

Public Corporations in Ghana (Gold Coast) during the Nkrumah Period, 1951-66

DENIS K. GREENSTREET*

For fourteen years Dr. Kwame Nkrumah and the Convention People's Party (C.P.P.) ruled Ghana. Six years were spent participating in two colonial types of government, three in operating a British parliamentary system, and the last five with a republican form of government which concentrated political power in the hands of Dr. Nkrumah, the President. This latter government was terminated by the 1966 military coup d'etat.

A significant feature of the period under review is the growth in the size of the public domain. Public enterprise was not a new phenomenon in Ghana for it was used by the colonial administration in the development of the territory's infrastructure. What was new in the period following the Second World War was the establishment of Government agencies outside the civil service machinery which drew inspiration from the British post-war public corporation.

This article is divided into seven related aspects; namely, (i) the Expansion of the Public Sector; (ii) the Public Corporation and Society; (iii) the Legislature and the Public Corporation; (iv) Government and Public Corporations; (v) the State Enterprises Secretariat; (vi) the Board of Directors; and (vii) Performance.

The Expansion of the Public Sector

The C.P.P. Government during the fifties did not depart radically from the post-war colonial economic and welfare policy. However, on being elected to office, it accelerated development in these two fields. In the economic sphere, the Government continued with, and expanded the work of, the Industrial Development Corporation and the Agricultural Development Corporation (I.D.C. and A.D.C.).

The I.D.C. was a holding corporation charged with the object of promoting industrial expansion by providing financial, advisory and technical assistance in the establishment and development of new and existing industries both within the public and private sectors and training personnel for management positions. The object of the A.D.C. was similar to that of the I.D.C. in the field of agriculture and fishing. It provided loan and marketing facilities for farmers excluding those growing cocoa, encouraged private investment in agriculture and established its own enterprises in the form of estates for the production of various crops. A variety of Government and mixed enterprises were set up by the I.D.C. ranging from sawmills to a local industries showroom

*Dr. Greenstreet is Senior Lecturer in Public Administration, School of Administration, University of Ghana.

while the A.D.C.'s projects included such things as poultry, rubber and palm oil. The large-scale mechanized farming venture was undertaken by the Gonja Development Company, a subsidiary of the A.D.C. For the marketing of cocoa, the economic life-blood of the country, a Cocoa Marketing Board had been established by the Government. A subsidiary, the Cocoa Purchasing Company, not only purchased cocoa but also operated a loan scheme for cocoa farmers. Other enterprises established during the fifties include such agencies as the Housing Development Corporation, Guarantee Development Corporation and the Tema Development Corporation as well as the Central and Commercial Banks. The I.D.C. and the A.D.C. were dissolved in the early sixties and their functions were transferred to the Ministries of Industries and Agriculture respectively.

From the year of independence, 1957, Government policy shifted towards that of increased public ownership of the means of production and distribution, which after 1960 became more pronounced. Following the 1962 C.P.P. National Congress at which a programme of Work and Happiness was accepted, the Government launched its ambitious Seven Year Development Plan, 1963/64—1969/70, which emphasized Government control and management of the economy. An increase in the number of public enterprises occurred. By the end of 1965 there were some 198 Central Government units—presidential secretariats, departments and divisions, etc.—of which some 60 were of the public corporation genre. This type of agency was the chosen instrument for the running of a wide variety of activities such as farming, building and construction, trading, transport and fishing.

The Public Corporation and Society

A deeply ingrained attitude prevailed among wide sections of the public in respect to state property. Government in the colonial days was regarded as 'white man's government', and consequently, it was considered legitimate among the people for a civil servant or a citizen to take full advantage of any Government facility available and, if the occasion presented itself, to dip his hands into the Government chest. When Ghanaians took over the affairs of their own country from the British, this attitude did not weaken. In fact, it was given emphasis by one ebullient cabinet minister who was alleged to have said, "Socialism means let us all enjoy government property", at a time when the Government had accepted a socialist policy.¹

Most Ghanaians lived in villages (the population at the 1960 Census was 6,727,000) where social pressures against the potential malefactor were ever present. Consciousness respecting the 'good' of the local community was deeply embedded among its inhabitants. At the national level consciousness of such a nature was much weaker. Generally, therefore, national property was neither given the care by those to whom it was entrusted nor did the citizenry take much interest in its protection. Checks and balances suitable for the

¹ This was spoken in the Twi language, "Dibi na mindibi": the literal translation being, "Eat some and let me eat some".

country had not evolved sufficiently to counteract a wide variety of malpractices. Moreover, some of those who held positions of trust were either blatantly dishonest or turned a blind eye to dishonest practices. Public corporations suffered more than the civil service because, in the case of the latter, a code of conduct and behaviour had been in existence for a long time.

The overwhelming majority of public corporation employees, like other Ghanaians, grew up in, or were closely connected with, a village community. Many of the ideas and ways of village life were interwoven with the day-to-day workings of public corporations. Noticeable was the tendency for public corporations to be run as if they were chiefdoms. Less attention was given to set procedures and to regular meetings; a more informal and personal approach was adopted. Subordinates in public corporations, like subjects in a traditional authority, would gradually undermine a superior in an effort to get him 'destooled' (the term used for the removal of a chief) if they believed he was opposed to their interests. The situation was more unpleasant if undermining had its basis in ethnic differences.

High level personnel responsible for the running of various departments often regarded them as their private domain. Without adequate internal and external checks and controls over such personnel their decisions were sometimes capricious. Employee rights were often regarded as if they were dispensations from the exalted to whom the recipient should show gratitude. Rules and regulations were misinterpreted or ignored in order to penalize those who showed a lack of deference; and as a result, obsequiousness prevailed among the bulk of the employees. Normal qualifications for appointment and promotion were often given less weight than family and personal connections together with the ethnic group to which a person belonged.

The immediate family of those holding management positions considered themselves entitled to share the facilities provided, such as the use, free of charge, of official motor cars. Relatives within the wider extended family expected some gain from its members who held posts of responsibility. The provision of jobs whether relatives were qualified or not was expected, and family influence and pressure would be brought to bear in order to ensure satisfaction in this respect. Thus, those who were in a position to employ relatives were able to transfer some of their family obligations from themselves to the payrolls of the public corporations. Highly placed Party officials and influential members were also expected by their families to exert an influence on management respecting the dispensation of jobs. Onerous family obligations of a monetary nature such as the donation at a funeral were an encouragement to seek new avenues for quick financial gain and this tended to lead an employee along the road to corruption. This prevalent social disease appears to have owed much to the personal inclination to display success publicly by an expensive motor car, a luxurious residence, and costly entertainment.

An important phenomenon following the Second World War was the emergence of a new social class which aspired to fill the vacuum that was being created by the departing British. This class generally looked to Govern-

ment service for employment where a great many opportunities existed on all levels. Such employment provided a good salary, an enviable status with the prospect of swift promotion, and also various perquisites of office. The acquisitiveness of this rising new class was significant though there were individual exceptions; there was a get rich quickly mentality which soon permeated most institutions including the ruling C.P.P. This mass political party, which took into its fold all and sundry, in no small measure reflected the rise of this new social class. Among its leading ranks were teachers, clerks, and small traders who wished to exclude the older established educated and professional élite and chieftancy elements from exercising political power; and in this they were very successful. Noteworthy is the fact that some Ministers and highly placed Party officials set the pace in greediness, and through nefarious practices acquired wealth with little regard for the debilitating effects that such action had on Party supporters. There were those Party members who eschewed such conduct, some of whom propounded a socialist answer to the problems of their society.

The Legislature and the Public Corporation

British practice respecting legislative control over public corporations was introduced when ministerial responsibility was granted before Independence under the 1950 Coussey Constitution (partial self-government). By Standing Order of the Assembly, questions from Members directed to Ministers concerning public corporations were disallowed if they referred to day-to-day administration. An exception to this rule was permitted by the Speaker, if in his view that matter was of sufficient public importance. A Minister, therefore, was only required to answer a question on policy matters regarding a public corporation for which he was responsible to the Assembly. Members were in a position to raise a whole series of matters when a bill sought to establish a new public corporation or when an existing Act was in the process of being amended.

The relationship between the Assembly and the public corporation was put to the test by the Opposition over the Cocoa Purchasing Company's administration of its loan scheme for cocoa farmers. Certain malpractices were highlighted in debate as well as the role played by some C.P.P. members. Much was at stake for both the Government and Opposition; the former's position vis-à-vis the electorate would be weakened if its stewardship of the country's affairs appeared to be grossly inefficient while the latter's support among cocoa farmers would wane further if the loans granted by this Company were not stopped.

Criticism of the Company by the Opposition led the Prime Minister, Dr. Nkrumah, to appoint the 1956 Jibowu Commission in order to investigate the many allegations that had been made against it. The Commission found much at fault with the administration of the loan scheme. The Government held the view that much of the difficulty into which it had been placed by the Cocoa Purchasing Company respecting loans to cocoa farmers arose from the fact

that ordinances based on British experience were inadequate for the conditions prevailing in Ghana. It was pointed out, for example, that in Britain consumer and user councils existed and these exerted some influence over the running of public corporations. Furthermore, trade unions played a far more effective role respecting public corporations in Britain than in Ghana. The Government maintained that greater control by the legislature and itself over Government agencies outside the civil service machinery was necessary. It realized that additional control would give the civil servant the power to guide and direct and would thereby reduce the freedom of such agencies in their day-to-day affairs. The Government considered such changes justified and the necessary amendments to the law were accepted by the Assembly.

Though the Assembly's position vis-à-vis the public corporations was enhanced, a greater interest in corporation activities does not appear to have been generated among individual Members of Parliament. A Member was faced with a situation in which information was very limited or non-existent. Annual reports and accounts, when published, were often flimsy and of little value. Neither Question Time nor Debate (apart from the Cocoa Purchasing Company affair) proved very effective as a means of exerting democratic control over the public corporations. A substantial number of Members lacked an understanding of the role and functions of the public corporations; few were interested in the subtleties involved in the relationship between the Assembly and these agencies.

Before Independence, the main concern of the national politician was the distribution of power when the British finally withdrew. This was more important than the intricacies and compromises of the parliamentary system of which the politician, as well as the higher civil servant, possessed little experience. When Dr. Nkrumah and the C.P.P. were able to follow up their electoral victories of 1951 and 1954 with another in 1956 which heralded independence, it was a bitter pill for the Opposition to swallow. Various individuals directed their attention to subverting the democratically elected government by violent means. This led to imprisonment without trial under the 1957 Preventive Detention Act, the decimation of the Opposition in the Assembly, and the creation of the one-party state. Hand-in-hand with this development went the toning down of overt criticism of Government policy not only inside but outside the Assembly. In spite of this situation, some useful discussion of public corporations did take place in the Assembly.

Government and Public Corporations

During the fifties statutory provision allowed sufficient freedom to the public corporations in their day-to-day administration while, at the same time, ensuring that the Government had the requisite powers to protect the public interest. After the 1956 Jibowu Commission found fault with the administration of the loan scheme, the Government increased its control over the activities of Government agencies outside the civil service machinery; this became more pronounced after the inauguration of the 1960 Republican Constitution and

the creation of the one-party state. Much Government control was exerted through non-statutory means such as the appointment of trusted political supporters to the boards of directors and to the various positions in the public corporations. Few board members were prepared to maintain stiff resistance against matters that had the backing of high ranking C.P.P. politicians, but this did not mean that board members accepted everything without demur when they believed that the best interests of their corporations would be endangered.

With the rapid increase in the number of public corporations during the sixties, the Government ensured that each of the instruments of incorporation contained similar provisions respecting the relationship between the public corporations and the Government and Assembly. Significant were the powers that were assigned to the presidency. The President, for example, was empowered to take over the control and management of the affairs of a public corporation; he could reconstitute the board, appoint, transfer, or dismiss any of the corporation employees. These powers were never exercised in their entirety but their existence, as well as those granted to him by the 1960 Republican Constitution, were a constant reminder to all of the considerable powers that the President possessed. The multifarious and onerous functions and duties of the President—the positions of head of state and head of Government were combined in one office while the incumbent also held the position of life chairman of the C.P.P.—precluded him from exercising, in most cases, more than a general interest in the affairs of any single public corporation. Though much responsibility was left in the hands of Ministers and ministerial officials, the President took a keen interest in the appointment of board members and top management personnel.

The position of a Minister in relation to a public corporation was greatly determined by the powers granted to the President and the extent to which these were exercised. Because of the very strong position of the President in terms of the C.P.P., a Minister generally adopted a policy which he felt was likely to be acceptable to the President. But this did not mean that a Minister's powers were inconsiderable either in his standing within the C.P.P. or with respect to the provisions of the instruments of incorporation. A Minister might give directions to a public corporation in his charge as to the general policy of the corporation and it had to comply with such directions. A Minister also appointed and dismissed the chairman and board members provided Cabinet approval was secured. Appointments to top level management were made by the appropriate Minister with the approval of the Cabinet and, where appropriate, upon the recommendations of the State Enterprises Secretariat. Production and financial plans of a public corporation were submitted to the appropriate Minister and after consultation with the State Enterprises Secretariat, he might approve, amend or recommend changes as he saw fit. Furthermore, a public corporation's audited accounts were submitted to its Minister who, from time to time, might ask for additional financial reports.

It is difficult to determine with any degree of accuracy the extent of ministerial and political interference in the day-to-day affairs of the various

public corporations. Some Ministers interfered in a genuine attempt to improve upon the operations of their respective public corporations, and some were more interested in pressing for the employment of relatives, personal followers and Party stalwarts. Party officials and those close to them undoubtedly interfered in a variety of ways in the day-to-day affairs of public corporations. By and large, neither Ministers and their ministerial officials, nor board members and top management personnel, had a clear conception of the role and functions of the public corporation nor of each other's respective roles and relationships.

State Enterprises Secretariat

An important step was taken by the Government in 1964 when the State Enterprises Secretariat was set up with the object of ensuring that state enterprises were run efficiently. Its status was enhanced by the fact that it was directly responsible to the President. But by 1965, of the existing public corporations, most still remained under their respective Ministries. The State Enterprises Secretariat only assumed responsibility for enterprises which commenced operations or began production after its formation. In 1966, there were 15 manufacturing enterprises and six mixed enterprises under the State Enterprises Secretariat.

A brief glance at the internal organization of this Secretariat indicates the nature of its work and what it was set up to achieve. There were four main divisions: (i) the Planning and Statistics Division which carried out such functions as analysing quarterly production reports and assisting enterprises with their production plans and targets; (ii) the Accounts and Audit Division which assisted enterprises in preparing annual budgets and analyses of monthly audit reports as well as quarterly and financial reports and balance sheets; (iii) the Inspectorate Division which carried out periodic visits to enterprises in order to assist them in the co-ordination and appraisal of their activities, and also endeavoured to identify problem areas and bottlenecks and to put forward proposals for action to be taken to overcome them; and (iv) the Personnel and Training Division which was mainly concerned with conditions of service among state enterprises.

Though the Secretariat was able to achieve some success before the 1966 military coup d'état, it faced a series of difficulties. It lacked effective power to ensure that its efficiency measures were implemented. Unfortunately, lines of responsibility were blurred because of presidential, ministerial and secretariat responsibilities; this gave rise to some administrative confusion. Secretariat personnel, in order to secure some efficiency, often had to cut their way through a labyrinth of interests which existed within and between state enterprises. They also on occasions faced the added difficulty of being regarded as interlopers in areas of activity which were considered to be outside their province and consequently co-operation between some state enterprises and the Secretariat was often half-hearted. Both the Secretariat and state enterprises were hamstrung in their operations on account of the gross shortage of

formance of their functions. Many board members lacked integrity, drive, imagination, breadth of vision, suitable experience and good judgement. Following from this, board deliberations were often unnecessarily bogged down with pettiness and with matters that rightfully belonged to management. Financial management was often weak, corrupt practices and nepotism flourished, discipline was often lax, staff were under-utilized, and the purchasing and marketing of goods required improvement. Industrial relations and working conditions were better in the public than the private sector. Mention must, however, be made of a number of factors which adversely affected the running of public corporations but which were outside the control of the boards and management. Some public corporations from their commencement were saddled with difficulties which were the direct result of inadequate feasibility studies before the projects were initiated. An additional difficulty was the lack of working capital combined with the high rate of interest on bank loans. In many instances technical staff was unavailable and some employees were used in certain capacities for which they had little prior training, but there was no alternative if the public corporations were to be kept going. All public corporations were adversely affected by the economic difficulties during the sixties which were caused by the decrease in the price of cocoa on the world market. Foreign exchange became scarce and this caused shortages of the imported goods on which many of the public corporations depended.

Government policy during the earlier Nkrumah period was not one in which public corporations were called upon to maximize surpluses though the need to break even or to make a surplus was not neglected. With, however, the rapid increase in their number during the sixties, they were exhorted to make surpluses for the purpose of further capital investment. All the public corporations cannot be treated collectively or individually when considering the matter of a surplus; many were not set up as commercial enterprises while others had hardly discarded their swaddling clothes before the 1966 military coup. The best approach appears to be that of selecting those enterprises under the I.D.C. and the State Enterprises Secretariat. Before the I.D.C. was sent into liquidation in 1961, less than one third of its subsidiaries (8 out of 22) showed a surplus. By the end of the 1964/65 financial year one-half of the manufacturing enterprises under the State Enterprises Secretariat (10 out of 20) showed a surplus before taxation.

In estimating the success or failure of public corporations in Ghana, value judgement is unavoidable. There is little doubt that they would have been more successful had many of those holding responsible political and administrative/management posts throughout the public services paid a little less attention to feathering their own nests at the expense of their own people and a little more attention to the public good. In spite of the wastage of scarce national resources, which in many respects was due to callousness, ineptitude and moral turpitude, the achievement of public corporations under the circumstances existing at that time was remarkable. On taking up the reins of office, the Nkrumah Government faced the Herculean tasks of attempting to raise appreciably the standard of living of as many of the people as

possible who existed on a low subsistence level, of maintaining national unity among the various ethnic groups and of winning independence. Considerable success was achieved in these respects. Important also was the development of national pride in the fulfilment of which public corporations played an important part. Under colonial rule all important institutions and enterprises were run by Europeans while Ghanaians were given positions of inferiority. With the establishment of public corporations, Ghanaians initiated and implemented their own policy decisions in the fields of industry and commerce. By the time Dr. Nkrumah and the C.P.P. were forcibly ejected from office by the military, many public corporations were firmly established, their personnel had gained considerable practical experience, and the heavy investment that had taken place in the training of staff was being harvested.

Nearly eight years have elapsed since the overthrow of the Nkrumah Government: a period in which the emphasis has been on private enterprise. This emphasis has not, however, been able to pull the country out of the economic doldrums into which it has drifted. Moreover, what has become clearer is the fact that many faults attributed to the Nkrumah Administration, such as corrupt practices, have by no means ceased since it was ousted by the military. Since the 1972 January coup which threw out of office the Government of Dr. K. A. Busia, and more especially since the death of Dr. Nkrumah in April of the same year, a reassessment has been taking place of the Nkrumah period. This may lead many to conclude that the motives underlying the establishment of the public corporation have validity and that what is needed is that the country should be more aware of the pitfalls into which the pioneers stumbled.