Neo-Colonialism and Ghana's Economic Decline: A Critical Assessment

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RÉSUMÉ

Pour expliquer le déclin économique du Ghana, la thèse néo-coloniale s'appuie sur trois facteurs principaux: l'évolution défavorable des termes d'échange, le rôle des corporations multinationales et la domination de l'État par la bourgeoisie bureaucratique. La vérification empirique du rôle de ces trois facteurs dans l'évolution de l'économie du Ghana conduit l'auteur à remettre en question ce modèle explicatif. Il propose, à partir de la compréhension du processus politique ghanéen interne un modèle explicatif alternatif.

Introduction

In my view . . . repeated changes in regime in Ghana [represent] a situation where different fractions — or alliances of fractions — of the ruling petty bourgeoisie have seized power in order to negotiate directly with imperialism over the place of the neo-colony and its internal classes in the international capitalist system of production . . . (Hutchful 1979, 41).

Eboe Hutchful

. . . the economic tasks of national democratic revolution involve liquidating the monopoly, control and domination of the economy through its main agencies, transnational corporations . . . . This is a process which must start with the nationalisation of such companies as Barclay's Bank . . . . UAC, UTC, SCOA, and CFAO . . ." (*West Africa*, 16 Aug. 1982).

National Union of Ghanaian Students,
August 1982

The PNDC chairman [Jerry Rawlings] said that Ghana's problems stemmed from the activities of the multinationals and that the current revolution was meant to cut off the stronghold these companies had on Ghana. (*West Africa*, 28 June 1982).

Jerry Rawlings, June 1982

For Africa south of the Sahara there is little doubt that the decade of the 1980s is emerging as one of economic crises. For a significant number of sub-Saharan Africa's countries, amongst which Ghana is a prime example, this crisis is so severe that it might accurately be termed a crisis of economic, if not political, survival. Despite the severity of the crises and its momentous implications for Ghana's people and polity, there is surprisingly little scholarly debate about the causes of Ghana's economic calamity or that of other African countries. I would suggest that the reason for this is the existence of a near consensus about the essential causes of Africa's and Ghana's economic problems, thus rendering debate beside the point. That consensus focuses on a set of loosely-knit and widely-held "neo-marxist" notions of neo-colonialism (Jeffries 1982, 307).

Broadly speaking, Ghana's and Africa's economic problems are attributed to factors external to the continent. More specifically, the international capitalist system and its constituent institutions (multinational corporations, World Bank, IMF, and the like), from which African countries have been unable or unwilling to extricate themselves, in symbiotic relationship with the ruling group within African states (usually conceptualized as the petty or bureaucratic bourgeoisie) is seen as ultimately responsible for the economic disaster that has befallen countries such as Ghana. During the 1970s this view — that "neo-colonialism" equals underdevelopment — emerged as the new orthodoxy among Africanists, replacing the earlier 1960s academic dogma of easy growth and development through the diffusion of Western capital and technology.[1] As the quotations at the beginning of this essay indicate, this view is not the exclusive possession of the scholarly community, but represents, as well, the paradigm in terms of which the currently dominant political stratum in Ghana comprehends its country's economic plight. Apparently, to Jerry Rawlings and most of his political supporters, imperialism and its domestic agents — the middle class — are the culprits in Ghana's relentless economic slide.

As a matter of value to the scholarly community, it is important from time to time to put conventional wisdom or orthodoxy to the test. The fact that conventional wisdom is being used by Ghana's new rulers to give direction to their policy makes that task of critical assessment all the more important. To the extent that critiques of the neo-colonial paradigm have appeared in the Africanist literature, they have usually taken one of two forms — highly abstract theoretical discourse or comparative analysis of national level aggregate data (Staniland 1981; Smith 1979; McGowan 1976; Vengroff 1977). In this essay my method of critique differs. It will be problem and case-oriented. Simply put, the key question for my purpose will be: does the neo-colonial perspective provide a satisfactory explanation for Ghana's relentless and devastating economic slide?

The Ghanian Economy

At the outset, it will be useful to place Ghana's economic situation in perspective. At the time of its independence in 1957, economic prognoses were highly positive. Ghana's economy and society were seen to embody characteristics that were considered advantageous for modern economic development. Boasting one of the highest per capita incomes in Africa south of the Sahara, Ghana was the world's largest producer of cocoa beans and possessed an imposing array of mineral resources, including gold, diamonds, manganese, and bauxite. Its potential for the generation of hydroelectric power was substantial, and the transportation network of rail and motor roads linking its capital and commercial-administrative centers with each other and to the territory's hinterland were the envy of sub-Saharan Africa of the late 1950s. With respect to the development of human resources, the situation was also encouraging by comparative African standards. A process of social change dating well into the nineteenth century had produced by the 1950s a small western-educated professional middle class in Ghana's coastal towns and cities, and the educational infrastructure and resultant strata of educated cadres was amongst the most extensive in sub-Saharan Africa. On this basis the new Ghanaian state was seen as blessed with an efficient and professional public service bureaucracy.

The optimistic expectations that surrounded the independence celebrations in 1957 could not contrast more dramatically and tragically with the reality that surrounded Ghana's silver jubilee, the anniversary in 1982 of twenty-five years of that independence. Production in all sectors was abysmally low. Food production had not kept up with population increases, and cocoa production was approximately half of what it had been two decades earlier. Mining was performing at a similar standard; production in most manufacturing industries, if occurring at all, represented only a marginal utilization of capacity; and the timber industry was at a standstill (*Financial Times*, 31 May 1981 sec. 3). Economic deterioration had eroded Ghana's once impressive economic and social infrastructure. The systems of health care, education, transportation, and communication were in disarray (*Africa Confidential*, 8 Apr. 1981, 2-3). Unable to obtain paper, books, and food to feed its boarding students, the educational system was showing signs of disintegration (*Africa News*, 3 Nov. 1980, 16-17). Likewise the system of health care delivery was in chaos. Hospitals could not function for lack of basic medicines and essential supplies such as anesthetics and bandages, not to mention the shortage of qualified doctors as economic decline took its toll in personnel seeking better opportunities outside the country (*West Africa*, 9 Mar. 1981). And the transportation system, once the pride of Ghana, was literally in ruins — the railroad's rolling stock was decrepit, if functioning at all; the motorways were, in many areas, a mélange of pits and holes, with tarmac giving way to laterite, and the latter to bush (*Africa Confidential*, 8 Apr. 1981, 2-3).

The combined effect of all of this is that in the view of most observers, within and outside Ghana, the standard of living and quality of life of the Ghanaian people had declined below pre-independence levels. Quantified evidence for this view is exceedingly scanty, but World Bank statistics do corroborate more impressionistic evidence. Between 1960 and 1977 per capita consumption declined from an index number of 94 (1970 = 100) to one of 89, and during the same period the per capita caloric intake per day declined from 2 086 to 1 983 (World Bank 1980, 420).

Table 1 presents time-series data, covering a period of two decades, on Ghana's economic performance. It reveals clearly that the crisis which en-

Table 1
Indices of economic performance-1961-1980

	Production							
	Gold (1961=100)	Diamonds (1961=100)	Cocoa (1961=100)	Index of Manufacturing Production (1970=100)	Food per/cap. (1965-65=100)	Consumer Price Index (1963=100)	Gross Domestic Investment[a] (1966=100)	GNPa per/capita (1960=100)
1961	100	100	100			87	125	100.7
1962	106	99	95			95	—	102.8
1963	110	83	97			100	—	102.8
1964	103	83	101			102	—	102.8
1965	91	71	129			151	140	100.6
1966	82	88	95			171	100	97.9
1967	91	79	87			157	70	97.9
1968	89	76	96			169	75	99.1
1969	85	74	77			182	87	103.7
1970	84	79	85	100	99	189	110	111.6
1971	84	80	91	109	93	206	121	114.3
1972	87	73	107	85	81	227	60	108.2
1973	97	72	97	103	87	266	82	110.7
1974	74	80	81	101	88	315	115	113.9
1975	62	72	87	97	75	409	98	105.0
1976	64	72	92	74	74	639	67	96.1
1977	70	58	74	71	71	1,383	44	94.4
1978	48		62		68	2,401		94.4
1979	46		59		70	3,695		94.4
1980	43	31				5,547		
1961-70 (mean)	94.1	83.2	94.2			140.3	101.0	102.7
1970-79 (mean)	70.6	73.2[b]	83.5	92.5[b]	80.6	973.0	87.1	104.3

Sources: Ghana, *Economic Survey:* 1966 (Accra: Central Bureau of Statistics, 1967); Ghana, *Economic Survey: 1969* (Accra, Central Bureau of Statistics, 1970); World Bank, *World Tables*, 2nd edition (Baltimore: Johns Hopkins University Press, 1980), 86-87; United States, Department of Agriculture, *Food Problems and Prospects in Sub-Saharan Africa* (Economic Research Service, Foreign Agricultural Research Report No. 166), 3; Economist Intelligence Unit, *Quarterly Economic Review*, Annual Supplement, 1960 through 1981.

[a] At constant prices.
[b] 1970-1977.

gulfed the Ghanaian economy in 1982 had been developing since the mid-1960s. Sluggish performance in practically all productive sectors, combined with and related to endemic problems of inflation and foreign exchange constraint, had been building gradually and relentlessly toward the avalanche of failure that manifested itself in the latter half of the 1970s.

Within the "development" perspective that dominated academic analysis of Ghana during the 1960s, the gap between the country's promise and performance comes as a surprise. But this gap is perfectly consistent with the thrust of the "neocolonialism" paradigm. Ghana's relatively "modern" socio-economic profile of the late 1950s was a reflection of its relatively extensive incorporation into the international capitalist order. Since the "neo-colony" perspective views such incorporation as the foundation for economic stagnation and underdevelopment, ironically, Ghana's "advanced" situation at the time of independence can be viewed as consistent with, if not a cause for, its poor economic performance. However, plausibility does not suffice as a test for the validity of an explanation. In what follows I intend to show that the neo-colonial paradigm is of little help in explaining Ghana's economic demise.[2] Although the significance of internationally centered economic factors and of the operation of a "middle class-based" public bureaucracy cannot be ignored if one is to understand or remedy Ghana's problems, these factors do not provide an analytically valid or logically satisfying explanation for the depth of that country's economic calamity.

Ghana in Comparative Perspective

At the most general level, a comparative perspective reveals the difficulty of ascribing Ghana's economic ills to neo-colonialism. Comparing Ghana with her neighbors, one finds countries that are more perfect examples of "neo-colonies" — they are each members of the franc zone and thus lack Ghana's autonomy in respect to monetary and even fiscal policy; they have not constructed to nearly the same extent as has Ghana an extensive apparatus of state control over international economic transactions, and thus their economies are more open to international capitalism; and, consequently, foreign capital plays a larger role in their economies than in Ghana's. Thus, these neighboring states, by the logic of neo-colonialism, ought instead, to exhibit Ghana's economic condition in an even more acute form. But the Ivory Coast, Togo, and even Upper Volta, whatever their undeniably serious and manifold economic problems, are hardly suffering economically to the same extent as is Ghana. They have not experienced the same economic chaos — triple digit inflation, huge shortfalls in foreign exchange and attendant shortages of practically every essential import, smuggling on a massive scale, and a thriving parallel market in which local currency is exchanged at well over ten times the official rate. During the 1970s they have not registered the same declines in production; and they have not experienced the same deterioration in public services. Table 2 represents six statistical indicators of economic performance for Ghana and her three neighboring countries during the 1970s. With one minor exception, all three more neo-colonial economies performed considerably better than did Ghana on each of the six indicators (See Table 2). In sum, these three neighbors, less well endowed than Ghana in human capital, natural resources, and geography, and *more neo-colonial* in structure, have not experienced the same kind of reduction in living standards felt broadly by Ghana's population.

The same point can be made by a somewhat different comparison. The three countries in sub-Saharan Africa with the highest rates of economic growth during the 1970s were the Ivory Coast, Kenya, and Cameroon. Table 3 compares their economic performance on a variety of indices with that of Ghana. The point of this comparison is that these three countries happen also to be the ones whose economies are among the most open to and penetrated by international capital. Much more than Ghana they have consistently pursued a strategy of increasing their dependence on the international capitalist system. Some indication of this is provided in Table 4, which presents comparative data on the total inflow of resources to each country from the international capitalist system (i.e., all official development assistance, private direct investment, and bank loans from OECD countries).

If the structure of neo-colonialism has produced Ghana's economic calamity, then simple logic would suggest that Kenya, the Ivory Coast, and Cameroon should be in even worse shape. But of course, as is revealed in Table 3, the reverse is the case. On each of the eight indicators presented, Ghana's performance was substantially worse than that of the other three countries.

Cross-national comparisons of the above type establish on logical grounds that the "structure of neo-colonialism" is at least insufficient to explain Ghana's economic slide.[3] An examination of the specific ways in which that structure is usually thought to have affected Ghana politically and economically raises additional problems. The "neo-colonialism" explanation for Ghana's condition involves two interconnected but analytically separable lines of argument. One line of argument focuses on the consequences of Ghana's position in the international division of labor, i.e., the manner in which her economy is linked into the international economic (capitalist) system. The other focuses on internal political processes — on alleged class relations and especially on the role and interests of the supposed governing class, the bureaucratic bourgeoisie.[4] The international component of this line of analysis can be broken down into two basic sub-arguments: first, the adverse effect of worsening terms of trade; and second, the role of the multinational corporation. These sub-arguments will be dealt with separately as will the line of analysis that focuses on the class basis of Ghana's economic demise.

Table 2

Basic Economic Indicators: Ghana, Ivory Coast, Togo, Upper Volta
Average Annual Growth Rate (Percent)

	GNP/capita 1970-79	Gross Domestic Investment 1970-79	Export Volume 1970-79	Commercial Energy Consumption 1974-79	Inflation 1970-79	Average Index of Food Production per cap./'77-'79 ('69-71 = 100)
Ghana	−3.0	−7.9	−7.2	2.3	32.4	82
Ivory Coast	1.3*	13.8	5.2	5.5	13.5	102
Togo	1.2	14.5	−2.5	11.8	10.3	81
Upper Volta	−1.2	1.2	3.1	10.2	9.8	93

Sources: World Bank, *1981 World Bank Atlas: Gross National Product, Population, and Growth Rates*, 12; World Bank, *Accelerated Development in Sub-Saharan Africa*, Statistical Annex.

* Figure based upon an extremely high estimate of population growth in the Ivory Coast (5.7 percent per annum).

Table 3

Economic Performance and the Neo-Colony
Average Annual Growth Rate (Percent) — 1970-1979

Country	GNP/capita 1970-79	Production GDP	Production Agriculture	Production Industry	Investment GDI[a]	Inflation	Export Volume	Index of per capita Food Production, 1979 (1961-65=100)
Ghana	–3.0	–0.1	–0.2	–1.5	–7.9	32.4	–7.2	70
Ivory Coast	1.3	6.6	3.4	10.5	13.8	13.5	5.2	132
Kenya	2.6	6.5	5.4	10.2	1.2	11.1	–0.5	110
Cameroon	3.1	5.4	3.5	6.5	7.9	10.3	.5	97

Sources: World Bank, *Accelerated Development in Sub-Saharan Africa*, 1981; U.S. Dept. of Agriculture, *Food Problems and Prospects in Sub-Saharan Africa*, p. 3.

[a] Gross Domestic Investment.

Table 4

Total Net Inflow of Resources — 1971-1980[a]
$ millions

Ghana	Kenya	Ivory Coast	Cameroon
$1 517.00	$3 375.31	$3 776.63	$2 684.40

Source: OECD, *Development Cooperation*, Statistical Annex, various issues.

[a] Includes total of all official development assistance (bilateral and multilateral), private direct investment, and bank loans from OECD countries.

I Terms of Trade

It is a commonly accepted notion that many of Ghana's economic difficulties are rooted in the structure and related pricing of international trade over which she has no control. Specifically, Ghana is often seen as a typical victim of worsening terms of trade (Eshaq and Richards 1967; Nkrumah 1968, 89). She is believed to have been adversely affected by a decline in the international price for her exports, particularly cocoa, both absolutely and relative to the price Ghana must pay for essential imported goods.

This point of view has dramatic surface plausibility, which perhaps accounts for its widespread and uncritical acceptance. Ghana's economy is heavily dependent upon export earnings from a few commodities. The most important of these is cocoa, which accounts alone for approximately sixty percent of Ghana's annual foreign exchange inflow. Foreign exchange shortages have been endemic to the Ghanaian economy over the past twenty years (Killick 1978, 100-102), leading to shortages of imported machinery, spare parts, and raw materials — goods essential to Ghana's production process. The international price for cocoa has fluctuated widely over the years, with major declines in 1965, 1971, and 1981 squeezing the economy especially hard and coinciding with military coups against the existing regimes of Nkrumah, Busia, and Limann. The OPEC "oil shocks" of 1972-1973 and 1979-1980, which doubled and then tripled the international price of petroleum, and the related substantial increase in the proportion of export earnings that Ghana devoted to energy imports during the 1970s has focused increased attention on international prices as a major culprit in Ghana's economic problems.

There can be no doubt that Ghana has been plagued by insufficient export earnings, that the international price of cocoa has been unstable, and that changes in that international price have affected Ghana's political stability. However, while the price of cocoa has at times created substantial political and economic difficulties for Ghana, the data do not support the thesis that adverse terms of trade are chiefly responsible for Ghana's foreign exchange position and have slowed her economic growth (Killick 1978, 107-110).

Table 5

Ghana's Terms of Trade and Export Prices

	Terms of Trade				International Export Price (constant)					
	Index (1975=100)		Av. Annual Growth (%)		Average Annual Growth Rate			Index (1960=100)		
	barter	income	barter	income	Cocoa	Timber	Gold	Cocoa	Timber	Gold
1960	111	—	—	—	—	—	—	—	—	—
1970	121	125	—	—	—	—	—	—	—	—
1979	144	144	—	—	—	—	—	—	—	—
1961-70			2.3	1.5	3.5%[a]	4.2%[a]	—	—	—	—
1970-79			6.9	−0.8	7.5[a]	9.7[b]	20.6[b]	—	—	—
1960-65								80.3	109.1	100
1965-70								102.6	113.5	100
1970-75								116.8	150.1	166
1975-79								186.2	177.4	254.3[c]

a 1960-70
b 1970-80
c 1975-80

Sources: World Bank, *Accelerated Development in Sub-Saharan Africa*, statistical appendix, Tables 13 and 15 (terms of trade data); World Bank, *Commodity Trade and Price Trends*, August 1981 (cocoa and West African timber prices); Commodity Research Bureau, *Commodity Year Book*, 1981 (gold prices).

Table 5 presents data on Ghana's terms of trade and on trends in the international price for cocoa and two other important foreign exchange earners — gold and timber. The table reveals that between 1960 and 1980 the long-term trend has not been adverse to Ghana's export earnings; rather the terms of trade have been either neutral or mildly in Ghana's favor. Over a twenty-year period the international price for Ghana's main export commodities has risen on balance; it has not drastically fallen as the conventional and uncritical view of Ghana's international economic position supposes. During the seventies the price performance of Ghana's exports was especially strong, offsetting the effects of the 1973 rise in oil prices on its terms of trade and more than keeping pace with international inflation. Between 1972 and 1977 the international price of Ghana's cocoa (discounting for inflation) more than tripled, moving from a constant dollar price of $201/kg to $641/kg. This put cocoa's real price in 1977 at a level 150 percent higher than it had stood at the beginning of the decade and 366 percent higher than the average price for 1965, the year of cocoa's post-1960 low point.

The international market prices for other Ghanaian exports were also buoyant. Gold soared from approximately $35.00 per troy ounce in 1970 to $161.00 in 1974; after a slight decline (average price of $148.00) in 1976, the market price climbed steadily in successive years, reaching an annual average of $613.00 per troy ounce in 1980. Discounting for inflation, this represented a jump in real value of four hundred percent, with the average real price for the entire decade being approximately double gold's pre-1970 value. West African timber did well on international markets during the 1970s as well. After dipping twenty percent between 1970 and 1972, the timber price doubled in 1973, and while slipping somewhat in 1974, real prices for the remainder of the decade were on the average approximately thirty percent above their 1970 level. For the entire decade of the 1970s, the real price for Ghana's timber exports averaged approximately fifty percent above the average real price during the previous decade.[5]

At the same time, it is certainly correct that there have been periods of drastic price slump in the international cocoa market — 1960-1965, 1970-1972, and 1980-1982 were particularly bad years — and that Ghana's economic condition was indeed affected by this reduction in cocoa's earning power. However, as is shown above, these periods of cocoa price weakness were counterbalanced by periods of market strength. Between 1966 and 1969 cocoa prices recovered to levels reminiscent of the buoyant 1950s, and between 1972 and 1976 prices surged to historically unprecedented levels. If the international price for cocoa is a significant factor in explaining Ghana's present economic debilitation, then one would expect that these periods of cocoa price buoyancy would coincide with growth spurts and with the alleviation of the myriad symptoms of economic stagnation. This, however, has not been the case (see Table 1). While buoyant cocoa prices seem to have had a momentary positive impact on GNP statistics between 1970 and 1973, the really remarkable thing is what occurs between 1973 and 1979. This latter period is associated with *both* a surge to historically unprecedented levels of the international price for cocoa and gold (along with strong timber prices) *and* with massive shortages of foreign exchange and the virtual collapse of the Ghanaian economy.

The 1979-1980 tripling of OPEC oil prices, coupled with a decline in cocoa prices after 1977, has indeed had a very serious adverse effect on Ghana's terms of trade.[6] But these international price trends of the late 1970s and early 1980s cannot be used as an explanation for Ghana's economic demise. Her economy had already virtually collapsed by 1975, four years earlier (see Table 1).[7] In other words, the international recession of the early 1980s had "put the boot" to an already prostrate economy, making recovery more difficult but not causing the situation.

In summary, the terms of trade argument simply cannot be squared with the facts of Ghana's experience — Ghana's economic stagnation and decline has been associated with periods when the international prices for her exports have been favorable as well as unfavorable. Figures 1 and 2 provide dramatic and more visual evidence for the real reason for Ghana's shortage of foreign exchange — not adverse terms of trade but falling production. During the mid-1970s Ghana could not realize the benefits of very high prices for cocoa and gold, which offered a potential windfall in foreign reserve earnings, because at that very time her production of these exports was falling dramatically. This should point analysis toward policies and practices affecting production within Ghana rather than to what was happening within the international economy.

II The Role of Multinational Corporations

The second line of analysis that locates the root of Ghana's economic demise in international factors focuses on the alleged adverse role of the multinational corporation (MNC). The critical literature on the role of MNCs in countries like Ghana is extensive and complex, but in essence it holds that the foreign firms that Ghana has relied upon for manufacturing and mining, being integrated on a worldwide basis, seek to maximize their returns globally. The result is that the decisions made by these firms, oriented to a global rather than a domestic logic, are antithetical to Ghana's development. The "global logic" of the international firm results in the adoption of inappropriate technology, production processes with limited value-added for the Ghanaian economy, and a drain of suplus abroad. The inference drawn from this perspective is that foreign firms have been prospering while Ghana has been economically declining (Hutchful 1979). Indeed, it is often argued that MNC profit and Ghanaian impoverishment are causally linked and that this exploitative relationship has continued

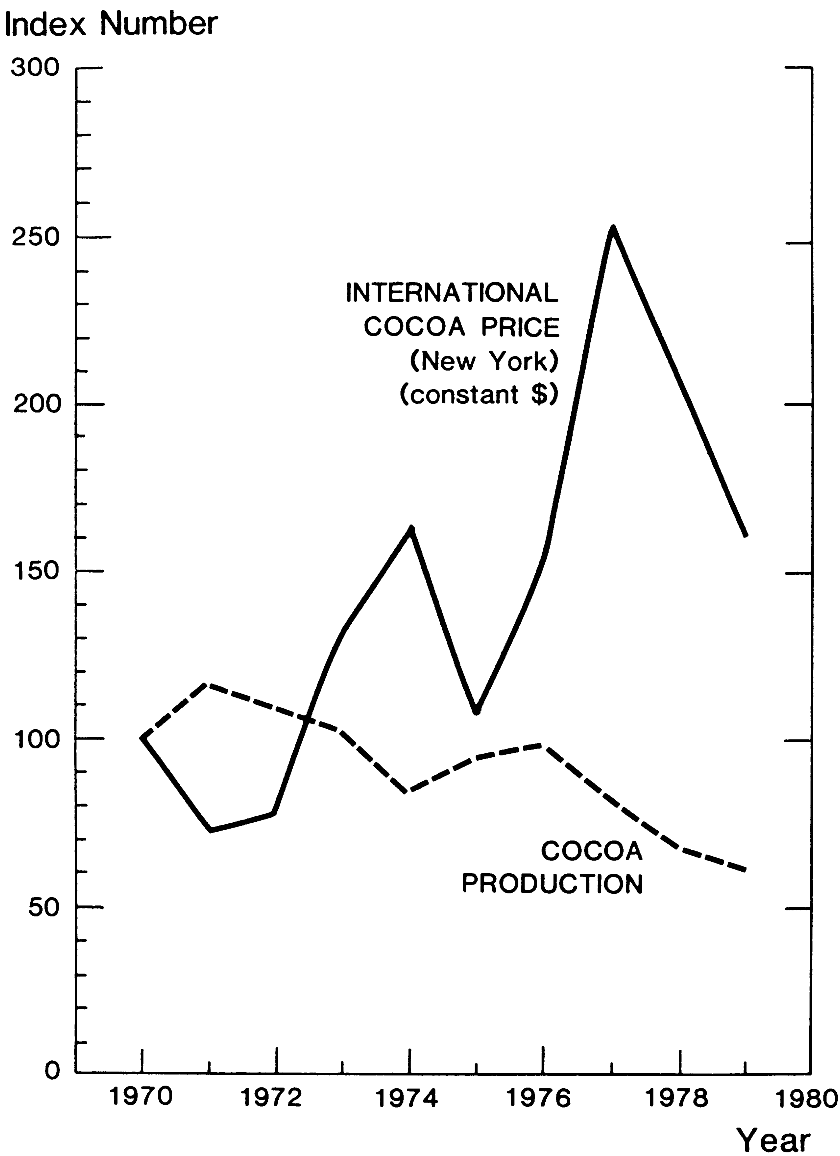
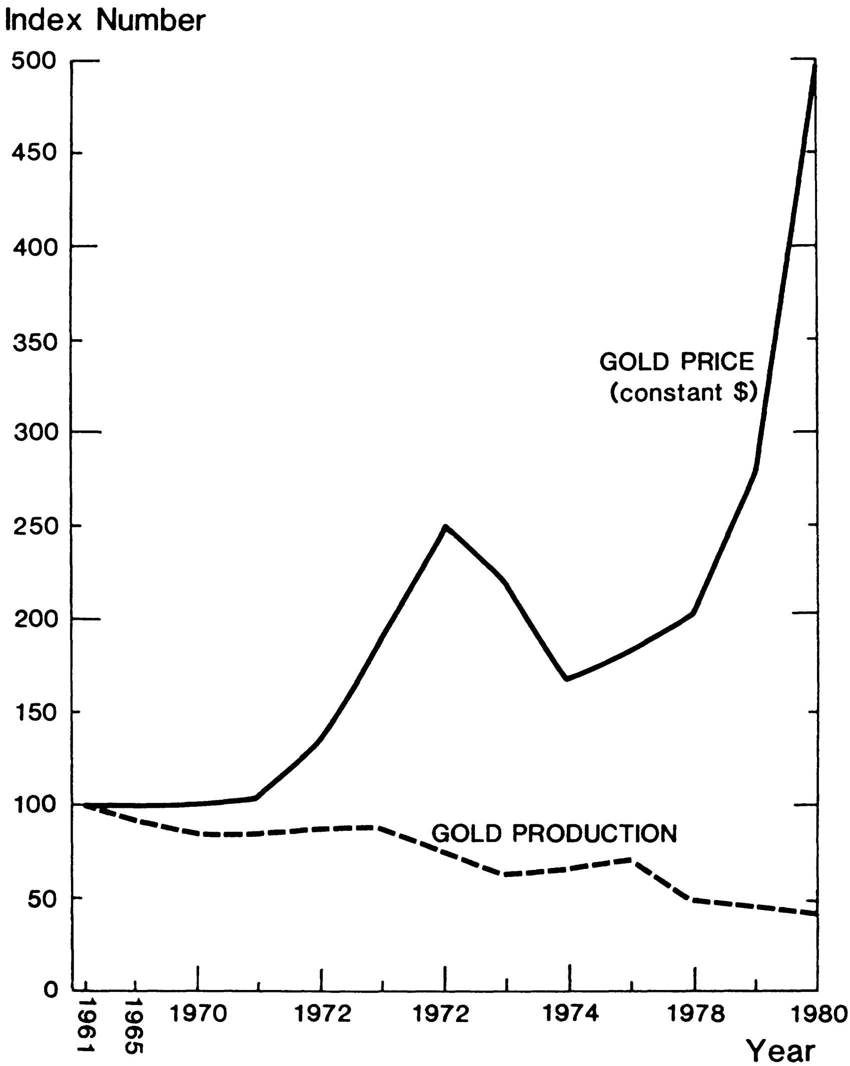

Index Number
300
250
200
150
100
50
0
INTERNATIONAL
COCOA PRICE
(New York)
(constant $)
COCOA
PRODUCTION
1970
1972
1974
1976
1978
1980
Year

Figure 1


Index Number
500
450
400
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300
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100
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0
GOLD PRICE
(constant $)
GOLD PRODUCTION
1961
1965
1970
1972
1972
1974
1978
1980
Year

Figure 2

because, as one Ghanaian political scientist has written, "the MNCs had succeeded in subordinating the organs of the Ghanaian state to their own will" (Hutchful 1979, 47).

The academic critique of the MNC role in Ghana finds an echo in the political rhetoric of successive Ghanaian governments. Both the government of President Hilla Limann and that of its successor, led by Ft. Lt. Jerry Rawlings, have pointed at the large MNCs as a major cause of Ghana's problems, describing their operations as "naked and conscienceless exploitation" and referring to them as "plunderers" of Ghana's wealth (*African Business*, Aug. 1980, 24; *West Africa*, 24 May 1982, 1388).

A critical assessment of the thesis that domination by MNCs is a significant factor in Ghana's economic demise should begin by recognizing the validity of two points. First, the global organization of the international firm *does* dictate goals, decision-rules, and resultant actions that differ from those which would be the case for a firm whose sphere of operations is purely domestic. Second, the structure of MNCs offers a variety of means for them to avoid national jurisdiction over their operations and the surplus they generate. Crucial to the MNC's ability for avoiding national jurisdictions are the practice of transfer pricing and the centralization globally of the source of technological innovation, research, and development. These "truths," however, do not permit the inference that MNCs are antithetical to the process of industrialization and economic expansion in a host country. The rapid industrialization during the 1960s and 1970s of Brazil, Taiwan, and South Korea, not to mention the earlier experiences of Canada and Australia, should put such simple notions to rest. The substantial and myriad political problems and economic difficulties experienced by these countries, some related to the activity of MNCs, should not be allowed to obscure the reality that MNC penetration is in fact under some circumstances quite compatible with economic growth and *development*.[8]

These general considerations aside, it is especially implausible to view multinational companies as central to Ghana's economic problems. What is striking about the Ghanaian economy is the limited role of such firms, the difficulties for them of operating there, the general lack of interest they show in Ghana as a site for investments, and, most significantly, the *inverse* relationship over time between the size of the foreign sector and the performance of the economy. Thus, during the 1950s when the share of manufacturing output controlled by foreign-owned firms exceeded sixty percent, Ghana's GDP grew at well over five percent a year (at constant prices) (Killick 1978, 66, 126). During the 1960s when Nkrumah's policies of economic nationalism reduced the foreign sector contribution to forty percent of manufacturing output, the most outstanding feature of the Ghanaian economy was its failure to grow (Killick 1978, 67, 126). In the 1970s when the size of the foreign sector was further reduced by the Acheampong regime's policies of nationalization in the mining sector and indigenization in manufacturing, the economy moved from stagnation to precipitous decline. Consequently, in terms of the correlation between the size of the foreign sector and the pattern of economic growth (or decline) it would seem difficult to sustain a logic in which the MNCs are viewed as the main culprit in Ghana's plight.

Now, it might be argued in rebuttal that nationalization and indigenization affected ownership patterns but not management, since management contracts often left foreign firms in operational control of the enterprise. In this manner, it is alleged, foreign companies continued to exploit Ghana, extracting surplus and accumulating it for global operations (Hutchful 1979, 45-48). The first part of this thesis is certainly valid — many, if not most, of the foreign enterprises taken over completely or partially by the state continued under foreign management. But the second part is more difficult to sustain. Because of Ghana's foreign exchange shortage, enterprises accumulating profits on local operations and/or being owed compensation for nationalization by government found the transfer abroad of these funds blocked by the system of exchange control. Table 6 presents data for the last half of the 1970s on MNC profits, dividends, and compensation awards that were backed up within the foreign exchange pipeline. It can be seen that throughout the period foreign enterprises were unable to repatriate nearly one hundred million dollars of their capital.

Table 6
Blocked Remittances to Foreign Firms

	$ Millions			
	1976	1977	1978	1979
Profits and Dividends	$58.0	$57.2	$58.9	$55.6
Payments under Investments Policy Decree of 1975 (Nationalization)	40.0	39.7	42.2	40.9

Source: *Financial Times*, 13 May 1981, p. 17.

As an illustration of how serious the situation has been, in 1977 the Bank of Ghana announced a five-year program allowing foreign firms to gradually repatriate profits and dividends that *had accrued prior to 1968* (Ghana, *Quarterly Economic Review*, 1977, 4:12). For global enterprises whose operational logic requires a worldwide redeployment of capital, this could hardly be considered a desirable situation. And they acted accordingly. Since the late 1960s there has been no major new private direct investment in Ghana. Even when the Limann government went out of its way to attract new foreign investors with a set of very lucrative incentives, there were no significant takers. If Ghana was as easily and lucratively exploited as the neo-colony perspective suggests, one would expect an influx of MNCs eager to seize the opportunity for expanded profits. But the reverse has been the case. As Table 7 reveals, there has been a fifteen-year trend of decreasing foreign investment in the Ghanian economy.

Table 7
Foreign Direct Investment: 1965-1979

			Million SDR's
	1965-69	1970-74	1975-79
Four-year Total	153.9	80.8	65.6
Average Annual Investment	30.8	16.2	13.1

Source: IMF, *Balance of Payments Yearbook* (various issues.).

"Far from waiting for the chance to pounce upon and exploit Ghana's resources," writes Tony Killick (1978, 330) in his authoritative analysis of post-colonial economic policy, "foreign investors have shown limited interest in Ghana during the last thirty years."

The experience of foreign enterprise in Ghana also raises serious questions about the image of the Ghanaian state as somehow "subordinated to the will" of international capital. Undoubtedly, MNCs have been able to adapt to policies of economic nationalism and sometimes to utilize these policies to their advantage. But adaptation does not equal control. If the state was in fact subordinated to their will, would they have needed to adapt? Would they have allowed the policies of nationalization and permitted the system of exchange control that prevented the repatriation of their profits? If the Ghanaian state is subordinated to the will of foreign capital, why has there not been more interest by international capital in Ghana? If such subordination existed, would not Ghanaian policies more closely resemble those found in West African countries that foreign capital *is* interested in, such as the Ivory Coast and Cameroon?

In sum, the international factor, although it can never be ignored in analyses of economic trends in Ghana, cannot be considered decisive in the analysis of Ghana's economic demise. Neither the empirical evidence nor the logic of the situation sustain an analysis that attributes Ghana's condition to adverse trends in world commodity prices or to exploitation at the hands of multinational capital. Ghana has performed poorly during periods of both high and low world prices, and the role of multinational capital has become increasingly marginal. It is difficult to avoid the conclusion drawn by Tony Killick (1978, 330): "It seems that for Ghana, neo-colonialism is a paper tiger." One must look elsewhere for an explanation of the demise of what was once thought to be tropical Africa's most promising country.

Bureaucratic Bourgeoisie and Economic Decline

One aspect of the neo-colony perspective does offer a potential corrective to an over-emphasis on the external economic environment in explaining Ghana's economic collapse. The neo-marxist concern with class analysis, and especially with the specific character of class domination that is reflected in the new African state, potentially contains a domestically rooted explanation for economic decline. In this perspective, authoritarianism, inequality, poverty, and international dependence are viewed as inextricably linked and as a consequence of the specific character of the class that dominates the post-colonial African state. Although the Africanist literature is less than clear and rigorous when it comes to setting forth the parameters of this dominant class,[9] it has become increasingly fashionable to focus on the senior officials of the public bureaucracies — the "bureaucratic bourgeoisie" — as the ruling or governing fraction of a dominant urban middle class. The African state, then, is conceptualized as a system of domination utilized by the bureaucratic bourgeoisie to appropriate society's economic surplus for itself and its class allies and to guarantee its sociopolitical position for the future (Shivji 1976; Sklar 1979, 546-547; Markovitz 1977, 208-209; Samoff 1982, 124-126). In a typical statement of this perspective, Joel Samoff (1979, 63) writes: "The function of the petty bourgeoisie in Kilimanjaro [and Tanzania generally] has been not only to protect the interests of the local ruling class but also to ensure its reproduction. Control over state power has been the primary mechanism for securing class power." Thus, the specific policies adopted by African governments are presumably designed to service the interests of the bureaucratic class and its bourgeois allies, at the expense, socially and economically, of other social classes (Shivji 1975; Samoff 1979; Ergas 1980; Hutchful 1979; Peemans 1976). Moreover, understanding the nature of class conflict, and recognizing the existence of bourgeois domination is often presented as a key to explaining the economic doldrums into which many African countries have fallen.

> That most African states are poor is clear. That the context of this poverty is their peripheral situation in a world capitalist economy is also clear.... That the persistence or elimination of Africa's poverty is in large measure determined by class conflicts within African states should be equally clear (Samoff 1979, 69).

The bureaucratic bourgeoisie thesis has a certain surface plausibility. Social inequality is a striking feature of post-colonial African societies, and one role of public bureaucracies has certainly been to create, reinforce, and maintain that inequality. Employment in the state bureaucracy is a source of interpersonal power and of myriad perquisites and privileges — features which, in many cases, are ostentatiously displayed by public "servants." Through systems of economic regulation and management, the public bureaucracy has become an indispensable element in the process of personal wealth generation. And during the 1970s the extension of the African state into the economy has greatly increased the opportunity for those who control the apparatus of government to expand their wealth and privilege. This type of situation, in which the public bureaucracy is central to creating, reinforcing, and maintaining inequality is a clear reality in much of Africa. It is a situation which certainly pertains to post-colonial Ghana.

Unfortunately, an accurate description of inequality does not necessarily imply the existence of self-conscious and politically mobilized social classes, nor does it constitute an explanation for economic decline. Historically, inequality has existed in many contexts other than those defined in terms of class conflict, and class-based inequality has been quite compatible with economic growth and development. Even if one accepts as given what has yet to be demonstrated, that in Ghana the bureaucracy constitutes a governing *class*, it still remains to explain why this ruling class has not used its unequal access to wealth for productive ends. The standard answer to this question is that the local bourgeoisie is tied to international capital, assisting it in the accumulation and repatriation of locally generated economic surplus (Leys 1975, 26-27, 271-272). Presumably, in the process, the class interests of the African bourgeoisie are served at the same time that the local economy is undermined (Galtung 1971). But presumption is not enough. If Ghana's economic demise is to be attributed to the domination of the Ghanaian state by a bureaucratic bourgeoisie, then it is analytically required that a clear logical line be drawn between the class interests of the ruling group, the public policies pursued by the state, and the economic performance that results from these policies. In other words, if the key to Ghana's economic problems lies in its class conflicts and in the domination of the state by a bureaucratic class, three things ought to follow: (1) public policy ought to be an expression of class interests as these are perceived by the dominant group; (2) the results of these policies ought to be the material and social enhancement of the bureaucratic "social formation" and the larger class of which it is a fraction; and (3) the same policies that have enhanced the position of the middle classes ought simultaneously to have produced a general decline in the economy.

If one seeks this type of linkage between interest, practice, and performance, then the deficiencies of the "bureaucratic bourgeoisie thesis" become readily apparent. Ghana is a clear case in point. Setting aside the difficulty of specifying the boundaries of Ghana's "bureaucratic class" and ignoring the considerable sociological evidence of the openness of Ghana's system of social stratification (Peil 1981, 139-141; Sandbrook and Arn 1977), one must ask, in what sense has the Ghanaian middle-class, bureaucratic or otherwise, benefited from the policies that produced Ghana's economic demise?

Certainly, the middle class can, with its savings and social connections, buffer itself against economic hardship to a greater extent than can workers; but "hurting less" does not equal benefitting. In fact, there can be little doubt that the quality and standard of living of the Ghanaian "bourgeoisie" has declined drastically in the last decade, as has that of most of the rest of the society (Sutton-Jones 1982; *West Africa*, 1983). At the same time, there can be no doubt that out of the situation of administrative and economic chaos that has characterized Ghana in recent years, bureaucrats and other officials have been able to utilize their positions to accumulate great wealth. Incumbents of positions in the economic administration, particularly senior officials in the commodities distribution machinery and in the agencies that link the Ghanaian and international economies, have been able to manipulate the system to their absolute advantage. The ''Kalabule'' system — the parallel market that has arisen out of official attempts to control markets and license all types of commercial activities — provides opportunities for such individuals to accumulate personal income by charging monopoly rents for goods and services that are far above ''official prices.''

In spite of this evidence, it would be incorrect to conclude that such a system serves the interests of Ghana's ''bureaucratic class'' or of the larger middle class of which it is supposedly a ''fraction.'' Such a conclusion would suffer from two fallacies. First, it inappropriately generalizes the benefits derived by well-placed *individuals* in a collapsing economic system to an entire social *class*. Second, it distorts the economic significance of bureaucratic corruption for many, if not most, of its participants. The strategically placed officials who are able to derive great personal wealth from the Kalabule system hardly constitute the entire Ghanaian middle class or all public bureaucrats or even all senior officials. Even among those who can use their positions for Kalabule practices, many if not most do not in fact grow wealthy by doing so but are instead driven to corrupt practices by the need for personal and familial survival. For many among the Ghanaian urban middle class participation in the Kalabule system has represented the only means available to avoid total material and social collapse in a disintegrating economic system.

Rather than deriving some general material benefit from the system of bureaucratic controls, most individuals in Ghana's middle class — bureaucratic and otherwise — suffer, as do others in Ghanaian society, from a form of extortion at the hands of strategically placed officials: and this middle class finds that its standard of living has been undermined by a system of ineffective state economic control. In what sense are the interests of the middle class, with its penchant for luxury automobiles, served by a system that requires the payment of huge bribes to customs officials in order to clear an imported car, that distributes petrol through officials who charge monopoly rents and thus push prices many times above officially fixed levels, and that supports the import license allocator who fails to provide for sufficient spare parts?

This is a rhetorical question, of course, but it alludes to an important point. In Ghana, the middle class lifestyle requires a consumption budget with a very high import component. As a result of a foreign exchange constraint, Ghana's economic decline has been characterized by severe shortages of every conceivable kind of imported good. Thus, if one thinks in terms of relative deprivation, Ghana's economic slide has been particularly ruinous to its middle class. Likewise, the education and health delivery systems, which are usually criticized as designed for the benefit of the urban-based middle class, have been thrown into disarray during the past decade (*Africa Confidential*, 8 Apr. 1981, 3). Boarding schools have been forced to close for lack of an adequate supply of food to feed their pupils, and the education system has been forced to employ some 45 000 unqualified teachers as those with qualifications have left the teaching service (*West Africa*, 6 Sept. 1982, 2319). The University of Ghana has been forced to drastically cut back enrollments as faculty, unable to maintain what they consider a reasonable standard of living, have departed the country in large numbers. Simultaneously, Ghana's system of hospitals and clinics has become practically inoperative due to shortages of essential drugs and professional staff. In short, rather than facilitating the social reproduction of the Ghanaian bourgeoisie as a class, the economic policies of successive Ghanaian governments would appear to have rendered that process more difficult.

The point is not to equate the plight of the malnourished and hungry worker or farmer with the "suffering" of the senior bureaucrat, lawyer, or professor who can no longer drive his Mercedes, drink imported Scotch, smoke Rothman cigarettes, and travel easily to London. Rather, the point is that whatever one may think of the Ghanaian middle-class style of life, it has become much more difficult to pursue over the last two decades. As one knowledgeable observer of the Ghanaian scene has written "in Ghana today everyone is suffering. The elite do not enjoy the usual benefits from their position" (Sutton-Jones 1982, 41).

The behavior of Ghana's middle class during the 1970s has been consistent with this picture of declining living standards. In a real sense the Ghanaian middle class has "voted with its feet." There has occurred, especially since 1975, a massive exodus of those technically and professionally trained Ghanaians who can find positions outside the country (*Africa Confidential*, 8 Apr. 1981, 3). By 1981 some fourteen thousand trained teachers had left the Ghana Education Service, of whom approximately three thousand were university graduates (*West Africa*, 6 Sept. 1982, 2319). Although precise figures are not available, the movement abroad of university faculty, physicians, engineers, and technicians of various kinds is by all accounts similarly dramatic. Perhaps more significant have been middle-class actions in the political arena. During the period of the Acheampong regime (1972-1979), a vociferous political opposition was mounted by a variety of professional associations and prominent members of the Ghanaian middle class, including both those in and outside of government employ. In the autumn of 1976 the Ghana Bar Association demanded that the military regime return power to civilians in two years. A more radical demand for the immediate return to civilian rule was made ten months later by the Association of Recognized Professional Bodies, a group made up of representatives of Ghana's doctors, lawyers, engineers, architects, planners, surveyors, pharmacists, accountants, and veterinarians (*The Times* [London], 7 July 1977). This demand for an immediate end to the military regime was followed by an extraordinary nineteen-day long strike, in which lawyers, doctors, engineers, accountants, and technicians withdrew their services. During the period Accra, the capital city, was bedeviled by water shortages and power outages, as government-employed technicians and engineers joined other professionals in bringing pressure to bear on the Acheampong regime (Leitch 1977). At one point all six turbines at the hydroelectric power station at Akosombo on the Volta river were shut down, causing extensive damage to the Valco aluminum smelter. Acheampong's response to what the London *Times*, (17 July 1977, 9) termed ''the middle-class revolt'' was to promise a return to civilian rule within two years. Although this brought the strike action of July 1977 to a halt, it did not end the active and forceful middle class opposition to a continuation of military rule. Throughout 1978 and 1979 professional groups and prominent middle-class individuals spearheaded the opposition to Acheampong's Union Government notion, an idea that would have created a joint civilian-military regime (Chazan and Levine 1979). Although harassed by the government and prohibited from holding meetings, they managed nonetheless to communicate their anti-UNIGOV ideas widely. During the course of a year and a half, hundreds of government opponents were arrested including prominent lawyers and businessmen, while many others sought a safe haven abroad from which to conduct their campaign against military rule in Ghana.

The actions of Ghana's middle class and of its organized interest groups during the 1970s belie the notion that the post-colonial Ghanaian state is simply an agent for middle class interests. If Ghana had been ruled by a fraction of the bourgeoisie (at least until the Rawlings coup of January 1, 1982) which served the interests of the middle class of which it is a part, then why has that middle class showed such a keen interest in leaving the country? More significant, why was political opposition during the 1970s led by prominent individuals and interest groups of the very class allegedly being served by the existing regime? The evidence is simply not consistent with the ''bureaucratic bourgeoisie'' perspective on the African state.

Typically, evidence of middle-class opposition to an existing regime that is defined as bourgeois is dealt with by contemporary neo-marxists with the assertion that what is being observed is simply conflict between fractions of a heterogeneous bourgeois class. This is thought to preserve the idea that the state ought to be viewed analytically as reflecting a system of bourgeois domination (see Hutchful 1979, 41-42). However, such an effort is neither analytically appropriate nor satisfying. First, among neo-marxist Africanists, membership in the middle class is established not through sociological criteria but through access to the material resources that adhere to control of government. Thus, it is practically impossible to conceive of a ruling group that would not be categorized as middle class. The governing group is considered a fraction of the bourgeoisie essentially by definition. The analytic exercise is in reality a tautology. Second, and more important, the introduction of the idea that intense political conflict can occur between fractions of a single class robs the concept of class of practically all its analytic meaning. Since, as a sociological reality, class identities develop out of political clashes between opposing groups and since class divisions are revealed to the analyst through the observation of these clashes, in what sense can the analyst conclude that such clashes reflect different parts of the *same* class? Recognizing this difficulty, it is commonly asserted that contending fractions of the bourgeoisie will join together when the "system" of bourgeois rule is threatened. In this way adherence to the idea that conflicting groups are still parts of the same social class is preserved. But unless the conditions can be specified under which such a fusion of fractions will occur — unless "threats to the system" can be distinguished from other types of threats to bourgeois interests — then this formulation creates a virtually unfalsifiable proposition. At any rate, in Ghana the policies of the military regime between 1972 and 1980 would appear to clearly represent "threats to the system" of bourgeois domination (that was certainly their result), and thus one is left with the analytic contradiction of clashing fractions of the same social class.

When one moves from the level of manipulating abstract concepts to observing the impact of the Ghanaian system on the way people actually live and act, it becomes extremely difficult to accept as even plausible a theory that attributes Ghana's economic situation to the control of the state by a bureaucratic class. The policies that have created that economic condition have undermined, not furthered, the material and social interests of public bureaucrats and of the larger Ghanaian middle-class of which they are a part. Although individuals may be able to use strategic bureaucratic positions to amass personal fortunes, individual gains are not class benefits. Thus, the concept of a governing bureaucratic class does not provide the analytic leverage necessary to make comprehensible the pattern of Ghana's more than two-decade-long economic slide.

An Alternative Explanation

During the 1970s the view that Africa's underdevelopment is a product of the international and domestic structures of "neo-colonialism" emerged as the new orthodoxy among Africanists, replacing the earlier 1960s academic dogma of easy growth and development through the diffusion of Western capital and technology. By presenting a critical assessment of this new orthodoxy through an intensive focus on the Ghanaian case, I have sought to clear away the web of assumptions and shibboleths that have passed for an explanation of economic underdevelopment in Africa, so as to provide a basis for offering a different kind of explanation for the Ghanaian economic collapse. To the extent that the contemporary Africanist literature provides an explanation for Ghana's economic plight, it is almost inevitably centered upon the combined role of the "international capitalist system" and of bourgeois class domination in the African state. I have suggested that there is a good deal of surface plausibility in this type of perspective. Nevertheless, I have tried to show that when this view is juxtaposed with empirical realities plausibility rapidly evaporates.

Indicating the weakness of the "neo-colony" or dependency approach, as has been done here, is not an argument for ignoring the international context in which Ghana exists, or for ignoring the sociopolitical role of its long established elite. Nor is it an argument for ignoring the character of the Ghanaian state as part of the explanation for the economy's collapse. Ghana has for two decades followed a state-centric economic strategy, and thus comprehending the nature of the state is crucial for understanding the fate of that strategy. Rather, the critical assessment that has been presented here is an argument, first, for recognizing that internal dynamics — a complex interaction of indigenous political, social, and cultural factors — have been decisive in producing Ghana's current condition. Second, it is an argument for recognizing that explanation for Ghana's plight must be based upon a conception of state-society relations that goes beyond the reified notion of a bureaucratic bourgeoisie operating as the governing fraction of a ruling middle class. Only when these two points are accepted can we understand why Ghana's economy performed poorly even when the international environment was propitious, and how a government apparently dominated by middle-class elements consistently pursued policies that undermined the very class to which they belonged. The full theoretical elaboration and empirical demonstration of such an alternative explanation is beyond the scope of this essay. However, a "capsule version," sketching the broad outlines of such an approach, is provided below.

A Political Theory for Ghana's Economic Decline

The foundation for a perspective that would refocus attention on the relationship between domestic political processes and economic performance can be obtained by combining the insights of two usually unrelated bodies of scholarly literature. These are the 1960s Africanist research, with its emphasis on what might be termed the politics of political integration, and the more recent literature on the phenomenon of so-called NICs (Newly Industrialized Countries). Among the latter work especially useful is that literature which posits an underlying political basis for the economic success of the Asian "gang-of-four" (Japan, Korea, Singapore, and Taiwan) as well as the Brazilian case in Latin America (Cumings 1984; Amsden 1979; Johnson 1982; Deyo 1981; Collier 1981; O'Donnell 1973; Evans 1979).

Recent research on the political economy of newly industrialized countries exhibits a near consensus on two points which are of considerable significance for the African experience by way of comparison and contrast. First, this research has reaffirmed and reemphasized the Gerschenkronian notion that economic development in the latter half of the twentieth century occurs under the auspices of an economically interventionist state — all the NICs, although they are usually labelled "capitalist," pursued state-directed and state-centric development strategies; neo-mercantilism, not free markets, has coincided with the successful cases of industrialization in the contemporary historical period (Cumings 1984). Second, and more important, the "secret" to the NIC successes is seen to lie not in their neo-mercantilist policies and state-centric strategies *per se*, but rather in the particular character of the state that they possess. It is that which provides the capability for successful implementation of policy and strategy.

What emerges from the examination of the NIC experience is that, while the particular political systems and governmental structures that constitute their states may differ, these states all exhibit the quality of strength in relation to their domestic societies. Rather than being permeated by societal interest groups that are able to capture the state's economic decision-making and bureaucratic apparatus, the NIC states provide their economic agencies with relative insulation from societal demands for the distribution of valued resources (Krasner 1977, 641-645). The autonomy of the NIC state vis-à-vis its society, which this insulation provides, allows key state actors and bureaucracies to perform as economic entrepreneurs — setting production goals, designing economic strategies, accumulating surplus, redirecting capital and labor from low to high growth sectors, and choosing technologies based upon economic decision criteria (Johnson 1982, 10-30; Zysman 1982). The chief lesson of the NIC experience for the political scientist appears to be that the remarkable economic direction and "rationality" exhibited by these countries is a function of the flexibility and "freedom" accorded state economic decision-makers by insulating them from the immediate pressures of the political process. "These states," writes Bruce Cumings, "are ubiquitous in economy and society: penetrating, comprehensive, highly articulated, and relatively autonomous of particular groups and classes" (Cumings 1984, 28). Similarly, Chalmers Johnson, in his pathbreaking work on the role of MITI (the Ministry of International Trade and Industry) in what he terms the Japanese "developmental state" notes that Japanese industrial success is rooted in the persistent discrepancy or separation between the Diet (the arena of political parties and societal interests) and that part of the state bureaucracy responsible for the economy (Johnson 1982, 36).

The NIC experience can be usefully contrasted to that of Ghana, and by extension many other countries in sub-Saharan Africa. On one dimension there is considerable similarity between Ghana and the NICs. During the 1960s the role of the Ghanaian state in the economy was rapidly expanded, and a statist economic development strategy was adopted (Killick 1972). And throughout the 1970s, a highly interventionist state characterized the Ghanaian approach to economic problems. Although the rapid expansion of the state into the economy was slowed during the 1966-1972 period, after the military coup of 1972 the Ghanaian state once again rapidly expanded into the sphere of the economy. But while Ghana shared with the NICs a statist quality, the character of the Ghanaian state was the very opposite of what one finds among the NICs. Whereas they possess states that are relatively autonomous in respect to their societies, the Ghanaian state has been permeated by every conceivable societal interest — ethnic, regional, familial, and class.

Lacking the requisite autonomy to act as an economic entrepreneur — garnering, combining, and directing resources toward productivity goals — the Ghanaian state has acted as a mechanism for the distribution of economic resources to the myriad of groups and individuals that could make effective political claims on it. For the economic discipline of investment and productivity criteria, the Ghanaian state has substituted the political discipline of "support generation." Whatever the original developmental goals of Ghanaian state economic intervention, economic policy has been placed at the service of political ends. Consequently, economic resources have been transformed into largesse. The securing of political incumbency, not economic development, has been the operative goal of this mode of statist economic strategy.

The point to be emphasized is that the transformation of economic resources into political largesse — the substitution of distributionist policies and support-oriented decision criteria for investment and productivity decision-rules — should not in the first instance be viewed as a function of inept leadership or technical ignorance. Rather, it is a natural, indeed inevitable, result of the political process that has characterized the post-colonial Ghanaian state. Ghanaian officials have lacked sufficient insulation from the immediate distributional demands of their own society to allow them the decisional autonomy required if they were to act as economic entrepreneurs. The political process has placed extreme pressure on governmental office holders to both increase and use the state's role within the economy for purposes other than economic expansion. The reasons for this situation are rooted in the Ghanaian state's "founding crises," i.e., in those situational exigencies that accompanied its birth and threatened its very survival.

Conclusion: The Character of the Ghanaian State

The Ghanaian state's relative weakness in respect to economic development goals, i.e., its great permeability in relation to its society, can be understood as a consequence of the conditions under which it was formed. Like many other African states, Ghana emerged from the colonial era as a multinational state. Its constituent ethno-nations were not really part of a single national political community, and consequently the hold of the state center over its ethnicallybased and divided regional periphery was tenuous at best. Indeed, at the very moment of independence two regions were in virtual or actual revolt against central authority, and signs of new ethnic opposition were evident.[10] To this volatile mixture was added the social and economic demands placed upon the new government by Ghana's urban strata, which by comparative African standards was relatively large, well-organized, and politicized and which had provided strong support for the anti-colonial movement in the expectation that "freedom" meant rapid improvement in material living standards and social amenities (Owusu 1970).

Faced with this situation of high expectations and strong centrifugal forces, the officials of the new Ghanaian state had few means available with which to consolidate state power and simultaneously render their own incumbency less precarious. A normative basis of political support and central authority was lacking since there existed neither a nationalist myth that could link the diverse ethnic communities to the center, nor a legitimating doctrine that could provide a moral underpinning to new (and essentially foreign) regime institutions. Coercive means were limited and unreliable since the army was still commanded by British officers and its rank and file reflected the ethno-national divisions of the larger society. What was left to the political leadership was one very significant means to tie periphery to center and to obtain sufficient political support to maintain its own incumbency. The new state was the sole gatekeeper between the international system and the economic resources obtainable within it (investments, loans, aid, and proceeds from primary product exports) on the one hand, and the domestic society/economy on the other. This gatekeeper position provided an instrumental basis for the consolidation of state power. It provided control over significant material resources which the Nkrumah regime distributed to a wide array of social groups and locally powerful individuals (Owusu 1970). In this manner, the state's monopoly of internationally generated resources allowed Nkrumah and his lieutenants to render the center relevant and salient (perhaps indispensable) to its periphery. In essence, the periphery was tied to the center with a utilitarian knot while political support was purchased from the socially mobilized and politically conscious strata of society.

This mode of political integration meant the institutionalization at the core of the post-colonial state of a political process based upon a highly direct and utilitarian relationship between state and society. The populace came to expect the state to serve its *immediate* material needs, and the survival of incumbents and regime institutions required such service (Brown 1980, 62; Brown 1979, 243). Although state largesse was certainly never distributed in an egalitarian manner, few, if any, sizeable social groups were excluded from the distributional process.

Political integration through this means proved highly successful, but the consequences for the economy were much less salutary. At the outset, this response to the exigencies of political malintegration resulted in the political, not economic, investment of the material resources controlled by the government. This, in turn, initiated a cycle whose effect on the economy can perhaps best be characterized as negative entropy. That is, since investments within the state sector are not directed primarily toward increasing economic production, material resources are consumed without being replenished. Consequently, the largesse sufficient to purchase political support is continuously eroded, as wastage and lack of growth take their toll on the state sector's resource pool. In such circumstances there is considerable pressure on officials to expand the state's role in the economy so as to capture new resources for political use, and thus avoid a default on "support bills." Relief, however, is only temporary. As an ever larger portion of the economy is consumed and denuded for the purposes of political support generation, pressure builds up anew to expand further the economic role of the state in search of fresh economic resources that can be converted to political use. Thus, the marked tendency for the Ghanaian economy to become increasingly state-centric during the 1960s and 1970s can be seen as essentially built into the dynamics of Ghana's political process. So too was the failure of statist economic policies. These were not so much ill-conceived, as they were undermined by the political priorities imposed on officialdom by the Ghanaian political system.

Without the requisite autonomy, the interventionist Ghanaian state has been both incapable of acting as an economic entrepreneur and unable to alter course so as to expand the arena for private entrepreneurial activity. The irony of Ghana's political economy has been that its own dynamic drives relentlessly toward increased governmental economic control as a response to the state sector's economic failure, while the lack of entrepreneurial autonomy of the state insures that failure will persist. If the relatively autonomous Japanese state is a prototypical "developmental state," as Johnson and others have argued (Johnson 1982, Krasner 1977), then the societally permeated post-colonial Ghanaian state can be thought of as an "anti-development" state.

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1. Of course, there are always exceptions to the dominant paradigm. On Ghana, perhaps the best example is the analysis of Tony Killick in *Development Economics in Action* (1978). The relatively limited impact that this extraordinary work has had on thinking within the Africanist community, however, can be taken as an indicator of the powerful hold which the dominant or "orthodox" paradigm has had on the discipline.

2. Contemporary neo-marxism contains a large, rich, and diverse body of social theory. This essay is focused on only an aspect of it — i.e., its analytic utility for explaining the disastrous performance of the Ghanaian economy and, by extension, of many of the economies of sub-Saharan Africa.

3. One possible line of counterargument is that Ghana's economic troubles reflect the costs of transition out of the international economic system and represent a temporary price for creating the conditions of sustained and autonomous economic development. Joel Samoff (1982) has forcefully made this type of argument in regard to Tanzania. However, in order for such an explanation to be accepted as even plausible, Ghana's economic problems would have to be shown to be short-term in nature, and one would need to reveal the aspects of contemporary economic conditions upon which one anticipates future economic growth. Neither condition would seem to be met in the Ghanaian condition, which has been long-term and which projects little into the future besides continuing malaise.

4. Those who link the international and domestic lines of analysis usually distinguish a ruling *and* a governing class. The former appellation is reserved for the agents of international capital, while the latter is used to identify the locally dominant, although internationally dependent, class (Sklar 1979, 531-552); (Samoff 1982, 122-127).

5. The calculation of changes in the international price for Ghana's export commodities is, except where indicated, based upon data for *constant* dollars as reported in: World Bank, *Commodity Trade and Price Trends* (Baltimore: Johns Hopkins University Press, 1981); and Commodity Research Bureau, *Commodity Yearbook*, 1981.

6. After 1977 the cocoa market turned around and prices rapidly fell from their twenty year high point. However, prices had previously climbed so high that in 1979, despite a post-1977 decline of approximately thirty-eight percent, the real price of cocoa was still above the 1969 peak year and about sixty percent higher than average 1960 prices. Not until 1980 did the cocoa price slip to levels commensurate with the weak markets of the early 1960s.

7. The notion of economic collapse is essentially metaphoric and cannot precisely be differentiated from economic decline. Likewise, the precise point at which decline becomes collapse cannot be easily located. The point being made here is that sometime between 1974 and 1976 economic problems and performance deficiencies that had been endemic to Ghana for two decades rapidly worsened. Production, which had been essentially stagnant for many years, entered a period of precipitous decline, as did GNP per capita. Inflation, which had been a problem since the mid-1960s, was transformed after 1975 into "hyper-inflation" (rates approaching one hundred percent and above).

8. While the Africanist community, for the most part, seems content with the notion that the MNC is a threat to development on the "periphery," scholars of other regions, representing a variety of ideological orientations, have been more sensitive to changing empirical realities and have consequently rethought their position on the relationship between MNCs and development. Most significantly, in Latin American Studies, which gave birth to dependency and underdevelopment theory, the idea that dependency *and* development are compatible is now widely accepted. An excellent example is *Dependent Development: The Alliance of Multinationals, State, and Local Capital in Brazil*, by Peter Evans (1979).

9. One major essay (Sklar 1979), reviewing the Africanist literature on class, presents twelve different terms that have been used to describe the dominant class in African states — among these are bureaucratic bourgeoisie, managerial bourgeoisie, state bourgeoisie, auxillary bourgeoisie, national bourgeoisie, corporate international bourgeoisie, and collaborative bourgeoisie.

10. In the Ashanti Region, the National Liberation Movement had created a condition of virtual civil war in central Ghana. At the time of independence, leaders of the ruling political party, the CPP, could not travel there safely. In the Volta Region a long-established irredentist movement continued to operate. Supporters of the Togoland Congress Party established camps in the Alavanyo District of Eastern Ghana, marched about in military formation, and practiced with shotguns. When the government moved in troops to disband the camps rioting broke out in Ewe towns. In the capital city, Accra, independence was greeted by the organization of a militant movement, the Ga Standfast Association, whose purpose appeared to be the protection of the Ga inhabitants of the Accra area from domination by the "strangers" who controlled the central government. Within two years this movement would engage in various acts of violence and sabotage against central authority (Austin 1964, 373-376).

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