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**NEOCLASSICAL ECONOMICS AND THE ROLE OF INFORMATION,
COMMUNICATION, AND CULTURE IN SOCIO-ECONOMIC DEVELOPMENT: A
CASE STUDY OF THE STRUCTURAL ADJUSTMENT PROGRAMME IN GHANA**

by

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in partial fulfillment
of the requirements for the degree
of Doctor of Philosophy.

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ABSTRACT

For close to two decades the leading international financial organizations, the World Bank and the International Monetary Fund, have imposed their structural adjustment programme on Third World countries, notably in Sub-Saharan African, creating forms of neoclassical financial management at an unsurpassed rate. However, the thesis argues that this approach does not distinguish adequately between policies favourable to the growth and prosperity of developed countries and those pertaining to developing countries in part because the paradigm has an impoverished notion of information, communication, and culture. By fostering this economic paradigm in developing countries, these organizations may, in effect, be imposing an inconsistent model on them in many respects. This thesis explores this conundrum with particular reference to the model's concepts of information, communication, and culture and the consequences of these concepts on the application of the model in Sub-Saharan Africa, specifically in Ghana.

The thesis employs case studies to demonstrate the impact of cultural imperatives on the neoclassical economic concepts of efficiency of competition, trade liberalization, currency devaluation, public expenditure reduction, and privatization promoted by the structural adjustment programme. It suggests that some of the failures of the programme may be ascribed to the great differences between the imperatives of neoclassical economics and the cultural realities of Sub-Saharan Africa.

The thesis takes the position that the incorporation of an understanding of culture and economy similar to that of the communicologists' holistic and wider perspective on economics and economic systems would ameliorate many weaknesses of the structural adjustment programmes of the IMF and the World Bank and enhance the effectiveness of future structural adjustment programmes.

RÉSUMÉ

Pendant presque deux décennies, les grandes institutions financières internationales, la Banque mondiale et le Fonds monétaire international ont imposé leur programme d'ajustement structurel aux pays du Tiers-Monde, notamment en Afrique du sud du Sahara. Ce programme a contribué à l'apparition, à un rythme inégalé, de méthodes de gestion financières néo-classiques. Toutefois, la présente thèse argumente que cette approche ne fait pas de distinction adéquate entre les politiques qui favorisent la croissance et la prospérité des pays développés et les politiques qui s'appliquent aux pays en voie de développement, en partie, en raison du fait que le paradigme répond à une notion appauvrie d'information, de communication et de culture. En encourageant ce paradigme économique dans les pays en voie de développement, ces institutions risquent en effet d'imposer un modèle inconséquent sur ces pays et ce, de nombreuses façons. La présente thèse examine cette question et s'attarde tout particulièrement aux concepts d'information, de communication et de culture du modèle ainsi qu'aux conséquences de ces concepts sur l'application du modèle en Afrique du sud du Sahara, particulièrement au Ghana.

La thèse repose sur des études de cas pour démontrer l'impact des impératifs culturels sur les concepts économiques néo-classiques de concurrence, de libéralisation des échanges, de dévaluation monétaire, de réduction des dépenses publiques et de privatisation encouragés par le programme d'ajustement structurel. La présente thèse évoque l'idée que certains des échecs du programme peuvent en fait être attribués aux différences de taille entre les impératifs de l'économie néo-classique et les réalités culturelles d'Afrique du sud du Sahara.

La présente thèse juge que l'intégration d'une meilleure compréhension de la culture et de l'économie, comme le veut la perspective holistique et plus ouverte des communicologues face à l'économie et aux systèmes économiques, pallierait les nombreuses faiblesses des programmes d'ajustement structurel du FMI et de la Banque mondiale et améliorerait l'efficacité des programmes d'ajustement structurels futurs.

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INTRODUCTION

Background

It is fashionable to regard our present generation as the information¹ age, and with good reason. The last two centuries have seen an increasing flood of inventions and discoveries. These have reinforced one another and made possible new products, new production methods, and new industries that could not have existed without them. Of more recent occurrence, particularly after World War II, is the rapid expansion of communication and information technology which are "reconfiguring our material modes and means of symbolic interaction" (Crowley and Mitchell, 1994, p.7). The assessment of information and the ability to produce, store, and transmit it are now very vital to socio-economic development. Therefore, some scholars have argued that the classification "information-rich" and "information-poor" may mean more in the years to come than distinctions based on gross national product (GNP)² or other traditional development indicators (Karunaratne, 1982). In

¹ *For the sake of clarity, the meanings of the following terms in this study are as follows: Information is here defined as data that have been organized and communicated; Communication is the process by which we understand others and in turn endeavor to be understood by them; Neoclassical economics identifies that approach in economics which analyzes how individuals and firms should behave to maximize their objective functions, assuming that activities are coordinated by the price mechanism and that markets clear so that the economy is in equilibrium at all times. Implied in this approach is the notion that important social forces arise out of self-interested behaviour and that these forces are hedged by entry and competition; Socio-economic development is the process of increasing the capacity of a social system to fulfil its own perceived needs at progressively higher levels of material and cultural well-being; Knowledge is regarded as a set of organized statements of facts or ideas, presenting a reasoned judgment or an experimental results, which is transmitted to others through some communication medium in some systematic form; Culture identifies the knowledge, beliefs, attitudes, and practices of a society including the way people think, feel, and behave regarding each other and the world around them; and Mind set is conditioned behaviour.*

² *Abbreviations and acronyms used in the study are presented as Appendix A.*

fact, one author has emphasized this point by asserting that if Karl Marx were alive today, he would have probably written his "magnum opus" on "Die Information" rather than on "Das Kapital" (Ploman, 1980). Both developed and developing nations are now spending a steadily increasing proportion of their economic resources on communication systems and services.

These developments have generated a growing debate among social scientists about the role and consequences of information and communication in the economy (Stigler 1961; Babe, 1993). A general conclusion is that conventional economic theory is not well equipped to analyze the role of communication, or more generally, the role of information handling activity. A major reason identified in this regard is that the neoclassical economic model "hypothesizes an impersonal, mechanistic world of individual autonomy and natural harmony" (Babe, 1993, p.30). Its perfect competition assumption pays very little attention to information and communication. It recognizes prices as the only means of information and communication relevant in economic decision-making. It contends that economic units consider prices as critical elements in making self-centred decisions. Therefore, through the price system, radical individual self-interest acts as an invisible hand in directing all economic decisions. This makes prices directors of the way resources are used and outputs distributed and measured. In this context, prices are perceived to contain all informative and communicative needs of economic agents. By this view, the neoclassical economic paradigm ignores the fact that economic activities are intricately bound up with and underpinned by a web of social relations and cultural ethos. This omission may make neoclassical economic analyses suspect because they are not anchored in the cultural operating context of the society under study. This suggests that the model may be limited in its approach to socio-economic development in societies with strong cultural beliefs.

Statement of the Problem

Notwithstanding this, the neoclassical paradigm has been extended to Sub-Saharan Africa (SSA) through the World Trade Organization (WTO), and by the International Monetary Fund (IMF), and the International Bank for Reconstruction and Development (IBRD) otherwise known as the World Bank, creating international financial neoclassicism. Since the 1980s, the Bank and the Fund have imposed their policy prescriptions on their Third World members, especially Sub-Saharan African countries, at an unprecedented level. While these prescriptions may be germane to their Western members, they may not be appropriate for Sub-Saharan Africa because of differences in culture. Cultural differences appear not to have been the concern of these institutions.

The framers of the Articles of Agreement of the IMF and the IBRD had foreseen only one world and by implication one culture, but soon after the war it became abundantly clear that there were two worlds. Though the Soviet Union sent delegates to the Bretton Woods Conference (for the negotiation of the institutions) who together with the other delegates accepted the Articles of Agreement, it refused to be a signatory of the Agreement. This was the beginning of two cultures. In the 1960s, a Third World (former colonies achieving their flag independence) came into being. This further complicated the issue because this development led to very rapid increase in the membership of the institutions. For instance, the World Bank was created with only 45 members of which 14 were European countries and 18 were from Central and South America (Mason and Asher 1973, p.4). In 1958, the membership rose by 48.9 per cent to 67. This was the result of Asian and African memberships increasing from 3 to 13 and from 2 to 7 respectively. Nine years later, total membership of the Bank stood at 106, indicating an increase of 58.2 per cent over the 1958 level. This large increase was due mainly to a rise in African membership from 7 to 34. In 1971 the Bank's membership rose to 116 and its 1995 membership was 182, with practically all Sub-Saharan African countries as members.

The Bretton Woods delegates did not anticipate these developments nor did they see any reason to distinguish those policies relating to trade, payments, and capital flows favourable to the growth and prosperity of the developed countries of the world from those favourable to the developing countries.

While this may be of concern, it is not the real issue of this investigation. The real issue is, 'the current operations of the institutions fail to recognize these developments. Consequently, they have ignored D. E. Lilienthal's veil reference to culture as "the almost unlimited latent capacity of the average man" (Lilienthal, 1964) in the developing countries, especially in Sub-Saharan African countries. The institutions' policies tend to create an elite corps - a literate, educated, and Western acculturated minority - capable of directing modified forms of institutions that have worked elsewhere. This ignores the cultural imperatives of the people and popular participation in the selection and execution of a wide variety of projects. The impression from this approach is that substantial local participation in planning and execution will jeopardize the physical work. However, if this is the case, it is questionable whether the project is worth undertaking at all. The creation of truly indigenous institutions require the recognition of the cultural environment and popular participation. Moreover, when responsibility is vested in the average person evidence suggests that change can come far more quickly than the tired and disillusioned ask us to believe approach.

In sum, the International Monetary Fund, the World Bank, and the World Trade Organization have a neoclassical economic mind set they impose on countries. However, Sub-Saharan Africa functions a lot differently from what is presumed by this philosophy. Consequently, the imposition of their structural adjustment programmes (SAP) in Sub-Saharan African can create a misunderstanding of purpose, thereby minimizing its intended impact.

Thesis Objective

This study focuses critically on the issues raised by the application of this philosophy in Sub-Saharan Africa. Alternatively, it attempts to develop emphatically the premise that development initiatives contribute to socio-economic development on a sustainable basis only to the extent to which they are effectively anchored in the relevant cultural operating context. It does so by addressing crucial questions such as:

- a) How does neoclassical economics view information and communication?
- b) To what extent does the neoclassical economic mind set differ from the values of Sub-Saharan Africa?
- c) In which way can the differences between African values and this mind set explain any deviations from the intended impact of the application of the neoclassical economic model of structural adjustment in Sub-Saharan Africa?
- d) Can we expect any improvement in the effectiveness of SAP through the incorporation of an understanding of Ghanaian culture and the notion of economics similar to the communicologists' holistic and wider perspective of economics and economic systems?
- e) And more precisely, can the reconciliation of Ghanaian traditional values with the imperatives of neoclassical economic efficiency and accumulation serve more generally to build an approach to socio-economic development not only in Ghana but in Sub-Saharan Africa as a whole?

Differentiation of Thesis from Previous Works

The thesis differs from previous works in the field in two ways. First, while the thesis is an extension of the works of Robert Babe and other communicologists, on information and communication in economics, there is one significant difference between it and these works. The communicologists' works, in the main, have criticized neoclassical economics on its limited perspective of information without expressively examining cultural issues in their criticisms. The current study attempts to take the information-neoclassical economics controversy a step further by including culture in the debate.

Secondly, the thesis differs from studies on the failures of neoclassical economics in Africa by economists of other persuasions. These studies have dealt mainly with the economic limitations of the neoclassical economic model, but do not, for the most part, address the importance of culture in explaining such limitations. This thesis redresses this situation through an ex post analysis of the application of structural adjustment in Ghana by using Ghanaian cultural imperatives to illustrate how the neoclassical economic model in its current form limits socio-economic development. This analysis is the basis for an alternative information economics which can account for such factors as self-reliance, public participation, and grassroots initiatives as key components in a socio-economic strategy.

One important limitation that needs to be acknowledged is that the thesis is largely an analytical exercise. It does not develop a conceptual framework within which a communication approach to development can evolve but a more preliminary task of building a better understanding of the linkages and mutually reinforcing roles of culture in socio-economic models of development.

Outline

The thesis is organized into two main parts. Part I comprises Chapters One and Two. Chapter One embodies a literature review on a key inconsistency of the neoclassical economic model, namely, the conceptual understanding of information and communication in economics. The review is classified into four main types of concept of information and communication; those developed by neoclassical economists, imperfect information models, institutional economists, and communicologists. It identifies and discusses the different literature on these four categories and suggests that despite the differences in the first three categories' treatment of information and communication, they all regard information as a commodity. It then presents and discusses the differences between this view and that of communicologists.

Chapter Two explores relationships among communication, African cultural perspectives, and neoclassical economics. The Chapter discusses Sub-Saharan African cultural perspectives including the African operating context, mind set, and socio-economic practices. It argues that the neoclassical economic paradigm constitutes a distorted communication model in that Sub-Saharan Africa operates differently from the assumptions and central tenets of the paradigm. It concludes that most of African perspectives of economics are similar to the communicologists' holistic and wider perspective of economics and economic systems.

Chapters Three and Four constitute Part II of the study which deals with case studies. The case study in Chapter Three is on structural adjustment in Ghanaian cultural context. The case addresses whether differences between African values and the neoclassical economic framework can account for the apparent failure of the application of structural adjustment programmes in Sub-Saharan Africa. It identifies and discusses Ghanaian cultural practices which are at variance with various neoclassical macroeconomic indicators. The Chapter challenges SAP as a sustainable

human development model for Ghana and suggests that it will take an adaptive approach for its Ghanaian venture to achieve respectable results.

Chapter Four presents a case study which demonstrates how development initiatives can contribute to socio-economic development on a sustainable basis when they can be effectively anchored in the relevant local operating context.

Various methods were used in collecting and analyzing the information on the case studies. They included field visits; collating and analyzing data from relevant document such as publications of the World Bank, the IMF, and the UN; CIDA project documents and reports; Non-Government Organization (NGO) reviews; and employing intimate personal knowledge of the area to interpret the results. The field visits were made in collaboration with two World Bank studies in Ghana between 1992 and 1996. Seven visits (three during the first study and four during the second) were made to Ghana during which extensive travels were undertaken in Ghana. Most of the research was carried out during the first study on "Culture and Development: the Case of the Institution of Chieftaincy in Ghana"³ conducted as part of the "Africa's Management in the 1990s and Beyond" research programme of the World Bank in 1992 and 1993 (see Kiggundu and Dasah, 1993). The final part of the research took place between 1994 and 1996 as part of the second World Bank study on the "Structural Changes of the Labour Forces of Ghana Telecom and Ghana Post" for Ghana's Ministry of Transport and Communications.

The last part of the study draws conclusions and discusses the implications of the investigation such as the generalization of its findings.

³ See Mamadou Dia, (1996), *Africa's Management in the 1990s and Beyond Reconciling Indigenous and Transplanted Institutions*, The World Bank, Washington, D. C.

CHAPTER ONE

1.0 THE CONCEPTUAL UNDERSTANDING OF INFORMATION AND COMMUNICATION IN ECONOMICS

The literature on information and communication in economics can be classified into the four broad categories of: neoclassical economists' perception, imperfect information models, institutional economists' view, and communication theorists' approach. This chapter explores the different perspectives of these concepts. First, it examines the treatment of information and communication by neoclassical economists. The second and third sections deal with the perception of information and communication by other economists. The common elements of these three different concepts are discussed in the next section while the final section deals with the communicologists' approach to information and informational activities.

1.1 Neoclassical Economist's Concept of Information

1.1.1 Radical Individual Self-interest

Traditional economics is concerned primarily with the efficient, least-cost allocation of scarce productive resources and with the optimal growth of these resources over time to produce an ever expanding range of goods and services. The foundation of neoclassical economics is simply the aggregation of individualistic desires and wants. Indeed, the whole theoretical exposition of production, distribution, and prices is based on the single assumption of radical individual self-interest¹. Adam Smith, whose *An Inquiry Into the Nature and Causes of the Wealth*

¹ Part of the material in this section was used in a paper for a chapter of a book: See Dasah, B.Z. (1994), "Application of Neoclassical Economics to African Development: A Curse in Disguise", in Babe, R.E. (ed.), Information and Communication in Economics, Kluwer Academic Press, Boston/Dordrecht/London, pp. 281-292.

of Nations (1776/1979) is the germinal book of both classical and neoclassical economics, explained the relation in this way: "it is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner but from their regard to their own self-interest" (pp.26-27). The ultimate rationale for the theory or model of economic activity is his famous notion of the invisible hand of capitalism. Accordingly, if each individual consumer, producer, or supplier of resources pursues self-interest, he or she, as if led by an invisible hand, will be promoting the overall interests of society. This is to say that the invisible hand transforms private vice into public virtue. The view that the pursuit of private interest ultimately leads to the pursuit of societal common objective has been challenged by a number of authors including Mancur Olson. In discussing the theory of groups, Olson argues that:

"even if all of the individuals in a large group are rational and self-interested, and would gain if, as a group, they acted to achieve their common interest or objective, they will still not voluntarily act to achieve that common or group interest" (Olson, 1972, p.2).

Nevertheless, the principle of radical self-interest is pervasive in the main body of the literature on neoclassical economics. Charles Jonscher (1982a, pp.62-63) has contended that economists of neoclassical persuasion assume that economies are constrained by their capacity for obtaining and processing materials and not by their limitations of processing information required to organize and co-ordinate production and distribution. This view obscures the importance of information in economic decision-making, leading George Stigler, a Nobel laureate in economics, to make the all important observation that information has occupied "a slum dwelling in the town of economics" (Stigler, 1960/1968, p.171). Writing in 1970, A. W. Sametz also lamented that neoclassical economics has had a very limited concept of information. In his 1976 article "An Institutional Perspective on Information", George Newman reiterated Sametz's contention by stating that "the dominant tendency throughout the history of modern economic theory, especially neoclassical economic theory, has been to treat informational conditions as phenomena to be assumed rather than formally

explained within models of resource allocation" (p.467).

1.1.2 Price Directed System

The neoclassical paradigm views the price system as the sufficient major information mechanism. In a pioneering article, Friedrich A. Hayek (1945, p.525) has argued that a centralized economy would find it difficult to communicate particular information to decision-making points, whereas in the neoclassical market economy all the relevant aspects of such information are efficiently disseminated through the price system (also, Hirshleifer, 1973, p.34, Babe, 1995, p.45). Implied in Hayek's argument is that, the price system acts as signal to producers by providing them with information to decide how much should be produced. The system also rations demand among households. Therefore, for neoclassicists, prices are the "guides" and "disciplinarians" of the way resources are used and outputs distributed and measured. The overall economic results are assumed as simply a summation of the effects of billions of decisions made by millions of producers and consumers on the basis of the price mechanism.

The price system acquires its fundamental quality of co-ordination from the fact that millions of independent economic units consider prices as critical elements in making their "self-centred" decisions. These prices at any given moment of decision are given facts and the goods, services, and resources generally are available at the posted prices. In this situation the way consumers spend their income is in good part determined by the price tags they see on consumer goods and the income they receive is in good part determined by prices (the wage rates) that is paid for the productive services they offer for sale. Similarly, producers are influenced in their production decisions by the prices they could get for the goods they might produce and the prices they would have to pay for the resources required for such production. The price consumers are willing to pay measures at least the degree of satisfaction they derive from the good or service in question. If consumers, so maintains the

model, feel that the price is too high relative to the satisfaction to be derived from the product, they will not buy. Producers will have to lower their prices to clear the market. The producers will adjust to consumer wishes by shifting production to other goods that consumers are signalling they want through their willingness to pay for them. The prices they are willing to pay for these goods measure the urgency of their desire which signals to manufacturers to produce them because in this way the suppliers expect to maximize revenue. The goods are produced by using the most economical combination of resources to minimize cost. Therefore, to the neoclassical economist, the economy's information mechanism is a price directed system which effectively generates freedom of choice in consumption and efficiency in production.

The neoclassical paradigm assumes a free and an unfettered market system with consumer preferences, the state of industrial art (technology), and the initial distribution of wealth (endowment) as given (Layard and Walters, 1978, p.227). Basic questions of what and how much to produce are assumed to be determined by the aggregate preferences of all consumers as revealed by their market curves for different goods and services. Producers are assumed simply to respond to sovereign consumer preferences, and to be motivated by the desire to maximize profits. Furthermore, they are assumed to compete with each other on equal terms in the purchase of resources and the sale of products.

The market system is seen then as an elaborate mechanism for unconscious co-ordination, through prices, of the knowledge, desires, abilities, and actions of millions of individuals. The operation of the free market system, so claims the theory, maximizes individual welfare given the initial conditions (endowments) and the Pareto criterion that "no one can be made better off without someone else becoming worse off" (Himmelweit, 1977, p.25). Since consumers are assumed to maximize their utility and since production responds to consumer wants, it follows that the result is welfare maximizing. If allowed to operate without certain types of constraints (e.g., legal or monopolistic constraints), the entire economy becomes a pleasure-maximizing

machine in which the differences between consumer benefits and production costs are increased to the highest level possible. Therefore, to the neoclassical economist, markets are informational and decision-making structures in which communication takes the form of prices.

1.1.3 Perfect Competition

Human relations in the free market model are not personal or communitarian but merely exchange relations based on individual greed, mediated by commodities and money (Babe, 1993, p.19). Human interactions in the market model are means to an end, namely, the disposal and acquisition of products or services to gain higher "utility". Prices facilitate such exchanges by assisting economic agents to locate each other, and to make them more aware of the attributes of the commodities bought and sold. Neoclassicism therefore regards the market as an automatic, impersonal, and self-equilibrating mechanism. The market is also viewed as "an all-powerful and all-knowing mechanism of stability, optimality, efficiency and justice with which one interferes only sparingly, circumspectly, and reluctantly" (Himmelweit, 1977, p.27).

The neoclassical economist's notion of perfect competition is central to this process (Samuelson, et al., 1988, p.488). The two standard assumptions in this tradition are: that all economic agents are informed at least to the extent that all relevant variables of their decision-making environment are known with definite probability, the ideal case being a situation of perfect knowledge (i.e., a case in which the sum of the probabilities is unity), and that all such information is available instantaneously and at no cost (Samuelson, 1988, p.488). Kenneth Arrow has formulated this concept as:

The competitive system can be viewed as an information and decision structure. Initially, each agent in the economy has a very limited perspective. The household knows only its initial holdings of goods (including labour power) and the satisfaction it could derive from different combinations of goods acquired and

consumed. The firm knows only the technological alternatives for transforming inputs into outputs. The "communication" takes the form of prices. If the correct (equilibrium) prices are announced, then the individual agents can determine their purchases and sales so as to maximize profits or satisfactions. The prices are then, according to pure theory, the only communication that needs to be made in addition to the information held initially by the agents. This makes the market system appear to be very efficient indeed; not only does it achieve as good an allocation as an omniscient planner could, but it clearly minimizes the amount of communication needed (Arrow, 1979, pp.313-314).

Arrow's statement clearly indicates that neoclassical economic theory assumes all prices, wages and interest rates are determined by the free play of the forces of supply and demand. The theory also assumes that each of the millions of consumers and thousands of producers is so small in relation to total demand and supply that no one can individually influence to any extent the market prices and quantities of goods, services, and resources bought and sold (Koutsoyiannis, 1979, p.154).

1.1.4 Blind Spots

In sum, the role of information and communication in neoclassical economics is subsumed by its principle of radical self-interest, price directed system concept, and perfect information assumption. The treatment of information and communication in this manner raises a number of doubts. For example, can the neoclassical paradigm accommodate the real life phenomenon of imperfect information and the repeated processing of information predicated on the requirement of obtaining information to update previous information?

1.1.4.1 Perfect knowledge assumption

One of these doubts concerns the theory's perfect knowledge assumption. Ronald Coase has observed that firms purposefully bypass or suppress the price mechanism. Accordingly, they deliberately administer flows of resources rather than rely on markets to do so because there is cost involved in using the price mechanism (Coase, 1937, p.326). He identifies these costs to include those involved in discovering

what the relevant prices are and the costs of negotiating and concluding a separate contract for each exchange transaction which takes place in the market. He argues that though the former costs can be reduced by specialists who sell this information, they can never be eliminated totally.

Another doubting Thomas is Frank Knight who maintains that true profit derives from uncertainty. Knight buttresses this view by arguing that the perfect knowledge assumption means markets can discount future shortages thereby eradicating the possibility of economic profit (Knight, 1946; also cited in Babe, 1994, p.48). Other writers (e.g., Horald Demesetz, 1969; L. A. Boland, 1970; C. Tisdell, 1975) have also questioned the perfect knowledge assumption of the neoclassical economics paradigm. They posit that the assumption of perfect knowledge implies that the only economic analysis which really results from the mainstream economics' approach is a comparison of resource allocation outcomes produced under perfect knowledge with those produced under imperfect knowledge. They further argue that since imperfect information is regarded as a distortion from the outset, the conclusion that resource allocation is improved if the distortion is not present is unavoidable. George Newman has developed this line of thought further by maintaining that the only interesting policy questions which arise from this approach concern the size of the distortion, the welfare cost involved, and its potential removability (Newman 1976, p.468). He further maintains that since the actual world being explained by the model is clearly one of imperfect knowledge, the simple policy prescription is to remove the distortion and approach the ideal. However, Richard Lipsey and Kevin Lancaster (1956) as well as James Buchanan and W. C. Stubblebine (1962, p.375) have shown that this prescription may be problematic because the elimination of the informational distortion may create other more serious distortions. Besides, since the paradigm contends that individuals and organizations are already perfectly informed, then there is no need for them to obtain information from others, and therefore, there is no place in the theory for the processing of information and communication.

1.1.4.2 Viability of equilibrium theories

Although the neoclassical approach perpetuates the view that informational phenomena can be handled in the context of an equilibrium theory, the literature is replete with doubts about the viability of equilibrium theories in a world of imperfect and costly information. In their interpretation of Keynes' *General Theory of Employment, Interest, and Money* (1936), A. Leijonhufvud (1968) and G.L.S. Shackle (1973) have maintained that in a world of imperfect information, a neoclassical general equilibrium cannot be preserved and must give way to an analysis of general disequilibrium (also Clower, 1965, p.112; Barro and Grossman, 1971, p.87).

Other critics have suggested that the basis of the paradigm according a low priority to information is its attempt to handle information in the context of equilibrium theory (Jonscher, 1982a, p.62). They argue that the static nature of the model, and in particular its reliance on the notion of static equilibrium, makes it difficult to handle information. The difficulty of handling informational activities within a static equilibrium framework arises because a continuing requirement for information can only exist if economic circumstances are in some way changing. In this regard, Charles Jonscher (1982a, p.62) has observed that "in any model of the economy in which conditions are static, agents will generally learn all the facts that are relevant to their activity in the economic system", so the need to obtain and communicate items of information will disappear.

One may also add that equilibrium economics is time-blind. All changes are theoretically reversible. This is contrary to real life phenomena where time moves in a unidirectional manner, making futures uncertain and highly threatening. The need to hedge, predict, pre-empt, and control against unforeseen dangers is intrinsic to all strategy and behaviour. Consequently, George Newman's repartee is that economic choices involving the future cannot have a rational or equilibrium-determined foundation (Newman, 1976, p.473) because the analysis is predicated upon imperfect information.

1.2 Imperfect Information Models

1.2.1 The Models

Some economists have recognized and incorporated the concept of imperfect information into their analyses. In 1961 Stigler considered the searching behaviour of agents who were imperfectly informed as to the price of a commodity and could, at some cost, sample prices from a random distribution. The theory of price search has since been taken up by other authors such as J. J. McCall (1965), P. Nelson (1970), Lester G. Telser (1973), Micheal Rothschild (1974), and P. A. Diamond (1978). The first formal analysis of market behaviour in the presence of uncertainty about product quality was carried out by George A. Akerlof in (1970). The analysis is concerned primarily with the mechanisms of signalling and screening which arise in competitive markets in the presence of uncertainty about some product attributes. Subsequently, Akerlof (1976) further considered information transfer through a costly signal; and S. Salop (1977) discussed self-selection devices in the labour market in which applicants are induced through the pricing scheme to reveal true information about themselves by their market behaviour. Similarly, Michael Rothschild and Joseph Stiglitz (1976) analyzed an insurance market where the product attribute about which there is imperfect information is each individual's risk class.

In the 1970s and 1980s the emphasis on the nature of information within markets became central to the works of economists of other persuasions. The rational expectation school tried to change the perception of the working of the market and the effectiveness of government policies (Barro, 1981; Muth, 1981; Sargent and Wallace, 1981). Though all these approaches see information as a thing rather than as a relationship, they cast serious doubts on the conventional perfect-information paradigm. They suggest that all economic transactions are embedded in imperfect information which has a serious implication for the neoclassical economists' perception of markets.

1.2.2 Imperfect Information and Markets

As Joseph Stiglitz has argued, and rightly so, imperfect information alters the conventional notion of a market, making central statements of competitive theory questionable (Stiglitz, 1985, p.21). According to him, the perfect competitive assumption of neoclassical and general equilibrium economics does not confront the problem of repeatedly processing information. He further maintains that this is far from the practical situation in which information is continuously being collected and processed and decisions based on that information are continuously being made. Additional to Stiglitz's observations is that the interrelations among firms, individuals, and sectors are more complex than the competitive model suggests. For example, in some cases, it is not the action of single individuals that conveys information, but the action of groups of individuals. Even more, the logic of the contention that individual and firm behaviour can be thought of as the solution to a maximization problem is certainly questionable. In this regard, Stiglitz aptly points out that the world is not convex and consequently, the behaviour of the economy cannot be described as if it were solving any maximization problem (p.23). He succinctly describes this situation as "how is the individual to resolve the infinite regress of whether it is worthwhile to obtain information concerning whether it is worthwhile to obtain information" (p. 23; also see Winter, 1964).

1.2.3 Maxim of Non-discontinuities

Similarly, proponents of imperfect information models have attacked the neoclassical maxim of non-discontinuities and the law of supply and demand. They suggest that in neoclassical models with adverse selection, competitive equilibrium might not exist because there is imperfect information concerning the characteristics of what is being bought or sold in the market (Stiglitz, 1979 and 1985). In the typical situation in the literature, information endowments are asymmetrical. Specifically, let us assume that sellers know the quality of products but buyers do not. Suppose that

buyers can only judge quality by average levels in the market. Then sellers with inferior products are encouraged to offer them for sale while those with superior products are correspondingly discouraged. To avoid this situation requires the diffusion of information. Salop and Stiglitz (1977, p.495) have maintained that in capital markets in which prices convey information, if no one obtains any information there is an incentive to obtain, but, if anybody does obtain information, the price will perfectly reflect the information. Therefore, the individual who obtains the information is no better off than an individual who does not. This creates a non-existence of an equilibrium and a non-convexity from the discrete nature of search.

These conclusions correspond to the suggestions made by Rothschild and Stiglitz (1976) that there is no natural way of ruling out non-convexities in the presence of imperfect information. Yet, the traditional theory takes market clearing and the assumption that there is a single price associated with any commodity as part of the definition of equilibrium. The imperfect information approach holds that in the presence of imperfect information, under reasonable definitions, equilibrium is not characterized by supply equalling demand or by the law of single price. A breakdown can occur whenever prices convey information about quality. In the analysis of price information as opposed to quality or brand information, neoclassicism generally assumes that authenticity is manifest, even though deceptive ways of quoting price are not unknown in the world of affairs. This simplification, together with the measurability of price, has permitted rigorous mathematical solutions of some outstanding questions. Nevertheless, uncertainty about quality poses an intrinsically more difficult problem than uncertainty about price. For example, quality may be multi-dimensional, unquantifiable in some respects, and may even contain an irreducible subjective element. Quality may be affected either because of selection effects (e.g., if people buy Honda cars because their parents owned Honda cars before them) or because of incentive effects (for instance, advertising, sales coupons, etc.). In these cases, the quantity demanded of the product

is not determined by only its price.² Consequently the law of supply and demand does not obtain, making Stiglitz (1985, p.29) to argue that this may result in the non-existence of a Walrasian equilibrium³ (a set of wages and prices at which markets clear). Therefore, the existence, optimality, and characterization results of the free market economics paradigm are not robust.

1.2.4 Refurbished Neoclassical Paradigm

While the imperfect information theories do much to improve our understanding of the effect of uncertainty in certain well-defined market situations, they are in the main concerned with the analysis of information about some quite specific parameter of interest to the economic agent. In developing the models, the authors typically select the object of uncertainty as a single factor - the price of a product, the productivity of a worker, or the riskiness of an insurance contract - and then proceed with the analysis on the assumption that the remainder of the economy corresponds somewhat to the smooth-running perfect-information model. This assumption appears to be very helpful to the writers since it allows them to take advantage of the extensive set of analytical tools that have been developed with the neoclassical model. But it prevents the role of information from taking a really central place in the resulting theory, making its applicability not sufficiently general.

Therefore, in an attempt to construct new paradigms the imperfect information theorists still allow themselves to be constrained by traditional neoclassicism. Their policy prescriptions are basically neoclassical in nature. However, it can be deduced from their analyses that markets with a limited number of firms may be more competitive than those with a large number of firms which

² For a treatment of non-price aspects of the firm, see Koutsoyiannis, A. (1982), *Non-Price Decisions: The Firm in a Modern Context*, London, MacMillan Press Ltd.

³ In his *Elements of Pure Economics*, Léon Walras argued that all price and quantities in all markets are determined simultaneously through their interaction with one another.

contradicts neoclassical conclusions. A firm lowering its price in the former (limited number of firms') case does not induce any search. The price decrease is readily noticed by both consumers and firms alike. On the other hand, a price decrease in the latter induces a considerable search. So there is little incentive for the other firms to match the price decrease. Therefore, perceived demand curves may be more elastic with a limited number of firms than with a large number of firm. To say the least, this conclusion may sound like a revolution to the long held perfect competition tenets of neoclassicism which proclaim the opposite. Be this as it may, the imperfect information theories still limit professional attention to only those human interactions or exchanges mediated by money. However, this is but one side of the story: information and communication serve a more complex and profound role than suggested by both the neoclassical and imperfect information paradigms. The models seek to bring the dimensions of information unto a homogeneous plane of economic analysis. Therefore, they regard the firm as merely an economic institution maximizing profit, and not as a complex social organism with sociological, psychological, and political aspects that must be brought into view if the models are to perform adequate analysis. The models fail to recognize any fundamental differences between the individual entrepreneur and the multinational firm. Conflict of interest within the firm, between workers and managers, middle and top managers, centre and periphery, are simply ignored.⁴

1.3 Institutional Economists' Concept of Information

To this end, the subdiscipline of institutional economics has attempted to incorporate the issue of firms as complex organizations in its analysis. Institutional economists have accepted in the main that neoclassical economists and imperfect information theorists tend to ignore institutions and to conduct their theorizing on a

⁴ An exception can be found in Fitz Roy's (1988) "The Modern Corporation: Efficiency Control and Comparative Organizations", *Kyklos*, Vol. 41, pp. 239-262.

level that is both too abstract and too narrow. For instance, the institutional structure of an economy is assumed by neoclassical economics as a fixed parameter in the analysis of resource allocation problems. Micheal Rutherford's contends that this assumption has been rationalized either in terms of the long-run or short-run view. "In the long-run approach, the institutional structure is regarded as having already adapted to its long-run optimum position and then the analysis proceeds with this optimum as given. In terms of the short-run view, it is assumed that the period under consideration is too short to permit any institutional change whatsoever" (Rutherford, 1984, p.334). Institutional economics advocates for systematically extending economic analysis beyond this conventional scope. The central thrust is to study "man as he is, acting with the constraints imposed by institutions" (Coase, 1984, p. 231; Rutherford, 1984, p. 332). Thorstein Veblen identified and commented on this point much earlier. He maintained that "the fabric of institutions intervenes between the material exigencies of life and the speculative scheme of things" (Veblen, 1908/1990, p.44).

The literature identifies two basic approaches to institutional economics (Langlois, 1988, p. 276; Rutherford, 1989, p.299). One approach, associated with the work of Thorstein Veblen (1899/1953), John Commons (1934), Wesley Mitchell (1925) and Clarence Ayres (1952), professes a holistic method which concentrates attention on the socialized nature of man, in short, on man as a social product. So society is the institution and man is its product. Authors of this tradition (e.g., M. Shubik, (1975); Andrew Schotter, (1981); Friedrich A. Hayek, (1973 and 1979); and Richard Langlois, (1986)) rely on game theory in their analysis. The other approach includes the work of: Harold Demsetz (1967), Richard Posner (1972 and 1981) on common law; James M. Buchanan, R. D. Tollison and G. Tullock (1980), and Olson (1982) on rent-seeking and distributive coalitions; Douglas North (1978 and 1981) on transaction cost analysis as applied to economic theory; and Oliver E. Williamson (1975 and 1985) on organizational evolution. Both approaches take as exogenous (non-explainable) only the psychology of individuals (e.g., preferences and goals) and initial resource endowment. All social phenomena are endogenized (taken as

explainable variables) and reduced to theories of individual action (Nozick 1977, Boland 1982). In addition, they subsume an "institutional state of nature" in which no institutions are supposed to exist. This approach is clearly illustrated by the works of Andrew Schotter (1981), Douglas North (1981 and 1981), and North and R. R. Thomas (1973). Commenting on the inadequacy of these approaches, J. C. Harsanyi (1968, p. 321) contends that social norms should not be used as basic explanatory variables in analyzing social behaviours, but rather should be themselves explained in terms of people's individual objectives and interests.

Writing in 1986, G. Hodgson emphasized this point by stating that "the individual's psychology can no longer be taken as exogenous to institutional development" (p.221). He maintained that to do otherwise would mean to deny that prevailing institutions significantly affect the course of development of new rules and institutions. However, as Micheal Rutherford (1989, p. 302) has pointed out, this implies that each step in institutional evaluation can be analyzed as if pre-existing institutions have no influence on the choices made. In a similar argument, J. Agassi (1960, p.255) maintains that alternatively it can be accepted that pre-existing institutions do affect choices and the further evolution of institutions, in which case institutional evolution should be traced back to some pre-institutional state of affairs, some original starting point in which only material environment and human nature determined rational action. Game theorists, such as Andrew Schotter (1981) have adopted the approach that pre-existing institutions do affect choices. Others including Douglas North and R.R. Thomas have adopted the other approach. For example, in their book, *The Rise of the Western World: A New Economic History*, North and Thomas treated institutions and institutional change as the dynamic consequences of constrained optimization.

Malcolm Rutherford (1988, p.162) has suggested that neither alternative, however, has been successfully carried through. North supports this conclusion in his old age. In a retrospective view published in 1981, he appeared to have abandoned

his previous stance. He stated that a strictly reductionist neoclassical model of self-interested individuals cannot explain why people obey the rules of society when they could evade them to their benefits. To him, a purely neoclassical world "would be a jungle and no society would be viable" (North, 1981, p. 11). He further contended that neoclassical theory cannot explain why individuals will act to try to alter institutions often at great personal cost. North's argument is that change and stability in history require a theory of ideology to account for these deviations from the individualistic rational calculus of neoclassical theory.

Some game theorists have claimed to be able to solve North's concern by explaining that co-operative behaviour might emerge without recourse to reference to an exogenous ideology. The difficulty with this argument is that it does not avoid the necessity of specifying some exogenous information such as given rules, institutions, or basic norms or behaviour. For example, in the often used prisoner's dilemma, the emergence of a co-operative solution depends critically on the game actually being repeated a number of times. There is a subsumed requirement that no party to the game can simply exit the game or inflict catastrophic damage on others that prevents retaliation (Koutsoyiannis, 1979, pp. 412-413). A. J. Field (1984, p. 699) has illustrated this point succinctly by arguing that "the situation of a prisoners' dilemma game already assumes an overall structure of rudimentary non-betrayal (i.e., perfect knowledge) interaction". However, the non-betrayal interaction concept is an unrealistic assumption because the world is not static but dynamic. Therefore, to generate theories which are applicable to all situations (monoeconomics) is far from the truth because the only constant in our world is change and change brings in its trail imperfect information.

1.4 Common Denominator

1.4.1 Information as Commodity

Despite the numerous differences in their treatment of information and communication, all the approaches are of one accord in regarding or attempting to regard information as a commodity (Arrow, 1962; Boulding, 1966; Hirschliefer, 1973; Machlup, 1980). In this case informational and communicatory activities are viewed as any exchange product of economic activity that can be studied in monetary terms (Feketekuty and Aronson, 1984, p.221). In this context, it is believed that information held by one party can be and is traded for money possessed by another. It is maintained that the exchange occurs when both parties benefit because of differences in valuation of the information under consideration. According to neoclassical economic theory, the valuation process is the result of the interaction between the valuation placed on the information by those without it (demand) and the valuation by those who hold the information prior to the exchange (supply). Underlying the demand for the information is its "utility" or usefulness in satisfying wants or needs, and underlying its supply is the foregone utility or cost in losing its proprietary rights through the sale. Therefore, the purported function of information is primarily to satisfy consumers' wants or preferences, and consumers are assumed to acquire it in quantities such that price equilibrates marginal utility.

In criticizing this approach Ingrau and Israel (1990, p.5) assert that it has some flaws regarding both the supply of and demand for information. They contend that on the demand side, it suffers from standardization and measurement problems. They argue that units of commodities are usually physically identical irrespective of their different locations and times of production but units of information are not. Supporting this argument, Marc Porat (1977/1983, p.16) has appositely observed that "information is by nature heterogenous". To this end, Micheal Rubin holds the view that it is not possible to standardize information, and consequently to count units of

it (Rubin, 1983, p.17). An inference from Rubin's contention is that in more general terms, information does not exist objectively in and of itself so as to be countable. It exists only in particular contexts; changing contexts changes the quality of the information. Additionally, Beth Allen has also contended that information has certain unique characteristics, contrasting those of exchange commodities. For example, one unit of information of any given type usually generates satiation since "identical copies of the same information (the normal requirement for commodities) are worthless unless the duplicates can be sold" (Allen, 1990, pp. 269-270). Referring to another unique characteristic of the demand for information, Joseph Stiglitz has mused that "How is an individual to revolve the infinite regress of whether it is worthwhile to obtain information concerning whether it is worthwhile to obtain information?" (Stiglitz, 1985, p.23). Kenneth Arrow had earlier discussed this aspect of information by writing in 1962 that "information's value for the purchaser is not known until he has the information, but then he has in effect acquired it without cost" (Arrow, 1962/1971, p.148).

Another difficulty of this "disembodied or incorporeal character of information" has also been identified by Robert Babe (1995, p.16). He argues that unlike ordinary goods and services, information lacks the characteristic of "final consumption". According to him:

Rather than final consumption, there is only accumulation, dissipation or transformation. Any "piece" of information created by one and imparted to another transforms ("informs") the second person, affecting his or her thinking process and actions (i.e., his or her behaviour, perceptions, taste and preferences, or outputs). Information continues to spiral down through the ages in dissipated and/or transformed forms, being altered to varying degrees through each transmission process. This total connectivity through time weakens the capacity of economists to analyze information industries, since economists try to isolate an interval of time within which all final effects are revolved, an impossibility for information" (Babe, 1995, p.16).

Commenting on the supply of information, Kenneth Arrow (1962/1971) has

pointed out that information typically violates three classical properties of privately supplied goods. First, since producers of information cannot normally charge for further uses of it once disseminated, the returns on information-supply are not fully appropriable (Arrow, 1962/1971, p.147). Arrow's next point is that information is subject to increasing returns in use because further users of information are able to employ or transmit information received at a lower cost than the original supplier. Implied in Arrow's arguments is that information is a public good, a characteristic that differentiates it from most goods and services. As a public good, it is difficult or costly to exclude those who choose not to pay for it. This public good trait forms the basis of Arrow's third classical property of information. The use or consumption of it by one does not subtract from (it may even add to) the use or consumption by others (McCloskey, 1985, pp.191-192).

A further complication of the information as a commodity concept is that neoclassical economists find pragmatic difficulties in identifying those areas that should be considered as part of information despite efforts going back to at least Hayek's 1945 classic article or, even in the view of others, all the way to Adam Smith. For example, in Carl Friedrich von Weizsacker's opinion, "information" is rooted in "form" or "pattern," or "structure." To him, this form "can refer to the forms of all kinds of objects or events perceptible to the senses and capable of being shaped by man: the form of the printer's ink or ink on paper, of chalk on the blackboard, of sound waves in the air, of current in a wire, etc". (von Weizsacker, 1980, pp.38-39). von Weizsacker further contends that matter and form are conceptual complements. He buttresses this claim by maintaining that "In the realm of the concrete, no form exists without matter; nor can there be matter without form" (p.39). This has made James Beniger to suggest that information may be termed epiphenomenal in that "it derives from the *organization* of the material world of which it is wholly dependent for its existence" (Beniger, 1986, p.9). Sandra Braman developed Beniger's assertion further. She argues that it is this "non-materiality" that makes information so difficult to appropriate (Braman, 1989, p.238). To her, different substances, and even human

memories, can easily be shaped or formed to convey or hold the same information. Because of these difficulties, the information as a commodity approach does not reach many of the critical phenomena in which information is involved. As a result, Arrow (1979, p.307) has asserted that orthodox economists relegate the importance of information to the mere role of reduction in uncertainty.

1.4.2 Shannon and Weaver Model

Reduction in uncertainty appeals greatly to the economist because it reduces the cost of search identified by some economists (e.g., Stigler, 1960/1968, p.183-184; Jonscher, 1982a, p.66) and increases productivity of decision-making. This has led some economists to model information similar to the information theory of Claude Shannon and Warren Weaver (1949) to increase its predictability. So they regard information as a measure of the predictability of the signal, or the number of choices open to the sender. The role of information then is to reduce the number of alternatives from a pre-established set which are perceived with respect to the occurrence of an event and the relative probabilities of these alternatives.

The Shannon and Weaver's theory posits that the quantity of information operates in binary digits and that "the quantity of information in the simplest case is the logarithm to base 2 of the number of available choices". If there are only two choices, a sender can inform the receiver of the selection of either of the choices by a "bit", that is, a "one" or "on" rather than a "zero" or "off" (Shannon and Weaver, 1949, p.9). As an example, if there are 32 alternatives, the sender will need five bits or signals ($\log_2 32 = 5$) to inform the receiver of the selection of one of them. Also, if there are 4 alternatives the sender needs only 2 signals ($\log_2 4 = 2$). Taking the former example, the quantity of information transmitted will be five signals or units because according to Shannon and Weaver, each of the 32 alternatives can be uniquely identified by sequences of five binary digits. This approach appeals greatly to the economist because it appears to provide a basis, though erroneous, for the

measurement of information. While they are quick to embrace this model, neoclassical economists clearly ignore the basic difference between their contention and that of Shannon and Weaver. Discussing this point, Robert Babe reminds us that:

According to Shannon and Weaver's method, a buyer confronting two possible and equally probable prices for a commodity receives one unit of information when informed of a seller's price, whereas in facing sixteen possible and equally probable prices receives four units of information when made aware of the seller's price. According to information economists, however, the "amount" of information imparted depends not at all on how many options a single seller has to select from in isolation, but rather on the number of sellers and the dispersion in their prices. For information economics the buyer in being apprised of one price receives more information in confronting two sellers than in confronting sixteen" (Babe, 1994, p.53)

1.4.3 Overcoming Explainable Difficulties

Babe's contention identifies some explainable difficulties for neoclassical economists. Some economists such as Alain Madec (1981) and Charles Jonscher (1982b) have attempted to overcome these difficulties by defining and treating information as a resource in their policy prescriptions. Consequently, Al Hester and Mustapha Masmoudi have maintained that the debate on the New World Information Order is built upon and rife with discussions of the political impact of international flows of information as a resource (Hester, 1974; Masmoudi, 1980). Some well renowned communicologists, such as Paul Lazarsfeld, have also treated information as a resource. For example, Sandra Braman has suggested that "much of mass communication theory, beginning with Lazarsfeld, Berelson, and Gaudet's work on the two-step flow⁵ and including the multitude of diffusion studies, treats information

⁵ Some of the pertinent works being referred to are: Paul F. Lazarsfeld, Bernard Berelson and Helen Gaudet (1984), The People's Choice: How the Voter Makes Up His Mind in Presidential Campaign, Columbia University Press, New York; J. Oliver Boyd-Barrett (1982), "Cultural Dependence and the Mass Media", in Michael Gurevitch, Tony Bennett, James Curran and Janet Woollacott (eds.), Culture, Society and the Media, Methuen, New York, pp. 174-195; Peter Golding, "Media Role in National Development:

as a resource" (Braman, 1989, p.235). In all these contexts, the generic concept of "information resources encompasses any information content represented in any way, embodied in any format and handled by any physical processor" (Oettinger, 1980, p.194).

Conceptually, these authors believe that viewing information as a resource is easy to grasp and apply as well as extend its application to a number of different settings. The emphasis in this regard is on "the use people make of information rather than its effects on people and society" (Ravault, 1981, p.130; also cited in Braman, 1989, p.236). However, in the view of Yale F. Braunstein and others, information is unlike physical matter: it is not composed of mass and energy and so it cannot be subjected to physical laws (Braunstein, 1979). These scholars argue that the combined effects of these characteristics make it impossible to adequately treat information like physical resources in economic terms. Commenting on this, Sandra Braman has asserted that:

From the perspective of information as a resource, information and its creators, processors and users are viewed as discrete and isolated entities. Information comes in pieces unrelated to bodies of knowledge or information flows into which it may be organized. The social structure as viewed this way is simple (there are two classes - haves and have-nots), and the scope of the phenomena covered is limited. Information is not seen to have any power in and of itself (Braman, 1989, p.236).

Inherent in Braman's argument is that the information as a resource approach ignores other types of values intrinsic in social, cultural, religious, and aesthetic

Critique of Theoretical Orthodoxy", Journal of Communication, Vol. 20, No.3, 1974, pp. 39-53; Lucian W. Pye, "Communication, Institution Building and the Reach of Authority", in Daniel Lerner and Wilbur Schramm (eds.), (1967), Communication and Change in the Developing Countries, East-West Centre, Honolulu; Lucian W. Pye (1956), "Communication Operations in Non-Western Societies", Public Opinion Quarterly, Vol. 20, pp. 249-257; Everett M. Rogers (1969), Modernization among Peasants: The Impact of Communication, Holt, Rinehart and Wilson, New York; Everett M. Rogers (1976), "Communication and Development: The Passing of the Dominant Paradigm", Communication Research, Vol. 3, pp. 213-240.

information because its emphasis is on only the economic value of information. This is but a very simplistic view of real world circumstances. Real life situations involve both a material economy (the production and exchange of material goods and services) and a symbolic economy (e.g., scientific theories, novels, folklores, etc.). The two economies are intertwined. Economic relations tend to encroach upon and transform otherwise non-commoditized or purely communicatory interactions - a process the economic historian and communication theorist, Harold Innis, termed "the penetrative powers of the price system" (Innis, 1938/1956, cited in Babe, 1995, p.22). On the other hand, the non-commoditized sector affects in complex ways the economic sector. The material economy depends essentially on the symbolic one, e.g., on money, motivations, disciplines, transfer of skills and knowledge, etc. The symbolic economy is based on information and technologies of communication. The information as a resource view concentrates only on the material economy and ignores the symbolic one. Therefore, most communicologists view such economic paradigms as a highly circumscribed notion of information and communication on analyses of human interaction.

1.5 Communicologists' View

1.5.1 Social Behaviour is Exchange Activity

This contention of communicologists stems from the fact that in the mainstream economic model, attention is drawn to sellers and buyers only in so far as they are engaged in exchanging goods and services for money. Human relations are viewed as monetized exchange relations, involving sellers disposing of items or labour power in order to attain products or labour services that they value more highly. Communicologists, on the other hand, view economic activities and economic systems in a much broader perspective: within the context of the overall society. This conviction includes all social behaviour which is perceived as a product of exchange activities. George C. Homans (1961), for example, has emphasized that most, if not all, social behaviour can be viewed as an exchange of activity - tangible or intangible,

and more or less rewarding or costly - between at least two people. Other communicologists, especially of symbolic interactionism⁶ persuasion, (e.g., George Herbert Mead, 1934; John Dewey 1922; Manford Kuhn, 1964; Herbert Blumer, 1969; Robert S. Prinbanayagan, 1991; Wendy Leeds-Hurwitz, 1992; to name a few), underscore this line of thought. They contend that social behaviour (which includes the behaviour of buyers and sellers) is derived from social interaction through symbols.

1.5.1.1 Social interaction

Joel M. Charon (1998, p.206) advances this view by maintaining that human society is "a process of individuals in interaction - cooperating, role taking, aligning acts and communicating". In other words, societies consist of individuals interacting with one another. Charon further contends that the activities of the members occur predominating in response to one another or in relation to one another. Symbolic interactionists, therefore, assert that human beings learn the meanings of things primarily through their interaction with other persons, that is, they are taught how to define the world which surrounds them by their experiences during social interaction (Heiss, 1981, p.303).

This has made Herbert G. Mead to remark that "human beings act toward

⁶ *Symbolic interactionism is usually traced back to the work of George Herbert Mead (1863-1931), who was a professor of philosophy at the University of Chicago. Mead did not publish a book on the subject. He only wrote articles. His influence on symbolic interactionism comes through the publishing of his lectures and notes by his students, and through the interpretation of his work, especially by Herbert Blumer, a former student. Writing primarily in the 1950s and 1960s, Blumer's perspective includes the works of other thinkers such as John Dewey, William James, Charles Peirce, William Thomas, and Charles Horton Cooley. The 1980s and 1990s brought new leaders, among whom are Norman K. Denzin, Alfred Lindesmith, Anselm Strauss, Sheldon Stryker, Gary Fine, David Maines, Tamotsu Shibutani, Howard Becker, John Lofland, Carl Couch, and Joel M. Charon. The 1980s and 1990s have also seen the growing importance of Erving Goffman and dramaturgical sociology (the view that social life is like a staged drama), which has been influenced by and is influencing traditional symbolic interactionism.*

things on the basis of the meanings the things have for them" (Blumer, 1969, p.2). Meaning, in this case, is the product of complex images and attitudes that the thing elicits for a person. Therefore, the term is not limited to inanimate things. It includes people - "the actor" (i.e., the person who is being focused on) and "others" (the persons with whom the actor is interacting). Stressing this point, Jerold Heiss (p.3) contends that:

The key data for [symbolic] interactionists are people's perceptions. The fact that an other is, in fact, kindly or cruel may not be very significant. The fact that we define (emphasis in the original) him or her as one or the other is (emphasis in the original) important, because - regardless of the facts - we will act on that belief.

Mead had earlier stated Heiss' contention by suggesting that:

The meanings of things are derived from, or arise out of, the social interaction that one has with one's fellows. The definitions that we apply to a situation are based upon our previous interactions and on our experiences in the earlier stages of the present encounter (Blumer, 1969, p.2).

These statements plainly emphasize that meanings arise out of interaction with others. Through the process of interaction, individuals come both to see and to take the role of the other and to place on themselves the same demands others place on them. In this regard, symbolic interactionists maintain that "individuals remain actors as well as objects, selecting, regrouping, and transforming meaning in light of the situation in which they find themselves" (Martindal, 1981, p.354). This notion of social interaction greatly differs from that of the economist which treats social interaction as having little, if any, significance in its own right.

Being premised on radical individual self interest, neoclassical economics takes social interaction for granted. Its concept of social interaction is confined to only interaction within a market where buyers and sellers have a predetermined goal, namely, the exchange of commodities for money. Consequently, economists define a market as "a process by which buyers and sellers of a good interact to determine its price and quantity" (Samuelson, Nordhouse, and McCallum, 1983, p.40). They regard

the meaning of the interaction (i.e., the exchange process) as adequately defined by prices and the utilities of commodities.

Furthermore, under the perfect market assumption of neoclassical economics, interaction (i. e., exchanges) takes place under perfect conditions where each buyer or seller has a negligible impact on prices. This means, the behaviour of each party has no marked effect on the rate of exchange between them. Also, this assumption requires the presence of many buyers and sellers which implies that no one buyer needs enter into more than one transaction (interaction) with any one seller. Be as it may then, neoclassical economics does not consider the real life situation of how a person who drives a hard bargain with another affects their behaviour in the next transaction (interaction). It simply imagines that no one buyer needs enter into more than one interaction (transaction) with any one seller. However, according to real life situations and according to symbolic interactionism, the same two people can enter into repeated transactions (interactions) with each other. The principle of one shot interaction makes the economist's market very impersonal in a way communicologist's concept of human interaction can never be. This type of interaction is a poor perception of the complex processes of social interaction. As indicated in the discussion above, a human society or group consists of people in association. Such association exists necessarily in the form of people acting toward one another and thus engaging in social interaction. Therefore, social interaction is of vital importance in its own right. This importance derives from the fact that social interaction is a process that forms human conduct instead of being merely the mechanism or channel for the expression or release of human conduct. As a result, symbolic interactionists contend that social interaction in human society generates effective communication. Accordingly, social interaction takes the form of what George Herbert Mead calls "the conversation of gestures" and "the use of significant symbols" or in Blumer's terms "non-symbolic interaction" and "symbolic interaction"⁷ respectively (Blumer,

⁷ *According to Blumer, the symbolic interaction is an immediate and unreflective response to others' bodily movements, expressions, etc., while the non-symbolic interaction is the characteristic mode of interaction aimed at understanding the meaning of each other's*

1969, p.). So a gesture signifies what the other or the person to whom it is directed is to do; what the actor or the person who is making the gesture plans to do; and the joint action that is to arise by the articulation of the acts of both the actor and the other. Communicologists assert that this process and the process of mutual role taking between the interacting parties promote effective communication. Therefore, human group life is necessarily a formative process and not a mere arena for the expression of pre-existing factors as neoclassical economics contends.

1.5.1.2 Meaning

Since symbolic interactionists contend that human beings act toward things on the basis of the meanings that the things have for them they view meaning as the initiating factor of human behaviour. In other words, they maintain that human behaviour is motivated by meaning. The importance of this premise resides in the fact that "meaning" appears to have no consequence in neoclassical economics. It is restricted to "efficiency", least cost allocation of scarce productive resources and the optimal growth of these resources, and the maximization of utility. Self-interest rather than meaning is the initiator of human behaviour. Economists contend that people behave according to their self-interests, and that prices are the sufficient major information mechanism. Consequently, there is no need to concern themselves with the meanings of the things toward which human beings act. In their analyses, meaning is either taken for granted and thus pushed aside as unimportant, or it is regarded as a mere neutral link between the factors responsible for human behaviour and his behaviour as a product of such factors.

The position of communicologists, in contrast, is that meanings that things have for human beings are central in their own right because meanings are part of social interaction. Symbolic interactionists see meaning as arising in the process of interaction between people. The meaning of a thing for a person grows out of the

ways in which other persons act toward the person with regard to the thing. The actions of the other persons operate to define the thing for the person. To symbolic interactionists then, meanings are "social products"; they are "creations that are formed in and through the defining activities of people as they interact" (Blumer, p.5). In short, in the symbolic interactionism's model, the meanings of things are formed in the context of social interaction and are derived by the person from that interaction. Therefore, Herbert Blumer (p.3) has rightly stated that to ignore the meanings of the things toward which people act, is falsifying behaviour. To repeat then, symbolic interactionists insist that the source of meaning is derived from social interaction.

On the contrary, neoclassical economics, through its individual utility maximization concept, implies that meaning is located in the minds of individuals and expressed through prices mediated by money. Economists believe that the individual knows the utility (meaning) of a product to him better than any other person. Hence they regard meaning as a psychical accretion brought to the thing by the person for whom the thing has meaning. This psychical accumulation is treated as being an expression of constituent elements of the person's psyche, mind, or psychological organization. The constituent elements are such things as sensations, feelings, ideals, motives, and attitudes. The meaning of a thing is but the expression of the given psychological elements that are brought into play in connection with the perception of the thing. This approach of the economist limits the process of the formation of meaning to whatever processes are involved in arousing and bringing together the given psychological elements that produce the meaning. Such processes are psychological in nature, and include perception, cognition, repression, transfer of feelings, and association of ideals.

Symbolic interactionists view the source of meaning differently. They do not see meaning as arising through a coalescence of psychological elements in the person. So to them, meaning is not located in the minds of people, but is "objective or behavioral" and "can only be established in communication" (Stone and Farberman,

1970, p.2). In this context they argue that there is no dichotomy between "inner states" and externality (Peirce, 1960, p.196). They claim that the mind is fundamentally social. In this tradition, meaning is not an individual practice, but a social procedure for defining objects to achieve practical effect. By locating meaning in the social process of communication, communicologists, unlike neoclassical economists, do not equate meaning with the individual's subjective, phenomenological experience.

Additionally, there are distinct differences between the economist's concept of the use of meaning and that of the communicologist. Neoclassical economics views the use of meaning by a human being in his action as being no more than an arousing and applying already established meanings. However, symbolic interactionism maintains that the use of meanings by the actor occurs through a process of interpretation. The interpretative process involves the actor first engaging in a process of communication with himself and then modifying the meaning. This involves what Jerold Heiss refers to as "selecting, checking, suspending, regrouping and transforming the meaning" (Heiss, p.303). In this context, meanings are used and revised as instruments for the guidance and formation of action. Neoclassical economics deals with only the first. Meanings are only used as instruments for the guidance and formation of action; they do not involve revision on the basis of interaction. Neoclassical economics postulates that through the price of a commodity, the most essential information is passed on, and passed on only to those concerned (Hayek, 1945, p.526). This notion falls short of symbolic interactionism's belief that any empirically oriented scheme of human society, however derived, must respect the fact that in the first and last instances human society consists of people engaging in action which includes revision of actions (Blumer, p.8).

1.5.1.3 Symbols

Symbolic interactionists argue that in addition to the receptor system and the effector system, which are found in all animal species, man has a third link which we

may describe as the symbolic system. Therefore, they lend a great deal of importance to symbols. They consider symbols as social objects used to represent, "stand in for," or "take the place of" (Charon, 1998, p.47) whatever people agree they shall represent. That is, symbols are defined according to "a line of action" (Charon, p.47) people are about to take toward them. A symbol then, is any object in a situation that an actor uses in that situation.

This addition of symbols to human interaction transforms the whole of human life. As compared with the other animals, man lives not merely in a broader reality; he lives, so to speak, in a new dimension of reality. The difference between these two realities resides in an unmistakable distinction between organic reactions and human responses. In the first case a direct and immediate answer is given to an outward stimulus, in the second case the answer is delayed. Commenting on this process of human response, Ernst Cassirer (1944, p.25) asserts that it is interrupted and retarded by a slow and complicated process of thought. Neoclassical economist's concept of interaction is limited to only organic reactions. It is predicated upon an outward stimulus. In the neoclassical economist's view, the only symbol that matters in the transactional behaviour of buyers and sellers is respectively the utility and the price of the commodity. Other symbols appear to have no consequence.

Communicologists' perception of symbols markedly differ from this view. They opine that a person uses various symbols "*for the purpose of giving off*" (emphasis in the original) meanings that he or she believes will make sense to other (Charon, p.48). So symbols play a more important role than the economist would admit. The importance of symbols for the individual can best be summarized into a single central point as: the human being, because of symbols, does not respond passively to a reality that imposes itself but actively creates and re-creates the world acted in. Humans name, remember, categorize, perceive, think, deliberate, problem solve, transcend space and time, transcend themselves, create abstractions, create new ideas, and direct themselves--all through symbols. There is probably no better summary of the central importance that symbolic interactionists give to symbols than that of Morris

S. Eames (1977, pp.40-41):

Pragmatic naturalists conceive of humans as a part of nature. Although they share many organic processes with other animals in their life in nature, humans emerge above the animals in certain forms and functions. For instance, humans can construct symbols and languages, they can speak and write, and by these means they can preserve their past experiences, construct new meanings, and entertain goals and ideals. Humans can make plans and by proper selection of the means to the ends carry them through. They can write poetry and novels, compose music and painting, and otherwise engage in aesthetic experiences. They can construct explanatory hypotheses about the world and all that is in it, of electrons, protons, and neutrons, and solar systems far away. They can dream dreams, concoct fantasies, erect heavens above the earth which entice their activities to far-off destinies, and they can imagine hells which stimulate fears of everlasting torture. The emergent functions of symbolic behavior make it possible for humans to transcend parts of their immediate undergoing and experiencing and to know that death and all that it entails is a part of organic life.

Eames' assertion signifies that symbols make three contributions to human beings: they are our reality, they form the basis for our social life, and they are central to what it means to be human. Jerome Manis' and Bernard N. Mettzer's (1978, p.437) observation that human perception is mediated by a filter of symbols (Manis and Mettzer, 1978, p.437) suggests that symbols are pervasive in human life.

This ubiquity of symbols in human life is manifested by the ability to turn a non-symbolic object into a symbol. Such objects can be made into something that represents and communicates, for example, skill, prestige, wealth, or happiness to others. For instance, a "flag" can be viewed as a mere piece of coloured cloth or as a serious national prestige symbol. In the latter context, Tamotsu Shibutani (1961, pp.120-121) maintains that:

A flag is a symbol for a nation. The piece of coloured cloth often evokes patriotic sentiments and plays an important part in the mobilization of millions of men for war. Seeing someone treat the flag with disrespect can arouse the most violent emotional reactions, for men often regard the piece of cloth as if it were the nation with which they identify themselves....Soldiers risk their lives on battlefields to save a flag from falling into the hands of the enemy; the cloth in itself is of little value, but what it stands for is of great importance.

Shibutani's example suggests that symbols are significant communicators. The essential requirement for the symbol to communicate effectively is that it should arouse in one's self what it arouses in the other individual (Mead, 1934, p.149). A symbol to the communicologists then, is any social object used for communication to itself or for communication to others and to self.

Communicologists perceive goods and services in any economic exchange as social objects, and therefore, as symbols. They consider them as a means for sharing with others what the exchangers (buyers and sellers) sense, believe, and want. Therefore, they regard them as media of communications. Geoffrey J. Mulgan is specially eloquent on this point and quoting him in extenso may be in order:

Today, the characteristic modern commodity is surrounded by a 'second shell', its packaging in meanings, associations and identities that is now as important a value added as its traditional utility. Goods and services can be creatively bundled into packages that are more than the sum of their parts; they can be 'editorialized' like a pure cultural commodity or redefined so that what is sold is a relationship rather than a utility. Product designers and market researchers are trained to conceive of commodities not as a single dimension utility and price but rather as elements within clusters of consumptions, lifestyles within which goods become meaningful. Rather than simply pursuing the maximization of a narrowly conceived value so as to widen the gap between revenues and costs, the principle is rather to pursue the fecund heterogeneity of values (Mulgan, 1991, p.181).

The thrust of Mulgan's argument is two-fold. First, every commodity embodies meanings, associations, and identities additional to its utility. Secondly, commodities develop relationships between symbols and what the symbols represent, and relationships between symbols and human responses to those symbols.

The common commodity, beer, clearly illustrates Mulgan's contention. A bottle of Labatt blue beer, for example, contains more than the liquid beer it holds. The bottle exhibits a number of symbols (signs) additional to its content. These signs are: a blue label on which "Labatt Blue" is written in white with golden borders; "BIERE Pilsener BEER"; a red maple leaf; "NO PRESERVATIVES"; "LABATT BREWING COMPANY - LONDON, VANCOUVER, EDMONTON, TORONTO,

MONTREAL, HALIFAX, ST. JOHN'S, CANADA - UNION - MADE - RETURN FOR REFUND"; "341ml"; and "5% alc./Vol".

These signs tell a very compelling story additional to the utility of the beer that its price may not capture. They inform the reader the type of beer contained in the bottle. The words "Labatt Blue" indicate that the bottle contains the brand of beer called Labatt Blue and not, for instance, Molson Export. This is reinforced by the blue background emblem. The signs, "Labatt Brewing Company", also inform the reader that this company is the proprietor of this brand of beer. Furthermore, through the words "LONDON, VANCOUVER, EDMONTON, TORONTO, MONTREAL, HALIFAX, ST. JOHN'S, CANADA - UNION - MADE", the signs inform the consumer that the beer is brewed in Canada from coast to coast. The quality of the beer is conveyed to the consumer through the signs "BIERE Pilsener BEER", "NO PRESERVATIVES", and "5% alc./Vol". They indicate that the bottle contains Pilsener beer (pale beer with a strong flavour of hops) and not, say, lager beer (light-bodied beer). The signs also appeal to health conscious consumers by stating that there are no preservatives in the beer. The alcoholic content label of "5% alc./Vol" is both an indication of the beer's quality and a warning to consumers. It cautions consumers who have low tolerance of alcohol to be aware of the amount consumed. To reinforce this warning, the quantity of the beer in the bottle is indicated as "341ml" both to alert the drinker of the amount consumed per bottle and also to ensure consistency in the quantity sold by proprietors at all times. The word "Pilsener" conveys history as well as geography: it links Canada to Pilsen, West Czechoslovakia, where Pilsener brand of beer was first brewed (Hanks, 1988, p.866). The phrase "BIERE Pilsener BEER" depicts the bilingual nature of Canada. Finally, the signs suggest the patriotic nature of this particular beer through the red maple leaf, the central sign on the Canadian national symbol - its flag. In reference to Tamotsu Shibutani's contention of a flag quoted above, the red maple leaf implies that those who are ready to defend and die for the Canadian flag must also be ready, out of similar patriotism, to drink this Canadian brewed beer.

The signs of the beer commodify social relationships and also a structure of experience. The structure of experience is conveyed through the chain of signifying meanings embodied in the label of the bottle. A consumer in, for example, Montreal is tacitly informed that Labatt Blue is not brewed only in Montreal. He or she is asked to let his or her mind wander a field to London, Vancouver, Edmonton, Toronto, Halifax, ST.John's and even to Pilsen. Thus, it is being intimated to the consumer that he or she is in association with consumers of Labatt Blue in these cities. He or she belongs to a wider circle of consumers than that of Montreal. This indicates that the drinkers of the beer, as buyers buy into an association, history, geography, patriotism, and even culture (Pilsener beer was probably brewed in Pilsen to promote their culture). So the beer bottles are deliberately inscribed with particular meanings and associations as the beer is produced and circulated in a conscious attempt to generate a desire for it among beer drinkers. Such packaging in meaning suggests that a commodity and its meanings are intertwined with the signs that surround it. These signs, in turn, implicate the user (consumer) of the commodity in imaginary and signifying relationships with self and other thus sustaining "the fantasies of every day life" (Farberman, 1980, p.). This manner of packaging is now a common occurrence, inducing Norman K. Denzin to remark that "we live in the age characterized by the fetishism of commodities and commodity relations" (Denzin, 1987, p.5).

1.5.1.4 Communication involves responsive acts

These example underscore Stephen W. Littlejohn's remarks that, "communication and meaning are unabashedly social" (Littlejohn, 1996, p.159). Individuals in their daily activities interact through symbols to express meanings which is "established through communication" (Stone and Farberman, 1970, p.2). The sellers and buyers in economic transactions are individuals who attempt to achieve goals through interaction with other people. As a result, goods and services or commodities are message carriers and their sellers and buyers are the initiators and respondents respectively. The initiators (sellers) and respondents (buyers) practice mutual

semiosis. This involves an action or influence which is or comprises a co-operation of three subjects: a sign (symbol), its object, and its interpretant. Robert S. Perinbanayagam, for instance, maintains that the relationship among these three subjects cannot be resolved "into action between [any] two pairs" alone (Perinbanayagam, 1991, p.31; also in Babe, 1995, p.23). The relationship implies that initiators (buyers) and respondents (sellers) may have quite different interpretations for a given message or "sign", because of their different experiences of the external world (symbol) differ. The experience of each of them is shaped by the meanings that arise from the use of symbols within the social group. Meaning, which is the heart of experience (as already stated), is a product of interaction. This makes communication the core of the experience of the buyers (initiators) and sellers (respondents).

In this regard, R. S. Perinbanayagam has further posited that "communication both produces, and is a product of human relationships" and that "conversations lead to the emergence of selves, and selves in turn create conversations" (p.xi). Accordingly, "meaningful interactions are not just an exchange of meaning with the help of symbols but should be viewed as selves participating in encounters" (p.7). Robert Babe (1995, p.23) has carried this view further by maintaining that in any "discourse, the initiator, upon articulation, surrenders control of the meaning of the message to the respondent" who works upon "the message by reconstructing it, interpreting it", before responding to it. It should be stressed that such reconstructions and interpretations can be as much "full of a self as the articulations of the initiator" (Perinbanayagam, 1991, p.66; cited in Babe, 1995, p.23), making the interpretive chain "replete with uncertainty" (Perinbanayagam, 1991, p.68). Perinbanayagam succinctly states this point as:

... symbolic exchange creates uncertainty, launching dialogic partners unto paths that take unforeseeable twists and turns. Far from viewing personal interaction as taking place solely between autonomous others intent on satisfying pre-existing wants through commodity transfer, we all live in, and hence share, a semiological field (a signifying culture) wherein symbolic interactions create self-identities, as well as interpersonal presence and interactional resonance and engagement" (Perinbanayagam, 1991, p.4).

He concludes that by engaging in communication, a person enters a life with others, opening himself or herself up to responsive acts. This implies that by buying a commodity, the buyer "enters a life with others, opening himself or herself up to responsive acts".

Another implication is that in the communicologists' framework, as remarked by Robert Babe (1995, p.24), "commodities are signs or even texts to be interpreted or read, rather than merely objects". This contention is clearly illustrated by the Labatt Blue example. This has made Thorstein Veblen to observe that commodities are simultaneously objects and signs (Veblen, 1897/1953). Other communicologists have extended Veblen's assertion further by remarking that every human being is a maxi-sign that is a "system of symbols and meanings" (Perinbanayagam, p.10). Joel Charon's opinion in this regard is:

The presentation of self in situations reminds us once again that human beings are symbols users. We try to communicate messages to others. In the case of identity, we control our actions so that what we do represents our identity to others. In fact it even goes further than our actions: Our friends, cars, religious objects, neighbors, clothes, and hair tell others what we want them to know about us, the identity we wish then to see. Those running for political office must be especially careful in this regard. Jesse Jackson found it difficult to overcome the burden of friendship with Louis Farrakhan. A person running for governor in Michigan would find it difficult to drive a Japanese-made car. Even our spouses matter in our presentation of self to others (Charon, 1998, p.167).

To this end communicologists declare that people can think only with signs, and that every conception people have, including the self, is "signable", that is, being represented in symbols. These symbols and meanings include commodities making them to argue that as "the self changes through continued discourse, so too will the meanings of the commodities selected, and also the selection of the commodities" (Babe, 1995, p.25).

These insights have been largely ignored by mainstream economic theorists who continue to define information as a reduction in uncertainty. Such an

impoverished notion of the role of information in economics is, at best, a superficial and an inadequate understanding of the role of communication in economics. Information can only exist where there is a code or language assigning pre-arranged meanings to forms in order that they become signs or symbols. The requirement that a code exist prior to the transmittal of the forms or signs means that information does not exist objectively but subjectively. Therefore, perception of patterns and contexts can and do shift from observer to observer, making information impossible to quantify. Furthermore, there is a synergy in interpreting whole messages because messages comprise more than just the sum of their parts. Scholars such as Kenneth Boulding (1966) and Thorstein Veblen (1898/1990) maintain that meaning resides not only in the symbolic constructs or messages, but also in interpretation. Therefore, any given sign or form or component of a message is usually interpreted only in the context of the whole message and the components of the message modify one another.

Robert Babe (1995, p.25) has appropriately suggested that a general conclusion to be drawn from these arguments is, if commodities are demanded not merely for their utilitarian properties, but also for the messages they impart to the buyer and to others, then users of such commodities are not limited to only those who own or display them, but also those who read them as messages. In other words, "selves" exist and develop in symbolic interactions and commodities owned, used, and displayed contribute to such existence and development. Furthermore, since symbolic interaction creates "interpersonal presence and interactional resonance and engagement", as maintained by Perinbanayagam, it must be viewed in the context of on-going, and developing relationships: the signifying properties of the commodities should be viewed similarly. Commodities, the theories of discourse imply, are symbols or signs in flux. For example, the meanings that people ascribe to artifacts derive in part from how these artifacts are circulated and used, and upon the meanings (i.e., "interpretants") that vendors or advertisers attempt to attach to them, as well as personal histories with things (Miller, 1987; Csikszentmihalyi and Rochberg-Halton, 1981; Appadurai, 1986; McCracken, 1988). Charles Sanders Peirce's contention in this

regard is that "What a thing means is simply what habits it involves" (Wright, 1988, p.101). This is to say that things are behaviour-provoking media. In reference to this contention, Marshall McLuhan (1964) and Kenneth Boulding (1956/1961) view human artifacts as extensions of man. Consequently, Alison Lurie has remarked that apparel "is language with both vocabulary and grammar" and that "its vocabulary includes hairstyles, accessories, jewellery, make up, body decoration, and items of clothing" (Lurie, 1985, p.4). She further contends that like human speech, apparel comes in many languages where "dialects and accents co-exist". Research by other communicologists support Lurie's contention. The studies of Bogatyrev (1971), Turner (1969), Wolf (1970), Messing (1960), and Nash (1977) suggest that clothing, for example, is an expressive medium and as such, a means of communication. Also, McCracken (1988, p.130) has contended that consumer goods "serve as a medium of non-linguistic communication". A number of implications, with far reaching consequences, can be drawn from this ability of commodities to communicate messages. These implications may give communicologists a very distinctive position in economic analysis, with profound consequences.

1.5.2 Implications

1.5.2.1 Complimentary goods

One implication is, if each commodity is a sign in a semiological system that a "self" uses to compose statements concerning "self-identity" and relations with others, then all goods become complimentary goods, modifying one another. This proposition has a wide meaning. It implies that economic activities after all are exchange activities and all exchange activities are social behaviours, defining spheres of influence and power. So certain activities that appear irrational according to the neoclassical economist's "radical individual self-interest" model may be rational behaviour from the community's point of view. But to appreciate and understand the differences requires broad-based information, its context, and its relativistic nature.

1.5.2.2 Wider effects of goods

A further implication is that all economic transactions have wider effects which the economists refer to as externalities⁸. The economists' image of a market is a system of voluntary exchanges made by the parties concerned only because all consider it to their advantage to engage in these transactions. What has so impressed economists is the fact that all the participants in the market gain. However, this vision abstracts from the real world and communicationologists' paradigm in which everything has much wider effects. This limitation is what A. C. Pigou, as far back as in 1932, referred to as the "defective telescopic faculty" of the market (Gramlich 1981, p.96). Pigou's assertion means that the economist's market system is incapable of accounting for all the effects of transactions. Market transactions have consequences that are not limited to those who choose to engage in them. The neoclassical "homo economicus" lives in a community in which commodities are means of communication which have an impact on both buyers and non-buyers, constituting commodities into pervasive externalities.

Nevertheless, the relevance of all conclusions in neoclassical economic theory about the social efficiency of pure competition and the free market system is explicitly premised on the absence of externalities. So the undeniable importance of externalities is a serious challenge to the relevance of these conclusions. First, the Pareto optimality conditions that in any market exchange situation, economic agents only cease to trade when any further exchange makes at least one of them worse off, are violated. Also, the constants embedded in the system lose their significance as "prices", because they do not reflect all the costs and benefits. Neoclassical economists have met this challenge by declaring that all external costs and benefits

⁸ *Externalities comprise both positive externalities (external economy), that is, when the actions of economic agents create benefits for others and the economy as a whole for which the agents are not paid; and negative externalities (external diseconomy) - i.e., when the economic agents' actions create costs for others and the society for which the agents do not pay.*

must be internalized in the money price paid by whoever buys the good or service the production of which generated the external cost (Pigou, 1932). Usually the adjustment is assumed to be made by a tax calculated to measure the external cost of the commodity. Adding this per unit Pigovian tax to the market would in effect represent the addition of external cost to the internal or private cost that gives the full social cost. In the case of an external benefit or positive externality, a subsidy (negative tax) is usually suggested (Pigou, 1932; Musgrave, 1969; Gramlich, 1981, p.96; Broadway and Wildasin, 1984, p.128).

In theory, the solution is neat and simple especially if localized externalities are involved. However, it breaks down when pervasive externalities, as this discussion suggests, are present. As Robin W. Broadway and David E. Wildasin have argued, since the changes involved in pervasive externalities are by definition not the kind of things that can be purchased piecemeal on markets and valued at any meaningful margin, citizens will have to express their valuations in terms of answers to hypothetical questions rather than by the actual behaviour of buying and selling (Broadway and Wildasin, 1984, p.123).

Similarly, the economist's free market system cannot deal with the joint consumption property of information because the socially desirable quantity of information will fail to be generated if the provision is left entirely to the market. Therefore, in socio-economic terms, information or communication in general is seen as a public good (i.e., an individual's consumption of it does not prevent its consumption by other individuals), characterized by the presence of externalities. B. Lesser and L. Osberg (1981), for example, have cited three types of external economies associated with communications, especially telecommunications. First, there are network externalities. Each time a subscriber is added to the telecommunications network, existing subscribers acquire a greater calling capability. Also, the larger the existing network, the greater the value of joining the system. There is typically a fixed charge for network connection, so that the greater benefit of access to a larger system is not captured by the price system. Secondly, there are

calling externalities. Each contact via telecommunications benefits the party called as well as the caller. Since the originator typically pays for the contact, the benefit to the party called represents an external economy not accounted for in the transaction price. The third externalities are indirect or secondary benefits. Individuals who do not use telecommunications may benefit if socially or economically beneficial activities are enhanced through the use of telecommunications. For instance, telecommunications may contribute to increased efficiency, access and/or quality of goods and services thereby enhancing socio-economic development. Therefore, it is not sufficient to measure the benefits of information or communication only by reference to direct user-benefits, mediated by market price. Its externalities, i.e., the benefits or costs which accrue to individuals or groups other than those who pay for it, must also be taken into account.

1.5.2.3 Efficacy of static economic analysis

Yet another implication of the commodities as signs is the handling of informational activities in economic transactions. The economists' market bears a superficial similarity with the communicologists' communication system. Both function through a circular flow. In the communicologists' system, a sender transmits a message (information) through some channel of transmission to a receiver who interprets it and responds to it. On the other hand, in the economists' market, a seller transmits property rights of a commodity to a buyer and receives money, determined by the forces of supply and demand. However, there is a vast difference between the two systems. For example, the communications framework challenges the efficacy of the neoclassical economic model, and in particular its reliance on the notion of static equilibrium. One point accepted by both communicologists and imperfect information economists is the difficulty of handling informational activities within a static equilibrium framework. They argue that a continuing requirement for information can only exist if economic circumstances are in some way changing, and that the static model implies that agents gradually learn all the facts that they need to obtain and communicate new items of information. On the other hand, communicologists further

argue that communication is required simply to maintain relations and also because nothing ever remains the same. This observation has far-reaching consequences for the introduction of information-handling activities into equilibrium theory: static results are determined by ever changing activities.

In addition, the commodities-as-signs argument challenges the neoclassical equilibrium analysis. For example, in conversation participants usually establish a relationship with unforeseen eventualities. So the argument signifies that commodities (economic goods) participate in uncertain evolving relationships. The effects of the commodities are embedded in the effects of other commodities which in turn are embedded in those of other commodities. Therefore, it may not be possible to define demand independently of supply. In fact the economist's demand curve is a temporally fixed relationship between quantity demanded and prices with all other relevant facts assumed to be constant (*ceteris paribus*). This assumption is an attempt to eliminate the flow of information in the analysis. Because if information flow is allowed, the demand curve cannot exist and any analysis based on the demand curve will break down. For example, the quantity demanded of the production under analysis will be affected by information on the prices of other products, be they substitutes, complements, or even ordinary products. So the demand curve may be said to exist only in the contemplation of neoclassical economists' perfect information assumption. If the assumption is eliminated, the neoclassical maxim of supply equilibrating demand in equilibrium will be unattainable.

Neoclassical economists ignore this fact and view the economic system as being coordinated by the price mechanism, transforming society into an organism and not an organization. The point being emphasized here is, this limited concept of information and communication has broad based implications which the neoclassical economic model tends to ignore, or cannot treat. For example, by viewing human relations as mere commodity exchange relations with value confirmed to exchange value, the neoclassical economic model treats culture as an exogenous factor. However, circumstances surrounding economic dealings (exchange relationships) in

certain societies may rely more on interpersonal relations than the impersonal forces of supply and demand. Such a society, generally speaking, is Sub-Saharan Africa.

1.6 Conclusion

The discussion in this chapter clearly indicates that on its own terms, the neoclassical economic paradigm is internally inconsistent particularly, in reference to human interaction. Therefore, the World Trade Organization, the World Bank, and the International Monetary Fund in fostering neoclassical economic models on developing countries are in effect imposing an internally inconsistent model. But it is not only on its (neoclassicism's) own terms that the discussion has taken place. Neoclassicism's central notion of information and communication is itself impoverished. This is clearly addressed by scholars of information and communication such as institutional (non-neoclassical) economists as Thorstein Veblen, Kenneth Boulding, Harold Innis, etc., as well as communication theorists (e.g., Marshall McLuhan). These authors give greater sway to the complexities of communicatory interactions in human relations. In contrast to the neoclassical economists' methodological individualism, they promote methodological collectivism by emphasizing the radical inter-dependencies of individuals and the importance of groupings in societies. Therefore, by promoting the neoclassical economic paradigm, what the IMF, the World Bank, and the WTO are trying to do is to reduce communication to commodity exchange and for Sub-Saharan African countries this can be devastating because they operate quite differently from this approach.

CHAPTER TWO

2.0 NEOCLASSICAL ECONOMICS AND COMMUNICATION IN AFRICAN CULTURAL PERSPECTIVE

2.1 The Neoclassical Economic Paradigm and African Cultural Perspectives

2.1.1 Distorted Communication Model

The neoclassical economic model presents society as fissioned into producers and consumers. All human interactions and relations are more or less confined to this bifurcation of society. An individual mainly produces not to consume but to sell to other individuals, and all social values revolve around this fission. Since this concept approximates the basis of current Western value systems, the need to regard the economic and cultural dimensions as separate entities in the West does not arise. Consequently, in its general application in the West, the model's attention is concentrated on only the economic context, ignoring the cultural dimension of societies. While this social reality may be appropriate to Western societies, it is by no means general in its application. In societies where there is embryonic fission, such as in Sub-Saharan Africa, both the economic and cultural contexts need to be considered and integrated before effective socio-economic development can take place. In such societies, the producer may be the consumer of his own products. Also, economic activities may be determined by cultural values. The market as well as the sellers and buyers can be heavily influenced by the society's cultural ethos. This suggests that for any true human development to occur, economic policy instruments and the free market mechanisms must be mediated by the people's culture. Thus, culture and economics are inextricably intertwined, so changes in one necessarily affect the other. Also, politics and government are influenced by culture. Therefore, we cannot separate culture from the political and economic aspects of our lives. Micheal Braum and Legh Parker have very eloquently emphasized this point when

they said, "today, culture may be a country's most important product, the real source of its economic power and its political influence in the world" (Braum and Parker, 1993, p.178). From this statement, one can paraphrase Frederick List¹ as "nowhere have labour, economy, the spirit of invention, and the spirit of individual enterprise accomplished any thing great where" culture has not lent its support. For what List refers to as "civil liberty, institutions and laws, external policy, the internal government and especially national unity and power" derive in the main from culture (List, 1856, p.178 cited in G. R. Winham, 1992, p.112). In all this, culture is defined as the knowledge, beliefs, attitudes, and practices of a society. It is the way people think, feel and behave regarding each other and the world around them. In short, it is the "cherished articulation of a nation's soul" (Braum and Parker, p.178); it is the embodiment of the national identity.

According to communicologists, culture enables people to behave in "joint action" (Martindale, 1981, p.354) in order to determine their reality. Thus this collective reality of any community depends on its beliefs and values, experience, knowledge, habits, and the communicologist's concept of the revision of meaning as instruments for guidance and the formation of action. Experiences of the community are processed within its cultural habits in a way that brings continued adjustments to beliefs about the way the world functions and the appropriate standards of human behaviour for dealing with it. The collective experiences of the community form the base of its knowledge while its beliefs and values are the means which provide the interpretation that structures its social reality. The social reality is shaped by the community's cultural setting. So any information obtained from an experienced event is translated into knowledge after passing through a filter of existing values and beliefs. The existing values and beliefs shape the meaning of the information, leading

¹ *The actual statement of List is, "Nowhere have labour, economy, the spirit of invention, and the spirit of industrial enterprise, accomplished any thing great, where civil liberty, institutions and laws, external policy, the internal government, and especially where national unity and power have not lent their support" (Winham, 1992, p.112).*

to a revised world-view which opens new possibilities for the way the community sees and reacts to the world around it. As new information becomes available it is interpreted in light of the existing perspectives, and assimilated into the revised set of beliefs and values if doing so provides a better explanation of the observer's world. To this end, the free market mechanisms must pass through the people's cultural filter, comprising their beliefs, values, and institutions, in order to be modified before a solid enabling macro-economic environment can be created for individuals to react to. Therefore, the generalization of the applicability of the fission concept to all societies can lead to a distorted view of social reality. For example, it misrepresents Sub-Saharan African's concept of individualism.

2.1.1.1 Individualism

Individualism in neoclassical economics has as its cardinal principle that all rights belong to the individual, that his independence is sacred, that man endowed with the greatest possible freedom is the perfect embodiment of civilized humanity (McGuire, 1963, p.18). The truth of the matter is that if individualism is the central tenet of a society's values, as it is in the West, then the market system may be an effective method of distribution. However, this concept is incongruous to Sub-Saharan African social context where it is yet to develop.

The concept of individualism in Western circles has a long tradition. As remarked by Joseph McGuire, it can be traced to the origins of capitalism or neoclassical economics itself. Neoclassical economics originated in an attempt to develop an economic system that gave political and cultural stability to eighteenth century Europe. The economists of the time adopted radical individualism from the concept of Jeremy Bentham, the English philosopher, whose doctrine of utilitarianism preached the significance of "enlightened self-interest" (McGuire, 1963, p.19). David McClelland (1961) posits that this transformed the pattern of human relations

generally from ascriptions into achievements. Consequently, drives toward achievements are now regarded in the West as positive, critical, and causally related to economic development. In other words, the "needs for affiliation" are subordinated to a strong urge in the individual to establish himself or herself and then to meet the demanding standards of excellence. In this regard, society is viewed as a set of conflicting units instead of the harmoniously functioning unit. This is the concept African countries are being demanded to implement through SAP. To facilitate the process of conflict, African governments are called upon to adopt, as part of the package of SAP, a multi-party democratic political system based on universal suffrage by secret ballot which is the political counterpart of a free market economy. The alien nature of this policy is betrayed by the fact that the nearest equivalent in most African languages for political opponent is the word "enemy". Therefore, while there is tolerance for differences in political opinions in the West, political opponents in Africa are, at best less tolerated, and at worst regarded as enemies and often accorded commensurate treatment.

Besides the society of conflict model creates a status anxiety. The market system assists in tearing the individual from the basis of his or her social solidarity - the extended family, the ethnic group, and the other demands of the strict observance of the rules and behaviour within abstract and anonymous entities to which he is expected to belong. In contrast, African social solidarity is based on collectivity or communalism where the development of each member is the concern of all members. The law of participation features prominently: every thing and everyone can have a share in everything and everyone else, and every being can take the place of another. Consequently, the group is given precedence over the individual.

This African concept of group is not only markedly similar to but it is also reinforced by that of communicologists. Communicologists generally stress that "a group precedes an individual's arrival in the scene, and society always survives his or

her departure" (Charon, p.173). They contend that the full range of truly human conduct unfolds in the course of human cooperation and only in the association of actors with one another. Accordingly, humans act in concert because they have the ability to take other's point of view into account. Human cooperation, then, as Bernard N. Meltzer puts it, arises by a process wherein:

...(a) each acting individual ascertains the intention (all emphases in the original) of the acts of the other, and then (b) makes his own response on the basis of that intention. What this means is that, in order for human beings to cooperate, there must be present some mechanism whereby each acting individual: (a) can come to understand the lines of action of others, and (b) can guide his own behaviour to fit with those lines of action. Human behaviour is not a matter of responding directly to the activities of others. Rather, it involves responding to the intentions of others, i.e., to the future, intended behaviour of others - not merely to their present actions (Meltzer, 1964, p.12).

In short, Meltzer's argument means, human beings are able to form a conception of the perspectives held by other persons. They can and do act in concert because they share common expectations both for their own behaviour and that of others. This line of thinking is underscored by George Herbert Mead's reference to social institutions as: "...the institutions of society are organized forms of groups or social activity - forms so organized that the individual members of society can act adequately and socially by taking the attitudes of others toward these activities" (Mead, 1934, p.261).

Mead is suggesting that group life is located in the ability of human beings to take the role and attitudes of others. With the understanding of others' behaviour that results from putting oneself in their place, one can structure one's own conduct in such a fashion that it fits in with the conduct of others, i.e., it cooperates with the conduct of others. This process generates common action. In carrying out this common action, group members influence themselves and others in similar manner to develop cooperation.

As a result, communicologists view society as existing only "through an agreement by people to cooperate, to respect one another, and to act according to a generalized body of rules" (Charon, 1998, p.222) . In other words, through cooperation, society rests on respect for one another, the acceptance of the shared body of rules, and the use of a common perspective that allows all to understand one another.

Communicologists emphasize the group concept by even maintaining that mind and thinking are based on the collectivity of society. John Dewey, for instance, discusses mind in the context of communication as:

Social communication is not an effect of soliloquy. If we had not talked with others they with us, we should never talk to and with ourselves. Because of converse, social give and take, various organic attitudes become an assemblage of persons engaged in converse, conferring with one another, exchanging distinctive experiences, listening to one another, over-hearing unwelcome remarks, accusing and excusing. Through speech a person dramatically identifies himself with potential acts and deeds; he plays many roles, not in successive stages of life but in a contemporaneously enacted drama. (Dewey, 1938, p.170).

Dewey's position parallels Herbert Mead's view that "mind is fundamentally social; it could not exist without significant (shared) symbols" (Mead, 1934, p.47). This is evident in his discussion of thinking as: "Only in terms of gestures which are significant symbols can thinking --- which is simply an internalized or implicit conversation of the individual with himself by means of such gestures --- take place. The internalization in our experience of the external conversations of gestures which we carry on with other individuals in the social process is the essence of thinking" (Mead, p.47). Therefore, communicologists rightly conclude that "those who seek to explain the individual's conduct without first giving due consideration to the collectivity of which the individual is a part are on a fool's errands" (Reynolds, 1990, p.99). This contention upholds the importance Africans attach to the collectivity.

In traditional African society, the tribe is the ultimate unit of the collectivity. Its sub-unit is the extended family but, in a large sense, the individual's survival is linked more to the tribe than the extended family. No other unit has more importance in society to the individual than this collectivity. In political terms, the tribe is the equivalent of a nation. It does not have fixed boundaries, but on its sanction rests the law (customary law like the English Cannon law). Thus the personality of life is of supreme importance, since the very humanity of a person depends on integration within the tribe. Self-image is a projection of the tribe.

The survival of the tribe is the primary objective of every African tribal leader. In order to ensure tribal survival, individuals are free and independent within the tribe, but their rights and interests are subordinate to those of the community as an entity. This situation is eloquently expressed in several African proverbs strikingly similar to the 'communicologists' view that a "group precedes an individual's arrival". For instance, the *Ga* of Ghana express it as "individuals don't live to be a hundred years old, the tribe does" meaning, individuals exist only in relation to one another and to the general community, namely, the tribe. The expression of the *Karanko* of Sierra Leone is, "one's birth is like a chain" (Jackson, 1982, p.18). This proverb is supported by communicologists' insistence that "the full range of truly human conduct unfolds in the course of human cooperation and only in the association of actors with one other". Consequently, whereas the Western economic system promotes competition generated by individual interest, traditional Africans believe in cooperation as a basis for dealing with the environment and the supernatural. Little was Alfred Schutz aware that he had expressed this African concept succinctly when he made the general observation:

"The world of my daily life is by no means my private world but is from the outset an inter-subjective one, shared with my fellow men, experienced and interpreted by others: in brief, it is a world common to all of us. The unique biographical situation in which I find myself within the world at any moment of my existence is only to a very small extent of my own making" (Schultz, 1970,

p.163).

Schutz's statement is suggestive in two ways regarding individualism in the African context. First, it implies that every individual in Africa, as in anywhere else, "is born free" but everywhere "he is in chains". He is free, as the neoclassical economic assumption of radical individualism suggests, to seek and pursue his individual interests and benefits including obstinate individual will. However, he risks ostracism from the group, the most severe form of sanction in an African society. Individual liberty in Africa is hence socially intrinsic but primary duty is owed to the community. Communicologists, unlike economists, are cognizant of this perception in general. They assert that "the human being is a maker, doer, actor and self-directing circumscribed by only his or her society " (Charon, 1998, p.207). In this regard, they focus on human qualities which are socially created. To put this point in perspective, they argue that "a society, a social world, may be so important to us that its perspective not only becomes a *guide* (emphasis in the original) to situations, but actually shapes our action, making our definition a habitual response" (Charon, p.209).

Secondly, Schutz's statement relates to the African philosophy that the vital forces needed to deal with entities in nature are additive, requiring cooperation, and to the communicologists' notion of self concept. The African idea is that there is synergy in cooperation: through cooperation, the sum total of the forces are far greater than the parts of the individual forces. Communicologists imply this idea by maintaining that a society is "a process of individuals in interaction - cooperating, role taking, aligning acts and communicating" (Charon, p. 206). They stress that all human processes, however complex, are reducible to meaningful inter personal behaviour and that self-concept - "the totality of the individual's thoughts and feelings with reference to himself" (Rosenberg (1972, p.2) - is a "process of intraindividual communication" (Lindesmith, Strauss, and Denzin, 1977, p.322). Cooperation is

required in interpersonal behaviour and intraindividual communication. To emphasize the synergic effects of cooperation, communicologists maintain that even people with high self-evaluation may still depend on their "perceived social definition" (Heiss, 1981, p.85), that is, their perception of how others evaluate them. There is implied in this that even the best people are unable to control their fates because the individual is at the mercy of external forces which are stronger than any of us. This is why Africans rely on cooperation to manage such forces.

Various mechanisms have been developed for promoting cooperation in African societies. These include: visiting and sharing food, eating "kola nut" or drinking "pito"² or "palm wine"³ together, giving gifts of sympathy to the bereaved, attending and participating in village festivals and rituals, greeting and talking to people during the business of day-to-day life, assisting friends and neighbours with labour, money, or food. Though it may be true that these acts are also performed in Western societies, the degree of expectation, requirement, and commitment to perform remarkably differ. To this end, economic activities are sometimes performed on the basis of personal and social relations and institutions and economic actions are rooted in complex social relations. These relations are often times more important in regulating economic action than the impersonal market forces of supply and demand. For instance, the management of businesses in African countries, largely a family affair, relies greatly on informal and personal types of business relationships. This is so because the African social system, as Lewis Hyde (1979, p. 60) puts it, is governed by "the erotic nature of the giving of gifts in contrast to the selling of commodities". To African entrepreneurs, a commodity is often afforded the characteristics of a gift. A product is seen to have a unique "worth" different from its exchange value, depending on the context in which it is purchased. Commercial

2 *Pito is a traditional African beer brewed from corn.*

3 *Palm wine is a drink obtained from the palm tree.*

transactions, prices, and terms of payment depend, for example, on the relations between the operators and their clients. There is one price for friends, another for family members, and yet another for foreigners whose, of course, is the highest. Consequently, prices are not exclusively market determined. These micro-enterprises maintain family and ethnic ties, reinforce the group's solidarity, and facilitate the redistribution of income which, in the context of the extended family, constitutes the essence of the group's stability and moral equilibrium. This is in direct contrast with neoclassical economics' ethnocentric approach to culture that assumes that the basic goal of any society is to achieve the same values characterizing Western countries, i.e., spirit of free enterprise, profit motive, material security, individual autonomy, and self-interest. Countries not exhibiting such values are usually viewed as primitive and underdeveloped.

2.1.1.2 Language

Another misrepresented view of African social reality by the neoclassical economic model is the role of language in socio-economic development. Through the concept of society being fissioned into producers and consumers, the neoclassical model sees money as the only language spoken by economic agents. Money is their medium of communication. It widens markets, by facilitating exchange between people who do not have to meet face-to-face, thereby enabling processes of specialization and exchange to transcend cultural and social boundaries. The neoclassical economists' concept of human interaction is based on this limited notion, mediated by its general theory of value: the assumption that different goods and services offer different incentives to different individuals and that these incentives can be arranged in order of their intensity. However, money functions as a medium of exchange, a store of value, or a unit of account only in so far as it is accepted by potential transactors. Thus, in the neoclassical economic theory, monetization creates new spheres of social interaction as well as pre-supposes them.

However, by viewing money as the only language spoken during economic transactions, the neoclassical model is asserting that differences in the economic agents' backgrounds, cultures, and languages do not matter in such transactions. While this may be conducive to the abstract thinking and model building process in economics, it is far from the truth in its generalized form. As communicologists rightly remind us, "human freedom is always limited by language, by our symbols" (Charon, p.209). By this, they mean that when people speak different languages, their set of common symbols for interaction is severely diminished. For one thing, language involves rhetoric, the art of creating a desired response in a given audience. This is eloquently expressed by Edward T. Hall (1966, p.1) as "language is more than just a medium for expressing thought. It is in fact *a major element in the formation of thought*" (emphasis in the original). Hall's remark indicates that the thought process of an individual is affected by his language. In addition, to use a figure from our own experience, man's very perception of the world about him is programmed by the language he speaks, just as a computer is programmed. Like the computer, his mind will register and structure external reality only in accordance with the programme. That is, individuals, as well as groups, occupying or living in the same spatial location may have very different environments if they speak different languages. In this case, they may be living side by side yet be living in different worlds. It is the world of their objects with which they have to deal and toward which they develop their actions. It follows then that in order to understand the actions of people it is necessary to identify their language or as Blumer (p.11) puts it, "their world of objects". This process may be difficult in the context of socio-economic development in Sub-Saharan Africa. African languages in their indigenous forms do not permit a complete understanding of doctrines conceived in Western terms because they portray Western culture. This suggests that language is the mirror of its culture therefore implying that the cultural context determines the language to be used in expressing needs. By this then, language reflects concepts that are determined by the needs, activities, and thoughts of a particular society. It also predisposes the society to certain world-view

because of the concepts expressed in it. Therefore, members of a particular linguistic society are orientated to their linguistically biased world-view which suggests that "discrepancy is almost certain to occur when people from two different cultures communicate" because they do not understand the subtleties of the other language. To understand a language requires the understanding of the subtleties of that language just like to know a word needs the knowing of its meaning and spelling. Unless this situation obtains, only superficial communication can occur because of a lack of sufficient concepts and knowledge of the things to which the terms refer: speakers may erroneously assume that a parallel set of meaning exists. So the neoclassical economist's implied notion that through prices people do not speak differently is far from practical truth.

The concept by no means represents Western better than African societies since standardization has already taken place in the former. In his popular book: *The Third Wave*, Alvin Toffler (p.46) suggests that standardization occurred in the West in the latter part of the eighteenth century. He further suggests that a major action of the process involved getting rid of artisan methods of production and establishing standardized mass production through the scientific management crusade of Frederick Winslow Taylor (p.47). According to him, this process had led to the turning out of millions of identical products: even the unit of account of these products (money) was also standardized. He maintains that "money, hitherto issued by kings, individuals, and banks, was replaced by a single standard currency, issued by a central authority" (p.48). Once money was standardized, prices followed suit. He says that the bargaining process in buying and selling was replaced by a single price system through the business acumen of A. T. Stewart, an Irish immigrant to New York⁴ (Toffler, p.48). Even language too was standardized through the repression of minority languages by mass communication and, in some cases, by governments.

4 *Legend has it that he was the first to introduce fixed price for every item in his dry-goods store in 1825 (Toffler, 1980, p.48).*

Local dialects and whole languages were done away with in favour of standard languages, the languages spoken by the elites, e. g., standard or Queen's English, Parisian or standard French, etc. This standardization process is yet to occur in Africa where in some countries, communities which live some 150 kilometres apart speak different languages. Since languages are not sets of terms isolated from their cultural referents, they are to a certain degree biased or limited by people's world-view. For example, the word "billion" does not exist in many African languages. The need for such a number does not exist in current African social reality since the need to account for things as many as a billion does not arise yet. English is inextricably linked with progress and change and so several words have evolved over the years for describing this process. Contrary to this, African languages are usually localized and linked with traditionalism. Concepts on economic growth such as balance of payments, export promotion, trade liberalization, etc., are meaningless in traditional African semantic field of referents. Africans react automatically to only their semantic field of referents, "their world of objects", to which their words apply, because of what they have already learnt in their total environment. The end result is that there is lack of commitment to programmes expounding these concepts.

If cultures were identical except the language, one would need to learn the different terms for the concepts and there would be relatively little breakdown in communication. But this is not the case in communication between Africans and non-Africans, where the cultures differ greatly. Be as it may, the neoclassical economic model detracts the importance of African languages as a significant factor to be reckoned in socio-economic development. It fails to understand that people in general, and Africans in particular, interpret and understand their own experiences, emotions, and relationships through language. As a result, the model is ambivalent about the fact that language interprets reality, and that to interpret and understand one's self in the world through the language of another is to distort one's own identity.

2.1.2 Inappropriate Assumptions

By relying on individualism as the only motivating force of economic transactions, and on money as the only language of economic agents, the neoclassical economic paradigm does not incorporate African realities such as social relations. Yet social relations in Africa play a powerful role in checking opportunism and malfeasance. So to leave human relations to be determined by the market system excludes this powerful and essential role of social relations. Markets, to paraphrase Barraclough (1991, p.25), can be good servants when properly supervised, but they have been, historically, bad masters when allowed to dictate the course of development in social life. Wrong assumptions such as "the economic man", and the lack of consideration of the cultural imperatives of society may be the major causes.

2.1.2.1 The economic man

The driving force of neoclassical economist's concept of market-dependent operation is its notion of the "economic man" ("homo economicus"). The economic man is perceived as a maximizing consumer or producer who: is self-seeking and individualistic; ignores no price changes; and, above all, is a rational individual. Neoclassical economists believe that maximization provides the driving force of economics. Maximization asserts that any unit of the system will move toward an equilibrium position, as a consequence of universal efforts to optimize utility or returns. Maximization is a general basic law that applies to the elementary units and, by the rules of composition, to larger and more complicated collections of units.

So the rational economic man is both the average and ideal, abstracted from actual marketeers with the aid of general assumptions about human desires. In order to predict what the economic man does the model engages other devices such as assumptions, especially that of "other things being equal" ("ceteris paribus"). Simply

put, however, we assume because we lack the facts and do not know. Therefore, the model deals with incomplete knowledge of the environment and even of the economic man himself. The *ceteris paribus* aspect of the model simply says that all variables except the one under consideration are held constant. In other words, all the conditions of these other variables are assumed to remain the same during the relevant period of analysis because everything that is to be known of them is already known. In short, the variables are regarded as something that is so. All outside influences, including information and communication, are eliminated from the model. This lack of information is a serious omission because information enables a person to make decisions or commitments. To this end, the variables should be regarded not as "something that is so" but as "something that is as if it were so". But to do so would have a far reaching implication in neoclassical economic analysis. It would mean that the neoclassical economists are conceding that they equate statements of the form "A is B" to those of the form it is as if "A were B" which is absurd at best.

The model's conditions for rationality are also absurd. For if it is rational to do one thing, we still may not be able to predict what a rational individual (call him Bill) will do. For example, given that: (i) a rational agent does Z in situation of type Y; (ii) the present situation is of type Y. These two conditions alone do not guarantee that Bill will perform activity Z. We need a further condition, namely, (iii) Bill is a rational agent means that Bill will do Z. So the prediction that Bill will do Z requires that condition (iii) be true. The exact sense of rationality is therefore unimportant.

This is the precise nature of the neoclassical economics paradigm in Sub-Saharan Africa. So far neoclassical economists have assumed that Africans fit their model of "rational economic agent" and then their object has been to create condition (ii) - market liberalization, privatization, etc. In other words, all that the model does is to introduce the notion of conditions (i) and (ii), i.e., the notion that a rational

agent does Z in situation Y, and that the African countries now have a situation of type Y, and therefore Africans will become rational beings and behave in accordance with the models' concept. By this assumption, the model has made a leap in faith that Africans' social construction of reality is the same as that of the West. This is, however, a misrepresented assumption. Rational action by definition is an ethical action. This means it insulates conformity, rules and principles, and correct code of behaviour which are culture dependent. Different cultures interpret them differently.

2.1.2.2 Developed markets assumption

The basic assumption of the mainstream economic model is that markets are developed to the extent that permits reliance on market forces the efficient allocation and co-ordination of resources and economic activities. This means that prevailing prices of resources and commodities that reflect their scarcity rating (e.g., exchange rates, interest rates, wages, profits, etc.) will all be determined in their respective markets. Be as it may, the concepts of demand and supply, or the concept of market which these two forces represent, have no meaning in themselves unless there is an institutional framework that provides for their proper functioning. Historically, the development of institutions has formed the precondition for the proper and effective operation of the forces of demand and supply. For example, Toffler (1980, p.50) contends that the "invisible hand", implying deregulation, did not appear meaningful in the West until the late 18th century when Western economies shifted from commercial to industrial capitalism and problems associated with the sale of mass-produced goods confronted them. That is, production structures became fully developed before the "invisible hand" was emphasized to deregulate and allow for free trade - free trade of what was produced given the underlying stable production structure. Such production structures are not yet well developed in most of Sub-Saharan Africa. In short then, neoclassical economics is being implemented in African economic environments that are either not quite ready or will never be ready

for it. In fact, even in the advanced capitalist countries the independent and uncoordinated decisions of producers and consumers can create problems of overconsumption and under-production. It is this realization that made Lord John Maynard Keynes (1936) to recommend an interventionist state to regulate the level of demand through fiscal and monetary policies. What this means is that some of the policies of the structural adjustment programme being recommended by the IMF and the World Bank for Sub-Saharan Africa may not even work in the developed capitalist countries. Martin Feldstein, professor of economics at Harvard University, president of the national bureau of economic research, and former advisor to President Ronald Reagan, has castigated IMF's policies by saying that:

Imposing detailed economic prescriptions on legitimate governments would remain questionable even if economists were unanimous about the best way to reform the countries' economic policies. In practice, however, there are substantial disagreements about what should be done (Feldstein, March/April 1998, p. 28).

He goes on to suggest that the Fund should not use the opportunity of countries being "down and out" to override national political processes or impose economic changes that "however helpful they may be, are not necessary to deal with the balance of payments problem and are the proper responsibility of the country's own political system". Professor Feldstein further states that "a nation's desperate need for short-term financial help does not give the IMF the moral right to substitute its technical judgements for the outcomes of the nation's political process". He suggested that in deciding whether to insist on any particular reform, one of the three questions⁵ the IMF should ask is: "If the policies to be changed are also practised in the major industrial economies of Europe, would the IMF think it appropriate to force similar changes in those countries if they were subject to a fund program?"

5 *The other two questions are: "Is the reform really needed to restore the country's access to international capital markets?" and "Is this a technical matter that does not interfere unnecessarily with the proper jurisdiction of a sovereign government?" (Feldstein, 1998, p. 27).*

(Feldstein, 1998, p. 27). A major difference though is that the developed countries have other avenues opened to them which Sub-Saharan African countries lack. With the legitimization of floating exchange rates, the establishment of the European Monetary System in 1979 and the credit facilities it provides for members of the system, and the continuing innovation in international financial intermediation using private capital markets, industrial countries can easily bypass the IMF and the World Bank while Sub-Saharan African countries cannot.

2.1.2.3 Cultural imperatives

Neoclassical economics generally neglects, or in any case ignores, cultural imperatives as factors in its perspective. As a positive input culture is taken to mean the potential for the promotion of tourism and trade. Culture is hardly, if ever, seen as an agent, a crucial one at that, in the process of socio-economic development. This is particularly true in the case of Africa where culture as a tourist potential is emphasized more than culture as a huge input to modernization. This concept of culture is a major concern to many social scientists in other disciplines including communication. In this regard, Lucien Pye (1985, p.20) has argued persuasively that culture is not a matter of the rule of the irrational as opposed to the objective rational behaviour because the very character of rational judgements is place and time dependent. He says that, though common sense exists in all cultures, it varies from culture to culture. He makes the point that "sentiments about change, judgements about utility, expectations as to what different forms of power can and cannot accomplish are all influenced by cultural predispositions" (Pye, p.20). Pye rightly postulates that "people cling to their cultural ways not because of some vague feeling for their historical legacies and traditions, but because their culture is part and parcel of their personalities" (Pye, p.20).

Similarly, since the neoclassical economic paradigm does not begin with human

relations but with individual things and individual people, it raises a number of issues. First, information appears differently when perceived by the individual, the class and the whole culture. And second, particular social relations in the production and consumption of commodities are culture dependent but this fact is ignored. Besides, "property" is not a tangible thing but a socially defined bundle of rights based on human relations.⁶ To say the least, these relationships are culture dependent and therefore vary from culture to culture. In any culture's institutional dimension there are kinship and family systems, class structure, legal systems, government, production and exchange systems, agencies of enculturation and education, and numerous types of formal organizations. But, by emphasizing mono-economics, the neoclassical paradigm underplays the importance of cultural differences of these systems in the analysis of socio-economic development. Even the attempt by Bauer and Yamey (1957), two early neoclassical contributors to the economic development debate, to incorporate culture in mainstream economic analysis was an ephemeral one. They pointed out that "certain institutions, customs, and beliefs may tend to impede an economically efficient allocation of resources in underdeveloped economies - for example the extended family system (p. 64), the caste system in India (p. 37) and the refusal of Hindus to slaughter cattle (p. 99)". However, the analysis quickly reverted to the neoclassical notion of mono-economics by stating that within such cultural and religious constraints, producers and consumers behave with the same economic rationality (allocating resources to maximize profit and utility respectively) as in industrially advanced societies. This analysis fails to portray that rational action is premised on ethics. Therefore, the definition of rational action is culture dependent, meaning that it varies from culture to culture. Nevertheless, the analysis has been a recurring theme in neoclassical writing on underdevelopment thereby detracting the importance of cultural differences in economic factors. By viewing human relations as mere commodity exchange relations with value confirmed to exchange value, the

6 *See the discussion on land-tenure system in Ghana in Chapter 4, section 4.2.5.1.4.2.*

neoclassical economic model does not give culture any importance in economic analysis. Though neoclassical economists recognize that values are determined, in part, by cultural factors, by treating culture as exogenous to the central economic processes of resource allocation and distribution of output and wealth, they remain deliberately agnostic about how culture and money interact over time.

Culture and communication, defined and addressed properly, can be decisive agents for real development as opposed to superficial growth. This process will place people of the particular society as active participants in the socio-economic development process. Culture in its broadest sense, in this context, is a process of community identification, a particular way of living and producing, of being and willing to be⁷. For this to be true, there must be a set of common understandings manifested in act and artifact. It (culture) must be in two places at once: inside somebody's head as understandings and in the external environment as an act and artifact. If it is not truly present in both spheres it is incomplete culture. This is why communicologists believe that a society develops its perspective or frame of reference through its culture. Tamotsu Shibutani (1955, p.564) has remarked that each person who takes on the perspective:

perceives, thinks, forms judgments, and controls himself according to the frame of reference of the group in which he is participating. Since he defines objects, other people, the world, and himself from the perspectives that he shares with others, he can visualize his proposed line of action from his generalized standpoint, anticipate the reactions of others, inhibit undesirable impulses, and thus guide his conduct. The socialized person is a society in miniature; he sets the same standards of conduct for himself as he sets for others, and judges himself in the same terms. He can define situations properly and meet his obligations, even in the absence of other people, because, as already noted, his perspective always takes into account the expectations of others. Thus, it is the ability to define situations from the same standpoint as others that makes personal controls possible.

7 *At close examination, this definition does not differ from the previous definition in section 2.1.1. It is an operationalized form of the former.*

Shibutani's comment reinforces the bi-spherical nature of culture. It points out that culture determines a person's perception, process of thinking, and sense of judgement. Likewise, he indicates that through the "action" aspect of culture the individual defines situations properly and meets his obligations. Above all, his statement asserts that every individual is a microcosm of his culture. Therefore, communicologists insist that culture helps in the formation of the shared perspective, or "the generalized other" in Mead's words (Blumer, 1969, p.66), of a society. For them, it is not only a "guide to action by the people" (Charon, p.178), it is also the system the people rely on solving problems. As Howard S. Becker argues,

[The] group finds itself sharing a common situation and common problems. Various members of the group experiment with possible solutions to those problems and report their experiences to their fellows. In the course of their collective discussion, the members of the group arrive at a definition of the situation, its problems and possibilities, and develop a consensus as to the most appropriate and efficient ways of behaving. This consensus henceforth constrains the activities of individual members of the group, who will probably act on it, given the opportunity (Becker, 1982, p.520).

Becker's contention means that through culture, individuals in interactions define reality and control their own acts. Charles Warriner (1970, p.98), it should be added, writes that people are able to act with others because they "come to share notions as to what they will do. And they can come to share such notions (expectations) only through the communication involved in interaction". An important requirement for ongoing communication is, a shared perspective. Communication, in turn, is central to cooperation. As Anselm Strauss (1959, pp. 148-149) once said: "Group life is organized around communication. Communication...signifies shared meanings.... The members are able to participate in various coordinated activities because they share a common terminology".

Through communication, culture generates consensus among the group. This is what Linda Smircich meant when she said in 1983 that organizations get things

done on a day-to-day basis through "the development of shared meanings for events, objects, words and people" and through the development of "a sense of commonality of experience that facilitates their coordinated action" (Smircich, 1983, p.55). This suggests, there is a strong association between culture and communication. Therefore, as stated, if they are recognized, properly defined, and addressed, they can act as conclusive agents for real socio-economic development.

Communication is a difficult term to define. The degree of this difficulty is best exemplified by A. T. Dittman's assertion that: "It could almost be said that definition is a subset of communication (Dittman, 1973, p.3). Being an abstract term, communication evokes numerous meanings. In their book, *The Functions of Human Communication: A Theoretical Approach*, Frank E. X. Dance and Carl E. Larson have listed as many as 126 definitions of communication. Commenting on these definitions, Theodore Clevenger (1991, p.351) has noted that "the continuing problem in defining communication for scholarly or scientific purposes stems from the fact that the verb 'to communicate' is well established in the common lexicon and therefore is not easily captured for scientific use. Indeed, it is one of the most over used terms in the English language". The importance of these issues of definition resides in what Anderson (1991, p.309) refers to as: "While there is not a right or wrong perspective, choices regarding [definitions] are not trivial. These perspectives launch scholars down different theoretical trajectories, predisposed them to ask distinct questions, and set them up to conclude different kinds of communication studies". By this, Anderson is suggesting that the different definitions have different functions to enable researchers to do different kinds of things. This means, a definition should be evaluated on the basis of how well it enables the accomplishment of the purpose of an investigation. So different sorts of investigations may require separate, even contradictory, definitions. Definitions, then are tools that should be used flexibly. Consequently, two contrasting definitions of communication will be presented for the purpose of the current argument.

Communication can be defined in terms of a transmission (every day usage) or a ritual view. The transmission view is usually defined in terms such as "transmitting", "imparting", "sending", or "giving information to others". This, as A. J. Ayer sees it, may be taken to include "the transference of information, in a very broad sense of this term, which may incorporate not merely the imparting of news, in a factual sense, but also the expression of feelings, wishes, commands, or whatever it may be. It covers all deliberate uses of language by human beings as well as voluntary or involuntary exclamations, movements, gestures, singing, crying, laughing, dancing, in so far as they are informative". So communication involves the transmission of "ideas, emotions, [and] skills by the use of symbols" (Berelson and Steiner, 1964, p. 527). In this case, communication is regarded as a process whereby messages are transmitted and distributed in space for the control of distance and people.

The ritual view of communication usually has its definition in terms such as "association", "sharing", "fellowship", "partaking". This meaning has deep religious overtones. In this regard, communication has a common root of derivation with words such as "communion", "commonness", and "community" (Funk and Wagnalls, p.274). From this ritual definition, it can be implied that communication is the basis of human fellowship. It is what M. P. Andersen (1959, p.5) calls "the process by which we understand others and in turn endeavor to be understood by them". In D. C. Barnlund's words, "communication, then, is an 'effort after meaning', a creative act initiated by man in which he seeks to discriminate and organize cues so as to orient himself in his environment and satisfy his changing needs" (Barnlund, 1968, p.6) .

It is suggestive in all these definitions that communication is a source of cooperation (e.g., "effort after meaning", "understand others and in turn endeavor to be understood by them", etc.) which produces social bonds that tie people together. This bond generates a set of common understanding and makes associated life

possible. So the vital product of effective communication is cooperation. For Dan E. Miller,

Cooperation means then that people communicate (are copresent) and take one another's roles on an ongoing basis (are mutually responsive); they regard one another as important in their actions (regard one another as having congruent functional identities); they generally agree on what is important in their environment (have shared focus of attention); and they develop common or complementary goals. Without any one of these, the interaction becomes something other than cooperation and society is no more (Miller, et al., 1975, p.21).

Miller's definition can be interpreted as, if people are not copresent and cannot communicate or take role, then they cannot know what to do in relation to one another. Secondly, if they do not see one another as necessary partners in order to achieve their goals, then they will not find it important to act in accordance with one another. Also, if they do not come to share a definition of objects in the environment, they cannot coordinate their actions in relation to those objects; and if they develop goals that are in conflict with others then it is not until such goals can be made the same or complementary that cooperation can exist. This demonstrates that communication facilitates cooperative behaviour in every culture, indicating the importance of communication in culture and the association between them. John Dewey traces this association as:

There is more than a verbal tie between the words common, community, and communication. Men live in a community in virtue of the things which they have in common; and communication is the way in which they come to possess things in common. What they must have in common...are aims, beliefs, aspirations, knowledge - a common understanding - likemindedness as sociologists say. Such things cannot be passed physically from one to other like bricks; they cannot be shared as persons would share a pie by dividing it into physical pieces.... Consensus demands communication (Carey, 1989, p.22).

Dewey's statement strongly suggests that communication involves culture⁸ and culture entails communication and therefore communication is an indispensable part of culture.

Culture, especially in Sub-Saharan Africa, is the root from which people grow. In fact, cultural values and practices are the bedrock of every civilization that grows, decays, and renews itself. This is so because the values are the rules and principles that run through that culture's activities like a repeated design. They form the abstract, invisible but undeniable sub-stratum of the concrete, visible, and monumental remains of a people's past. Culture, as a factor in development, simply means the distinctive system of values that constitute an important part of a society which needs to harness and maximize the resourcefulness of its environment in a dynamic manner to develop harmoniously.

The cultural dimension of development involves promotion of cultural identity, i.e., the shared image of self and society (i.e., "the shared perspective", the generalized other"), that creates a collectivity. It provides a coherent framework within which norms of behaviour are articulated while allowing for the incorporation of new elements. It is within such a cultural framework that real development can take place through relevant effective institutions rooted in authenticity and tradition yet open to modernity and change. Culture thus has an integral as well as an integrating role in socio-economic development. The fundamental problem of socio-economic development consists of generating and energizing human action in a certain direction. Culture creates the basis for resolving this problem. It generates the framework for human relations and the accumulation of social capital in the form of trust, norms, and networks that can improve the efficiency of society by facilitating

8 *This definition of communication as "...aims, beliefs, aspirations, knowledge - a common understanding - likemindedness" compares favourably with that of culture in Section 2.1.1 as "knowledge, beliefs, attitudes, and practices of a society", i.e., "the cherished articulation of a nation's soul".*

coordinated actions. This is not to say that traditional cultures sometimes do not influence negatively the economic performance of societies. However, the positive aspect of culture in development may dominate any negative influence. This aspect of culture is particularly true in Sub-Saharan Africa where culture is encompassing and yet exclusive. For example, a Western educated African may be seen in a three piece suit in the city and yet when he goes back to his village he may take part in traditional rituals such as ancestral worship. This makes the African flexible enough to accept other cultures but still keep his traditional values. So tradition and modernity can be considered as part of the inner tensions of the African cultural system under neoclassicism. Success depends on how well these tensions are handled.

2.1.2.4 Social construction of reality

The neoclassical economic paradigm dichotomizes tradition and modernity as being mutually exclusive: the more modern the society becomes the less traditional it is. Hence, Joseph Stiglitz, chief economist of the World Bank, defines development as a transformation of society, a movement from traditional relations, traditional ways of thinking, ways of dealing with health and education, methods of production to more "modern ways" (Stiglitz, 1997). However, as P. Von Sivers points out, "tradition is constantly modernized and modernity is constantly traditionalized" (Sivers, 1984, p.96). This is not true only in Africa; it also holds sway in the West. The monarchy of Great Britain, a cultural institution of a dominant Western nation, is a good example. The monarchy is the tabernacle of British traditional practices. As society modernized, certain monarchical traditions such as the divine right of the monarch, the monarch's right to non-payment of tax, etc., also modernized. On the other hand, rock stars such as Paul McCartney and Elton John (symbol of modernity) are knighted (symbol of tradition). The knighthood was reserved for bravery on the battlefield in defence of Britannia, but since no battles are regularly fought nowadays, the tradition is modernized to include other services to the British society.

Unfortunately, neoclassical economics lacks such flexibility and diversity to incorporate new or different concepts. By its monoeconomics approach as the universal mechanism for transition to modern society, the model has compromised the uniqueness and resilience of cultural traditions in the process of social change.

Moreover, there are mixed signals coming from certain sectors of the developed countries about the overbearing benefits of modernity. Entrapped by the rising problems of hyper-industrialization, these countries or, should it be, some of the citizenry of these countries have shown two markedly different critical reactions against modernization: de-modernization and de-industrialization (i.e., the soft revolution led by the middle class intellectual revolutionaries of the 1960s who were both the beneficiaries and critics of the industrial system), and post modernization and accumulation.

Development as a discourse of modernity has come under severe doubts and criticisms from many sectors in the West since then. While the concept continues to be attractive to the IMF and the World Bank, its legitimacy has been seriously challenged at two political and cultural extremes: the fundamentalist religious revolt which calls for a return to purity and simplicity of pre-modern life and the de-modernist and post modernist revolts against the tyrannizing and dehumanizing effects of modernity. So at this juncture that Sub-Saharan African countries are required to engage seriously in implementing the programmes of the IMF, the World Bank, and the WTO, there are doubts about the general benefits of modernity from certain quarters of the developed and modernized countries.

2.1.3 Limited definition of development

The drawback of neoclassical economics in Sub-Saharan Africa is not limited to only its distorted model of communication and inappropriate assumptions. It also

concerns the concept of development: neoclassical economics has a limited concept of socio-economic development. It regards development as increase in economic performance. However, development should be viewed in broader terms than that.

In the words of B.W. Hodder (1978), development is "the process which results in a perceptible and cumulative rise in the standard of living for an increasing proportion of a population". M. Lofchie suggests a much broader definition by stating that in "the political sphere development means the growth of representative civil authority responsive to the diverse human interests of pluralist societies; in the social sphere development represents reduction or elimination of inequalities and a widening popular access to government services for health, education, and welfare; and in the economic sphere development includes steady improvement of the material conditions of life, agricultural diversification, the promotion of an industrial capacity, and a generally heightened level of self-sufficiency" (Lofchie, 1971, pp.4-5). There is implied in Lofchie's definition a certain sense of development being perceived to involve three levels: structurally, as an increased secularization and differentiation in institutional roles and structures; as a process, where there is the increased capacity of people and institutions to adapt to challenged circumstances and the environment - and indeed, to affect these changes; and as normative-based, dealing with the fulfilment of specific goals and values, translated usually in terms of human rights and opportunities. In Lofchie's view then, socio-economic development embraces broader terms than implied by neoclassical economics. Majid Tehranian has provided a condensed form of Lofchie's definition. He has defined development as "the process of increasing the capacity of a social system to fulfil its own perceived needs at progressively higher levels of material and cultural well-being" (Tehranian, 1994, p.276). This definition is also an improvement over Hodder's. It differs from the evolutionary concept of development which regards it as universal, inevitable, and wholly positive. The definition means that development must be based on the people's identified needs and by implication, development must be initiated and

supported by the people. Commenting on this, one African leader once said that "development brings freedom, provided it is development of the people. But people cannot be developed, they can only develop themselves" (Nyerere, 1973, p.60). The Ayamara and Quechua peoples of South America perceive development similar to Nyerere's concept when they said:

A real social process is founded on a cultural basis because this is the deepest value of a community.... The politicians...have wanted to create development exclusively based on slavish imitation of development in other countries even though our cultural resources and traditions are totally different. Moreover, guided by a practical materialism they have come to believe that progress is exclusively based on the economic... We fear this false development concept imported from abroad because it is fictitious and does not take our deepest values into consideration...No respect has been shown for our virtues nor our own ideas about life and the world. School, education...and technical assistance have not helped bring about any significant change in the rural areas...We indigenous peoples are convinced that there will be no development...until we ourselves become responsible for our progress and masters of our destiny (Ayamara and Quechua Peoples, July 30, 1973).

The common denominator of all the above definitions is, development must progressively enhance the people's material as well as their cultural well-being, further underscoring the cultural importance of development.

2.1.3.1 Structuralist's model

The neoclassical economic model is built on only one part of Lofchie's definition, the structuralist premise. It assumes that structural transformations provide the impetus for development and changes in human behaviour. Because of this, attitudinal and motivational changes are viewed as variables which occur as a consequence of structural changes. Based on these assumptions, the model concentrates on structures and structural changes with the premise that such changes will reshape people, including their behaviour, attitudes, and motivation. So the free

market approach to development usually assumes that structural transformations induce desired behavioural and motivational changes in people. In a sense, it views people as puppets or pawns rather than as actors who, in making choices, determine whether development will occur. It ignores what makes the people "tick", how they perceive the world, and what their reality of the situation is. In short, it ignores the role of culture in the socio-economic development of people.

The importance of structural factors in development is well understood and cannot be discounted. Nevertheless, the central point of this argument is that even with structural changes the desired form of development may not occur because the people may not respond as envisaged. By viewing people as pawns, the neoclassical economic model fails to consider human motivation. On the other hand, if people are viewed as actors or participants rather than puppets, their motivation and role in the development process take an important dimension equal to the structural factors.

This approach of the model might have arisen because the causal connections between culture and development are more difficult to isolate than are those between structural changes and development. However, other methods can be devised to override this difficulty in drawing correlations. For example, the case for culture can be argued indirectly through examples that illustrate the importance of culture in other types of settings. There are many such examples in Sub-Saharan Africa. When Ghana wanted to build a hydroelectric dam, it obtained a World Bank loan covering the cost of constructing the dam and resettling people. The people were provided with better housing than their old ones yet they refused to occupy them. Further investigation by sociologists revealed that the new housing did not include spaces for their "juju" (gods). When the houses were modified to include provisions for the gods, the people moved into them without any effort. This example illustrates that culture was a significant factor in the situation, lending credence to the importance of culture in the development context in general. Further examples are illustrated in the case studies

in chapters 3 and 4.

However, the neoclassical model of development assumes that under new structures the individual is automatically transformed into a new man.⁹ The fallacy of this assumption is that man is a bundle of perceptions, attitudes, aspirations, motivation, and receptivity. Culture influences all these factors. As Majid Tehrannian's definition illustrates, development is people dependent. It depends on how they perceive things, what they value, and what they want or desire. Therefore, emotions of people are a very significant factor in determining the success or failure of development.

2.1.3.2 Structures as incentives and disincentives

The basic argument being raised here is that while structures may serve as incentive or disincentive systems for development, cultural factors may facilitate or restrain development. Culture affects the cognitive orientations (belief system) of people and their cognitive orientations in turn affect their attitude and expectations. G. B. Donald (1982, p.211) discusses this concept better than most when he observed that the attitude and expectations or cultural determination of the people's motivation are dependent on three factors: cognition, affect, and conation.¹⁰ Behaviour, to him, is based on the cognitive maps in people's minds. These maps form the basis by and through which individuals interpret reality, the person's cognitive constructs or "belief system" (Donald, p.211) mediating how he perceives and interprets reality and the world. Affect, to Donald, concerns itself with the

9 *Man refers to the generic term of human beings and not the sexist chauvinist idea of man versus woman.*

10 *For further discussion of these concepts, see Donald, G. B. (1982), "Development Models and Strategies: The Problem of Human Motivation", Journal of Contemporary African Studies, Vol. 1, No. 2, pp. 211-240.*

feelings and emotions that one has towards one's self and others, e.g., love, hate, shame, guilt, anger, and joy. He maintains that conation deals with volition, that for which one strives or desires or wants; in other words, with aspirations or motivations.

Donald's further observation is that affect and conation (i.e., feelings and emotions, and aspirations or motivations) can be reciprocally linked, resulting in the willing or striving component, e.g., a person's belief that he can or cannot change situations. This is linked with cognitive restructuring, and the individual perceives reality from a new vantage point, one that explains behaviour and events more clearly. The newly acquired values and perceptions shape his feelings and responses towards situations and events. Given that cognitive restructuring, the individual may feel or believe that he can or must change conditions and situations, and on that basis he proceeds to act. This is affected by culture and experience. Since Sub-Saharan African cultures differ from those of non-Africans, their actions and reactions must also differ.

2.1.3.3 Socio-economic development as a process

Analytically then, development should be viewed as a process of a situation. One can assess it in terms of change to the situation or transformations in the structures, people, and even processes. Being structurally inclined, at least in the initial stages, neoclassicism emphasizes structural factors in development to the neglect of the other two (people and process) factors. It usually assumes that market forces will take care of these two other factors.

When viewed as a specific type of situation, socio-economic development can be seen as a series of rational acts or steps which lead towards the transformation of society. This involves pursuing specific goals, strategies, or measures with fulfilment or non-fulfilment which are measured by specific indicators. On the other hand, when

development is viewed as a process, it focuses on the interacting variables of situations and the behaviour of people. Behaviour, whether decisional or patterned in nature, affects development. This means that participants in development are called upon by situations and events to make decisions and choices which affect the character of development. Their action or inaction influences subsequent events. However, the problem is that not all decisions are of a rational nature, because people also respond or react out of habit and this also affects development.

The main objective of development then, is the transformation of existing conditions so that desired goals or objectives can be achieved. This calls for changes at the three levels: in structures, in people, and in processes. Being the methods or means through which individuals, groups, and societies interact to bring about desired goals, processes are done through structures. Therefore, plainly speaking, development is nothing less than the effect of human interactions.

Structures are both facilitating and restraining factors in development. Which of the two set of factors they assume during the development process depends on the action of people mediated by prevailing events. Consequently, dismantling old structures and setting up new ones in their place does not automatically assure successful development. Yet that is one of the implicit assumptions of neoclassical economics. It assumes that by dismantling old structures the emergence of new ones will automatically follow and development will follow as a matter of course because individuals will react favourably to the new structures. The fallacy of this view is that individuals' motives are determined by both external and internal sources. The external sources include structures, (political, economic, and social), culture, and specific situations or events. So neoclassicism deals, at best, partially with only the external (the political and economic) sources of motives. Its mechanisms are limited for dealing with the social and cultural aspects of motivation because the model regards human interaction as merely exchange relations.

The argument advanced is that development, by definition, cannot occur without a change in structures, in processes, and in people's perceptions and belief systems. Change must take place at all three levels for social reconstruction to occur if not the sectors that have not changed will impede those that have and consequently development. But the neoclassical economic model has no programme for dealing with the people. Yet a man's harmonious adaptation to and progress in new environments is related to the fact that man is a whole, and his whole life is affected when he enters a new situation. A problem, therefore, arises if only a part of him comprehends the process he is involved in. For instance, factories in a consumption rather than creation-oriented community will not necessarily stimulate industrialization. Industrialization will only be stimulated when the psychic of the individuals in that society are in tune with it. In other words, industrialization is stimulated when the operating context of the society is in tune with it.

2.2 The African Operating Context

The shortcomings of the neoclassical economic model in its application to Africa also extend to its inability to deal adequately with traditional African institutions, the African mind set, and the socio-economic practices of Sub-Saharan Africa.

2.2.1 Traditional African Institutions

Neoclassical economics has a limited notion of institutions. The rational individualism concept fails to take into account important human ingredients such as sympathy for others, moral concerns, religious impulse, or aesthetic endeavour. Moreover, it perceives institutions other than the market as having no impact on economic behaviour. Social relationships among different groups and between different groups are either of secondary importance or of no consequence in the

model. To say the least, a model that professes to analyze rational decision-making for purposes of prediction should at least include sources which influence decision-making, namely, institutions.

Unlike the neoclassical economic model, African societies are built along institutional lines. While in the West the individual is the focal point of social organization, attitudinal behaviour, and motivational achievements, the kinship is the principle of social organization and the basis of social integration in Africa. These social organizations or institutions act as sources of influence on development interventions. They are the custodians of the beliefs and values, in short the frame of reference, of the community. They enable the collective whole of a community to draw pragmatic conclusions about the nature of its social reality or theory about how the world operates.

These differences in the notion of institutions between Africans and economists have created a problem of confidence in Sub-Saharan Africa. For example, Mamadou Dia (1996, p.48) has observed that the imposition of international financial neoclassicism in Sub-Saharan Africa by the IMF and the World Bank has generated structural "disconnect" between the indigenous (informal) institutions and the management practices characterizing the civil society, and the formal (modern) institutions and governance. While this disconnect has its genesis in the colonial period, it appears to have intensified ever since the unabated involvement of the IMF and the World Bank in the economies of SSA. The disconnect has created a crisis of legitimacy and accountability that affects all aspects of African life. The operational and financial disconnect between the informal sector (mostly indigenous) and the formal (modern) sector (mostly foreign dominated) has impeded the development of the local private sector. Furthermore, the absence of operational linkages between activities of the informal and formal sectors has created a "missing link" that limits the possibility of graduation from micro to small-and medium-scale enterprises

(SME), and into modern enterprises. Additionally, the lack of intermediate and adapted financial systems between the formal banks and financial institutions and the traditional rotating savings and lending institutions leaves a "missing link", in other words, an institutional void, in the financial intermediate system needed to support the growth and development of the local private sector. In Mamadou Dia's opinion, "the traditional rotating savings and lending institutions have the right *modus operandi* but not the resources to support the growth process of the micro-enterprises and the SME. On the other hand, the informal banks and financial institutions have the resources, but not the *modus operandi* adapted to micro-enterprises and SME" (p.50). This is evidenced in the structural adjustment programmes. The general practice of the World Bank and the International Monetary Fund during the implementation stage of the programmes has been to channel relatively large amounts of capital through existing (formal) financial institutions able to accommodate such flows efficiently. This approach leaves few opportunities to support micro-enterprises, where most indigenous local entrepreneurs and investors operate, which are seldom reached effectively by public or formal institutions. This ignores traditional savings and lending-institutions which have the right approach to assist micro-enterprises. Loans obtained by simple verbal agreement, or pawning or pledging of an object, are fully repaid and on timely basis. The symbolic force of the verbal agreement carries a strong pressure for self-enforcement.

2.2.2 The African Mind Set

The implementation of free market economics in Sub-Saharan Africa also tends to ignore the mind set of the African. There is the illusion that an assimilation of Western value systems and thought patterns has already taken place in Sub-Saharan Africa. But evidence strongly suggests a contrary view. Even if the assimilation process had occurred, it should be remembered that in the face of progress, people often retain their basically conservative set of values and ways of thinking. This is so because a people's world-view remains intact longer than some of their customs, beliefs, or other cultural phenomena, thus causing them to resist any

progress that threatens their established world-view. It is possible that neither benign neglect nor deliberate victimization, nor assimilation, nor bribery nor even genocide can entirely eradicate a culture on its home turf. The Jewish, the Catholic Irish, and the Palestinian examples clearly illustrate this point. This situation is even more true in African than in anywhere else. Christianity has painfully found out that whilst Africans may ultimately convert to a new religion, their basic beliefs usually remain rooted in the old system of traditional religions. Even where urban life leads to the rejection of traditional religion and the adoption of secular values, their world-view remains unchanged and continues to influence their thinking. This attests to the fact that development cannot occur in a single isolated sphere of a human being's existence; only by touching his thinking, feeling, and life within the context of his experiences and actions will effective adaptation and development take place. Therefore, the understanding of the African thinking process is necessary for implementing successful neoclassical economic programmes such as structural adjustment.

2.2.2.1 Pragmatic philosophy

African philosophy is based on pragmatism: it functions to the extent that it manifests the metaphysical. God's existence is not an epistemological issue; faith or belief is not an epistemological term. It is used rather in the sense of trust. In traditional Africa the universe is seen as a mother giving her children gifts. God is not in the forefront but reflects Himself through various mediators who transmit His gifts (of vital force in the form of healing, well-being, prosperity, etc.) to man. Those on earth know that behind everything are the continuous divine and ancestral acts and other supernatural forces. Fear of these forces in nature and mythologies based on them makes nature a loaded force, which one could hardly manipulate. To the African, therefore, the earth contains fearful forces which prohibit its cultivation unless certain rituals are first observed. Nature is a personal entity: man and nature are not two independent and opposing realities but one inseparable continuum of a

hierarchical order. There is a mutual attraction between man and nature and man has a personal relationship with it. In this regard, land belongs to the ancestors who, through their mediation with the forces of nature, provide it for posterity. This view contradicts the Western concept that nature consists of objects and one must use nature to the best of one's ability.

The African philosophy differs from the positivistic thinking of the West which analyzes its environment through observation, and from the Eastern contemplative philosophy that depends on theoretical analysis. Africans think in terms of life-force (i. e., force is being and being is force) or power. This life-force is part of intelligent and non-intelligent beings. It is subservient to man and determines such things as space and time, aesthetic modality, destiny, beauty, happiness, and laughter. While one being can influence another being, no force can annihilate another force. To be at the central point of reality one has to participate in the life-force. It appears that the fundamental difference between the African and other philosophies is not well understood by mainstream economists. The ideal of the African philosophy is coexistence with and the strengthening of vital forces or vital relationships in the world and universe which contrasts that of Asian or Western philosophy. The ideal of the Asian culture is to flee from the illusions of the world. Thus, the Indian, for example, withdraws from this world and strives to reach the nirvana through ascetic discipline and meditation. On the other hand, the ideal Western thought is the conquest of nature and living according to nature and the tool of conquest is science.

2.2.2.2 Hierarchy of forces

The African society consists of a hierarchical ordering of the supernatural and cosmic forces. God is the most potent force and He is at the top of the hierarchy. So He is referred to as the king of all gods in all the languages of Africa, e.g., the Dagaaba of Northern Ghana refer to Him as *Naamwini*, i.e., "chief of all gods" and the Asante and Ewe equivalents are *Onyame* and *Mawu* respectively. The Nandi of

Kenya call God *Asis* (the Supreme God). He is referred to as *Inkosi yaphezulu* (Lord-of-the-sky) in Zulu and in Yoruba as *Olorun Oldumara* (sky God). All these various names by which God is known in the different African languages portray Him as great, bright and shining, unique, unsurpassable, or powerful. He is thought of as being particularly in the air or sky (hence, Lord-of-the-sky), but He is also everywhere and sees everything. God is considered to be the final explanation of all things, the point beyond which further questioning is meaningless. If one does not know what is wrong, if nobody understands a situation, if a problem appears insoluble, the African finds consolation in saying something to the effect: "Well, God knows," or "There is God" (i.e., "Onyame wa ho" in Asante) and resigns himself to His immensity and providence.

Next to God is a group of other supernatural beings or gods (*mwime*, in Dagaari¹¹). Their existence is manifested in or through certain natural phenomena. Next are the ancestors and the patriarchs of the group who act as mediators between God and the group. This hierarchy is also maintained among the living. The chief or the patriarch is the sum and substance of the tribe, i. e., he is the vital force. He is perceived as being endued with more vital power than his subjects and he is therefore accepted as the most powerful person among them. As long as this law of subordination is observed and maintained, a living or deceased force can reinforce another force, hence the influence of, and subject to, the ancestors and other forms of authority. This subordination is often misread by Westerners as authoritarianism.

To Africans, vital force is the all persuasive energy that motivates everything. In the West, the respected in society is the thinker, the intellectual, or the rich because in Western culture it is a good thing to earn more and more money. In Africa, the strong man is the symbol of excellence because he mediates vital forces to his subjects. Furthermore, one's self respect and regard in the eyes of a neighbour

11 *The Dagaaba language is referred to as Dagaari.*

(i.e., perceived social definition) in the West is based largely on one's salary, profession and/or possessions. This has given rise to the often heard description of Western philosophy as: "I think, therefore I am". An African equivalent of this thought in Dagaari is: "*N ia nia n nuba zung; ka n nubang bebe n min na bebeng*" i.e., "I am because we are: and since we are, therefore I am". Consequently, communal unity of the essence of being is quite possible. So the thought that "I am I, and not the other", and that "the other is another and not me", is an unacceptable concept in African philosophy and social upbringing. Communal belonging is encouraged.

The youth are introduced to the art of communal belonging during a ritual period of withdrawal from society and absence from home when they are educated in the art of African life and social secrets. This enables them to develop a collective perspective of behaviour. The young people who have been initiated together become mystically and ritually bound to each other for the rest of their lives. This is similar to the Western concept of "old boys' association". However, the African practice is much stronger and deeper than that. Members of the initiated class develop a lasting collective perspective or group solidarity. They are in effect one body, one group, one community, one people. They help one another in all kinds of ways, including even the practice of wife-sharing in certain societies. John S. Mbiti (1969) has documented that among the Maasai of Kenya, "the wife of one man is equally the wife of another man in the same age-group: and if one member visits another he is entitled to sleep with the latter's wife, whether or not the husband is at home". This practice, which still continues, underscores a deeper level of asserting the group solidarity. The solidarity creates a sense of security, a feeling of oneness ("I am because we are"), and the opportunities of participating in corporate existence. So to the African, it is through participation within group activities that one learns to live well, making the African concept of good life and development, community based. Moral code is based on this hierarchy of forces. An act is considered to be good if the command of the ancestors are obeyed, the customs and taboos of the tribe are observed, or the vital force of a person is enhanced.

Two implications regarding the functioning of the free enterprise system can be drawn from this concept. The first is, the central tenet of neoclassicism (i.e., individualism) is contrary to the African philosophy of communal unity. Consequently, development projects need to be community based, as much as possible, to achieve noticeable success. Secondly, this sense of community and communal protection can sometimes minimize the acceptance of individual responsibility, including the sense of responsibility for one's own failure. It may also make outstanding individual excellence or creative achievement to be regarded with suspicion. This can give rise to irresponsibility, lack of consistency in the work situation, and lack of any sense of achievement. Furthermore, criticisms are regarded as humiliation and ridicule and so they cannot be used as a form of performance appraisal. The African manager's general reaction to criticisms may be to fire up various defence mechanisms such as narrowing job responsibilities to prevent future errors and thus avoid further humiliation and ridicule. Therefore, criticisms can result in loss of motivational spirit to go into uncharted territories to seek opportunities.

2.2.2.3 Thinking process

Traditional African thinking is similar to Erving Goffman's (1983, p.2) view that social life is something like a staged drama (dramaturgical perspective). The African thinking process is dominated by myth and magic. Nature is seen as a drama in which each thing plays a part. This approach contrasts the Western belief that every detailed occurrence can be correlated with its antecedents in a quite definite manner so as to exemplify general principles.

Traditional African thinking is also dominated by a low level of industrial mentality due to a number of reasons. Industrial mentality is a psychological orientation of the mind. It puts the mind in an adventurous mode, enabling it to design development and to conquer obstacles facing it in the process. However, the communal unity process insulates the individual from putting his mind into an

adventurous mode because of the sense of security derived from the group support since the survival of each individual is the concern of all members of the community. Industrial mentality is also acquired by long exposure to and practice in practical industrial problem solving which is not a common occurrence among Africans.

Further, the African thinking process sees man as more than a mere social being. He is closely related to animate and inanimate things. He is an intimate relationship with other forces which influence him and others. The living - including animals, plants, and minerals - are in turn bestowed with this vital force according to their status in the community. Therefore, while the West perceives the world as objectified, the African sees it as subjectified. Man is a part of the subjectified world and he presupposes that things take part in it as he does.

2.2.3 Socio-economic Practices

There is a number of African cultural traits that can be implied from the foregoing discussion which developed countries have failed to observe properly. As noted above, African economic psychology is generally characterized by power connections between objects, humans, and the supernatural. Although the emphasis put on each of these elements, and the interrelationships among them, can vary from one ethnic group or tribe to another, the quest for equilibrium with other human beings and with the supernatural is generally the dominant guiding principle. The frontiers separating collective preferences from individual ones are often non-existent or quite vague. This fussiness affects the African concept of time, self-reliance, sense of accumulation, promise and commitment, and leisure.

2.2.3.1 Concept of time

Westerners often complain that Africans lack any concept of time. Edward T. Hall (1959/1973, p.6) maintains that:

As a rule, Americans think of time as a road map or a ribbon stretching into the future, along which one progresses. The road has segments or compartments which are to be kept discrete ("one thing at a time").

While this may be true in the Western context, it is far from the truth about African concept. Africans regard time as a composition of events which have taken place, those that are occurring now, and those which are immediately to occur. Both "no-time" and "potential time" are possible in this regard. Events that have not taken place or have no likelihood of occurring immediately belong to the "no-time" category. On the other hand, what is certain to occur, or what falls within the rhythm of natural phenomena, is in the category of "inevitable or potential" time.

Unlike the Western concept of time being three dimensional, African time is a two dimensional phenomenon. The African concept of time has a very long past, a present, and virtually no future. So the linear Western (and for that matter mainstream economics') concept of time, with an indefinite past, a present, and an infinite future, is foreign to traditional African thinking process.

The future is virtually absent because events which lie in it have not yet taken place; they have not been realized and cannot, therefore, constitute time. If, however, future events are certain to occur, or if they fall within the inevitable rhythm of nature, they, at best, constitute only potential time, not actual time. What is taking place now no doubt unfolds the future, but once an event has taken place, it is no longer in the future but in the present and the past. Actual time is therefore what is present and what is past. It moves "backward" rather than "forward"; and people set their minds not on future things, but chiefly on what has taken place.

This time orientation, governed as it is by the two main dimensions of the present and the past, dominates African understanding of the individual, the community, and the universe. Time has to be experienced in order to make sense or

to become real. A person experiences time partly in his own individual life, and partly through the society which goes back many generations before his own birth. Since what is in the future has not been experienced, it does not make sense; it cannot, therefore, constitute part of time, and people do not know how to think about it - unless, of course, it is something which falls within the rhythm of natural phenomena.

When Africans reckon time, it is for a concrete and specific purpose, in connection with events but not just for the sake of mathematics. Since time is a composition of events, people cannot and do not reckon it in vacuum. Therefore, numerical calendars do not exist in rural African societies. Instead of numerical calendars there are what one would call phenomenon calendars, in which the events or phenomena which constitute time are reckoned or considered in their relation with one another and as they take place, i.e., as they constitute time. For example, a farmer counts the lunar months to the time of harvest of his crops.

The day, the month, the year, one's life time or human history, are all divided up or reckoned according to their specific events, for it is these that make them meaningful. The rising of the sun is an event which is recognized by the whole community. It does not matter, therefore, whether the sun rises at 5 a.m. or 7 a.m., so long as it rises. Therefore, when a Western person arranges a meeting with an African for the next day at 9 a.m., the African interprets it as: "We shall meet tomorrow morning at 9". The mathematical time to the African is the word "morning" because it is the event pertaining to the meeting and not the Western mathematical time 9 a.m. So it does not matter whether the meeting takes place at 7 a.m. or 11 a.m., so long as it is during the general period of sunrise. Likewise, it does not matter whether people go to bed at 9 p.m. or at 12 midnight: the important thing is the event of going to bed, and it is immaterial whether in one night this takes place at 10 p.m. while in another it is at midnight. For the people concerned, time is meaningful at the point of the event and not at the mathematical moment.

In Western or technological societies, time is a commodity which must be used, sold, or bought; but in traditional African life, time has to be created or produced. Man is not a slave of time; instead, he "makes" as much time as he wants. When foreigners, especially from Europe or America, go to Africa and see people sitting down somewhere without, evidently, doing anything, they often remark, "These Africans waste their time by just sitting down idle!" Another common cry is "Oh, Africans are always late!" It is easy to jump to such judgments, but they are judgments based on ignorance of what time means to African peoples. Those who are seen sitting down, are actually not wasting time, but either waiting for time or in the process of "producing" time. On the other hand, those who come late, to say a meeting, do not consider themselves as being late. To them, the time of the meeting begins at the commencement of the meeting and the meeting itself starts when all participants have arrived. In other words, participants do not wait for the meeting, it is the meeting that waits for the participants. This basic concept of time underlies and influences the life and attitudes of African peoples in the villages, and to a great extent those who work or live in the cities as well. Among other things, the economic life of the people is deeply bound to their concept of time. The day is reckoned according to its significant events, e.g., "cock crow" for day break, "sun rise" for morning, "sun over head" for afternoon, and the "stars have appeared" for evening.

Lunar rather than numerical months are recognized, because of the event of the moon's changes. In the life of the people, certain events are associated with particular months, so that the months are named according to either the most important events or the prevailing weather conditions. For example, there is the "hot" month, the month of the first rains, the weeding months, the harvest month, etc. It does not matter whether the "harvest month" lasts 23 or 36 days: the event of harvest is what matters much more than the mathematical length of the month.

The year is similarly composed of events, but of a wider scale than those which comprise either the day or the month. Where the community is agricultural, it is the

seasonal activities that compose their year. Near the equator, for example, people would recognize two rainy seasons and two dry seasons.¹² When the number of seasons or periods is completed, then the year is also completed, since it is these four major seasons that make up an entire year. The actual number of days is irrelevant, since a year is not reckoned in terms of mathematical precision but in terms of events. Therefore, one year might have 350 days while another year has 390 days. The years may, and often do, differ in their lengths according to days, but not in their seasons and other regular events.

Since the years differ in mathematical length, numerical calendars are both impossible and meaningless in traditional life. Outside the reckoning of the year, African time concept is silent and indifferent. People expect the years to come and go, in an endless rhythm like that of day and night, and like the waning and waxing of the moon. They expect the events of the rainy season, planting, harvesting, dry season, rainy season again, planting again, and so on, to continue for ever. Each year comes and goes, adding to the time dimension of the past. Endlessness or "eternity" for them is something that lies only in the region of the past and not of the future.

2.2.3.2 Self-reliance

Self-reliance and self-interest are usually subordinated to ethnicity and group loyalty. The main concern seems to be maintaining social balance and equity with the group, rather than individual economic achievements. Generally, the interest of the local and ethnic communities takes precedence over whatever the government may declare as national goals.

Typically, higher value is placed on interpersonal relations and timely

¹² *Further away from the equator, these seasons are limited to only two: a rainy season and a dry season.*

execution of certain social and religious or mystic activities than on individual achievements. The circumstances, and sometimes the rituals surrounding the economic transactions are often more important than the principles governing these transactions. The value of economic acts is measured in terms of their capacity to reinforce the bonds of the group.

2.2.3.3 Sense of accumulation

In Sub-Saharan Africa, it might well be said that the only riches are those shared with (and socially visible to) the community. There is a social and mystical need for what neoclassical economists may call "wastefulness." For example, among the Diola of Senegal, it is common to kill heads of cattle (750 in one instance) to celebrate youth initiation ceremonies (Dia, 1992, p.22), and it is not uncommon for poor, malnourished farmers to give away vast quantities of foods on the occasion of marriages, circumcisions, or burials.

Exacerbating matters is the fact that the extended family is always present and always likely to be imposing itself. From early childhood one is taught to be responsible for helping one's blood relatives. Often this produces a feeling of compulsive responsibilities to render every possible assistance to all relations, no matter how remote. Excess income is distributed first to close members of the extended family, then to the neighbours, and then to the ethnic group. Excess income, therefore, simply leads to more lavish consumption and a widening of the circle of those benefiting from the income redistribution as a form of investment against future uncertainties. The economic success in itself does not lead to upward social mobility. A desire for clan prestige frequently provides a justification for these behavioural traits. In some areas, wedding guests from a clan may proudly pin bank notes on their festive dress, literally parading their clan wealth. Baoule funerals in the Ivory Coast are famous for their extravagant display of family treasure (such as jewel, gold dust, etc.). This practice occurs in other African countries too and a higher level of

education may not matter in such cases. From the development perspective, the problem is that this tendency (attaching little value to the self-control needed for saving) runs counter to the prerequisites for promoting private investment and African entrepreneurship.

2.2.3.4 Concept of household

Various colonial administrations and missions introduced and promoted through educational and legal systems the idea of the monogamous nuclear household in various African countries. The design of the colonial income tax systems, public sector compensation programmes, and other policies presumed the existence of such a domestic organization. After independence, this colonial legacy continued to influence public and private sector policy formation, although actual domestic functioning continued to deviate substantially from the inherited.

The monogamous household model can be characterized as a discrete co-residential unit with commonly held economic resources and a joint budget. For example, spouses are seen as being a single legal entity having common interests and preferences. The wife and children are economically dependent on the husband, the sole primary income earner. The husband as household head, is the main decision maker.

This model deviates considerably from the observed behaviour of Sub-Saharan African domestic units, especially in terms of family financial management behaviour. Many African women are not, nor have they historically been, economically dependent on their husbands. They are more appropriately seen as workers with family responsibilities. In urban centres, many are de jure or de facto heads of households due to polygynous non-coresidential marriages, marital disruptions, or male migration. Spouses do not pool their income, do not hold joint bank accounts, and rarely hold joint assets. Even when spouses live together, they do not have a

common budget but have separate allocative priorities. Both spouses do contribute to the financial well-being of the household, but their contributions tend to be clearly differentiated. Finally, the financial commitments of spouses are not limited to their conjugal units alone. They extend to their larger families of origin. The financial responsibilities of each spouse to his or her extended family are separate, distinct, and often quite extensive.

Be as it may, official survey questions are formulated often on the basis of the Western monogamous nuclear household concept. This approach affects the content and form of the survey questions, the choice of the appropriate informants, and the analysis of the data, substantially deviating from social reality. So the Western monogamous nuclear household model, on which the neoclassical economic paradigm is predicated, cannot explain or predict adequately domestic consumption and investment behaviour of the African because the collected data are generally flawed.

2.2.3.5 Paternalistic and hierarchical society

African society is generally very paternalistic and hierarchical. Little prone to individualism, it tends to be egalitarian within the same age group, but hierarchical in group-to-group relations, with marked subordination of the younger members. This organization is described in an African proverb as: "Monkeys play by sizes". Within each group, individuals possess equal legal status and the capacity to perform specific acts, but a person wishing to go beyond his or her own circle, can do so only with the permission of the father or some other authority such as a chief.

These paternalistic and hierarchical structures have often been regarded by Westerners - who highly value assertiveness, individual freedom, and responsibility - as running counter to productivity and creativity. But this is not always borne out by fact or history. First, in most rural areas, the type of aggregation (lineage kingship)

and the size of the unit (large extended family or small nuclear one) determine how land and labour are allocated. Also if there is considerable pressure within the community or group to strict adherence to traditional socially acceptable behavior, it may be difficult to induce isolated individuals to adopt innovations that tend to alienate them from the society. For instance, work on certain days or at certain times may be forbidden in deference to bush spirits. In parts of Burkina Faso, the "chef de terre" has an absolute mystical power on all matters relating to land allocation and introduction of new farming techniques (Dia, 1992, p.27). In this setting, it may be necessary to adopt extension methods that use the group as the focal contact point instead of individual farmers. A society founded on dependence and paternalism may thus prove just as creative as any other. Indeed, the impulse to bring oneself to the notice of the "prince" may be a more powerful incentive than self-achievement. Even if paternalism and dependency ultimately slow the pace at which an entire population changes and evolves, they need not prevent progress, research, and economic development.

2.2.3.6 Promise and commitment

A promise or commitment, which is the manifestation of intention in legal acts, is no simple symbol in the African context. The presence of several witnesses is a frequent requirement, and their role generally goes well beyond those of neutral bystanders. In some instances, they may be expected to remember the facts should one of the parties renege the deal. In other instances, their presence and acquiescence, particularly if they are heads of family or village chiefs, are necessary to legitimize the act.

Loans obtained by pawning or pledging an object are also symbolic acts. But here the symbolic value of the pledge is more important than its mercantile value. In most African tribes, loans are granted in exchange for the pawning or pledging of an object of so little value that it could not possibly serve as a collateral. These pledges

are accepted as evidence against debtors when disputes arise, but they primarily personify the debtor, who in a sense offers a part of himself as pledge, and having done so, can no longer go back on his word because he has to redeem that part of himself he has pledged. There is a high rate of loan repayment in the traditional and informal financial system, compared to the unduly high percentage of non-performing loans in most of the formal banking sector in Sub-Saharan Africa, because of the importance attached to these traditional ritualistic and social guarantees.

2.2.3.7 Leisure or laziness

The tendency to value group solidarity and socializing has generally led Africans to attach a high value to leisure and the attendant ability to engage in rituals, ceremonies, and social activities. There are two socio-economic issues regarding this tendency. An inadequate recognition of the social benefits attached to leisure, as well as the impact of traditional leadership and organizational patterns on labour availability, may lead to an over-estimation of its supply.

And second, the high value Africans attach to leisure has often been misconstrued by non-Africans as "laziness." Neoclassical economists have explained this tendency in terms of the backward bending supply curve of labour principle. However, these activities serve as a means of reinforcing social bonds, which are the foundation of society. Thus, the marginal return of so-called unproductive labour (i.e., leisure) is generally very high and not nil - that is, the benefits are more social than economic. As a result, farmers tend to adopt innovations only when the expected return on additional labour, measured in both social and economic terms, is likely to be substantially higher than what they are already receiving from the prevailing combination of leisure and productive activities.

2.3 Conclusion

The above discussion illustrates that Sub-Saharan Africa functions a lot differently from what is presumed by the free market mind set of mainstream economics. This is so because the neoclassical economic paradigm has a limited perspective of communication and culture. Neoclassical economists' concept of communication is limited to sellers and buyers only in so far as they are engaged in market transactions mediated by money. However, market transactions are exchange activities and generally all exchange activities are social behaviours with wider effects. Commodities in general are simultaneously objects and signs. They are demanded not merely for their utilitarian properties, but also for the messages they impart to the buyer and to others. This means that the users of each commodity are not limited to only those who own or display it, but also those who read it as messages. Consumer goods "serve as a medium of non-linguistic communication". Therefore, everything has a wider effect thus rendering the economist's claim of the "telescopic faculty" of the market defective.

In other words, market transactions have consequences over and beyond those who choose to engage in them. So certain activities that may appear irrational in market transactions according to the neoclassical economist's radical individual self-interest model may be rational behaviour from a community's cultural perspective. Culture and economics are inextricably intertwined, so changes in one necessarily affect the other. Also, politics and government are influenced by culture: we cannot separate culture from the political and economic aspects of our lives. Neoclassical economics ignores the fact that in Sub-Saharan Africa, the socio-cultural realities of communities differ from its perspectives. The African concepts of group, language, meaning, and human interaction are remarkably different from those of economists but strikingly similar to communicologists' perception of these issues. These similarities suggest that Sub-Saharan Africa may require a model that views economics and economic systems in a much broader perspective, that is, within the

context of the overall society as advocated for by communicologists. This frame of reference appears to be more representative of the social realities of Sub-Saharan Africa where culture plays a dominant role. Circumstances surrounding economic dealings in Sub-Saharan Africa rely more on interpersonal relations than the impersonal forces of supply and demand. Therefore, in its current form, the neoclassical economic model cannot contribute to human development on sustainable basis in Sub-Saharan Africa because it lacks serious understanding of the African operating context. The communicologist's notion of viewing economics and economic systems in a holistic perspective of society seems to be superior to the neoclassical model. Consequently, it may stand a better chance of achieving appreciative results in Sub-Saharan Africa. The case studies in the next two chapters illustrate these issues.

CHAPTER THREE

3.0 CASE STUDY ONE: STRUCTURAL ADJUSTMENT PROGRAMME IN THE GHANAIAN CULTURAL CONTEXT

The following case study examines the effects of the neoclassical economic model of structural adjustment programme in Ghana from 1983 to 1997. After experiencing problems in its international debt obligations, Ghana implemented a structural adjustment programme in 1983. Since then, it has pursued this policy tenaciously (World Bank, 1994a, p.58), hoping to improve the socio-economic development of its citizens. However, there are indications that the anticipated socio-economic development is below expectation. For example, in a speech to the nation in 1990, the President of Ghana observed that:

I should be the first to admit that the economic recovery programme has not provided all the answers to our national problems. There are many who have found it difficult the past [Christmas] holidays to manage a modest celebration with a chicken for a meal, a new dress for a child or a bottle of schnapps for the folks back home (Ankomah, 1991, p.11).

This study uses World Bank and IMF data to examine this predicament. First, it identifies the case site and discusses the background leading to the implementation of the structural adjustment programme. It then relates the policy instruments of SAP to the Ghanaian cultural context, illustrating their limitations to adequately deal with Ghanaian cultural variables. It concludes that the social limitations of the neoclassical economic model of structural adjustment programme to human development on sustainable basis in Ghana are, in part because the model's initiatives are not effectively anchored in the Ghanaian operating context. Operating context refers to both objective and subjective macro and micro level or national and local attributes or characteristics with the potential either to contribute to or inhibit sustained

development.

3.1 Case Site and Background

Ghana is located on the west coast of Africa, about six degrees north of the equator (see Figure 3.1). It gained political independence from British rule in 1957 when it adopted the name Ghana, the name of an ancient Sudanese empire, in preference to the former name the Gold Coast. At the time of independence, it had \$500 million in foreign reserves, a 40 per cent share of the world's cocoa market and a prosperous trade in gold, diamonds, manganese, and timber (Seidman, 1974, p.69).

However, 25 years after independence the \$500 million in foreign reserves were transformed into the accumulation of foreign debt. It lost most of its share of the cocoa market to competitors, capturing only 12 per cent of the world's market and placing third behind the Ivory Coast and Brazil. For at least a decade of these 25 years, its GNP experienced a negative average growth rate of 1.3 per cent per annum, an accomplishment only surpassed in recent times by Jamaica, Uganda, and Chad (Korner, 1986, p.35).

The story of this deteriorated economic situation was laced with serious attempts to develop. At the dawn of independence, the national government of the then Gold Coast invited the distinguished economist, W.A. Lewis, then professor at the University of Manchester, England, to report on the possibilities of developing industries in the soon to be independent Ghana. His report, published in 1953, became a major policy guide for the newly independent Ghana (Seidman, 1974, p.81). The report (Seidman, p. 83) emphasized improved agricultural productivity to ensure:

- *an adequate market for expanding manufactured goods;*
- *increase in savings among farmers in order to finance industrialization;*
and
- *the release of labour for industry since there was a shortage of labour in the then Gold Coast which rapid industrialization would aggravate.*

FIGURE 3.1 MAP OF AFRICA SHOWING THE POSITION OF GHANA



The report also stressed the improvement of the public service in order to reduce the cost of manufacturing and thus automatically attract new industries, without the government having to offer special favours. Furthermore, the government was advised to create a favourable investment climate by:

- *announcing its willingness to give limited aid in the form of temporary protection or subsidies to newly established factories in specific favourable or marginal categories;*
- *announcing its willingness to welcome foreign enterprise and guaranteeing the free repatriation of profits and dividends; and*
- *establishing an Industrial Division in the Department of Commerce to carry on research concerning the possibilities of new industries (Seidman, p. 83).*

Based on these recommendations, the national government pledged itself to balanced growth aimed at integrating the entire population into a modern economy in order to provide higher levels of living for all. Therefore, Ghana adopted a programme of economic development based on the basic theory of development prevalent in the 1950s (Nkrumah, 1970, p.107). This theory stressed that in order to raise the levels of living, industrial development should be built on a sound foundation of agricultural growth (Nkrumah, p.109). The theory also favoured government using its revenues to create the necessary social and economic infrastructure and a limited array of industries. This, the theory maintained, would allow private capital to flow into the productive sectors to augment the national income. The creation of surplus, which followed as a matter of course, would increase the revenue of government for further expenditures on infrastructure. In addition, it would release private capital for investment to sustain continued growth. Consequently, the Government of Ghana augmented expenditures for schools, hospitals, roads, railroads, and ports several times over. It built the Volta Dam to provide electricity to help promote import-substitution industrialization.

The Government's next objective was to achieve "economic freedom".

According to Kwame Nkrumah, the then Prime Minister,¹ "a major objective which remained unfulfilled after political independence is economic independence, without which our political independence will be valueless" (Nkrumah, 1970, p.110). An important essential was to reduce Ghana's colonial-produced economic vulnerability. This was to be done by promoting import-substitution industrialization for, "every time we import goods that we could manufacture, we are continuing our economic dependence and delaying our industrial growth" (Nkrumah, p.110).

Despite a very high investment effort, the economy failed to grow commensurately. Data presented by Tony Killick (1978, p.68) indicate that while net fixed capital increased from 12 per cent of Net National Product (N.N.P.) in 1958/59 to 16 per cent of N.N.P. in 1964/65, the annual rate of growth of N.N.P. contracted from 1.8 per cent to 0.3 per cent during the same period (Killick p.68). Furthermore, while the per capita Gross National Product (GNP) grew at a mere 0.2 per cent per annum between 1958/59 and 1964/65, negative growth rates of 2.3 per cent in 1964/65 and 0.80 per cent in 1968/69 were recorded. Clearly, it can be concluded from Killick's data that while net investment grew at a high rate, the welfare of Ghanaians deteriorated.

Economic stagnation was not unique to Ghana in the Sub-Saharan region. What was remarkable was that it occurred in spite of massive investments. So Ghana's attempts at development acquired the dubious title of "investment without growth" or "modernization without growth" (Killick, 1983, p.178). These problems were blamed on the spending spree attitude of successive governments, ill-trained civil servants, state capitalism, corruption, and the effects of an over-valued currency. In all fairness, the suggestion that the Ghanaian currency was over-valued might have been true. Ghana had always resisted currency devaluation. In fact, attempts by subsequent governments in the 1970s to devalue the currency led to their overthrow

¹ Ghana became a republic in 1960 and the title, prime minister, was change to president.

through military coups. For example, the army officers who overthrew the civilian government in 1972, cited the government's devaluation of the currency by 44 per cent as the major reason for their action (Apter, 1972, p. 371). They contended that the devaluation of the currency, if allowed to operate, would lead to spiral inflation, sabotaging Ghana's import-substitution programme and economic independence.

The economic situation did not improve in the 1980s. In the early parts of that decade, Ghana's economy was adversely affected by the rapid rise in petroleum prices, declining demand for primary exports, and weakening commodity prices. Government revenue at the time covered only 35 per cent of total expenditures (World Bank, 1984b, p.xvi). Ghana, like the other Sub-Saharan African countries, began to stock pile large sums of debt. The total public debt of \$2.226 billion in 1985 was almost twice its 1980 debt of \$1.407 billion (Reddy, 1994, p.21).

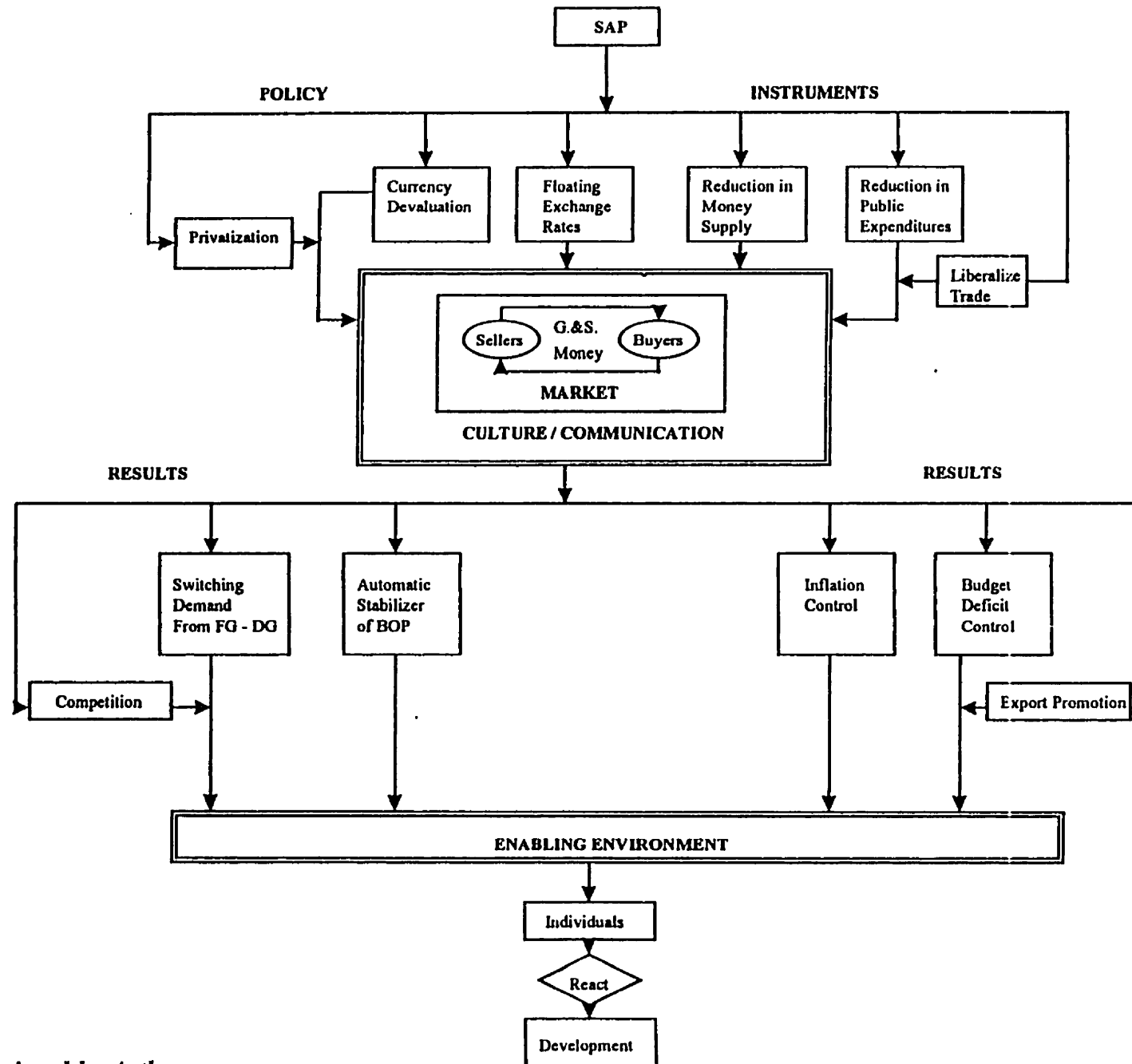
Furthermore, the per centage ratio of debt to exports was equally high. Almost five cents of every dollar in export earnings was used for interest payment in 1980. The figure rose to 12.9 cents in 1985 (World Bank, 1994b, p.17). Also, the 1980 ratio of debt to exports of 116 per cent increased by 1.84 times to 329.1 per cent in 1985. The high debt to exports ratio caused the debt service ratio to rise. The ratio was 13.1 per cent and 24.3 per cent for 1980 and 1985 respectively. The magnitude of the debt service ratio is much appreciated by recalling that in the 1950s it was customary for international financial institutions such as the World Bank to accept a maximum debt service ratio of 15 per cent (Miller, 1986, p.90). With such high liabilities Ghana began to experience debt-payment difficulties. By 1983 it could not meet its financial obligations. It had to approach the World Bank and the IMF for assistance.

The Fund and the Bank regarded the poor socio-economic records of Ghana as solely balance of payments problems of a temporary nature. The institutions believed that "the external disequilibria were a consequence of excess aggregate domestic demand, caused by excess credit expansion" (Weissman, 1990, p.1622). They

further envisaged that a combination of the "right" macroeconomic adjustment policies and debt rescheduling would provide a "quick" and relatively painless solution. So their standard solution of structural adjustment programme was recommended. The programme was to assist Ghana implement "interrelated policies for stabilizing economies through an orderly reduction of domestic demand for external resources, and for engineering sustainable long-term growth through changes in relative prices designed to make the economy more efficient, more flexible and better able to use resources" (World Bank, 1988, p.1; Weissman, 1990, p.1625).

As a result, the Fund and the Bank prescribed their usual demand management and price adjustments strategies of privatization, currency devaluation, floating exchange rates, reduction in money supply, decrease in public expenditure, and trade liberalization to Ghana. As illustrated in Figure 3.2, the standard view is that these instruments are mediated by free-market forces to generate a series of positive economic results. These results include the: promotion of competition, switching of demand from foreign goods to domestic goods, creation of an automatic stabilizer of balance of payment, control of inflation and budget deficits, and promotion of exports. Operationally, SAP represents supply-side economics. It is rooted in laissez faire, free market economics' notion that if society makes conditions sufficiently favourable for some people to generate and accumulate wealth, the rest of society will share in that wealth through employment. This situation is described by Jeffrey Sachs as "the rich need not help the poor, since the poor can enjoy rising living standards and someday become rich themselves" (Sachs, 1998, p.23). The basic idea is to create capacity by removing what is called government impediments and initiating individual incentives which were central to Adam Smith's *Wealth of Nations*. So SAP's general objective "is to establish a market-friendly set of incentives through the price system that can encourage the accumulation of capital and more efficient allocation of resources" (World Bank, 1984a, p.16). By this then, SAP's sermon is: "seek ye first right prices, and all else shall be added unto them". Accordingly, the results act as an incentive to create an enabling environment for individuals whose

FIGURE 3.2: THE CULTURAL CONTEXT OF THE OPERATIONS OF STRUCTURAL ADJUSTMENT PROGRAMMES



LEGEND
 DG Domestic Goods
 FG Foreign Goods
 BOP Balance of Payment
 - To
 G.&S. Goods and Services

collective reaction generates socio-economic development. This approach has been applied homogeneously to all countries in SSA which sought assistance from the IMF and the Bank. At least as many as 24 of SSA countries had various kinds of IMF and World Bank adjustment programmes by the end of 1987 alone (U.N. April 1988, pp.7-8). This case study explores the effects of Ghanaian cultural practices on the policy instruments of SAP. Specifically, it evaluates the growth rates of GNP, level of inflation, policy on public expenditure reduction, privatization, and trade liberalization in relation to these practices.

3.2 Ghanaian Realities Versus SAP's Policy Instruments

At best, SAP had qualified success in Ghana during the study period. Deteriorating and negative GNP growth rates were reversed. Available gross domestic product (GDP) figures indicate a rising trend during the implementation period (World Bank, 1995, p.30). Ghana's GDP of \$6,617 million in 1993 was at least 20 per cent higher than its 1981 of \$4,037 million. Also, there was an improvement in the supply of imported consumer goods (Ankomah, 1990, p.11).

3.2.1 Growth Rates

Based on these data, the Ghanaian economy may appear to have performed very well. Therefore, some people might be tempted to agree with the advocates of SAP that the programme was a success. They might even argue that SAP had not gone far enough and that if it had been pursued further, the incomes of the teeming poor would have increased and enabling them to "head for the market place to spend their unaccustomed surplus and this, more than anything else, would act as a spur to wider developments" (West Africa, April 4-10, 1994, p.2) on a sustained basis. However, it may be noted that if after fourteen years of relentless pursuit of SAP its benefits have not yet materialized, then one may wonder how much longer these

advocates expect the people of Ghana to wait for them to be realized. Moreover, the 20 per cent increase in the 1993 GDP over the 1981 figure was achieved at the cost of a very high level of accumulated debt. Evidence suggests that "Ghana is one of the 41 highly indebted poor countries in the world" (Yusuff and Ayodele, October 1998). This indebtedness is attributable to SAP. With the introduction of SAP, the IMF and the World Bank usually act as debt brokers of the implementing country. This is one of the attractions perceived by the poor member countries which entice them to enter into SAP agreements with the Fund. First of all, a country which successfully enters into such an agreement can be provided with direct balance of payments support in the form of the credit around which a stabilization programme is negotiated. Also, the credit agreement facilitates the convening of meetings of the Paris Club of official creditors and the London Club of commercial creditors, further increasing the availability of external resources in the form of concessive financial flows and debt relief - the so called "catalytic effect" (Brown, 1990, p.10) - enabling the country to borrow more.

3.2.1.1 Debt financed growth

It is in the interest of the IMF and the World Bank, and the developed countries, as the major international financial institutions and exporters respectively, to encourage this liberal debt attitude. Usually, balance of payments problems induce the developing countries to approach the IMF and World Bank for assistance. In their simplest terms, balance of payments deficits arise because the countries concerned are importing more than they export. If this persists, the deficit countries have two choices: they can either withdraw from international trade or seek financial help to enable them continue. The adoption of the latter approach is in the interest of the international financial system. In this system, the deficits and debts of the poor countries are the surpluses and credits of the rich countries. International debt financing maintains the deficit countries as participants in world trade and the structural adjustment programmes ensure that the recipients intensify that

participation even if this is demonstratively against the best interest of the people concerned. Therefore, as A. F. G. Bakker (1996, p.17) points out the precondition for additional lending to a country in need of balance of payments support by aid donors and other lenders since 1966 has been the existence of an arrangement with the IMF.

Under these conditions, Ghana heavily increased its external indebtedness. The national debt began to escalate at an alarming rate. It soared from \$1,407 million (World Bank, 1995, p.17) in 1980 to \$5,389 million in 1994, a horrendous increase of 283 per cent. Similar data for the 1970-1979 decade pale in comparison with these figures. The total debt for this period increased by only 81 per cent by rising from \$470.8 million in 1970 to \$853 million in 1979 (World Bank, 1994b). Furthermore, while the average annual growth rate of debt accumulation for 1980-1993 amounted to 1.7 per cent², that of 1970-1979 was only 0.9 per cent. The 1.7 per cent growth rate was at least 21 per cent more than the 1.4 per cent (World Bank, 1996c, p.18) real annual growth rate of GNP for the period 1985-1994. These figures tend to suggest that the positive growth in GDP might have been the result of a very high level of debt more than that of the policy instruments of SAP. Arguably then, if the 1970-1979 period had received similar amount of external capital, the magnitude of its GNP growth rates would have been comparable to those of the SAP era. An infusion of capital on such a massive scale into any economy will result in such a perceptible growth. The bone of contention in the case of Ghana is, the capital was not generated from private investment but from debt financing. This approach raised the debt burden as well as the opportunity cost of the growth in GDP for even posterity. It has caused some strain and stress in Ghanaian natural resources. According to World Bank data, the annual depletion rate of Ghanaian forest between 1980 and 1990 was about 1.3 per cent (World Bank, 1996, p.26). This figure is almost

² This figure was calculated from World Bank Debt Tables, Vol. 2, Ghana Country Tables, 1993-4.

identical to the 1.4 per cent real annual growth rate of GNP for the period 1985-1994, implying an almost perfect correlation between the two rates of growth. This suggests that for every one per cent real annual growth rate in GNP, there was approximately a one per cent rate of forest depletion. If this trend continues, Ghana will be devoid of forest within 76 years.

In comparative terms, Ghana's positive rate of growth in GDP may not be much to write home about either. According to World Bank records (1994, p.4), Ghana is one of the six adjusting countries in Sub-Saharan Africa³ with the best record of commitment to the structural adjustment programme. These countries had a median increase in GDP per capita growth of almost two per cent from the periods 1981 to 1986, and 1987 to 1991 (World Bank, 1994, p.4). This record was marginally better than the 1.5 per cent median GDP per capita growth rate for countries which were less committed⁴ to SAP for the same period. In addition, the GDP growth rates for Ghana and 43 other African countries showed that there were no significant differences between the growth rates of 1980-1985, when the programmes were in their infancy, and 1985-1991, the period when reforms were expected to yield greater positive results (Bangura, 1994a, p.1). Also, the rate of return on World Bank programme-aid in Ghana, measured in terms of the impact of GDP growth rate, had been disappointing (Harrigan and Mosley, 1991, p.7). The point is, after faithfully implementing SAP, the median increase in the per capita GDP of Ghana and the other similar countries was not markedly better than those of countries which were less committed. Even the improvement in Ghana's supply of imported consumer goods is explainable in such negative terms. The situation could be part of the negative impact of SAP and not its positive effects. Wage controls, removal of

³ *The other countries were Tanzania, the Gambia, Burkina Faso, Nigeria, and Zimbabwe.*

⁴ *The less committed countries were Madagascar, Malawi, Burundi, Kenya, Mali, Mauritania, Senegal, Niger and Uganda.*

subsidies, massive devaluation, and credit squeeze with its concomitant rise in interest rates, reduced the disposable income of Ghanaians and consequently their spending power - causing demand to contract. Therefore, whether the programme succeeded or not there was bound to be more consumer goods than in pre-SAP period but at very high prices.

3.2.1.2 Poor measure of growth

To really put the negative and positive GNP growth rates in context, one has to bear in mind that a growing GNP does not necessarily measure real growth. Economists define the GNP as: "The total market value of goods and services produced for final demand by a nation's economy in a particular year." (Lipsey, and Steiner, 1972, p.471). By this definition, the GNP technically measures the goods and services at their current market prices. Therefore, an inflationary period, with a consequent rise in prices, will raise the total value of the GNP. For instance, holding output constant and doubling prices will have the same effect on GNP as holding prices constant and doubling output. The converse is also true. On the other hand, being a measure of the value the market places on commodities, the GNP excludes goods and services that do not pass through the market. So if several citizens grow and consume their own food, this economic activity will not be reflected in the GNP because it does not go through the market. The reciprocal is likewise true: if these citizens now attempt to trade part of their food to buy other necessities of life, they will be making a positive contribution to GNP. So all in all, the GNP is not a true measure of real growth, be it positive or negative growth.

Moreover, positive GNP growth rates do not represent the capacity of different goods to provide different satisfactions. For instance, a million dollars spent on a bomb or a missile by United States makes the same addition to its GNP as a million dollars spent by Ghanaians on food does to Ghana's GNP. However, while the GNP measures bombs as well as butter, it does not measure leisure, an important

aspect of human life. A short work week, and the leisure it entails, can add to human well-being but also decrease GNP. Leisure, as already discussed, appears to be more important to Africans than any other group of people. Yet, to repeat, the African tendency to value group solidarity and socializing has generally led them to attach a high value to leisure and the attendant ability to engage in rituals, ceremonies, and social activities. These activities serve as a means of reinforcing social bonds, which are the foundation of society. In sum, since neoclassical economists are preoccupied with the market as the ideal channel of communication, they use the GNP to indicate how well the market is performing in an economy. So a growth in GNP is viewed as a sign of a healthy market and by direct implication, a healthy economy. Therefore, an increase in GNP is viewed as economic progress. But this approach of measuring economic performance, additional to its other weaknesses, fails to recognize the emphasis Ghanaians place on leisure. Any positive or negative GNP growth rates of Ghana, and for that matter of any other country, must be interpreted within the context of these shortcomings and such rates must be regarded as poor measures of real growth.

3.2.1.3 Not a measure of human welfare

Even when the GNP is claimed to measure real growth⁵, it is not necessarily a measure of human welfare. It is a measure of production and not consumption, whereas economic welfare, as it should be, is a measure of consumption. Consequently, the GNP of a country could be very high yet the people's level of consumption would be very low. The positive rate of growth of GNP during the

⁵ *In this case, the nominal GNP is adjusted for price changes by deflating it with a price index known as the GNP deflator. This index is defined as a weighted average of price changes of all commodities in the GNP, with each good given as a weight of its percentage importance in the total GNP (Samuelson, Norhouse, and McCallum, 1983, p.102). That is, Real GNP = Nominal GNP/GNP Deflator.*

period under study therefore did not necessarily indicate welfare improvement in Ghana. The high GNP growth rates represented the economic improvement of a very small percentage of the total population. This situation should not surprise any one. It perhaps needs no further explanation since even some economists have identified it long before Ghana implemented SAP. Arthur Lewis (1966, p.61), a Noble laureate, lamented that it is possible "that output may be growing and yet the mass of the people may be becoming poorer". Another eminent economist has illustrated this point in a more dramatic manner as:

if an economy consisted of only ten people, nine of whom had no income at all while the tenth received 100 units of income, GNP would be 100 and per capita income 10. Now suppose that everyone's income increased by 20 per cent so that GNP rose to 120 while per capita income grew to 12. For the nine individuals with no income before and still no income now, the 20 per cent rise in per capita GNP would provide little comfort. The rich individual would still have all the income. In this case GNP growth, instead of being an index of social welfare growth, would merely measure the welfare growth of a single individual (Todaro, 1977, p.161).

Evidence in Ghana tends to support such claims. A research on changes in living conditions between 1981 and 1991 conducted by the Ghana Statistical Service exemplified Lewis' contention of poverty in the presence of rising abundance. It revealed that 80 per cent of rural households said they lived better in 1981 (the period of negative GNP growth rates) than in 1991 (Ghana Statistical Survey, October 1993, p.49). They attributed the low standard of living in 1991 to government policies. Since these policies were primarily based on SAP, it is fair to say that their reference to "government policies" was synonymous to SAP. Consequently, they were suggesting that despite the positive GNP growth rates of the SAP era, they were poorer in that period than they had been in pre-SAP years. The reason is, with the introduction of SAP, the Government of Ghana became very aggressive in devising various means for increasing tax revenues. This eventually generated a tax riot. The Government's attempt in 1995 to introduce a value added tax, levying 20-25 per cent

on all goods and services, prompted widespread rioting in the streets which claimed five lives (Ghanaian Times, August 25, 1995, p.1). Nevertheless, part of the positive growth rates of GNP could be explained by the quest for more tax revenue. First, though most of the increased tax revenue was spent on items such as high public projects based on political rather than economic expediency, these expenditures made positive contributions to GNP. Also, in order to pay for the increased tax bill, people had to sell their property such as animals, further contributing to GNP.

Another Living Standards Study of the Ghana Statistical Service confirmed the biased nature of GNP as a measure of human welfare that Todaro referred to in 1977. The study indicated that per capital disposal income of Ghanaians between September 1991 and September 1992 ranged from zero cedis to 4.3 million cedis (Ghana Statistical Survey, March 1995, p.63). Per capita expenditure for the same period was between 1,000 cedis and 2.5 million cedis. These figures highlight a wider spread in incomes than in expenditures, suggesting that low income earners bore more burden than high income earners during the period. The report referred to this situation as: "some individuals had very high incomes but very low expenditures, and vice versa" (p.63). This indicated a situation consistent with the classic case of a very uneven distribution of income. For instance, the report pointed out that the 10 per cent of the population with the lowest expenditure accounted for three per cent of total expenditure, while the 10 per cent with the highest expenditure accounted for 28 per cent. The inequalities were even sharper on the income side. According to the report, the lowest 10 per cent, in terms of income, accounted for only one per cent of total income, whereas the highest 10 per cent accounted for 38 per cent. This means, though most of the people earned less income they faced a similar expenditure budget as the rich. A general explanation of this is, the people were becoming poorer and poorer to the extent that the great depth of poverty made expenditure on basic needs the priority of both rich and poor Ghanaians. This argument was substantiated by a later study which said: "a significant number of households were falling a long way (50% or more) below the poverty line" (Ghana

Statistical Survey, November 1995, p.14) in the period 1987 to 1992. In the year 1991/1992 the average household spent nearly 51 per cent of its income on food and beverages alone (GSS, March 1995, p.89). The next highest expenditure was on clothing and footwear which accounted for only 9 per cent. Thus, basic needs of food and clothing alone accounted for 60 per cent of families' total expenditure in that year. An interesting aspects of these expenditures is, the food and beverages components were simple basic items for survival, such as, fish (11 per cent), cereals and cereal products (8 per cent), roots and tubers (7 per cent), prepared meals (5 per cent), vegetables (5 per cent), non-alcoholic beverages (5 per cent), etc. These figures illustrate that the expenditure of even the rich was greatly skewed toward basic needs which is contrary to the economic principle known as Engel's Law. This principle predicts that "the percentage of income spent on food declines as income increases" (Koutsoyiannis, 1979, p.49). Therefore, it is reasonable to state that the welfare of Ghanaians decreased rather than increased during the period. This paradox as well as the zero income recorded by the study can be accounted for by the realities of the Ghanaian extended family system. The zero income earners were sustained by the extended family system. Also, as the living standards of more and more people worsened because of the policies of SAP, they turned to other extended family members who were better off for support. The latter had to spend a large portion of their income on basic needs in support of the former, making the cost of basic needs a very important expenditure for both rich and poor Ghanaians. Since neoclassical economists sometimes use the Engel's Law "as a measure of welfare and the development stage of the economy" (Koutsoyiannis, 1979, p.49), the Ghanaian situation suggests a low level of development despite the positive GNP growth rates. As a result, this situation negates any claim that Ghanaian positive GNP growth rates were indicative of high economic welfare and development. The prospects for sustained growth and improved levels of living appear to be slim at the threshold of its second decade of structural adjustment. Much of the optimism that accompanied the introduction of the reforms in the 1983 has given way to profound scepticism.

3.2.2 Declining Per Capita GDP

This scepticism stems from other sources too. One is the erratic nature of Ghana's per capita GNP statistics (World Bank, 1995, p.2) for the SAP period. The per capita GNP figures for 1987 to 1993 appear to have stalled at the 1987 level except for 1992. In that year, it showed a marked increase over the 1987 figure (World Bank, 1995, p.2). But one year's results should not be the yard stick for the success of the programme. Therefore, using the GNP per capita measure of welfare, the economy of Ghana appears not to have performed as well as the adherents of SAP would have us believe. This disparity has been explained away as only the result of Ghana's high population growth rate of 3 per cent (Ghana Statistical Service, December 1994, p.2). This may be an appropriate explanation since GNP was rising during the period. What appears to be an inapplicable justification is, the high natural rate of increase in population itself has been ascribed entirely to low levels of development (World Bank, 1986a, pp.12-13) which, by direct implication, will be reversed by SAP. The contention is that there is an inverse relationship between income (level of development) and fertility (Becker, 1976, p.189). Implied in this relationship is, population growth can be regulated by the price mechanism. It is suggested that if the "shadow price", that is, the opportunity cost, of raising children rises, then few children will be produced. Therefore, the World Bank and the other neoclassical economic institutions believe that a high population growth rate is the consequence of underdevelopment because the price of raising children in these societies is lower than in their developed counterparts.

In this approach, children are commodified and treated like any other commodity. Then, by applying the laws of supply and demand, it is neatly argued that if the price for children is raised it will have an inverse effect on demand. However, such analysis is based on the premise that all human relations are not personal or communitarian but merely monetized exchange relations. In societies where this assumption is not obtainable, the analysis can lose validity. Hence the analysis belies

the cultural context of high population growth in African in general and in Ghana particularly. In Ghanaian society, and for that matter, in many African societies, the symbolic nature of children is paramount. At the family level, children are a symbol of wealth. A common Ghanaian saying underscoring this perception is: "Children are the cloth of the body. Without children you are naked". From the Ghanaian perspective, a woman must have children to ensure the continuity of her lineage in a matrilineal society, or that of her husband, in a patrilineal society. A man's wealth is measured in a large part by the number of children he has. Often, a father of many children is usually referred to as: "he has as many children as a chief". As the sum and substance of the tribe, the chief is not only the vital force, but also the most important, and consequently, the most wealthy person in society. By implication, such a person with many children must be as rich as a chief if not he cannot afford to take care them. However, the quality of the children is not an issue, it is the quantity or mere head count that matters. At the society level, children are regarded as the social building blocks for the society's "I am because we are: and since we are, therefore I am" philosophy of community relations. That is, since Ghanaians regard the vital forces needed to deal with entities in nature as additive, they regard large populations as a better means for this purpose than small populations. A large population fosters strength in numbers. Unlike Western societies then, the Ghanaian society is constructed so that high fertility and large families have usually been economically and socially rewarding. High fertility does not carry economic penalties as the analysis suggests. If anything, the analysis is contrary to the tenets of Ghanaian traditional beliefs.

The essence of Ghanaian traditional belief system is the importance attributed to the succession of generations. So Ghanaian societies have developed coherent religious, social, and political systems based on the concept of continuing family descent. Traditionally, conjugal duty is for procreation and not for mere recreation. A number of cultural mores underscore this notion. There is a widespread practice of postpartum female sexual abstinence for up to three years after birth, and a

common resort to terminal female sexual abstinence once women become grandmothers or they reach menopause. In no sense should any of this behaviour be construed as a means for restricting reproduction. The central theme is the promotion and maintenance of large population to assure social stability. The maintenance of long birth intervals is designed to maximize children's chances of survival and consequently, high rate of population growth. Even the practice that superficially seems to parallel family planning most closely, grandmaternal terminal abstinence, is explained by the need to maintain high population. It is the resulting avoidance of a clash between grandmotherly and motherly duties. A woman's mother looks after her at birth and subsequently monitors the observance of the full postpartum abstinence period. The practice undoubtedly also owes something to the whole concept of the reproduction of the lineage by each generation in turn. To ensure maximum impact on population growth, these constraints on fertility are supported by a series of social practices. These include early and universal female marriage; pressure on widows of productive age to remarry quickly, if necessary by levirate or even marrying a step son; the institution of polygyny, which ensures that there will be no shortage of potential husbands; and an emphasis on the desirability of immediate conception when constraints are not operating. Also, female sexual abstinence has been such an important feature of societies that alternative methods of fertility control are often regarded, especially by men, as unnecessary. Such mechanisms have ensured that women in rural areas give birth, on the average, to six or seven children.

3.2.2.1 Social order

These practices have much to do with a traditional religious belief system that operates directly to sustain high fertility and that also has moulded the society in such a way to bring rewards for high fertility. Ghanaian traditional religions are concerned essentially with the reproduction of the lineage. Traditional religion exists primarily at three levels, each of which has implications for fertility. There are the pantheon

of higher gods; the spirits of the bush or rivers, often restless and malevolent, and sometimes the wandering souls of the unquiet dead who may not have received a proper burial; and finally the ancestral spirits and or shades of forebears over generations upon generations. There are also forces of good and evil. Christianity and Islam have found it easy and expedient to substitute their deity for the pantheon of higher gods and to interpret the evil spirit and force as either error or akin to manifest evil in their own doctrines. However, they have usually avoided confronting the ancestors, often, apparently, on the grounds that these are social rather than strictly theological matters.

In Ghanaian socio-religious context, the concerns of the higher gods and the ancestors are much the same: virtue and reproduction, the former often evidenced by the latter. The gods are interested in social order: if it is awry then this is likely to be indicated by lesser human or crop reproduction. High fertility is not only a divine reward but evidence of the right behaviour. To underscore this point, in several Ghanaian societies (e.g., among the Dagaaba of the Upper West Region) a woman's birth of a child is usually announced as: "She has cooperated with her husband, the ancestors, and the gods in creating a child".

The lineage is seen as the descent group stretching infinitely back and with an enormous spiritual investment in reaching indefinitely into the future. Only a small proportion are alive at any time. The extension into the future is the central concern not only of those now alive but also of their dead ancestors. Ancestors retain their link with the lineage after death if their descendants behave appropriately. This begins with the pouring of libation by the oldest male during the mortuary ceremony, for without adequate ritual, the dead become unhappy wandering ghosts. They retain their identity as active members of the lineage as long as they are specifically remembered, fading after a few generations. Thus, both for individual spiritual survival and lineage survival there is a premium on living descendants. Indeed, the lineage is often seen as a rolling on into the future of a finite number of spirits, with

ancestors being reborn as descendants. Children are often named as to identify the ancestors reborn in their form, and a common accusation⁶ made against those couples with small families is that they are forbidding ancestors the right to rebirth and condemning them to eventual extinction.

In these circumstances, high fertility (and a considerable surviving children) is associated with joy, the right life, divine approval, and approbation by living and dead ancestors. Conversely, low fertility is only too easily interpreted as evidence of sin and disapproval. If one's parents, parents-in-law, or ancestors disapprove of one, this will be evidenced by all kinds of problems, including difficulties in matters of fertility and child survival. The corollary of this is that raising a large family is proof of approval and blessing. The reward of repeated motherhood or fatherhood is that there is cumulative evidence of high moral and spiritual standing and of approval of both in this world and beyond. This is endangered by any cessation of reproduction. When births are slow in coming, or children are sickly or frequently die, one possible cause is ancestral disapproval, and resort is usually made to diviners to identify the cause of disapproval and to suggest rituals and other amends that can be made. Couples who do not have the approval of their parents fear sterility, and this has been an important influence in maintaining arranged marriages and subsequent homage to the old.

3.2.2.2 Barrenness

The question of barrenness or of a woman with no surviving children is not a peripheral issue in Ghanaian traditional religions. It is a matter of fundamental social and theological significance. The horror of barrenness goes far toward explaining the fear of limiting family size, the aversion to sterility or to accepting that

⁶ *Even in the Akan society where children are named after the days of the week on which they were born, this accusatory concept still holds.*

family size is now complete, and the apprehension of most methods of contraception. A common explanation of barrenness is that such women had before their birth a pact with evil spirits to rejoin them after a certain number of births or surviving children, and that they cling to this world by causing their children's death either before or after death. Another explanation is that barren women have promised the souls of the dead children to these evil spirits. Barrenness may also constitute a punishment by the gods or the ancestors. The latter may disapprove of the wife or of the nuptial rites performed. Punishment may be inflicted on the woman either for her past sins or because of her present relations with her in-laws.

It is within the context of barrenness that the congeniality of the Ghanaian extended family system can sometimes be broken, signifying the serious nature of barrenness. Because of the general belief that barren women are responsible for their condition, they are usually regarded in rural areas as witches. They become increasingly isolated so that they will not contaminate others or cause the death of children, and they may even be sent back to their homes of origin, where they may also be kept away from children and pregnant women. It is assumed that conception takes place almost automatically as souls seek reincarnation, and that it is the subsequent destruction of the future child that explains barrenness, so the distinction between sterility, miscarriage, and child death is largely only a matter of timing. All are likely to be signs of evil, although the longer a child lives before death, the more is witchcraft likely to be an element. Nevertheless, a woman who has given birth but subsequently lost all her children is often as likely to be regarded as innately evil as one who never gave birth at all, and this is a powerful check on the early termination of family building.

3.2.2.3 Fosterage

While in the West the adoption of nieces and nephews is now regarded as fosterage this is not the case in Ghana. This practice is on a large scale in all

Ghanaian societies. Fostering is not an act of kindness but a duty required of all members of society, especially those holding jobs in the formal sector. It appears to be clear evidence of the value attached to children. Two points are important in terms of fertility decision-making in this regard. First, the willingness to foster nephews and nieces, or quite often grandchildren, in one's household suggests that the long-term net opportunity cost of children is not oppressive and that there may even be economic gains. This encourages high fertility. Children are an asset to the lineage at large because they are a source of its future riches, power, and status. They are regarded as an investment. Children are both short-term investment because they work during their childhood, and long-term investment since they support parents in old age. Therefore, getting more instead of few children is a conscious and rational investment decision like the Western practice of purchasing new productive equipment. Second, the institution of fosterage has so weakened the link between biological parentage and the number of children being raised that the discussion in economic demography about fertility decision-making and its concern with the value and cost of children is rendered meaningless. Nothing is more conducive to maintaining high fertility than this institutionalized fosterage.

In Ghanaian societies, the lineage patriarch⁷ is the link between the ancestors and the ancestors' descendants. He regards all his descendants and their spouses as a single family and does not easily tolerate distinctions being made among them. The patriarch employs the "I am because we are: and since we are, therefore I am" philosophy to enforce the practice of polygyny and to expect the descendants to have many children.

Polygyny serves the lineage well both by ensuring that women of reproductive age can be kept in marriage and also by helping to guarantee that the larger structure is not fatally weakened by the crystallizing out of tight conjugal units. The Ghanaian

⁷ *This is also common even among the matrilineal Akan society.*

family structure typically places reproductive decision-making in the hands of the husband and, in some instances, the economic burden on the shoulders of the wife. The day-to-day care of children, and to a large extent their economic support, is mostly the responsibility of their mother, especially in matrilineal societies. In traditional compounds this is often of lesser importance because of the communal, largely subsistence, economy of this residential group. Even Western educated elite women, and even the relatives of a small number who would want to control their fertility, regard reproductive rights, including the decision to limit reproduction, as a matter for the husband and his parents. Marriage is still understood as a contract between families, with the bride-price, even where it is nominal, indisputably transferring reproductive rights to the husband's family. Consequently, some Ghanaian societies have traditionally returned women at menopause to their own lineages. Or her lineage gives a young wife to the husband in addition to her. Also, marriage is sanctioned by the religious nature of the ceremony, centring on the pouring of libation as food for the ancestors, who always attend. The fear of a wife who seeks to control her own reproduction is not in consequence of having broken a socially recognized and sanctioned contract but of angering her husband's ancestors, both living and dead, and thus acquiring suffering for herself and her children.

These practices facilitate high population growth. This can lower per capita GNP unless its rate of growth is much higher than that of the latter. Any serious attempt to improve Ghanaian per capita GNP must make a conscious effort to address these core beliefs. So far SAP has failed to recognize and incorporate the effects of these beliefs in its policy instruments. None of its current instruments can address any of these issues. To accommodate this Ghanaian social reality, it may be argued that a structural adjustment programme needs to be accompanied by an educational programme on fertility reduction.

3.2.3 Reduction in Public Expenditure

SAP's policy on drastic reduction in government expenditure, at best, has also had mixed results in the Ghanaian scene. The policy's theoretical basis is that government budget deficits arise because the government is spending more than the revenue it receives. If the situation continues unchecked, the government may deficit-finance its expenditure thus triggering spiral inflation. Governments are therefore required under SAP not only to drastically reduce their expenditures but also to increase their taxes in order to reduce or even eliminate deficits. The usual prescription is for the government to: remove subsidies, including those on education and health; cut back on social programmes; decrease the size of the public service; and increase its tax base.

3.2.3.1. Social deficits

These actions created social deficits in Ghana in the period 1983-1997. The vulnerable groups of society tended to bear their brunt more than the rich despite the implementation of the "programme of actions to mitigate the social costs of adjustment" (PAMSCAD). Low-income households, especially in the formal sector, were squeezed from three sides. They experienced fallen incomes with cutbacks in employment and restriction on wages. Also, food prices rose rapidly, partly as a consequence of the removal of subsidies. Finally, reductions in government expenditure led to a decrease in expenditure on social service, especially health and education. For example, the recurrent expenditure on education as a percentage share of GNP declined from 3.2 in 1987 to 2.9 in 1990 (Reddy, 1994, p.351). The ratio of population to physicians also declined. The 1970 ratio of 12,910 persons to one physician deteriorated by 78 per cent to one physician per 22,970 people in 1990 (Reddy, p.351). The comparable figures for a nurse were 670 and 1,690 respectively (ibid). Also, unemployment among school leavers was about 60 per cent in 1991

(ibid). These data clearly suggest that in the health field, Ghanaians were much better off without SAP than with SAP. The sad state of these developments aroused the sympathy of some people to lament that:

...the human toll of structural adjustment programmes on women, children and the vulnerable poor in both rural and urban areas has been absolutely catastrophic. ...These grim statistics of patent failure belie the claim that adjustment generated growth during the 1980s (Coetzee, 1993, p.81).

The IMF, therefore, stands accused of implementing "soulless"⁸ programmes. Davison Budhoo, a former member of staff of the IMF, citing this aspects of the IMF in his open letter of resignation to the Managing Director, noted that:

... its founders, in chasing their probable dream of Pax Atlantica, overlooked all scopes for exercising compassion and alleviating social injustice in certain parts of the international system that they were creating. Compassion and social justice were crying needs; they are the very roots on which we should have nurtured an evolving and pragmatic Fund philosophy for the Third World. But our founding fathers denied us access to them, and shrivelled our soul. So later on, when we "stole" the Fund, All Things Just and Humane became our Absolute Antithesis; we were as clinically and completely materialistic and single minded in pursuit of Our Own Gratification (Pax Honeypot) as they were in pursuit of Pax Atlantica (Budhoo, 1990, p. 6).

Generally, it seemed the impact of the reduction in public expenditure did not also achieve its anticipated results of reducing the size of the public sector work force to the desired level. Officially, Ghana retrenched some 45,000 workers from the civil service and 20,000 from state enterprises (Bucknall and McKinnell, 1991, p.2). However, in practice, these numbers were perhaps far less than that. A study on the "Structural Changes in the Labour Forces of Ghana Telecom and Ghana Post"

⁸ *An attempt was made by the World Bank and the IMF to address this criticism by implementing a "programme of action to mitigate the social cost of adjustment" (PAMSCAD) in their structural adjustment programme in Ghana see Novicki, M. A. (1987, p.49).*

indicated that retrenched employees managed to find their way back into their former jobs after receiving their retrenchment benefits (Bendas Consultants, 1996).

3.2.3.2 Extended family imperatives

This situation can be blamed on SAP's lack of understanding of the realities of the Ghanaian extended family system. The imperatives as well as the links of the extended family system led to a breakdown in the retrenchment exercise. Because individualism is the central tenet of Western societies, the impact of downsizing or retrenchment is limited only to the individual's immediate nuclear family. Also, various social welfare insurances assuage the impact of forgone wages due to retrenchment. As a result, the negative effects of downsizing is not as pervasive nor as deep as retrenchment within the Ghanaian context where the individual's immediate nuclear family, the extended family, the clan, the village are affected. Even the spouse's lineage is invariably affected. Marriage bonds that unite a man and a woman as husband and wife also unite the two lineages as members of each extended family thereby increasing the size of the extended family much further. While in government employment, the individual is required to make monthly monetary contributions toward the needs of the extended family. These relatives perhaps contributed toward his education and by getting a job as a result they expect some return.

Retrenchment is more difficult to execute under the extended family system than in nuclear family societies. The extended family is always present and always likely to be imposing itself. This point though already stated, bears repeating. From early childhood one is taught to be responsible for helping one's blood relatives. Often this produces a feeling of compulsive responsibilities to render every possible assistance to all relations, no matter how remote. Therefore, hiring is largely based

on nepotism⁹ and it is usually difficult for the patron to lay off his ward. If still employed, the ward will assist in fostering some of their nieces and nephews as well as in contributing financially toward the extended family's needs. This difficulty is further complicated by the fact that Ghanaians in particular, and Africans in general, perceive an ideal manager as one who is sensitive to all kinds of requests from his subordinates. In other words, the concept of the patriarch of the clan is juxtaposed on business management situations. The manager is expected to behave like a tribal head by being overly concerned about all his subordinates irrespective of the situation. The super sensitivity of the manager makes it difficult to say "no" to requests even when the requests are contrary to good business practices. This means it is almost unthinkable to expect such managers to identify and retrench subordinates. Managers have two alternatives when compelled to perform this painfully and difficult task. First, individuals without family ties at senior management level are the first to go irrespective of their skills. This undermines the merit system and the principle of efficient distribution of resources advocated by neoclassical economics. The other alternative is adopted only in the face of extreme pressure to lay off more employees. In this case the patron has to retrench some of his wards. However, he counsels them on how to find their way back into the system as was probably the case in the Ghana Telecom and Ghana Post. Nepotism is placed front and centre as the decision-making mechanism in both methods.

What this example signifies is, the government was spending more on these workers than it did in the pre-retrenchment period: it paid their retrenchment benefits and also continued to pay their salaries after the retrenchment. This had a

⁹ *This type of hiring was well displayed on the international scene by, Amadou-Mahtar M'Bow of Senegal, a former Director-General of UNESCO, who packed the UNESCO secretariat in Paris with members of his own Senegalese coterie. This thoroughly incensed the West so Great Britain and the United States of America withdrew their financial support in 1987, leaving the organization staggering under a 30 per cent budget cut. This was an example of cultural misrepresentation at the international level.*

two-fold effect. It did not contribute to improving the employment situation: in fact it prevented the employment of new hands. It also contributed, in part, to further government budgetary increases. For example, total government expenditure rose by about 14 per cent in 1994 over 1993 expenditure (Ghana Government, 1995, Annex Table A1.3). Therefore, Ghana faced (and still faces) more immediate threat that uncorrected fiscal imbalances normally cause. The increases in government budgetary deficits led to the monetarization of the economy which was a paradox. This situation was what the reduction in public expenditure intended to avoid. The monetarization of the economy itself generated high inflation, rendering the inflation control aspects of the reduction in public expenditure counter productive.

3.2.4. High Level of Inflation

Ghana's high level of inflation could be ascribed to both economic and cultural issues. However, one usually encounters only the economic cause. Neoclassical economists maintain that "inflation is always and everywhere a monetary phenomenon" (Friedman, 1970, p.193). The foundation of the neoclassical economist's connection between money creation and spending is said to be excess growth in the money supply. When new stock of money is added to the banking system, loans are made, and the proceeds are spent. As the spending surges through the economy, recipients of the spending experience increases in their monetary balances. To a recipient who is a wealth holder - so goes the argument - the amount of money in the money inventory exceeds the amount actually desired, rendering the situation not optimal for a utility-maximizing wealth holder. The excess money is exchanged for goods and services and the spending stream continues. As the spending surges through the economy prices gradually rise.

Neoclassicism usually assumes that the demand for real money balances is roughly constant in the short-run. Therefore, the rise in prices causes the demand for nominal money balances to rise in order to keep the demand for real money

balances constant. Put in another way, each wealth holder wants to keep a money inventory with some given real value. Furthermore, neoclassical economists argue that changes in the money stock have no permanent effect on real values (output, interest rates, employment, etc.) and that the level of investment depends on the level of real interest rates. So investments are not influenced by monetary operations. The general conclusion of this school is that excessive growth in the money supply causes market or nominal prices and interest rates to rise but that real interest rates remain constant, hence real investment is not stimulated and growth in the economy is unaffected.

So as the nominal amount of money in the inventory rises, prices must also rise to maintain the desired real money inventory. Eventually equilibrium is restored when the aggregate prices have risen high enough to absorb the new money in circulating, and the high prices trigger inflationary expectations in the economy. The inflationary prices reduce exports, adversely affecting the balance of payment. In a fixed or pegged exchange rate regime, foreign exchange reserves are used to meet the balance of payment deficit. In the case of a flexible or floating exchange rate system, the effect of the adverse balance of payment is absorbed by an exchange rate depreciation, i.e., an exchange rate determined by the forces of supply and demand for the currency and this is part of the IMF's preferred method of resolving deficit balance of payment. Consequently, Ghana was requested to reduce its money supply and float its exchange rate in order to resolve both inflation and deficit balance of payment.

The floating of the exchange rate followed a series of currency devaluations. After accepting to implement the economic recovery programme, Ghana immediately devalued its currency (the cedi) from 2.75 cedis to \$1.00 to the dual rates of 23.375 and 29.975 cedis to \$1.00 (Leith and Lofchie, 1993, p.268). Essential commodities and government imports attracted the lower exchange rate. In March 1984, the currency was further devalued to 35 cedis to \$1.00. There was another devaluation

in November 1985 and yet another in January 1986, with a rate of 50 cedis and 90 cedis to the dollar respectively. A foreign exchange auction system was introduced in August 1986. The system allowed market forces to determine an equilibrium exchange rate. Potential bidders specified the quantity of foreign exchange in dollars they wished to purchase and their bid prices. The highest bidder was given his or her foreign exchange request in full, then the next highest and so on until the available foreign exchange allotted for the week was exhausted. Bidders paid their bid prices.

Initially, a two-tier (two-window) system or a dual exchange rate regime was implemented. The old official rate of 90 cedis to \$1.00 was used for sales of cocoa, all official grants, all purchases of oil, and some purchases of essential pharmaceuticals. All other foreign transactions were made at the auction rate, and all exports were credited at the established rate. The rates were unified in February 1987 and since then all foreign exchange transactions are conducted in the auction rate, making the Ghanaian cedis a limited de facto convertible currency.

Despite these efforts, statistical evidence could not confirm the impact of the policy objective of controlling seignorage in Ghana during the period under investigation. Inflation remained notoriously high. This prompted the Deputy Minister of Trade to lament that "Ghana is classified as a high cost location in attracting foreign direct investments because of its level of inflation, interest rates and low national saving. We need to take a critical look at all these factors" (Abodakpi, Ghana Palaver, June 27 - June 30, 1997, p.7). The consumer price index numbers for **all items** and **food** in 1993 were 5,827 and 4,075 respectively (U. N., 1995). These figures were 5,727 per cent and 3,975 per cent higher than their respective 1980 (the base year) levels. Similar figures for 1984 were 824 and 779. When compared with the 1984 level (i.e., a year after implementing SAP), the 1993 figures were 6,071 per cent and 4,231 per cent higher than their respective 1984 levels. It may be fair to say that the rise in Ghana's consumer price index was not the worst among Sub-Saharan countries which implemented SAP. For instance, inflation was at disastrous levels in

Zambia and Sierra Leone. Zambia's consumer price index numbers for **all items** and **food** in 1993 were 70,072 per cent and 75,789 per cent higher than their respective 1980 figures (U. N., 1995). Comparable figures for Sierra Leone were 45,949 per cent and 45,305 per cent respectively. A general conclusion to be drawn from these figures is, after ten years of implementing SAP, price levels in Ghana and other Sub-Saharan countries were much higher than pre-SAP prices.

The impact of high prices can best be appreciated from another perspective. An item that cost one cedi in 1980 in Ghana, could be bought for not less than five thousand cedis in 1993. The situation is more drastic when the price levels are compared with the daily minimum wage of a worker and the cost of chicken, Ghana's staple meat. The price of a chicken was 70 cedis in 1981 (Ankomah, 1996, p.31) while the daily minimum wage was 14 cedis, indicating that a chicken was worth the equivalent of five day's wages. In 1993, the daily minimum wage was increased to 170 cedis and the price of a chicken rose to 2,500 cedis. This meant that a worker needed at least fourteen days' wages to purchase one chicken. Therefore, after a rigorous and sustained effort of implementing SAP for a whole decade, the level of effort for a worker to purchase a chicken in 1993 was at least 2.8 times his level of effort in 1981. This spiral inflation has dissuaded both foreign and Ghanaian private investors.

3.2.4.1 Conventional explanation

The high level of inflation may be blamed on currency devaluation. This assertion contradicts the mechanics of neoclassical economists' belief that currency devaluation improves balance of trade. According to neoclassicism, devaluation implies that by the stroke of a pen the exports of the country are made cheaper and imports dearer the next morning than before. The domestic currency prices of imported goods rise in the devaluing country, causing the demand for imports to contract and the demand for domestically produced goods to increase. Citizens who cannot afford to buy imported goods turn to domestic goods, reducing the amount

of goods imported. Meanwhile, the cheaper domestic currency in terms of foreign currencies decreases the foreign currency prices of domestic exports. So importing countries take advantage of the lower prices which increases the country's exports and consequently its export earnings. This two-pronged effect, the reduction in the demand for imports and the expansion in exports, improves the country's balance of trade (i.e., value of exports less value of imports).

This concept of devaluation ignores the several realities of Sub-Saharan African economies such as Ghana's. First, it ignores the economist's own important concept of elasticities of demand and supply. For example, the price elasticity of Ghana's imports is very low while the elasticity of the foreign supply of its imports appears to be very large. An increasingly large proportion of the total imports' bill is used to produce capital goods, materials and fuels, and lubricants. Such a composition of imports skews the elasticity of demand for aggregate imports towards the inelastic side. However, due to the small share of Ghana's imports in total world exports, changes in these import quantities would not affect world prices effectively, making Ghana a price taker. Moreover, an overwhelming proportion of Ghana's domestic goods consists of extractive minerals and agricultural products, the supply of which is highly inelastic. Also, the production of import competing goods in Ghana is either non-existent or very limited and because of the limited production facilities, very inelastic. Therefore, both the elasticity of substitution of its domestic goods competing with imports and their elasticity of supply appear to be very low, suggesting that Ghana cannot benefit from the intended advantage of currency devaluation.

On the other hand, devaluation has a direct impact on the general price levels which works through the prices of "exportables" and "importables". Since Ghana is a small country and consequently a price taker, the internal price of exportables and importables go up in the same percentage as devaluation. In addition to the direct impact of devaluation on exports and imports, there is an increase in the general

price level caused by attempts to switch expenditures from international to non-traded goods. These explanations refer to only activities within the modern sector of the economy. They do not include cultural references which are equally important.

3.2.4.2 Cultural explanation

3.2.4.2.1 Notion of wealth holder

The central pillar of the neoclassical concept of the creation of money, its assumption about a wealth holder, gravely deviates from some Ghanaian cultural realities. The neoclassical definition of wealth as strictly financial assets derived from productivity and profit differs from that of Ghanaians. This distinction is not unique to Ghanaians. More and more people in even the West are redefining the definition of wealth. As Bryant Maynard, Jr. and Susan E. Mehrtens remark:

...we have seen respiritualization as a global phenomenon, with a concomitant shift away from materialism and greater attention given to intangibles. Greed has become less acceptable and personal gratification is seen less in terms of the acquisition of things. Society is beginning to put a premium on the environmental health as the basis for personal well-being. Corporate concerns for community relations - "acting locally" - suggests the corporation finds a certain value in the goodwill and the vitality of the local communities where it has its plants. This is coming to be a new form of "wealth" (Maynard, Jr. and Mehrtens, 1993, p.37).

Even business itself has been redefined in this process of redefining wealth. Once seen as a way to make a living or a way to get rich, business is rather seen today as a vehicle through which individuals can realize their personal vision, serve others and the planet, and make a difference in the world. "People increasingly are saying they don't want to work just to make money; they want to create value. And they want to create this value in an environment that meets their needs and gives them something to feel proud of" (Maynard, Jr. and Mehrtens, 1993, p.37). This means that it is beginning to matter how a corporation acts. Its workers want its

values to be such that they can identify with it and share its commitments. People are beginning to regard a wider definition of wealth than the strict financial view.

Part of the trend of redefining business involves the search for new parameters to replace those now seen as no longer appropriate. As Milton Friedman noted almost thirty years ago, business's "responsibility is solely to its stockholders, and financial performance was the only criterion of evaluation" (Friedman, September 13, 1970, p.123). At the moment, the more progressive business analysts realize that the "rules of finance", while necessary, are no longer sufficient because they are inadequate as a means of determining the well-being of either individuals or society as a whole. Business is being called to assume responsibility for the whole, and its taking on of such a role is forcing a redefinition of wealth and the development of new paradigms to measure it. One of these paradigms is "social accounting" which led to the development of concepts like Net National Welfare and the Adjusted National Product. Actually implemented in the 1970s by the Norwegian government, these new forms of monitoring business activity seek to calculate into the performance of business the social costs to society of various economic activities (Ray and Rinzler, 1993, p.38). A whole series of intangibles are factored in, such as the costs of the environmental protection and clean-up, costs of research and development, costs of urbanization (travel accidents, rent, security, transport of goods), costs of industrialization (crime, defence spending), costs of unhealthy lifestyles spawned by industrialism (smoking, substance abuse, industrial diseases and accidents). This approach strives to describe the state of the resource base, the depreciation of natural assets, the depreciation of manufactured assets (the infrastructure), and the maintenance or deterioration of human health.

This view indicates the need to redefine the corporate's wealth base not in its physical assets, such as plants and equipment, but also in its only source of long-term health and competitiveness: its workers. In short, it illustrates that people matter more than financial wealth which is synonymous with the Ghanaian concept of community

relations.

Be as it may, neoclassical economists, being preoccupied with maximization of GNP, still consider wealth in the strictly narrow sense of financial assets and the wealth holder as a radical, utilitarian, maximizing individual who exchanges excess money for goods and services. This perception assumes that profit maximizing behaviour is normal, because, traditionally, within Western cultures it is a good thing to earn more and more money. Self esteem and regard in the eyes of neighbours is based largely on salary, profession, and possessions. But to an African villager, his sense of self is more likely to come from his bloodline, his position within the family structure, his participation within the activities of the tribe and village. If more traditional methods of earning a livelihood have been taken away from him, he will work for a multinational corporation down the road, but only until he has earned the little he needs to meet his family's demands. Then he returns to the village where his identity resides - the so called "backward-bending supply curve" of labour phenomenon. Only by destroying the village structure can the profit motive start to replace the traditional cultural values. But to do this will tantamount cultural genocide. So the neoclassical concept of a wealth holder's behaviour cannot adequately explain nor predict domestic consumption and investment behaviour especially in rural Ghana. Generally, status is more important to rural Ghanaians than wealth. That is, wealth is subordinated to status and harmonious interaction with members of one's community. Even the right to income yielding assets are defined in terms of kin relations.

Wealth, whether achieved initially through individual accumulation or through pooling, ultimately results in collective accumulation for the benefit of a community of co-heirs. The upward flow of wealth to the older generation is a strong socially sanctioned and religiously expected tribute. It is not an act of kindness or deference. Its ultimate guarantee is the fear of dissatisfaction or rebuke from ancestors living or dead. In such matters, sons profoundly fear a father's curse, which, if made, will

summon forces that will lead to untold disaster. In these conditions, wealth flows beyond the nuclear family are almost certainly greater than in many societies in the world. Members feel a tremendous pressure not only from parents but also from siblings and other relatives to live up to their responsibilities in this way. This suggests that there is hardly any excess money as the neoclassical theory of inflation implies.

Generally, the heir to the wealth is only an administrator in the name of the collectivity of the co-heirs. His personal desires cannot sway, and he cannot divert the wealth from activities that benefit the community of co-heirs. Norms reinforce the eventual collectivization of the wealth, and sanctions are severe. In a wider context then, the neoclassical economic assumption of a wealth holder does not or cannot answer the issue of how these rural individuals are related to economic decision units that operate as a group.

3.2.4.2.2 Dual Economy

The above discussion illustrates that the neoclassical policy instrument for controlling inflation is being implemented in Ghanaian and other African economic environments that are either not ready, or will never be ready, for it. The instrument implicitly regards these economies as similar to Western developed market economies where money is the only medium of exchange, the only unit of account, and the only store of value. In contrast, Ghana comprises a dual economy of an enclave of a modern sector and a predominantly traditional peasant economy. The modern sector engages in a fragile market economy mediated by money. Conceptually, peasant markets are physical locations and periodic in nature. So Ghana as well as other SSA countries are unique to the policy instrument in that their economies are dominated by numerically superior rural smallholder producers who are influenced by cultural norms and mores quite different from the model's presumed concept of market transactions.

Production in the rural sector is guided by the law of subsistence. The family is the basic work unit and "commerce" is undertaken in the context of familial principles of organization and orientation. Communal actions prevail and if tensions arise, they do so between communities rather than between other forms of social organization. The peasant's knowledge of agriculture is local and the experience of many generations. Simple tools are used in agricultural production. These implements include fire, the iron hoe, axe, and cutlass; tools previously employed by Iron age farmers. There is virtually no product specialization, as suggested by Smith's division of labour concept. Hence, very little exchange exists between the various units of production. Each individual peasant family is almost self-sufficient; it directly produces the major part of its consumption and thus acquires its means of life more through exchange with nature than with other familial units of production. Consequently, each peasant family forms very few exchange relations with other peasants and is a passive participant in the market place. Generally, peasants restrict their engagement in the market to optional encounters. A peasant may come only to the market town to sell a few items such as eggs, chickens, yams, in order to obtain a few coins with which to pay his taxes or buy a ploughshare. To this end, he remains within the vast world of self-sufficiency. This enables him to stand with one foot in the traditional economy and the other in the wider national economy. This ability of the Ghanaian peasant can lead him to make decisions that sometimes are contrary to, at other times supportive of, macroeconomic and national objectives.

Whatever the implication of his decision, however, it takes place within the context of the traditional economy. As far as he is concerned, the expansion of the market is not itself sufficient to transform money and commodities into labour. To do this will require his being subordinated to the control of the capitalist structure. To understand the Ghanaian situation better, it may be helpful to make a distinction between "material life" - the basic, socially necessary activities that ensure social reproduction at the household level; the "market" - the more or less transparent exchanges of commodities in which the household engages in order to satisfy unmet

needs; and "capitalism" - the institutional infrastructure of merchants and financiers that permits circulation beyond local markets and reproduction of the system at large. In the rural Ghanaian context, capitalism cannot really progress without having transformed "material life", nor does peripheral involvement in the market amount to capture by capitalism or to the emergence of social classes associated with such a system as the neoclassical policy instrument on control of government expenditure implies.

Furthermore, rural Ghana practices subsistence ethic. The primary aim of a peasant farmer and of the peasant community as a whole, is survival in the face of uncertainty about food. Attaining security means tuning agricultural production systems to achieve stability of output. It also means developing a set of social relations which has a sufficiently redistributive character to provide mitigation of extreme hardship in the worst times. This contradicts rather than endorses the profit maximization calculus of traditional economics. It advances the primacy of the subsistence motive or safety-first principle. The commitment to security and in bad times, to community-based redistribution to avoid individual starvation amounts to an irreducible moral imperative, the right to subsistence. Therefore, commodity relations in rural Ghana are based on cultural patterns of moral obligations which are denoted by a network of support, communications, and interaction among structurally defined groups connected by blood, kin, community, or other affinities such as religion. Even migrants who become "strangers" in distant cities or farming areas, develop and use such networks to secure access to resources and opportunities in their natal areas and in the places where they migrate. The point being emphasized is that rural Ghanaian societies use kinship as a moral framework of building force and unity. This framework is expressed in moral concepts or axioms rooted in the direct experience of the inevitability of interdependence of the familial unit. The moral order is robustly collective. This is the key reason for the rural societies' stability and self-confidence. Within this moral order, reciprocal exchanges provide members with credit, help in wedding, house construction, goods such as food and

clothing, or services such as labour or child care. Therefore, economic exchanges are conducted on the basis of face-to-face encounter mostly without the use of money.

The face-to-face nature of the exchanges in the economy breeds a certain trust and sense of mutual obligation. These kinds of exchanges are by their very nature normally confined to only a few individuals at a time, but, if taken together, they perform an extremely more important welfare function in society than what the state can provide. Because these efforts are confined to small groups of people, motivation tends to be very high and social control very effective.

With regard to SAP, this practice disrupts state institutions and policies to the extent that currently Ghana embodies a debilitating contradiction. Its formal structures rest on patterns of norms imported largely from ex-colonial powers, but the larger portion of the society conforms to the traditional economic practice of subsistence ethic. Unable to take public action, Ghana has been left, as it were, suspended in mid-air because it has weak structural roots in its peasantry. The state finds it difficult to make peasants do what it wants them to do. In other words, the peasants can exist out of the modern system to escape state demands. The capacity of peasants to subsist on their own and exist out of firm state control reinforces their ability to pay less attention to or even ignore government policies.

This uniqueness of the Ghanaian peasant is best understood in a historical perspective. As a social class the peasantry in Ghana and, in fact, in all Sub-Saharan Africa, is the creation of the colonial powers. European colonizers looked down upon Ghanaian producers and showed little respect for their agricultural know-how. As a result, their attempt to modernize production met with resistance, active or passive, from the peasantry. Although the colonial authorities tried to lay the ground for a capitalist system, they never managed to institutionalized a capitalist outlook among the rural producers. It is only recently that Ghanaian rural producers have been incorporated into a wider social economy to which they are expected to make a

regular contribution. Thus, the Ghanaian peasantry is only beginning to play their historical role at a time when peasants elsewhere in the world are being pushed off the historical stage. In a way, the Ghanaian peasantry is still in an embryonic state: it is still in the making. The rural producers in most parts of Ghana are still in the process of becoming peasants. There are, of course, some who are turning into capitalist farmers or, as a result of the same process, into labourers. Still, the number involved is very small. Therefore, the principal feature of a large part of Ghanaian societies is what could be termed "peasantization", the process of becoming a peasant and not the developed market economic concept of neoclassical economics. The neoclassical theory needs to be grounded in the economic structures in which peasants participate. It is a great mistake to design grandiose schemes which assume too great a role for local officials. The characteristic of "peasantization" of Ghanaian societies together with the peasant's ability to withdraw from the market, could partly explain the cause of the high level of inflation in Ghana. Severe inflation reinforces peasants' survival instinct and desire of self-sufficiency. Consequently, they delay their gratification by not buying the few basic commodities from the modern sector. This means they also do not sell some of their produce, causing a noticeable shortage in their supply in the fragile modern sector which further elevates consumer price levels through a transmission effect. The shortage in the supply of the peasant produce causes their prices to rise, inducing sellers of other commodities to raise the prices of their commodities which elevates the general consumer price level. This makes the Symbolic Interactionists' view that "those who seek to explain the individual's conduct without first giving due consideration to the collectivity of which the individual is a part are on a fool's errands" (Reynolds, 1990, p.99), aptly applicable to the situation of the peasant in Ghana.

3.2.5 Privatization

SAP's usual prescription of privatization is based on the maxim that "the best government, governs least". The state's involvement in the economy is said to stifle

competition and to crowd out private sector efforts in the economy. To avoid this, governments are requested to sell public enterprises to private buyers and to divest of all activities that can be performed by the private sector on competitive basis. The emphasis is on competition. The general notion is, competition leads to increased output. First, competition is said to improve efficiency. Efficiency in turn enables more production at improved quality and lower costs thereby increasing the per unit profit margin and the level of consumption. This in turn generates high profits which are spent on research and development, on re-investment, and on paying higher prices for factors of production, e.g., wages. The spending stimulates more consumption which, together with the increased level of re-investment, raise aggregate output. On the other hand, the high level of research and development in turn improves technology, elevating and ultimately enhancing the competitive position of the economy. The promotion of competition under SAP has engendered behaviours foreign to Ghana.

3.2.5.1 Conflicting units

Generally speaking, competition is based on the neoclassical economist's view of society as a set of conflicting units. This view contrasts the traditional Ghanaian and African philosophy of society as a communal harmoniously functioning unit. Whereas the Western economic system promotes competition generated by individual self interest, traditionally, Ghanaians believe in cooperation as a basis for dealing with the environment and the supernatural. Society uses cooperation to promote: respect for one another, the acceptance of the shared body of rules, and the use of a common perspective that allows all to understand one another. Cooperation encourages coexistence and the strengthening of vital forces or vital relations in society. The Ghanaian idea is that there is synergy in cooperation. Through cooperation, the sum total of the forces are far greater than the parts of the individual forces. This enhances society's ability to deal with the environment and the supernatural. Therefore, engaging in competition does not only deviate from this

philosophy but it has also led to the emergence of behaviours foreign to Ghana. There has emerged a strange type of competition in the modern sector of the Ghanaian economy since the introduction of SAP. The character of workplace identity in the monetized modern economic sector dominated by multinational corporations (MNC) has changed. In the past, it was fairly easy to distinguish between professionals, industrial workers, farmers, entrepreneurs, and informal economic agents. However, many of the characteristics that were central in defining the identities of such groups seem dated as a result of the diversification of employment strategies because of SAP. A worker is likely also to be a farmer, a petty trader or an artisan; and an academic or a bureaucrat could be a business entrepreneur, a farmer, a technocrat, or even a taxi driver. It has become much more difficult to define who an informal entrepreneur is, given the large number of qualitatively different individuals who have invaded the informal economy. At a certain level of abstraction, one can talk about an emerging fusion of identities for particular sets of groups, such as certain strata of professionals, bureaucrats and academics among the middle classes; landless migrant groups and the urban poor among marginal groups; and the casual strata of the industrial labour force, large sections of traditional informal sector, and rural farmers.

The groups classified in each of the three categories would seem to share similar types of jobs and work practices, even if they are located in different geographical and workplace settings, suggesting changes in social stratification. For example, it is becoming difficult to distinguish between certain strata of academics, bureaucrats, professionals, and even farmers because of the convergence of their coping strategies and work schedules. The idea of academics being a farmer may not be surprising any more as university professors are known to be part of an emerging technocracy for the economic reform programme. Some bureaucrats are not only involved in the private sector and tapping overseas opportunities, but are also active in the world of the informal sector.

As a result of these changes, the capacity of institutions to shape the workplace identifies of their members has been compromised. In fact, many formal institutions have suffered a serious decline in staff time because of the fusion of work boundaries. When combined with the fusion that has also taken place in work relations among other sets of social groups at lower and upper levels of society, the implications for the functioning of regulatory regimes, codes of behaviour, and the nurturing of institutional loyalties are enormous. This has implications for collective bargaining and mobilization strategies. Despite the decline in their institutional reach, most organizations continue to operate in hierarchical and non-participatory ways, further alienating the mass of their low paid employees. Therefore, employers increasingly find it difficult to discipline their employees since the wages - although part of the overall survival strategy - are no longer their only source of survival. In this case, employees are disposed to take risks that may challenge institutional regulatory mechanisms and codes of behaviour. They are not sufficiently socialized into the governance structures of their organizations for the latter to be sure of their unquestioned loyalty.

Besides, price changes have been immunized - a contradiction in terms of the objectives of SAP. Rural activities have become fused with urban ones through the extended family system, thus immunizing both rural and urban households from the anticipated shocks of price changes. This implies that urban workers no longer behave differently from their rural counterparts, as both produce the same kinds of goods and services. Therefore, the terms of trade which the reform programmes have sought to correct have been internalized within extended family households who straddle rural-urban and formal-informal divisions.

3.2.5.2 Sharp divisions

Sharp divisions are also emerging among professionals, academics, and bureaucrats. As a result of competition, individuals members within each category

have acquired highly unequal ways of penetrating state institutions. As well, they have nurtured links with transnational organizations and generated activities involving travel consultancy and networking. The effectiveness of professional associations have been affected by these developments.

This type of polarization has affected both ethnic relations and rural-urban configurations, further sharpening divisions in those areas. As social groups were already unevenly structured, competition relating to unequal distribution of adjustment related costs and benefits has exacerbated ethnic and regional differences. Successful export crop and mineral zones are located within the southern sector. The northern groups hardly produce export commodities especially, following the failure of commercial rice farming in the area. Also, some of the ethnic conflicts have centred around issues of who has rights of participation and ownership in productive resources such as land. The Northern Region alone has witnessed at least four such conflicts (Konkomba Youth Association, September 1994, p.1) in recent years: the two bloody clashes between the Konkombas and the Nanumbas in 1981; the conflict between the Bimobas and the Konkombas in 1986; and the 1994 armed violence of the Dagombas, the Konkombas, and the Gonjas.

These conflicts have been counter productive to SAP's attempts to promote development. They have had very negative effects on development planning and management not only in the Northern Region but also in the adjacent regions of Brong Ahafo, Upper West, and Upper East Regions, and ultimately at the national level from three fronts. First, the destruction of lives and property occasioned by the frequent conflicts have perpetuated a cycle of poverty in affected communities. They have also dissipated the efforts of communities to build their futures. Worst still, they have engendered a sense of helplessness among community members who now invest a large part of their energies and resources in preparing for and fighting wars that have brought little immediate benefits to them. Secondly, the disturbance of public peace brought about by the threats and actual outbreak of inter-ethnic conflicts

disrupt the planning and implementation of development programmes at both macro and micro levels. The frequency and yet unpredictable nature of the conflicts has created an unfavourable investment climate among the business community and international donor agencies working in the region. Every year one expects that some trouble or other will arouse, but the uncertainty of the source, targets and direction of such upheavals is what inhibits motivation to plan and make long-term investments. Finally, resources meant for development activities have had to be diverted into provision of relief and rehabilitation assistance to internally displaced people. These conflicts, generated largely in part by competition, have been counterproductive to the objectives of the privatization process.

3.2.6 Trade Externalization

The trade liberalization requirement of SAP is basically classical in origin but neoclassical in implementation and outlook. Its proponent, Adam Smith put it as:

Between whatever places of foreign trade is carried on, they all of them derive two distinct benefits from it. It carries out that surplus part of the produce of their land and labour for which there is no demand among them, and brings back in return for it something else for which there is demand. It gives a value to their superfluities, by exchanging them for something else, which may satisfy a part of their wants, and increase their enjoyments. By means of it the narrowness of the home market does not hinder the division of labour in a particular branch of art or manufacture from being carried out to the highest perfection. By opening a more extensive market for whatever part of the produce of their labour may exceed the home consumption, it encourages them to improve its productive powers, and to augment its annual produce to its utmost, and thereby to increase the real revenue and wealth of society. These great and important services foreign trade is continually occupied in performing, to all the different countries between which is carried on. (Smith, 1776/1979, pp.446-447).

Smith's statement raises two issues. It posits that international trade overcomes the narrowness of the home market through the facilitation of the division of labour. In other words, international trade promotes specialization and its concurrent exchange. Through international trade, the trading partners specialize, and the more they specialize, the more efficiently they produce and exchange their goods for those that other partners are more efficient at producing. The statement also contends that international trade provides an outlet for the surplus product above domestic requirements thereby enabling countries to exchange their surpluses. Put in another way, the statement means that international trade acts as a "vent for any surplus" (Myint, 1978, p.318); and that it improves the level of productivity of participants.

David Ricardo was perhaps of even greater importance than Adam Smith to the cause of international trade. In 1817 he advanced his famous Law of Comparative Advantage, which purports to demonstrate that international trade is mutually profitable even when one country is absolutely more productive in terms of every commodity traded. He explained it this way:

Suppose that a certain amount of wine exchanges for a certain amount of cloth. Suppose that in England it would take a year's labour of 100 men to make the cloth and of 120 men to make the wine, while in Portugal the man-years required are 90 and 80, respectively. In these circumstances it will be to Portugal's advantage to make only wine, and England's advantage to make only cloth, with the countries then exchanging the surpluses. Portugal will multiply its wine output 2.125 times $[(90 + 80)/80]$, and England its cloth production 2.2 times, and since the cloth and the wine are equal in value, both countries will come out ahead (Ricardo, 1973, p.82).

Ricardo was quick to concede that this law applied only to international trade. "Such an exchange," he observed, "could not take place between the individuals of the same country. The labour of 100 Englishmen cannot be given for that of 80 Englishmen, but the produce of 100 Englishmen may be given for the produce of the labour of 80 Portuguese, 60 Russians, or 120 East Indians. The difference in this respect, between

a single country and many is easily accounted for, by considering the difficulty with which capital moves from one country to another, to seek a more profitable employment, and the activity with which it invariably passes from one province to another in the same country" (Ricardo, pp.82-83). This further amplifies the importance of international trade. It indicates that the benefits of the Law of Comparative Advantage can be realized only within the context of international trade.

Ever since Smith and Ricardo, economists have been practically unanimous in support of free trade. They assert that free trade is capable of raising standards of living. They believe that free trade in a liberal trading world guarantees competition and thus avoids monopolies. To them, when trade is fully free, there is an optimal use of world resources deriving from greater efficiency, internal and external economies of scale and thus smaller resource use per unit of output. This is achieved, they profess, because economies of scale include the reduction of unit production costs, the accumulation of reserves, and the operation of the principle of multiple and bulk purchases. Also, production is integrated both vertically and horizontally, promoting backward integration in buying raw materials, forward integration in selling finished products, and horizontal integration in entering other areas of opportunities. The concomitant effect of these linkages is an increase in economic activities and an enhancement of the balance of trade and payments. Therefore, neoclassicism contends that trade is an engine of growth, a perspective summed up by Paul Samuelson, a Noble laureate economist, as:

There is essentially only one argument for free trade or freer trade, but it is an exceedingly powerful one, namely: free trade promotes a mutually profitable division of labour, greatly enhances the potential real national product of all nations, and makes possible higher standards of living all over the globe" (Samuelson, 1976, p.692).

Hence, the World Bank and the IMF (through SAP), the WTO, and all developed countries have encouraged SSA countries to liberalize trade and concentrate in their

areas of comparative advantage in order to generate export-led growth. What the institutions ignore is, the Ricardo's Law of Comparative Advantage assumes that the industrial changes it recommends can be accomplished instantaneously and without other consequences. In other words, the English vintners immediately become weavers and the Portuguese weavers vintners. Also, the English wine presses are immediately changed into looms, and the Portuguese looms into wine presses. So the Law of Comparative Advantage is suited to a world without time, where everything happens all at once, or not at all. The Law of Comparative Advantage also assumes full employment. If either England or Portugal has substantial numbers of unemployed workers, it would be more advantageous to train them as weavers or vintners, as the case might be, than to keep them unemployed while importing cloth or wine. Thus, the Law of Comparative Advantage may not be suitable to developing countries where there are structural as well as cultural barriers and high unemployment. In fact, evidence suggests that it has not generated the expected benefits in Ghana's trade liberalization policy.

3.2.6.1 Contextual realities

Ghana experienced deteriorating terms of trade and an unfavourable balance of trade in the study period. Taking 1987 as the base year, its terms of trade for 1985 was 93. The figure declined to 64 in 1994 (World Bank, 1996. p.192). It also registered negative balance of trade for eight of the ten years of 1983 to 1993 (IMF, 1995, p.142). This situation progressively deteriorated. For example, the trade balance for 1989 was negative \$195 million, and those for 1990 and 1991 were -\$308 million and -\$321 million respectively. The trade balance further deteriorated to -\$470 million in 1992 and the 1993 statistic of -\$572 million was much worse than the figure for any of the previous years.

The poor performance in the balance of payments resulted in the return of even larger sums of debt than those it recorded in the 1980s. The 1980's total debt

of \$1,407 million (World Bank, 1994, p.13) grew to \$4,275 million in 1993, registering an increase of 204 per cent. Similarly, the use of IMF credit facilities increased by 605 per cent in 1993 over its 1980 level. These two figures alone do not adequately reflect the degree of the debt burden. A clearer indication is presented by the debt ratios. Ghana's total debt was 116 per cent¹⁰ of its total exports in 1980. By 1992, it was 381 per cent of exports. This means that if Ghana were to meet its total debt obligation through export earnings alone, it had to increase exports at least by 381 per cent. In an attempt to meet the high debt obligation it drew down its reserves, depleting them to just enough for only 2.5 months of imports in 1992 from 1986 level of 7.1 months. The situation got worse instead of better after 1992. External debt rose by 5.7 per cent from \$4,346.95 million in 1996 to \$5,651.40 million in 1997 (The Ghanaian Institute of Statistical, Social and Economic Research, September 7, 1998). Domestic debt also grew in 1997 by 31 per cent over 1996 level to 3,445 billion cedis. The dramatic increase in the public debt has given rise to a steep upward trend in interest payments, pushing government consumption expenditure upward. These statistics imply that trade liberalization in Ghana has had little beneficial effect on the balance of trade. A major reason may be that the trade liberalization policy does not adequately reflect Ghana's socio-economic realities.

3.2.6.2 No pure free trade

3.2.6.2.1 Multinational corporations

What is perhaps taken for granted regarding Smith's proposition on the advantages of "foreign trade" is, the merchant adventurers of his day have been supplanted by today's multinational corporations (MNCs). Nevertheless, his arguments for free trade still circulate. Also, what Ricardo could not foresee, and

¹⁰ These numbers are obtained from World Bank, (1994), *The World Debt Tables*, Vol. 2.

what his modern followers have overlooked is that multinational corporations fail to share the feelings of patriotism or indeed of prudence that he ascribed to the entrepreneurs of his time. The only patriotism known to MNCs is profit. They have developed the elaborate mechanism of transfer-pricing to improve profits under all conditions. Under this mechanism, transactions involving the transfer or the sale of goods take place within the firm, regardless of whether the firm spans different countries, and the firm is free within broad limits to assign whatever price it likes to those goods. They employ this mechanism to evade the policies of host governments regarding taxes and tariffs, multiple exchange rates, and local ownership, thus compromising socio-economic development.

When the MNC makes losses in one of the countries it operates in, it uses transfer-pricing to remit profits to the country so as to minimize its over all tax burden. For example, suppose the MNC is making losses in country A and profits in country B, then A will overprice its exports to B or underprice imports from B. This reduces its profits in country B and its over all tax burden in both A and B. Even when there are no losses involved, MNCs are prone to avoiding payment of their fair share of taxes. They transfer funds via the pricing channel from their buying to their selling units by means of overpricing. This understates declared profits of the buying unit but overstates those of the selling subsidiaries in comparison with the situation where no intra-firm transactions take place. The converse happens with underpricing.

Moreover, through transfer-pricing, MNCs can overcome the effects of multiple exchange rates regimes usually recommended by SAP as a lead to floating exchange rate. Under such regimes, the rate applicable to profit remittances tends to be unfavourable relative to the one applicable to capital or intermediate goods imports, effectively imposing an additional tax on declared profit remittances. A subsidiary in such a country will overprice and underprice imports and exports respectively in order to minimize declared profits. Also, if the exchange rate of a

country is expected to change and the MNC cannot or will not speculate openly, it may use transfer prices to reinforce the normal leads and lags which minimize its obligations in the country. As well, MNCs are capable of diminishing local ownership through such tactics. When a country places local ownership requirement on an MNC, this policy can induce the MNC to overprice its imports. This enables it to do one or all of these three things: increase its own share of the total profits at the cost of the local shareholders, inflate the initial value of capital equipment contributed by way of equity participation, and act in collusion with the local partners in order to provide funds for accumulation abroad.

The presence of MNCs in the international trade scene is moving international trade closer to an oligopolistic conglomerate more than one of free-market as the trade theories and SAP presume. The theories of international trade presuppose the prevalence of a "pure free market". This means unfettered competition and bargaining between equals, with prices being the result of the combined actions and wishes of sellers and buyers. In practice, because of the activities of MNCs, international exchange does not operate in such a free manner. Competitive markets may be the best guarantees of efficient production, provided they are properly regulated and open to all. Under transfer-pricing, global markets are at the moment neither free nor efficient. The neoclassical economic theory of pricing in competitive markets ceases to apply to the process of transfer-pricing. Ricardo's assertion that the free flow of capital across national boundaries is inhibited does not apply to today's world realities either. National boundaries do not bridle free capital flows, they prevent the free flow of labour. The free flow of capital implies that investment is motivated by absolute profitability and not by comparative advantage. On the other hand, the inhibition of the free flow of labour generates unemployment in the country in which capital is being invested. Therefore, developing countries are being prevented from exploiting the potential of the markets fully. This has serious ramifications on trade. The essential difference is simply that in the transaction in the open market or between unrelated firms, the buyers and sellers are trying to

maximize profits at each other's expense, while in the intra-firm transaction of transfer-pricing the price is merely an accounting device and the two parties are trying to maximize joint profit. Under these practices, developing countries like Ghana are at a disadvantage. A United Nations Development Programme Report (1992) on human development has pointed out that these countries are at a disadvantage in the financial markets (the source of their most scarce resource) more than in any other sector. They "enter the market as unequal partners - and leave with unequal rewards" and "real interest rates for poor countries are four times as much as for rich countries" (United Nations Development Programme, 1992, p.49). The report further asserts that with a few notable exceptions, developing countries are held back in areas where they might have a competitive edge (for example, manpower available for labour-intensive manufacturing work or export), since "market rules are often changed to prevent free and open competition" (United Nations Development Programme, 1992, p. 58) - in other words, competition is being distorted.

SAP's recommendation of trade liberalization is based on the implicit belief that all the trading partners receive due benefits from such trade when their goods are sold in world markets. Behind this belief is the tacit notion that MNCs usher in a new era of world-wide efficiency in the allocation of resources and even an international equalization of factor prices. The value of intra-firm trade is taken to be determined by the same factors as inter-firm trade, and the gains arising from the former are assumed to accrue to the various trading countries in the same way as from the latter. Clearly, the potential benefits of trade are considerably diminished if the traded products are not priced in competitive markets, but valued in such a way that one factor of production, foreign capital, is able to deprive a country of part of its due share and remit it abroad. Intra-firm trade makes it quite likely that some countries (the home bases of MNCs in particular - normally developed countries) are gaining at the expense of others (the developing host countries) in international trade. As the above discussion suggests, the use of transfer-pricing means that the net gains

from foreign investment are less, or losses are more, than they otherwise would have been. The loss caused by transfer-pricing is borne by various groups in the host economy usually a developing country. The government loses tax revenues, local shareholders lose legitimate share of profits, trade unions can be deprived of higher wages, consumers face higher prices -- especially if transfer-pricing enables firms to get more protection, and even other producers can experience negative consequences if by worsening the foreign exchange situation it causes shortage of maintenance imports.

Some of these negative impacts of MNCs have been documented in Ghana. Two Italian multinational enterprises (MNEs)¹¹, Impregillo Reechi and Impregillo S. P. A., have been documented as "ripping-off the state of billions of cedis in revenue" (Ghana Chronicle Online, December 18-21, 1998) through transfer-pricing. Commenting on this, a state official lamented that:

We have noted with concern how this country has been losing a lot of revenue through such abuses and it is our considered view if we want to help bring more money into the national kitty, the time to act, is now. It is unfortunate that some beneficiary companies which are to assist the government in her developmental efforts are abusing this facility (Ghana Chronicle Online, December 18-21, 1998).

The MNCs in Ghana are very dominant in the mining sector. While there were only three mines in pre-SAP days, there are now as many as seventeen mines and 200 prospecting companies (Inter Press Service, December, 18, 1998). This phenomenal increase in mining activities has had both economic and environmental effects on Ghana. Gold replaced cocoa as Ghana's major exchange earner in 1997. Gold production rose from below 380, 000 ounces in 1983 to over 1.7 million ounces in 1997, bringing in \$580 million (Inter Press Service, December, 18, 1998). However,

¹¹ *Firms in the manufacturing sector are referred to as multinational enterprises (MNEs) while multinational corporations (MNCs) is the generic term.*

only \$58 million or "10 percent of the value of the gold comes to the country" (Inter Press Service, December, 18, 1998). The welfare of the communities in which the mining activities take place is not adequately catered for. Also, though the government has guidelines in place to minimize the negative environmental impact of surface mining, "Interest in this issue has been heightened, because all the new mines are open-cast and the scars they leave on the landscape make such a negative visual impression" (Inter Press Service, December, 18, 1998). This is worrisome on two fronts. First, some mining concessions have swallowed up entire villages. Additionally, the activities of the mining companies are spread all over the country. These developments have generated social unrest. According to *The Ghanaian Chronicle Online* (December 11-13, 1998), "hardly any day passes in Ghana now without one hearing of disturbances and violent clashes between indigenous communities and mining companies. The paper reported that some of the spots that witnessed such clashes in 1997 included Kwabeng in the Eastern Region, Tarkwa in the Nzima East District of the Western Region, the Obuasi area of the Ashanti Region, and the Dunkwa and Ayamfuri areas of the Central Region. In the Dunkwa area, the youth blocked roads in June 1997 to prevent mining trucks from taking workers to the mines (Inter Press Service, December, 18, 1998). At about the same time, the community in the Obuasi area went on rampage destroying plants, machinery, equipment, and even a poultry farm belonging to a local mining company (Ghana Chronicle Online, December 11-13, 1998). According to *The Ghanaian Chronicle Online*, the chiefs of Takwa area donned their mourning costume and went on a protest march against the activities of mining companies in their locality in the latter part of 1997. Investigations into these confrontations revealed the causes as; inadequate compensation or failure to pay any at all, destruction of farmlands and/or pollution of sources of drinking water.

These examples of the behaviour of MNCs in Ghana are perhaps the tip of the iceberg. Because of enormous difficulties such as an uneven incidence of transfer-pricing across different industries and by different firms, internal and external

problems in collecting data relevant to checking intra-firm pricing, and conceptual issues in defining transfer-prices, Ghana may be unable to adequately investigate the incidence of transfer-pricing and expose more transgressors.

3.2.6.1.2 Neo-mercantilism

Another limitation to free trade is that there are indications that recent trade policy in the developed countries is based on neo-mercantilism. For example, a United Nations Development Programme Report says that five out of six industrial countries are more protectionist now than they were ten years ago, particularly with regard to labour (United Nations Development Programme, 1992, p. 68). It seems all developed nations appear to be motivated not so much by comparative advantage, which might create diversified production, but rather by a desire to develop certain industries that are deemed to have high growth potential. As a result, they are competing intensely in similar areas. Micro-electronics, bio-technology, communications, and computing are high on their trade policy agendas. It is taken for granted that such industries will need government support and protection. Another indicator is the emphasis in current trade policy that is placed on access to export markets in developing countries without reciprocation. All developed countries are now recognizing that industrial competitiveness can only be achieved through access to international markets, with the results that governments - as well as their industries - have now entered the race for external markets. This undermines the spirit and letter of the GATT/WTO. Some sources indicate that only seven percent of world trade conforms fully to its principles, and that the cost to the developing countries of the rising protectionist trend in the industrial countries is no less than \$500 billion a year - ten times more than the international aid they receive (United Nations Development Programme, 1992, p.68). Also, the search for overseas markets underlies the strategy of Western countries in negotiating the Agreements on Intellectual Property Rights and on Trade in Services at the WTO. For example, Ghanaian kente cloth is now machine woven in Europe. The kente weavers of Ghana

have no legal course because the whole idea of copyright in international law resides in the Western notion of the individual artist, craftsman, or inventor who must be paid for the use of his creative talents. It is not known who exactly designed or created the kente patterns. They are regarded as part of a rich communal culture that stretches back untold generations. As far as the Western courts are concerned, they are public domain. Therefore, entering into copyrights agreements ties all the parties to such Western interpretations. This allows Western domination not only in the contracting parties' internal markets but also in the rights of their intellectual property. The role of governments is reflected further in the repeated demands of the United States and other countries for better access to Japanese internal market. Canada employs a more subtle approach (the Team Canada Missions) in seeking markets abroad.

Another non-pure trade practice is that the multilateral trade liberalization concept for SAP has been paralleled by a process of integration through regional agreements. Twenty-four of such agreements on reciprocal basis were in force in January of 1995, the year the WTO came into force (World Trade Organization, April 1995, p.77). These agreements underscore the point that international trade is not based on pure free market operations and the Law of Comparative Advantage. Rather, it is like a poker game and the astute player gets the lion's share of it. So the international trade environment is now enveloped by power games. The reason is, the economic efficiency of comparative advantage suggested by Adam Smith and later enunciated by David Ricardo applied to the economy as a whole: it was a theory that explained how overall consumption could be increased with a given amount of inputs. However, Western governments are only indirectly motivated to improve overall consumption. Usually, they are more concerned with power games (that is, political votes) in society by concentrating on who benefits relatively within the state, and whether those disproportionate benefits promote state interests or not. In the last decade, producer interests - ranging from farmers in Europe to industrialists supporting unilateralism in the United States - appear to have been gaining ground

in their fight for influence over governments. At the same time the world economy - through the influence of the International Monetary Fund, the World Bank, and the World Trade Organization - is becoming more integrated and in need of internationalists and not nationalist solutions. This has an interesting interpretation regarding Ghana and the other African countries. In order to influence government policy one has to belong to interest groups. People of common interest are motivated to come together and form interest groups as a conduit for influencing government policy in their favour. African interest groupings occur on extended family basis which, in the widest sense of the word, include kinships and the tribes. If political grouping enters into them at all, it is on the basis of tribalism thus polarizing countries into tribal political parties. For example, in a recent Kenyan general election, thirteen tribal presidential candidates contested against the incumbent. Thus, African leaders are increasingly losing the capacity to extract support and legitimacy needed to exercise power. To counteract this, most of them resort to rule by tribal cabals and undemocratic means supported by large armies. For example, under President Houphouet Boigny, he and his Baoulé tribesmen were the divine rulers of the Ivory Coast. Elsewhere in Nigeria everything is seen through ethnic lenses - more so power sharing. Since independence, northern Nigerians have employed tribalism to monopolize power to an extent that today there seems to be an unwritten code which says: "you must be a northerner or enjoy the support of the support to be the president of the country". Ghana has a more sinister situation. The Ewes are just 6% of the population (Ankomah, 1988, p.16). Yet power has been monopolized by this small tribe that effectively nothing moves in the country without Ewes.

3.2.6.3 Vent-for-surplus

The principle of vent-for-surplus has tended to go against Ghana. It can be argued that from the point of view of an established trading country faced with a fluctuating world market, a sizeable surplus productive capacity which cannot be

easily switched from export to domestic production makes it "vulnerable" to external economic disturbance. This has been the situation in Ghana because it is basically primary commodity export producer. Primary produce such as cocoa, timber, and minerals account for nearly 90 per cent of its exports.

However, tremendous technological development in the West has brought in its trail certain effects which have adverse impact on many primary products. With the growing refinement of technology, leading to the development of synthetic substitutes, it is only natural that the raw products of the soil should tend to become relatively less essential in the advanced industrial economies. Equally natural is the fact that it is precisely in such crude and simple products of the soil that Ghana has a comparative advantage. Ghana has to adjust to the slow tempo of demand caused by the technically developed substitutes. Structural difficulties, however, prevent it from doing so to the extent necessary to prevent its primary commodities from deteriorating in relation to manufactured goods. It cannot readily make adjustments through changes in the outputs of different commodities requiring different proportions of factors because of the inelastic demand both for its domestic production consisting of basic foodstuff, and for its exportable commodities of industrial raw materials. As far as Ghana is concerned, this makes comparative advantage more in theory than in practice.

3.2.6.4 Lack of intra-trade.

The application of the theory of comparative advantage to Ghana and generally to Sub-Saharan Africa has been an on-going argument since colonial times. Colonial administrators argued that the weather conditions in Sub-Saharan Africa favoured tropical agricultural produce. For example, being located just above the equator Ghana has an equatorial climate. Temperatures are quite high, ranging between 77.9⁰F (25.5⁰C) and 84.2⁰F (29⁰C). A hot dry tropical continental air mass from the northeast and a moist cooler southwest monsoon from the Atlantic ocean

generate an annual rainfall of 86 inches or 2,184 millimetres in the southwest corner. The amount of rainfall decreases northward and eastward reaching 60 inches (1,524 millimetres) around the middle of the country (Dickson and Benneh, 1970, p.155). This rainfall pattern has resulted in thick rain forest with large trees in all regions of the country receiving between 63 inches (1,600 millimetres) and 53 inches or 1,346 millimetres of precipitation. The regions north of the forest and also the southeast coast which receives 39 to 59 inches have tree savanna.

These conditions definitely favour tropical agricultural produce such as cocoa. Its conditions for growth and maximum yield include deep well drained soils which are rich in humus, receive an annual rainfall of about 50 inches or 1,270 millimetres, and enjoys a high relative humidity (Dickson and Benneh, 1970, p.201). A temperature of 80⁰F (27⁰C) is required and when young, the trees need shade and protection from sun rays and strong winds. This shade is usually provided by banana plants which have become subsidiary crops in the cocoa growing regions of Ghana. So cocoa is the main export crop. It accounted for about 54 per cent of total export earnings in 1993 (IMF, 1997, p.417). This figure clearly indicates the importance of cocoa to the Ghanaian economy.

Colonial agricultural policy in Ghana in particular and in the Sub-Saharan African region generally, therefore, promoted the sole production of agricultural produce for the world market. The colonial policy in Ghana and other Sub-Saharan African countries was on the "centre-periphery doctrine". Accordingly, the periphery [the colonies] was to supply the centre [the metropole] with its needs of raw materials. Britain, for instance, in her African colonies controlled the exports of the raw materials by preventing their export to foreign countries. So comparative advantage as far as the metropole was concerned was limited to its ability to extract required raw materials from its colonies. After satisfying the demands of its industries, the colonial master sold the surplus to other nations and netted the profits for itself. The colonial farmer and worker had no share in these profits. Public works and social

services were miserly provided only to promote economic interests in the export enclaves . In fact, the dominant industrial policy was that the natives of the colonies should not be endangered industrialization and town-life. For example, out of 148 million British pounds allocated between 1946 and 1956 under the United Kingdom Colonial Department and Welfare Aid, only 545, 000 pounds, less than five per cent, was directly used for industrial development (Nkrumah. 1963, p.24). The colonies were thus treated as producers of raw materials, and at the same time as the dumping-ground of the manufactured goods of the colonial industrialists and capitalists.

Many advocates of colonialism indicated that this type of comparative advantage was the *raison d'être* of colonialism. According to Kwame Nkrumah, Jules Ferry, Premier of France in 1885, gave this as the dominant reason for European quest for colonies in Africa, when he spoke in the Chamber of Deputies in defence of the French Government's colonial policy as:

Is it not clear that the great states of modern Europe, the moment their industrial power is founded, are confronted with an immense and difficult problem, which is the basis of industrial life, the condition of existence - the question of markets? Have you not seen the great industrial nations one by one arrive at a colonial policy? And can we say that this colonial policy is a luxury for modern nations? Not at all, gentlemen, this policy is, for all of us, a necessity, like the market itself.

Today, as you know, the law of supply and demand, freedom of exchange, the influence of speculation, all these move in a circle which extends to the ends of the world.

Colonies are for rich countries one of the most lucrative methods of investing capital... I say that France, which is glutted with capital, and which has exported considerable quantities, has an interest in looking at this side of the colonial question. It is the same question as that of the outlet for our manufactures.

Colonial policy is the offspring of industrial policy, for rich states in which capital is abundant and is rapidly accumulating, in which the manufacturing system is continually growing and attracting, if not the most numerous, at least the most alert and energetic part of the population that works with its hands, in which the

countryside is obliged to industrialise itself, in order to maintain itself, in such states exportation is an essential factor of public property... The protective system is like a steam boiler without a safety valve, unless it has a healthy and serious colonial policy as a corrective and auxiliary. European consumption is saturated, it is necessary to raise new masses of consumers in other parts of the globe, else we shall put modern society into bankruptcy and prepare for the dawn of the twentieth century a cataclysmic social liquidation of which we cannot calculate the consequences (Nkrumah, 1963, pp.20-21).

In 1923, the French Colonial Secretary of State, Albert Sarraut, spoke in even more emphatic terms about France's colonial ventures:

What is the use of painting the truth? At the start colonisation was not an act of civilisation, nor was it a desire to civilise. It was an act of force motivated by interests. An episode in the vital competition which, from man to man, from group to group, has gone on ever increasing; the people who set out to seize colonies in distant lands were thinking primarily of themselves, and were working for their own profits, and conquering for their own power (Nkrumah, 1963, p.21).

Colonialism was thus an economic rather than a political quest. As Sarraut pointed out, "The origin of colonization is nothing else than enterprise of individual interests, a one-sided and egotistical imposition of the strong upon the weak" (ibi). As a result of this policy of establishing the colonies as suppliers of raw materials and consumers of surplus manufactured good, these former colonies have since then been producing similar produce: cocoa in Ghana, Nigeria, The Ivory Coast, Benin, Togo, Cameroon, Congo, Guinea and Gabon; coffee mainly in Kenya, Uganda, Tanzania, Burundi, Rwanda, Nigeria, the Democratic Republic of Congo, and thirteen other countries; etc. (World Bank, 1997, pp.95-96). Consequently, there is almost lack of intra-trade within the Sub-Saharan region. For example, what trade can exist between Burundi and Rwanda when coffee accounts for 73.9 per cent of Burundi's export earnings and 50.5 per cent of Rwanda's export value? Further, what is the use of primary products to a country that lacks the required facilities to turn them into finished products? For that matter, what is the use of Tanzania's jute to Ghana or Ghana's cocoa to Tanzania? This peculiar international division of labour underscores the contention

of Karl Marx and Friedrich Engels that even the most general division of work is the source of alienation and entrapment for the individual:

...the division of labour offers the first example of how...man's own deed becomes an alien power opposed to him which enslaves him instead of becoming controlled by him. For as soon as the distribution of labour comes into being, each man has a particular, exclusive activity...from which he cannot escape. He is a hunter, a fisherman, a shepherd...and must remain so if he does not want to lose his means of livelihood (Marx and Engels, 1970, p.53)

This description of the situation of an individual regarding the division of labour aptly applies to the current context of Sub-Saharan African countries. If the references to an individual in the text are replaced with those for countries (i.e., if we substitute "countries' own deeds" for "man's own deed"), this nineteenth century view of Marx and Engels portrays Sub-Saharan African countries' position in today's international trade context.. They are reduced to producers of the same kind of primary products.

Besides, the widening of the scope of production and the deepening of production of these commodities, as advocated by SAP, might have resulted in over production and the consequent worsening of their terms of trade and the producers' balance of trade and payments. Ghana's trade data may partly reflect this trend because the price of cocoa has not been stable during the period of SAP. Such poor showing of cocoa in the past was an indication of the overthrow of the government through a military coup d'etat. All the four military coups in Ghana occurred immediately after perceptible decreases in the world price of cocoa. For example, the 1966 military take-over was preceded by a drop in world price for cocoa from 30 to 10 cents per pound. Also, the 1972 coup occurred after a 56 per cent decrease in the price of cocoa. The 1979 junior officers revolt followed a fall in the price from \$2.00 to \$1.60 per pound and the 1981 coup took place after a 12 per cent fall in price. The fact that the current government seemed to be unaffected may be because a key political change occurred during the "revolutionary" phase of the Provisional National

Defence Council regime in 1982-1983 when powerful groups in business, politics, the professions, and the army were treated to a shock therapy of repression as the new government attempted to rid the society of what it deemed as corrupt practices. The earlier militant and violent intervention profoundly changed the political culture and discourse by introducing deep suspicion between state officials and critical sections of society.

3.2.6.5. Limited capitalist agriculture

3.2.6.5.1 Less integrated cash crop production

While the comparative advantage theory presumes a capitalist mode of production, there is limited capitalist agriculture in Ghana. Ghanaian and, in general, all Sub-Saharan African peasants are less integrated in the cash crop economy than peasants elsewhere. The majority of them still eke out an existence without much dependence on inputs from other sectors. Fertility is maintained by the common practice of shifting cultivation and bush fallowing. The need for extension agents does not arise. Being in the organic environment the Ghanaian peasant is better placed than the extension officer to provide the right know-how. The extension officer has solutions to problems of production that have been developed in an inorganic environment. His inorganic world and the peasant's organic world obey different imperatives, different directives, and different laws which have nothing in common. The social logic of the Ghanaian peasant's mode of production preempts any serious interest in practices developed within the context of modern modes of production. Knowledge in the peasant's organic environment is by definition pragmatic. What the peasant needs to know about plants he cultivates, the weeds that interfere with their cultivation, the soil and how it can be preserved and enriched, the weather and the various implements needed for cultivation, does not require a scientific approach. He is guided by past experience. For example, using past experience, he is able to predict the onset of rain based on such signs as changes in leaf-colour of some tree species,

shifts in wind direction, cloud formation, temperature and relative humidity fluctuations, and bird and beetle songs and their seasonal migration. These signs are crucial in his decision-making relating to land preparation, planting, and choice of plants. His most important counsellors, therefore, are from the previous generation. He does not operate with abstract categories or universal knowledge. What matters to him is superior knowledge and not scientific knowledge. The person best placed to perform innovations in Ghanaian peasant economies, therefore, is not the technocrat but the skilful peasant who knows how to make best use of the various components of the existing resource-endowment. He has no reason to be interested in the extension agent as long as his agriculture is carried out in an organic environment. Consequently, the state is not linked to the system of production. The basic units of production are not only socially independent of each other but also of the state. As a result, the object of trade liberalization cannot be fully realized: the policy derives its legitimacy from the state while the peasant production units are independent of the state.

The lack of capitalist agriculture can also be contextualized in the relations of production in Ghana. Peasant farms in Ghana are small not because other social classes have occupied vast stretches of land, thereby preempting peasant ownership of land. They are small because of the limit imposed by the productive forces. Income disparities in rural Ghana are not primarily due to ownership of land being in the hands of a few people. Often it is simply a matter of difference in using the land. Regional disparities are generally due to variations in resource endowment, notably quality of soil. This is because agriculture is pursued with rudimentary technology. To the rural Ghanaian, labour rather than land is the critical development variable. Rural cultivators have never been captured effectively by an indigenous ruling class. Power relations tend to rest on control of labour within given kinship structures and not alienation of land. Societies are still influenced more by the structures that were in place before capitalism was introduced by the colonial powers. In this sense, relations of production can be said to be predominantly pre-capitalist. Unlike

capitalist production units, activities are not differentiated according to strategy of specialized production, nor is labour specialized. Therefore, the Ghanaian peasant system lacks the necessary base for division of labour.

Ghanaian agriculture is also essentially rain-fed. So it does not require the same kind of cooperation among the producers as in the case of irrigated agriculture. The mutual dependence on a key productive resource, such as an irrigation canal, does not exist in Ghana. Such functional interdependence has been at the root of social inequalities elsewhere, notably Asia, but more recently also instrumental in bringing about far reaching transformations of the relations of production in those areas. Compared to peasants in such areas, the Ghanaian peasant is socially more independent. Despite the small size of his farm, he has been able to secure his survival without significant dependence on others. This makes it difficult for Ghanaian peasants to adopt capitalist mode of agriculture as easily as peasants in other regions of the world.

3.2.6.5.2 Land-tenure

A primary condition for capitalist agriculture is a land-tenure system based on the Western style of individual holdings. Under this system, it is considered that the farmer will use better methods and make improvements to his holdings, since he, and not some unknown person who will farm the land after him, will reap the benefits. Land, in the Western sense, is a measurable entity divisible into thing-like parcels by means of mathematical and technical processes of surveying and cartography. This complex notion of land, with its accompanying technology, is an absolute essential to the Western system of land-tenure. Therefore, SAP's policy instrument of trade liberalization usually includes the promotion of freehold land-tenure with title registration and the more general establishment of individual rights by land demarcation through survey. Ghana and several other African countries such as Botswana, Kenya, Uganda, and Zimbabwe (World Bank, 1986b, p.62) have

established laws in this regard but with minimal success. This apparent failure needs to be contextualized.

The first real agitation against British colonial rule in Ghana (then the Gold Coast) was over the passage of the Land Bill of 1897. According to the bill, "all tribal lands" in the colony "not actually in visible use" (Kimble, 1963, p.334) were to be vested in the Crown. The main purpose of the bill was two-fold: to control and regulate alienation of tribal lands by chiefs. The other objective was to encourage permanent settlement as distinct from shifting cultivation by individual tribesmen, by giving the permanent occupier security against the chief. This meant that land ownership was to be determined by permanent settlement. This design of land ownership in the Gold Coast galvanized the people to form "The Aborigines Rights Protection Society" (ARPS) and they violently opposed the bill (Kimble, 1963, p.334). A delegation was sent to London to meet with the then Secretary of State for the Colonies, Mr. Joseph Chamberlain (p.350). Though the bill was repealed, the British failed to understand the reason for the violent opposition it engendered.

Contrary to the Western system, land in Ghana is held communally by clan or lineage. It is a sacred trust. It is essentially in the holding of the ancestors. Land is the only area from which rituals to the ancestors can be effectively performed and hence where one should be buried. In these circumstances, freehold tenure, *de jure* or *de facto*, has been difficult to embrace.

The word "tenure" presents even more difficulty to Ghanaians because it contains a more tangled ambiguity than land. It assumes that land (divisible into parcels) can be "held", thus implying a relationship between a person and a particular parcel of land. Tenure then connotes that there is a man - thing unit relationship. These units are described in the West in property terms such as "own", "rent", "sell", etc. In Ghana, "tenure" has to do with rights utilized against other persons. In this context, "rights" is a concept used when social relationships are of primary

consideration. Thus to the Ghanaian, tenure implies a relationship of a man - man unit and not a man - thing unit.

The word "rights" therefore raises a point of confusion between Ghanaians and Westerners. Unlike in the West where "rights in land" are attributes of a piece of land, in Ghanaians "rights" as attributes of persons against other persons whether such rights involve entitlement of land or not. The most important feature of the Western system is that it assumes that rights of people to space and to exploit the environment have automatically as their counterparts, rights in land. Thus it is assumed that for every man - man unit with a special dimension or a right to exploitation there automatically goes a man - thing unit.

Furthermore, Western rights are not directly to "land", but rather to a piece of map. Should the map be legally declared wrong as a result of erroneous survey or should the definitional points of the grid be changed, the original "owner" will now own the piece of land which corresponds to the map under the new survey, not the piece of land that has been demarcated as his. He "owns" the piece of land and has reasonable assurance that the relationship between the map and terrestrial surface is a permanent one. The Western rights to a piece of land are assigned by legal mechanisms which maintain their integrity even when the owners change. Contrary to this, Ghanaians have a pattern of genealogical map, free-floating on the earth's surface, in terms of which people are assigned, on basis of kinship position, to specific farms for periods of about two to three years.

Taking the *Dagaaba*¹² of Northern Ghana for illustrative purposes, they see geography in the same image as they see social organization. The idiom of genealogy and descent provides not only the basis for lineage grouping, but also of territorial grouping. The *Dagaaba* group themselves according to a lineage system based on the

¹² *The author belongs to this ethnic group.*

principle of segmental opposition. Every "minimal lineage" is associated with a territory. The minimal lineage, made up of men descended from a single ancestor, plus their wives and unmarried daughters, is located spatially beside another of precisely the same sort, descended from the brother of the same ancestor of the first. In reference to the father of the two apical ancestors of the minimal lineage, the two minimal lineages together form an inclusive lineage and their adjacent territories form a spatial unit. This process of inclusion both genealogically and spatially continues for several generations until all *Dagaaba* are included; it continues geographically until the entirety of *Dagaaba* land is seen as single area, segmenting into further segmenting lineage areas.

The "map" in terms of which the *Dagaaba* see their land is a genealogical map, and its association with specific pieces of ground is of only brief duration - a man has precise rights to a farm during the time it is in cultivation, but once the farm returns to fallow, the rights lapse. However, a man always has rights in the "genealogical map" of his agnatic lineage, wherever that lineage may happen to be in space. These rights, which are part of his birthright, can never lapse. Outsiders or strangers (i.e., non-members of the inclusive lineage) may obtain use rights of various types, but in many cases with considerable less long-term security.

The *bura* (the lineage, the people, the compounds, and the farm) changes its position on the *tin gban* (their genealogical map, i.e., their portion of the earth), which is itself immutable. Every *Dagau*¹³ has a right to an adequate farm on the *earth* (*tin gban*) which holds his lineage (*bura*). This is a right to a farm, not to a specific piece of land. Although a farm lasts only for two or three years and then reverts to fallow and the specific right lapses, the right to some farm in the *bura* never lapses. Thus, the position of a man's farm varies from one season to the next,

¹³ *Dagau* is the singular form of *Dagaaba*.

but his juxtaposition with his agnatic kinsmen, and his rights to a farm, do not change. The man - man unit relevant to land is based on agnatic kinship. The man - thing unit relates a man not to a "parcel of land" but to a temporary "farm". The *Dagaaba* then might be said to have "farm-tenure", but they do not have "land-tenure". This example of the *Dagaaba* land ownership is similar to those of other tribes in Ghana. There is gradual change in these modes of ownership but the change process is perceptibly so slow that land-tenure laws are generally ineffective.

3.3 Conclusion

The key point illustrated by this case study is that the neoclassical approach to development in Ghana cannot resolve all social issues and problems as it claims because its development initiatives are not effectively anchored in the relevant cultural operating context. The case study has illustrated this point by demonstrating that the Ghanaian context operates quite differently from the imperatives of the neoclassical paradigm.

The Ghanaian context (even, to a great extent, the formal sector) relies on cultural factors as its media of communication in all affairs. With specific reference to economic affairs, culture plays a major role in: the distribution of land, the determination of family size, workplace relationships, the notion of wealth, the unit of commerce, and competition. On the other hand, the operations of the neoclassical economic model, through the policy instruments of SAP, rely on money and individual self-interest (assumed to operate in such a way that it acts as an invisible hand which directs behaviour) as the only media of communication in economic affairs. In short, the model views economics and economic systems in a limited manner while the Ghanaian context embraces a much broader perspective of economics. The Ghanaian context views economic relations as part of a society's cultural behaviour. This point stresses that the Ghanaian operating context for economic development comprises both economic and cultural dimensions and the

integration of the two dimensions is necessary for an effective and sustainable human development.

Yet the neoclassical economic paradigm, through SAP, has tended to pay more attention to the non-cultural aspects of the Ghanaian context with benign neglect or even active hostility toward the cultural context. Its typical macroeconomic country analyses on which Ghanaian development initiatives are predicated lack sophisticated understanding of the local context. To say the least, the model has superimposed foreign situations on Ghana. As a result, the implementation of the initiatives has been difficult and there has been only limited sustained flow of benefits to the intended beneficiaries.

The main problem is not limited to only the unsuitability of the model but also to the fact that such a model has been transposed upon inadequately prepared foundations. A key assumption has been that the colonial and post-independence periods have adequately prepared Ghana for the model (Dia, 1996, p.43). However, as the case study demonstrates, this assumption deviates from the Ghanaian reality. Even though resources - money, technology, technical assistance, etc., - have been made available, they have not been fully and gainfully used, and their contribution to human development has been limited because they have not been effectively anchored in the local operating context. The situation suggests that though the neoclassical approach may achieve substantive results in established free market countries with a basic commercial background, it will take an adaptive approach for its Ghanaian venture to accomplish appreciative results.

This raises a question: Can we expect any improvement in the effectiveness of the structural adjustment programme of the International Monetary Fund and World Bank in Ghana through incorporating an understanding of Ghanaian culture

and a notion of economics similar to the communicologists' holistic and wider perspective of economics and economic systems? And more precisely, can the reconciliation of Ghanaian traditional values with the imperatives of neoclassical economic efficiency and accumulation, serve more generally to build an approach to economic development not only in Ghana but in Sub-Saharan Africa as a whole? The next case study addresses these issues.

CHAPTER FOUR

4.0 CASE STUDY TWO: GHANA'S UPPER REGIONS' WATER PROGRAMME (URWP)

This case study examines a programme to provide the people of the Upper Regions of Ghana with an assured supply of potable water. It provides a window for exploring the linkage between socio-economic development on a sustainable basis and the extent such development is effectively anchored in the relevant cultural operating context. Unlike the previous case study which dealt with the whole of Ghana, the current case study is limited to only two of Ghana's ten administrative regions. The regions are very similar in all aspects. In fact, they formed a single administrative unit known as the Upper Region until 1983 when they were separated into the Upper East and Upper West Regions to promote effective socio-economic development in the area. The area is a particularly difficult environment for aid projects. Therefore, there was a certain element of risk involved in the Upper Regions' Water Programme:¹ its success was more in doubt than assured.

Nevertheless, the case study suggests that the results of the initiatives of the Programme was much better than those of SAP. It generated an abundant sustained flow of benefits to the population of the area. This success was, in large measure, due to the initiatives of the Programme - unlike those of SAP - being grounded in a sophisticated understanding of the local context. There was the realization that since the Ghanaian and especially the Upper Regions' operating context for socio-economic development comprised both economic and strong cultural dimensions, as reflected in the previous case study, the integration of the two dimensions was very necessary for an effective and sustainable human development.

¹ Upper case P will be used for the word "programme" when referring to the Upper Regions' Water Programme.

The first part of the case study presents the case site and relevant background information necessitating the Water Programme. It then describes how the Programme was contextualized in the culture of the people. It draws conclusions and emphasizes that the success of the Programme was largely the result of its being solidly anchored in the Ghanaian cultural imperatives as well as in the notion of economics similar to the communicologists' holistic and wider perspective of economic systems.

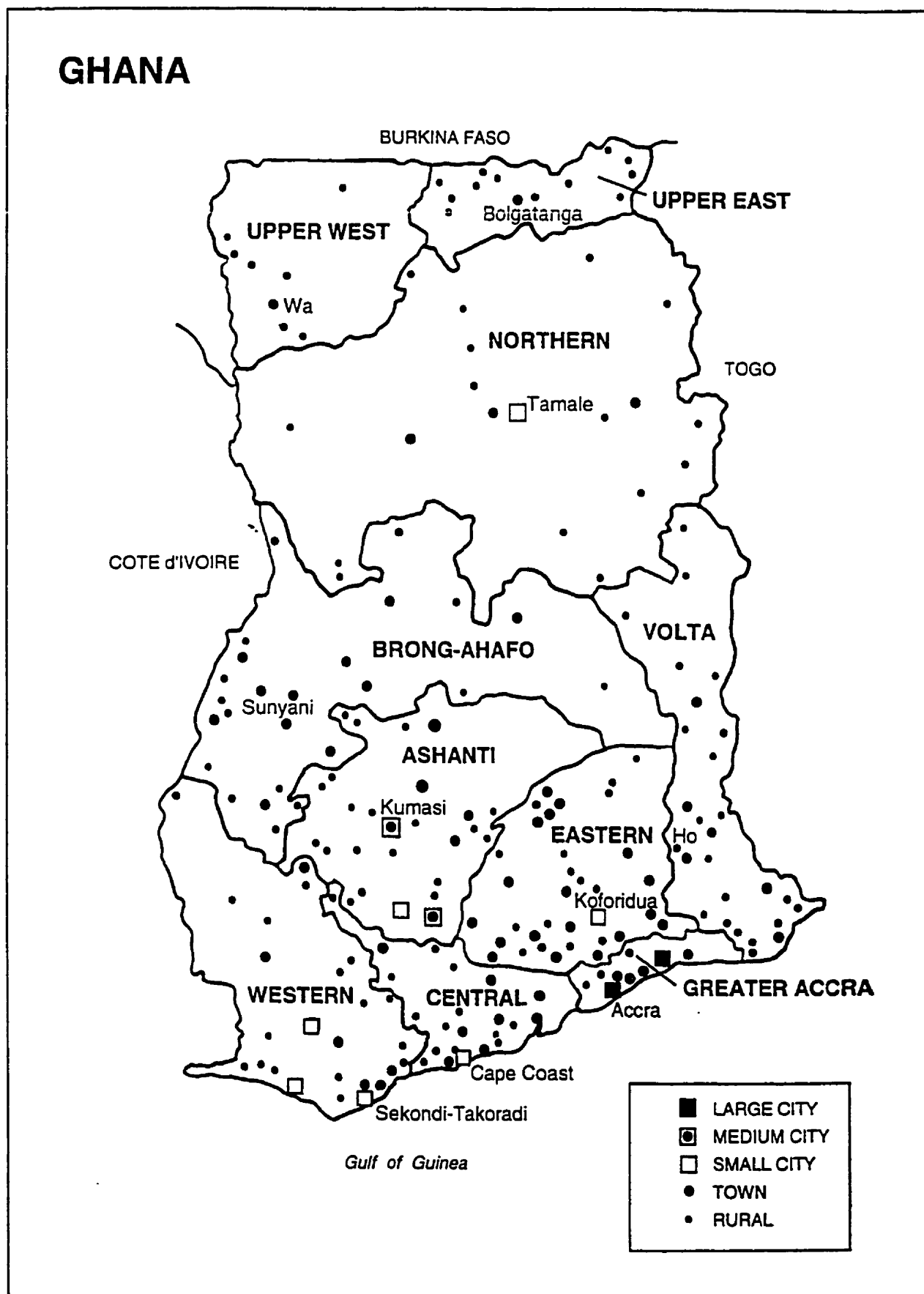
4.1 Case Site and Background

4.1.1 The Upper Regions

The Upper Regions (Upper East and Upper West Regions) lie in the most northern part of Ghana (see Figure 4.1). They share common borders with the Republic of Burkina Faso to the north and the west, the Republic of Togo on the east, and the Northern Region to the south. They cover an area of approximately 27,300 square kilometres and have a population of about 1.5 million (Ghana Posts and Telecommunications Corporation, 1989, p.iv-18). The Upper Regions are the least developed areas of Ghana. There are hardly any modern industrial activities and the level of urbanization is the lowest in the country: about 1.2 million of the inhabitants live in rural areas.

The topography of the area comprises granite rocks (Dickson and Benneh, 1970, p. 18). These rocks do not permit water passage through their pores and interstices. Nevertheless they are able to hold water in spaces separating joints, especially where there has been extensive weathering in the joints (Dickson and Benneh, P.18). That is, adequate and dependable ground water occurs in fissured or fractured zones, and also within thick pockets derived by chemical weathering of the underlying bedrock. This makes ground water occurrence in the Upper Regions structurally controlled. The digging of exceedingly deep wells or the

FIGURE 4.1 MAP OF GHANA SHOWING THE POSITION OF THE UPPER REGIONS



drilling of boreholes is required in order to get to the water captured in the spaces of the granite rocks. Wells in the regions have highly variable yields of water. Those wells that occur in the fissured or fractured zones and also those in the thick weathered zones produce relatively higher yields. Generally then, the ground water potential of the Upper Regions could be rated as limited to moderately good. This situation, coupled with the fact that flood water which accumulates on the surface in the wet season soon runs off or evaporates completely in the hot dry season, poses a serious problem relating to the supply of water in the area.

Prior to the Water Programme, when their traditional sources - comprising ponds, dugouts, dug wells, streams and rivers - dried up especially during the long dry season,² the population resorted to poor sources of available water. These sources of water induced a significant incidence of water-borne and water-based diarrhoeal diseases; water-washed diseases such as scabies; water-based infections such as schistosomiasis (sleeping sickness) and guinea worm; and water-related, insect vector diseases such as malaria and onchocerciasis (river blindness). In order to alleviate these problems, the Government of Ghana requested the Government of Canada for bilateral development assistance in the supply of potable water for the people. Canada was a natural choice for Ghana because there had been a long standing history of bilateral development assistance between the two countries. Canadian bilateral aid programme in Ghana began in 1958. This was Canada's first aid programme in Commonwealth Africa. Disbursements on the aid programme prior to the Water Programme totalled some \$163 million (CIDA, April 12, 1988, p.1). So Canada responded favourably to Ghana's request and on July 23, 1973, a Memorandum of Understanding (MOU) between the two governments was signed to this effect. The Programme was given over to the implementing agencies of the

² *The Upper Regions have two main seasons. There is a short rainy season of essentially four months (May to August but it could extend from April to October) and a very hot and dry season.*

two governments. The Canadian International Development Agency represented the Government of Canada and the Ghana Water and Sewage Corporation (GWSC) was the implementing agency for the Government of Ghana.

4.1.2 The Water Programme

4.1.2.1 History

The specific purpose of the Water Programme was to assist the Government of Ghana to improve local capabilities in providing a continuous supply of potable water from village pumps, and to improve water use practices. It was hoped that these measures would enhance the health of rural inhabitants of the Upper East and Upper West Regions by greatly reducing the frequency of water related illnesses. It was further hoped that the Programme would increase the productivity of people of the area by greatly reducing the amount of time devoted to water collection during the dry season and by reducing the amount of productive time lost due to polluted water related illness. Another anticipated aspect of the Programme was that improved water supply would increase the attractiveness of rural settlements to rural inhabitants and thereby stem the tide of rural to urban migration, especially among productive young people.³

A number of challenges had to be overcome before these benefits could be realized. First, an improved rural water supply technology in the form of boreholes had to be introduced (Chabot, 1986, p.10). The boreholes and hand pumps were novel technology for the villagers, so they had to be encouraged to accept such a technology. Also, the care and maintenance of a rural water supply system was a

³For a detailed discussion of these objectives and other related issues, see Jackson, E. T. and Palmer, F. C. T. (1983), Achievements and Prospects: Report of the Review and Design Mission of the Water Utilization Project, Upper Region, Ghana, Vols. I and II, Prepared for CIDA.

novel responsibility for the Ghanaian implementing agency, the Ghana Water and Sewage Corporation. Therefore, properly established systems in the villages and in the Ghana Water and Sewage Corporation were necessary to ensure both the proper maintenance and servicing of wells and pumps and the effective use of the water from them. This included assistance to the Ghana Water and Sewage Corporation in planning and implementing a rural water user fee and collection system.

Consequently, five key projects were designed and implemented as components of the Programme at a total cost of \$12 million (CIDA, April 12, 1988, p.3). The Government of Canada provided \$8 million⁴ while the Ghanaian Government contributed the remaining amount toward meeting local costs. The projects were: the Upper Region Water Supply Project (URWSP) Phases I and II, the Water Utilization Project (WUP) Phases I and II, and the Maintenance Stabilization Project (MSP). After a whole year of planning, the first phase of the Upper Region Water Supply Project was started in 1974 (Jackson and Palmer, 1983, p.5), marking the official beginning of the Upper Regions' Water Programme. The Upper Region Water Supply Project included both urban and rural components. The urban water supplies serving the towns of Bawku, Bolgatanga, and Wa were to be rehabilitated. The rural component included the drilling of some 1,100 wells and fitting them with hand-pumps (Wardrop Engineering Inc., 1986, p.15). In addition, maintenance workshops, and spare parts and an effective administrative system for operation and maintenance were included.

Phase II was commenced in 1977. During this phase, another 1,500 boreholes and hand-pumps were installed in rural areas and the Ghana Water and Sewerage Corporation's maintenance capability in the regions was strengthened (Wardrop Engineering Inc., p.15). Also, the water treatment plant at Bolgatanga was designed

⁴ *All dollar figures in this case study are expressed in Canadian dollars unless otherwise stated.*

and constructed and borehole water supply systems for Bawku and Wa were upgraded. This phase was completed at the end of 1981.

At an early stage in the Upper Region Water Programme, it was recognized that, although the provision of potable water was a necessary condition for improved health, it was not in itself sufficient to effect this improvement (Wardrop Engineering, Inc., 1989a, p.3). Subsequently, in 1978 the Water Utilization Project (WUP) was initiated as part of the Upper Region Water Supply Programme. Its purpose was to maximize the benefits derived from improved rural water supplies by developing and implementing strategies for ensuring a reliable, high quality water supply and for introducing improved water use practices in the area. Therefore, its mandate was to educate the people in the proper use of water and in basic hygiene and sanitation. The Water Utilization Project also included pump maintenance and community development components in an effort to develop the necessary expertise within the local population for sustaining the system beyond its incipient stages. Phase I of the Water Utilization Project ended in 1983 and a second phase was undertaken subsequently.

The fourth project of the Water Programme, the Upper Region Maintenance Stabilization Project, was started in early 1983 and completed in 1986. This project was intended to increase the operational reliability of rural and urban water supplies (Wardrop Engineering, Inc., 1988a, p.5). This included: the replacement of 1,200 Beatty pumps originally installed during Phase I of the Upper Region Water Supply Project with the more hardy Monarch and Moyno pumps; and the provision of technical assistance. It also included the completion of urban water supply improvements, particularly well field electrification in Wa and Bawku and the completion of pipelines for Bolgatanga.

The final project was the Phase II of the Water Utilization Project commenced in 1985. This project was anticipated to complete all CIDA participation in pumpman

training, well site improvement, and hand pump maintenance activities (Wardrop Engineering, Inc., 1986, p.8). It had five objectives. It was to establish a community education programme in all the then seven districts in the Upper Regions. It was also to ensure that the Ghana Water and Sewage Corporation's hand pump repair system was able to maintain 90 per cent of pumps operational at all times. Next, it aimed at ensuring that trained village pump persons were present at 95 per cent of well sites, and that the site development programme effectively met the demand generated by a community education programme (Etherington, 1986, p.11; Schiller, Dr., 1986, p.14). Finally, the project was to ensure that counterpart staff were trained to fill line positions in all activities of the Water Utilization Project.

This phase was to have been terminated in May 1988. However, because of delays in project implementation and the time required to test out highly participatory approaches, the project was extended by two more years to May 1990 (Africa and Middle East Branch, 1997, p.2). Therefore, 1990 became the official year when the Upper Region's Water Programme ended, indicating a sixteen-year sustained CIDA involvement in water issues in the Upper East and Upper West Regions of Ghana.

4.1.2.2 Outputs

All constructional targets of the Programme were met either before or within schedule. For example, all the 2,600 rural borehole wells and hand pumps were installed across the Upper Regions. About 1,100 of the boreholes were drilled and fitted with hand pumps within the first phase of four years (1974 to 1978) alone despite the difficult terrain. The other 1,500 boreholes were drilled and fitted with hand pumps during the second phase of 1979 to 1984 (Parsons, et al., 1986, p.15; Wardrop Engineering Inc., 1988b, p. 12; Africa and Middle East Branch, 1997, p.6). Additionally, 1,200 malfunctioning hand pumps were identified and replaced and the urban water supply systems of the three urban centres of Bawku, Bolgatanga, and Wa

were rehabilitated (Parsons, et al., p.15). This process involved implementing a series of major activities. The rehabilitation of the Bolgatanga system alone required the construction of a water treatment plant with a 1.6 million gallons-per-day capacity. A low lift pumping station at a nearby dam, the Vea Dam, was also constructed. The other major activities included the construction of: a transmission pipeline between the water treatment plant and the reservoirs (12 inch diameter for 5 miles and 10 inch for 1.5 miles); a 150,000 gallon ground level storage reservoir at the headquarters of the Ghana Water and Sewage Corporation; and a 300,000 gallon elevated storage reservoir (Wardrop Engineering Inc., 1988a, p.13).

The establishment of the Bawku water grid involved the re-mechanization of eight existing boreholes and the improvement of the distribution system. In addition, seven new boreholes were drilled and mechanized and all the mechanized boreholes were installed with electric power lines. Furthermore, raw water mains were connected to the new boreholes. Also, the Programme was responsible for the backfilling of all pump sites; and the construction of extended pads at 70 per cent of the pump sites in the two Upper Regions.

A second measure of the success of the Programme was that 90 per cent of the pumps were operational at any one time as a result of a motorcycle-travelling-mechanic system. This indicated a high degree of transfer of skills and knowledge. These developments led to the eradication of water related diseases. For example, during the first phase of the Water Utilization Project alone, health workers discovered that the 2,600 hand pumps were responsible for the virtual eradication of guinea worm in both the Upper East and Upper West Regions, which was prevalent in past years and is still common in neighbouring Northern Region (CIDA, April 12, 1988). Since then, the problem of guinea worm does not exist in the area.

Another major indicator of the Programme's success was the manner funds were efficiently disbursement. Between 1979 and July of 1982, the project disbursed

some \$1.23 million (CIDA, April 12, 1988, p.5; Yazdani, 1989, p.19; Africa and Middle East Branch, 1997, p.21). It also accumulated nearly \$1.7 million worth of commitments towards project costs within the same period (CIDA, Undated, p.6). The totals of these two figures were about 90 per cent of their respective budgeted totals. Local project costs in 1982 and 1983 to Ghana Water and Sewerage Corporation (GWSC) were almost 1 million cedis and about 1.66 million cedis respectively, indicating 85 per cent and 95 per cent of their respective budgets (CIDA, p.6). During the same period, the project staff included four Canadian cooperants, four Peace Corps volunteers, and twenty-nine Ghanaian employees (including both supervisory and technical staff). An implication of this is, most of the day to day activities were carried out by the villagers of the area.

The fourth area of success relates to training. Community health education as well as community development self-help projects were successfully implemented. Also, village people were trained in hand pump maintenance. About 2,700 community based workers, of one man and one woman selected from each community, were trained and charged with the responsibility of mobilizing pump communities. The Programme also created 5,000 radio learning groups of 20 persons each on issues relating to the Programme (CIDA, April 12, 1988; Wardrop Engineering Inc., 1989b, p.19). This meant that one in twelve persons of the rural population or at least 100,000 people were involved in the learning groups, creating a definite critical mass for development. Also, a village health education methodology was produced that set out an organization of one co-ordinator, ten instructor-trainers, and one hundred instructors working in a total of one thousand villages each year. Additionally, the Programme was responsible for the training in basic hand pump maintenance of more than 2,100 local pump caretakers. Some of these have since resigned from the Programme and set up grinding mills and even bicycle repair shops. This was an indication that the Programme provided critical skills to them, making them independent and thus boosting their moral. Furthermore, according to CIDA's internal records, over 82 per cent of the hand pumps in the regions are currently

operating, indicating the general success achieved by the Water Project in bolstering the rural hand pump maintenance capacity of the Ghana Water and Sewage Corporation. Similarly, some fifty village education workers were given extensive training through the efforts of community education staff. Also, extensive contacts regarding education for water protection were made with governmental and non-governmental agencies in Upper Regions.

What could be perceived as a drawback of the Programme was in fact one of its many positive contributions. The Programme development phase continued for a full year longer than the period projected for it in the plan of operations (Etherington, 1986, p.5). The key reason was that community participation and local skill training were social and educational processes which took a great deal of time to initiate, grow to maturity, and yield results. Several authorities in the field of community involvement in Third World countries and elsewhere (e.g., Roberts, 1979; Van Wijk-Sijbesmas, 1979; Whyte, 1980; Falkenmark, 1982) do not only support this notion but also speak in terms of decades, rather than years, when assessing the impact of these processes.

A Programme of this scale, which called for such a high level of community involvement, had never before been attempted by the Canadian International Development Agency's Ghana Programme in rural water supply or any other development sector. Indeed, within the experience of the entire bilateral division of the agency, this kind of Programme was genuinely unique in its priority on incorporating local participation and skill training. Moreover, the Upper Regions' Water Programme was a unique and an innovative development enterprise for the Government of Ghana through its parastatal agency, the Ghana Water and Sewage Corporation. The major feature of this uniqueness was the incorporation of the cultural operating context of the Upper Regions into the development and implementation of the Programme. To achieve this, the Programme was designed on the basis of participatory approach to development.

4.2 Contextualizing the Programme

4.2.1 Participatory Development

CIDA emphasized a twinning arrangement between the Canadian cooperants⁵ and the personnel of the Ghana Water and Sewage Corporation. An ongoing partnership was promoted between the two sets of personnel. The Programme was carefully crafted to reflect this emphasis. The Programme planning also ensured the reconciliation of the values of the people of the Upper Regions with the imperatives of neoclassical economic efficiency.

4.2.1.1 Reconciliation process

An analysis of the plan of operation of the Programme (CIDA, July 1984) indicates some distinct phases in meeting the reconciliation process through the participatory approach to development. First, a comprehensive definition of the situation and an identification of the stakeholders, resource needs, and pertinent issues were made. This action was taken to ensure the achievement of desired outcomes within the constraints of available resources and capacities. The different contributions that could be expected from the stakeholders were determined by a resource audit on skills and technology, organizational capacity, capital and facilities, and community support.

In the next phase, CIDA's cooperants established interpersonal contacts with key community leaders and other stakeholders. This provided general orientation and afforded the cooperants the opportunity to: establish their own credibility, build interest in the reconciliation process and commitment to potential projects, and

⁵ *The term cooperant was adopted by CIDA for its advisors or experts to emphasize its participatory development policy.*

generate enthusiasm for participation in working groups. It also enabled them to establish a basis for effective interaction with the people. Possible areas of misunderstanding and conflicts were identified and clarified during this process.

Also, the cooperants clarified the socio-cultural dynamics of the communities of the Upper Regions, the tribal relations of the people, the power plays and political aspirations of key players, and their perceptions of one another. The way specific community leaders, such as chiefs and *tendaama* (patriarchs identified as the custodians of land), positioned themselves with regard to change - as visionaries with flair to mobilize people around new ideas or as die-hard conservatives who balk at any change - were identified. The resultant profiles of the key players were used in fine tuning the basic assumptions of the Programme in order to build legitimacy and trust as well as transparency and group participation among stakeholders.

This was followed by generating a common focus and broadening the common ground among the stakeholders. Genuine efforts were made in identifying and appreciating the cultural as well as major players' differences. These differences were recognized as synergy building blocks. CIDA was aware that generally synergy is born of the continual interplay between agreement and disagreement and that it cannot be triggered if groups are in perfect consensus or in total conflict. So where there was too much conflict, cooperants tried to bring about more consensus.

The identification of synergy building blocks was dominant in the first phase of the Programme. This phase was characterized by a great deal of creativity and innovation in the field. In every component of the Programme - Site Development, Community Development, and Adult and Community Education - there was a constant process of action research being undertaken by staff, with continuous and immediate feedback on various technical and educational procedures flowing to the Programme from the villages. This way of working was pioneered by the first two cooperants, whose previous field-based experience in the Upper Regions had given

them the skills and knowledge to work closely with village leaders to determine important priorities and effective techniques. Common to all stalled efforts over the first four-and-a-half years of the Programme was the use of small-scale research studies or demonstration projects to build pilot projects which were in turn carefully evaluated and then, if judged appropriate and effective, applied on a broader scale to other areas. Examples of innovations which emerged from this procedure included: pump caretaker training methods, community development methods, extended pad and trough designs, latrine construction, manual pull-out techniques for below grade repair, and method for training of village education workers (VEWs).

The final stage was the implementation stage. All stakeholders were involved in the implementation process so that real empowerment could take place. Community-based organizations were not merely co-opted onto project working committees but they were part and parcel of operational planning. This was seen as the essence of empowerment. For example, Ghanaians were made chairpersons of the water utilization management committees and the regional steering committees. This strengthened legitimacy and also empowered the clients and beneficiaries. It put local institutions first and listened to customers and stakeholders. The process involved shifting from winning through influence and leverage, as is usually the case in such programmes, to winning by achieving synergy and convergence.

4.2.1.2 Roles and responsibilities

In the spirit of the participatory development approach, the roles and responsibilities of the Programme were appropriately distributed among three key players - the Government of Canada, the Ghana Government, and the villagers of the Upper Regions. The Government of Canada delegated its roles and responsibilities to three organizations : the Canadian High Commission (CHC) in Accra; the Canadian International Development Agency, Hull; and a Canadian Executing

Agency (CEA) - a Canadian private sector firm. The Canadian High Commission acted as the representative of CIDA in general and the Government of Canada in particular in Ghana and ensured the efficient operation of the Programme. More specifically, the High Commission, through its development consulate branch of mainly CIDA officers, monitored and reviewed the progress of the Programme as well as provided assistance and guidance. It also performed a review of the basic assumptions on which the Programme was planned and financed, and advised CIDA when revisions were necessary.

The Canadian International Development Agency managed Canada's over all participation in the Programme through an appointed Project Team Leader (PTL). The Project Team Leader conducted a periodic review of the validity of the original assumptions of the Programme on the basis of updated information from the field. He also assessed the efficiency with which the Programme's activities were performed in terms of expectations. Furthermore, the PTL monitored actual achievements of the Programme in terms of time, human resources, and material and financial resources expended.

The Canadian Executing Agency, selected and contracted by CIDA, was in charge of the field work aspects of implementing the Programme. The firm provided professional and technical services to the Ghana Water Sewage Corporation in the areas of improving local capability to provide a continuous supply of potable water from pumps, and of water use practices.

The responsibilities of the Ghana Government were carried out mainly by the Ghana Water and Sewerage Corporation. It acquired all Ghanaian personnel and land required for the Programme. It provided residential accommodation with necessary appliances such as refrigerators and electric or gas stoves for the Canadian Executing Agency's personnel. These appliances made life hospitable in the arid Upper Regions of Ghana for the Canadian cooperants. The Ghana Water and

Sewage Corporation also provided local materials such as cement, timber, offices and secretarial support, and vehicle fuel and lubricants. Above all, it ensured the success of the programme.

The villages were required to provide adequate human and material resources for the various projects. These included voluntary labour, when needed, and persons for training and for membership of village committees.

4.2.1.3 Selection and preparation of cooperants

Based on the field experience of the first two cooperants, it was recommended that only certain types of people must be appointed as cooperants. Candidates who had the prerequisite professional qualifications and who were perceived as being sympathetic in their values and orientation to the cultural traits of the people of the Upper Regions were judged as people who could adapt better and be more effective on the Programme. Prospective candidates and their families were brought to CIDA for a pre-selection briefing. The selected candidates and their families were given a cross-cultural communication and awareness orientation before they were sent to Ghana. The focus of the orientation was on adapting, communicating, and effective intercultural partnership (i.e., working effectively in a different culture and exchanging skills and knowledge effectively in a cross-cultural context). Other topics discussed at the five-day orientation included a basic understanding of CIDA's development philosophy; the historical, political, and cultural background of Africa in general and Ghana in particular; information on living and medical conditions in the Upper Regions; a clarification of all the administrative concerns of the Water Programme; and an awareness and an appreciation of the geography, people, languages, and the culture of the people of the Upper Regions. Even details that elsewhere would appear trivial - such as matters of politeness - were also treated. Another orientation, emphasizing practical issues, was held when the cooperants arrived in Ghana. Two more orientations (mid-

term review and pre-return briefing) were organized from 1988 onwards for cooperants who had been in Ghana for one year and for two years respectively. A debriefing session was held for the cooperants when they returned to Canada. It provided recommendations for dealing with the values and other social realities of the area for future cooperants.

4.2.2 Values and the Imperatives of Neoclassical Economic Efficiency

The dominant values of the Upper East and Upper West Regions include collectivism, hierarchical and formal society, high rate of illiteracy, non-technical thinking, and risk avoidance. These cultural traits make up the complex whole of all levels of social reality in the Regions. They pertain to and exert profound consequences on all levels and sectors of development intervention in the area. Therefore, they were conceivably limiting factors, if not properly addressed, on the Water Programme in general and on its ultimate goal of implementing the neoclassical economic concept of a rural water user fee and collection system in particular.

4.2.2.1 Hierarchical Society.

People of the Upper Regions place high premium on power distance. Tribal groups are mainly patrilineal and hierarchical, requiring extreme formality. This habit places people at psychological distances from each other. It has also generated other social realities including myths associated with chiefs, deference to age and seniority to the point of abdication, and believe in magic.

A number of hierarchical committees were instituted to cater for these cultural traits. There was a supervisory committee, a policy committee, and a management committee. A Regional Programme Coordinating Committee (RPCC) was instituted

for each region as the supervisory committee. Its membership reflected the hierarchical nature of the society by incorporating only regional heads of departments. It was composed of the CIDA representative from the Canadian High Commission as chairman, the Regional Manager of the Ghana Water and Sewage Corporation, the Ministry of Finance and Economic Planning's representative responsible for CIDA's programmes in the Upper East and West Regions, the senior Canadian member from each CIDA project team involved in the Water Programme, and a representative from the United Nations Development Programme/World Bank hand pump testing project. This committee had an international, national, and regional significance. The representation of CIDA, the UN, and the IBRD gave it the international prominence, the membership of the Ministry of Finance and Economic Planning (MFEP) promoted its national stature, while that of the regional heads symbolized the committee's important role in each region. It met at least twice annually.

The Committee ensured that all CIDA-funded activities in the water sector in the Upper East and Upper West Regions were properly coordinated and that there was no duplication of efforts among the activities. This role and the national and international representations on the committee made it the supreme body of the Water Programme and therefore the supervisory body in each region. This hierarchical nature was in harmony with the environment of the Upper Regions. In a sense, it represented the role of the chief in the society. It also established a sense of formality in the Water Programme.

Next to the Coordinating Committee was a Regional Programme Steering Committee (RPSC). The membership of the committee illustrated its level of hierarchy. The members consisted of the Regional Administrative Officer as Chairman, and a senior representative of the Ministry of Health, the Department of Community Development, the Ministry of Agriculture, and the Ghana Water and Sewerage Corporation. The Water Utilization Project Coordinator attended as an

ex-officio member.

In effect, this committee was the management body of the Water Programme in either region. It provided cooperation and coordination between Ghanaian government bodies operating in each region in their efforts to support and improve the provision of safe drinking water to the rural population of the regions. It assessed the water supplies needs of each regional's rural population, formulated relevant policies, identified and allocated resources, and as well as influenced local support community groups' participation in the Water Programme. The Committee met quarterly.

To ensure that it carried out this task effectively, a sub-committee of the Regional Heads of the Departments of Community Development, Education, Finance and Economic Planning, and Health was set up. The sub-committee reviewed and assessed applications from communities for self-help projects with special emphasis on proper management, planning, and timing.

This committee was analogous to the council of advisors to the chief. Though the chief is supreme, he has a cabal of advisors whose counsel he is required by traditional to heed to. The most significant achievement of the sub-committee was the communication generated among government departments and between each department and the Water Programme. Since the different departments were represented at the regional level on this committee, they became intimately acquainted with the activities of the Programme and articulated the efforts of their departments in village development, suggesting ways in which the sub-committee could support their efforts.

The chain of command of the steering committees extended into the districts with the establishment of a District Programm Steering Committees (DPSC) in every district. An important element of the strategy was, it involved the district heads of

related ministries such as health, community development, agriculture and environment in the Water Programme. It worked through the network of extension workers of these agencies by offering training in interactive extension techniques, including elements of traditional theatre, role playing, and songs. This decentralization of the steering function coincided with a decentralization of site development and, ultimately, hand pump maintenance functions carried out by other WUP personnel at the district level. A community education development component helped in animating the district steering committees through water protection and sanitation activities. Site development and maintenance personnel assisted the committees thus developing a sense of group support and a sense of momentum. The district steering committee system has left behind a network of community based workers who can be used by any ministry with rural concerns.

The third major committee in the descending order of hierarchy was a Regional Water Utilization Project Management Committee (RWUPMC) established in both regions. It reviewed the progress of the Water Programme; provided direction to the Executing Agency on implementation and introduction of necessary changes; and ensured coordination with the Upper Region Maintenance/Stabilization Project. The committee also conducted an annual review of the project along with a review of the work plan of each coming year. A representative of the CIDA project team attended this review.

The committee met at least quarterly to review progress reports prepared for the Regional Manager of the Ghana Water and Sewage Corporation by the project coordinator. Its membership included the GWSC Regional Manager as Chairman, his Operations Manager, the Project Coordinator and Deputy Coordinator and the CIDA Country Programme Manager (CPM) at the Canadian High Commission. The project supervisor from the Upper Region Maintenance and Stabilization Project attended when required.

The hierarchical nature of both the committees and their membership provided the formality required in the society. The management committee could not refer a problem to the supervisory committee without first referring it to the policy committee. This type of formality was prominent in every aspect of the Water Programme. So the formal relations of the Programme were synonymous with the people's manner of relating to each other. This gave a clear meaning to the activities of the Programme, enabling the people to identify with and accept ownership of it.

4.2.2.2 Collectivism

Another cultural attribute of the people of the Upper Regions is collectivism. They view their inner groups of the family, clans, and other social organizations as the primary source of work and solutions to their problems. Therefore, there is a notion of community consensus in decision-making regarding all major issues. There is an established and accepted traditional structure for this approach in both the Upper East and West Regions. When a family member has an issue needing redress, the matter is referred to the immediate family head. He convenes a meeting of the male elders of the family to deliberate the issue. The *Dagaaba* call it *zinyaani nimbere nyetaa*, that is, "elders' early morning meeting". These meetings are usually held at dawn and hence the name. It is a common belief that the spirits of their progenitors usually return to keep watch over the living during the night. However, they return "home" at sunrise. So these meetings are held at dawn for the spirits to guide and bless the deliberations.

The matriarch may participate in this meeting. Though the other males are encouraged to attend the meeting, they are not expected to make any contribution at this time. They are merely passive participants. Their presence is only to enable them learn the art of consensus building. A tentative decision is taken during this meeting. Next, the family head holds a separate meeting with the other male adults to seek their opinion. The older female members of the family are informed of the

results of the two meetings before the decision is confirmed and implemented. In an event that a decision cannot be reached either because of lack of consensus during the *zinyaani nimbere nyetaa* or for any other reason, the issue is referred to the *tendaana* and then to the chief⁶ if the need arises.

The decision-making process incorporated into some of the committees was congruous to this informal committee system of the peoples of the Upper Regions. For example, the sub-committee of the Regional Steering Committee approved projects for funding by consensus. In this context, only projects that reflected the felt needs of the community as determined by a Water Users' Committees (WUC), composed of only the villagers, were approved. So all communities were required to and did form a water users' committee for each pump or group of pumps. As many as 1,350 were constituted and are still in existence. These committees also employed decision-making by consensus for all issues. First, members arrived at a decision through consensus and then referred it to all members of the village for their consent and confirmation.

The composition of the committees was also similar to the *zinyaani nimbere nyetaa* in many respects. Membership of each committee consisted the chief, village elders, and prominent and capable villagers. Because of the male dominated nature of the society, a concern for gender inequality in the membership of the committees was raised (Horizon Pacific International, 1990, p.9). This was eventually resolved and the committees became more representative of the people by including female representation in their memberships.

The subject matter discussed by the committees, like that of the *zinyaani nimbere nyetaa*, related directly to the concerns of all members of the community.

⁶ *The chief is the embodiment of both their traditional beliefs and formal authority delegated to him by the central government.*

The committees managed all aspects of the pump located in their areas. Each committee selected suitable individuals for training as reliable caretakers of the village pumps. It also organized community participation in self-help projects including the construction of latrine, soakaway pit, concrete pad, and access road. In some villages, when the need arose, the committee deliberated and provided financial support for the village pumpman to defray expenses incurred in travelling to the district headquarters to report faults connected with pump repairs. This act was analogous to the fundamental tenet of collectivism, namely, community self-help (*suntaa*). The committees later identified the cultivation of dry season gardens as a worthwhile activity. They demarcated plots by the construction of garden walls and determined who should benefit from the small gardens to be cultivated. The committees' action of sharing common property was similar to the family head's role of distributing mutual wealth among family and clan members.

The water users committee system was fully embraced by all the villages, facilitating development initiatives in the Upper East and Upper West Regions. As organs for decision-making the committees were very effective. Through them, a dialogue between the formal institutional framework of the Water Programme and the villages was greatly facilitated, providing a broader-based forum for discussion. Volunteer education workers and extension mechanics used the committees to advantage, particularly in promoting the community education aspect of the Programme and in the implementation of self-help projects. The water users committees were also reliable conduits of water protection information to the rural citizenry at large. They provided the leadership crucial for rural development. The committees were functioning so well that their responsibilities were extended to include the selection and support of Pumpsite Education Workers (PEW) from among members of the community who used the boreholes (particularly women). To this end, CIDA perceived the water users committees as the "cornerstone of ... [its] ... entire programme ... without strong committees there is little chance of villager commitment to care and management of the village water systems." (Mahoney,

February 1985, p. 11).

4.2.2.3 High Rate of Illiteracy

4.2.2.3.1 Community education

Innovative methods were used to accommodate the high rate of illiteracy in the area. Rather than relying on one or two media as may be appropriate in largely literate societies, a range of different media were employed in raising general awareness about water. These media included community education, public information methods, radio campaign, and community development modules.

First, a Community Education (CE) element was built into the Programme to assist the people improve water use practices around the pump sites and in individual compounds. This component performed other related functions too. For instance, it provided a community involvement implementing structure which supported village development committees in taking up issues of village health, water usage, and sanitation. In addition, it acted as an education campaign on health education and water usage. Finally, it was the medium for the production of relevant training materials and the training of extension personnel.

The community education element consisted of three constituents: the volunteer village education workers' project, community outreach component, and public information element. The village education workers' project performed an education campaign function. It recruited and trained volunteer villagers as education workers. They conducted public education sessions in villages where carefully tailored messages were delivered. These included sessions on care and maintenance of hand pump; protection of water (i.e., the collection, transportation, storage, and use of water to promote health); and self-help sanitation projects. The latter projects included latrine construction, general refuse disposal and compound composting,

waste water disposal through soakaway pits, well site maintenance of back-filling and extended pads, and animal containment. This aspect of the Water Programme was so effective that villagers began to request by themselves for assistance to carry out site development activities (such as back-filling, access roads, extended pads, cattle troughs or drinking pools, and latrines) in order to improve sanitation around their well sites.

One regular component of the community education project was interviews with water users. The volunteers were trained in how to conduct interviews. Through these interviews, they measured and observed the educational activity in terms of expected outcomes. They also monitored development progress in water related issues in the villages. The surveys were conducted by selecting one village from each village education workers' presentations in which from three to seven compounds were visited and a man and woman interviewed together.

Women, as the principal providers of water and health care in the villages, were rightly identified as the major beneficiaries of the Water Programme. To ensure the Programme's relevance to their needs, the education strategy ensured that a majority of the trainers were women irrespective of the male dominated nature of the society. Undoubtedly, male members of society resisted the strategy at first. This was resolved in two ways. First education in this regard was intensified. Also, the Water Programme recruited qualified Canadian women as community education supervisors to promote female visibility in areas regarded as traditional male domain.

Through the community outreach aspects of the Programme, the education development project established and used linkages with Government and Non-Governmental Organizations whose mandates allowed them to have an impact on water use practices in the regions. Through these linkages the education development component of the Programme was able to disseminate widely its messages related to water protection and sanitation. Some of the organizations with which the Programme

cooperated were the National Women in Rural Development (NWRD) and Home Science Extension Workers.

4.2.2.3.2 Public information

The public information feature was the medium for the production of training materials. It promoted the Programme's goals and messages via a variety of public media including: the national radio network, public display units, poster series, puppet shows, and theatre.

Being a largely illiterate society, the messages were encoded to appeal to both visual and auditory senses. Therefore, a series of posters were produced on themes such as "Clean Compounds", "Refuse Control", "Protect Your Water", "Improve Drainage" and "Latrines". Each poster contained appropriate signs pertaining to its topic. This method was synonymous to the communicologist's premise that an object and its meaning are intertwined with the signs that surround it, and that the signs, in turn, implicate the user of the object in imaginary and signifying relationships with the user and others. Since the signs covered a broad range of issues including behavioural and non-behavioural concerns regarding water, they clarified the meanings of the issues. One thousand copies of each were printed and given to village education workers for their campaign in the villages. Workers used the visual aids to give three talks at each of their assigned ten pumps annually. Plays on these themes were also produced by local drama clubs and performed in villages and on radio in the local dialect. Local theatrical groups and the Ghana Arts Council (GAC) worked with the community education programme to produce puppet shows dealing with water and sanitation. The use of puppets enabled the people to reinforce the notion that a society is "a process of individuals in interacting -- cooperating, role taking, aligning acts and communicating" (Charon, 1998, p.206). They identified with the characters assumed by the puppets and as the puppets interacted through the show, they related to such interactions and learned the meanings of the issues. So the

puppet shows were an entertaining and yet an attention captivating manner of introducing a variety of educational messages including those that dealt with topics that people were reluctant to acknowledge or discuss, for example, venereal diseases.

The community education project provided volunteers the opportunity to: measure and observe the education activity in terms of expected outcomes; monitor the development progress within the districts among VEW villages; provide baseline information from year one (start) to project-end for evaluating the impact of the Programme; and provide the supervisory staff with a monitoring tool to check on reported village presentations.

4.2.2.3.3 Radio learning campaign

Given the prevalence of illiteracy, most communication in the communities was in local dialects. So a radio learning group campaign which relied on indigenous channels of communication was introduced. It used the mass media to extend high quality educational messages to all the population scattered over the regions. It combined the advantages of a mass medium, which could reach dispersed populations, with localized group discussion under the leadership of a trained local animator. Therefore, modern information media and the communication systems mostly in English were adapted to the appropriate local context. Messages from meetings were then reinforced and relayed by various other indigenous channels of communication, including musicians and their songs, and stories with appropriate morals on development. These were a more effective dissemination vehicles than the formal meetings, because the message got repeated over and over again and remembered for a longer time.

The information was of primary importance in giving voice to the Programme beneficiaries, thereby boosting empowerment, transparency, and legitimacy. The indigenous channels of communication served as powerful instruments of change. So

the experience of the Water Programme provided insights into how effective these media resources can be in Ghana in particular and in Sub-Saharan Africa in general. The evidence from the Water Programme showed that traditional modes of communication were effective in development activities and the exercise of governance in the rural sector. They were culturally congruent and highly legitimate instruments of communication. This ensured complementarity and mutual reinforcement among the different channels into a culturally sensitive and potent system of communication that was singularly effective in reducing rural isolation. It also helped considerably in bridging the gap between the rural population and the national leadership. The selection and implementation process of the radio campaign involved the government ministries at the regional level and created a heightened awareness of the villagers' problems. Furthermore, it empowered the rural people because it enabled them to agree upon a common course of action in an unconstrained communication. It thus united them and allowed them to mobilize resources and get things done in the interest of collective goals. This radio communicatively produced power of common convictions was compatible with the collectivism nature of the society. The people were bent on reaching collective agreements and not primarily on their individual success. They learned to assume responsibility for their own lives, thereby regaining a sense of dignity and confidence in themselves. As a result, the radio learning campaign generated great trust and sense of belonging, in part, from the many face-to-face meetings and seminars held practically in all villages and districts.

This experience from the Water Programme demonstrated the superiority of these culturally based channels of communication over technology-based mass media in reaching out to rural populations. The experience inferred that some obstacles to development in Ghana, and, in fact, in Africa at large, are traceable to the lack of an appropriate communication strategy that allows the full and active participation of beneficiaries. Traditional development approaches have favoured the use of mass media and modern communication systems largely inaccessible to people in rural

areas. The Water Programme was effective in reaching rural groups by relying on indigenous media. Such channels played a large part in changing entrenched beliefs about the Water Programme, for example, the view that borehole-water was not pure because it had no taste or that it contained the blood of their interred relatives, and helped muster total support for the Water Programme.

The integration of the radio into communication strategies was a landmark in the communication history of the Upper Regions. However, to counter the shortcomings of this modern medium from the start, it was changed from a one-way channel into an interactive medium by means of trained local animators serving as human linchpins between the medium and the rural audience. This experience showed that the blending of traditional and modern systems of communication, thereby converting the modern channel into a two-way interactive system can maximize the impact of messages. This method uncovered the vibrancy of at least some indigenous institutions as well as their effectiveness as channels of communication and their capacity to adapt to the demands of the day. The radio and indigenous methods of communication were very thorough in the way they used the indigenous social institutions as vehicles of communication. When some of these institutions proved dysfunctional within the new system,⁷ they were either modified or new ones were created so as to strengthen governance and communication.

It is possible to infer from what was done that Ghana has within it the capacity to build on its own media resources for its socio-economic development. The Programme indicated that Ghana has a great deal of inherent resources for

⁷ *The institution of diviners was one of these dysfunctional institutions. Before the Water Programme, most rural patients referred their ailments to traditional medicine men (the juju men) for diagnosis and cure. The diagnosis was always either that the spirits were angry with the sick person for failure to perform a certain ritual or that the disease was caused by witchcraft. The radio project convinced them on how simple personal hygiene decreased the incidence of diseases.*

development and that with a clear policy and strong political will, it can successfully tap its local resources.

4.2.2.3.4 Community development

The community education component and the radio learning group campaign were means for introducing and implementing change from the population's old ways concerning water usage to desired water practices. Once this change had been implemented, a freezing mechanism was needed to ensure that the people did not abandon change and revert to their old practices. So a community development approach was initiated as the reinforcement device. It stressed the importance of adopting measures that would ensure that the water supply remained constant and uncontaminated and that the environmental, health, and sanitation aspects of the villagers were adequately catered for. It identified inputs and self-help projects.

With regard to the inputs, the Canadian cooperants and their Ghanaian counterparts collaborated with extension workers and other technical and para-professionals who were in direct contact with the rural population. American Peace Corps volunteers were coopted to perform the roles of the cooperants and their counterparts in their areas of operation, thus eliminating duplication of efforts. Specifically, the Peace Corps volunteers served as site development advisors. They were also involved in the development of self-help projects in the areas where they worked. Finally, they acted as village facilitators on community development projects. The Peace Corps volunteers proved capable of relating easily to the villagers and so they could articulate their concerns and needs. Through this approach, the community development component reinforced development activities in the regions in a variety of ways. All extension workers in the regions included issues of the Water Programme in their activities. They also assisted in teaching villagers how to: avoid water-borne diseases, prevent contamination of hand pump supplies, and look after their well

sites. The community development aspects also introduced new ideas from all available sources related to the use of water to maximize the benefits from the new water supply provided by the Water Programme.

The development of a broad-based community development self-help projects followed a process approach. It was a change process which was directed toward solving the problems of a group, and in which the group itself was involved throughout. The problem-solving perspective involved three major stages. In the first stage, the community was made aware of the existence of a problem or need within the existing set of community conditions. Almost invariably, the problem was water related. This stage focused on the deficiencies or lapses within the community and often involved conditions relating to exposure. The problem or need was then attended to in a constructive, shared manner. So this stage involved a set of activities through which the community moved from one set of conditions to another. Finally, the original problem or need was alleviated and a changed set of community conditions were established. The community then accentuated and concentrated on the benefits. It was recognized that the increased benefits contemplated would take significant time to accrue as changing community attitudes is generally a long-term process and cannot be achieved overnight.

The introduction of the community development approach adapted and accelerated the process of self-development in the Upper Regions. It helped in meeting the needs of the local population not only with respect to the provision of potable water but also in the achievement of broader social, economic, and public health benefits which accrued from the Programme. Finally, the use of the Peace Corps volunteers was beneficial to the Water Programme, the Canadian cooperants, and the Peace Corps itself. It exposed the Peace Corps volunteers to the broader issues of water development. On the other hand, it provided the Canadian cooperants the opportunity to be intimately acquainted with Peace Corps volunteer projects in education and agriculture in the area. Also, it was a rare example of donor inter-

agency partnership in development. Unlike competing between themselves, the Americans Peace Corps and the Canadians Executing Agency cooperated and participated in a joint venture to ensure the success of the Programme.

4.2.2.4 Non-Technical Thinking

The fourth major social reality of the Upper Region concerns technical thinking. Traditional thinking in the Upper Regions is dominated by low level of industrial mentality. In the spirit of collectivism, the survival of each individual is the concern of all members of the community. This sense of security derived from group support can insulate individuals from putting their minds into an adventurous mode. Further, being devoid of modern industrial activities, the people are not exposed to technical thinking and problem solving.

4.2.2.4.1 Choice of method

It was patently clear that under such conditions, neither the Canadian cooperants nor the people of the Upper Regions could do anything without the other regarding the Water Programme. Consequently, a concerted effort between the Canadian cooperants and their Ghanaian counterparts was needed to ensure its success. This was one of the principal reasons that CIDA adopted a participatory development approach for the Programme. With its emphasis on partnership (i.e., an operating style or atmosphere which characterized some collaborations between the Canadians and Ghanaians), a situation was created whereby both the cooperants and their counterparts were aware of their complementarity. The central focus of this complementarity was based on the exchange of skills and knowledge. In this context, the exchange of skills and knowledge was considered as a twining process whereby "the cooperants and their counterparts facilitated effective acquisition, acceptance, and utilization of knowledge, skills, and experience by each other" (Dasah and Kiggundu, 1986 p. 1-1). Since this was to take place within a cross-cultural setting, it

implied effective cross-cultural communication in which case the cooperant was to listen to, as well as learn from, his host country-counterpart or counterparts (and vice versa) through a continuous process of dialogue. This approach was quite distinct from that of other agencies, underscoring a philosophical difference between CIDA and these other agencies.

Traditionally, these other international development institutions, especially the World Bank, have employed two basic approaches for implementing programmes such as the Upper Regions' Water Programme. The first is the turn-key project approach used in the 1960s. The dominant theory of the period was premised on the general belief that the solution of the problem of development lay in the removal of bottlenecks of economic development. Lack of infrastructure was identified as the major bottleneck. Therefore, most development aid was in the form of designing and implementing projects and turning them over to the host countries. Mega projects such as dams, hospitals, and factories were designed, built, and turned over to developing countries. The process sometimes required brutal destruction of the old order, involving the underwriting of human rights atrocities in the project country. A good example was Tanzania's "ujamaa" project. According to James Bovard (1994, p. 60):

One of McNamara's favorite foreign lenders appeared to be Julius Nyerere, ruler of Tanzania, which received more bank aid per capita than any other country. That unconditional support for Nyerere's dictatorship is a major cause of the Tanzania people's current misery.

In the 1970s, with bank aid and advice, Nyerere implemented his ujamaa, or villagization programme, Nyerere sent the Tanzanian army to drive the peasants off their land, burn down their huts, loaded them onto trucks, and take them where the government thought they should live.

According to the *Washington Post* (May 1, 1976, p. B8), the peasants were ordered to build themselves new homes "in neat rows staked out for them by government officials". John Powelson and Richard Stock (1986, p. 61) have claimed that Nyerere

even outlawed farmers sleeping on their farms at night which meant that monkeys were free to help themselves to the crops. In many cases, the new government villages were far away from the farmers' lands, so the farmers simply quit tilling the land. The result was a fall in food production and the proliferation of hunger.

A similar policy was inevitably encouraged in South Vietnam and Indonesia in the late 1970s. Following the invasion and conquest of South Vietnam by the North, there was widespread dissent in the south against the new government's forced collectivization policy. Shirley Scheibla (1979, p. 7) has remarked that the World Bank loaned \$60 million to the government of Vietnam even though widely circulated reports in the West indicated massive concentration camps and brutal repression. She points out that though the official Bank position was that the loan would finance "an irrigation project that will boost rice production", a confidential Bank report indicated a contrary view. It admitted that: "The main effort to deal with the employment problem [in the south] consists of the creation of New Economic Zones - agricultural settlements that are intended to resettle 4 or 5 million people by the end of 1980" (Scheibla, p.7). The report conceded that the project was risky because of the possibility of rebellion among farmers. Scheibla says that farmers who resisted the government's "reorganization" were set at sea in leaky boats resulting in tens of thousands of boat people dying in the South China Sea.

In the case of Indonesia, Arnold S. Kohen (1992, p. 162) has documented that the World Bank loaned the government more than \$600 million to remove (sometimes forcibly) several million people from the densely populated island of Java and resettle them on comparatively barren islands. According to Jack Anderson (1986, p. E9), despite widespread reports of violence, the Bank continued to acclaim the project as "the largest voluntary migration" in history. The government, he maintains, simultaneously resettled Javanese on the island of East Timor which the Indonesian army seized in 1975. Kohen (1992, p. 162) estimates that "the army's subsequent butcheries and forced starvation policies killed between 100,000 and

200,000 of the island's inhabitants of fewer than 700,000". Consequently, one observer has bemoaned that the East Timor case is Indonesia's version of Nazi Germany's *Lebensraum* (Bovard, p. 62).

CIDA could have adopted such inhumane process by forcing the villagers to abandon their traditional areas of abode and come together to form a critical mass for the implementation of the project. This would have been cheaper. However, CIDA wisely spurned this approach because, apart from its brutal nature, such projects did not last much longer than their incipient stages. A number of assumptions predicated upon neoclassical economic imperatives were made regarding the ephemeral nature of the turned-key projects in general and the state of poverty in the developing countries particularly. It was assumed that these countries were poor because of lack of: resource endowment, technology, and well developed institutions. This gave rise to the second approach adopted which is usually described as the transfer of technology model. It involves the implementation of Western means and methods of production, usually managed by Western specialists.

Though the transfer of technology can occur (and in fact has occurred) between developed countries, the process differs markedly from that between developed and developing countries. In the developed countries' context, the transfer of technology is basically the relocation of technology in an environment of similar work ethics, resources, and economic systems. Consequently, the emphasis is on the explanation of techniques, thus focusing on the transfer of technical capability. However, in the transfer of technology between developed and developing countries, the emphasis is more on the hardware aspects of technology. The rationale has been that technology cannot be transferred when the receiver does not even know what the hardware of that technology is. Therefore, the transfer of technology in this context relies heavily on the transfer of machines. This implies setting up of vast factories or plants. The construction of such factories is regarded as making a resounding impact on the country or region. Under close examination, however, this

process means technical aid rather than technology transfer. Therefore, though aid donors may conceive technology transfer in their subconscious minds they end up implementing technical aid. In such a case, the transfer is merely a simple grafting of a much copied model to be managed by expatriate executives and a few locals trained in the specific technical system. Managers and training specialists play the same role in the receiver country as they do in their own companies in the home country. They ensure, as long as they are there, that a part of the receiver company functions properly. But that is all they can ensure, for the cultural differences between the sender of the technology and its receiver prevent an effective transfer. When technical aid is withdrawn, the level of competence drops, making the project not sustainable much beyond the official aid period. Therefore, the end result of the transfer of technology approach to development is not different from that of the turn-key paradigm: both lead to short-lived projects. To counteract this, the agencies have included some skills issues in the transfer of technology model in the form of expert-counterpart approach. This is similar to CIDA's approach in the Water Programme. However, this approach still has its fair share of problems.

Despite the adoption of the expert-counterpart model, the transfer of technology paradigm still promotes a restrictive notion of development. It is dictated by the neoclassical economic concept of the economy as solely based on production and its techniques. Consequently, its focal point is more on efficiency (doing things right) than on effectiveness (doing the right thing). This focus emphasizes techniques, that is, processes based on scientific know-how used in production. Conceptually, technological capability is implemented through a technical system in which a number of procedures are used to produce something. So technology transfer is said to occur when the counterparts become capable of performing one or several functions attached to a specific technique in satisfactory conditions.

Furthermore, the model is still based on a donor-receiver approach to development and consequently it promotes inequality. The word "transfer" implies the

moving of something from one place or person to another. Following this idea of something being transported, there must be a departure point and a destination. The central tenet of the model is that there is no sense in the receiver of technology re-inventing what already exists. Rather, he should benefit from agreements with the owners of technology. Therefore, there is always a sender and a receiver who wishes to take part in the transfer of technology process for perceived benefits. Generally, the aid donor is the sender while the developing country is the receiver. Since aid has been known to incorporate donors dictating what should be done with their aid, developing countries now view the transfer of technology approach to development in very negative terms. They regard it as an instrument of neocolonialism and thus a covert way of making them dependent on the developed countries in perpetuity. Such attitudes strongly inhibit development. On a micro-level, the expert-counterpart aspect of the model has an intrinsic paradox. If the counterpart is to play the true role of a counterpart, then, by definition, he is an expert of similar stature as his counterpart from the donor country. Therefore, the developing country does not need the developed country's expert. Even when such a situation exists, the receiver-country cannot refuse the donor's expert for fear of losing the aid. Consequently, the expert-counterpart arrangement has been viewed as a channel for using aid to create jobs for the donor country citizens. Studies support this claim. They indicate instances where the expert relying on his status as a citizen of the donor country upstaged the host counterpart in influence or blocked the counterpart's career progress by staying far too long on the project (Cassen, 1986, p.201). On the other hand, when the partnerships were not equal in qualifications, there were usually complaints of the expert concentrating on getting the work done rather than training the counterpart to ultimately take over from him (Cassen, p.201).

Thirdly, the transfer of technology process is an elitist approach to development. It is mostly on the basis of government to government. In other words, the government of a developed country assists a developing country's government to set up the production facility. Therefore, the success of such facilities, to a large

measure, depends on those members of the receiving country who have been trained in the particular technical system. So where they live and work mostly determine the location of the facilities. To this end, aid projects tend to be concentrated within elite-enclaves, that is, the capital city and other urban centres. This ignores the rural people yet they form the majority of the population in developing countries.

Finally, the model encourages the use of expatriate resident technical assistance advisors to solve all kinds of problems. Most often than not, these expatriate experts are not well versed in the socio-cultural aspects of the area. The consequence is that the problems do not get solved. Therefore, in all respects, this approach is a systematic destructive force which undermines the ability of developing countries to build capacity for managing projects. Often times it is discovered much later that there is a huge mismatch between the project design and the local capacity to carry out the project. So more money and technical assistance is committed to the project, hoping that would bridge the gap. A vicious competition among donors through salary supplements usually ensues for the scarce domestic talent. For example, the Germans might be competing with the Danes, the Swedes, or even the World Bank to get a particular employee in a specific government ministry who can manage a project out of that ministry to work on their little circumscribed project, in the hope that it would somehow make the project more successful where all other projects are failing in the country. The result is, when the talent is taken away, that ministry is undermined and the general system is further debilitated. This approach serves only a tiny minority of the people in the country.

Because of these limiting factors of the model to development, CIDA repudiated it in favour of the exchange of skills and knowledge approach. CIDA's understanding was that the Water Programme would generate the need for skills and knowledge in other areas. It recognized that a basic requirement for development is a strong desire in a large section of the society for improved level of living, improvement in diet, and improvement in physical well-being, improvement in

housing and environmental sanitation, and freedom from diseases. Three essential requirements for realizing these goals are: motivation for achieving improved well-being, knowledge for practising the particular pattern of life, and resources required to lead a life in accordance with the motivation and knowledge. Among these, the transfer of technology model generally concentrates on only the requirement of resources. However, knowledge is an important requirement for a better level of living. This makes the exchange of skills and knowledge model a more encompassing approach to development than the transfer of technology perspective.

4.2.2.4.2 Exchange of skills and knowledge

Unlike the expert-counterpart approach, the exchange of skills and knowledge model adopted by CIDA was a "change agent" approach to development. The Canadian cooperants related to the broader institutions or cluster of institutions, attempting to facilitate acquisition of skills and knowledge by at least several partners, thus encouraging organizational and not just individual capacity-building. Conceptually, it was a relationship among equals, therefore, it was conducive to meeting such goals as local acquisition of skills and knowledge, mutual task performance, and post-project sustainability. It avoided the all knowing expert who dispenses knowledge and skills to a counterpart philosophy to development.

With specific reference to the Upper Regions' Water Programme, the Canadian cooperants were accepted by their Ghanaian counterparts as possessing more expertise in the professional field so they provided the technical training aspects of the Water Programme. On the other hand, the Ghanaian counterparts possessed more expertise than the Canadians in the political, social, and institutional context of the Programme and in how things got done in Ghana, specifically in the Upper Regions. So they rendered the necessary local knowledge. The cooperants and counterparts further accepted that neither was infallible in his field or unable to benefit from the knowledge and experience of the other. What was created was not

an equality of skills but rather an atmosphere of equality. So there was a professional climate of trust and participation in which each party, no matter what his level of expertise or position, felt both respected and encouraged to contribute. This was partly possible because of the Canadian intrinsic character of modesty and the Ghanaian spirit of hospitality and good sense of humour. Generally, the arrangement engendered smooth social interaction and communication between the Canadians and Ghanaians.

The Canadian training focused on hand pump caretakers and counterpart staff. Courses for hand pump caretakers were designed and implemented to ensure that village pumps were properly maintained and rudimentary repairs conducted by the villagers themselves. This project supplied fully trained village pump caretakers for 95 per cent of pump sites.⁸

The training programme, which originally was in three phases, provided instruction on how to keep nuts and bolts tightened, how to report faults, and how to maintain a high level of sanitary conditions at the pumpsite. Phase I entailed the Canadian cooperants training Ghana Water and Sewage extension motorist personnel. After successfully completing the training, they were sent out to meet village chiefs and ascertain whether water users' committees were in existence. They also explained the objectives of the Water Programme to the villagers. Furthermore, they assisted in the selection of pump caretakers for pump sites and provided them the initial training in above grade maintenance, and site maintenance, the system and procedure for reporting faults.

⁸ Some of these training documents were: Wardrop Engineering Inc. (1987), Ghana Water Utilization Project: Report on Trainer Training for Group Extension Programme, Field Paper No. 3, Hull, CIDA; Wardrop Engineering Inc. (1987), Ghana Water Utilization Project: Trainers' Manual for Hand pump Caretakers, Field Paper No. 4, Hull, CIDA; and Wardrop Engineering Inc. (1987), Ghana Water Utilization Project: Training of Extension Worker and Community Based Workers, Garu, Field Paper No. 6, Hull, CIDA.

Phase II training followed approximately three months after the first phase. During this phase, the pump caretakers were tested by the Ghanaian extension workers. They were provided with further training if necessary. The report procedure for hand pump breakdown was explained to the caretakers and instructions were given in the replacement of worn-out or broken parts of hand pumps. At this stage, the caretaker was supervised in the construction of back-filling and access roads activities he would have to initiate later.

Phase III training was initiated after three to six months. It was an evaluation of the pump caretaker's ability to carry out preventive maintenance and replace above grade parts. If a pumpman could execute these procedures successfully, he was recommended for the award of a certificate. If he did not prove capable, a recommendation was made to the water users' committee that he be replaced.

Handpump maintenance was carried out at three levels: at the village level, the district level, and the regional level. At the village level, above grade repairs and preventive maintenance were undertaken by the handpump caretaker. If there were repairs he could not execute, particularly below grade repairs, the fault was reported to the district office and the extension motorist undertook the repairs. If the nature of the repairs was beyond the capability of the extension motorist, a service truck was employed at the regional level.

In-service as well as formal training of the Ghana Water and Sewage Corporation's staff, as required by these staff and could be accommodated by the project budget, were also carried out to ensure that all GWSC line positions in Water Programme were filled by suitably trained staff. Plans for in-service and formal training of staff were formulated by the Canadian executing agency and the GWSC. The project training schedule was prepared by the Canadian executing agency for approval by the GWSC and CIDA. The Canadian executing agency was responsible for managing all aspects of the approved training programme.

The adoption of the exchange of skills and knowledge approach in the Upper Regions' Water Programme further enhanced the reconciliation process between indigenous and formal institutions. It brought together dominant societal values of the indigenous culture on the one hand and technical and organizational ideologies supporting Western institutions on the other. It approached the traditional institutions of the Upper Regions, especially the institutions of chieftaincy and *tendaana* system, as social entities with established value structures and organizational preferences and not as mere instrumentalities ready to implement externally defined objectives.

The exchange of skills and knowledge approach was also cost effective. The Handpump Caretaker Training Program was implemented to complement the work of the maintenance of GWSC. This reduced maintenance costs because it involved the water users in the maintenance of the hand pumps.

4.2.2.5 Femininity

The final cultural value addressed in the Programme was what organizational science culturalists refer to as femininity (Hofstede, 1980). Generally, the people of the Upper Regions exhibit behaviours such as nurturing and sympathy more than their Western counterparts who dwell on masculine values (e.g., achievement, courage, and competition). In addition, uncertainty avoidance is high on their cultural agenda. Ambiguity is perceived as threatening and risk-taking behaviour is avoided.

On the other hand, there is a high sense of village pride. So the Programme relied on this attribute to promote competition. For example, a village that demonstrated a genuine attempt at creating improved access for service trucks qualified for assistance in further self-help projects. Also, self-help projects were approved for only villages that provided significant contributions towards their cost. These included labour, local materials (sand, stones, etc.), and 50 per cent of the initial cost of each project.

The same criterion was used for the construction of "cattle troughs" (drinking pools). The construction of these troughs was a most important Community Development activity as far as the villagers were concerned. Villagers showed strong support for extended pads since the excess water from the pump could be channelled to a pond for the use of animals. However, only villages which had constructed an extended pad and gutter and raised money towards the construction costs, especially to offset the cost of cement, received community development assistance in the construction of cattle troughs.

Villages which could not afford the cost of an extended pad made use of back-fill and loose stones around the pump to drain excess water. This indicated an obvious sign of inability to meet the cost and all the inhabitants of those villages, young and old, male or female, endured a collective sense of shame. They were exposed to the mockery of residents of neighbouring villages which met the challenge. Such village peer pressure compelled most villages to raise the required resources.

4.3 Conclusion

The Upper Regions' Water Programme is interesting because of its perceived high risk of failure. Given this context, its successes are considerable.

Its constructional targets were met in time; it improved the local capabilities in providing continuous supply of potable water from village pumps, and water use practices; and it enhanced the health of rural inhabitants of the Upper Regions, virtually eradicating the incidence of guinea worm in both Regions. The Programme also promoted diffusion of skills and knowledge. Canadians trained GWSC motorcycle maintenance personnel who in turn trained the village appointed "pumpmen" in preventive maintenance for the pumps. Consequently, at least 82 per cent of the hand pumps in the Regions were still functioning as of August 1997, indicating the level of success in the maintenance capacity of the trained maintenance

personnel. Finally, the Water Programme created a large pool of change agents through the radio learning group campaign: over 80 per cent of the 1.2 million rural inhabitants were reached by this campaign.

What accounts for the success derived from a conscious effort to incorporate the realities of the operating context of the Upper Regions into the Water Programme. Both CIDA and the Government of Ghana, as formal institutions, recognized the need for some level of sustained interaction with the Upper Regions' informal institutions. The premise was that human beings learn the meanings of things through their interaction with other partners. This means, they are taught how to define the world which surrounds them by their experiences during social interaction. Therefore, a participatory development approach was adopted in implementing the Programme. CIDA and the Government of Ghana, through the Ghana Water and Sewage Corporation, helped create a situation for the people of the Upper Regions to renovate their thinking process. So the Water Programme was adapted to build on the local context to better mirror and validate the indigenous value systems of the Upper Regions. All this began at the planning stage of the Programme. It was carefully planned with particular attention to harmonizing, where possible, the values of the people (such as collectivism, hierarchical and formal society, femininity, high incidence of illiteracy, and non-technical thinking process) with the imperatives of neoclassical economic efficiency. This facilitated good social interaction. The planners, unlike neoclassical economists and by direct implication the planners of SAP, avoided treating social interaction as having little, if any, significance in its own right.

The experience gained from the programme was rich indeed. It was rich in terms of the: benefits of improved rural water supplies it promoted at the village level in the area; lessons concerning the constraints and tensions associated with a project of this scale, and with this commitment to community involvement; and specific innovations developed through the Programme in the three components of

Site Development, Community Development and Community Education. Above all, it was a rich experience because it demonstrated that a reconciliation of Ghanaian traditional values with the imperatives of neoclassical economic efficiency and accumulation 'can serve more generally to build an approach to socio-economic development not only in Ghana but in Sub-Saharan Africa as a whole.

CONCLUDING REMARKS

The findings of the study underscore the need to develop a conceptual framework within which a communication approach to socio-economic development can evolve. The primary issue of such a framework is how to integrate culture into the context of neoclassical economic model building. Whereas most economic appraisals are currently based on econometric analysis, the study demonstrates that the underlying data are flawed from the perspective of social realities. For instance, cultural realities, such as high natural population growth rate, are not adequately reflected by current econometric modelling. This suggests that a holistic approach to socio-economic development based on interdisciplinary research may provide an alternative. In other words, the incorporation of an understanding of Ghanaian culture and the notion of economics similar to the communicologists' holistic and wider perspective of economics and economic systems could have enhanced the effectiveness of the structural adjustment programme of the International Monetary Fund and World Bank in Ghana. This firmly indicates that the reconciliation of traditional values with the imperatives of neoclassical economic efficiency and accumulation can serve more generally to build an approach to socio-economic development not only in Ghana but in Sub-Saharan Africa as a whole.

In its current form, the mainstream economic paradigm seems incapable of incorporating some human attributes in general and most African values in particular. It presents a fission of society into producers and consumers. All human interactions and relations are more or less confined to this bifurcation. An individual mainly produces not to consume but to sell to other individuals, and all social values revolve around this duality. However, this concept gravely deviates from the realities of African societies where the producer may be the consumer of his own products. Additionally, the neoclassical economic framework has an impoverished notion of information and communication, making it internally inconsistent particularly, in reference to human interaction. First, its perfect competition assumption, by

presupposing the presence of many buyers and sellers, implies that no one buyer needs enter into more than one transaction (interaction) with any one seller. However, in real life situations the same two people can enter into repeated transactions (interactions) with each other. Secondly, in the perfect competition assumption, all economic agents are presumed to be informed at least to the extent that all relevant variables of their decision-making environment are known with definite certainty and that all such information is available instantaneously and at no cost. All prices, wages, and interest rates are then assumed to be determined by the free play of the forces of supply and demand of thousands of producers and millions of consumers each of whom is so small in relation to total supply and demand that none can individually influence to any appreciable extent the market prices and quantities of goods, services, and resources bought and sold. This view deviates from reality. For instance, it does not confront the problem of repeatedly processing information. In practical terms, information is continuously being collected and processed and decisions based on that information are continuously being made.

The third issue regarding the paradigm's poor concept of information and communication is, the model regards information as a commodity or as a resource. In the context of information as a commodity, informational and communicatory activities are viewed as any exchange product of economic activity that can be studied in monetary terms. It is believed that information held by one party can be and is traded for money possessed by another. However, information is by nature heterogenous so it is not possible to standardize it, and consequently to count units of it. In more general terms, information does not exist objectively in and of itself so as to be countable. It exists only in particular contexts; changing contexts changes the quality of the information. Besides, information lacks the characteristic of final consumption. Also, one unit of information of any given type usually generates satiation since identical copies of the same information (the normal requirement for commodities) are worthless unless the duplicates can be sold. On the other hand, the information as a resource approach ignores other types of values intrinsic in social,

cultural, religious, and aesthetic information because its emphasis is on only the economic value of information. This is but a very simplistic view of real world circumstances. Real life situations involve both material economy (the production and exchange of material goods and services) and symbolic economy (e.g., scientific theories, novels, folklore, etc.). The two economies are intertwined. The material economy depends essentially on the symbolic one, e.g., on money, motivations, disciplines, transfer of skills and knowledge, etc. The symbolic economy is based on information and technologies of communications. The neoclassical paradigm concentrates only on the material economy but ignores the symbolic one. It considers human interactions as means to an end, namely, the disposal and acquisition of products or services to gain higher "utility". The role of information is to facilitate such exchanges by assisting economic agents to locate each other, and to make them more aware of the attributes of the commodities bought and sold. Such information is price-based. Hence human relations are regarded not as personal or communitarian but as merely exchange relations based on individual greed, mediated by commodities and money. Therefore, culture, information, and communication play no role in the model, making it limited in its representation of real life situations.

Finally, the neoclassical economist's concept of communication is limited to sellers and buyers only in so far as they are engaged in market transactions mediated by money. Nevertheless, market transactions are exchange activities and generally all exchange activities are social behaviours with wider effects. Commodities in general are simultaneously objects and signs. They are demanded not only for their utilitarian properties, but also for the messages they impart to the buyer and to others. This means that the users of each commodity are not limited to only those who own or display it, but also those who read it as messages - making consumer goods serve as a medium of non-linguistic communication. Therefore, everything has a wider effect thus rendering the economist's market system incapable of accounting for all the effects of transactions. In other words, market transactions have consequences over and beyond those who choose to engage in them. So certain activities that may

appear irrational in market transactions according to the neoclassical economist's radical individual self-interest model may be rational behaviour from a community's cultural perspective. Consequently, the World Trade Organization, the World Bank, and the International Monetary Fund in fostering neoclassical economic models on developing countries are in effect imposing an internally inconsistent model.

The inconsistent nature of the model is clearly alluded to by scholars of information and communication. These authors give greater sway to the complexities of communicatory interactions in human relations. In contrast to the neoclassical economists' methodological individualism, they promote methodological collectivism by emphasizing the radical inter-dependencies of individuals and the importance of groupings in societies. Therefore, by promoting the neoclassical economic paradigm, what the IMF, the World Bank, and it would appear the WTO are trying to do is to reduce communication to commodity exchange and for Sub-Saharan African countries this can be devastating because they operate quite differently from this approach.

African social solidarity is based on collectivity or communalism where the development of each is the concern of all. The law of participation features prominently: every thing and everyone can have a share in everything and everyone else, and every being can take the place of another. To the African, it is through participation within group activities that one learns to live well, making the African concept of good life and development, community-based. Also, moral code is based on a hierarchy of forces. An act is considered to be good if the command of the ancestors are obeyed, the customs and taboos of the tribe are observed, or the vital force of a person is enhanced. To this end, economic activities are often performed on the basis of personal and social relations, and institutions and economic actions are rooted in complex social relations. These relations are often times more important in regulating economic action than the impersonal market forces of supply and demand. The market as well as the economic agents are heavily influenced by the society's cultural values.

Through the law of participation, the group is given precedence over the individual in Africa . Individual liberty is hence socially intrinsic but primary duty is owed to the collectivity or community. Traditionally, the tribe is the ultimate unit of the collectivity. Its sub-unit is the extended family but, in a large sense, the individual's survival is linked more to the tribe than the extended family. No other unit has more importance in society to the individual than this collectivity. In political terms, the tribe is the equivalent of a nation. The survival of the tribe is the primary objective of every African tribal leader. In order to ensure tribal survival, individuals are free and independent within the tribe, but their rights and interests are subordinate to those of the community as an entity. The group concept of both the communicologist and Africans suggests that the full range of truly human conduct unfolds in the course of human cooperation and only in the association of actors with one another.

Thus this collective reality of any community depends on the community's own beliefs and value system (its shared experience, knowledge, and habits), in short, the community's culture. Africans emphasize this idea by regarding culture as the root from which people grow. Cultural values and practices are the bedrock of every African society. Culture dominates the society's thinking process, traditional institutions, time concept, sense of accumulation, promise and commitment, and idea of leisure. The implementation of free market economics in Sub-Saharan Africa raises the illusion that either these African cultural values do not matter or that an assimilation of Western value systems and thought patterns has already taken place. It is assumed that under new structures, the African is automatically transformed into a new man. So the objective has been to create new conditions and structures and Africans will adopt and behave accordingly. The fallacy of this assumption is that, in general, every individual is a bundle of perceptions, attitudes, aspirations, motivation and receptivity. Moreover, the assimilation process has yet to occur, if at all, in Africa. Even if the process had occurred, it should be remembered that in the face of progress, people often retain their basically conservative set of values and ways of

thinking. Meanwhile, the similarities between the concepts of communicologists and those of Africans suggest that Sub-Saharan Africa may require a model that views economics and economic systems in a much broader perspective, that is, within the context of the overall society as advocated for by communicologists. This frame of reference appears to be more representative of the social realities of Sub-Saharan Africa because of the dominant role of culture in society. Therefore, in its current form, the neoclassical economic model cannot contribute to human development on sustainable basis in Sub-Saharan Africa because it lacks serious understanding of the African operating context. The communicologist's notion of viewing economics and economic systems in a holistic perspective of society seems to overcome key weaknesses of the neoclassical economic model. Consequently, it may stand a better chance of achieving appreciative results in Sub-Saharan Africa.

This point has been documented by the case study on structural adjustment programme in Ghana. The case study shows that part of the poor performance of the programme may be explainable in Ghanaian cultural terms. The key point illustrated by this study is that the neoclassical economic approach to development in Ghana cannot resolve all social issues and problems as it claims because its development initiatives are not effectively anchored in the relevant cultural operating context.

The Ghanaian context (even, to a great extent, the formal sector) relies on cultural factors as its media of communication in all affairs. With specific reference to economic affairs, culture plays a major role in: the distribution of land, the determination of family size, workplace relationships, the notion of wealth, the unit of commerce, and competition. In short, the Ghanaian context embraces a broad perspective of economics while the neoclassical economic model views economics and economic systems in a limited manner. Therefore, the Ghanaian social context operates quite differently from the imperatives of the neoclassical paradigm. It regards economic relations as part of a society's cultural behaviour. This point stresses that the Ghanaian operating context for economic development comprises

both economic and cultural dimensions and the integration of the two dimensions is necessary for an effective and sustainable human development. This was illustrated by the second case study on the Upper Regions' Water Programme.

The Upper Regions' Water Programme is interesting because of its perceived high risk of failure. Given this context, its successes are considerable. Its constructional targets were met in time; it improved the local capabilities in providing continuous supply of potable water from village pumps, and water use practices; and it enhanced the health of rural inhabitants of the Upper Regions, virtually eradicating the incidence of guinea worm in both Regions. The Programme also promoted diffusion of skills and knowledge. Canadians trained GWSC motorcycle maintenance personnel who in turn trained the village appointed "pumpmen" in preventive maintenance for the pumps. Consequently, at least 82 per cent of the hand pumps in the Regions were still functioning as of August 1997, indicating the level of success in the maintenance capacity of the trained maintenance personnel. Finally, the Water Programme created a large pool of change agents through the radio learning group campaign: over 80 per cent of the 1.2 million rural inhabitants were reached by this campaign.

These successes were achieved through the adaptation of the imperatives of the neoclassical economic efficiency and accumulation to suit the traditional values of the Upper Regions. The differences between the neoclassical economic efficiency and the traditional values were recognized as synergy building blocks. It was generally accepted that usually synergy is born of the continual interplay between agreement and disagreement and that it cannot be triggered in a situation of perfect consensus or total conflict. So where there was too much conflict, steps were taken to bring about more consensus.

The execution of the Programme was characterized by a great deal of creativity and innovation in the field. In every component of the Programme - Site

Development, Community Development, and Adult and Community Education - there was a constant process of action research being undertaken by staff, with continuous and immediate feedback on various technical and educational procedures flowing to the Programme from the villages. Common to all stalled efforts over the first four-and-a-half years of the Programme was the use of small-scale research studies or demonstration projects to build pilot projects which were in turn carefully evaluated and then, if judged appropriate and effective, applied on a broader scale to other areas. Community-based organizations were not merely co-opted onto project working committees but they were part and parcel of operational planning. This approach was seen as the essence of empowerment. It strengthened legitimacy and also empowered the clients and beneficiaries. It put local institutions first and listened to customers and stakeholders. The process involved shifting from winning through influence and leverage, as is the case in SAP, to winning by achieving synergy and convergence.

Furthermore, the dominant cultural traits of hierarchy and formality, collectivism, and risk avoidance as well as the social realities of high rate of illiteracy and non-technical thinking of the Upper East and Upper West Regions were incorporated into all facets of the Water Programme. The Upper Regions of Ghana is a very hierarchical and an extremely formal society. This formality includes deference to age and seniority. This cultural value was adequately addressed in the Water Programme by managing the Programme through a series of hierarchical committees, extending from Regional to District levels. The hierarchical nature of both the committees and their membership provided the formality demanded in the society. This gave a clear meaning to the activities of the Programme, enabling the people to identify with and accept ownership of it.

The committees assimilated the consensus decision-making process of the peoples into their own decision-making. Even the composition of the committees and the subject matter discussed by them were strikingly similar to those of the traditional

informal committees of the area. This endeared the committee system of the Programme to the population. Therefore, as organs for decision-making, they were very effective thereby facilitating development initiatives in both the Upper East and Upper West Regions. They provided a broad-based forum for discussion.

The problem of high rate of illiteracy in the area was addressed through the use of a variety of media including: the national radio network, public display units, poster series, puppet shows, and theatre. The messages were encoded to appeal to visual and auditory senses. For instance, a series of posters were produced on various themes. Each poster contained the appropriate signs of its topic. The basic belief was that an object and its meaning are intertwined with the signs that surround it, and that the signs, in turn, implicate the user of the object in imaginary and signifying relationships with the user and others. Since the signs covered a broad range of issues including behavioural and non-behavioural concerns regarding water, they clarified the meanings of the issues. Plays on the themes were also produced by local drama clubs and performed in villages and on radio in the local dialect. These media were engaged in raising general awareness about water. The use of puppets enabled the people to reinforce their notion that a society is a process of individuals in interaction -- cooperating, role taking, aligning acts and communicating. The people identified with the characters assumed by the puppets and as the puppets interacted through the show, they related to such interactions and learned the meanings of the issues. So the puppet shows were an entertaining and an attention captivating way of introducing a variety of educational messages including those that dealt with topics that people were reluctant to acknowledge or discuss, for example, venereal diseases. The significance of the multi-media approach was that it combined the advantages of mass media which could reach dispersed populations with localized group discussions. This proved to be a more effective means of disseminating information than formal meetings, because the message got repeated over and over again and thus remembered for a much longer time.

This method provided insights into how effective traditional media resources can be instruments of socio-economic development. It showed that because these methods of communication were culturally congruent and highly legitimate, they were effective in giving voice to the Programme beneficiaries, thereby boosting empowerment, transparency, and legitimacy. Therefore, they served as powerful instruments of change. Furthermore, the instruments also enabled the rural people to generate common convictions in an unconstrained communication. This united them and allowed them to mobilize resources and get things done in the interest of collective goals.

It is concluded from this approach that some obstacles to development in Ghana, and in fact in Africa at large, can be attributed to the lack of an appropriate communication strategy that allows the full and active participation of beneficiaries. Traditional development approaches, such as the neoclassical economic paradigm of structural adjustment programme, have favoured the use of technology-based mass media and modern communication systems largely inaccessible to people in rural areas. The reliance on indigenous media by the Water Programme helped in changing entrenched traditional beliefs, indicating that Ghana has the inherent capacity to build on its own media resources for its socio-economic development.

The neoclassical economic paradigm, through SAP, has tended to pay more attention to the non-cultural aspects of the Ghanaian context with benign neglect or even active hostility toward the cultural and communicatory contexts. Its typical macroeconomic country analyses on which Ghanaian development initiatives were predicated lack sophisticated understanding of the local context. To say the least, the model superimposed foreign situations on Ghana. As a result, the implementation of the initiatives were difficult and there has been only limited sustained flow of benefits to the intended beneficiaries. The situation suggests that though the neoclassical approach may achieve substantive results in established free market countries with

a basic commercial background, it will take an adaptive approach, as illustrated by this case study, for its Ghanaian venture to accomplish appreciative results.

APPENDIX A: ABBREVIATIONS AND ACRONYMS

ARPS	Aborigines Rights Protection Society
BOP	Balance of Payments
CE	Community Education
CEA	Canadian Executing Agency
CHC	Canadian High Commission
CIDA	Canadian International Development Agency
CPM	Country Programme Manager
DPS	District Programme Steering Committee
GAC	Ghana Arts Council
GDP	Gross Domestic Product
GWSC	Ghana Water and Sewage Corporation
GNP	Gross National Product
IMF	International Monetary Fund
MFEP	Ministry of Finance and Economic Plannin
MOU	Memorandum of Understanding
MSP	Maintenance Stabilization Project
NNP	Net National Product
PAMSCAD	Programme of Actions to Mitigate the Social Costs of Adjustment
PEW	Pumpsite Education Workers
PTL	Project Team Leader
RPCC	Regional Programme Coordinating Council
RPSC	Regional Programme Steering Committee
RWUPMC	Regional Water Utilization Project Management Committee
SAP	Structural Adjustment Programmes
SMEs	Small- and Medium- scale Enterprises
SSA	Sub-Saharan Africa
UK	United Kingdom
URWP	Upper Regions' Water Programme
URWSP	Upper Region Water Supply Project
US	United States of America
VEW	Village Education Workers
WB	World Bank
WTO	World Trade Organization
WUC	Water Users Committee
WUP	Water Utilization Project

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