

REVIEW ESSAY

THE ROLE OF THE STATE IN THE DISMANTLING  
OF THE GHANAIAN RURAL ECONOMY

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In the second half of the 1970s Ghana offered a rather somber picture. Economic mismanagement was apparent in an inflation rate of over 200 per cent per year, and in the fact that it was often impossible to buy necessities at any price, because the shops had nothing but empty shelves. A black market with all sort of commodities thrived in spite of exemplary punishments for small trespassers announced daily in the newspapers (big profiteers were rarely caught). Coco production figures have been going steadily down toward the pre-war level; it is believed that mass organised smuggling of cocoa to Ivory Coast and Togo is at least partly responsible for this regress. Ghanaian agricultural production has stagnated and the country has had to continue importing rice, meat and other basic food stuffs. Industry works at half or less of capacity because of shortages of raw materials, spare parts, etc. Roads, means of transport, and every sort of services have reached a deplorable state of disrepair and malfunction. The public sector has become an unbearable burden for the whole society and especially the state treasury. Ghana is in a catastrophic and chronic economic crisis.

This crisis has also acquired disquieting moral dimensions. Salaried people seek to maintain their endangered living standard by using working time (often with approval of their superordinates) for cultivating vegetables, maize and other products. Salaries have turned into symbolic fees for appearing at one's working place. In public offices one meets people unwilling to work, sleeping on tables or playing games. Factory workers receive their salaries without turning out any production. Trading has become the most popular occupation, until it seems as if the whole society subsists not from production, but only from distributing the dwindling supply of goods. Profiteering from shortages and the black market have overnight produced a new class of nouveaux riches all over the country. People are reduced to bemoaning the situation with helpless sighs: "O, Ghana, o Ghana!" And nothing more.

Many Ghanaians have tried to explain the crisis in terms of mismanagement by the military government of the late General Acheampong. The same people also lament the lack of foreign exchange which, if available, could be used to buy everything which is missing in the country; they often wonder where the profits from Ghanaian cocoa go. Such people are mostly literates who consider themselves entitled to the consumption of foreign goods and assume that whenever foreign exchange is again available it will, as in the past, be put to such a use. The short military rule of the Armed Forces Revolutionary Council under the chairmanship of Ft. Lt. J.J. Rawlings (summer 1979) sought to improve the morale of soldiers and state functionaries by punishing those allegedly guilty for the *débaclé*. However, Rawlings did not analyse the past and he did not plan for the future. He only "cleaned house", in his own expression, and gave consumers a brief, false taste of economic improvement by selling off the remaining stocks of consumer goods at unrealistic controlled prices without making provision for replacement.

The new civilian government of Dr. Linmann of People's National Party (PNP) came to power on 24th September 1979. It promised the people of Ghana that the shops would again be full of goods and that Ghana would soon be a prosperous welfare state. The new president explained that in the beginning goods would come from abroad but that in the long run foodstuffs, especially, must be produced by Ghanaians themselves. The government has stressed the development of agriculture as its main concern. In this regard it is noteworthy that the PNP considers itself the heir of the Convention People's Party (CPP), which under the leadership of Dr. Kwame Nkrumah ruled over Ghana (until 1957 known as the Gold Coast) for fifteen years (1951-1966). During this period, the CPP program gained a general acclaim as the first attempt at constructing a socialist social system in Africa. Nkrumah and his party and government were overthrown by a coup of 24th February 1966. The allegedly wrong policies of Nkrumah and the CPP have since 1966 been "remedied" by several military and one civilian regime, that of Dr. Kofi Busia (1969-1972). We have just seen to what results the several policies have led: Ghana among the most mismanaged countries in the world, in which real per capita income has steadily declined, under all governments, since the 1950s.

Where are the explanations for such a dismal history to be sought? In particular, did Ghana start its downhill development only after Nkrumah was overthrown, as a result of the rejection of his "socialist" policies, or are those very policies the cause of a downward cycle which subsequent regimes cannot arrest? Or is the problem yet more profound, in that the causes lie not in policies which divide Nkrumah and his political opponents, but rather in policies which all Ghanaian regimes have followed?

There is an enormous literature on Ghana, more than on any other country in sub-Saharan Africa. Among the numerous studies on economics, politics, sociology, anthropology, law, natural sciences, demography and other disciplines, a prominent place is taken by literature on the epoch of Kwame Nkrumah which tries to answer the questions just posed. The fifteen years in which the CPP and Nkrumah ruled were evidently the key period in Ghana's development. Ghana was the first country in sub-Saharan Africa which achieved its independence from a colonial power by its own effort and struggle. This happened mainly due to Nkrumah's political skill, especially in uniting the literate and semi-literate population of the Gold Coast around one goal: the "political Kingdom." Nkrumah professed that once political independence was achieved other goals like economic prosperity, cultural development and general welfare would follow. While it is true that many things have changed in Ghana since 1951, it is also clear that today Nkrumah's ultimate goals are even further away than they were thirty years ago. Is it possible to identify social and economic mechanisms which have led to the marasm and entrophy of Ghanaian society on the threshold of the 1980s?

The two books under review<sup>1</sup> add in original but different ways to the vast literature on Ghana and its recent past. They certainly try to answer the questions mentioned above. Beckman is concerned with the interplay of economic, political and social factors centered around the domestic trade in the main Ghanaian export crop, cocoa. Okoso-Amaa deals with the economic and social aspects of the main import foodstuff, rice.

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<sup>1</sup>Bjorn Beckman, Organising the Farmers. Cocoa Politics and National Development in Ghana. Uppsala: Scandinavian Institute of African Studies, 1976. Kweku Okoso-Amaa, Rice Marketing in Ghana. An Analysis of Government Intervention in Business. Uppsala: Scandinavian Institute of African Studies, 1975.

What they have in common is their inquiry into the problems of Ghana from the standpoint of the priority of economic relations, especially those of the rural economy. Although neither author has an explicitly Marxist orientation, both try to apply some of the methodological principles and procedures used by Marx in his Capital.

Beckman is a Swede working for the Scandinavian Institute of African Studies at Uppsala. He did his research in Ghana in the years 1967-1971. His book deals with the activities of the former United Ghana Farmers' Council (UGFC) and is based largely on a study of official documents, mainly those of the UGFC itself. He did not interview the cocoa farmers themselves, nor the officials of the Council.

The UGFC was established in 1953 as a wing of the CPP. The UGFC was to be active in the rural sector, especially among the cocoa-producing farmers of southern Ghana. Beckman's apparent thesis is that the Council served primarily as a transmission lever of the CPP and the Ghanaian state in rural areas. This made possible the increased accumulation of capital from the cocoa trade which was then used for the implementation of the political and economic program of the CPP.

At this point I would like to sketch briefly the political economy of cocoa before the advent of the CPP. The Gold Coast became a British colony during the nineteenth century. Cocoa arrived as a new plant in the southern Gold Coast in 1879 and soon became the main cash crop for many a farmer northwest of Accra. The harvests were exported to Britain and other European countries. The growing demand for cocoa products in the economies of Europe and North America incited the Gold Coast farmers to a quick increase in cocoa production. This reached 50,000 tons by 1914 and between the world wars a large part of the population of the southern Gold Coast was engaged in growing cocoa. Cocoa farmers acquired considerable wealth which they invested in still large production, in buildings, and in education for their offspring.<sup>2</sup>

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<sup>2</sup>See generally the writings of Polly Hill - 1956: The Gold Coast Cocoa Farmer; 1963: The Migrant Cocoa-Farmers of Southern Ghana; and 1970: Studies in Rural Capitalism in West Africa.

Nkrumah formed his party mostly from the people who got schooling and other training as a result of the redistribution of cocoa profits. Their aspirations were to rule in a country which would rapidly develop everything which these people had learned to regard as modern, that is, theretofore imported. Nkrumah himself wanted an equal distribution of modern facilities all over the country, including the North—at least half of the country—which had no cocoa but was believed to possess great potentials for food production from which the whole country could benefit. However his party was essentially composed of petty-bourgeois Southerners such as urban-based traders, officials, teachers, elementary schoolleavers, professionals and other intermediate groups. Neither workers nor peasant farmers formed the core of the CPP.

When the Gold Coast achieved internal autonomy in 1951, it was Nkrumah's CPP which won the election. Its members persuaded the voters that the CPP would lead the country to independence, economic prosperity and development. The CPP program was very ambitious and Nkrumah knew that his country was the richest among all British possessions in Africa. He also knew that he needed a good basis among those who formed a majority of the new state's population and whose work and products would finance the modernisation of the Gold Coast/Ghana. The CPP leadership decided to form an agricultural branch of the party, the United Ghana Farmers' Council. The new organisation was supposed to be representative of all farmers in the country. Those who formed the council in 1953 were, however, mostly non-farmer CPP members or well-to-do cocoa farmers.

The CPP and UGFC pointed from the beginning to the foreign firms which bought cocoa from the producers via various petty middlemen and sold it in turn to the Cocoa Marketing Board. These firms were said to be the root of a variety of ills besetting the cocoa industry. Beckman tells his readers a long and complex story of the struggle of the UGFC against all representatives of the former colonial system in buying and marketing cocoa. It took the UGFC eight years to oust foreign purchasing firms, local buying cooperatives and local private firms from the cocoa trade. By 1961 it, and with it the CPP, had achieved a complete monopoly in buying cocoa in the whole of Ghana. This monopoly lasted for another five years. The UGFC swiftly expanded into a vast bureaucratic machine employing thousands of new middlemen traders, recruited from among CPP members, whose salaries constantly grew while the incomes of cocoa farmers went down as a consequence of declining producer prices. (By 1965 the producer price was half of what it had been in 1951!).

The " CPP state" ( the term used throughout by Beckman) received an enormous cocoa income during its years in power. This money was pumped into the public sector, which the CPP promoted from the start. True, Nkrumah envisioned an economically independent Ghana which would not depend on the cocoa monoculture. At the same time, he knew that it was the income from the colonial cocoa trade which made his program possible. As Beckman shows, the overextension of public expenditures, especially the growth of the state bureaucracy, and with it the necessity constantly to increase imports of consumer goods to satisfy the growing urban party and state elite, led by 1961 to the virtual exhaustion of the cocoa-generated financial reserves which originally had given Ghana so many hopes for the future. By that time, too, the purchasing monopoly of the UGFC was finally established. During the last five years of the CPP regime, Ghana became even more dependent on cocoa production. The CPP's program of economic transformation and especially its efforts to industrialise the country depended on how much of the total earnings from cocoa could be appropriated by the state.

Beckman is very clear in his analysis of the methods used by the UGFC to extort surplus value. The legal monopoly of the UGFC permitted a massive shift of cocoa income away from the farming community into the hands of the new bureaucratic class. Farmers were duped, cheated and intimidated by the lowest officials of the UGFC, the so-called secretary-receivers. The UGFC assured the CPP leadership that cocoa-farmers were willing to sacrifice for the development program of the government but nobody asked the farmers, let alone the hired labourers, for their opinion concerning such things as special reductions of producer prices or the use of money taken from farmers as a special commission for building cocoa sheds instead of for social amenities.

The proclaimed goal of the UGFC was to mobilise farmers in support of the CPP and the government, and to increase the quantity and quality of cocoa production. But, as Beckman shows, it was the bureaucratic superstructure of the UGFC in Accra, not its countryside-located membership base, which got mobilised in support of the state policies and of its own aggrandisement at the expense and without the approval

of the rank-and-file members. The author summarises: "It was an exercise in demobilisation: the pacification of the potentially most dangerous source of organised resistance." (Pp. 242-243, author's emphasis.) There was a complete alienation of the CPP regime from the rural majority of the population. Beckman further explains that "the cleavage between a narrow stratum of big farmers and the mass of poor peasants and sharecrop labourers was not recognised" by the leadership of the UGFC, which was in part formed by those big farmers. Therefore "no attempts were made to seek allies among the mass forces of the cocoa economy" (P. 242.)

Beckman concludes that the CPP had no real base among the cocoa farmers or the agricultural population in general. The underlying structure of the CPP was of a class character: the CPP began essentially as a party of petty-bourgeoisie elements in which the bureaucratic state bourgeoisie soon got decisive power. It was a "new class" proclaiming nationalist and socialist slogans but in fact carefully defending its own class interests against the vast majority of the population.

In the maintenance of the privileged position of this "new class," the extraction of surplus value from cocoa production was an essential element; the UGFC was a key part of the system of extraction. The UGFC achieved, through its monopoly on the purchase of cocoa, an exclusive position in the structure of the CPP regime. Most members of this bureaucratic hierarchy profited immensely from this key position in the country. The secretary-receivers, who were mostly young schoolleavers, soon sported private and official cars and led conspicuously expensive lives which contrasted with the lives of most farmers and labourers who produced the cocoa. When malpractices were revealed, those involved were at worst transferred to another locality, where they could continue in their usual activities as UGFC officials.

Beckman's concluding characterisation of the UGFC sums the dismal story nicely up:

"The cadres of the Farmers' Council with the help of commercial capital supplied by the state, set themselves up as political brokers between the cocoa farmers and the state... The financial and political support of the state became simultaneously the basis of surplus extraction from the cocoa trade by the cadres of the organisation for controlling the surplus of the cocoa economy in the interest of the state of of its own cadres. It was not, as it was made out to be, an or-

ganisation for increasing the farmers' share in the profits of the cocoa trade. It served instead to raise or protect the share of the state and of those who assisted in this undertaking. The Council had a double repressive function: it prevented farmers from challenging both public and private appropriations. (P. 235, italics mine.)

Okoso-Amaa is a Ghanaian business economist who works at the Centre for Development Studies of the University of Cape Coast. His study on rice marketing is intended as contribution to the long-felt need to improve the food situation in Ghana by mobilising its own resources. Rice is a strategic good in Ghana. As early as 1926 the colonial government discovered that about 10 thousand tons of rice had been imported into the Gold Coast, mostly for consumption by Africans who had been culturally influenced by European consumption values. Because rice was a known culture in the Gold Coast it was decided to open a rice mill at Esiama which would produce rice for local urban consumption so that importation would be wholly or at least largely unnecessary.

This policy was not very successful, and especially in the period after the CPP came to power the import of rice rose steadily, until it constituted 11% of all food imports and was the most important food import. Urban "modernized" social groups seemed to "have acquired a special taste" (P. 20) for imported rice, which had a more attractive appearance (although it is less nutritious) than local rice. Consuming imported rice became connected with the status of the coastal urban literate elite; domestic rice, though cheaper, was considered inferior by these social strata.

The CPP government, while expanding the public sector with its booming industrial activity financed by the cocoa trade, supported the expectation of the new urban population that they be supplied with imported rice. Many of the institutions, offices, corporations, etc., founded by the CPP regime demanded imported rice for their employees. Eating white imported rice ceased to be a privilege of a small élite and came to be considered a necessity. Rice was proclaimed an "essential commodity" (a common term in today's Ghana), and its supply became an "important political factor in sustaining governmental influence" (P. 22.) Of course, although Okoso-Amaa does not stress this fact, the urban consumers of imported rice were those who supported the CPP and connected that party and its state regime with their own



personal and group aspirations. As the author nevertheless concludes, imported rice was an "essential commodity" in that its supply had become critical to the survival of any post-independent government in Ghana.

The Nkrumah regime and subsequent regimes understood that the local production of rice had to be increased, because it was no longer possible to pay the bills for imported rice. To this end the CPP regime had concentrated the domestic rice trade in its hands by 1961. New rice mills were imported by the UGFC and a complex organisational structure for buying the domestic rice from farmers was established. The Nkrumah government's goal was that by 1972 Ghana should be self-sufficient in rice. According to the seven-year plan proclaimed in 1963, production should have gone from 7,500 tons to 63,000 tons in 1970. The plan never materialised. The post-Nkrumah military governments were even forced to increase rice imports, realising that their political survival depended upon sufficient supplies of rice for the urban population.

There seem to be two basic aspects of the rice problem, one on the supply side and the other on the demand side. The failure of the Nkrumah government's efforts to increase the production available for domestic distribution was certainly caused, among other things, by the fact that producer prices were kept lower than the prices the rice farmers could get from private rice traders who smuggled the rice outside Ghana. But the goal of rice self-sufficiency also met resistance from consumers. "Consumer preferences (were) strongly entrenched" (P. 22) and it soon became obvious that the domestic rice had "no market" among the urban Ghanaians used to Uncle Ben's and other imported brands of rice. Okoso-Amaa tries to understand and explain this phenomenon of "no market" for domestic rice and locates the problem not only in the socio-cultural sphere but especially in an inadequate processing system which perpetuated the unattractiveness of domestic rice and in a marketing system under which imported rice was marketed by the Ghana National Trading Corporation (GNTC) while domestic rice had no comparable marketing network.

Busia's Progressive Party government, while continuing to import rice, started a massive investment program in rice farming in the Northern and Upper Regions of Ghana in 1970. Urban-based "progressive" absentee farmers got large loans and rice production increased dramatically within a few years. Acreage rose from 25,000 acres in 1966/67 to 74,000 acres in 1973/74 and production from more than seven thousand tons of paddy to 37 thousand tons of paddy for the same period. The seven years which have passed from the time Okoso-Amaa concluded his valuable research have shown, however, that the government emphasis on large "progressive" rice farmers was misguided. The big rice farmer was never a real farmer: he was usually a civil servant, a military officer or an urban alhaji, who saw in the rice interventionism of the state a good chance for fulfilling his entrepreneurial aspirations. In the quickly deteriorating food situation in the country rice entrepreneurship indeed became very profitable. But because the "no market" situation and the import of foreign rice persisted, the big absentee farmer profited more from loans than from selling his harvest of rice. When the loans were discontinued in the late 1970s, big rice farming became progressively extinct. The new PNP government has now decided to try to mobilise the small farmer in order one day to achieve a self-sufficiency in foodstuff production including rice. This is at least the latest slogan.

Okoso-Amaa perceptively analyses the nature of Ghana's rice problem and its history. But when it comes to prescriptions for the future he seems unable to think in terms other than those which have led to the present crisis. In the end he proposes a wishful scheme for a "vertically integrated marketing system." Unfortunately the proposal takes no account of the fact that no such state-run system in Ghana has ever been effective, except in realising latent objectives which are more or less the opposite of what the country needs. Hopeful notions such as that the GNTC "can be persuaded to distribute local rice in addition to the imported rice," that the State Transport Corporation "can be asked to provide transport service for moving paddy to mills or storage facilities," or that the Ministry of Agriculture "can be asked to provide extension services," etc. (p.62) have no basis whatever in recent Ghanaian history, especially in light of the well-known problems with horizontal links between ministries, corporations and civil service.

The common denominator of the two books is state interventionism in the rural economy of Ghana. Each study in its own way shows how the present crisis in Ghana derives from the fact that the state has followed a path of national development which was not properly national at all because it served mostly the interest of an urban-based bourgeois and bureaucratic elite. Whether one uses the term class or not it is obvious that the basic division within Ghanaian society is between those who are literate and live in cities and those who are more or less illiterate and live in the rural areas. The agricultural policies of every government since the 1950s, of whatever political color and under whatever fashionable slogan, have had the short-term effect of favouring the former group at the expense of the latter. It is hardly surprising that state interventionism which has had such a negative impact upon the only significant productive sector of the economy has, in the long run, led to disaster.

It might be thought that the CPP experience was an extreme case. But in fact, nothing essential has changed in Ghana's agricultural policy since Nkrumah's overthrow. The rural economy of Ghana today is still based on the assumption that effective state organisation of the economy is possible. The economic role of the state is if anything even more omnipresent than it was in the CPP period, and the energy one expends on cultivating relations with the state and its functionaries is far more important to one's income than the energy one expends on cultivating the ground. The whole system of state monopolies, controlled producer prices, centralised services, and other forms of would-be management of the rural economy remains practically unchanged from Nkrumah's times. Quite apart from the negative effects of interventionism on production, the whole apparatus costs enormous sums of money to keep it at least nominally functioning.

What happened in Ghana after 1951 was according to Beckman a combination of underdevelopment of private capitalism and "overdevelopment" of the state (p.235). I would qualify this by adding that it was actually a relative "overdevelopment" of the state bureaucracy without the creation of a viable system of state capitalism or of socialism. Beckman faults the CPP regime in particular for investing so much money in the public sector without undertaking a

change in the system of production. "The new state was rooted in international relations of exchange rather than in the social organisation of production in the country itself" (p. 247). The consequence of such a political economy is the ideology of "consumptionism" which infested broad masses of the Ghanaian public who today tend more to trading than production.

Beckman's study of the political economy of the cocoa trade and Okoso-Amaa's study of rice marketing are from my point of view constructive steps toward understanding contemporary Ghanaian problems. Cocoa and rice are key elements of Ghanaian prosperity. Nkrumah's CPP regime attempted (unlike many other African countries) to break its colonial and neo-colonial dependence. Eventually it failed. More important for today and tomorrow is to realise that neither the CPP regime nor subsequent Ghanaian regimes have dispelled the dangerous myth that cocoa export and rice import (as well as other imports), organised by the state, were the main sources of prosperity in the past.

The main question of contemporary Ghanaian political economy is whether the new PNP regime will be able to devise policies which break with the interventionist past and make possible that situation which is the only viable source of a future true prosperity : an economy which is based on nothing less noble than honest work of everyone, literate and illiterate, rural and urban, for his or her own livelihood, so that the nation can start living from its own ample resources and stop depending, at least as far as foodstuffs and the like are concerned, upon imports and help from abroad. The lesson of the Ghanaian downfall may some day eventually have a positive outcome: the people of Ghana will realise that the taste of the rice they themselves cultivate and harvest and transport and market is good. And they will make it better. Both books, in an indirect way, support a hope that Ghana may once again, and this time not only in slogans, become an example to Africa and perhaps the world. That will mean that she will rise from the misery of mismanagement to the prosperity of self-management.