An Alternative Strategy for Africa's Sustainable Economic Development: The Case for a Non-NEPAD Approach

Introduction

This paper argues that the development strategy outlined in the New Partnership for Africa's Development (NEPAD) document aimed at revitalizing Africa's economy will not work. The writers believe that it is an inappropriate strategy for Africa's development. Anyone who designs a strategy that would be used to develop the African economies must ensure that it would generate an economy that protects the poor. The strategy, to a large extent, must be based on agriculture and tailored to a people-centered model of development. It must also have catching-up and forging-ahead policies built into the model.

The NEPAD strategy assumes that the problem of underdevelopment is the result of a malaise endemic to Africa, and it is her problem to solve. It is assumed that Africa would develop by following the footpaths of the Anglo-Saxon development experience system and under the neo-liberal, Washington consensus ideology. Contrary to Africa's social values, these ethnocentric models place heavy emphasis on free markets, deregulation, privatization and the limited role the state has to play in the development process.

In this paper we argue that the only way Africa can reclaim its development in the 21st century is if its development process is rooted in African systems of thought and is people-centered rather than western capitalist models transplanted by apostles of external agencies. Because agriculture is the backbone of Africa's economy, we conclude that cooperative agrarian development strategies, rooted in local culture, would not only achieve growth with equity but also could collectively empower the African people to fully participate in the design and management of long-lasting development paradigms in harmony with the objective conditions of Africa. We would like the agrarian sector to become the leading sector in the development process.

There is a need for African social reformers to try and design viable agrarian strategies of development to solve some of the mounting economic problems facing the African economies, in an era of rapid globalization. This need is necessitated by the fact that all previous models have failed to transform the African economies on a path of sustained rising per capita incomes.

NEPAD does not present an economic model for development, which is based on ecomic theory. Development models and strategies have been taken out of the university classrooms and handed over to international agencies including the IMF and the World Bank. NEPAD presents a strategy to obtain funds or loans from industrialized countries (G8) to finance African development efforts. Our approach is based on developing a strategy to transform the Agrarian economies of Africa, which we believe is the right approach.

We believe that the agrarian's strategy of development will take us away from a strategy that is being forced on Africa. This strategy has been implemented since the colonial period and after the colonial period and has not solved Africa's problems. This strategy has been dubbed as "Industrialization by Invitation"(IBI). As far as the Caribbean and the African countries are concerned, IBI as a strategy was developed by Sir Arthur Lewis and implemented in the British colonial countries. Arthur Lewis had argued that the Caribbean countries had a very small internal market, did not have capital, did not have skills and as a result, it was in the interest of these countries to invite industrialists in America and the West to come with their capital and their know-how. To develop the commodities that would be sold in the advanced countries where the markets are. This strategy made sense in the colonial setting and in small states. We do not think that it makes sense in the African situation, taking Africa as a whole. Industrialization by

Invitation has been programmed and instituted in Africa without the African policy makers knowing that this strategy has been forced on them from the outside.

For our purposes, we hold a view that the African Leadership Forum organized under the leadership of President Obasenjo was not originated through African ideas, but rather through Western ideas for Africa. We hold a view that NEPAD comes out of Western policies for Africa and institutions that has been set up for Africa as “think-tanks” for developing African policies. We believe that adopting an agrarian strategy of development avoids that IBI strategy. This is one of the reasons why NEPAD, which is in fact an IBI strategy in disguise, should be avoided. It may be argued, further, that the NEPAD or IBI strategy is devoid of theoretical content of development theories. NEPAD comes out of disjointed ideas in wishful thinking rather than from ideas developed in economic theory. This is part of the reason why NEPAD should not be implemented.

In our judgment, African societies are agrarian societies. As a result, they deserve to be transformed from economic policies developed for agrarian economies.

To do this, Part I of the paper presents a critical review of the "failed" models and strategies of development from Hancock's description of colonial strategies—“settlers” and “traders” frontier to Mbeki’s NEPAD. Part II of the paper deals with an economic transformation problem currently facing the Ghana Government; it is a problem which pits a capitalist model for transforming a resource against an agrarian model. We believe that an agrarian strategy of development would bring about a faster growth rate in the region with re-distributive justice.

Part I: Critical Review of Recent Development Models for Africa

The various economic models which a number of African countries have implemented within the last five decades have condemned these states to marginality instead of fostering the externally envisaged economic growth. To reverse five decades of economic decline, a number of African leaders have recently implemented a plan to transform the Organization of African Unity into the African Union and thereby have formed the New Partnership for Africa’s Development (NEPAD)[1]. NEPAD (created at the 23 October 2001 meeting of the Head of State implementation Committee in Abuja, Nigeria) is a merger of the Millennium Partnership for Africa’s Recovery Program (MAP) and the Omega Plan for Africa, which used to be called the New African Initiative. Briefly stated, NEPAD was designed to eradicate poverty and help the continent to participate actively in the emerging global order of the 21st century.

In order to rationalize the call for NEPAD as a means of ensuring Africa’s sustainable economic development, it is worth reviewing the prevailing economic models which a number of African countries (consciously or not) have tried since the establishment of the Bretton Woods institutions (The World Bank, and International Monetary Fund) and the United Nations. The dominant paradigms in Africa’s development strategies include (1) Arthur Lewis’ two-sector growth model of the 1950s, (2) the inward-looking industrialization (Import Substitution) model of the 1960s, (3) the growth-with-equity paradigm of the 1970s, (4) the neo-classical paradigm of the 1980s, and (5) the sustainable economic development model of the 1990s. Finally, after reviewing NEPAD’s economic agenda for the 21st century, we have put forward a model that could reconcile indigenous and endogenous strategies for helping Afrjica to reclaim its own development in this new century.

The Genesis and Analysis of Lewis Models of Development

Economic development as an academic discipline is of recent origin. It evolved as a discipline at the close of the second World War. Before then it was believed that the developing countries would follow the footsteps of the developed countries. However, at the close of the 1930's riots in the Caribbean countries, including Jamaica, made it clear to policy makers that these countries needed to be industrialized to employ workers who could not be employed on the available lands.

The war, however, provided employment for the unemployed in the urban areas during the war. Getting to the end of the second World War, the allies figured out that they would have social unrest on their hands unless they paid attention to the unemployed issue or the development issue in general. As a result, Professor Arthur Lewis was approached to develop a strategy to industrialize the Caribbean countries, and the third world countries in general. Lewis had an empirical model in the making in Puerto Rico, so he focused his attention to study the Puerto Rican industrialization strategy. The argument at that time was that Puerto Rico was a small country, its internal market was small, it didn't have skills, it didn't have capital, however, it had an "associated status" with the United States. The model that came out was that Puerto Rico should provide tax holidays in order to attract firms from the mainland to make use of the surplus labor in Puerto Rico. Lewis did a study on Puerto Rico which was published in a special journal set up by the allies entitled "The Caribbean Economic Review."[Lewis, 1949] Lewis' work was supported in part by the Food Agricultural Organization (FAO). These studies served as a backdrop for the development of Lewis' celebrated model entitled "Economic Development with Unlimited Supplies of Labour" [Lewis, 1954]. For an analysis of Lewis' contribution to the economic development paradigm see Kofi[1974, 1975 and 1984]

When development issues first surfaced in international debates in the 1950s, the then politically independent nations of Africa attempted to mechanically transform the Anglo-Saxon development models. Based on the application of Keynesian demand management, the reconstruction following World War II led to the establishment of the Marshall Plan in Europe, and to the industrialization of the Soviet Union based on five-year plans. African countries heavily relied on Arthur Lewis' two-sector economic growth model (Surplus-labor) to structure their economies. Furthermore, "there were the African leaders' keen sense of the waste of their peoples' human potential under colonialism and the ambition to catch up with the industrial countries, by taking advantage of their technology and of the aid that was expected to flow from them in growing amounts."[Leys, 1966 p.108]

Since Lewis' economic growth model was heavily endorsed by the United Nations (the First Development Decade of the 1960s--1970s) and various funding agencies, it was accepted as the general theory of development for Third World nations, when the tide of independence was surging. Thus, the politically independent African countries wholeheartedly attempted to industrialize by instituting massive capital formation (industrialization, urbanization, technological transformation of the agriculture sector). Ghana's President Nkrumah, for example, persuasively argued that the key to Africa's economic transformation and the termination of its economic dependence was through industrialization. Stated in his own words:

> Every time we import goods that we could manufacture if all the conditions were available, we are continuing our economic dependence and delaying our industrial growth. It is just these conditions that we are planning to provide…to build up our knowledge, techniques and skills, to make us more self-confident and self-sufficient, to push towards our economic independence.[Nkrumah, 1963]

President Nkrumah employed Professor Arthur Lewis to advise him on industrialization policies. According to Arthur Lewis, the prerequisites for economic growth include: (1) the efforts to economize: taking risk, mobility, specialization, and freedom of expression, and replacing African traditional value systems by imported structures and foreign beliefs; (2) the increase and application of human capital and skilled knowledge; and (3) hard work and capital formation.[2] More specifically, Lewis argued that if the surplus labor available at subsistence wages in the rural areas were transferred to the urban areas, it could enhance capitalistic development. For economic growth to be achieved, Lewis proposed a structural transformation of a subsistence-based agricultural economy into a modern industrial economy [Lewis, 1955].

The significance of Lewis' model rests on the assumption that growth takes place as a result of structural change. That is, the subsistent agricultural sector needs to be transformed into a predominantly modern (capitalist) sector. As the capitalist sector grows as a result of the process of labor transfer, the growth of output and employment in the modern sector will achieve self-sustaining growth.[3] Furthermore, Lewis assumed that industrialization: (1) would act as the engine of growth; (2) would provide the means to develop infrastructure and restructure the agricultural sector; and (3) would provide the opportunity to capitalize on the migration of peoples from rural to urban areas by providing secure employment in the growth industries.

Lewis' model assumes that Third World countries need to follow the experience of the West in order to develop. In addition, the model assumes that the foreign investors would reinvest their profits in the newly independent countries rather than sending their profits to their mother countries. Lewis' two-sector model contributed the following problems to Africa's experience with the industrialization process: (1) Agriculture and local knowledge, which were the mainstay of Africa's economy, were given less importance by the two-sector economic model as a viable means of achieving Africa's industrialization. It was suggested that the rural economy should perform a secondary role as an outlet for capital products (producing food for consumption and to production for export currency earning) and be a supplier of manpower. (2) By emphasizing the perpetuation of capitalist infusion as a major means of Africa's development, Lewis' model contributed to insufficient agricultural investment, which resulted in the rising of food imports and the failure of export earnings to grow fast enough to provide the needed industrial inputs. (3) In the African countries that tried Lewis' model, industrialization was very disappointing both in its inability to absorb the large numbers of workers it has attracted to urban areas and in its limited contribution to development outside the principal urban areas. (4) Finally, Lewis' model of development mainly concentrated on output and failed to take into account income distribution, welfare, and human satisfaction. Todaro has provided a succinct criticism of Lewis models as follows:

> When one takes into account the laborsaving bias of most modern technological transfer, the existence of substantial capital flight, the widespread nonexistence of rural surplus labor, the growing prevalence of urban surplus labor, and the tendency for modern-sector wages to rise rapidly even where substantial open unemployment exists, the Lewis two-sector model—though extremely valuable as an early conceptual portrayal of the development process of sectoral interaction and structural change—requires considerable modification in assumptions and analysis to fit the reality of contemporary Third World nations[Todaro 1996 p.76]

Dr. Deng has argued that Lewis' development model desperately failed in Africa because it "sought to apply development models that were incompatible with African economic structure, social values, and institutions."[Deng, 1988 p.32]

Some British colonies including Jamaica and Ghana adopted Lewis' industrialization policies in the 1950's. The policies failed to industrialize the colonial countries. In the 1960's, Import Substitution Industrialization (ISI) strategies were tried, with mixed results, in some African and Latin American countries.

Import Substitution (Prebisch-Singer Thesis)

Prebisch and Singer developed the Import Substitution Industrialization (ISI) strategy. African countries that experimented with the ISI strategy, which was very predominant in the 1960s,[4] were convinced that because of secular decline in the value of their export of agricultural products to their imports of manufactured products, their terms of trade were declining. (That is, export prices declined relative to import prices.) Nkrumah clearly understood that the industrialization strategy as advocated by Arthur Lewis would not reduce Ghana's dependence on foreign capital and would not improve its terms of trade. Nkrumah opted for the ISI Strategy.

Other African countries followed Ghana's lead in the 1960's. Mali and Kenya looked at industrialization in terms of cost savings from local production in place of high cost imports from abroad. Similarly, other African countries seriously questioned why they should have to import manufactures based on the raw materials they exported.[5] Thus, it became very essential for the African countries (for example, Ethiopia, Nigeria, Kenya, Mali, and Zambia) to pursue the ISI strategies in the 1960s. They strongly argued against primary-product export expansion and instead they moved into producing manufactured products at home. As discussed by Todaro, advocates of import substitution (Inward-looking development policy) believe that less developed countries (LDCs)

> should initially substitute domestic production of previously imported simple consumer goods (first-stage IS) and then substitute through domestic production for a wider range of more sophisticated manufactured items (second-stage IS)—all behind the protection of high tariffs and quotas on these imports. In the long run, IS advocates cite the benefits of greater domestic industrial diversification and the ultimate ability to export previously protected manufactured goods as economies of scale, low labor costs, and the positive externalities of learning by doing cause domestic prices to become more competitive with world prices.[6]

<u>ISI strategy had limitations</u>

Import-substitution industrialization strategy raised the learning curve of the African countries who went through it. Nonetheless, it had the following limitations: (1) being secure behind protective tariff walls, its products were non-competitive and very expensive. (2) Import substitution's main beneficiaries were the owners of foreign direct investments. (3) The imported capital-good inputs and intermediate products that come under government subsidies contributed not only to heavy debt burden but also balance of payments deficits. (4) IS industrialization policy negatively affected the exportation of traditional primary products because the exchange rates of some of the African countries were artificially overvalued in order to raise the prices of exports and lower the prices of imports. (5) Import substitution, which was created in order to stimulate infant industry growth and self-sustained industrialization by creating forward and backward linkages with the rest of the economy, has inhibited the industrialization process.[7]

According to United Nations and World Bank estimates, "More than four-fifths of the sub-Saharan African countries still fell in the low-income category of developing countries (with annual per capita incomes of less than US$360 in 1978), and their average rate of growth per capita of 0.9% over the two decades was the lowest of all the regions of the Third World."[8] It seems therefore that the development policies that were designed by the academicians did little to generate socially acceptable high rates of economic growth in Africa. Although politically independent, "control of the import-export trade and the financial sector and ownership of major production capacity in the export and industrial sectors remained in foreign hands (industries were owned and managed by Europeans or third-country nationals).[9] In short, African countries were economically dependent on the West for their (1) technology and capital goods industries, (2) managerial skills, (3) finance, and (4) marketing skills.

Under these economic conditions it seems that to develop a self-reliant development strategy for Africa would be impossible. The discussions we have carried on so far seems to indicate that the academicians in the Universities failed provide viable strategies for Africa's economic development in the 1950s and 1960s. It seems that after the 1970s, the United Nations and the Bretton Woods institutions have assumed the mantle to develop models and economic policies for Africa's development. Through the efforts of Kwame Nkrumah of Ghana, the African countries tried to form a political Pan African union, to take matters into their own hands, and engage in a self reliant strategy of development. To this end,Pan African conferences were held, political groupings were formed—Monrovia and Casablanca- and Organization of African Unity (OAU) was formed. Not much was achieved because colonial rule left the African economies in a weak and fragile situation. Given these conditions it would be difficult to build economically viable nation states. These fragile states began to crumble under balance of payment crises generated by rising energy prices of the early 1970s and under weak commodity prices resulting from the recession in 1980/81 in the industrialized countries.

The World Bank and IMF developed strategies including the Structural Adjustment Programs (SAP) to improve upon economic conditions in Africa but ended up making the conditions worse. See Kofi's review of Frances Stewart's book on SAPS policies in Africa. We now turn our attention to evaluate development policies for Africa developed by international agencies such as the World Bank, IMF and United Nations, in the post 1970s era.

Growth-equity Paradigm

Disenchanted with the trickle-down theory of economic growth of the 1960s, in the 1970s international agencies (for example, International Labor Organization, World Bank), while not threatening conventional orthodoxy, began to question the efficacy and effectiveness of their component strategies. As part of that movement "redistribution with growth," "the basic needs approach," "the basic services approach," a focus on "the informal sector," and the idea of empowerment and grass-roots approaches began to emerge as development practice.[10] As discussed by Aina:

> Each of these strategies was an expression of concern over the limited impact that the development process was having on the lives of the majority of the citizens of the developing countries. They represented a recognition of the need for the majority of the people to be involved in the process and to be *enabled* to be involved in a meaningful way in terms of activities and contributions.[11]

While growth with equity and development through empowerment were regarded as progressive ideas and were being entertained by some elements of the African leadership as Africa's viable development option, a number of African countries failed to implement them because of the ensuing deep recession which Africa underwent (despite the fact that Gross Domestic Product for Sub-Saharan Africa grew in real terms by 6% during 1965-73) as a result of the oil crisis of 1973-74, subsequent oil crises of 1979, a global economic slowdown, and the fact that African governments did not implement a consistent set of policy tools to deal with the crisis at its very early stage. Thus, natural disasters, famine, ethnic conflicts, and the economic recession of the early 1980s strongly contributed to "the end of development planning and the return of neo-classical theorizing in the form, for example, of supply-side economics in the early part of the 1980s and neo-liberalism at the beginning of the 1990s."[12]

From an African Strategy to a Washington Consensus Paradigm of the 1980s

Due to the global economic recessions of the early and late 1970s, African countries stepped up the need for the reassessment of development strategies. For example, in 1979, they developed the Monrovia Strategy for the Economic Development of Africa.

> It was realized that the development performance of most African states had been disappointing over the past decade and, more importantly, that the prospects for the future were gloomy. Furthermore, the failure of the demands for a New International Economic Order (NIEO) implied that the solution to the African problem—indeed to that of most of the Third World—did not lie in a restructured international economic system.[13]

The acute nature of the economic crisis, as clearly demonstrated by the Monrovia Strategy, necessitated immediate action.

> The first economic summit of the Organization of African Unity in Lagos in April 1980 convened to devise a plan for the implementation of the Strategy. It was this economic summit that produced the *Lagos Plan of Action (LPA).* The chief elements of LPA centered around its endorsement of the African objective of attaining a more self-reliant and more economically integrated continent by the year 2000. Being a complete departure from the

past and the substitution of an inward-looking development strategy, according to Adebayo, the five main pillars on which the Monrovia Strategy and the Lagos Plan of Action were based [included]:

1. the deliberate promotion of an increasing measure of national self-reliance;
2. the acceleration of internally located and relatively autonomous processes of growth and diversification and achievement of a self-sustained development process;
3. the democratization of the development process;
4. the progressive eradication of mass poverty and unemployment and a fair and just distribution of income and the benefits of development among the populace; and
5. the acceleration of the process of regional economic integration through cooperation.[14]

Instead of endorsing the Lagos Plan of Action (which also became an integral part of the International Development Strategy for the Third United Nations Development Decade) and helping the African Nations to design appropriate strategies, the World Bank (under the request of the African governor of the bank), one year after the adoption of the Lagos Plan, commissioned Professor Elliot Berg to prepare an opposing plan entitled "Accelerated Development in Sub-Saharan Africa: An Agenda for Action (The Berg Report)." The central argument of the neoclassical theorist attributes the heart of the crisis in Sub-Saharan Africa to unrealistic domestic policy issues such as pricing policies, overvalued exchange rates, and excessive state intervention in the economy. Thus, the Berg's report focused on how Africa's growth could be accelerated and how the resources to achieve the long-term growth could be achieved with the support of the international community. As discussed by Adedeji, the Agenda was diametrically opposed to Lagos Plan in the following ways:

1) Where the Lagos Plan emphasizes self-reliance and self-sustaining development based on integrated and dynamic national, subregional, and regional markets, the Bank's Agenda puts the emphasis on external market and on the continuation of the colonial export-oriented economies inherited at independence.
2) While the Agenda identifies agricultural exports as the motor for African development, the Lagos Plan recognizes that the motor in each country will depend on the nature of its natural resource endowment.
3) The Agenda goes on to draw the mistaken conclusion that it is poor export performance rather than the worsening external economic environment (which manifested itself in the collapse of the commodity market) that is responsible for Africa's poor overall economic performance.
4) Whereas the Lagos Plan emphasized the delinking of Africa, the Agenda was regarded as the World Bank's vision of how the global economy should be ordered and would like to see Africa remains the storehouse of natural resources necessary for the maintenance of the West's industrial power and leadership—hegemony … It was felt that the West and the World Bank saw in the self-reliant development strategy and the almost inevitable delinking from the capitalist system too much orthodox Marxist thinking, which must be counteracted.[15]

To have access to financial credit from the International Monetary Fund and the World Bank, African countries were forced to undertake Structural Adjustment Programs (SAPs). Among other things, under the SAPs, the development policies in Africa had to focus on market-oriented reforms, export-promotion and the *laissez-faire* system. These new forms of reform arose because political changes in the West triggered an ideological shift to the right, especially in Washington, London, and West Germany. However, in contradiction to the existing thinking, there was economic growth in the newly industrializing countries (NICs) of Asia because the state played a major role in planning, designing, and implementing the development agenda (dirigiste development path).[16]

Reviewing the shortcomings and consequences of Structural Adjustment Programs in African countries, the United Nations Economic Commission for Africa (ECA) prepared the *African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation (AAF-SAP).* Criticizing the omission of regional economic cooperation and integration in the SAP program, the AAF-SAP recommended for inter-country cooperation in the designing, implementation and monitoring of national programs so that African countries could attain "collective self-reliance." Realizing that regional integration and cooperation was very indispensable for Africa's long-term sustainable growth, a workshop on regional integration and cooperation was organized by the World Bank in 1988 as part of a conference entitled *The Long-Term Perspective Study of Sub-Saharan Africa.*

Nonetheless, the structural adjustment programs designed to restore internal and external macroeconomic stability didn't bring about the expected growth in Sub-Saharan countries because they tend to

> ignore the social fabric and objective conditions of the African society, and to this extent they are inconsistent with African thought and culture. Moreover, those who designed adjustment programs assumed that institutions of the market economy (without legal foundations of exchange and contract) could easily be transferred and adapted to the African situation. In addition, the African state has not been able to establish itself as an agent of development as was /is the case for its counterpart in East Asia.[17]

Thus, as articulated by Elbadawi, Sub-Saharan Africa was the only developing region of the world that experienced zero average per capita growth over the last thirty years and only 0.35% growth during the structural adjustment period. In his words:

> Structural adjustment program in Sub-Saharan Africa have not significantly improved growth in the second half of the 1980s, and they have hurt investment. They have significantly improved export performance but the perceived increases in export competitiveness and in the efficiency of investment have not been sufficient to counterbalance the decline in investment and to restore economic growth.[18]

What is more fundamental, "many African governments did not really internalize and/or own the adjustment programs. The internationalization of policies and programs was weak because African governments depended heavily on the international donor community and foreign consultants for analytical work on which key policy decisions had been based."[19]

<u>Sustainable Economic Development</u>

As mentioned before, the Lewis two-sector model of structural change underlines the importance of linkages between the rural and urban sectors for developing countries to achieve economic growth. Realizing the international dependence, the inward-looking industrialization strategy focuses on import-substitution as a means of achieving industrialization in the Third World instead of depending on externally generated Western models. The neoclassical growth model assumes that growth in the less developed countries could arise as a result of subscribing to a free-market development model. Modifying and expanding the assumptions of the classical paradigm, the New Growth theory model argues that government-induced human capital formation and the encouragement of foreign private investment in knowledge-intensive industries contribute to long-term growth in Third World countries.

In the 1970s and 1980s it became obvious to economists that economic growth was consuming its foundations through depletion of natural resources. In 1987, the United Nations General Assembly appointed its World Commission on Environment and Development (Brundtland Commission). The Brundtland Commission signaled that the world community had to accept the premise that economic development can coexist alongside sound environmental policies. It defined sustainable development as “development that meets the needs of the present without compromising the ability of the future generations to meet their own needs.”[20] The definition was instructive but had the following limitations: (1) development needs should have expanded to include not only economic growth but also improvement in socio-cultural and political dimensions; (2) needs should have included fair redistribution of resources among the various groups in the society; and (3) the concept of protecting future generations should have included the principle of intergenerational, intragenerational, and international equity.

At the June 1992 “Earth Summit” in Rio de Janeiro, more than 178 nations agreed that the damage being inflicted by human activities on the natural environment can prevent the achievement of a sustainable future. Many representatives from the developing countries were opposed to the new forms of control which could come as a result of the recommendations of the Earth Summit. Nonetheless, the World Commission on Environment and Development created Agenda 21, a program of action to create sustainable development worldwide in the 21st century, and encouraged all nations to incorporate environmental protection needs in their development process.[21]

Given the internationalization of environmental issues in the development process and the adoption of sustainable development as the agenda for the 21st century by the United Nations Conference on Environment and Development, African countries face a myriad of challenges (such as soil erosion, drought, desertification, deforestation, degradation, and water and air-related diseases). To reverse the cycle of destruction and to integrate environmental considerations into the development process, a number of African countries have launched a process to prepare National Environmental Action Plans (NEAPs) and National Conservation strategies. As stated by Cleaver:

> In 1993 the World Bank launched a Capacity Building in Environmental Economics Program to support the National Environmental Action Plans (NEAPSs) that are emerging across sub-Saharan Africa. With financial support from Norway and Sweden, the World Bank has initiated three activities: (1) short-term training for NEAP economists, (2) grants to fund applied studies and (3) the development of texts for training in environmental economics.[22]

To summarize, the African Charter of Human and Peoples’ Rights, adopted by the 18th Ordinary Session of the Assembly of Heads of States and Governments of the Organization of African Unity (OAU) on June 27, 1981, recognizes the human right to a clean environment. As mentioned above, though there were some objections, the resolution of the United Nations, Agenda 21, was fully endorsed by a number of African countries. However, over the years it has become clear that a number of African countries could not carry out their commitment to the tenets of Agenda 21 because of gloomy economic realities. The “environment crisis seems to have been exacerbated by structural adjustment programs suggested by the Bretton Woods institutions, for these austerity measures have significantly reduced the ability of African governments to develop and implement comprehensive environmental strategies.”[23] On October 23, 2001, under the leadership of South Africa, Nigeria, Algeria, Senegal, Egypt, Mali, and Tanzania, the New Partnership for Africa’s Development was initiated as an “African solution to African problems,” or Africa’s answer to globalization and/or an alternative development paradigm for Africa in the 21st century.

> In essence, NEPAD calls for $64 billion a year in debt relief, aid and, most importantly, direct investment in Africa to help the continent catch up with the rest of the world. It aims to increase the economic growth rate to 7 percent for the next 15 years and to reduce by half the number of Africans living in extreme poverty by 2015. What makes NEPAD different from previous schemes is that, in exchange, African leaders must commit themselves to a hard road of democratic reforms, open government and a corruption-free business environment. Signatories must also accept limited terms of office for elected

leaders … and adopt an independent judiciary. Compliance will be monitored through the African Union, an inter-African body to be established in July [2002].[24]

Table 1: Paradigms in Economic Development

Paradigm	Explanation	Major Limitations
Arthur Lewis' two-sector economic growth or structural-change model (1950s)	Economic growth would be achieved through capital formation (industrialization, urbanization, technological transformation of agriculture).	1) This model neglected agriculture—the backbone of Africa's economy as a strategy for development; 2) it neglected African knowledge assets and experience in its design; 3) it contributed to the massive migration of rural people into urban sectors
Structural Institutionalism (Prebisch-Singer Thesis of the 1960s)	There was a secular decline in the terms of trade between agricultural and industrial commodities, and the desire to reduce economic dependence led to a development strategy that favored import-substitution or inward-looking development policy.	A number of African countries that developed an inward-looking industrialization strategy experienced heavy balance-of-payments deficits. In addition, incentives favoring capital, high effective protection to assembly-type industries, and direct controls over prices and foreign exchange have tended to introduce distortions and to support inefficient industries while discouraging agricultural and export production.[25]
Growth-with-Equity, Basic needs approach, participatory development (1970s)	Satisfaction of basic needs and growth with equity (for example, GDP per capita was replaced by Physical Quality of Life Index—literacy, life expectancy and infant mortality). The proponents of this development approach focused on agriculture-first development and new international economic order, and viewed grass-roots participation as means of poverty reduction and self-actualization.	Though favored by some progressive leaders of Africa, it could not be implemented because of the oil crisis of the 1970s and the subsequent world recessions. This mostly hurt the non-oil-producing countries of Africa, because although prices of some products (for example, cocoa and coffee) increased, this was offset by the high oil prices. However, the deep recession in the first half of 1980s was due to rising oil prices, the Sahelian drought, and the higher cost of external borrowing.[26]

Neoclassical (Market-friendly) paradigm led by the World Bank (1980s), and the New Growth (endogenous) Theory of Paul Romer and Robert Lucas (1990s)	**Neoclassical theorists argued that lack of economic growth in the Third World was due to poor resource allocation and state intervention. Hence the central tenets of development policy in the 1980s shifted to the adoption of the following strategies: 1) implementation of competitive free markets, 2) privatization of state-owned enterprises, 3) promotion of non-traditional agricultural products for exports, and 4) the creation of conducive environments for foreign direct investments. Thus, to borrow funds for internal and external macroeconomic balance from the IMF and the World Bank, Sub-Saharan African countries were required to undergo structural adjustment programs (SAPs). After following the prescribed stabilization and structural adjustment programs, many African countries experienced little or no growth. Thus, the poor performance of neoclassical theories in explaining the sources of long-term economic growth led to the concept of endogenous growth or the new growth theory. "Models of endogenous growth suggest an active role for public policy (unlike the neoclassical theory it advocates for government intervention) in promoting economic development through direct and indirect investments in human capital formation and the encouragement of foreign private investments in knowledge-intensive industries (for example, Finland and Ireland achieved tremendous growth because they focused on high-tech industries and intellectual development) such as computer software and telecommunications."[27]**	**Though Structural Adjustment Programs were to restore macroeconomic stability and eventually generate sustained economic growth, from 1980 to 1985 "the real per capita GDP for the Sub-Saharan Africa region declined nearly 20 percent; export earnings dropped by about 40 percent; import purchases fell by about 40 percent; and the region's external debt, which stood at US $6 billion in 1970, reached an alarming figure of more than $120 billion. The economic crisis confronting these countries included crumbling roads, impoverished health facilities, falling educational standards, idle factories, growing unemployment, and falling nutritional intakes." Though challenged by the United Nations Economic Commission for Africa, the World Bank and the Regional Bureau for Africa of the United Nations Development Programme concluded that, from 1985 to 1990, those Sub-Saharan Africa regions which implemented SAPs were doing better than countries which didn't in terms of growth in the short run (but the growth dissipates quickly, doesn't increase domestic savings, and didn't protect the poor from bearing undue hardships.[28]**
Sustainable Economic Development (United Nations	**The sustainable economic development paradigm acknowledges that if development is sustainable the**	**Since the Rio Earth Summit in 1992, numerous environmental plans (such as National Environmental Action Plans—**

in the 1990s)	**environment needs to be protected. Thus sustainable development achieves sustainable activity that meets the needs of the current generation (intragenerational equity) without depleting the future supply of resources from future generation (intergenerational equity).[29]**	**NEAPs) have been undertaken by various African countries, and a number of studies have been conducted by the African Development Bank. Nonetheless, because of lack of adequate financial resources and major economic distress exacerbated by structural adjustment programs, so far environmental needs have not been systematically incorporated into Africa's economic development paradigms.**

Can NEPAD Rejuvenate Africa's Economy in the 21st Century?

As discussed before, it was due to a mismatch between transplanted Western institutions and indigenous social systems that the various economic development models that were attempted in Africa within the last fifty years have been less than successful. Thus, as a result of Africa's diminishing role in the world economic system, recently a number of African heads of state have established the New Partnership for Africa's Development (NEPAD)—a comprehensive, integrated strategic framework for the socioeconomic development of Africa in the 21st century. The sentiment behind NEPAD is that (1) it is African-developed, managed, and owned; (2) it brings the concept of a new partnership; and (3) Africa is undertaking certain commitments and obligations on its own in order to revitalize its economic system.

However, there is a deep feeling by a number of Africans that instead of being based on equal partnership, NEPAD is largely imposed on some African heads of states and the emerging hegemonic class by the ideologues of the neo-liberal view, championed by the World Bank, World Trade Organization, and the International Monetary Fund. The local hegemonic elites "have been inexorably drawn into this process, with the leading capitalist groups in the Third World having transnationalised by integrating into global circuits of accumulation through a variety mechanisms, ranging from subcontracting for global corporations [to] the purchase of foreign equity shares, mergers with corporations from other countries, joint ventures and increasing foreign direct investment (FDI) abroad of their own capital."[30] Others have gone one step further to claim that NEPAD is neither new in its policy prescriptions nor is it Africa-driven. Rather, they argue that it is donor-focused and is rooted in the neo-liberal macroeconomic discourse of the post-Washington Consensus rather than among the people the initiative is supposed to serve.[31] For example, Adesina argues that the macroeconomic orientation suggested in NEPAD is a call to persist on the same path that Africa has been on for the past two decades. While NEPAD claims that it is not asking for more aid, it asks for more Official Development Assistance (ODA) as an important component of its financing. Moreover, Adesina argues that "it is paradoxical that at the time NEPAD seeks to re-make African states developmental, it recommends a framework that weakens the capacity of the state to deliver. Yet the structure of many of these economies is fundamentally different from those at the heart of a neo-liberal regime."[32] If not controlled at its initial stage, these critiques of NEPAD argue that it may contribute to Africa's perpetual and diminishing role in the world economic system rather than revitalizing it.

Realizing that there are pros and cons concerning NEPAD, the main questions of this paper are: (1) Are the economic assumptions of NEPAD valid? (2) Given the economic assumptions, can NEPAD reengineer Africa's development in the 21st century?—and (3) Can the foreign direct investment strategies of NEPAD be implemented?

The Economic Goals of NEPAD

Before we analyze the economic goals of NEPAD, we need to use an analytical framework known by the acronym SWOT. In Table 2, a SWOT analysis consists of a candid compilation and appraisal of Africa's *internal* Strengths and Weaknesses and its *external* opportunities and threats during the 20th century.

Table 2: SWOT Analysis of Africa in the 20th Century

Internal

Strengths	Weaknesses
• Rich complex of minerals, oil and gas deposits • Varieties of flora and fauna • Unspoiled natural habitat (rain forest) • Minimal emissions and effluents • Paleontological and archaeological sites (cradle of humankind) • Open uninhabited spaces • Rich cultures and creative community • Cheap labor and raw materials • Richness of agriculture	• Weak domestic market • Lack of highly skilled labor • Weak states • Lack of long-term policies • Implementation of programs • Price distortions • Lack of advanced information and communications technology • Lack of capital • Unfavorable terms of trade • Poor purchasing power • Lack of conflict prevention and management • Poor health services (HIV/AIDS, malaria) • Class and gender inequity • Poor infrastructure • Non-participatory governance, undemocratically elected leaders, lack of transparent legal and regulatory framework • Inadequacy in research & development • Political instability • Heavy external debt • Persistent balance of payments deficits

External

Opportunities	Threats
• Become the architects of their own sustained uplifting growth (Regain their self-confidence) • Integration of national systems of production • Value chain in manufacturing and service sector • Ready to acquire modern knowledge and skills • Natural and diversified work force to be harnessed	• Competition with the Newly Industrializing Countries (NICs) • Dependence on external agencies and markets • Internal upheavals and border conflicts • Bilateral and multilateral aid • May be based on insurmountable conditionality • Heavy subsides on primary products by US and European countries

After briefly reviewing the internal strengths and weaknesses in the 20th century, and incorporating the external opportunities and threats that may exist in the 21st century, we will review the economic goals developed by NEPAD to eradicate poverty, achieve sustainable growth and development, and actively participate in the world economy and political system. These goals are:

1) To achieve and sustain an average gross domestic product (GDP) growth rate of above 7 percent per annum for the next 15 years; and
2) To ensure that the continent achieves the agreed International Development Goals (IDGs), which include to:
    - Reduce the proportion of people living in extreme poverty by half between 1990 and 2015
    - Enroll all children of school age in primary schools by 2015
    - Make progress towards gender equality and empowering women by eliminating gender disparities in the enrollment in primary and secondary education by 2015
    - Reduce infant and child mortality ratios by two-thirds between 1990 and 2015
    - Reduce maternal mortality ratios by three-quarters between 1990 and 2015
    - Provide access for all who need reproductive health services by 2015
    - Implement national strategies for sustainable development by 2015, so as to reverse the loss of environmental resources by 2015.[33]

To achieve sustainable development in the 21st century, NEPAD lays down the following strategies: (1) Peace, Security, and Political Governance Initiative; (2) Economic and Corporate Governance Initiative; and (3) Sub-regional and regional approaches to development. To achieve sustainable development the following sectors are given high priorities: (1) Bridging the infrastructure gap; (2) human resources development (reversing the brain drain); (3) Agriculture; (4) the environment; (5) culture; and (6) science and technology. To implement sustainable development the following resources are anticipated to be mobilized: (1) capital flows (increasing domestic resources, debt relief, ODA reforms, private capital flows); and (2) market access (through diversification of production, mining, manufacturing, tourism, services, promoting the private sector, promoting African exports, and removal of non-tariff barriers). Finally, in order to make Africa determine its own destiny, NEPAD is calling on the industrialized countries and other multilateral organizations to complement its efforts to achieve:

1) Economic growth and development and increased employment
2) Reduction in poverty and inequality
3) Diversification of productive activities, enhanced international competitiveness, and increased exports
4) Increased African integration.[34]

The Economic Assumptions of NEPAD

NEPAD's aim includes the noble goal of making Africans the architects of their own sustained upliftment in the 21st century rather than being left as benevolent guardians of Western institutions.[35] NEPAD has made it clear that Africans should design their development agenda for the 21st century. However, as shown in Table 3, NEPAD's document does not seem to be independently conceived by Africans, but it is to a large extent similar to and was based on the report prepared by the World Bank (co-signed by Africa Development Bank, Uneconomic Commission for Africa, Global Coalition for Africa, and African Economic Research Consortium), entitled *"Can Africa Claim the 21st Century?"*

For example, without locating Africa within the global economy and undertaking a careful estimation of the global economy in the future, both NEPAD and the World Bank group estimate that Africa's economy would grow at the rate of 7 percent per year in order to meet the International Development Goals for 2015. (This estimation is based on the assumption of political opening, continuing post-Cold War realities, and the mushrooming of globalization and new technology.) The World Bank group's attempts have been very scanty (i.e., based on very few countries), but NEPAD should have used contingent statements such as high, medium, and low scenarios to forecast Africa's economy in the 21st century, in order to be used by development practitioners in Africa in mapping out various strategies and monitoring Africa's development path for the future. In short, instead of cursory statements, the economic projections should have been based on past history and included ranges of different possibilities and their interactions. In addition, mapping out potential surprises would have helped to anticipate important factors that would have far-reaching consequences if unexpected conditions did occur. What is surprising is that, although the 21st century is slated to be the century of development, NEPAD and the World Bank group did not fully address how export strategy based on primary products would bring about long-term economic growth in Africa without damaging the environment. In line with the development paradigm for the decade, the environmental consequences of export strategy primarily based on primary products, rather than naming the "environmental initiatives," should have been explored in detail if Africa is expected to achieve sustainable economic development in the 21st century. Finally, it is worth noting that, "conventionally measured, Africa has the world's second highest inequality (0.45 Gini coefficient) after Latin America (49.3 Gini coefficient),"[36] but the NEPAD document does not adequately address this issue now, nor does it address how it could be minimized in the future.

TABLE 3: Similarities and Differences between NEPAD and the World Bank Report

World Bank

NEPAD	***7% Economic Growth***	***Improving Governance & Resolving Conflict***	***Address-ing Poverty & Inequality***	***Inves-ting in People***	***Lowering Infra-structure & Infor-mation Barriers***	***Spurring Agricul-tural & Rural Develop-ment***	***Diversi-fying Exports & Pur-suing Regional Integra-tion***	***Reducing Aid & Stregthening Global Partnership***
Condition for								

Sustainable 1) Peace 2) Security 3) Democracy 4) Economic 5) Corporate	***X***	***X X X***	***X***	***X***	***X***	***X***	***X***	***X***
Sectoral Priorities 1) Infrastructure 2) Human Res. 3) Agriculture 4) Environment 5) Culture 6) Science & Technology 6) Regional integration			***X X X X***	***X***	***X X***	***X X X***	***X***	
Resource Mobilization 1) Capital Flows 2) Market Access 3) New Global Partnership			***X X X***		***X X X***			***X***

Moreover, since most African economies currently depend on very few primary exports (which are vulnerable to world market fluctuations, since primary products are heavily subsidized by the industrial countries), and since diversification into manufactured exports and African countries' demands for greater market access in the advanced countries have hardly worked in the past, it is puzzling to note that NEPAD feels that a plea to the industrialized countries to open their markets to African products in the 21st century would work. Given the anticipated economic slowdown in the industrialized countries, can the industrialized countries afford to sacrifice their economies so that Africa could rejuvenate in the 21st century?

Africa is heavily dependent on aid or Official Development Assistance (ODA). Although aid is relatively marginal in its developmental impact, recently ODA transfers to Africa have declined (for example, in 1999, Sub-Saharan Africa received 31.2 as compared to 37.2 in 1990). Given this situation and the fact that aid is entangled with various conditionalities involving social policies, it is quite alarming that NEPAD would place emphasis on foreign sources of capital as a means of achieving the forecasted economic growth in Africa in the 21st century. Moreover, though NEPAD claims to be based on a new partnership, "the patterns of power distribution prevalent in most African countries provide ample support to the dependency relations of their countries. The industrialized countries and their transnational corporations do their best (though aid and now a number of foreign technical experts are displacing Africans) to exercise all sorts of pressures and temptations to keep this balance of power undistributed."[37]

<u>Foreign Direct Investment Flows to Africa</u>

To achieve the estimated 7 percent annual growth rate needed to meet the goal of reducing by half the proportion of Africans living in poverty by the year 2015, and to fill an annual resource gap of 12 percent of its GDP (in addition to an increase in domestic savings, an improvement in the public revenue collection systems, reduction in external debt, and increase in complementary Official Development Assistance), NEPAD anticipates the flow of private capital through foreign direct investment would enhance the continent's economy.[38] Nonetheless, other than mentioning that foreign direct investments have been declining because of the perception of Africa as a "high risk continent," a detailed framework of political risk analysis for Africa needs to be mapped out.

For example, a review of the literature on political risk assessment indicates that investment in a number of developing countries is declining because of (1) lack of symmetry between corporate objectives and the developmental goals of the host countries; (2) the operational setup of the subsidiary (ownership, structure, employment policies, infrastructures, labor, degree of integration, the existence of Free Trade Zones, business leaders' attitudes, degree of competition, domestic demand, taxes, transfers, etc.) and the lack of adequate and transparent regulatory policies; and (3) the national and external environments of the host countries, which are not conducive to foreign direct investment (FDI).[39] About 75 percent of foreign direct investment flows among developed countries. Now, to assume that of 25 percent FDI flows to all developing countries, there is likely to be an increase to Africa before the preconditions for operational, ownership, and financial risk can be minimized, seems to be wishful thinking. Moreover, the document knowingly or unknowingly seems to undermine the very innovative strategies of Asian, East European, and Latin American countries to compete with Africa in order to entice foreign direct investments.

We claim that the Industrialization by Invitation (IBI) strategy for development would not be feasible to transform Africa from agrarian societies to industrialized societies for two reasons: A. IBI is the same as debt-led-growth industrialization. It may be hypothesized that unlike other countries this strategy would land African countries in a debt trap whereby they would not be able to move out of the trap and become net exporters of capital. B. African countries are latecomers on the IBI bandwagon. As a result, Africa would not be able to compete and attract foreign capital in the required doses. Currently, we are witnessing the collapse of two countries, Brazil and Argentina that have been following the IBI strategy because the investors have not come and invested to the level that would lead to sustained growth without boom and bust. These countries have been bailed out constantly by the IMF and the World Bank, with massive infusions of capital whenever there is a shortfall of investment needs. Given the low level of industrial development in Africa we would hypothesize that debt-led-growth would not work in Africa because the capital needs would be massive and the west would not be able to meet the sizable levels of investment. We therefore opt for an agrarian strategy of development.

Studies in cost/ benefit analysis of a salt project in Ada, Ghana.
We present below a case study, which shows that an agrarian strategy of development in transforming a natural resource into an industrial intermediate input, a staple or a final good, would be better transformed via an agrarian strategy than through a transplanted capitalist strategy of production and distribution. We would demonstrate through a qualitative cost/benefit analysis that the benefits that would accrue from an agrarian strategy would be greater that the costs. We demonstrate that a capitalist form of organizing for production and distribution would be an inappropriate strategy of development for utilizing the natural resources in the area for development. The Ghanaian government has opted for developing this natural resource in a capitalist manner. We believe that the Government is making an error in judgement.

Part II: An Alternative Strategy for African Development: A Non-NEPAD Approach

Comments on a Non-NEPAD agrarian development strategy

Since the 1970s, the World Bank has switched from a Project approach to economic development to creating partial models based on whatever the policy makers think are pressing problems in the developing countries, thus we have had growth and equity models, models of economic development with human face, basic needs models, sustainable development models and so on. We think that these models are bypassing the central need: strategies for agrarian transformation that lead, naturally, into industrialization strategies. We intend to use the current debate in Ghana between those who want to transform the Songor Lagoon resource under a capitalist model and those who want to transform the resource under an agrarian model, favoring the agrarian people through a co-operative system.

To do this, we would like to follow the United Nations approach in asking consultants to write a policy paper. The United Nations uses a special approach to ask consultants to develop and write policy papers. The United Nations would normally provide to the consultant a terms of reference (TOR). The consultant is required to develop and write the policy paper along the lines suggested by the TOR. Part II of this paper follows the United Nations format. However, in this case, the TOR was designed for the Adangme traditional chiefs by the authors of this paper and also through discussions we had with Dr. Ako Adjei, a veteran politician of the nationalist era of Ghana's political history.

People Centered Approach to Development with Distributive Justice:
Optimal Policies for Proper Utilization of Songor Lagoon Resources Without Stakeholders Conflict of Interest

Previous models, especially models based on neoclassical paradigms, have failed because they do not recognize the agrarian base of African economies and instead try to implement capitalist models of development. In order to bring this point home we want to introduce the transformation of a sector of the Ghana economy, the Songor Lagoon. The Songor Lagoon is a resource in the form of a lagoon that literally creates vast amounts of salt without any human intervention. To cultivate this resource previous governments have used a capitalist strategy to transform the sector. The agrarian people have fought this strategy and would like to implement a strategy which is more humane to them. We propose that this resource could be cultivated under an agrarian strategy of transformation which would provide equitable incomes to the agrarian people.

Terms of Reference: A Backdrop

1) The Songor Lagoon and its allied resources salt, rivulets, fish, lands – have not been utilized optimally for economic development to enhance the welfare of the traditional inhabitants of the area, during the colonial and post-colonial periods. The African economies have been facing deepened economic crises since the collapse of commodity prices as a result of recession in the industrialized countries in 1980/1981. The Ghanaian economy was too fragile to overcome the external jolt brought about by the weak demand for her commodities. The economic crises have forced individuals and communities to engage in unwholesome competition for resources in the area that are held under communal or individual ownership.

2) The chiefs in the Adangme areas have decided to come together to discuss and devise policies on how best to utilize resources in the area to the benefit of the inhabitants in the area. To do this, the chiefs would like an economist to provide guidelines to enable them to discuss some issues in order to arrive at optimal policies to utilize the resources in the area to the benefit of the inhabitants in the region with distribution justice.

3) Two terms of reference (TOF) are presented below. The first TOF was stated in a challenge to me by Dr. Ako Adjei. He was kind enough to grant me an interview. The conducted the interview last year, a few months before his death. Dr. Victor Akrofi Kumoji was present at the interview. The second TOF was presented to me in a telephone conversation I had with Dr. Kumoji, last week.

Dr. Ako Adjei's Terms of Reference

4) a) Design the basic outlines of a development strategy that utilizes the Songor Lagoon resources to ensure economic growth accompanied by equitable distribution of income to the traditional people of the Adangme region especially the old women.

Dr. Victor Akrofi Kumoji's Terms of Reference

5) The consultant is required to comment on the following questions:

- i) Explain why in the colonial period the Songor Lagoon resources were underutilized and why these resources could not be used optimally so that the industries so generated could become the "growth poles" or the "leading sectors" for economic development in the Adangme area.
- ii) Explain why the "Appenteng Songor Lagoon Development Strategy (ASLDS), PNDC and NDC and NPP state and/ or private capitalist model were unworkable and exploitative given the structure of the traditional economy in the region.
- iii) Demonstrate that the NPP strategy is similar to the ASLDS, PNDC and NDC models. NPP model is also an exploitative model given the structure of the traditional economy of the Adangme region and would result in unequal distribution of income to the people in the region.
- iv) Provide an alternative development strategy that could be used to organize the Songor Lagoon resources for production and trade so that the allied industries so developed would become the "growth poles" or "leading sectors" for economic development of the Adangme areas. This alternative strategy should ensure rising incomes to the agrarian or traditional people with distributive justice.

Analyses of The Terms of Reference and Policy Recommendations

A. Analyses of Dr. Ako Adjei's Terms of Reference

6) Dr. Ako Adjei's TOR asks for a development model dedicated to enhance the welfare of the traditional people. Thus the appropriate development strategy should be based on a "people centered" approach with a "human face."

7) In a tribute to Dr. Ako Adjei, Dr. Kofi has presented an analysis of his terms of reference under the heading Ako Adjei's Unfinished Work Defined and Identified. We present the analyses below. This analyses sets the tone for the second terms of reference (Dr. Victor A. Kumoji's term's of reference).

Ako Adjei's Unfinished work defined and identified as presented by Dr. Kofi

8) In one of our conversations with Dr. Ako Adjei in 2001, he told us that his father was a farmer and his mother a "kenkey seller." Then he told us that the old people at Ada are grieving for us to come and help them. He wanted to know when we are going to improve the lot of the traditional people in the agrarian sector. He asked us about what we were going to do about the Songor Lagoon problem. He said that the traditional people, the old women, are waiting for an economist to come and develop a strategy to produce salt under a system that would ensure growth and equitable distribution of income to the people of Ada. We assured him that we would take on his challenge. Dr. Ako Adjei lived in "two worlds." He never forgot the traditional sector.
As a member of the Nkrumah government, Ako Adjei and other nationalists could not develop an agrarian strategy of development as they would have wished. This, perhaps, is due to the fact that academicians were held in high esteem in the 1950s and Lewis' capitalist models were imposed on the Nkrumah regime by the colonial power structure. Lewis did not only develop an industrialization policy for the Caribbean but also for the Gold Coast (Ghana). In the Lewis model it was assumed that the capitalists would invest in Ghana after the regime had built the necessary infrastructure. But the capitalists did not come, and by 1962 the reserves of Ghana were depleted. With no capitalist investment in the agrarian sectors the ensuing economic difficulties brought about political difficulties and the Nkrumah regime was finally overthrown, in part because the soldiers said they did not have new uniforms. These are debatable issues, all we know for fact is that once the economy collapsed, political chaos ensued.

9) When the house began to fall down, Nkrumah regime, several people tried to help. For example, C.L.R. James, in his book entitled Nkrumah and The Ghana Revolution, argued that,

> "Africa (and other countries as well, but Africa in particular) will go crashing from precipice to precipice unless the plans for economic development are part of a deep philosophical concept of what the mass of the African people need. This is where Nkrumah failed."

What then are the solutions to Africa's development problems? What is to be done? James argues that the answer lies in organizing a cooperative movement. "—the only task that remains to be done is to organize the population in co-operative societies." This he argues will be "simplest, easiest and most intelligible to the peasantry".

10) Our own work seems to be in the direction explained by James. For example, Professor Desta, in his book Environmentally Sustainable Economic Development, faults capitalist development for degrading and depleting the environment as opposed to agrarian development which is friendly to the environment. Professor Kofi, on the other hand, has suggested in numerous publications over the past three decades that a co-operative movement based on African traditions will go a long way to solve Africa's development problems. He has characterized this movement as "Abibirim strategy of development," further explained in articles in the "Universitas," a Ghana University journal [1974 and 1975]. We should work hard to implement the Abibirim Strategy. This is the only way available to African societies to raise the productive forces of the peasantry or the traditional sector. Any other way would destroy the traditional sector and it would be a brutal transformation exercise.
It is important to realize that even in a country like South Africa, where there is a higher degree of industrialization than any other African country, there are still large pockets of agrarian sectors that are bigger than the capitalist sectors in terms of population, hence the need for people centered approach. It is also important to recall that the debate over agrarian transformation, vis a vis capitalist transformation, was a subject of heated debate in Russia in the 1880s and 1890s.

The agrarian social reformists (Narodniki Movement) were pitted against the Marxists. Lenin and his group, the Marxists, won the debate but they were not necessarily right as is proven by the ultimate demise of Marxism in Russia where the agrarian sector was replaced by a collectivization policy which failed to smoothly transform the agricultural sector to an industrialized sector.
In the case of Ghana, where the transformation to industrialization was never achieved, Lewis' model did not support change but instead relied on capitalist investment. Neither the Lewis model nor NEPAD address the issues of development, but instead veil their models in pleas for foreign investment. Both are defunct without support from capitalists.

11) Dr. Ako Adjei did not forget his agrarian roots. His philosophy was that of a people centered approach to development. This according to him would help alleviate poverty in the rural sectors. He has been and will be an inspiration for the coming generation. He will be an inspiration for Africans to develop a strategy to transform the traditional sector humanely. He has contributed immeasurably to the emancipation of Ghana and Africa from colonial rule.

B. Towards an Analyses of Dr. Victor Akrofi Kumoji's Terms of Reference

A Backdrop

12) The chiefs of the Adangme region have been challenged by Dr. Ako Adjei. He is asking the chiefs to serve their constituency and their people. The chiefs should develop a people centered development strategy. In this way, the chiefs would have served the interests of the traditional people, according to what traditional culture demanded.

13) It would be useful if the Chiefs would discuss the philosophical implications of Dr. Ako Adjei's beliefs. It should be pointed out that Ako Adjei learned how to speak Adangme before he learned how to speak Ga when he came to live in Accra. The people in his father's village, Adjeikrom were all Adangmes. Thus Ako Adjei was schooled in Adangme culture when he was growing up. This is why his analyses of a development strategy had a "humane Adangme cultural flavor". We should recall that when Dr. Ako Adjei was released from prison after the 1966 coup he made the following statement in the Adangme language: "mini made." Thus he dug deep into his past and what came out was an Adangme philosophical statement: "What should I say." The followers and the relatives who welcomed him into the "free life" replied in Ga: "okee noko."

14) The point we are making here is that the chiefs should dig deep into Adangme culture to design a strategy based on the philosophy of Dr. Ako Adjei. This is the philosophy of Adangme culture that is in turn based on the indigenous culture of Adangme Theocracy.

15) With the above backdrop, we turn to the second terms of reference. This section argues that all the colonial and post-colonial development strategies designed for transforming the Songor Lagoon resources have been based on grafting an exploitative capitalist model on an agrarian economy with institutions based on Adangme Theocracy. This is perverse capitalist development of the worst type.

16) In the first sections of the second terms of reference, we would demonstrate that all the past development strategies including the new NPP strategy could be characterized as "perverse capitalist" capitalist development. In such a strategy, there is no room for Distributive Justice. What we have is a cruel exploitation of the traditional people. However in doing so we also exploit the modern sector. What is not known and understood is that a development of the traditional sector is a pre-requisite for a viable development of the modern sector.

Analyses of the Second Terms of Reference (Kumoji's Terms of Reference)

17) Analyses presented in the second terms of reference are taken, in part, from a manuscript written by me last year entitled: NDC Problem and NPP Nightmare Accumulation of Capital and the Saga of Ada Songor Lagoon. Reader may refer to this manuscript for a detailed analyses of the issues presented in this short policy paper.

Analyses of TOR (i):

18) Explain why in the colonial period the Songor Lagoon resources were underutilized and why these resources could not be used optimally so that the industries so generated could become the "growth poles" or the "leading sectors" for economic development in the Adangme area.

19) The colonial regime was not interested in the resources that the Adangme region can supply. The colonial regime was interested in minerals and tropical produce – palm oil, rubber, cocoa, coffee, kola nuts, etc. These resources that the imperial powers wanted were not available in the Adangme region. As a result, the area was ignored by successive colonial administrations. Any economic activity that took place in the Adangme area, during the pre-colonial and colonial periods were due to indigenous initiatives.

20) Economic activities in the Adangme region, during the early stages of colonialism in the Gold Coast, were underpinned by a) cheap river transport systems, indigenous salt industry and a traditional fishing and fish curing industries. These natural or indigenous industries, in turn, generated other linkage related economic activities such as canoe building. Economic activities in the Ada region expanded steadily from about 1820s. It accelerated during the last quarter of the 19th century due to effective demand for palm oil and rubber. These commodities were transported to Ada Foah on the Volta river and then shipped to Europe. The golden age of economic development in the Ada region was reached in 1901. Since 1901, economic activity in the Adangme region took a nosedive. The main reason why the Adangme economy collapsed after 1901 is due to the fact that the colonial administration built roads and railways and port facilities, which competed with similar facilities which were the backbone of the Adangme economy.

21) The colonial administration built roads, railroads and a port facility at Sekondi-Takoradi to improve transportation systems in the Gold Coast. The aims of the colonial government were to increase the value and volume of exports between England and the Gold Coast. The Adangme economy felt the negative impact of the colonial government's activities to build modern transport systems in the Gold Coast. Ada Foah port lost its business to Takoradi port. It was less risky and cheaper to transport good through Takoradi to Europe than through the Adangme port at Ada Foah. Thus economic activities in the Adangme region declined because of the development of motorized transportation and railway lines, which provided stiff competition to river transportation.

22) Any major development project which has been undertaken during the colonial and post-colonial eras have had direct negative impact on the Adangme economy: (a) Adangme people lost a good chance when it was decided to build a new port at Tema rather than at Ada. The Adangme area would have revived to river transport economic activities which were lost when the Gold Coast economy switched from river transport to motorized and railway transport systems. (b) The fishing industry in Adangme areas declined when the Tema Harbor became a fishing port with the use of modern fishing boats and equipments. (c) The Adangme area was negatively impacted when the Akosombo Dam was built. The ecology in the area was negatively impacted. Some streams dried up. Shrimps and crabs have lost their breeding grounds and are in short supply. (d) The Adangme people lost a great deal of income when portions of the Songor Lagoon was leased to Appenteng (an investor to manufacture salt on capitalist lines. The traditional system for producing salt was based on "people centered" approach to development. This approach ensured that the inhabitants in the region received some income. The new production system based on laissez-faire ideology does not ensure that the traditional people would receive some income.

23) The Adangme chiefs should find a way to reverse the impoverishment of the Adangme people which has been taking place since 1901. The Songor Lagoon provides the Adangme people with a resource which could be utilized optimally to become a growth pole" to initiate other economic activities to bring about viable economic growth for the people of the region. This is the challenge facing the chiefs.

<u>Analyses of TOR (ii):</u>

24) Explain why the "Appenteng Songor Lagoon Development Strategy (ASLDS), PNDC and NDC and NPP state and/ or private capitalist model were unworkable and exploitative given the structure of the traditional economy in the region.

25) The ASLDS, PNDC, NDC and NPP models are based on private or state enterprise (capitalist) mode of production. The traditional method of using the Songor resources to produce for consumption and/or trade was different from ASLD, PNDC, NDC and NPP model.
26) The question that needs a clear and unequivocal answer is this: Which model would best serve the welfare of the Adangme people? We would like to hypothesize that the traditional system of organizing for production and trade is the superior model. We would like to suggest that the chiefs should use the traditional system as the starting point to build a new system to be sued by the Adangme people to get out of underdevelopment.

<u>On Perverse Capitalist Models versus Cooperative Models</u>
27) Why did we characterize the ASLDS, PNDC, NDC and NPP models as perverse capitalist development models? It is necessary to provide and explanation for this claim. We claim that capitalist development is perverse in a case whereby a mode of production is super-imposed on another mode of production to exploit or take advantage of a social class in the one of the modes of production. In our case Mr. Appenteng uses the British capitalist institutions and exploits or takes advantage of the Ada social classes who are the rightful owners of the Songor resources.
28) The point discussed above may be made clear by comparing the mode of production in Feudal France (at the time of the Physiocrats) and a capitalist mode of production in England. the analyses may be extended to the case of Adangme traditional mode of production (theocracy) and modern Ghana mode of production (capitalism or perverse capitalist development).
29) According to David Ricardo, the laws that regulate distribution of nations income to the various claimants "is the principal problem in political economy." Adam Smith might add that sources of conflicts among social classes have their roots in unequal distribution of income.
30) A careful analyses of Table 1 gives an idea of probably nature of exploitation and distributive justice involved in the different modes of production. We can infer possible causes of conflicts. For example Schumpeter speaks glowing about the fact that in feudal Europe everybody was employed. However, he could not say capitalism provided employment for all workers.
31) A qualitative analyses of Table 1 seems to indicate that the Adangme traditional mode of production receives a high mark in distributive justice. You may note that the lowest class (common people) combines the role of producer and owner. He has the right to claim a portion of the Songor Lagoon resource to collect salt. A worker in the capitalist system has lost his means of production and so he is open for exploitation by being paid low wages only.
32) An argument used against peasants and producers in the agrarian sector is that they use poor and archaic methods for production therefore their marginal product is low and the quality of what they produce is poor. We would argue that this is where the government should step in to provide the necessary education so that the level of skills could be raised. For example, in the 1920s the Ghana government decided to raise the quality of cocoa beans being produced in farms. Their grades were identified representing low, high and excellent quality. Grade 1 was of excellent quality. The peasants were able to produce better quality grades by drying the cocoa properly. The ministry of agriculture decided to abolish grade 3 quality cocoa because the cocoa produced on the farms were of better quality.
33) I would argue that it would be possible to build a modern version of the traditional mode or pre-capitalist mode of production to ensure distributive justice. I believe it was a mistake to impose the Appenteng model of production and distribution on the Adangme people. This has brought about a brutal transition from traditional to capitalist modes of production.
34) The Adangme chiefs should demand that the government should refrain from imposing a particular model of production on the agrarian or traditional economy of the Ada area. If the chiefs allow the NPP government to do this, they would condemn the pre-capitalist or traditional people to brutal exploitation by the capitalist class. Unfortunately, the NPP government does not want to develop a "better mouse" trap.
35) The NPP government wants to implement the same Appenteng-type model for developing the salt industry. The NPP's development strategy for Ghana is based on unadulterated capitalist model of development. They do not realize that by doing this, they would

be imposing a capitalist mode of production. This I have argued and hypothesized could lead to perverse capitalism.

36) Dr. Kwaku Afriyi, Minister for Land Forestry and Mines, inaugurated the Songor Salt Project Interim Management committee (IMC) at the Ministry's conference room in Accra on Friday 6th April 2001. The IMC members were carefully selected to reflect certain core skills such as legal, security, engineering administration and accounting. Hon. Dr. Kweku Afriyi said "the interim committee would be required to manage the affairs of the Songor Lagoon Project on daily basis. They are expected to maintain the integrity of the existing salt producing facility until an investor(s) is found to take over."

37) The Minister had decided on a model for development. This is wrong. The chiefs should demand that he should leave the door open for us to examine other models. The model he has chosen is prone to violent conflict between social classes.

38) The NPP government would like to choose an entrepreneur to run the Songor Salt Project until an investor is found. Does this rule out a cooperative strategy of development? Even if the cooperative model is designed and implemented along capitalist lines?

39) The Minister said that the Vesting Law of 1992 would be repealed "to make it possible to return the lands confiscated by government to the people of Ada. <u>It must however be clarified, the return of confiscated lands gives only surface rights to the people and not mineral rights which remains with the government. Government being the owner of all minerals in the country including salt, will be responsible for the issuance of mining licenses to prospective applicants for salt mining at Ada Songor Lagoon area"</u> (emphasis ours).

40) It may be pointed out from the outset that the Minister has made a grievous mistake by treating salt from Songor lagoon as a mineral, which is mined. Songor lagoon salt is not mined. It is a renewable resource, which is scooped from the surface. The Minister is making the same mistake that was made by the PNDC policy makers including Mr. TsatsuTsikata. This assumption by Dr. Kweku Afriyie and Mr. TsatsuTsikata made it easier for the P(NDC) and NPP governments to confiscate the Songor lagoon from Ada people and hand it over to the Ghana government. This will not sit well with the Ada people, especially the youth and Tekperbiawe clan who are the allodia owners of the lagoon.

41) The Adangme chiefs should demand that all renewable resources in Ghana, including all the forests and all the timber, should be confiscated by the government and then the government should find an investor to exploit the resource. If this would not sit will with the Ashanti, Fanti and northern chiefs then the government should stop imposing its will on the Adangme people.

42) The Adangme people should develop their own model to organize the Songor resources for production based on the Adangme theocratic philosophy and culture. The role that the NPP government should play is to set up an atmosphere to enable the Adangme chiefs to meet and discuss issues and draw up their own strategy to develop their region.

43) The NPP strategy is faulty and would not work because it is prone to political conflicts and violence. The NPP model, like ASLD, PNDC and NDC models, is an exploitative model. It will sanction entrepreneurs from other regions in Ghana and with access to bank loans and political power to get control over a resource which should be held in trust for the entire Adangme tribe and which should be exploited for the benefit of all Ghanaians and especially to the benefit of the Adangme people.

<u>Analyses of TOR (iii):</u>

44) Demonstrate that the NPP strategy is similar to the ASLDS, PNDC and NDC models. NPP model is also an exploitative model given the structure of the traditional economy of the Adangme region and would result in unequal distribution of income to the people in the region.

45) The NPP strategy is similar to the ASLDS, PNDC and NDC models because they are all based on capitalist mode of production as it has evolved in England and other parts of Europe. The model recognizes an entrepreneur who finds or gains access to capital and organizes for production by hiring labor. The income generated from the production and sale of the output is distributed among the claimants. In the case of the PNDC and NDC models, the state played an important role in organizing for production, however the model is the same as the private enterprise model.

46) It has been argues that in cases where a pre-capitalist sector interacts with an advanced capitalist sector, incomes are distributed to favor the capitalist sector. Marx hard argued that

capitalism develops on the tomb of pre-capitalist sectors. Thus unless the government takes steps to level the playing fields the pre-capitalist sector will face brutal exploitation.

47) We have demonstrated that the Ada region has been underdeveloped through negative impacts on its economy as development projects were implemented in other regions of the Ghanaian economy. The records show that underdevelopment in the Adangme region is due to the negative impacts that results from colonial and post-colonial efforts by governments to implement project in several sectors of the Ghanaian economy. It is therefore justified for the government to set aside resources to develop the Adangme region as compensation for the negative impacts the Adangme region has suffered.

Analyses of TOR (iv):

48) Provide an alternative development strategy that could be used to organize the Songor Lagoon resources for production and trade so that the allied industries so developed would become the "growth poles" or "leading sectors" for economic development of the Adangme areas. This alternative strategy should ensure rising incomes to the agrarian or traditional people with distributive justice.

49) The elements of an alternative strategy of development for the Adangme case has been presented in the analyses presented on the Ako Adjei's terms of reference. I have articulated in several articles that some of the major problems facing the African economies could be solved if the resources in the traditional sectors including labor could be organized under a cooperative system of production. For example, I have explained how African nations can learn from Finland. (See a short article in the University of San Francisco newspaper, Foghorn, April 10, 1995, entitled African Countries Can Learn from Finland).

50) We have designed and Alternative Development strategy that could be used to resuscitate economic activity in the Adangme area. This strategy is based on the Finnish model of development that used a cooperative movement to get the job done.

51) The elements of the model are presented below. (This section of the paper is taken from: NDC Problems and NPP Nightmare: Accumulation of Capital and the Saga of Ada Songor Lagoon. pp. 37640)

Yomo-Libi Cooperative Movement: Alternative Strategy to the NPP and NDC Songor Lagoon Salt Project

52) To find a name for the cooperative movement, the Finnish people dug into their past and derived a name from Kalevala epos, the genius of agriculture and the sower of field. The word for field in the Finnish language is "pelto". Thus Finnish cooperative movement was called the Pellervo movement.

53) To find a name for our Songor Lagoon salt project, we would like to draw an analogy to the Finnish case. The purpose of our project is to use the Songor resource to resuscitate economic development in the Ada nation and in Ghana in general. Like Finland, we dug into our past, the Adali legend of Yomo and Korle. Readers may recall that Yomo's deity was libi (salt). In the legend, Yomo (the old lady) appeared to Korle, the Terkpebiawe hunter, who found the Okor forest. Yomo instructed Korle how to worship her deity libi. It was under this condition that Korle and his people were allowed to settle in the Okor forest. We would therefore like to call our strategy for development the Yomo-Libi (the old lady and her deity) cooperative movement.

54) We may surmise that the Songor lagoon is sacred to the Ada nation. Since Adali do not sell, rent or lease their deities, we would argue that no part of the Songor lagoon should be sold, rented or leased to theocratic governance to lease or sell portions of the deity to prospective investors. The sensible thing to do is to go back to the pre-capitalist model of common ownership of the lagoon. This is why we have suggested a "third way" for administering the lagoon resource. The NPP strategy would be impracticable because it will invite violence and conflicts between stakeholders.

55) The governance may use this and other documents to develop a cooperative or any other model to develop the Ada area. We would like to examine and comment on four pillars of our institutional model: Ownership, Production, Distribution, and Role of Government.

Ownership

56) The NPP government would to know who are the true owners of the Songor resource. We have explained that this is a difficult issue. The owners were described under theocratic governance. It is difficult to identify the owners under pre-capitalist mode of production. Under the theocratic rules, the land belongs to those who were the first to find it and settle on it. In this case it is Korle and his Tekperbiawe clan who have been recognized as the allodial owners of the lagoon. It may be argued that the other clans of the Adali are also owners. During the pre-capitalist era, all Adali had the right to go and scoop salt from the lagoon and pay a token fee. Thus common ownership of the lagoon was accepted. See table 1 for analysis of income distribution to the factors of production.

57) We have argued that there was relatively more peace and tranquility over ownership rights under theocracy governance than under secular governance. We would hypothesize that there would be more violence and conflicts over ownership rights under capitalism than under a Yomo-Libi or Pellervo cooperative arrangements. The empirical evidence shows that under the Star chemical and Task Force ownership arrangements there was violence and conflicts. Under Yomo-Libi cooperative arrangements, ownership rights over the lagoon would be understood in the theocratic sense.

Production

58) The NPP has assumed without proper cost/benefit that capitalist intensive method for developing the Ada Songor lagoon project was the way to go. We beg to disagree. We would hypothesize that the traditional way of winning salt was more "price efficient" than the capital-intensive strategy. Besides, the traditional way would employ more labor and income distribution would be more egalitarian.

59) The Ghana government is morally bound to repair the damage to the Adali economy by the Tema harbor and the Akosombo dam. To do this, the government may build the necessary modern infrastructure which would bring more salt water and Volta water into the lagoon. We have explained that during the pre-Akosombo days the lagoon produced more salt and more fish than in the post-Akosombo era.

60) We have explained that the modern method for producing salt would destroy the Adali culture and way of life. The Songor lagoon lands would be leased to the investors. The traditional people would be forced off the land and massive unemployment would result. The ecology in the area would be destroyed. The production capacity of the lagoon has been estimated 1.2 million metric tons a year. The demand for salt in West Africa has been estimated to be 870,000 metric tons a year. We would like to argue that a Yomo-Libi type cooperative could be set up to produce to meet the West Africa demand for salt. We should note that the Pellervo dory cooperative was able to modernize milk processing to butter and milk products to service the European markets. This success story could be reproduced by the proposed Yomo-Libi cooperative. The Yomo-Libi cooperative movement would keep traditional farmers on the land and democracy and equality would not be destroyed.

61) The NPP strategy would be a disaster. The fruits of international capital accumulation would be unevenly distributed. Most of the salt profits would go to the pockets of international investors.

Distribution

62) Table 1 shows the claimants of the income which is generated under different models of production. A Qualitative analysis of table 1 may reveal the levels of unequal distribution or equitable distribution of incomes. In the pre-capitalist period, incomes were low, however, these incomes were distributed equitably. The shares of income collected by the Okor priests and chiefs were very small indeed. During the capitalist period, royalty incomes going to the Ada traditional remained small. However the profits earned by the capitalist class was relatively large. A large share of these profits went to the capitalist class, the investors, who are disproportionately from Europe and America. Thus under capitalist model of winning salt, a qualitative analyses of income distribution would reveal that international accumulation of capital would be disproportionately less.

63)	The week ending August 26, 2001 of the Statesman, newspaper, reports that mining areas are unhappy. Andrzej Lukowski reports that " representatives from mining communities from eight of Ghana's ten communities have expressed their dissatisfaction regarding the country's major surface mining operations and government's attitude towards them…J. A. Osei, a senior mining representative headed the attack, condemning the callous attitude of the companies towards the Ghanaian environment and the people living in it. …Osei described the extent that the mining companies have gone to in order to acquire more land to mine. He told of intimidating tactics used to remove locals from their homes when the land has been chosen for exploitation, including using private and state troops to assault, falsely imprison and even torture individuals. One company, G. A. G., was singled out as having been responsible for the demolition of a church, a mosque, a nursery and forty- five other buildings in their ruthless desire to remove communities aside… The government was equally attacked as having provided much too - favourable conditions to foreign mining corporations since 1983".

64)	This type of behavior exhibited by mining companies described above, were also exhibited by Star Chemical Company and other salt mining companies. In the case of the Ada traditional area, the people reacted violently to the attacks by the wining companies. See Amissah Report. A proper cost-benefit analysis of these mining and salt wining projects may reveal that the social costs of these projects may out- weigh the private costs. In these cases, the nation and its people would be short- changed. It is clear that, the government must play active roles to find solutions to the problems explained above before the nation can benefit from mining and salt winning projects. We believe that a cooperative strategy based on the Pellervo model would go a long way to solve some of the problems raised above.

Role of Government in project design

65)	The Government has important roles to play. The NPP strategy, calls for a capital-intensive system to win salt under a capitalist mode of production. Investors would be found to organize for production and trade. Our model of social transformation calls for a "Third Way". We have opted for the Finnish model for transforming an agrarian society to a modern industrialized country. As we have indicated, we would yield much better results than the NPP strategy.

Policy Recommendations and Conclusions

66)	a) Economic development in the Adangme region reached its peak or golden age in 1901. Economic activity in the area has retrogressed. The area is now one of the poorest regions in Ghana. It is recommended that economic activity in the area can be regenerated by implementing a cooperative development strategy – a cooperative movement. We choose to call it Yomo-Libi Cooperative Movement (YLCM).

67)	b) The Yomo-Libi Cooperative Movement takes a "people centered" approach to economic development. The movement seeks to raise the productive forces of the traditional or agrarian people in the Adangme economy. This is the only way whereby the welfare of the traditional people could be enhanced.

68)	c) The movement seeks to organize the population into cooperative societies and prepare the traditional people for production and development.

69)	d) It is believed that the design of a cooperative movement for development would be the simplest, easiest and most intelligible to the peasantry or traditional people.

69)	e) A special role is reserved for the chiefs to play. The chiefs would become the leaders of the movement.

70)	f) The Ghana government would play a facilitating role. However it would not design policies for the movement would be done by the members of the movement.

80)	g) The chiefs should inform the government that the Ada salt is not mined and that it is a renewable resource. As a result, it does fall under mining laws. The government does not have any legal basis to confiscate the resource for the government to use it as it sees fit.

81)	h) We hope that this short note would open up a discussion on the underdevelopment problem in the Adangme region and how to resolve it.

TABLE 1

Analyses of Modes of Production and Distribution

European Mode of Productions (England and France)

Feudalism [At the time of Quesnay (Physiocrats in 1700s)]		Capitalism	
Social Classes	**Rewards**	Social Classes	Rewards
Landlords (Aristocrats)	Rent of land	Landlords	Rent (of land)
Artisans	As negotiated between artisan and his lord.	Capitalists	Profits
Peasants (farmers)	Surplus after paying rent.	Workers	Wages

Africa Systems of Modes of Production
(Pre-colonial and Post Colonial)

Adangme Traditional Mode of Production (Pre-colonial and Post Colonial)		**Capitalist Mode of Production**			
		Appenteng and NPP		PNDC and NDC (State Capitalism)	
Social Classes	Reward	Social Classes	Rewards	Social Classes	Rewards
Priests	A third of taxes.	Chiefs and Priests	Rent	Chief and Priests	Rent
Tax collectors	A third of taxes.	Capitalist (Appenteng)	Profits	Government	Profits
Tekperwiawe	A third of taxes.	Workers	Wages	Workers	Wages
Common people [combine role as producers and owners	Surplus after tax payments.				

Notes:

[1] The Implementation Committee of NEPAD comprises the Heads of state of Algeria, Egypt, Nigeria, Senegal and South Africa, and ten others, that is, two from each of the Organization of African Union's five regions. The NEPAD secretariat is located in South Africa and primarily responsible to coordinate activities and source funds for its operations.

[2] See for example, Arthur W. Lewis, **The Theory of Economic Growth.** London: George Allen and Unwin, 1955.

[3] Michael P. Todaro, **Economic Development** (6th edition). New York:Addison-Wesley, 1996, p.76.

[4] This argument was developed by Raul Prebisch, who was then the head of the United Nations Commission for Latin America. For details, please refer to Raul Prebisch, **The Economic Development of Latin America and Its Principal Problems (**New York: United Nations, 1950), and Hans W. Singer, "The distribution of gains between borrowing and investing countries," **American Economic Review 40,** May 1950: pp. 473-485.

[5] William F. Steel and Jonathan W. Evans, **Industrialization in Sub-Saharan Africa: Strategies and Performance,** p. 14.

[6] Michael P. Todaro, **Economic Development,** p.459.

[7] Ibid., pp. 468-470.

[8] Colin Leys, **The Rise and Fall of Development Theory.** p. 108.

[9] William F. Steel and Jonathan W. Evans, **Industrialization in Sub-Saharan Africa: Strategies and Performance,** p. 10.

[10] See for example, P. Harrison, **The Third World Tomorrow** (2d edition). Penguin Books, 1986, pp. 25-42. According to Tade Akin Aina (in "Development theory and Africa's lost decade" in **Changing Paradigms in Development-South, East and West**, p. 21-22), empowerment in Latin American countries has been achieved through a kind of social mobilization known as conscientization, a process of consciousness raising that constitutes a basis for grassroots social movements. It is a democracy of direct involvement and concrete choices rather than a formal democracy of indirect representation and programmed choices. It can also reduce the incessant problems of the breach of human rights.

[11] Tade Akin Aina, **"**Development theory and Africa's lost decade," in **Changing Paradigms in Development—South, East and West.**
Margareta Von Troil, (editor), **Uppsala.** The Scandinavia Institute of African Studies, 1993, p.21.

[12] Lual A. Deng, **Rethinking African Development,** p. 31.

[13] J. Kurt Barling and Olusola Akinrinade, "Editors' introduction" in **Economic Development in Africa: International Efforts, Issues and Prospects.** London: Printer Publishers, 1987, pp. 10-11.

[14] Adebayo Adedeji, "The Monrovia Strategy and the Lagos plan of Action: Five years after," in **Economic Crisis in Africa: African Perspectives and Development Problems and Potentials.** Boulder, Colorado: Lynne Rienner Publishers, Inc, 1985, p.15.
[15] Adebayo Adedeji, Ibid., p. 23.
[16] For details, please see Asyehgn Desta, **Environmentally Sustainable Economic Development.** Westport, CT: Praeger Publishers, 1999.
[17] Lual A. Deng, **Rethinking African Development,** pp. 44-45.
[18] I. Elbadawi, "World bank adjustment lending and economic performance in SSA in the 1980s: A comparison of early adjusters, late adjusters and nonadjusters." **Policy Research WPS No. 1001, the World Bank, 1992**, p.1.
[19] Lual A. Deng, **Rethinking African Development,** p.53.
[20] World Commission on Environment and Development, **Our Common Future.** Oxford: Oxford University Press, 1987, p. 8.
[21] Asyehgn Desta, **Environmentally Sustainable Economic Development,** pp. 13-14.
[22] Kevin Cleaver's foreword to Frank J. Convery, **Applying Environmental Economics in Africa.** Washington, D.C: The World Bank, p. xvii.
[23] Sylvain Bayalama, "Environmental degradation, World Bank projects, and the right to a clean environment," in George W. Shepherd, Jr., and Karamo N. M. Sonko (eds.), **Economic Justice in Africa: Adjustment and Sustainable Development.** Westport, Connecticut: Greenwood Press, 1994, pp. 63-64.
[24] *San Francisco Chronicle,* **"Sweeping plan to rid Africa of poverty, corruption."** (June 21, 2002).
[25] William F. Steel and Jonathan W. Evans, **Industrialization in Sub-Saharan Africa: Strategies and Performance,** p.v.
[26] Lual A. Deng, **Rethinking African Development,** p.34.
[27] Michael P. Todaro, **Economic Development,** p. 93.
[28] Lual A. Deng, **Rethinking African Development,** pp 49-50.
[29] Please refer to the World Commission on Environment and Development, **Our Common Future.** Oxford: Oxford University Press, 1987.
[30] William Robinson and Jerry Harris, "Towards a global ruling class? Globalization and the transnational capitalist class," **Science and Society,** Vol. 64, no. 1 (Spring 2000), p.27. Quoted by Ian Taylor in "The New Partnership for Africa's Development (NEPAD) and the global political economy: Towards the African century or another false start?"—a paper presented at the Conference on Africa and the Development Challenges of the New Millennium, La Palm Royal Beach Hotel, Accra, Ghana, April 23-26, 2002, p.6.
[31] Jimi O. Adesina, "Development and challenge of poverty: NEPAD, post-Washington consensus and beyond," a paper presented at the Conference on Africa and the Development Challenges of the New Millennium, Accra, Ghana, 23-26 April 2002.
[32] Jimi O. Adesina, "Development and the challenge of poverty," p. 27.
[33] Ian Taylor, "The New Partnership for Africa's Development (NEPAD) and the global political economy: Towards the African century or another false start?" a paper presented at the Conference on Africa and the Development Challenges of the New Millennium, Accra, Ghana, April 23-26, 2002, pp. 13-14.
[34] Ibid.
[35] NEPAD, p. 8.
[36]The World Bank, **Can Africa Claim the 21st Century?** Washington, D.C: The World Bank Press, 2000, p.92.
[37]Amir Jamal, "Self-reliance, international assistance, and managing the African economy," in Adebayo Adedeji and Timothy M. Shaw (eds.), **Economic Crisis in Africa, p.134.**
[38] NEPAD, pp. 29-32.
[39] See for example, Asayehgn Desta, **International Political Risk Assessment for Foreign Direct Investment and International Lending.** Needham Heights, MA: Ginn Press, 1993.

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