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INTERVIEW

Development Policy with Trial and Error

Ghana on New Ways

Interview with Prof. Frederick T. Sai, Ghana *

The new Ghanaian government has taken over a serious mortgage. It has to be responsible for the mistakes of the Nkrumah government, whose great development projects often failed because of the country's insufficient overall development. A valuable survey of the problems in agriculture and industry, which have to be solved by the development policy and which are not always taken into consideration adequately by the rich nations might be given in an interview with Prof. Frederick T. Sai from Ghana.

INTERECONOMICS: Mr Sai, you have participated in the VIIIth International Congress of Nutrition as a representative of Ghana. The President of the Federal Republic emphasised in his inaugural speech that during the next decades great efforts will be necessary to provide enough food for mankind, especially the population of the so-called developing world. We would like to know: Is there any possibility to solve the food problem in Ghana during the next decades? Do you think that a sufficient provision of food will be guaranteed—taking as a basis the present population growth-rate of 2.6% in Ghana—and do you consider a shortage situation probable?

SAI: The growth-rate is even higher, it is about 2.9% per annum. However, I do think, that given

proper organisation, given proper incentives and given the proper use of known technology by way of fertilizer, of seed-dressing and of proper land tenure as well as land division, today and in future Ghana should be self-sufficient as regards most of its foodstuffs.

INTERECONOMICS: Mr Sai, 70% of the Ghanaian population are employed in agriculture. So Ghana is a typical agricultural country. But, nevertheless, from 1956 to 1964 imports of food and luxuries amounted to between £G 13.6 and 21.7 million, or between 10.8 and 16.5% of total imports, respectively. It is true, by means of drastic import restrictions—already in existence since 1961—apart from luxuries (tobacco, alcoholics) also for foodstuffs (as for instance meat, fish, dairy products, wheat, rice,

vegetables, etc.) a certain slow-down in imports could be reached. But the result was a considerable rise in prices for these goods due to the beginning shortage. Do you think that the provision of these goods for the population can be improved by domestic production?

SAI: If one excluded food supplies that have become popular within the population and concentrated on the cultivation of food production there is no reason at all why we should be importing these goods, excepting those animal products which we are not producing too much of. I mean, if you are taking nutrition purely as a quantitative problem there is enough food in the country, but if you consider consumer demands we have provision problems. Like many of the developing countries in tropical Africa we have created a demand for several food items which cannot be satisfied by our own agriculture at the present time. Such goods are for instance milk and meat. Nutritionally speaking, some of these goods can be substituted. But we cannot talk about nutrition only in this respect. People want to eat what they like, and so certain agricultural products will have to be imported. We do know, however, that it must be made possible to replace some of them.

INTERECONOMICS: The biggest shortage in food provision in Ghana

* Interviewers: Hans-Joachim Karger and Christian Franck.

FREDERICK T. SAI

is a Ghanaian expert for nutrition problems in Africa. He was born on 23rd of June, 1924. He started his academic education at the University College of London. After studies in Edinburgh and Harvard he began his professional life in Ghana in 1954. Since 1963 he has been working as Regional Nutrition Officer for Africa in the Food and Agricultural Organisation (FAO) and there he came into contact with special nutrition problems in African countries. As representative of Ghana he participated in the VIIIth International Congress of Nutrition in August 1966 in Hamburg, Germany. In October 1966 he will begin his lectures as professor at the University of Accra, Ghana. He is one of the young people, who due to their specialist knowledge will finally decide the improvement and the future fate of their country.

na exists in animal protein and cereals. Do you think that you can remove this shortage by completing the fishery fleet and by systematic pisciculture in the new Volta-dam reservoir as well as by controlling the tse-tse-fly, which makes animal-breeding and consequently provision of fresh meat so difficult? Is it possible to remove this bottle-neck on your own, and also for a growing population?

SAI: This is a difficult task. But we have developed special programmes which shall—and I think can—solve this problem. Take for instance eggs. Up to 1961-62 Ghana was importing practically all its eggs. Well, after that time, with the introduction of organised poultry farming—both by private enterprise assisted by the Government and, also on a state level—eggs and poultry importations were cut down almost completely within a few years. Fish is another example, where again private enterprise and later on the Government succeeded in getting enough vessels to cut down fish imports quite considerably. If these two factors are successfully improved, so that the country can be made self-sufficient in poultry products and fish, this will lead to an immediate reduction of the necessary imports. Meat is another problem. By meat I mean beef. Disease, insufficient water provision and drain systems handicap intensive cattle-breeding. At present it is not easy to keep beef cattle or dairy cattle in good health, but research is going on to reach productive breeding with the aim to cope with these difficulties. Then, also by damming the Volta we will be in a position to solve the problem of making water for animals available. You might have heard that with the aid of the German Federal Republic plants could be established in Bolgatanga in Northern Ghana, which at the present time still depend on imported cattle from Upper Volta. But the situation will change, the development projects are going on. Whereas programmes referring to beef cattle and milk will take a little longer, the fish and the poultry programme will be easy to realise. Milk is one of these goods for which there is a great demand, because of its great importance for the health and nutrition state of the population. And demand will increase according to the steadily growing living-standard.

INTERECONOMICS: It is often said that the insufficient food provision in Ghana is partly due to a weakness in the national traffic system and distribution network. How do you believe to be able to remove these obstacles?

SAI: This question of food transportation is very important. It has not been recognised sufficiently in many parts of tropical Africa. Some of their governments often established food and nutrition services in distant places without knowing what quantities are produced, consumed and have to be stored. With regard to transport problems it can be said that in the regional markets merely those quantities are offered which the agricultural producer can transport with his limited transport means and the insufficient road network. Therefore supply often does not meet demand. It is true, there are in Ghana reasonable good trunk roads, but there is a lack of small roads that bring the food from the farm to the main road. Moreover we have not got an efficient buying organisation. In order to guarantee reasonable sales possibilities it is necessary to combine a transport organisation with a buying organisation as well as a storage organisation. Thus for instance the offered corn could be bought and stored in silos and redistributed when the market is low in corn. In Ghana the present government deals with this programme which is going to be tackled vigorously. So we hope to give the farmer an incentive to produce food crops over and above his immediate requirements.

INTERECONOMICS: For the development of agriculture above all three institutions under direct or indirect influence of the state were engaged: The State Farm Corporations, the United Ghana Farmers Council Co-operatives, the Workers Brigade. Can you shortly tell us something about the task of the three organisations? Shall they be maintained and if so, which detailed functions will they have in future?

SAI: I am not the best expert on this particular aspect. But I do know that neither the State Farms Corporations and the United Ghana Farmers Council Co-operatives nor the Workers Brigade have worked as they were intended to do.

INTERECONOMICS: How would you judge the working manner of the State Farms Corporations?

SAI: It was never clear to which sector of agriculture these State Farms should devote their work. One could have assumed that by mechanising agriculture a sufficient increase in production could be achieved. This didn't happen. Most of the efforts failed. Obviously the main reason for this was over-employment. Consequently they produced under completely uneconomical conditions. Moreover, a lot of the labourers were "working off their hours", as we say in Ghana. Now, this is hardly a way to run farming. And finally the State Farms were public utilities and so they didn't feel responsible for making possible profits, because they were neither enough trained nor very interested. Therefore the State Farms have not contributed much to the solution of the agricultural problems. I think, in future some of the State Farms will be taken over by private enterprise, some might be operated jointly by government agencies and private enterprises. At any event one will try to make sure that they are run as strictly as possible according to economic points of view. The shape of a successful reorganisation can already be noticed.

INTERECONOMICS: And what about the Ghana Farmers Council Co-operatives? In the latest Economic Survey we read in connection with the Primary Producer Societies: "The acreage cleared and planted, which works out at under one acre per head suggests that farmers probably devoted more time and energy to their own private farms." Do you believe that the Co-operatives have nevertheless a certain importance?

SAI: These Co-operatives were a purely political organisation. They were trying to concentrate all farmers in one gigantic Farmers Council. Originally they were supposed to be the head of the agricultural expansion services, but for some reasons they managed to get rid of all really well-qualified people. So although formally they included the agricultural expansion services they were not a very efficient venture. In spite of a marketing organisation within the council many mistakes were made. Marketing is not a simple task. One ought to have experts, they ought to strive for good silos situated favourably before starting bulk buying. Sometimes the organisation bought and stored goods under quite ridiculous

conditions hoping they would sell them at some future time, and when finally selling became possible at all it happened that the major part of the products were spoilt. These are some of the reasons why the State Farms didn't have the success hoped for. The original idea of getting farmers together and inciting them to develop their own cultivation methods might not be such a mad idea. But to make it workable really well-qualified people are required. However, these conditions were never given. The United Ghana Farmers Council Co-operatives as part of the old Convention People's Party Organisation ceased to exist by the time of the takeover. All Convention People's Party Organisations are not existing anymore, because they were political.

INTERECONOMICS: And how do you judge the Workers Brigade?

SAI: They came about as a brain wave of the last president. At the beginning a Builders Brigade was developed with the task of building roads and houses. This was the origin of the Workers Brigade. Eventually no less than 26,000 people were employed in this organisation. They had become a purely military organisation. Today these functions are superfluous. Now we are looking round for useful employment possibilities for these 26,000 workers, that is to say to reintegrate them in the development process. There is a special committee with the order to investigate how this can be done as productively as possible. At present I cannot tell you whether they will be occupied with road-building work or with food-farming work or something like that. But one thing I do know is that they would not be kept as a military organisation anymore.

INTERECONOMICS: Will you for the development of Ghana—as it was the case under Nkrumah during the last years—favour the industrialisation of the country rather than follow Prof. Lewis' advice he gave in 1953, as the at that time most important economic counselor of the Ghana government, in the so-called Lewis-Report: "The secret of industrialisation is a rapidly progressing agriculture, and, more particularly, the number one priority in a programme of economic development are measures which increase food production per head"?

SAI: As Mr Omaboe emphasised at various occasions, in the next future the development of agriculture is to be placed in the foreground. As far as industrialisation is concerned first the capacity of the existing enterprises shall be utilised appropriately. The establishment of new industrial plants is to remain limited to some few sensible projects.

INTERECONOMICS: After the revolution in February the National Liberation Council or the National Economic Council, respectively, has taken over the inheritance of Nkrumah with all assets and liabilities. Besides the State Farms mentioned there are already a series of industrial enterprises completed or being built and other projects with prestige features which cannot be overlooked, as for instance the Ghana Airways, the Black Star Line, some hotels and so forth—projects, which Mr Omaboe already under the Nkrumah-regime criticised, his courage being generally admired in overseas. Can you report something about the State Corporations particularly important in the industrial field, which caused part of Ghana's indebtedness? Which were in your opinion the most senseless projects and which do you consider useful and successful?

SAI: Well, there is the industrial complex at Tema which is supposed to be handling cocoa, wheat, oil products and so forth. The Ghana Airways, the Black Star Line, the Ghana Hotel Corporation are other examples.

INTERECONOMICS: Recently Mr Omaboe declared that some of these industrial State Corporations shall totally, some partly come into private ownership. Is this a measure for financial reasons or shall at the same time the socialisation introduced by Nkrumah who spoke of socialism with African character, be cancelled?

SAI: For the maintenance of the State Corporations the criterion has to be profit. Therefore steps have been taken to find out which are making profits and which are sustaining losses. The reasons for losses were analysed. This investigation showed that the main reasons are, firstly, inefficiency of the management of many State Corporations, secondly, overemployment and, thirdly, insufficient training

and experience. Those corporations which are necessary to be kept for the economic development must be reorganised. Others which are not necessary to be kept can be offered for sale to private enterprises.

INTERECONOMICS: Can you give us some examples?

SAI: Well, the State Mercantile Corporation for instance is being kept, the Ghana Airways Corporation is being given over to private enterprise. Those remaining in state ownership will be run by efficient management, managers who are trained and who know the job rather than appointees of the political sphere. The recruitment of people to work in the corporations underlies strict standards. Production, pricing, and costs are carefully observed. Firms which have not got enough working capital will be granted state subsidies.

INTERECONOMICS: Do you think that alone Nkrumah and his advisers are guilty in connection with the failures of different State Corporations or—as could be read in the newspapers—foreign supplier firms, interested in the establishment of the enterprises and persuading Nkrumah to place orders, must be reproached, too?

SAI: Well, I have read and I do believe that a lot of foreign firms sold their goods without taking the trouble to find out whether Ghana had the capacity to absorb these goods or to make use of them.

INTERECONOMICS: Will the state increase its participation in the economic life in future—in the sense of an intensified socialisation—or decrease it according to free economy principles?

SAI: I don't think any country in the world today can avoid having some government participation in economic life, a sort of socialisation, within its political or economic set-up. Look at the United States today, the whole insurance system and the whole medical care programme, these are socialisation programmes, but we don't call them so. Look at Britain and you find even more. In the modern economic society some elements can be left to the "invisible hand". The rest of the economic distribution process is subject to state planning and control. This kind of planning must not limit personal freedom too

much. We try to draft a socialisation programme in which education is still free and health services are not completely in the hand of the state. Government aid is provided for sectors with short-term unproductivity because it is the task of the government to make these investments involving short-term unproductivity as they are not taken over by private initiative. The successful development must be based on detailed planning. It does not suffice to plan industrial complexes, the necessary investment for nutrition and all other require-

ments must be taken into consideration, too. We don't know whether this is going to be easy to handle by Ghanaian experts within the next few years. The future will show whether they will be able to find effective measures also for those sectors hitherto largely being left to foreign economic aid.

INTERECONOMICS: Mr Sai, the last question: Which foreign aid does the government in Ghana especially need at present to solve the most urgent tasks and to cope with Nkrumah's heritage?

SAI: I think, first we need at the present time, as Mr Omaboe said, long-term loans with very low interest for the industrialisation programme and for those raw materials which are necessary for the already existing industries, of which those that are ready to operate will be number one. Secondly, it would be a help to train technologists in all the various sectors. A lot has been done, but a lot still needs to be done. I think, these two aspects of help will have the greatest impact on the Ghanaian economy at the present time.

ARTICLES

EEC as Model for Latin American Integration

By Prof. Enrique Aimone, Valparaiso

The most significant feature of the Latin American countries' economic structure is that the economy of each is determined by the output of one specific product. Thus the destiny and the central problems of the Chilean economy were very aptly described by President Frei when he said that Chile „hangs on a copper wire“. In these countries one single product—either a mining product or a farm product—has almost continuously, and frequently without any further processing held the key position. This is reflected in the fact that this one product has become the main source of foreign exchange and taxes and determines the extent of employment in the country. What copper is for Chile, are wool and meat for Uruguay, bananas for Ecuador, coffee for Brazil and Colombia, and tin for Bolivia.

The wish of all states to achieve a steady rise of living standards is significant for all continents. Its features are historical but just now its importance has increased. In Felipe Herreras' opinion poverty is no longer an unsurmountable obstacle. The aim towards economic growth has therefore priority.

There is another disturbing feature in Latin America. The improvement of health services and social medicine has brought about a lower infant mortality and a general rise in life expectancy. The result has been a population-growth hitherto unknown in the world.

It is due to Raúl Prebisch to have emphasised that the demand for goods being produced in Latin America owing to the historical division of labour follows a rate of growth which is different from the fastest possible rate of economic growth such as required by the above mentioned aim. If the target is to be reached, Latin America will have to integrate an industrial

sector into its economic structure. This is the only way to prevent its rate of growth from receding to the rate of world demand for primary products.

When in the forties the European economies and the economy of the United States had to be adjusted to war needs there arose immediately the impetus for starting a process of industrialisation in Latin America. Mainly serving as „substituting imports“ and „safeguarding supplies“ this process was at first pushed forward by each country in complete isolation. In trying to secure the supply of the most important consumer goods all these countries did without the advantages which could have been derived from a division of labour on the subcontinent. It can easily be seen that in the light of present technological progress such a process of industrialisation has little chance of success. Rather does it tend towards stagnation.

It was mainly the work of the Economic Commission for Latin America which under the direction of Raúl Prebisch gave an important impulse to the idea of Latin American integration. This idea received a certain tangible shape when the Treaty of Montevideo was signed in February, 1960.

Prebisch recommended to the delegates of the various countries to refrain from laying down „pretentious formulas of economic co-operation“; „such formulas would require regulating all economic relations between two countries and thus would be doomed to failure“. He gave a greater chance to forms of co-operation „which had a limited scope“, such as „the selection of certain products of new or not yet existing and particularly complex industries which require a large outlet“. He also suggested certain forms of