous background ⁽¹⁾				8
<hr/>				<u>76</u>

This table gives the chief experience of the African entrepreneurs interviewed, where the information was obtained. But this is not the full picture by any means, of course. For example, one of the bank clerks had been a storekeeper, but for a shorter period than he was a bank clerk, so that in the table he appears as a bank clerk. One storekeeper, with 13 years' storekeeping experience, had been a produce buyer for 9 years and had worked with a Lebanese for 2 years. One trader who had had experience in his father's business, had been a weaver and a pupil teacher; one of the law clerks had been a produce buyer; and several had been petty traders before establishing themselves in their present premises and lines of business. There are many examples of such changes in occupation, but this is what we would expect to find, as in other countries. However, it has been suggested that there is a greater mobility between occupations in Ghana than in Europe, and also a greater likelihood in Ghana of one man following several callings at the same time.

- (1) Storekeeper, or assistant and storekeeper, not necessarily with the same firm, for the period given. In the "over 11 years" group are included 2 ex-U.A.C. managers.
- (2) The miscellaneous group include an ex-chief, a newspaper man, a prison warder, a domestic servant, a photographer, a musician later an auctioneer, a mines worker, and a chemists' store assistant.

C. THE STRUCTURE OF AFRICAN BUSINESS

8. The geography of African trade in Kumasi. (Map at end)

The main commercial area of Kumasi is divided into two by the railway, which runs roughly from south (from Takoradi) to north through the centre of the town, and then swings, through an acute angle bend, on to the first stretch - which is eastward - to Accra. The commercial area is east and west of the north-south section of the railway. On the west is the Old Town, which contains by far the greater number of permanent shop premises. Here are to be found the big foreign firms, and most of the Lebanese and Indian stores. Especially important, and always the busiest part, is the area around lower Kingsway Street, Lebanon Street and Bogyawi Road. There are only a few African firms actually in this busy part, but more are to be found on its perimeter, - Odum Road or Street, Apimpua Road, and the southern end of Dominasi Road; and a few around upper Kingsway Street and Guggisberg Road. Beyond the main commercial area, nearly all the stores are African.

On the east is Bompata and Fanti New Town. In the bend of the railway line is the Central Market with its thousands of buyers and sellers, the busiest spot in the town. The Central Lorry Park lies nearby just across the railway line at Kejetia, and the flow of people between the market and the lorry park is always considerable. There are a number of African businesses along Fuller Road, Zongo Road, and Antoa Road. Beyond these streets and the main commercial area again, the stores are almost entirely African.

Most of the businesses covered in this survey were in, or on the edges of, what is described here as the main commercial area.

(Note on the map: Zongo Road runs roughly east-west across the centre of the map, but the part west of the railway line is always known locally as Prison Road. In this study, Zongo Road refers to that part east of the railway line. The map at the end is not up-to-date).

9. Types of business unit.

The commonest type of business unit is the sole trader, as elsewhere in the world. Of the trading businesses about which information was collected, the organizational forms were as follows:

Sole traders	92
Partnerships	21
Companies	2
	<hr/>
	115
	<hr/>

There are many partnerships without any binding legal documents, which are not essential in law, and between brothers, for example, probably rarely exist. One did not always feel that a business described as a partnership in fact functioned as one, and not as a sole trader, where one brother, for example, had brought most of the capital and seemed to have the control.

Many firms described themselves as companies in their titles, - not as limited companies, which would be illegal, - and many were registered under the Registration of Business Names Ordinance⁽¹⁾ as such, but the purpose of this seems to be to give prestige and the appearance of size and importance. Imposingly-printed stationery helps perhaps to give the same effect. Similarly, it is not uncommon for "X Brothers" or "X and Sons" to have no literal meaning.

The figures given here are no indication of the proportion of partnerships to companies, or of either to sole traders. From a recent search through the records of the company registrations in the Department of the Registrar-General in Accra, it appears that between January 1947 and March 1958, (that is, roughly, since the end of the War), 15 African companies with their head offices in Kumasi have been registered, (excluding a number of cocoa farmers' companies which did not survive). Four or five of these were trading firms; six were timber firms. There is, to my knowledge, one other African company still in existence which was registered before 1947. But there are very many sole traders, excluding the large number in the market, whose businesses appeared to be too small to be worth investigating for this survey. Many sole traders known, but only casually, to the writer, are not even included, so that apart from the coverage of the survey, the number of sole traders listed here is quite meaningless.

The managing director of one company and four partners in three partnerships, also had separate sole trading interests, counted here.

The difficulty of forming partnerships and companies is an important obstacle to African business development, but the solution is not apparent. This is discussed in the section on problems.

(1) By the Registration of Business Names Ordinance (1937, amended 1957), all firms carrying on business in Ghana under any name, without any addition, other than that of the owner, or all the partners, or, in the case of a company, in any name other than its corporate name, and persons who carry on business and have changed their names (excluding women on marriage) must register with the Registrar-General.

10. The size of businesses.

It is difficult to assess the relative sizes of businesses. No criterion seems sufficient on its own. Turnover might be large but the profit margin small; profit margins might include short-term monopoly gains; the number of assistants employed too often depends upon an African trader's family responsibilities; and the number of stores or branches of a firm might not be more than a proof of its size in terms of floor space.

In this survey, wherever possible, turnover figures were obtained. Many traders were good enough to refer to and to show me their books of accounts; others gave balance sheet figures from memory. Some traders with less adequate (or not infrequently non-existent) accounts books, could only give me daily and monthly estimates of seasonal and out-of-season sales. A few traders were completely shy of the question. In spite of these shortcomings, the table showing turnover figures is still believed to be sufficiently reliable to be worth including as a guide to the size of African businesses.

The state of trade. The table of comparative turnover figures refers to the 1956-57 trading year; for the most part, except where figures have had to be worked out from more recent daily and monthly estimates. This may prove misleading because 1956-57 was a good year in many respects, - for example, one expatriate firm broke its Kumasi record in textile sales, its most important line there. Yet many African business men consider the previous year 1955-56 to have been an even better year than 1956-7, and falls in sales were estimated by some to have been between 30 and 75% below 1955-56 sales. However, there is general agreement that 1957-58 was not merely a bad year, but, with the failure of the cocoa crop, the worst since the War. The 1957-58 cocoa crop, which was such a very bad one chiefly because of the early drought and later the excessive rains, was estimated early in 1957 to be a bumper one, but was in fact little more than three-quarters of the 1956-7 record of 264,000 long tons⁽¹⁾ with less than 200,000 long tons, the lowest for years. In addition, the cocoa price to the farmers paid by the Cocoa Marketing Board had been reduced from 80/- per load of 60 lbs for the 1956-7 crop, to 72/- per load for the 1957-58 crop, so that even if the crop had been the same, the amount of cocoa money paid to farmers would have been ten per cent less. With the smaller crop, the cocoa money was perhaps £12 million lower. Stock holdings by the shops for the 1957-58 year had been based upon 1956-7 sales and cocoa crop forecasts, so that overstocking was general.

(1) A long ton is an English ton of 2240 lbs; a short ton (used in America) is 2,000 lbs.

There are two points here then. First, it is not claimed that 1956-57 was necessarily a "normal" year, a concept impossible to define in any case; second, there are disadvantages in having to combine some 1957-58 figures with 1956-57 figures, because the two years were dissimilar.

In Kumasi in 1957, the Asian 'flu epidemic boosted drug store sales; the drivers' strike depressed everybody's sales in town, though the outstations cleared their stocks quickly and enjoyed its effects. But Kumasi has been affected since 1954 by an air of uncertainty associated with political party extremist elements, which other towns in Ghana have largely escaped, so that many village people have been afraid to come into Kumasi to buy. Although the troubles have almost disappeared, except for occasional flare-ups (such as that accompanying the first deportations in August 1957, - during the period of his survey), the fears remain, apparently, and many traders are inclined to refer with feeling to the better trading conditions and bigger turnovers existing before the start of the troubles in 1954.

It was said that there was a tendency at this time for both buyers and sellers from the north to go to Accra instead of Kumasi, travelling via Keta Krachi and by-passing Kumasi.

Table to show the sizes of some African business in Kumasi:
turnover figures chiefly for the trading year 1956-57

<u>Size of turnover</u>	<u>Number of firms with this turnover</u>
Less than £1,000	3
About £1,000	3
£1,001 - £2,500	6
£2,501 - £5,000	8
£5,001 - £7,500	3
£7,501 - £10,000	12
£10,001 - £15,000	7
£15,001 - £20,000	8
£20,001 - £25,000	3
£25,001 - £30,000	3
£30,001 - £40,000	4
£40,001 - £50,000	7
£50,001 - £75,000	4
£75,001 - £100,000	1
About £100,000	1
About £150,000	1

Notes on this table.

Where estimates have been made from limited data, a cautious lower, rather than a higher, figure has been given.

Where a trader has given a round figure of, say, £10,000, in reply to the question, this will be included in the £7,501 - £10,000 group, not the next higher group; (and this is the significance of the "1" unit in the first column of figures).

How big is a firm with a turnover of £10,000 or £25,000? To give some answer to this question, here for comparison is a similar classification with shops in Great Britain taken from the 1950 Census of Distribution. This table gives the turnover figures of retail stores dealing in (a), domestic hardware and ironmongery, and (b), chemists' goods, in Great Britain. These were two important categories in the Kumasi stores surveyed, as the section on specialization below shows. This perhaps will give some idea of the size of the British shop-at-the-end-of-the-street in comparison with the stores discussed here.

	(a) Number of retail stores in Great Britain dealing with domestic hardware and ironmongery.	(b) Number of retail stores in Great Britain selling chemists' goods.
TOTAL	30,223	16,733
Annual Sales:		
Under £1,000	5,897	1,008
£1,000 - £2,500	6,746	1,347
£2,500 - £5,000	6,298	3,166
£5,000 - £10,000	5,217	6,472
£10,000 - £25,000	4,523	3,962
£25,000 - £50,000	1,129	565
£50,000 - £100,000	328	155
Over £100,000	85	58

Table to indicate the sizes of some African businesses in Kumasi by the number of stores run by individual firms.

<u>Total number of stores and branches, including market stalls, possessed by an individual firm</u>	<u>Number of firms</u>
1	59
2	22 Of these firms, 6 had one store outside Kumasi.
3	6 Of these firms, 4 had 1 store outside Kumasi; 2 had 2 outside Kumasi.
4	2 Of these firms, 1 had 2 stores and 1 had 3 stores outside Kumasi.
5	-
6	-
7	-
8	1 This firm had 3 stores outside Kumasi.
9	-
10	-
.	
.	
.	
17	1 This firm had 2 stores outside Kumasi.
Total	<u>91</u>

Notes on this Table.

Premises used for purposes other than trading are not included. For example, a trader who also runs a printing press and a corn mill in addition to his retail store is counted as owning only one unit. This is the method of reckoning for the purpose of this table. In a number of instances, a trader is a sole trader in one branch of his business, and a partner in another branch.

These figures exclude warehouses, because warehouses are not necessarily selling points, and because often the warehouse is at the trader's home, so that no separate rent is paid for it. Offices too are excluded, unless there are no other premises. Thus in the table, there is one trader, fortunately, perhaps, an exceptional case, who has one retail store, two warehouses and one Takoradi office to take delivery of imported goods; he counts as only one store.

There is a little double-counting in the figures of the branches. Of the 6 businesses with 3 stores each, there were 2 firms which shared two stores outside Kumasi, and there is another example of this between 2 business men in the two-stores group. The two biggest firms here, in terms of numbers of stores owned, had a partnership in two stores outside Kumasi.

There is no correlation between the turnover and the number of branches of a firm here. There is, of course, a relationship between the number of employees (in the next table) and the number of stores that a firm had.

Table to show the sizes of some African businesses in Kumasi by the number of employees working in the firms

<u>Number of employees in a single trading firm</u>	<u>Number of firms with this number of employees</u>	<u>Total number of employees</u>	<u>Number of relatives in this total</u>
0	8	-	-
1	16	16	6
2	15	30	14
3	13	39	13
4	13	42	15
5	7	35	9
6	2	12	1
7	1	7	3
8	2	16	4
9	2	18	5
10	2	20	1
11	1	11	1
12	-	-	-
13	2	26	3
14	1	14	-
15	1	15	3
16	-	-	-
17	-	-	-
18	1	18	?
TOTAL	87	319	99

Notes on this Table.

Owing to the extended family system operating in Ghana, it is almost impossible to use only the criterion of cash wages paid to employees in deciding who shall be included as an employee in some African businesses when a relative working full-time may receive the usual wage for the job, or merely a nominal reward, or even nothing at all except his keep as one of the family. At many levels of skill and education, or lack of it, there is a considerable shortage of employment opportunities in Ghana, and the family system conceals the degree of this unemployment. Uncles will "employ" nephews to help in their stores, where there would often be no job if the uncles had to pay an outsider, or had no family obligations.

It seemed simplest not to take only the number of employees who are paid wages in a commercial sense but to include all those doing full-time work, whatever their reward, so that a wife who runs her husband's store or a branch, working the full day, is included as an employee. This is a departure from the usual practice, but seems to be the best way to gauge the number of people actually working in these businesses.

Where a trader has his family around him, coming and going, helping while they are there but not contributing a full day's labour, these members of the family are not included. Where a wife happens to be on the same premises selling her bread or soup, she is not included. Sons and nephews home on vacation, helping their fathers and uncles in the stores, are not included. Managing directors of companies, sole traders and partners - that is, here, the employers - are excluded. There were 6 firms with more than 1 active partner: these partnerships had between them 21 active partners. These excluded active partners were active workers of course. Of these 6 firms, one, consisting of 4 partners, is included in the first line of the table because it had no employees. Most of the remaining 81 firms are sole traders, but some are partnerships where only one partner is active, and 2 companies are included.

Included in the 318 employees in the table are at least 33 watchmen, chiefly night watchmen. The few day watchmen may help in the store when required, so that the distinction between them and the labourers employed is not always clear.

The numbers of employees in the largest African firms in Kumasi.

This table is concerned only with trading firms, or with the trading sections of those firms which have wider interest. But the three largest African firms in Kumasi - 2 companies and 1 partnership -

are not trading firms. These three firms between them employ 594 workers.⁽¹⁾ One of these companies is the Ashanti Turf Club, which is largely but not entirely African-owned and directed. The other two firms employ 254⁽²⁾ between them, excluding those workers employed by the managing entrepreneurs in their other interests outside the companies.

11. Turnover of stock.

Information about the stock and turnover relationship was obtained from only a few firms. 10 of these had turnovers of £40,000 and over. Here are examples of their stock turnovers:

<u>Turnover</u>	<u>Stock</u>	<u>Average number of times stock turned over during the year.</u>
£'s	£'s	
100,000	10,000	10
55,000	9,000	6
50,000	5,000	10
50,000	7,000	7
45,000	5,000	9
40,000	8,000	5

There were other instances, omitted here, of African firms which imported for other firms, and which kept only low stocks themselves. These firms had much higher stock turnovers than the examples listed here. Other examples involving lower turnovers are:

<u>Turnover</u>	<u>Stock</u>	<u>Average number of times stock turned over during the year</u>
£'s	£'s	
25,000	7,000	3½
16,000	4,000	4
14,000	7,000	2
10,000	2,000	5
10,000	3,000	3

(1) June 1958, but this figure includes 270 part-time employees of the Ashanti Turf Club.

(2) June 1958. In 1956 the figure was 338 for these two firms; one firm had reduced, the other had slightly increased, the number of its employees.

The figure in the third column is the simple arithmetical relationship between the other two, but this is the average figure for all the firm's stock, of course, and ignores quick sales in some lines and slow sales in others. Most of those in the over £40,000 turnover range here were selling principally hardware, ironmongery and builders' materials.

For purposes of comparison, Kingsway Stores, Lagos, has a turnover of $3\frac{1}{2}$ times a year.⁽¹⁾ The 1950 Census of Distribution in Great Britain showed an average turnover of stocks in retail "domestic hardware, ironmongery" of about 4 times, and for retail stores selling chemists' goods - the second most important category numerically of the traders covered in this survey, though not important in this table - about 5 times.⁽²⁾

One would expect that the number of times that imported stock is turned over in West Africa would be lower than, say, in the United Kingdom, because in West Africa the sources of supply are several thousand miles away, and demand cannot be met quickly, whereas a United Kingdom supplier would normally expect to be able to obtain new stock within a day or two. However, the argument does not seem to apply to these turnovers.

12. Specialization in trading.

There are three aspects of specialization in trading relevant here, specialization according to the stage in the distributive process, specialization according to commodity, and geographical specialization.

While there were a few examples of African importers whose businesses were entirely wholesale, most of the bigger traders were both wholesalers and retailers, though many retail traders would quote a dozen or a case price as well as a unit price to buyers. The smallest traders here would say that it was not worth their while to sell except in small units, because they themselves had bought only in single cases or dozens. However, it is generally

(1) "The average rate of turnover of stocks in all department stores in the United Kingdom is estimated at between 5 and 6 times a year. In Kingsway Stores, Lagos, it is only $3\frac{1}{2}$ times a year; but excluding cigarettes which can be obtained locally, the rate of turnover of stocks is less than 3 times a year". (United Africa Company, Statistical and Economic Review, No.12, September 1953, p.17). The Unilever 1957-58 trading year report showed a U.A.C. stock turnover of less than $2\frac{1}{2}$ times.

(2) Retail Trade, Short Report 1952, p.16 (1950 Census of Distribution and other services, H.M.S.O.).

agreed that there is some difficulty in drawing a clear distinction between wholesale and retail trading in West Africa, (as Bauer, for example has shown)⁽¹⁾

Of specialization according to commodity, there is considerable evidence, as the figures in the table below indicate. Where the total demand is small, as in a village, the general store exists. Where there is a larger market, as in a town, the development of specialized trading might be expected; and this is happening. The big European firms have already achieved a marked degree of specialization often with separate premises and organization for their various branches. How far are African traders doing the same?

The largest African traders are not very large, and with limited capital and reserves - that is with a limited ability to withstand a poor market demand in any given commodity or group of commodities - there is perhaps a reluctance to put all the eggs in one basket. This anyway is a commonly-expressed attitude, though it may not in fact be provable as an economic theorem. One firm, large by African standards, with several branch stores, sold books, textiles, hardware and provisions in different stores. On the other hand, many firms had concerned themselves with only a few commodities, or a range of associated goods, say drugs or hardware. However, to emphasize this point of size, it should be remembered that the stocks even of the larger firms probably rarely exceeded £10,000 at any time. In the case of one of the larger hardware stores, the capital was shown as £15,000 on its 1955-56 balance sheet, and this was the highest figure encountered. Thus the capital of most African firms does not allow for much manoeuvre. African specialization is still only small-scale specialization.

Some traders felt that they could turn from one commodity to another as the opportunities in the market appeared. But there were traders who were conscious of the particular knowledge associated with the buying and marketing of commodities in which they specialized, and who were unwilling to take risks outside the range in which they had experience. To some extent it depended on the commodity.

This is not to say, however, that traders did not change, not merely the emphasis within their specialist range, but the specialist range itself, according to changes in market conditions. This happened, of course. One trader, for example, had been squeezed out of his lines of business by competition twice since 1948. First he had tried drugs, then haberdashery, and finally had turned to "general goods" (a range of hardware and drugs) in his third attempt. Another trader had been uprooted from the store where he had been for ten years, and after trying to carry on his former business of book selling, had turned

(1) P.T. Bauer: West African Trade, C.U.P., 1954, p.53.

first to provisions, then to hardware, then to building materials, making beginners' mistakes sometimes in these new lines, he said, all within one year!

In general, as one senior European manager in Kumasi of one of the big firms remarked, there is every evidence now of commodity specialization in African trading.

Urban geographical specialization. One development should be noted. In the market, concentrations of traders selling the same commodities are commonplace and usual. Outside the market, concentrations of stores dealing in the same commodity range also exist, but hardly at all of African traders. Concentrations in cloth and hardware are to be found down Lebanon Street and Bogyawi Road, or in motor spares on Dominasi Road, but these are almost entirely Syrian and Lebanese stores.

However, around the junction of Apimpua Road and Apremusu Road there are about seven African stores specializing in drinkables. This geographical concentration appears to be to their general benefit, as one would expect, for this area is now quite widely known for this trade. This seems to be the only African example in Kumasi outside the market.

Table to show the commodity groups sold by the traders interviewed.

<u>Commodity group sold</u>	<u>Number of firms</u>
1. Hardware	25
2. Drugs	24
3. Provisions	14
4. Drinkables	11
5. Arms and Ammunition	9 All these firms are primarily concerned with other commodities and therefore are not included in the total.
6. Haberdashery and new clothing	6
7. Textiles	5
8. Weavers' yarns	4
9. Books	4
10. Shoes	3
11. Building materials	3
12. Miscellaneous	14
TOTAL	<u>122</u>

Notes on the table.

Where a store sells more than one category of goods, the more important is taken, but here are some indications of where combinations of categories occur. (The commodity group numbers refer to the numbers in the table).

Commodity Group.

1. Hardware, where there was any combination at all, was most commonly combined with drugs. There were 10 major examples of this, (two stores which were predominantly hardware sold drugs; eight stores which were predominantly drugs, sold some hardware). One textile seller also sold hardware in his shop. Some hardware stores broadened into "general goods" to include soap commonly, linoleum, drugs and perfumes, stationery sometimes, bicycle accessories, and so on.
2. Drugs. Some of the firms in the miscellaneous section also sold drugs. Little outlay is required to add a popular cough mixture or laxative to one's stock.
3. Provisions. This number included 3 who were wholesalers only: one of these had a hardware section in his store; another also imported building materials. One trader in provisions also brought up fresh fish from the coast.
4. Drinkables. This section includes wholesalers, retailers and barkeepers, all of whom had to be licensed. Three also sold provisions, and one drugs.
5. Arms and Ammunition. Since the emergency regulations of 1954, it has been forbidden to sell arms and ammunition in Kumasi. These dealers have had their arms impounded locally under police protection, but complain that they have made losses through deterioration. Most of them have opened arms and ammunition stores outside the emergency areas, and in one or two cases have combined in a partnership for this purpose, the partnership covering the outside store only. All the nine dealers here had other lines of business or they could not have survived in Kumasi. Like the book trade, they have their own association to deal with their special problems.
7. Textiles. One textile dealer also sold shoes. Another was an importer of special textile lines which he found very profitable, and imported also hardware and general goods.
9. Yarns. One dealer in yarns also sold drugs and second-hand clothing; another, bedsteads and trunks; a third, wholesale flour and soap.

10. The book trade has its own problems which are indicated in a later section.

12. The miscellaneous group included shops specializing in: drawing materials, handbags, toys, bicycles and accessories, buttons and cotton, food contracting, secondhand clothing, fishing lines, tradesmen's tools, and rubber, leather and silver for the shoemakers and goldsmiths. It also included such combinations in one store as: mineral waters and rubber sheeting; jewelry, shoes and handbags; musical instruments, toys, clocks, clothing and shoes.

13. Extension of business interests: the diffusion of entrepreneurial effort.

Many traders have other business interests. In some cases, the trading side was the least important of their business interests. It seems impossible to formulate a generalization about the financing of trading business or the use of business profits to finance other ventures. But in cocoa farm - trading business associations, from such information as has been collected here, while there were a few instances of cocoa farmers being partners in businesses, there were 14 known instances, (probably more), where capital from business went into new farms. In one case, it was planned to divide a £3,000 bank loan between the business and the farm. That is, more evidence has been uncovered here of business profits going into cocoa farms, than of the reverse process.

Forty of the business men out of about 110 who were asked this question in the interviews, are known to have had cocoa farms. Of these, 6 were not traders. It is possible that other traders in the survey had cocoa farms too, and that this record is not a full one. A few business men had had cocoa farms but had given them up either because of low yields from poor land, or because of the unreliability of the relatives who had been left in charge. Many Ashanti business men who had no cocoa farms themselves spoke of their family farms, or their brothers' farms, in which, however, they had no share.

There were only five non-Ashantis in this group of 40 cocoa farm owners: one was Akwapim, one Ewe, two Fanti - one a woman, and one Nzima.

In the market, and there were occasional examples outside, it was observed that during the cocoa season, when traders do their maximum business, many stores were closed while their owners went to supervise the cocoa harvesting on their farms. It was obviously more worth while for them to farm than to stay in their stores to

share in the busy season. The implication here is that there was no reliable person who could either supervise the cocoa or supervise the store. How far more people than usual left their stores for their farms because the 1957-58 trading season was so poor, cannot be said.

Apart from cocoa, the interests of the traders interviewed included the following combinations with trading: sand and stone contracting, food contracting, building contracting, timber, furniture making, printing, cornmills, hotels, petrol stations, diamond mining, running a passenger car (for long journeys, as opposed to a taxi) and a dance band. Business men other than traders included a builder who was a food contractor, a furniture manufacturer who had a few cornmills, a furniture manufacturer who had built a lodging house, a goldsmith who was doing some building, and a lorry owner who owned fishing canoes and nets.

This, of course, is apart from investments in buildings or shares in the Ashanti Turf Club. No one had shares in any of the big foreign firms.⁽¹⁾

Several business men discussed their plans for expansion of their business, revealing a few interesting cases of plans to expand vertically or horizontally, or move into some business unconnected with what they are doing now: or to change the existing form of the business usually from a sole trader to a partnership. There were, too, a number of vague aspirations less likely of fulfilment.

One additional activity of some business men outside the business field was politics. On the whole, political activities interfered with business life and development. A Member of Parliament receives a salary: a councillor now receives allowances. These are the only (legitimate) monetary rewards of political service apart from preferment. To offset against these rewards are the costs of (possibly unsuccessful) elections,⁽²⁾ which might drain away profits, and the time spent away from business, which is a serious consideration, unless competent and reliable managers exist.

(1) Surprise was often expressed that shares in the big firms could be bought. But it is doubtful if their yields would be likely to attract African demand. There might conceivably be a prestige value in holding such stock, but this is doubtful. Government Registered and Bearer Premium Bonds, issued under the Loan Ordinances of 1953 and 1954, proved so unattractive that the Government decided, because of the interest burden, to repay the capital to bondholders in 1958.

(2) One reliable estimate was about £2,000 for a Parliamentary election, but costs could amount to £4,000.

This survey included M.P.'s, members of the 1957 Kumasi Council Management Committee, and councillors past and present, who were associated with business. The rewards from politics might help business capital, but the evidence is that politics is more likely to be a cause of business deterioration.

Some professional men also had business interests, but these were not trading activities as far as is known.

14. The starting capital of Kumasi business men.

Information was obtained from 102 businesses about the capital they started with. This varied from a few pounds to a few thousand pounds. But it was not always clear when a business started. A man might start petty trading with £50 given to him by his uncle. He might build a business, move into new premises, and take a partner. To the partnership he might bring £2,000. Did he start the business with £50 or £2,000? Did his capital come from the uncle or from his savings? The original boost of £50 from his uncle is not always known. Many traders were storekeepers before they became traders on their own account. It is not always known who put up the money that a storekeeper required as a security with the firm he had worked with. The information obtained sometimes showed the original capital with which a trader started, sometimes how much he started with at the beginning of a later phase in his career. Thus, in the table, some of the 73 who started in business with their own savings would probably have been able to go back to an earlier stage when they were given or were lent money by relatives. And some of those in the table who received help from relatives might at a later stage tend to describe their business capital as from their own savings, especially if they changed their type or form of business.

Table to show the sources of original capital

<u>Source</u>	<u>Number of business men obtaining capital from this source</u>	<u>Remarks</u>
own savings	73	including 25 who had had been storekeepers, produce buyers or expatriate firm managers. Plus at least 6 others that were partly financed by their own savings.
Government gratuity	7	4 in Education, 1 in the Medical Department, and 2 (?) in the Political Service.
Bank gratuity	1	

Table (continued)

<u>Source</u>	<u>Number of business men obtaining capital from this source</u>	<u>Remarks</u>
Cocoa farming	5	including 2 dormant partners and one shareholder.
Money lender	1	three other traders reported that they had to borrow later from money lenders (only one managed to borrow at "government rates").
Crediting of stock	2	(a) by a European employer who gave up his business, to his assistant. (b) by an uncle, who gave up his business.
Bank loan	1	business actually started with a loan raised from a bank.
Uncle	4	plus 3 who were helped in part by uncles. One of the 4 here was given (?) £500 which was the security required for him to become a storekeeper in the first place.
Mother	3	plus 2 who were helped in part. One of these 3 had a loan of £200 raised (at 50% interest) by his mother for him.
Father	3	plus 2 helped in part.
Mother and Father	3	all very small sums.
Brother	3	(a) a loan of £600 (b) a loan of £2,000 (c) a case of inheritance from a brother.

Table (continued)

<u>Source</u>	<u>Number of business men obtaining capital from this source</u>	<u>Remarks</u>
Grandmother	1	gift of £30 only.
Husband	1	to start up as a petty trader in the first place.
Mother-in-law	1	loan of £900.
Total number of traders who had received assistance from relatives: <u>19</u>		
Friends	2	plus 4 helped in part. Of these 2, one borrowed from "friends" at 50%.
	<u>111</u>	
TOTAL		

These 111 sole traders, partners or shareholders here came from 102 firms.

The starting capitals of the fourteen largest firms recorded here - those with turnovers of £40,000 or more - do not show any simple pattern. Here is the information.

Table to show the origins of the 14 largest African trading businesses in Kumasi recorded in the survey

<u>Length of time in business</u>	<u>Source of starting capital</u>	<u>Amount (if known)</u>
1. 25 years	Built up from being a small trader starting straight from school.	-
2. 6 years	5 years' saving as clerk to earn £500 security required to be a storekeeper, then 4 years' saving as a storekeeper.	No data
3. 8 years	Manager in an expatriate firm for over 20 years.	About £1,000
4. 27 years	Own savings as storekeeper for 4 years.	No data
5. 24 years	Built up from being a petty trader.	-
6. 4 years	Partnership. One hand been a produce buyer and later a store owner.	£5,000

Table (continued)

<u>Length of time in business</u>	<u>Source of starting capital</u>	<u>Amount (if known)</u>
7. 15 years	Storekeeper for 15 years.	£1,000
8. 8 years	Partnership. Dominant partner had been a storekeeper.	Total partnership capital £2,000
9. 11 years	Working with father in timber. (Later this firm became a partnership of brothers, who brought another £2,000).	£2,000
10. 7 years	Savings (from wages?).	£142
11. 20 years	Started as weaver. Gradually built up own trading business. Brother later lent £2,000.	-
12. 5 years	Savings.	£30; plus overdraft from bank on security of relatives' property.
13. 5 years	Partnership of brothers.	£1,440(?)
14. 3 years	Partnership of several brothers who had been petty traders and shoemakers.	£8,000
15. <u>Business Costs.</u>		

While a fair amount of information was collected about rents, only a little was obtained on interest payments and wages, which therefore will be dealt with first.

Interest. Interest payments were being made chiefly to the banks for advances. Overdrafts were either running overdrafts or obtained for specific purposes. Loans varied in the length of time allowed for repayment, but the maximum period for repayment was three years from the Government Mortgage Fund, administered by the Ghana Commercial Bank, which lent, from these examples, up to one-third of the value of the property offered as security, for a period of three years at 7% interest. Repayment of the capital sum was made by monthly instalments, starting one month after the granting

of the loan, but interest payments were made only every six months, which perhaps was why some criticism was focused on ordinary bank interest repayments which were made monthly.

Ghana Commercial Bank charges seemed to be about 1% below the charges of the other banks for equivalent accommodation services. This was, then, an advantage enjoyed almost entirely by African business men.

Some information obtained in this survey about the sizes of advances is included on the section below on bank credit.

The information collected about other interest payments was only of historical interest for the most part. though one sometimes heard of instances where payments were being made monthly or even more frequently, to "friends", but where the borrower was reluctant to say what the interest payment was. It appeared to be very high. In economic terms, much of this is a risk reward to the lender and not pure interest, but there is no advantage here in making this distinction. Thus, there are two quite distinct loans markets,⁽¹⁾ the banks and Government institutions on the one hand, and private lenders on the other. Among the people interviewed, there were at least 4 instances of borrowing, at 50%⁽²⁾ loans which had since been paid off.

Wages. From what information was collected, labourers received £6 to £8 a month, but in one case, where a labourer had been with the firm a long time, he received £10. Night watchmen may be paid as little as £1 or 30/- a month (there was one instance of 15/-) where it seems that the job gives a watchman, perhaps otherwise homeless, a place to sleep and not much responsibility. He would have another job during the day if he could get one. On the other hand, he might receive as much as £6 a month; - in one case he was paid £7.10s. Here the storekeeper was anxious that his store was well guarded, often because he had to leave part of his stock outside because his premises were too small. This is not uncommon in the drinkables trade, for example. The watchman was paid on the understanding that he was responsible and paid for any thefts. (Presumably this means that he would forfeit part or all of his pay). As far as a record was kept, all the watchmen, like all the labourers (except one), were Gaos (from the French Soudan) or from the Northern Region of Ghana.

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- (1) It might be interesting to examine the local market for "petty" capital and to see how far it is influenced, if at all, by bank charges. Most loans are from relatives, friends or private persons known to the borrower, and therefore presumably outside the Money-lenders Ordinance, but even under the Ordinance, 30% (simple) interest per annum may be charged against unsecured risks.
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(1) It might be interesting to examine the local market for "petty" capital and to see how far it is influenced, if at all, by bank charges. Most loans are from relatives, friends or private persons known to the borrower, and therefore presumably outside the Money-lenders Ordinance, but even under the Ordinance, 30% (simple) interest per annum may be charged against unsecured risks.

(2) "50%" might mean not per annum necessarily, but for any agreed period.

The wages paid to storeboys, assistants and clerks varied from £4 to £5 for a store boy to £6 or £7 to £10 a month for a clerk. Drivers seemed to get about £9 a month. Where a relative, especially a young relative, was employed, he often did not receive much in money wages, and sometimes only spending money. On the other hand, there are instances of more senior relatives in responsible positions being relatively well-paid.

Rents. In Kumasi there are two blocks of municipally-owned shop buildings, a single-storey block built in 1949-50 on the Zongo Road perimeter of the market, and running down Queen Elizabeth II Street, and a double-storey block built in 1950-52 on the Fuller Road perimeter of the market.

There is a big demand and a waiting list for market stalls, but these shop premises on the market edge are particularly sought after because of their position, and because the rents for such sites and premises are low. The rents of the privately-owned shop premises near the municipally-owned shop premises on the Zongo Road are higher - perhaps double those charged by the municipality. The monthly rents of the municipal shops and market stalls are as follows:

	<u>Rent</u>	<u>No. of premises</u>
Shop premises: Zongo Road perimeter	£7	17
	£4.5s. (one-door)	8
	£8.10s. (two-doors)	6
Shop premises: Fuller Road site:		
ground floor	£ 7.10s. (one-door)	12
	£15. (two-doors)	6
inside and facing market	£ 2. (one-door)	24
upper storey ⁽¹⁾	£ 5. (one-door)	13
	£10. (two-doors)	1

(1) These upstairs premises do not seem to be very successful as ordinary stores. There are a few stores there, but the premises are now used to a large extent by people providing services. There are several tailoring premises (shared by groups of young men who work individually with their own machines), chop bars, a shoe repairer, and a hairdresser, for example. These upstairs premises originally had higher rents which were reduced in 1953 to £5 for a single-door, by the Rent Assessment Committee. There have been a number of changes in the rents of the municipal premises since they were built.

There are three other bigger Fuller Road premises which pay £30, £30 and £20 in monthly rents.

	<u>Rent</u>	<u>No. of premises</u> ⁽¹⁾
MARKET: Permanent stores (inside the market)	£1.10s monthly	500
other permant stores	15s monthly	2,353
temporary structures put un by the occupants themselves	£1, 15s and 10s quarterly ⁽²⁾	450

Low rents mean a high demand for market premises, but many market vendors expressed the wish for premises outside the market as well, to catch the buyers who do not come to the market. This demand for well-sited premises outside the market - all of which are privately-owned except for the Zongo Road and Fuller Road blocks - is very great, and both municipal and well-sited privately-owned store premises would undoubtedly command higher rents at the moment if unhindered by municipal council decision and rent control.

The monthly rents of the traders' premises visited varied from £2 to £33 for a single store. The maximum rent by far paid by any African company was that paid by the Ashanti Turf Club (£3,750 per annum), but this is an enterprise quite different from the others. The two largest African firms, apart from the Turf Club, are not trading firms, and they are in their own premises. These tables below apply only to trading premises.

-
- (1) As mentioned in Section 4, these are November 1957 figures. In June 1958 the figures were:
- | | | |
|------------------------|-----------------|-------------|
| Permanent stores | £1.10s. monthly | 551 |
| other permanent stores | 15s. monthly | 2,586 |
| temporary structures | | 950 approx. |
- (2) This group, like the 4,500 squatters in the market, also pay 6d a day. Some people in structures erected by themselves, therefore pay more than those in some of the municipal store buildings inside the market.

Table to show total rent payments paid for all business premises (including market premises) by individual firms

<u>Total amount paid in rents, monthly</u>	<u>Number of firms</u>
£ 0 - 5	11
£ 6 - 10	22
£11 - 15	29
£16 - 20	7
£21 - 30	6
£31 - 40	6
£41 - 50	3
£51 and over	<u>2</u>
Total number of firms	<u>86</u>

Notes on this table.

1. Where possible, these totals include rents paid for stores outside Kumasi as well, but in most cases this information was not collected. In a few cases there are local premises, especially warehouses and market premises, the rents of which are not included, so that a number of figures here are too low.
2. There were in addition five trading premises owned by their occupants, and these are excluded. (The rent of one of these was given as £40 for income tax purposes).
3. One small store was shared by a partnership and a sole trader in different lines of business. The sole trader here was sub-letting part of his store.
4. The highest total paid by any one firm, in this group of traders, was £74 monthly; the next highest were £54 and £49.

Table to show the monthly rents paid for individual business premises in Kumasi

<u>Amount paid per month</u>	<u>Total number of premises</u>	<u>of which privately-owned</u>	<u>municipally-owned</u>	<u>ownership unknown</u>
£ 0 - 10	55	30	29	6
£11 - 20	43	31	10	2
£21 - 30	9	9	-	-
£31 - 40	1	1	-	-
Totals	<u>118</u>	<u>71</u>	<u>39</u>	<u>8</u>

Notes on this table

1. This table covers 86 firms. For a few firms, the information is not complete, in that there were in addition private premises and market stalls in Kumasi about which no information was obtained.
2. In a number of cases, firms had warehouses or wholesales at their homes, but these are not included unless a separate rent was paid, and not if they owned the property.
3. There were many instances of lock-up market stores being used as wholesale premises, many by firms whose main premises were outside the market.
4. Of the ten premises costing over £20 a month, six were Lebanese-owned and four African-owned. No two of these ten premises were in the hands of the same owner.

Table to show the ownership of some privately-owned business property in Kumasi

African	47
Lebanese or Syrian	28
European	3
	<u>78</u>

This table covers the ownership of 78 properties only. More than half were in African hands, and of these, more than half again - 26, possibly 29, - were owned by Ashantis. One Hausa woman owned three of the other premises all in the same block, but apart from this no other African name appears in this list of owners more than twice. The figure includes four premises owned by their occupiers, none of whom was Ashanti.

This figure of 78 is different from the number of privately-owned premises in the previous table because the ownership, but not the rent, of an additional seven premises is known.

Six - perhaps seven - of the premises owned by Lebanese and Syrians in this survey were owned by one prominent Lebanese, and two other Lebanese owned three premises each in this list. But this gives no indication of how extensive concentrations, if they exist, of individual African or Lebanese ownership of property might be, and it was not the purpose of this survey to find out. A block of property owned by one person might contain one trader or several traders whom it was wished to interview.

Two of the European-owned properties were owned by a big expatriate firm, and the other by a private person.

Rent differences between neighbouring properties. As an example of rent variations, here are the rents of ten near neighbours in corner properties in a fairly good position.

They paid the following rents:-

2 paid £4.15s	One door only	} Same owner - Lebanese.
2 paid £9.15s	Two doors	
2 paid £20	One door only	Different owners - both African.
2 paid £15	Two doors	Same owner - Lebanese.
2 paid £20	Two doors	African owner.

Petitions to reduce rents. Though the municipal rents are low, they have nevertheless been the subject of petitions requesting rent reductions. Some tenants in the municipal shop premises on the Zongo Road side of the market petitioned in April 1954 (?) for the reduction of their rents from £7 to £3.10s. The Municipal Council would not agree.

In 1948, groups of petty traders in the Central Market petitioned the Asantehene, the Chief Commissioner and the Kumasi Town Council against the increases in that year in the market stall monthly rents from 20/- to

25/-, 7/6 to 10/-, and 10/- to 12/6d.⁽¹⁾ Even before the rent increases, at least one petition for rent reductions had argued that the stalls were too small and that no other towns in the Gold Coast paid such high market rents.

Total business expenses. Business expenses other than wages, interest and rent payments, include transport (often an important item), car maintenance, stationery and postage, accountants' fees, insurance costs, telephone charges, electricity, bad debts, depreciation and replacement costs of any capital equipment. Details of these are not known, but here are some examples of the known annual recurrent expenditure of a few African trading firms:-

- a) A firm with an annual turnover of £17,000
- | | |
|----------|------------------------|
| Wages | £156 plus two partners |
| Interest | Nil |
| Rents | £84 |
- Other known expenses were transport costs, and car maintenance and depreciation.
- b) A firm with an annual turnover of £18,000
- | | |
|----------------|---|
| Wages | £816 |
| Interest | 7% on a running overdraft of up to £800 |
| Rents | £264 |
| Other expenses | - |
- c) A firm with an annual turnover of £20,000
- | | |
|----------|-----------------------------|
| Wages | £336 plus self and sons |
| Interest | 8% repayment on £3,000 loan |
| Rents | £300 |
- Other expenses included car maintenance.
- d) A firm with an annual turnover of £60,000
- | | |
|----------|--|
| Wages | £1,500 plus self |
| Interest | a) on running overdraft
b) on a Guarantee Corporation loan. |
| Rents | £480 |
- Other expenses included car maintenance

(1) e.g. letter dated March 8th, 1948 signed by representatives of the tobacco, yam, plantain, chewing stick, smoked meat, and salt sellers, and the fish mongers.

e) A firm with an annual turnover of £75,000	Wages £360 plus self
	Interest 7 or 8% on a £3000 loan
	Rent £180
	Other expenses included car maintenance

The total expenses of a few of the bigger firms might amount perhaps to two or three thousand pounds or even more, including the remuneration of the management or partners.

16. The demand for business premises.

The shortage of business premises reflected developing trade following high cocoa rewards and increased demand for goods and services, and constituted a problem for business men. It will be mentioned again when African business problems are discussed, but here the concern is primarily with costs.

The competition for business accommodation gave rise to a number of practices, which meant higher costs for business men wishing to obtain new or additional premises, and even in some cases for those business men already established, apparently securely, in premises. These costs were not recurrent, however, except where rents were increased.

Rent control. Rents have been generally controlled since 1942.⁽¹⁾ At present, rents are regulated under the Rent Control Ordinance of 1952 and the Rent Control Amendment Act of 1957. The 1952 Ordinance gave the Minister responsible the power to control rents through local authority Rent Assessment Committees, consisting each of 3 members (a member of the local authority, a landlord and a tenant) who were to fix rents at what they considered to be a reasonable level, using as a standard the rent levels as they were on January 1st 1948. Application for a rent change could come from the Minister, a landlord, a tenant, or from the Committee itself acting upon its own motion.

Rent changes. Information about rent changes was collected only incidentally. No Rent Assessment Committees records, which must obviously be a source of information about rent changes, have been consulted. Here, however, are the experiences of 10 firms, some of whose rents were determined by the local Committee.

(1) The Defence (Rent Restriction) Regulations of 1942 and 1943. The Rent Control Ordinance of 1947 was "an ordinance to make temporary provision for the control of rents in respect of small premises", - premises with rents not exceeding £100 per annum.

<u>Number</u>	<u>Present monthly rent</u>	<u>Earlier monthly rent</u>	<u>Estimate of commercial position</u>	<u>Notes</u>
1	£20	£2 in 1940	Very good	-
2	£10	£5 in 1943	Very good	-
3	£4.15s	?	Good	Attempt by owner to increase rents (in this store to £10) resisted by all tenants in the block. The present rent was a Rent Committee decision.
4	£22	£8.10s in 1948	Good	Increased in 1951 to £18; in 1952 to £22.
5	£15	£20 in 1954	Very good	Owner reduced the rent "after talk".
6	a) £22.10s b) £20	£3.10s in 1940 £3 (in 1940 ?)	Very good Very good	- -
7	£15	£9.15s	Fair	Rent Committee increase.
8	£15	£25	Very good	Rent Committee decrease.
9	£13	£6	Good	Tenants in block took owner to Rent Assessment Committee for a rent reduction. The Committee instead increased the rent.
10	£14	£25	Very good	Rent Committee reduction.

Tenancy under the rent acts. The high demand for business premises gave rise to abuses under the 1952 Ordinance which the Rent Control Amendment Act (1957) attempted to stop. Illegal practices have continued, and perhaps only an alteration in the demand and supply position of business premises could stop them. Perhaps the biggest gap in the 1952 Ordinance which the Amendment Act sought to stop was in Section 11 e. This stated that "where the lease has expired and the tenant is a statutory tenant and the landlord -

- (i) intends to pull down or remodel the premises; or
- (ii) requires possession of the premises to carry out a scheme of redevelopment; and
- (iii) has given six months' notice to the tenant of his intention to apply for an order for the recovery of possession of, or ejectment from the premises",

- an order may be made against the tenant.

Under the Amendment Act, a tenant is protected by being deemed to have an option to be reinstated in the premises remodelled or constructed on the site of the former premises occupied by the tenant at a standard rent" (i.e. a rent fixed by the Rent Assessment Committee).

There were instances before the Amendment Act where the landlord, having obtained the authority to give his tenant notice to quit in order to "renovate" his premises, was "persuaded" to change his mind. This persuasion sometimes ran into a considerable sum - there was one instance of £1,000 - which was an absolute loss to the tenant, and could not be claimed as expenses in his profit and loss account, of course. Two examples of another practice were met with in this survey. The owner warned his tenant that the building was to be demolished and that he should look elsewhere for accommodation in good time. This warning was acted upon, and the tenant in each case moved. But no demolition took place, and the premises were let to others. Of course, it is possible that the owners had a bona fide change of mind, but if the first tenants had had evidence of the "warning" they may have had grounds for an action under the Act.

The Rent Control Amendment Act came just in time to save one group of Kumasi business men in one block from eviction and the property from demolition. It is not always easy for the evicted to think in terms of urban improvement. They are concerned, not unnaturally, about their own eviction and the difficulty of finding new premises.

Other practices.

A demand for six months' or a year's advance payment of rent was said to be not uncommon when taking up new premises. The few instances of this recorded in this survey related to African landlords. One apparently unusual case was where an African landlord made an agreement with the new tenant that the monthly rent should be £15 for the first six months and thereafter the normal rent of £10.

Another common practice was the demand for a cash payment (key money) from the new tenant by the landlord before the tenancy was taken up. This was in addition to the rent. In 1956, sums of £500, £600 and £1,000 were mentioned in connection with this practice. A common remark in 1957 was that if one could pay £1,000, it was possible to get a store in new premises that were being built.

Shortage of business accommodation has also resulted in promenades round the stores by persistent business men, notably non-Ghanaian traders, who would suggest to an African occupier of desirable premises that he might give up his present store to the inquirer for a consideration of a few hundred pounds. Instances of offers were plentiful, but evidence of offers accepted were not so easy to find. Known instances of selling out were: (a) for £800 in 1957, a very good site; (b) for £500 in 1954, a very good site; (c) for £200, an earlier instance, no details known; and (d) an earlier instance of £120. ("What", said one African business man commenting on example (a), "does he think he can do with £800 these days?").

Offers for stores, according to the business men interviewed, ranged from £300 to over £2,500, depending upon the premises and the situation. One offer, which was not accepted, was of £1,000 and an agreement for 40 years' occupation of the rebuilt premises, which would be given back at the end of this period. Another offer was of over £2,500 to the business owners, plus 5% commission on sales to one of them if he remained as storekeeper.

This offered sum is called "goodwill", (a word used in several similar contexts, all of them remote from the legal concept). All that can be said is that if the African trader accepts the offer, and gives up his store, he must consider it worth his while to do so.

Similar to this is the practice of taking over a market stall for an agreed "goodwill" dash from the new to the outgoing occupier. The stall has to remain in the outgoing occupier's name, for if it is vacated officially it must be re-allocated by the Municipal Council. In one known instance, £80 changed hands. This is a purely African practice because only Africans have market stalls, though one or two of the Zongo Road municipal stores are let to non-Ghanaian traders. There is no law restricting market premises to Africans, and there are in the market a few permanent stores built privately and let to, or built by, the large expatriate firms, which do not therefore pay rent to the market authorities.

Building new municipal stores. There are proposals to build three hundred new municipal stores in the market along Fuller Road. Store buildings have been suggested at Bantama Market too, and a new market at Maxwell Park, Fanti Newtown, (a proposal which has been considered by the Council before).

The District Chairman of the Kumasi African Chamber of Commerce, Mr. J.A. Addison, referred in his annual report to the Chamber in March 1958 to the problem of good commercial sites, as follows:

"One of the most pressing needs of any member here is a good situated store. The matter of acquiring suitable commercial sites to build stores for members has for years past engaged the special attention of the executive. Negotiations are still going on between us and the Kumasi Municipal Council for erection of stores at the Central Market to be let exclusively to the Chamber".

The Chamber was thinking of acquiring perhaps 50 new stores, but these were not to be built and let by the Municipal Council. Instead, the Chamber itself planned to build, own and control the stores.

Changes in the ownership of business property.

No attempt has been made to collect systematically information about changes in the ownership of business property in the commercial areas. There have been changes, of course, as elsewhere. An interesting point however, which is of particular significance for foreign firms, is that Kumasi offers greater security of property tenure than other important towns in Ghana. In Kumasi the land is vested in the Asantehene, and residents obtain plots through the Asantehene's Lands Office. The big firms negotiate directly for long-term leases, but many Lebanese and Syrian traders lease from African holders. The lease is acquired in this way. A Lebanese trader negotiates with the African holder of a desirable site. He offers a sum of money to be paid immediately, and an agreement by which he will reconstruct the existing building, or more usually put up at his own expense a new building, in which to work and live, undertaking to pay an annual sum to the African, and to return the plot and give up the building to him at the end of an agreed period of time. In the past, the usual period seems to have been 25 years. Some of the buildings in the centre of Kumasi are now reverting to the African holders of the land on the expiry of the agreements.

It was said too that there was a tendency for the property at the bottom of Zongo Road to be bought by Africans from Lebanese and Syrian owners.

17. The ownership of fixed capital assets by African firms.

A trader's fixed assets consisted of his store fittings, his vehicles and his house buildings (he rarely owned the store that he occupied), and if he had a bar he would have a refrigerator too.

Few Kumasi African stores had special fittings which constituted a major item of their business assets. One of the largest African drug stores spent £1,500 on fittings in a new store in 1958. Another drug store had spent £150 on well-designed showcases, and one or two other drug stores were fitted with glass showcases. However the shelving in most stores did not cost very much to install.

In the best market permanent stores, the tenants themselves had to construct the fittings and organize the security of their goods in empty concrete shells. Some individual costs in the new blocks, built in 1957, of counters, shelving and doors, were:

- i. shelving £20, professionally done; wood for doors, made by shop owner, £7.10s.
- ii. shelving, doors and rough interior wooden roofing (inside the permanent metal roof), £20 cost of wood. Labour provided by shop owner himself.
- iii. shelving, doors, interior asbestos roofing, glass showcase, - all professionally done: £34.10s.

A common aim of money capital accumulation is not an extension of trading activities, but to build a house. One well-educated business man said that it was his policy to build houses out of his profits. The reasons for this attitude need not be considered yet. In fact, many businessmen possessed property which they had built out of business profits, and which they were then using as securities in many cases for loans from the commercial banks. Out of 80 traders, at least 43 had a house or more than one house. While this was the common pattern, a few of the younger business men thought in terms of business expansion first, and building was not part of their immediate plans.

In Kumasi, out of 86 trading businesses, 54 had cars, and one trader had a motor scooter. Seven businesses had more than one vehicle.

Is the purchase of a car "conspicuous consumption"? Something ought to be said here in defence of the purchase of a car by the small African business man. A big car is perhaps more "conspicuous" than a small car, though it may stand the rough roads better, but in a hot country where transport services are irregular and crowded, there is probably more "justification" purely in business terms for buying a car than there would be in Europe, - time and energy saved, taxi and other personal transport costs saved, and use for the transport of one's goods. It depends how far the car is used in business, - that is, how far it is a producers' good. But the point must constantly be kept in mind that the man who establishes himself in business at the age of fifty many not be primarily concerned with maximizing his profits, and his car may be used more as a consumers' good.

D. BUSINESS DEALINGS

18. Bank credit.

The deeds of the buildings owned by African business men provide the security that the banks will accept in meeting their customers' applications for accommodation. Unlike the other banks, the Ghana Commercial Bank, under the 1952 Ordinance which created it, cannot accept immovable property as primary security, but the Mortgage Fund, established at the same time and administered by this bank on behalf of the Government, provides the machinery for lending on the security of building assets. In any case, the ordinary commercial banks might be expected to be reluctant to accept titles to buildings as securities for advances beyond a certain accumulation of such securities, but the African business man has little else to offer. Titles to farm land cannot adequately be established, and life insurance policies⁽¹⁾ and share certificates are rarely held by Africans. Loans are sometimes made against government paper (there are some African holdings of government stock) and gold ornaments. Guarantors standing for relatives or friends offer building deeds; and there is the rare instance of a bank balance being offered as a security by a guarantor.

The Government Mortgage Scheme however offers loans outside the terms of ordinary bank lending, for these loans are for three years (mentioned already in the section on business costs). The interest charged is 7% per annum. The amount allocated for the purpose by the Government is £1 million, of which it is believed that Kumasi probably has more than a third, (but the fact that the Ghana Commercial Bank has only two branches, and that the Accra head office started business for all comers before the two branches were opened, makes the calculation a little difficult).

A flourishing business with regular banking habits might get bank assistance without any security being required beyond the borrower's promise to pay, and there were instances of this among the Kumasi business men interviewed.

As already mentioned, out of 80 traders whose assets are known, at least 43 had houses, - some more than one house. (Many ex-traders and retired traders who were interviewed but are not included here also had house property). Of these 43, at least 24 had loans from the banks using their property as the security. In tabular form, here are some details of the securities offered for loans and overdrafts, as far as the collected information goes.

(1) But there is a growing life insurance business especially among professional people and civil servants.

<u>Number of advances</u>	<u>Type of Security</u> (1)	<u>Remarks</u>
24	Deeds of buildings	Maximum loan was £3,000. One trader said that he used to get £4-5,000 overdraft but could not get it now. (2)
8	Guarantors	Amount varied between £200 and £1,000.
1	Jewellery and valuables	Small loan of only £90.
8	Promise only	Overdrafts of from £200 to £2,000.
17	No data	Including 7 whose overdrafts might have been on promise only. Some of these 17 traders had houses, but it is not known whether they were used as security for advances.
<u>58</u>		

The figure of 58 advances covers 51 firms, for 6 firms were drawing advances from 2 different banks (one of which was always the Ghana Commercial Bank), and one firm had both a loan (house as security) and an overdraft (on the signature of two guarantors) from the same bank.

Of the 24 advances here on buildings, 12 were through the Ghana Commercial Bank, that is, from the Mortgage Fund.

The ability to provide security for loans, however, said another bank manager, is only a secondary consideration. A bank manager wants to know first about the borrower's business and reputation, and what he plans to do with his requested advance. The established trader might obtain his advance on his reputation alone. But many owners of

-
- (1) Some idea of how important gold and Government paper are as securities is given by the information that in April 1958, the Kumasi branch of the Ghana Commercial Bank had just over 100 accounts where credit had been given against gold ornaments, and less than 20 where credit had been given against Government paper. In June, (April was about the same), there were over 200 loans against property made through the Kumasi branch of the Bank from the Mortgage Fund.
 - (2) The reason in this instance is not known, but loans against property were markedly lower in 1957-8, because of the fall in property values.

buildings with no business reputation apply for loans without giving reasons for their borrowing, or for reasons which the banker feels that he cannot accept. (1) The function of the banks is not always understood, but it was noticeable that in 1957, no trader made the old point heard repeatedly even in the 1956 replies to questions, that the expatriate banks were trying to keep the African down. A bank manager might not be popular with some traders, of course, as elsewhere, and the Syrian and Lebanese traders were often still thought to be favoured by the banks. (2)

The African trader's problems are dealt with later, but from the banker's point of view, it was said that the absence of regular banking payments by a trader into his account, his fear of being frank with his bank manager, and his attempt to maintain balances at more than one bank thereby dividing his cash assets, often hindered his quest for accommodation.

In Kumasi, one bank lent to Africans a higher total amount than in any other town in Ghana, though Accra, the only real rival, has twice Kumasi's population.

I was told by one of the market traders that they sometimes find it difficult to get bank accommodation because some banks insist that a firm's stock is insured before a loan is given, and it is not always easy to insure the stock of a lock-up stall. It is not a condition made by any bank that the stock must be insured before a loan will be considered - it is an irrelevant consideration in fact - unless the stock is pledged to the bank. But it is true that a market firm might find it difficult to insure its stock in some cases. The insurance companies say that there is a). a greater (moral) risk in insuring a recently-established market stall holder than a longer-established stall holder, whose insurance they would more willingly undertake; and b). a greater (physical) risk of theft and of fire in the market than outside, possibly. But most important of all, from the insurance companies' point of view, is that firms should keep books so that stock figures are known. Without these figures, insurance companies feel that the risks they are undertaking are unknown and unjustifiable.

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- (1) There are cases of false reasons being given for loans in Accra. It is suspected that there are similar instances in Kumasi of loans granted for trading being used for building, for example.
 - (2) In the experience of one Kumasi bank, only one Lebanese customer had ever failed in business up to the beginning of the 1957-58 season. (The 1957-58 season brought difficult times however). The point is that, from the banks' point of view, the Lebanese and Syrians have not been bad risks, and it is possible to interpret this, however unfairly, "as favouring the Syrian".

The biggest firm by turnover recorded here did not apply for bank accommodation until 1958. The success of the first 2½ years of its existence had been built entirely on its own capital and credit from the big firms. A few middle-sized firms kept their accounts with one or other of the large expatriate firms, which served many of the same functions for the African firms concerned as the banks would have done. Some of the smaller firms had had their requests for accommodation refused by the banks. A few firms reported changes in their advances - always reductions - with the arrival of new bank managers, (a common tale, no doubt, wherever branch banking exists).

The Ghana Commercial Bank. The establishment of the Ghana Commercial Bank has had some interesting effects on African business. This Bank, established under the 1952 Ordinance originally as the Bank of the Gold Coast, is, at the moment anyway, a state-owned commercial bank.(1) Perhaps most African traders felt a certain pride in the establishment of an indigenous bank, and many in Kumasi opened accounts with the new local branch which started business in 1955, though very often they kept open their old accounts with one (or both) of the two expatriate banks. It was believed that the new bank would be more willing to lend to Africans and on easier terms than the other banks, - which was undoubtedly one of the intentions of the Ordinance. The Bank of the Gold Coast was intended to provide accommodation for Africans at the more favourable commercial rates prevailing, which, as mentioned already, has meant an advantage to African business men of about 1% interest on loans. Interest charges ranged from 5% against government paper to 10% against unsecured loans.(2)

However, not all African traders transferred their accounts to the new bank. Several with long associations with one of the other banks felt an affection and loyalty for their bank, and were not willing readily to throw away the years that they had spent building up their good name and reputation, unless they felt sure of better treatment at the new bank.

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- (1) The Bank of the Gold Coast was intended to perform central banking functions as well ultimately, but these were taken from it by the establishment in 1957 of the Bank of Ghana as a separate central bank. See Prof. J.W. Williams: State Banking in the Gold Coast, The Banker, March 1957, on the operations of the first four years of the Bank of the Gold Coast.
- (2) The Ghana Commercial Bank insists on a copy of the registration certificate under the Registration of Business Names Ordinance before it will open current accounts or give accommodation to business men, if they should be registered under the Ordinance. This gives a check on the number and the names of the partners in a business.

Some traders suggested that the appearance of the Bank of the Gold Coast had proved a competitive spur in lending policies. Where the local opportunities for lending are limited, this is a likely consequence, but the establishment of the new bank coincided with a period of increasing prosperity in the country, too.

19. The Guarantee Corporation.

In addition to the Ghana Commercial Bank and the Government Mortgage Scheme, credit for African business men is obtainable from two other Government agencies, the Industrial Development Corporation and the Guarantee Corporation.

The Industrial Development Corporation is concerned only with industrial projects. It has a small loans section for making loans to craftsmen and artisans, and to small light industries such as rice and corn mills, baking and bottling enterprises. It is not concerned with lending to trading businesses, and therefore is of no benefit as a credit institution to the business men considered here.

The Guarantee Corporation, on the other hand, is not restricted to lending to any particular type of business, and in fact most of its lending has been to traders.

The Guarantee Corporation was established by Ordinance (No.6 of 1954) "to give guarantees to the Bank (now the Ghana Commercial Bank) in respect of short-term loans granted or to be granted by the Bank to shareholders of the Corporation". This is the only line along which it has developed, but it was also intended to guarantee to the Bank other activities of shareholders - guarantees by shareholders to third parties, and the endorsing of promissory notes made by shareholders in favour of the Corporation and discounted by the Bank. That is to say that the Guarantee Corporation as it has developed is simply another lending institution, working through the Ghana Commercial Bank, for making loans to African business men.

Briefly, the shareholders subscribing to the Corporation buy ordinary shares (the preference shares are held by the Government) of £50 each, but since these are only half paid-up, their cost is £25. In return, the subscriber can apply for a loan of three times the paid-up value of his shareholding. For example, a shareholder with twenty shares costing £500 can apply for a loan of £1500. The other £1,000 is from the Government's (fully paid-up) share of the Corporation's funds. This loan was originally given for a period of six months, but in 1957 the Government acceded to shareholders' demands and extended the period to one year. Even before this change, however, renewals had been largely automatic, but physical repayment had had to be made at the end of the six months' period even though the loan had been immediately renewed. The rate of interest is 6% on the total loan, (including the shareholder's own subscription, if it can be so expressed).

The original authorized capital of the Guarantee Corporation was £200,000, but this has subsequently been increased to £740,000. The Government's share of this, half of it, has been fully paid-up.

For purposes of organization and allocation of funds, the country now has eleven active local committees (increased from eight in March 1958) based on the major towns, including two in Accra, and there are a few other towns that have applied to become districts.

The last addition to the Corporation's fund by the Government was £100,000 in 1957. Business men had hoped, after some pronouncements in Parliament, for a larger sum. However, of this £100,000 the Kumasi district committee managed to get half solely for its members. In Kumasi, the allocation is made through the African Chamber of Commerce, and in order to become a shareholder, membership of the Chamber is virtually necessary. This is not a statutory requirement, and is not followed elsewhere in Ghana, but it has worked very successfully in Kumasi, and mistakes made elsewhere - Accra for example - in granting loans to weak (or even, it is alleged, non-existent) firms, have not been made in Kumasi. It is perhaps not surprising that members of the Kumasi branch of the Corporation feel that they should not be responsible as a group for mistakes made elsewhere, over which they had no control. On the other hand, the scheme was intended to be national in operation.

Criticisms by Kumasi business men of the Corporation were occasionally heard. One man who was not a member of the Chamber of Commerce said that he thought that the decision to grant a loan to a member should be made with reference to the banks which know the applicant's business history and the state of his accounts. Another trader disagreed with the method of allocation from the point of view of which members got the available funds.

In Kumasi, business men naturally express the hope that larger sums will be made available for their use. Whether this is the best method of allotting limited funds for business development, however, is another matter.

20. Buying the goods (1): Importing by African entrepreneurs.

Goods for resale by traders can be bought locally or ordered from abroad. This section is about the experience of African trading businesses in Kumasi in importing goods directly from overseas for resale either wholesale or retail.

Purchasing from countries overseas is subject to exchange control regulations and licensing by the Controller of Imports and Exports. Details of these are not considered here.

Of the traders interviewed in Kumasi, 62 imported goods from overseas. Some of these imported only small quantities of goods, others imported larger quantities, sometimes importing everything that they sold. There were perhaps 25 importers whose stock was largely or entirely imported by themselves. About 6 of the largest 20 traders (by turnover), however, did little or no importing at all.

The importer sends his indent to the confirming house overseas with whom he has an agreement. The confirming house places the orders with wholesalers and manufacturers, and either ships the goods itself, or sees that the goods are sent to forwarding agents for shipment. The confirming house undertakes the business with the wholesalers and manufacturers on its own account, and sends the goods to Ghana on sight or credit bills of exchange. For these services, it usually charges a commission.

There are three aspects of the relationship between African business men and the confirming houses overseas: (a) the commission payments, (b) the credit terms offered, and (c) the deposits demanded. All three must be considered together in any agreement.

Commission terms. The commission terms obtained from the confirming houses varied. Five per cent commission was commonly paid, but some firms paid less - $3\frac{3}{4}\%$, $3\frac{1}{2}\%$, 3% , $2\frac{1}{2}\%$, and sometimes nothing at all. There might be no commission charged where the confirming house was an agent of the manufacturer, or on goods which it produced itself if it were both confirming house and manufacturer.

One importer complained about his 5% commission payments that he did not really know how much he was being charged since he never received the manufacturers' invoices from the confirming houses, but was usually quoted a CIF price by them. But some confirming houses supply the manufacturers' invoices.

Credit terms. Until the end of the Second World War, credit terms were apparently rarely given, though some confirming houses would give temporary credit.

Credit terms now varied from nothing, that is, sight bills, to 30, 60 or 90 days' bills. Strictly, credit is given on sight bills - though this is usually disregarded - because it takes time to ship goods to Ghana, and someone must be giving credit for this period if the Ghanaian business man has not paid for them already. Where letters of credit are required - Japanese and some European continental firms often made this a condition - there might be no credit given at all, even for the period of shipment.

One confirming house charged 8% per annum when credit was given, so that a 90 days' bill meant an extra 2% above the cost of the goods on a sight draft. This is probably the general practice. The Bank Rate at this time was 7%. Several confirming houses expressed the view that 1% above the existing Bank Rate was reasonable. (1)

In cases where African business men have had difficulty in fulfilling credit agreement, longer credit terms have been given, but it is most likely that future relationships are prejudiced by this necessity. Here are two recent examples of longer credit being given. One importer of fishing lines from Italy received the goods too late for the season. He had a £200 deposit with the overseas firm and sight drafts. The Ghanaian asked for time to pay, and was granted 30 days, but this proved insufficient. He was selling his imported goods at a loss, he said, in order to send the money as quickly as possible, but the credit he had had in fact stretched over several months. Another importer said that one of the confirming houses which he used had extended his credit because the season's sales in Kumasi were so poor and he had been unable to pay. The confirming house had told him to pay what he could when he could, not to wait until he had the full amount. Confirming houses report losses in these sorts of circumstances. (2)

Cash Deposits required by confirming houses before shipment varied from 33 $\frac{1}{3}$ % of the value of the order - more commonly 25% - to fixed cash deposits, and down to no deposit at all. The highest cash deposits paid were £1,000, £600 and £500; other deposits were smaller, many less than £100. Examples of good terms obtained by some of the larger established African traders were:

- (a) £7,000 to £8,000's worth of goods; £300 deposit; 90 days' credit; 5% commission charged.
- (b) Up to £30,000's worth of goods; £200 deposit; sight drafts, but credit sometimes given for orders of £600-800; 4% commission.
- (c) Up to £8,000's worth of goods; £25 deposit; 60 days' credit; 5% commission.

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- (1) See at the end of this section: "What the confirming houses say".
 - (2) One business man complained about what he called "chamber importers", traders who sit in their chambers (the rooms or houses in which they live), order the goods, but have no business premises and no money, and sell the goods on the beach as they come in. These are the people who give the African trader a bad name when they fail to settle their debts with overseas exporters, he said.

Thus the commission, the credit and the cash deposit varied partly accordingly to the goods supplied, partly according to the confirming house in relation to its competitors (for there is plenty of competition in the field) and partly according to the period of association and the reputation that the African firm has established.

Confirming houses at least appear to maintain high standards of business behaviour. Only one alleged instance of misdealing was mentioned in these interviews. There a quantity of travelling bags of a given size was ordered, but when they arrived the African importer alleged that there were mixed in the order some bags of a smaller size which were cheaper. The confirming house would not accept that it had made any mistake, and the importer therefore ceased dealing with the firm.

Direct dealing with manufacturers. Some African importers avoided dealing with the confirming houses for some of their purchases by ordering directly from the manufacturers. Manufacturers did not charge a commission on their goods where the transaction was direct, and many Ghanaian firms said that they also obtained a trade discount. Hence it was a commonly-expressed wish by African importers to dispense with the services of the confirming house and buy directly from the manufacturer who seemed to offer credit services and to organize the forwarding in much the same way as the confirming houses did, but at a lower cost to the importer. Some manufacturers however have not the organization to deal by direct arrangement, or do not find it worth while to extend into commercial distribution, so that business men may have no alternative but to deal with the confirming houses, or, where they exist, the manufacturers' agents locally, for many goods.

Goods imported directly from overseas manufacturers included stationery, shoes, silver, tools, carpets, drugs, cloth, buttons, flour, musical instruments and haberdashery. In order to import from an overseas manufacturer, there must of course be no local agency in Ghana, or the manufacturer will simply refer the inquirer to the agents. The smaller European manufacturers particularly do not have agencies, so that there is indefinite scope here in many lines of imported goods if these goods can be imported more cheaply by African entrepreneurs directly themselves than similar goods can be bought locally, or ordered through the local agents of competing overseas firms. (1)

(1) One African firm importing from Indian manufacturers said that postal bargaining for better terms was a feature of their relationship.

Overseas wholesalers. Apart from importing from confirming houses and manufacturers, a firm could import from an overseas wholesale house, but there was no evidence of this, though some confirming houses may have had wholesale functions too.⁽¹⁾ One drug store owner said that wholesalers were more expensive to deal with than confirming houses.

Is it worth while for a firm to do its own importing, instead of buying from the big firms locally which have such advantages in purchasing, clearing organization, transport and insurance? The big importers have advantages in purchasing because they buy in quantity and deal with the manufacturers, and their insurance costs will be proportionately lower. But though they will get shipping space more easily, as good and regular customers, they get no advantage in shipping space costs. The Shipping Conference companies charge a flat rate per unit volume. Yet some traders assured me that it is worth while to do one's own importing, - in certain lines anyway.⁽²⁾ However, 6 business men had given up importing their goods themselves, but 3 of these had drug stores. There is plenty of competition in retail drug selling, and manufacturers are well represented locally. One of these 3 drug owners said that it was cheaper to buy overseas, but that, as far as he was concerned, it was not worth his while because he bought in such small quantities and had to pay a one-third deposit on his orders. Another of these 3 drug store owners said that it was cheaper to buy locally, but he had a smaller store. A fourth trader had imported beers and spirits, but the extra profit margin that he gained was small in this trade, he said; further, importing tied up his capital, and the breakages and the insurance claims were a nuisance. The other two traders had given up importing because their energies were directed to other aspects of their business activities.

One importer said that he thought that the advantages of buying directly from overseas were keeping in touch with the outside world, and avoiding the waste of time and loss of business trying to see a manager who might be out when one called.

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- (1) According to one confirming house, in the old days - (I have no date)- a confirming house would hold stocks of certain goods much in demand to supply to traders requiring only small quantities but nowadays with such a small buying commission and U.K. purchase tax restrictions, this is no longer practicable.
- (2) Some expatriate business men doubted whether this was generally true, but one confirming house said that many times the larger firms complain that they are being undercut by the confirming house and the small African importer. One of the bigger African traders said that Africans cannot compete with the big firms in importing the staple lines instancing his own experience of importing soap and milk. But some traders import staples.

One prominent Ghanaian business man in Kumasi, who has well-known views on the building up of the African share of the import trade, believes that to be a successful importer it is necessary frequently to visit Europe to search out new lines of business, - frequently, perhaps even annually, - because other and bigger firms will probably capture the ideas and the market. By visiting Europe, he argues, an African business man can make direct arrangements with manufacturers, and by-pass the confirming houses, thus saving the commission required by the confirming houses, and benefiting from the discounts granted by the manufacturers. The cost of visiting Europe, - say £500, - is soon more than repaid. Many of his fellow business men are unwilling to risk this amount on such a trip, apparently, but he is sure that if they once broke the ice, they would be less unwilling next time.

"Been-to's" in Kumasi trade. ⁽¹⁾ It is worth considering this African business man's opinion about visiting Europe. Europe provides the bulk of Ghana's imports - about 70%. Other important sources of imports are Japan, India and Hong Kong, which would be more expensive for African business men to visit (though this same business man has visited Hong Kong too, probably the only African to do so privately). ⁽²⁾

Of the business men interviewed in Kumasi, 6 had been to Europe, but of these 1 had been as a student. (A partner (not interviewed) in another firm had been as a government official overseas). Of the other 5, one - already mentioned - visited Europe frequently; one had established a successful partnership with a European who ordered and dispatched the goods from Europe; another was staying in Europe as a buying agent temporarily and sending goods to his wife in the store; another had been to learn a trade, but was unable to carry out his plans when he returned, and meanwhile his four stores had dwindled to one; and one, whose chief business interests were other than trading, was not primarily concerned with looking for trading benefits.

Thus it cannot be said that personal overseas experience has had any significant influence on Kumasi trading practices, except in the case of perhaps three firms. But there might be opportunities for development here, if more African business men can exploit them.

(1) A "been-to" is a person who has "been to" an overseas country, especially to Britain.

(2) There have recently been a number of trade and goodwill missions, which have included Ghanaian business men, to countries overseas.

How can the small African business man import below the costs and sell below the prices of the big firms? He cannot generally import below the costs of the bigger firms, there can be no doubt about that. In so far as he can sell below the prices of the big firms, the answer, one can only guess, lies in the differences in overhead distribution costs. Or perhaps, in economic terms, the extra reward is a payment chiefly for his extra effort in going to the trouble of importing himself instead of buying locally, and really not an extra profit. The question is how substantial the profit margin is on goods imported by African firms themselves. An alert importer, of course, might import goods which were new to the market or in short supply, and thereby earn an extra profit, (that is, a short-term monopoly profit or quasi-rent).⁽¹⁾

But there were many stories of unsuccessful importing. An importer needs to know what he is doing, and it is not only newcomers who make errors of judgment or guess wrongly about future demand and supply. Guessing the future is the essence of business risks. There were many instances of an African importer's costs of importing particular commodities being higher than the selling prices in nearby big stores, so that it was often cheaper for him to buy locally than to try to import these goods himself.

What the confirming houses say. To get a balanced picture, it was desirable to hear not only what the African importer said about importing from overseas, but what the overseas exporter said. The overseas exporter could provide additional information, it was felt, and help to give perspective. Copies of the preceding part of this section⁽²⁾ since modified a little - were sent, therefore, to a number of British confirming houses which were known to have customers in Kumasi, asking for comments. Seven confirming houses sent long letters of useful criticism and comment in reply, the chief points of which are given below. Some writers reassuringly replied that the material in the this section was substantially correct and fair, but it was obvious that there was more to say about the relationship between the Ghanaian importer and the overseas confirming house.

These were some of the points raised in these letters.

a). Forwarding. The better confirming houses do not employ forwarding agents, as most manufacturers have to, but do their own forwarding. They say that forwarding agents are expensive, and that by forwarding themselves they save the importer money. Their forwarding costs are covered by their buying commission.

(1) If a number of alert importers all have the same idea at the same time, and some large firms also import the same commodity, the resultant flooding of the market might mean losses all round.

(2) Offprinted from March 1958 issue of the Economic Bulletin, Economic Society of Ghana.

b). Commission. Our 5% gross profit - it was sometimes much less, said one correspondent, was justified because: (i). even on a sight draft the confirming house was out of funds for the period of time which the goods took to arrive, - equivalent to several weeks' credit as far as the confirming house was concerned; (ii). there was a risk that the goods would not be taken up; and (iii). the commission was also a reward for (efficient) service .

c). Credit. One correspondent expressed the view that credit has helped to spoil the West African trade in the sense that some importers were inclined to order than they could finance satisfactorily. (This alleged optimism as a characteristic of the Ghanaian trader was sometimes remarked upon to me by expatriate business men in conversation). Confirming houses which were involved in losses where importers were unable to pay, were reluctant consequently to give credit very easily in the future. Where a trader is unable to pay immediately, he is in fact trading on the confirming house's capital until he does. The confirming houses through their merchants' organizations have had to protect themselves by blacklisting some firms which have defaulted in payment. That these risks exist was proved by the fact that one of the two insurance schemes covering confirming houses had withdrawn its cover from West African markets. Confirming houses then have had to watch their interests when giving credit, but they have reliable and sometimes long-established traders among their customers, of course.

The practice of charging interest for the period of credit given of 1% per annum above the current Bank Rate has already been mentioned. This seems very low, for any confirming house requiring bank accommodation would have to pay more itself than that.

d). Discounts. Some confirming houses allow all trade and cash discounts to the buyer, they said. This means that their own services - say at 5%, but whatever percentage it was - cost less. In some cases, it was possible for the cash discount to exceed the buying commission, so that a credit customer buying from a confirming house could obtain the goods more cheaply than if he bought directly from the manufacturer.

The point was made that some African importers prefer CIF quotations to manufacturers' FOB prices, because then the landed costs can be compared immediately with prevailing prices locally. (This, I think, assumes that the importer has confidence in his confirming house).

e). Direct dealing with the manufacturer. Confirming houses felt that it was not necessarily - perhaps not usually - true that direct dealing with manufacturers was cheaper than dealing with confirming houses. (1)

(1) Where a manufacturer is pushing his product, he might offer better terms than can be obtained for similar goods further down the commercial chain.

First, a good confirming house has up-to-date information about competing firms and prices in many countries. The individual Ghanaian trader is not likely to know where he can purchase most cheaply. Second, a manufacturer often has to employ a forwarding agent at extra cost, whereas this is part of the organization of a good confirming house, as has already been said.

One confirming house said that many manufacturers do not want to involve themselves in the extra organization required for engaging in direct overseas trading, and are unwilling - sometimes unable - to finance shipment of goods even where payment was against documents, since even this involved a period of several weeks between shipment and payment.

It would probably be impossible for an importer dealing in small quantities of many lines to import from all the manufacturers supplying those lines. The amount of capital he would have to tie up in deposits would be prohibitive, and the extra correspondence and postage a considerable burden.

f). Visiting Europe. The previous note was concerned with buying directly from manufacturers overseas. The points made there are relevant here, but this note is concerned with actually travelling overseas in order to get into touch with manufacturers there.

The same point was made again that a Ghanaian business man would not easily be able to recognize when he was being offered a good price unless he was aware of the terms of competing manufacturers. (1) One correspondent thought that the advantages of a visit to Europe were chiefly seeing how things were done and what new lines there were. He doubted whether the advantages of direct dealing with the manufacturers were as great as had been suggested. Expatriate business man in Ghana have made the same point.

Some of the other points made were:-

g). Standards of business morality have improved since the War. (Could this be directly associated with prosperity?)

h). These appears sometimes to be a belief that the overseas supplier should share any difficulties experienced by the Ghanaian importer.

(1) One well-informed expatriate business man in Ghana had an additional point here. When a Ghanaian business man is in Europe, he is out of touch with market changes in Ghana, where, in the words of the expatriate, the national market is a small congested market in the sense that it is easily upset.

But it would be possible for an African business man to be kept in touch with market conditions at home by a partner. There is still the time lag between making the order and its delivery.

1). Some Ghanaian traders destroy the continuity of their business relationships by frequently changing their confirming houses.

j). There is a tendency for traders to order the same line at the same time so that the market is glutted. The confirming house can assist here by advising his customer that orders for a particular commodity are heavy. The confirming house has an interest in that it stands to lose if the customer cannot meet his commitments, and one confirming house added that it never pressed a buyer to order more than it feels he can easily handle.

One confirming house sent to importers a booklet containing information about import procedure and definitions of commercial terms used in the trade. Another confirming house sent regular market reports to its customers. A third maintained a small laboratory for testing qualities and standards where necessary. Several confirming houses sent representatives to West Africa periodically.

21. Buying the goods (2): Buying locally.

The big firms as indent houses. In addition to the manufacturers' agencies whose chief job is indenting, all the big firms in Ghana will indent for customers as part of their ordinary business, though they have no special department. One of the big firms however - there may be others - has a special indent department for local business men, if they wish to take advantage of its services. In effect, these services are the same as those undertaken by the confirming houses, but operated from Ghana. Indenting is undertaken for reliable or secured customers, and a major advantage for an African trader is that his identity and reputation need be known only locally. The outlay that he requires for local buying is probably less than that required for importing, and he can arrange that his capital is less tied up. The slow process of establishing relationships with overseas firms and working towards easier business terms with them is avoided, and all the customs clearing and organizing of transport are done by the importing firm.

The big firms might be said to see their role as big importing organizations with a wealth of experience behind them, access to all the information, their own market research units, and with a highly-organized and efficient importing machine. They have agencies in many countries, - the United Africa Company has agencies in sixty different countries, for example.

The new indent department of the big firm referred to above, works like this. A cash deposit is usually required of 25% of the order. If the goods to be ordered are expected to be readily saleable, the deposit might be less, but it might be more if the goods are likely to prove difficult to

sell, and in the event of there being a possibility of the firm's being left with the goods on its hands. But where an African firm orders goods for different delivery dates, it is possible to work on a much lower deposit, in effect. For example, two orders of £100's worth of goods each for estimated delivery at different dates, say January and March, might be secured on a single £25. (Another big firm originally had required no deposit from African traders when indenting for them, though Lebanese and Syrian traders had had to give a deposit, but the policy had failed because the firm had suffered losses when some African traders did not take up the goods they had ordered).

The price charged to the customer is CIF plus import duties. On such small profit margins as this department is working on, I was told, it can only succeed if the volume of business is sufficiently large.

The department intends to establish a samples showroom, and will advise and discuss problems and market possibilities with customers. The samples showroom is not a new idea, however, for another big firm has had one for many years.⁽¹⁾

One expatriate manager expressed surprise that more use was not made of these indenting services by African traders. Why do business men often prefer to import on their own account? Is it simply that they can secure better terms by doing their own importing? Is it sometimes a question of prestige? Is it sometimes partly a question of ignorance of the services available from the big firms, or is it a desire to be independent of them? Among small traders, there is a considerable degree of ignorance, of which many of them are aware, of the opportunities open to them. It is certainly true that some traders underestimate their costs when importing.

Only the individual African firm can decide where its own interests lie, and, on the assumption that business men will do business in the manner in which they can expect the greatest profit, if it is still more profitable to import on one's own account than to use the machinery of the big firms, the more enterprising Ghanaians will import for themselves, other things being equal. However, the indenting services of the big firms should at least be examined by the African trader.

Direct buying from the big firms. Most of the goods bought by African business men, however, are bought directly from the big expatriate firms. The big importing firms are thus wholesalers to the African buyers who may themselves sell wholesale or retail, or both.

(1) A samples showroom could dispense partly with the need for manufacturers' catalogues, which some traders say they have sometimes found misleading.

There are two methods of purchase, cash and credit. The ordinary wholesale cash purchase from the wholesale stores of the big firms is a simple cash transaction involving no special relationship between buyer and seller, if the sale is across the counter. The buyer expects a quantity price or trade discount for purchasing in quantity, and this discount usually increases with the quantity purchased. He may also get a cash discount for immediate payment.

Credit transactions on the other hand demand the establishment of confidence in the buyer by the seller, and this special relationship requires further examination because credit from the big firms is a very important element in the development of African enterprise. The United African Company, for example, has 5,000 credit customer in Ghana, including many women, and 30% of its business is done on credit terms. Another firm said that 30% of the credit that it gave in Kumasi went to African customers.

The simplest mechanism for granting credit is to open a credit account for the buyer, a method used by the big firms when supplying building contractors, for example. A second mechanism adopted by one or two big firms (and by the Lebanese motor hire-purchase firms) is the requirement of post-dated cheques from customers. A third mechanism is the pass-book system. A pass-book issued by a firm is, like a bank pass-book, a book held by the customer in which details of withdrawals (of goods in this case) and payments in cash are recorded. This record is useful as proof - which the cash customer usually does not have - of a trading relationship. Any of these mechanisms can be combined, of course.

Like a bank, a firm giving credit safeguards itself in its dealings with a customer by requiring some security - in this case usually cash (1) - unless it is satisfied that the customer is an established and reliable business man whose turnover warrants unsecured lending. The advantages of this system for the local trader are, in addition to the discount that he gets on wholesale purchases anyway, a further "commission" on purchases, and an interest payment at rates above bank deposit rates on his original deposit and any subsequent additions, including commission accumulations, that he might make to it.

(1) Two Kumasi traders who were interviewed had deposited the deeds of relatives' houses as securities. One big firm, however, had given up taking mortgages as securities, because its experience in the past was that forced sales of property, where they had been necessary, had resulted in losses. On the whole, property is not considered desirable as a security by the big firms.

Suppose a petty trader saves £500 and deposits this with one of the big firms. The trader will then be permitted to draw up to £500's worth of goods at a time, and repayment is usually required within the month. (Some firms are very rigid in maintaining the monthly credit period; other firms allow up to three months). The credit given is secured, and of course he could buy the same amount of goods with these savings if he wished instead, in a cash transaction.

Strictly, there is no credit given in this instance. Credit means lending now for repayment later. The banks, lending cash against relatively illiquid assets, are regarded as giving credit, and where a firm issues goods against illiquid assets, it could perhaps be similarly considered as giving credit. Lending goods against cash, however, does not constitute credit, though the term is used.

The trader in this example would expect to be given increased - perhaps we should say "real" - credit facilities on the same security with the establishment of his reputation with the firm. In the case of this trader, he might get an extra £100 perhaps at first. As time went on, he might get more - £250, £500, perhaps, and so on. It would depend upon the firm's estimate of his ability, and the size of his purchases and the regularity of his payments. All the time, his commission and interest would be slowly increasing the size of his deposit, too.

Established traders may get credit facilities with little or no security, and ex-storekeepers turned traders seem to receive favourable conditions from the firms that they once worked for, obviously because they are known.

One big firm described how its credit system worked as follows. (The previous paragraphs are summed up, in effect, here). In this firm, there were three classes of credit customers:

- a). the secured customers, who had deposited money or other securities with the firm. As has been said already, a fully-secured customer really gets no credit.
- b). the semi-secured customers, who get some credit built usually on an established reputation with the firm. A trading account records the purchases; a deposit commission account records the growth of the customer's commission paid by the firm.
- c). The unsecured customers, who are financed in their purchases from the firm entirely by the firm. Everything that they buy is on credit, and they have no security deposited with the firm. The post-dated cheque system is employed here. These customers might get the most favourable wholesale terms in so far as they are usually the biggest buyers, but they get no commission. Only classes a) and b) get commission.

This firm has no pass-book system.

African business men told me in interviews that the commissions granted varied according to the type of goods and according to the supplying firm from $\frac{1}{2}\%$ to 5%. Credit varied from a week or 10 days to a month⁽¹⁾. The amount of monthly credit (including the amount secured) granted to individual African firms in Kumasi varied from a few hundred pounds to £3,000, and in one case, £5,000. Discounts varied according to the quantity of goods purchased.

As in their dealings with overseas confirming houses, most African traders were customers of more than one firm, so that the bigger African business men could order altogether several thousand pounds' worth of goods locally from different firms at the same time.

Criticisms made of the big firms by some African traders. European firms were often accused of giving better terms, not to the bigger business men as such, but to the Lebanese and Syrian traders. One big African trader said that one European firm always gave better terms to Lebanese and Syrian traders than to him, though he bought more than many of them. Another said that African traders could not expect to get more than £300 credit from the big firms, but Syrians could get £3,000. This trader himself got twice this alleged African maximum, but this example illustrates a hostility sometimes found. One or two African business men said that the non-Ghanaian traders used to be favoured in the post-war years of shortage, but that this was not so now. Individual dislikes of particular departmental managers sometimes existed, of course, and it is possible that there were some managers who did not follow strictly their firms' declared policy, or gave the impression of being responsible for what some Africans definitely regarded as unfair allocations, credits or discounts. Some allegations of corruption in favour of non-Ghanaians when goods were short were made against some managers, too.

On the other hand, in the case of one big firm - perhaps there were others too - credit was given only with the approval of the general manager or agent. Decisions as to whether credit should be given or not were not made by branch managers. In general, storekeepers usually have some latitude in allowing credit. The point might be made, too, that the big firms, even those associated in large organizations, compete - often quite severely - with each other. To discriminate or to appear to discriminate between customers would seem likely to result in a loss of customers to other firms. The big firms denied that any discrimination existed in their dealings with customers, who were, they said, invariably judged individually on their merits - their purchases, the size of their turnovers, the regularity of their payments, and so on.

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- (1) The system of payment every month brought a backward glance from an old market cloth trader. Full monthly settlements started in 1939, he said. Before that, at stock-taking time, the firms would take back unsold pieces of cloth, - and even half pieces in the old days.

Indeed, far from favouring the Syrian against the African, the reverse was the case, said one big firm. This firm believed that its managers maintained a high standard of behaviour, and it was aware of the allegations, such as those cited above, made against them. Furthermore, its policy was to issue pass-books only to Africans.

One of the biggest firms estimated that at least 72% of its merchandise sales were to African customers, and only about 10% to Syrian and Lebanese customers. Purchases by Government Departments accounted for most of the remainder.

The manager of the Kumasi branch of one big firm said that his firm had been pursuing a policy, especially since 1955, of trying to develop a stable, purely African group of large buyers, and in this the firm had had some success in textiles and to some extent in provisions. This conscious (private enterprise) policy of trying to build up the firm's more enterprising and reliable customers, who were hindered by their shortage of capital, is along the lines that some African traders have suggested might be a function of a government agency, - the encouragement of the more successful trader.

Another criticism of the big firms occasionally made by African business men was that they sold straight to Lebanese and Syrian traders and did not keep stocks themselves, so that a smaller buyer often had to go to the Lebanese traders to buy the goods he wanted, at higher prices. Once, said one trader, he was referred to a Lagosian market trader by one big firm from whom he was trying to buy particular lines. It is difficult to see quite how this criticism can be met, if at all. It hardly seems reasonable to expect a firm to hold stocks in the mere hope that some African customers will come in to buy, if regular Syrian and Lebanese customers make firm offers to buy. One big firm has experimented along these lines, trying to keep stocks for African buyers should they want to buy, but the experiment proved too costly. In times of definite scarcity there may be a case for some form of rationing by the firms.

Perhaps there are some indications of xenophobia to be sifted from the material here.

Other local buying. Some Indian stores were mentioned as suppliers of, for example, Hong Kong goods, (1) haberdashery and provisions, and there were a few local instances of fairly large credits being obtained from one big store and from a local Indian manufacturing firm.

(1) Hong Kong hardware is often not distinguished from Japanese in name by market petty traders, some of whom call it all Japanese.

A few Lebanese and Syrian firms, which are much more numerous than the Indian firms, were mentioned, but how much African traders buy from them and how much credit they get is not known. One African business man interviewed ordered goods from overseas suppliers through two local Lebanese firms. (1)

Importers of books had to buy their vernacular books locally where these were published by missionary societies. The bigger booksellers were able to get substantial credits from mission bookshops, however.

Food contractors constitute another special category. The buying of foodstuffs from the farmers for resale to hospitals, colleges and other institutions, requires techniques of its own and has its own problems. Food contracting was said to be entirely in African hands now.

African importers will indent for other African traders, of course. (2)

Some details of credit granted by African traders to customers is contained in the next section. Some traders bought locally from African importers, and obtained credit from them. There was one instance of an African importer granting £1,000's worth of credit to a retailer. But the imports of African importers altogether are only a very small proportion of the total imports, - some 4 or 5% it is said, - and only a very few of the African business men interviewed bought from African importers, whose wholesale customers were to be found chiefly among the smaller traders.

The business men in this survey bought directly from the big firms in so far as they did not import themselves, for the most part. They did not buy from other African traders who had bought from the big firms. But in the past, when goods were scarce, some traders travelled south in search of those goods which were in demand in Kumasi, and would buy wherever they were available.

A note about some market traders. One trader in provisions always bought his stocks from a European firm in Takoradi, and sent them to Kumasi by hired lorry. This, he said, was cheaper than buying in Kumasi, and was just worth while provided that there was no damage to the goods. Some market traders in hardware also bought from the big firms in Takoradi and Accra, and brought up their purchases by lorry. Sometimes, they said, hardware lines were cheaper in Kumasi than on the coast, but even so they never took goods from Kumasi to sell further south.

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- (1) I was told, but did not confirm, that in local importing of this kind, the importer gets for his services the high reward of 5% commission from the suppliers, and 5% on the invoice which he charges to his customer. There were instances too of African traders importing for Lebanese customers.
 - (2) One of these African firms of importers had suffered badly in the poor 1957-58 season because of the failure of its customers to take up the goods they had ordered.

Some Kumasi market women sellers of headkerchiefs travel to Accra to buy from Accra women, and some Accra market women sellers of headkerchiefs travel to Kumasi to buy from Kumasi women. This is because a case of headkerchiefs bought from the big firms contains patterns which are popular in some areas but not in others, so that a Kumasi trader will sell the "Accra lines" from a case to a buyer from Accra, and an Accra trader will sell the "Kumasi lines" to a buyer from Kumasi. (Is a similar trading pattern to be found in other commodities?)

22. Customers.

The last two sections described how the traders covered in this survey imported their wares directly from overseas or bought them from the big firms locally. These traders then sold wholesale to smaller African traders, or retail over the counter. The largest firms by turnover were chiefly wholesale, but only 2 or perhaps 3 of them did not also retail, as far as I could see.

Two or three of the traders interviewed were so small and bought in such small amounts themselves that it was not worth their while to give a quantity price. These few traders, although they had permanent premises, were really only petty traders. Of course, some so-called petty traders are large enough to be worthy of a title higher in the trading hierarchy, and in any case it is worth remembering that there are degrees of pettiness, from the trader who buys in cases to the trader who divides a box of matches.

The chain of distribution in West Africa is very often long. Goods in smaller and smaller quantities tend to pass through the hands of a number of traders before they reach the final consumer. A fine distinction, then, between wholesaler and retailer is often difficult to draw as already mentioned, but this is not very significant. The general picture is clear enough.

Who are the customers? Customers buying wholesale were chiefly traders themselves, but on a smaller scale. Other customers buying in quantity from the bigger traders were local councils, and timber and building contractors.

There was often a distinct group of small traders buying from a store such as women petty traders, or, more specifically, Ashanti women or "Lagosian" (Yoruba) women or Hausa women. There were many men petty traders buying and selling locally too. These came from a number of tribes, notably Yoruba. Sometimes an African firm described its customers as chiefly outstations traders, or men from French territory, Upper Volta and French Soudan (mostly Gao), Ivory Coast and Togo, or from the Northern Region of Ghana, or both men and women from Ashanti. Some traders had

groups of customers from particular areas in Ashanti. Some women customers, chiefly Ashanti, traded over the border into the Ivory Coast. Petty trading in drugs is chiefly done by men, I was told; drug stores do not sell much to women.

Of the traders who sold chiefly retail and "petty wholesale", one trader who also went in search of customers by packing his car with goods and going to the villages said that he had never met any other Kumasi traders doing the same thing. Two other traders said that they used to do this in the past, but that they had had to sell their cars. Four other traders, whose sales were chiefly wholesale, also went in search of customers. During the season, one toured the villages himself, another sent his driver. The third, who was a much larger trader and who imported a range of high quality goods, said that he packed £500's worth of goods into his car and travelled to places as far away as Tamale, Sunyani, Takoradi and Ho. The fourth, one of the largest traders interviewed, spent 90% of his time on trek, he said. One big drug seller visited doctors and hospitals; one big bookseller visited schools.

One or two traders employed itinerant agents, but this was not an important sales outlet for any of them. One provisions dealer had lost a few pounds over a period when his Frafra boys employed as street hawkers had absconded with their trays of bread.

Two very small traders complained that they were not patronized by "their fellow Africans" who preferred to buy from the "white man" (the distinction between the Lebanese and the European was often not made) even when the African's prices were the same or lower. One trader said that the reasons for this were that the villagers had bought from the foreigner for a long period, since the African had only recently established himself in trade, and that they believe that they will get a better price from the foreigner. (My inclination is to dispute this argument, for one sees many petty traders going round from shop to shop asking for and comparing prices before they buy, looking for the best bargain they can make, whoever the seller).

Retail trading. The retail cash transaction is not of much interest except in so far as a store catered for or attracted a particular type of customer, such as farmers or fishermen. Some stores catered chiefly for villages who came into Kumasi to buy. Traders specializing in tradesmen's tools and materials sold to tradesmen, - weavers' yarns to weavers; leather and rubber to shoe and sandal makers; paints and varnishes to carpenters, builders and coffin makers; bar silver to goldsmiths; and so on. I did not discover that tradesmen obtained a specific trade discount, but some of them might have been buying sufficient to obtain quantity prices.

Some of these tradesmen were able to get credit on their purchases. One trader required some security from his credit customers, and gave as examples of this security a "machine" from a shoemaker, and a gramophone. It is not known whether this practice of taking goods as security is common. There were other examples of credit on retail sales. A suitings store (requiring repayment over two months) and a provisions store gave credit to government employees, who were felt to be a reasonable risk. The trade in drinkables depends largely upon funerals for its prosperity, and it is a common practice to allow a funeral organizer to take the drinks required for the occasion on credit.

Wholesale trade. As the 1957-58 season progressed, and it became apparent that the cocoa crop was low and that trade was going to be poor, African wholesale traders began to protect themselves against possible losses by reducing the amount of credit that they gave. Six traders, including two of the larger traders, had stopped giving credit altogether before the season started. (One of these larger traders had stopped in 1955). Another large trader said that he would take no new credit customers.

Forty-two business men said that they granted credit to their customers, but since the question was not always asked, this is quite definitely an underestimate. Most wholesale traders gave some credit, though they were cautious in granting it. The amount of credit granted varied from the example of £1,000 given in the last section to petty amounts of £4 or £5. Two traders said that they allowed up to £500, and two others up to £200, to individual buyers. A few set limits of between £50 and £80, and several had a maximum of £30.

Not much definite information was collected about the period of time granted for repayment. A few traders said two weeks, but a month was the more usual period. My impression, however, was that this was a nominal period, and that a month often dragged into a longer period with some buyers, especially perhaps outstations buyers who came to Kumasi only when they had run down their stocks.

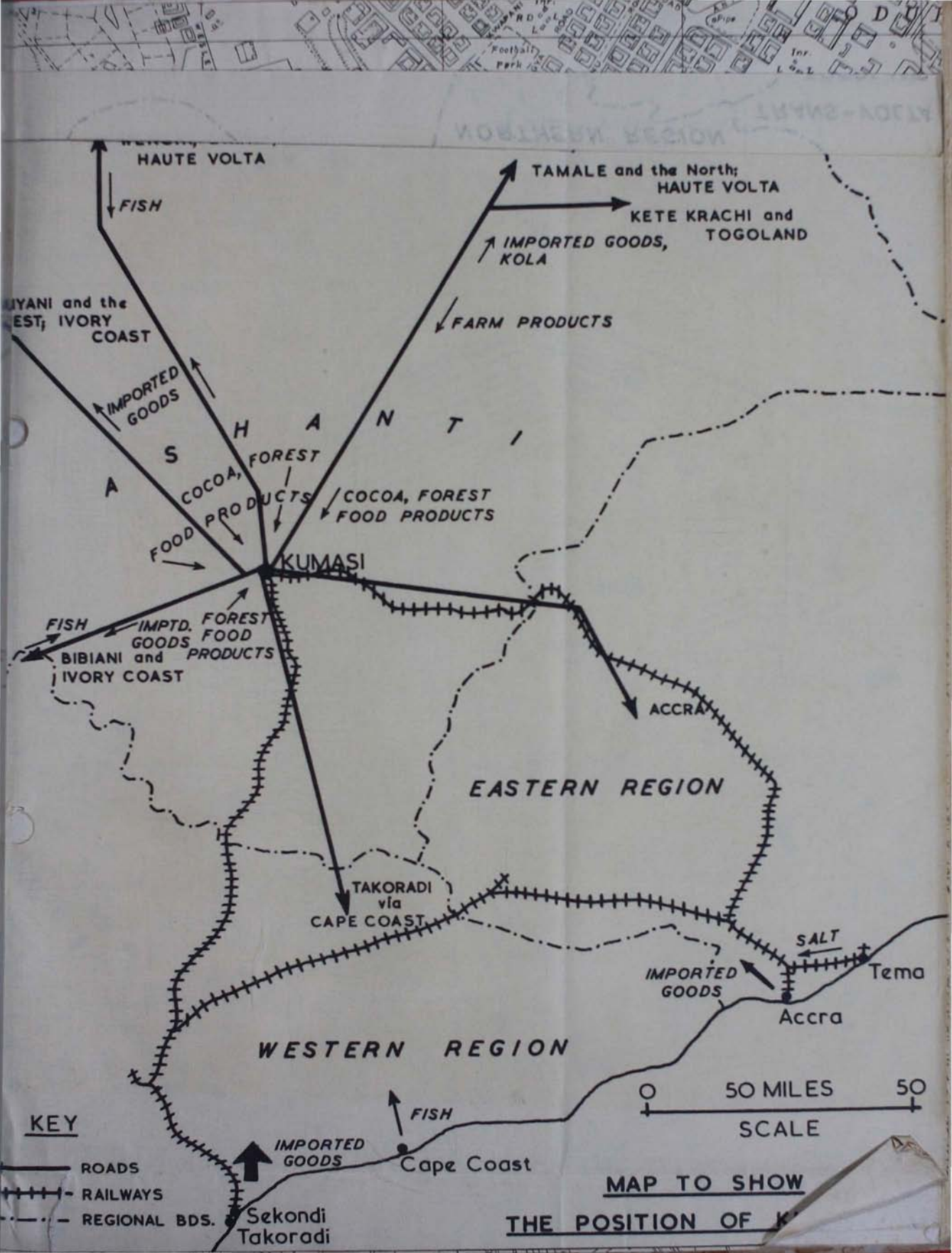
Only one trader mentioned that he sometimes asked for guarantors from credit customers, and it is not known how widespread this requirement is.

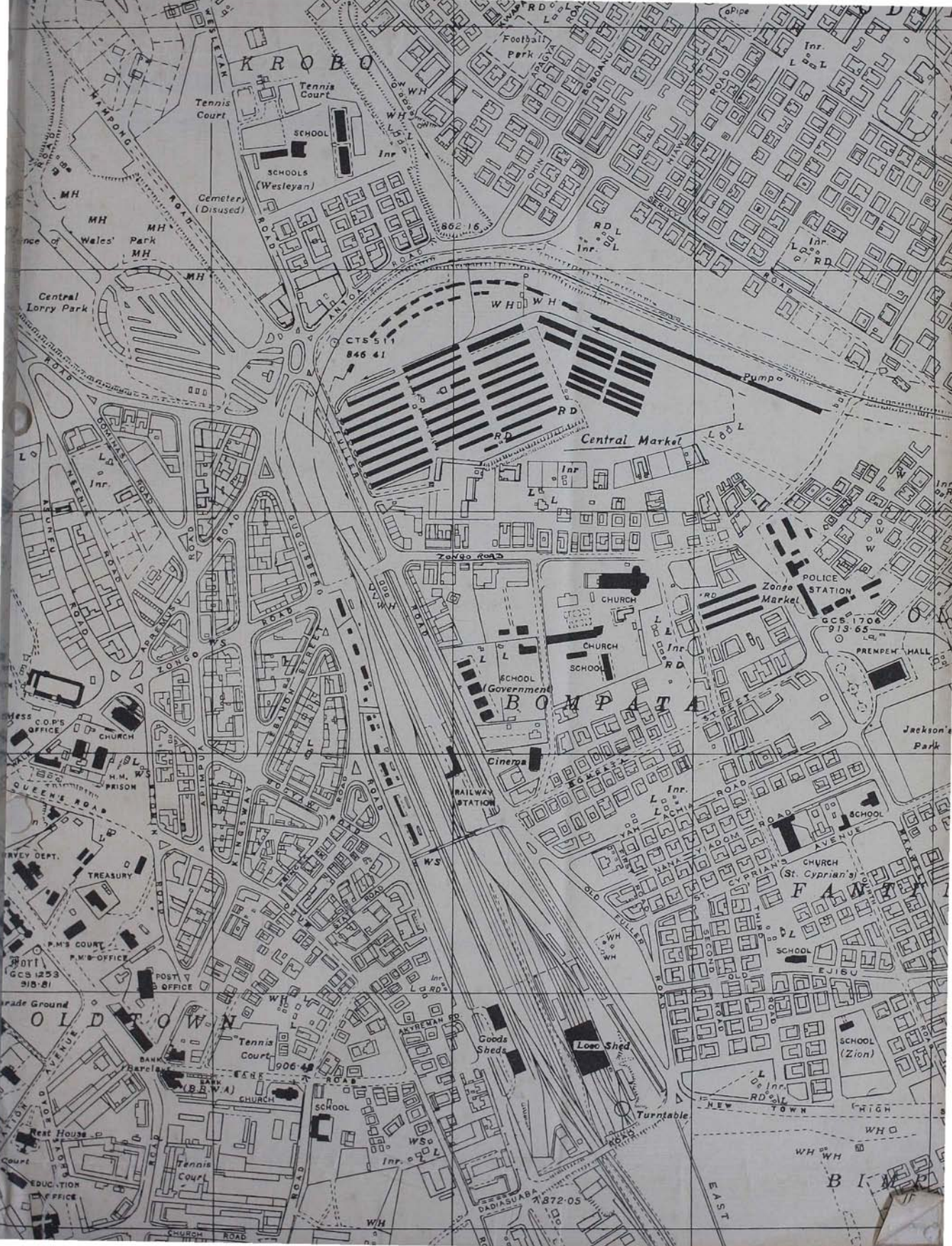
The choice of credit customers. A business man must discriminate between good and bad risks in allocating credit, in his own interests. This seems to mean in practice that a Kumasi trader limits his credit to customers who can be vouched for and traced. In general terms, therefore, an Ashanti is a better risk than a Ghanaian from elsewhere in the country, and a Ghanaian a better risk than a non-Ghanaian African. Some Lagosian and Hausa women, who were living in Kumasi and were known, were given credit by a few traders, but eight traders said that they would not give credit to Lagosians as a matter of policy.

Credit losses. One of the bigger traders said that in the 1956-57 trading year even his best credit customers had let him down, so that he had lost over £200. The list of losses suffered by traders during the 1956-57 trading year certainly makes melancholy reading; 17 business men reported losses totalling almost £4,600 including one unfortunate trader who had suffered a major setback to his business with a loss of £1,500. He had since reduced to a much lower amount the credit that he gave to any customer.

One trader said that the bad debts would be worse this year (1957-58), and certainly most of the traders interviewed who gave credit had bad debts outstanding from credit sales, and they thought that their money would not be recovered. In most cases, a debtor is not taken to court, because that would only be to "throw good money after bad", as the traders say, for nothing would be recovered.

The unhappiest story that I heard was from a trader who had been in business for 20 years. He had had an 11-year old trading relationship with a customer to whom, after such a long period, he felt he could give substantial credit. In 1955, this customer had absconded over the Ivory Coast border with £2,500's worth of the trader's goods.





KROBO

Tennis Court

SCHOOL

SCHOOLS (Wesleyan)

Cemetery (Disused)

MH

Wales' Park

MH

Central Lorry Park

CTS 511
846 41

Central Market

Pump

Tongo Road

CHURCH

CHURCH

SCHOOL

Government BOMPATI

Cinema

RAILWAY STATION

Zone Market

POLICE STATION

GCS 1706
913 65

PREMPH HALL

Jackson's Park

CO.P'S OFFICE

CHURCH

TREASURY

P.M.'S COURT

P.M.'S OFFICE

POST OFFICE

TRADE GROUND

OLD TOWN

AVENUE

REST HOUSES

EDUCATION OFFICE

Tennis Court

CHURCH

SCHOOL

Inr.

Goods Sheds

Loose Shed

Turntable

CHURCH (St. Cyprian's)

F.A.W.E.T.

SCHOOL

EJIBU

SCHOOL (Zion)

NEW TOWN

HIGH

WH

WH

B.I.M.

DADIASUBA 1872-05

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

A Study of a Group of Traders in Kumasi

Part II

by

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Economic Research Division
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Legon

March 1959

E. SOCIAL ASPECTS.

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

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

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

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

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

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

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

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

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

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

What happens when an Ashanti business man dies intestate.

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

Attitudes of Akan business men to matrilineal inheritance.

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

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

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

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

A. Those intending to follow traditional practice:

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

B. Those intending to effect some alteration by will:

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

C. Others:

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

52

Notes on this table.

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

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

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

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

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

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

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

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

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

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

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

General objections made against matrilineal succession.

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

These are some of the points made against matrilineal succession.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26. Attitudes to foreign-owned business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

F. THE PROBLEMS OF AFRICAN BUSINESS MEN.

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

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

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

A. PREMISES.

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

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

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

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

B. FINANCIAL

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

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

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

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

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

C. BUSINESS PROBLEMS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D. IMPORTING PROBLEMS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

E. OTHER PROBLEMS

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

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

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

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

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

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

25. Special problems. Special lines of business have their own problems as mentioned in section 12. Here are two examples.

Arms and ammunition dealers look forward to the ending of the emergency regulation imposed in 1954 and the restoration of their private magazines. Most of these firms opened stores outside the emergency areas, which involved extra rent and wages costs.

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

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

A. PREMISES.

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

B. FINANCIAL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C. BUSINESS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D. IMPORTING.

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

(a) a customs clearing house in Kumasi; and

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

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

15. Greater police protection was required at the docks.

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

E. GENERAL

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

17. Information. A periodical could be published by one of the Ministries giving information on current matters, new legislation, market changes, and so on. Further, the European and African Chambers could co-operate more on matters of information.
18. Instruction in book-keeping and commercial knowledge. Short courses could be arranged for business men in book-keeping and commercial knowledge. (The Uganda government provides short courses for business men. See note D at the end).
19. Decentralization of government departments could make it quicker and easier for Kumasi business men to receive attention.
20. Other points included the reduction of competition by further limiting Levantine and Indian traders; the abolition of import licences; and the reduction of income tax and customs duties.

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

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

A. FINANCIAL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Some traders are too casual, too dilatory, in their business pursuits.
(c) Ethical behaviour - keeping one's word, and not issuing cheques which will be "returned to drawer", for example - was part of the process of establishing trust. (d) The get-rich-quick mentality was felt to be too common.

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

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

- (i) It is impossible for a bank to know the real state of a man's business if he is not frank about it with his bank manager. Managers of the big firms made the same point in relation to their dealings with African business men.
- (ii) The business man must understand how to run his bank account properly. The importance of regular daily paying in was not sufficiently widely understood, but the practice was growing.

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

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

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

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

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

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

COMMENT

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

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

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

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

Note A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note B. Importing procedure at Takoradi Harbour.

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

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

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

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

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

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

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

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

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

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

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

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