

# THE SPARK



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FRIDAY, OCTOBER 29, 1965

## EDITORIAL

### Cocoa Spies

**MOST** people think of espionage in terms of James Bond—the daring theft of the latest missile secrets, for example, or the latest secret code, all spiced with murder and mayhem and a little alliance with an attractive blonde in passing, as it were.

Reality, as always, is more mundane. Most of the information collected by the twentieth century spy is collected by methods having more in common with those of the research student than with those of James Bond.

Nor is he interested only in the secrets of the latest missile; other, seemingly innocent information interests the twentieth century spy no less—and can be put to no less damaging use.

Consider, for example, the case which we report elsewhere on this page of the American market research organisation which approached an expatriate member of the staff of the University of Ghana for information about Ghana's cocoa crop.

As a result of the legacy of colonialism, Ghana must depend for 60 per cent of her export earnings upon the sale of cocoa. As the Minister of Finance points out in an article elsewhere in this issue, our Seven-Year Development Plan in great degree depends upon our earnings from cocoa.

The price of cocoa is, therefore, a matter of great significance to us, to our economic well-being, to our standard of living, to our future.

As the Minister of Finance points out, in response to the urgings of the foreign cocoa-buying monopolies which still dominate the world market, we at the cost of great effort and expense greatly increased our production of cocoa, expecting in return a fair price.

What in fact happened was that thanks to market manipulation by the buyers and their generation of what they call the "law of supply and demand" (which in its case meant that the price of cocoa that was produced, the lower became its price—regardless of the consequences to the producers) the price dropped to an all-time low.

# A Case of Economic Espionage?

**THERE** are some economists in capitalist countries who sell their skills to the highest bidder. They are organised into business firms and corporations to market their skills and knowledge providing a service to their customers the capitalists.

To be in a position to sell information, they have first to obtain it and for this they develop world-wide networks of contacts who will report to them on specialised fields of economic activity.

To Socialists this is a very shocking thing, that there are economists prepared to sell their skills and information to be used to help the American or West European capitalist class to increase their already vast profits.

Raised in the rat race of capitalism, perhaps they do not even realise that they are acting against the

interests of the workers and peasants of the capitalist world—perhaps they don't even care.

This, perhaps explains why they feel able to make bold propositions even to strangers, to help them in their economic espionage. Kwame Nkrumah in 'Neo-Colonialism, the Highest Stage of Imperialism' makes a reference to one of the manifold activities of the United States Information Agency. Thirdly, it collects secret information with special reference to defence and economy (emphasis ours—Ed.), as a means of eliminating its international military and economic competitors."

This kind of economic spying is according to the evidence we print below, carried on also as a perfectly normal business activity.

Within a day of the pu-

## U.S. "Research" Body wanted cocoa output data

publication of 'Neo-Colonialism, the Highest Stage of Imperialism' Mr. Ron Bellamy, Acting Head of the Department of Economics, at the University of Ghana, received the letter we reproduce below, along with his reply.

The name of the person from The New York Times is omitted. Enquiries made since Mr. Bellamy replied to the Industrial Commodity Corporation, reveal that he was recently employed at the University of Legon as a lecturer.

*insecticide sprays, weather and disease influences, progress of Ghana Marketing Company purchases and sales etc., there are factors affecting the availability of Ghana cocoa, such as stocks within Ghana itself, progress or otherwise of local industrialization (as at the Tema plant).*

*Perhaps you may know of some person who really has opportunities to ascertain the conditions actually existing in Ghana cocoa through regular contact with different growing areas—perhaps in addition through direct personal observation. Alternatively you yourself may well be in close touch with some, or all, of the above-mentioned factors. We are willing to consider correspondent arrangements involving a monthly airmail Ghana Cocoa Letter of one to two typewritten pages. We might even wish to receive two letters a month from a correspondent during the October through March period, covering topics and being responsive to our inquiries. The letters would possibly be supplemented by occasional brief cables, averaging not more than one a month, if this should be feasible. These letters would be used by us for background information and not attributed personally to sources or directly re-*

*If you, or anyone known to you, should have interest in sending us such material, I would suggest that the response indicate the extent to which it would be possible to cover the Ghana Cocoa situation and what the cost to us would be. With regard to cost, it would be useful to quote on alternate programmes, e.g. one letter a month, two letters a month and to quote on cabled advices separately.*

*Professional and biographical details would also be desirable in our consideration of any proposition, also one or more letters of reference we could recognize.*

Cordially yours,  
John Dyason,  
Vice President.

Industrial Commodity Corporation

122 East 42nd Street, New York 17, N.Y.

Mr. R. Bellamy  
c/o Institute of African Studies,  
University of Ghana,  
P.O. Box 25,  
Legon, Ghana.

Telephone Oxford 7-0420  
Cable Address: Econogram  
Code: Acme.

September 10, 1965.

*Mr. ... of "The New York Times" kindly suggested that I write to you because of your wide experience with conditions throughout different parts of Ghana.*

*We are a group of economists. Our tropical products division does work on cocoa, among other commodities. We are always interested in improving our sources of commodity information. Possibly you may have some helpful suggestions as to ways in which this might be done in respect to Ghana cocoa.*

*The matter of principal concern from the commercial point of view is, of course, that of probable oncoming crop size in terms of tonnage estimates. Reporting of shifting consensus of various categories of observers, official, unofficial and so on, is of particular interest, as well as the particular opinions any particular observers may have. So, also, is supporting evidence such as extent of coming into bearing of past plantings, changing yields of established cocoa, uprootings, changing agricultural practices such as use of fertilizer or*

As a result, our plans for economic development have been placed in jeopardy, and our economic situation seriously affected.

In such a situation, the significance of information about our cocoa production and about its future trends is clear.

Such information is of vital interest not only to those who want to buy our cocoa—and to buy it as cheaply as possible—but also to those who are interested in exploiting our current temporary economic difficulties in their attempts to strengthen the

position of foreign monopolies in our economy.

Cocoa is the weapon with which, through force of circumstances, we are obliged to fight to build our economic future. It is for us a strategic raw material.

The organisation which addressed the enquiry to the lecturer may indeed be a firm of long standing and repute, fulfilling what it conceives to be a useful function.

But it is a well-known fact that similar "private" organisations have been set up by the U.S. Central Intelligence Agency as a "front"

It is also a fact that "research projects" have been used as a cloak for the collection of material for the C.I.A. and the Pentagon.

Economic espionage is in fact a major part of the activity of such organisation as the C.I.A.—and cocoa is a target for such espionage because what happens to cocoa in great degree determines what happens to Ghana.

We will not tolerate such espionage, under whatever guise, directed against the interests of our country.

Mr. John Dyason,  
122 East 42nd Street,  
Vice President,  
Industrial Commodity Corporation,  
New York 17, N.Y.

Dear Mr. Dyason,

I am in receipt of your letter of 10th September last. It is kind of me... (whose name is not familiar to me) of the "New York Times" to refer to my wide experience in various parts of Ghana.

As you are apparently a commercial organisation, you are engaged in the collection of economic intelligence. It can hardly be supposed that you will sell the results of your work to the producers of cocoa, since they already know what you seek. I can only suppose therefore that you will sell it to the buyers of cocoa.

You will know as well as I that intelligence of this kind is an important weapon in the struggle between cocoa buyers and sellers. In that struggle I am entirely on the side of the sellers.

Perhaps your commercial experience has led you to a rather lower opinion of the morality of intellectuals than I myself hold. Perhaps you had not reflected that the University for which I work is financed by the Government of Ghana. The revenues of the Government of Ghana come in large part from the cocoa farmers. I would not need a very high sense of obligation to the country whose guest I am to suggest that you should seek information elsewhere.

You may perhaps find the tone of my letter offensive. I assure you I found the morality which lay behind yours even more so.

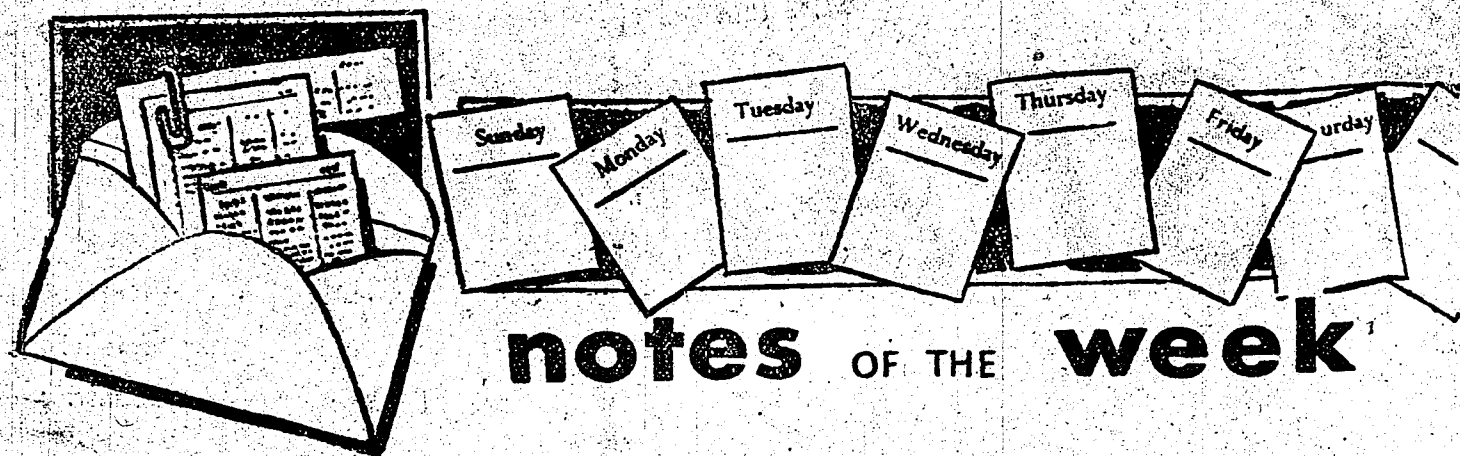
Yours truly,

R. Bellamy.

The Chairman of the Cocoa Marketing Board of this correspondence as well as the Minister of Finance. One more example of the way in which neo-colonialism operates one more example of the need to fight it in every way.

imperfect in original





IT IS a little over a year since Harold Wilson took office after a General Election which gave him one of the smallest working majorities a Government has ever had in Britain.

The result in itself was a shock. It seemed incredible that after thirteen terrible years of Tory rule, the Labour Party should not be able to launch a sufficiently inspiring programme to mobilise much more extensive support than it actually received.

The policies, of the two main parties, were in essence so similar that many voters drew the conclusion that it really made very little difference how they voted.

The British Labour Party with its reformist principles has always been incapable of tackling the basis roots of Britain's problems. Fundamentally its leadership accepts capitalism as a permanent way of life, though it would like the capitalists to be a little kinder to the workers who in turn should dutifully carry out their task of accepting the results of growing exploitation.

Linked with this is its refusal to attack imperialism. It was the infamous late Ernie Bevin, who said he would not agree to the ending of the British Empire because the standard of living of his constituents would go down—hardly a view consistent with the moral laws the leadership is fond of spouting in answer to demands for real revolutionary action.

Their record since last October shows their reluctance to bring about any basic changes in capitalist Britain. Their record on British Guiana, and Aden, shows they are just as prepared to resort to gunboat diplomacy and imprisonment of popular leaders as they were

when the last Labour Government imprisoned Kwame Nkrumah.

They support the United States aggression in Vietnam with considerable enthusiasm, and if they were at once not so heavily committed militarily elsewhere and not afraid of public opinion they would like to send British troops to join the Australian force now fighting alongside the Americans.

It is impossible to have a capitalist policy abroad and a progressive policy at home. The military demands which flow from an anti-Communist and anti-liberation policy place a crippling economic burden on Britain, and the struggle inside.

There is talk of a Treaty of Guarantee of the 1961 Rhodesian Constitution. This would be an absolute sell-out to the settler minority and act as a guarantee of their perpetual minority rule.

On his departure from London Wilson is reported as saying that the settlement must be acceptable to the whole of the Rhodesian people. Simple as this sounds, it is in effect an admission that he feels he must have the agreement of the white minority to any settlement and this means they will act as a permanent veto as long as they are able on the granting of political rights to the people themselves.

Such vague phrases will not reassure anybody who wishes to see at this moment, decisive steps towards the rejection of minority rule and the establishment of a real constitution which will give the Rhodesian people the rights they have so long been denied.

It is time Wilson stopped pussy footing around and acted with some courage in support of a just cause.

## Smith's Defiance

RHODESIA'S Prime Minister, Smith, has frequently demonstrated his contempt for the British Government in the recent past. His refusal to meet Harold Wilson at the airport is but another gesture of his defiance of Britain.

It is difficult to see quite what has frightened Wilson into making yet one more conciliatory move when the whole-world knows that it is the white settlers who are in the wrong, who are acting illegally and who are intending to impose on that country the most ruthless forms of apartheid government.

By continuing to crawl to these bullies Mr. Wilson is not providing proof of statesmanship as he seems to think, he is encouraging the most irresponsible elements in the settler community to go ahead and defy him.

The settlers will not be impressed by Wilson's apparent determination to get the whole of the British Cabinet out to Salisbury, with him.

He travelled last Sunday with Mr. Bottomley, the Commonwealth Secretary and Mr. Oram, Parliamentary Secretary to the Ministry of Overseas Development, and Sir Burke Trend, the Cabinet Secretary.

How to add to his numbers he has sent for the Attorney-General to be on hand to give him legal advice.

Instead of travelling with advisers of every possible kind in a futile gesture of conciliation, Wilson should be listening to the voice of Africa.

His talk of the white settlers as 'the kith and kin' of the people in Britain is disgusting.

If he chooses to recognise racism as his relatives that is, of course, his private business, but to saddle the rest of the British people with such a relationship is hardly called for.

The best elements of the British people have no desire to be associated with the white

settlers as kith and kin, but line themselves up with the just demands of the people of Rhodesia for one man one vote political rights.

The Declaration of the Heads of State, President Kaunda's offer of bases for British troops and the declaration of the Soviet Union of support for the Rhodesian people should act as a spur to Wilson and give him a bit of courage to do the right thing.

Wilson obviously hopes that by the creation of a crisis atmosphere in which all the initiative is allowed to pass to the Smith Government, he will be able to pull out a compromise which will appear to be a major political victory for peace.

There were numbers of people in Africa, as well as in Britain who shared the illusion that the Labour Party, once in office would bring about important changes, especially in the relationships within the Commonwealth.

They have received a rude awakening with the obvious determination of the British Government to continue to administer the Immigration Act and to do so more efficiently even, than the Tories.

The newly independent state at the Commonwealth countries were not offered a perspective of guaranteed prices for their primary products, and indeed the whole 'development' programme is minuscule in relation to actual needs.

South Africa continues to suffer under the Verwoerd regime and Labour has not taken the vital step of a trade boycott and active policy of pressure on the apartheid regime.

The future relations of the African states and Britain are in the melting pot over the Rhodesia crisis; we must recognise that while there are active forces for socialism for

peace and for an anti-imperialist policy in Britain, the present leadership of the Labour Party does not reflect their views.

The Wilsons and the Browns are not the true voice of British socialist and anti-imperialist tradition, theirs is the voice

of compromise concession.

The African states will serve their own best interests and those of world peace and freedom best, in standing firm and refusing to be involved in present Labour Government compromises.

## European Common Market

KWAME Nkrumah in his book 'Neo-Colonialism, the Last Stage of Imperialism' describes the European Common Market, quite accurately as collective imperialism.

The giant monopolies and the finance capitalists are finding the limitations on their operations which national boundaries and tariffs impose, too irksome for them and they hoped by bringing together the six States into an economic community to be able to operate yet more freely and profitably.

Each state hoped to be the beneficiary of the new arrangement. There were additional motives behind the formation of the European Economic Community.

The United States sees its major international strategy as the containment of Communism at this stage, and its ultimate overthrow.

It has always been disturbed by signs of splits and antagonisms between the member states of its North Atlantic Treaty Organisation, and was willing to see the Market formed, even though U.S. capitalist interests were not directly included, because she hoped it would bring stability.

The United States Government pressed for Britain's inclusion because she saw that country as a useful counterweight to French and to West German influence.

On the other hand General de Gaulle saw the Common Market as a counterweight to United States domination of Europe and the attempt by the U.S. to penetrate important

areas of French influence in Africa, in Asia and in Latin America.

The temporary French-West German honeymoon is now over, Britain was refused admission to the Market by the French veto and to show her hostility to United States domination of the imperialist world France is threatening to withdraw from N.A.T.O. from the Market, and to seek friendly relations within the socialist camp.

This is not to say that de Gaulle is undergoing conversion to socialism, far from it. It reveals the essential instability of alliances between imperialist states.

They each want to hang on to their own sphere of exploitation and they use shifting alliances to try and penetrate the sphere of influence of the rest.

The lessons of the European Common Market are important for Africa. There are even imperialist interests who would welcome a certain kind of African Common Market, in which trade barriers of all kinds, traditional trade patterns were overthrown so that the way would be free for the irresistible advance of the most powerful monopoly groups, into the African continent quite unhindered.

The fight for an African Common Market must be the fight to liberate ourselves from the industrial and financial giants of capitalism and to create forms of economic unity which will reflect the political aim of real independence and freedom from exploitation.

## Finance Capital

CONCENTRATED in the hands of a few, finance capital exercises a virtual monopoly, by reason of which it exacts enormous and ever-increasing profits from company flotations, share-under-writings, debenture holdings, state loans and bond issues. The Deutsche Bank for instance adopts a specific procedure for gaining control of enterprises and drawing in fresh profits. When participating in the launching of new ventures or extensions of already existing ones, it finds the whole of the required capital from its own and associated resources. When the formation is complete, the shares are unloaded at a premium, the bank holding just sufficient to give it a commanding voice in the direction of affairs. At the same time it takes a profit on the original capital.

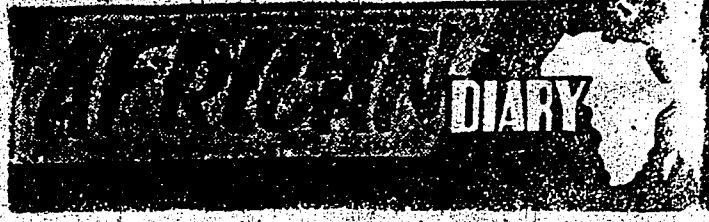
Flotation of foreign loans provides one of the highest yielding fields of monopolist profit. Usually a borrowing country is lucky if it gets more than nine-tenths of the loan sum. Frequently it is less, particularly if it is a developing country.

Liberia's loans are a revealing and classic example of how monopoly finance operates in conjunction with governments to increase its profits.

In Liberia, in 1964, President Arthur Barclay reported that the English 7 per cent loan of 1871, originally £100,000, of which only £27,000 actually reached the

Liberian Treasury because of certain official defalcations, was the largest item of the country's indebtedness and would require three years' revenue to cover it. A desperate Liberian Government succeeded in arranging an international loan of \$1,700,000. This was subscribed by British, French, Dutch and German banking houses associated with United States financial institutions of J. P. Morgan, the National City Bank, First National Bank of New York and Kuhn Loeb & Co.

In this instance the most arbitrary means were used in applying and securing repayment of the loan. An American Receiver General was appointed by the United States and sub-receivers by Britain, France and Germany, an arrangement which continued until America took over full control of Liberia's finances during the first world war. Little actual cash went to the Liberian Government, but fancy profits went to the banks and loan issue houses. Bonds to the value of \$715,000 were delivered in London, \$225,000 in Germany, \$460,000 in Amsterdam and \$158,000 in New York to creditors of Liberia in payment of their outstanding claims. It required reparations money from the sale of German properties to liquidate subsequent debt; incurred with the then British Bank of West Africa to try and meet the claims on this loan.



OCTOBER 8:

GHANA: President Nkrumah today warned that the threat by the racist Ian Smith white minority regime to seize political power in Rhodesia is a matter about which the United Nations should take urgent steps if disaster should be averted.

CONGO (Leopoldville): President Joseph Kasavubu of the Congo (Leopoldville) is to lead his country's delegation to the Accra Summit of the O.A.U. according to a report published by a Congolese Weekly 'Le populaire'.

MALAWI: Dr. Kamuzu Banda, Malawi Premier has announced today that the new republican constitution which is being drafted for Malawi will increase the European seats in the Malawi Parliament from three to five.

NIGERIA: Nigeria police today withdrew charges against Malam Tanko Yakasai, a leader of the Northern Nigerian Progressive Front. He was accused of possessing documents of the Niger Sawaba Party.

OCTOBER 9:

GHANA: Mr. Diallo Telli the Secretary-General of the O.A.U. told newsmen on his arrival in Accra from Ethiopia that, the forthcoming Summit Conference of the Organisation would lay a foundation for the realisation of African Unity.

Mr. Amishadai Larson Adu, of Ghana, has been appointed Deputy Secretary-General to the Commonwealth Secretariat, in London.

SOUTHERN RHODESIA: The Indian Foreign Minister, Mr. Sardar Swaran Singh, has told the United Nations General Assembly's Trusteeship Committee in New York today that the question of Southern Rhodesia was "an urgent matter not only for discussions but perhaps, intervention by the United Nations."

FRENCH SOMALI: The Foreign Minister of Somalia, Ahmed Yusuf Dualeh, has called for the end of French domination over French Somalia land.

SOUTHERN RHODESIA: The British Government's talks in London with the Southern Rhodesian White settlers' spokesman Ian Smith on Rhodesian Independence collapsed in disagreement.

OCTOBER 10:

NIGERIA: The people of the Western Nigeria go to the polls today in the crucial elections into the 94-member House.

GHANA: Mr. Kojo Botia, Chairman of the State Planning Commission, today opened the O.A.U.'s Liberation Committee's pre-summit meeting in Accra with a call for a review of the committee's functions.

OCTOBER 11:

GHANA: President Kwame Nkrumah's seventh book entitled 'Neo-Colonialism: The Last Stage of Imperialism', was today launched by Mr. Kojo Botia, Chairman of the State Planning Commission before a distinguished gathering at the Ambassador Hotel in Accra.

NIGERIA: Several Nigerian armed police stood by as six million people of the Western Region of the Nigerian Federation went to the polls today to elect a new legislature for the next five years.

CONGO (Leopoldville): The Congo (Leopoldville) mercenary forces 'claimed' to have captured the town of Fizi, a stronghold of the nationalists in the Eastern Congo today.

TANZANIA: President Julius Nyerere of Tanzania, his appointed 41 representatives for Zanzibar and Pemba in Tanzania's National Assembly.

ANGOLA: The armed Forces of the Popular Movement for the Liberation of Angola have staged successful attacks on the Portuguese colonial forces in Angola, according to a communique issued in Congo (Brazzaville) today.

SOUTHERN RHODESIA: The British Secretary of State for Commonwealth Relations, Mr. Arthur Bottomley, has proposed that a new conference on the Southern Rhodesian Independence issue be held, which would be attended by leaders of African nationalist parties.

OCTOBER 12:

GHANA: Heads of delegations from all over Africa who have

arrived in Accra for the 5th ordinary session of the Ministerial Council of the Organisation of African Unity begin week-long discussions today to prepare the ground for the all-important African Summit of Heads of State and Government scheduled to begin in Accra next week.

African Foreign Ministers attending the Ministerial Council meeting of the O.A.U. in Accra today hugged and welcomed each other at informal talks aimed at paving the way for next week's Summit.

MALAWI: Mr. B. W. Katenga, Malawi Ambassador to Ethiopia, who is leading his country's delegation to the Ministerial Council meeting of the O.A.U. in Accra has said that his country would like to see the O.A.U. transformed into "a strong unifying body working only in the interest of African Unity."

ALGERIA: The Afro-Asian Summit Conference scheduled to be held in Algiers next month from November 5, will come on as scheduled, after the Organisation of African Unity Summit in Accra next week, Algerian Foreign Minister Abdel Aziz Bonfelfel announced in Algiers today.

NIGERIA: Nigerian President Nnamdi Azikiwe is expected to leave Lagos on Saturday for the United Kingdom.

The ruling Nigerian National Democratic Party was today returned to power as some results of Monday's general elections in Western Nigeria were still to be declared.

MALI: Two Soviet Leaders, First Secretary Leonid Brezhnev and Premier Alexei Kosygin have accepted an invitation from Mali's President Modibo Keita to visit Mali.

SOUTHERN RHODESIA: The Organisation of African Unity will recognise and support an African nationalist government in exile if the Rhodesian Government of Ian Smith declared unilateral independence, top official of the O.A.U. declared in New York today.

The All-African Trade Union Federation has demanded the liquidation of Ian Smith regime and the establishment of an independence democratic government representing the majority of the people of Southern Rhodesia.

GHANA: The Pakistani Minister of Information and Broadcasting, Mr. Khwaja Shahabuddin, now in the country on a private visit has today called on President Nkrumah at the Castle.

Ghana started producing its own corned beef today at the State Meat Canning Factory at Zuarungu, near Bolgatanga in the Upper Region.

OCTOBER 13:

GHANA: The fifth ordinary session of the Ministerial Council of the Organisation of African Unity to prepare the ground for

next week's African Summit of Heads of State and Government opens in Accra today.

President Nkrumah was greeted with placards, drumming and dancing when he landed at Bamako Airport today on a short visit to Mali.

BASUTOLAND: Basutoland's leader, Chief Leabua Jonathan, who is friendly to Verwoerd's apartheid regime of South Africa, told the Basutoland National Assembly today in Maseru that he hoped to clear up certain technical questions about the impudic powers delegated to his government when he visits London later this month.

MALAGASY: Heads of State of the Afro-Malagasy Common Organisation (OCAM) will meet at Tananarive, Malagasy next January 15, the Secretary-General, Mr. Diaka Dieng announced this today.

TANZANIA: President Julius Nyerere of Tanzania has said his country would still do everything it could to help Britain achieve a Rhodesian Settlement provided the principle of independence under majority rule is maintained.

CONGO (Leopoldville): President Joseph Kasavubu of the Congo (Leopoldville) today dismissed Premier Moise Tshombe and his transitional 'Government' and named Mr. Evariste Kimba to form a new Cabinet. He announced the dismissal before a joint session of the Congo Parliament in Leopoldville.

SOUTHERN RHODESIA: After the intransigence created with British vacillation over the Rhodesian situation, the British Premier, Mr. Harold Wilson has proposed a Commonwealth leader's effort to solve the Rhodesian crisis.

GHANA: Mr. Fred Arkhurst Permanent Representative to the United Nations today flew back to Accra for consultation with the Government.

OCTOBER 14:

GUINEA: President Sekou Toure of Guinea arrived in Accra today, received a tumultuous welcome with all colour and traditional pageantry. President Sekou Toure declared on his arrival in Accra that Guinea has favoured a Continental Union Government for Africa and stands for a strong dynamic organisation that will ensure that the welfare of all Africans are adequately cared for.

LIBERIA: President William Tubman of Liberia left Monrovia today by boat for Accra to attend the Summit Conference of African leaders.

CONGO (Leopoldville): President Joseph Kasavubu of Congo (Leopoldville) today signed a decree being a new 19-man national Union Government formed by Premier Evariste Kimba. The Government includes two of Tshombe's former closest collaborators.

ZAMBIA: President Kenneth Kaunda of Zambia today assured the people of Zambia, before leaving Lusaka to attend the African Heads of State meeting in Accra on Thursday that his Government had taken every precaution against any possibility which could follow any illegal act.



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# The Economic Situation and the Way Forward

by KWASI AMOAKO-ATTA

(Minister of Finance)

**DEVELOPMENTS** in our economy have been the subject of unfavourable comment in certain sections of the western press in recent years. These sections of the world press have been eagerly painting a picture of an economy "heading for bankruptcy", as they put it.

A country which is trying to build a strong socialist economy can expect no sympathy from the western press. Ghana, in particular, has no reason to expect such sympathy.

However, we would have expected that such journals as *The Economist* or *The Financial Times* would show a better appreciation of the facts and drawn more logical deductions from them.

## DEVELOPMENTS

In fact, most of their articles on developments in the Ghanaian economy, particularly those in the *Financial Times*, have been so slanted and so full of spite and invective that they reveal the motives behind them.

This hostility springs from several courses.

Firstly, as I have noted, the western press cannot be expected to support a young and virile country which is trying to build a strong economy based on socialist principles.

Secondly, we know that the wealth of the major imperialist powers has in the past been built up by buying raw materials cheaply from the colonies and dumping useless, expensive manufactured products on them.

Therefore, Ghana which, together with other militant African countries, is waging a relentless struggle against all forms of imperialism, colonialism, and neo-colonialism cannot expect to be the idol of the imperialist press.

Thirdly, and most important of all, a united Africa is a massive and irresistible potential force both politically and economically. It is a powerful factor for world peace. It is a force which the imperialist powers cannot afford to encourage.

A divided Africa, on the other hand, is a weak and easy pawn on the imperialist chess-board. Western diplomacy has always aimed at maintaining the *status quo* where it is in their favour. Therefore, the active role which Ghana is playing to bring about a Continental Union Government of Africa is bound to irritate the western press.

## THE FACTS

To discredit Ghana, they are making a great deal of our current economic difficulties, implying that they are the consequence of our decision to build a socialist economy in Ghana, and of our policy of fighting tirelessly for the achievement of a continental Union Government of Africa.

Therefore, it is essential that we neither lose perspective nor gloss over the facts. This article is an attempt to diagnose the present situation and to propose solution without compromising on our principles or our ideology—in other words, on our determination to promote by all possible means the achievement of a Continental Union Government, secondly on our commitment to the socialist transformation of our economy.

What are the facts? First, it is necessary to correct one wrong impression which the western press has consistently created.

A favourite hobby horse of the western press has been to draw attention to the current level of our reserves as compared with the level at the time of independence, and to create the impression that the reserves have been wasted.

We must be wary of this trap. For, while they point to the fall in reserves, they ignore the number of miles of good roads built since independence; they ignore the increased number of schools, and the fact that

education is practically free from the primary schools level to the University.

They also ignore the new hospital and the vastly improved health services, the new townships, housing schemes, industries and factories now being established.

Could they really have failed to observe these changes in our economy? Or are they unaware that these things cost money?

The fact is that while we must ensure an adequate level of reserves to meet our external obligations, it is not a wise policy for a developing country to maintain an unduly high level of reserves while at the same time pleading for funds from abroad at high interest rates to finance development.

From the point of view of the reserve currency countries, it is desirable that we maintain a high level of reserves, since we will thereby be investing our surplus funds in their countries. Hence their comments about the level of our reserves are not altogether altruistic!

## RESERVES

Such comments are meaningless except in so far as the reserves may be reduced to levels below those necessary to enable us to meet our external obligations and to maintain the external value of our currency.

Having corrected this impression, we may now proceed to analyse the present economic situation.

Between 1957 and 1964 Gross National Product at current market prices rose from £G367 million to £G675 million (C1,880.8 to C1,620

the development decade by only 0.3 per cent.

Commendable as this performance may appear, we ourselves are not satisfied with this rate of growth. A higher rate of growth would have been possible given certain favourable factors, the majority of which are beyond our control.

The first important and all-pervasive factor has been the fall in the price of cocoa in recent years. It must be remembered that cocoa accounts for 60 per cent of our export earnings. Cocoa export duty is also a major source of internal revenue. The duty rate is fixed according to a sliding scale formula: the higher the world market price, the larger the duty.

## DECREASES

Therefore, any decreases in the world market price of cocoa are bound to have serious adverse effects not only on our overall export earnings but also on budget revenue. This has been the case in recent years.

Between 1952/54 and 1963/64 the world market price of cocoa fell from £467 or C1,120.80 per ton c.i.f. to £191 or C458.40 per ton c.i.f. In recent months it even fell to as low a point as £85 or C204 per ton c.i.f. The fall, in other words, was from C1,120.80 to C204 per ton c.i.f.

All this happened at a time when our efforts to improve and expand the cocoa industry had begun to yield fruits in the form of increased output. Between 1956/57 and 1963/64 our output of cocoa more than

the country spent nearly £6 million (C14.40 million) on spraying machines and £3.5 million (8.4 million) on insecticides for the spraying of cocoa trees. Both amounts were entirely foreign exchange expenditure.

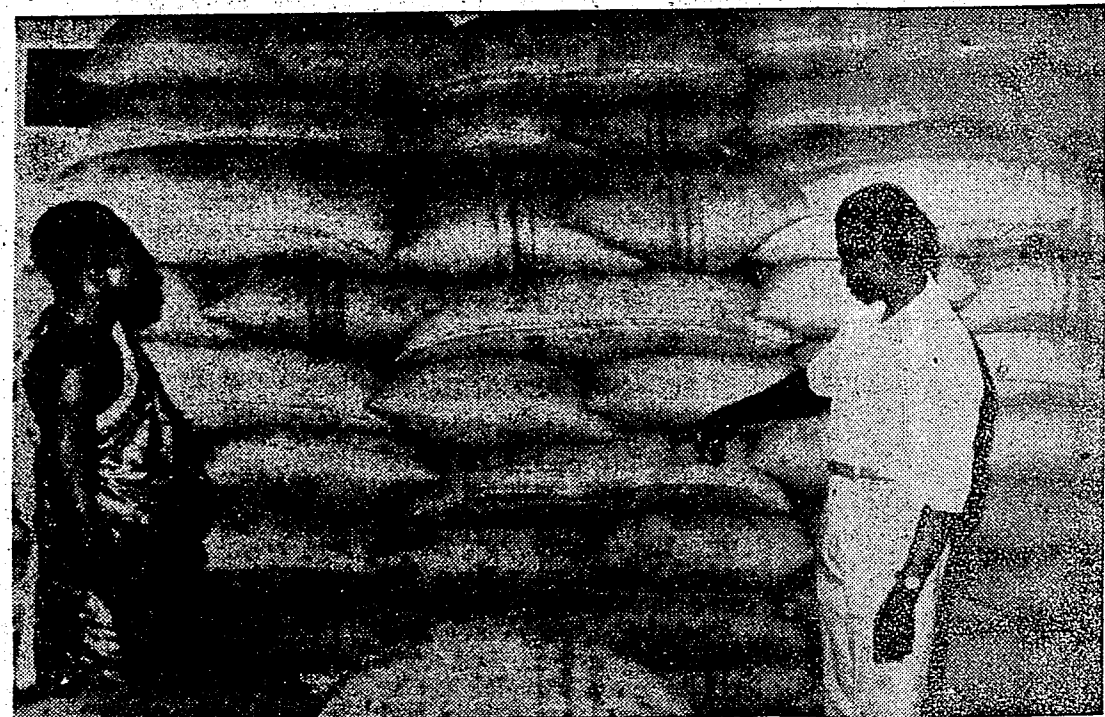
If local currency expenditure by the Government in the form of subsidies to farmers on spraying machines and insecticides, and compensation for cutting down diseased trees were all added up, the total amount spent by Government on the cocoa industry between January 1959 and June 1965 comes up to some 30 million (C72 million).

Our efforts to increase cocoa output were not based on wishful thinking on our part. As early as 1946, the first conference organised by the Cocoa, Chocolate and Confectionery Alliance in co-operation with the Office International du Cacao et du Chocolat passed the following resolution:

"This conference expressed the belief that the world demand for raw exceeds the available supply and attaches urgency to the increasing of supplies and is of the opinion that any efficient new production which may be practical for the next 25 years in existing or new areas will be absorbed at a fair price"

## FALL IN OUTPUT

This fine resolution turned out to be a trap. Ghana, as a major producer, after independence took up the challenge to improve the industry and expand output in response to this call.



Raw cocoa beans ready for importation.

million), representing an increase of 84 per cent.

In 1960, the real rate of growth was as high as 7.5 per cent. But it dropped to 3.2 per cent in 1961, rising again to 5.3 per cent in 1962 only to be followed again by a moderate growth of 2.7 in 1963.

In 1964, the real growth in GNP again picked up to 4.5 per cent.

Between 1960 and 1964, the GNP figures were as follows:

| Period | GNP of current prices |       | Increase of GNP in real terms |
|--------|-----------------------|-------|-------------------------------|
|        | £GM                   | CM    |                               |
| 1960   | 473                   | 1,224 | 7.5                           |
| 1961   | 504                   | 1,411 | 3.2                           |
| 1962   | 542                   | 1,518 | 5.3                           |
| 1963   | 595                   | 1,666 | 2.7                           |
| 1964   | 675                   | 1,890 | 4.5                           |

Average for 5 years 4.68

Source: Central Bureau of Statistics Economic Survey, 1965.

doubled from 264,000 to 590,000 tons.

This was not achieved without strenuous efforts by the farmers and the Government. The increase in the crop has been the result of a resolute and expensive system of capsid control involving the cutting down of diseased trees, replanting of better trees with higher yields, and the spraying of farms.

Between August 1964 and July 1965 alone, 3,361,127

During the first ten years after the adoption of this resolution, the British colonial authorities did little to improve the industry. The British Government in fact bequeathed to the C.P.P. Government a cocoa industry stricken with disease and threatened with a continued fall in output and possible annihilation.

But since then, the country has gone to much expense in research, cutting down of diseased trees, spraying, replanting and introduction of new species to achieve the doubling of output within nine years.

Having fulfilled our side of the bargain, we expected a "fair price", and we still insist on the fair price promised in 1946. But now what do we hear from western consumer countries? We are referred to "elementary law of supply and demand." The implication is that since we produce so much, we must expect a fall in the price of our product.

We know about the "laws of supply and demand"—and we

also know how phoney this can be. We also know that although the price of raw cocoa beans fell from £46 (C1,120.80) to as low as £85 (C204 per ton in recent months, the wholesale price index for chocolate in the United Kingdom, for example, rose by 8.6 per cent between 1954 and the first five months of 1965.

Even allowing for some increase in production costs other than raw cocoa beans, these figures reveal clearly that it is the brokers, manufacturers, and the Governments of the producer countries who are reaping the advantage of the falling prices in the form of very high profits and taxes.

This is the result of the monopoly position which they have created for themselves over the years and for which they are now earning a so-called economic rent or windfall, which in simple terms, is the return on the successful and concerted exploitation of the producer countries.

In 1957, the manufacturers were on record as promising to pay between £200 and £250 (C480 to C600) per ton c.i.f. "at today's value of money" that is, at 1957 prices. United Kingdom prices have gone up since then. But even given this factor, the western buyers are now unwilling to pay even this price.

## REASONABLE PRICE

We have given our indication of willingness to negotiate a reasonable price in the circumstances. But with all these concessions, we find the western buyers and their Governments still unwilling to

| Period | Receipts |        | Payments |        | Balance on current account | (deficit—surplus+) |
|--------|----------|--------|----------|--------|----------------------------|--------------------|
|        | (1) £M   | (2) CM | (3) £M   | (4) CM |                            |                    |
| 1961   | 129.8    | 311.5  | 182.5    | 438.0  | -52.7                      | -126.5             |
| 1962   | 124.1    | 297.9  | 152.4    | 365.8  | -28.3                      | -67.9              |
| 1963   | 121.5    | 291.6  | 167.3    | 401.5  | -45.8                      | -109.9             |
| 1964   | 123.5    | 296.4  | 156.2    | 374.9  | -32.6                      | -78.2              |
| 1965   | n.a.     | n.a.   | n.a.     | n.a.   | -67.0                      | -160.8             |

co-operate, although (some might say "because") they know full well that cocoa accounts for over 60 per cent of our total export earnings.

The manifold effects of these developments and the manipulation of our external earnings capacity are now fairly obvious.

Firstly, the Seven Year Development Plan was drawn up on the assumption of an increase in the output of cocoa at a minimum world market price of £200 per ton c.i.f. The estimate for annual average foreign exchange earnings from cocoa imports for the plan period was £86 million (C206.4 million).

On this and other assumptions, average annual export earnings were estimated at £155.7 million (C373.7 million) for the plan period. Total export earnings are currently running at £115 million (C276 million).

Since our planned recurrent and development expenditure aimed at the diversification of our economic structure, and the laying of the basic foundations for the further socialisation of the economy were based on these calculations which were at the time not unreasonable, the manipulation of the world market price of cocoa, therefore, had serious overall effects on the financial aspects of the plan implementation programme.

## SOURCES OF INCOME

For, although our sources of income both in foreign exchange, to finance capital goods, and in budget revenue to finance local expenditure have become highly variable, depending upon fluctuations in the world market, we cannot easily go back on the Party's programme of "Work and



Happiness as translated into the Seven Year Development Plan.

The effect of the shortfall in foreign exchange earnings from cocoa exports has been that the country has had to depend heavily on its external reserves and on foreign credits to finance development expenditure.

This was because foreign exchange income fell considerably short of foreign exchange requirements to finance imports of goods and services.

The balance of payments out-turn for the past five years were as follows:

tries, or to draw down reserves. Both methods were used.

In the case of suppliers' credits, our indebtedness on this account now amounts to as much as £238.9 million (C573.4 million) excluding down payments.

Repayments of capital and interest in 1965 alone, is expected to amount to: £18.9 million (C45.4 million) amounting to over 26 per cent of our total export earnings.

The very high level of debt service is principally due to the fact that while most of the projects financed are of long gestation periods, the maturities

of the various credits range between three to five years only.

Here again, we come up against the usual difficulties which the imperialist countries are placing in the way of the developing countries. They know fully well that some of these projects cannot break even in three to five years.

But the Government's attempts to honour its commitments to the nation by implementing the development plan mean higher and higher imports of capital goods.

## PRIVATE DEMANDS

On the level of private demand, the Government policy of a guaranteed producer price also meant that farmers' money incomes increased with increase in output.

This means that for a crop of, say, 550,000 tons, farmers received £73.9 million (C170.4 million) in the crop year 1964/65—as against £37.5 million (C90 million) for a crop of 264,000 tons during the crop year 1956/57.

Increased money incomes of farmers means increased demand. Since imports take a large share of the normal level of consumer demand, the increased spending power of the public, particularly the farming sector, also led to further demand on our limited foreign exchange earnings to finance increased imports of consumer goods.

This was an added source of pressure on our external payments position and on reserves.

In order to meet these demands—particularly the need for capital goods—the Government has had to look to foreign suppliers for credits to finance our factories and indus-

tries, or to draw down reserves. Both methods were used.

Here again, we come up against the usual difficulties which the imperialist countries are placing in the way of the developing countries. They know fully well that some of these projects cannot break even in three to five years.

But the Government's attempts to honour its commitments to the nation by implementing the development plan mean higher and higher imports of capital goods.

Now, the debt service burden has reached such a level that the donor countries must have no other choice but to consider extending the repayment period in order to reduce the strain on our external payments position.

## MORE TAXES

At the budgetary level, the low level of prices during recent years has resulted in revenues far below expectation.

Although our people have willingly met the challenge by paying more income taxes and higher duty on imports to make up for the loss, the main cause of the serious shortfall in revenue to meet both recurrent and development expenditure has been that cocoa export duty has failed to increase as envisaged on the basis of a larger crop at a world market price of £200 (C480) per ton c.i.f.

To close the gap thus created, Government borrowing from the banking system increased considerably.

The deficits for the past three years for example have been financed as follows:

(Continued on page 5)



# Recent Economic Changes in Socialist Countries (I)

It would be surprising indeed if the economic problems, and the mechanisms appropriate to their handling, were not different today in socialist countries of Eastern Europe from what they were three decades ago in the Soviet Union.

True, one cannot speak of the socialist countries of Eastern Europe as a uniform group. They remain at different levels of development, despite a significant levelling-up of their economic conditions and potential over the past twenty years.

During those twenty years they have gone through an intensive process of industrialisation, and at least the foundations (if no more) of a socialist economy have been laid.

## DEVELOPMENTS

A country like Czechoslovakia represents a high level of industrial development comparable to that of countries of Western Europe similarly East Germany; and so to a lesser extent to Poland and Hungary.

The pace and degree of industrial development in the Soviet Union since the 1930's are well-known. By contrast, in the decade before the war the Soviet Union was still in the middle of her "big rush" towards industrialisation and towards laying the foundations of a Socialist economy.

In those days the main economic tasks were in one sense simpler, even if their successful achievement was difficult and involved heroic efforts. The order of priorities was comparatively simple.

The global objectives can be summed up as being the achievement of the highest possible rate of growth, subject to the maintenance of certain necessary living standards (plus the requirements of a system of differentiated incentives to production) and of certain necessary social expenditures (e.g. for education and public health).

To this end the existing economic potential had to be harnessed, and available resources including labour-power had to be appropriately mobilised, as to concentrate these upon key objectives.

In such circumstances it was inevitable that planning and direction of economic life, and of key decisions about new investment and production, should become highly centralised.

Not only was the order of priorities simpler in such circumstances, as we have said, but the complex of decisions to be taken by the central authorities was also simpler because the decisions to be taken were fewer.

Investment was concerned in the main with a number of large construction projects like the famous Dnieprostroi, key steel plants like Magnitogorsk, engineering works like the Gorki motor-factory or the Stalingrad tractor-plant.

## SIMPLIFIED TARGETS

Over a wide range of industry products were deliberately standardised (in the interests of securing economy of "long runs" of output); particular examples were tractors, motor-cars and machine-tools.

To this extent the fixing of output-targets was simplified: the number of targets to be set was not very large, and they could largely be set in terms of physical units (e.g. so many lorries or tractors or in conventional units as in tractors of given horse-power); whereas less standardised heterogeneous producers have to be measured in value units, with the complication that the value-total can be affected by shifts (merely) in the composition of the output-total (i.e. a rise in some items and a fall in others—what is called in Soviet planning jargon a shift in the "assortment").

*What is the significance of the latest economic development in the Socialist countries? Some allege that they represent a "return to capitalism and the profit". Their real meaning is discussed by MAURICE DOBB lecturer and Fellow of Trinity College, Cambridge, author of many books on soviet economic problems.*

Moreover, to the extent that a particular type of product was specialised to a particular plant, the working-out of the so-called input-norms or co-efficients was very much simplified, and also the supply-allocations (of materials and components) based upon these input-norms.

Another feature of this earlier period, when the order of priorities was both clear and relatively simple, was that if the priority-sectors suffered from bottlenecks in supplies or in necessary equipment, these could be fairly quickly dealt with by a scaling-down of the targets for non-priority sectors, with a release of resources for transfer to the former.

## BOTTLENECKS

This had been a familiar feature of the civil war period, under "war communism", as indeed of any war economy.

Such bottlenecks could occur either because input-norms had been too strictly calculated and the "balancing" of needs against supply-availabilities had been too summarily and approximately done or because unforeseen hitches had occurred in producing the supplies and components needed by other industries, or yet again, perhaps, simply because the priority industries in question had succeeded in over-fulfilling their targets.

In such a situation retardation and dislocation will occur unless either sufficient reserves exist (an expensive luxury in a rapidly developing economy) or the necessary supplies can be diverted from low-priority sectors.

Thus in the pre-war decade, when growth and maximum saving of time were the prime objectives, these low-priority sectors (mainly industries producing consumers' goods) provided such a "reserve", and their targets tended to be pruned when there were hitches elsewhere or when rearmament needs in face of the Nazi menace required an upward revision of plan-targets in defence industry or heavy industry.

There was much talk in those years about each five-year plan having its specific "key" objectives and sectors of concentration.

It followed as the obverse

growth, was the order of the day.

This was expressed, *inter alia*, in the fact that since the early '50s, the sector of industry producing consumer goods has grown at a pace approaching that of so-called Group A producing means of production or capital goods (in addition to which some branches of the latter have taken up the production of durable consumer goods).

The days when unqualified priority was given to heavy industry are over; and emphasis on light industry, such as clothing and food-processing industries, and the need to bring production of these into much closer touch with consumers' demand, are now on the agenda.

This represents a crucial qualitative shift. The retail market for consumer goods has always (outside special years of rationing) constituted a market in the full sense, where commodity-relations and the laws of the market (the "law of value") unquestionably hold sway.

## RELATIONSHIP

Hence the relationship between production and the market is different from that in industries concerned with producing capital goods, where production is largely a "circular process" in which outputs are fed back as inputs for so-called "productive consumption" within the same sector or department. (Although many are saying today that even the capital goods sector is characterised by commodity-relations, so far at least as the production of means of production destined for use in consumer's goods industries is concerned.)

A numerical illustration of increased complexity is that when the Central Statistical Administration in 1959 drew up what is called an input-output matrix (or table) for main products, this covered 65 industrial sectors or branches and nearly 200 products; but the official industrial nomenclature list of 1960 contained as many as 15,000 product groups.

The "system of balances" (which is crucial to planning methodology) operated before the war with some 400 to 500 items and today with something in the neighbourhood of 1,500—and even these cover less than half of all output in value.

This number of balances could scarcely be calculated and re-calculated in the time available without the aid of electronic computers.

Similarly in Poland the number of products included in the system of balances is between 400 and 600.

## MORE ENTERPRISES

In the pre-war dozen years alone about 9,000 new large-scale Soviet industrial enterprises were put into operation. In the single year 1963 more than a thousand new large-scale industrial enterprises entered upon activity; and in total today the Soviet Union has more than 200,000 State enterprises.

In a country like Czechoslovakia the number of centrally approved planning targets by 1953 (though they were reduced later) had reached a total of 2,251 and the number of centrally allocated goods as many as 974. It is said to produce today all-told a million and a half types of output.

The changed structures and relationships of production characteristic of a settled and established socialist society are sometimes spoken of in terms of the relationship between planning and the market; alternatively in terms of economic instruments and incentives governing production, by contrast with administrative directives or orders.

A restatement of the con-

nection between planning and the market has been put by

(1) "balance" for a product consists of all the uses for it listed on the one side, and all the sources of supply of it on the other. Thus it can be thought of as an equation of supply and demand whenever a plan target is altered, all the relevant balances have to be recalculated and supplies or uses readjusted to secure a new "fit". The repercussions of an initial change may be very extensive but the time-factor usually limits the area over which recalculation is possible.

Professor Ota Sik of Prague (of whom more later) in the following words:

"Until recently the connection between planning and the market was incorrectly understood and the concept of the market was applied to a socialist economy in a sort of shameshadow way. It was held, wrongly, that planned social co-ordination, planned management of production, was the absolute antipode of orientation on the market of utilising market levers. Planning was assumed to be an attribute of socialism alone, and production for the market a feature solely of capitalism. These tenacious theoretical premises brought much harm; because of them a system of planning and management was adhered to which meant that production could not be adequately geared to its proper aim—that of satisfying the home and foreign market demand and consumers could not exert any direct influence on the producers... Socialist planned production should consistently seek to satisfy the market demand, and sales of goods on the market should be the main criterion of the social usefulness of labour expended in the production process." (World Marxist Review, March 1965 p.17).

## MECHANISATION

Yet a further respect in which the economic situation is different in the 60s from what it was in the 30s in the Soviet Union (and in the immediate post-war years in other socialist countries) is the passing of the previous situation characterised by the existence of an agricultural hinterland of surplus labour on which industry could draw.

As industry grew in the past, employment grew with it and most of the new labour force was drawn in from the countryside.

Mechanisation of agriculture was itself labour-saving and was an additional factor in releasing labour for industry.

Although it is probably true that many collective farms are still overstocked with labour compared with what is economically necessary, this older situation of a labour reserve for industry to draw upon is passing, or has already passed, in the most industrially developed countries of the socialist camp.

It follows that for industry and the industrial potential to expand further, it is necessary to introduce continually more labour-saving methods of production, on the basis of new and improved techniques.

Technical progress is not something that can be arranged by directives "from the top": it requires continuous initiative and zealous search for innovation at the place of production.

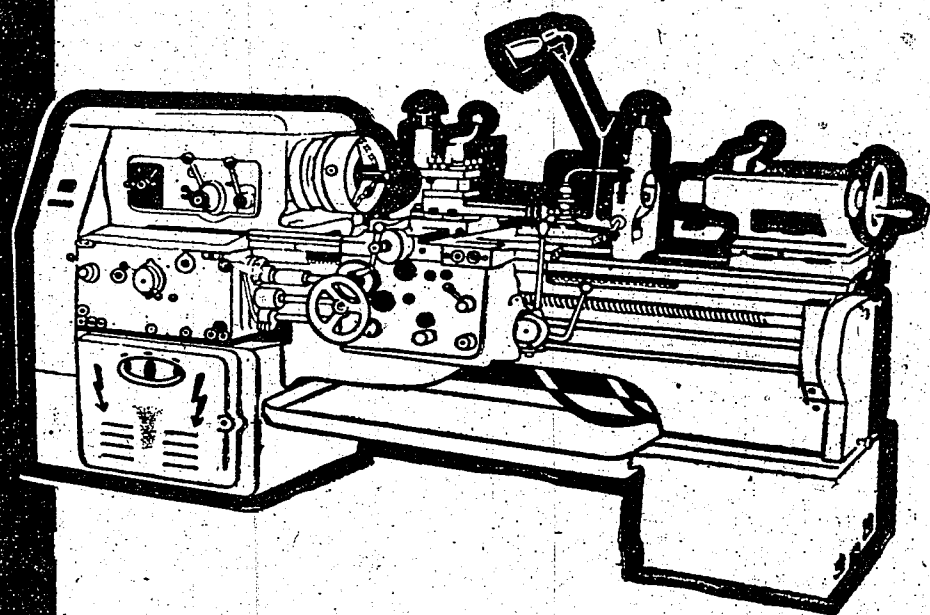
Hence the urgent necessity, in the new situation of affording the maximum stimulus at the factory and workshop level to pioneer new technical methods and constantly to raise the level of labour productivity thereby.

Since the working out of new, more decentralised methods was preceded by several years' criticism, something should first be said about the latter. Some of these defects have been cited so often as to have become by now pretty familiar.

In the first place, there are numerous stories of how the various ways in which production targets were measured gave a bias to the form in which the target was fulfilled.

Continued on page 5

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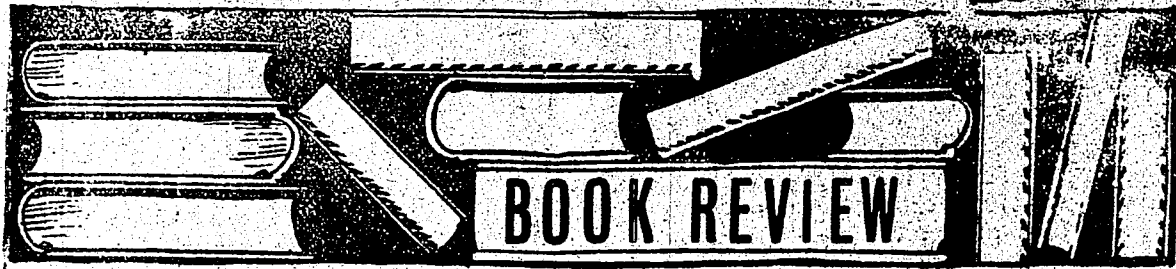


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# Where Nazis are still in Office and Why

by D. N. PRITT, Q.C.  
(Presidential Professor, Department of Law, Legon)

**THE "Brownbook of War— and Nazi-criminals in the Federal Republic"**, recently published (in German and English) in the German Democratic Republic, reminds us that the real rulers of Western Germany to-day are the great conglomeration of I. G. Farben, Flick Thyssen, Siemens, Krupp, A. E. G., and others, which the British and Americans agreed at Potsdam to break up, but which the Americans in fact refused to break up, and instead helped to re-establish, are largely the same organisations, and have the same policies and ambitions, as the rulers of all Germany who in 1908 onwards, and again from 1933 onwards, plotted the First and Second World Wars.

They are now plotting the Third World War, for their same old purposes—to increase their own wealth and power and to extend the territories of their country by force of arms.

whom they selected, financed, and installed in power. They use them because they and they alone have in full measure the ruthlessness and the evil single-mindedness needed for the foul purposes of these rulers.

### NO CHANGE

As the writers observe, the refusal to get rid of the Nazis is an essential part of the policy of reversing the results of the Second World War. Neither the rulers nor their Nazi hirelings have changed in the least, except in the sense that the modern weapons of war they seek to use are more terrible than the older ones. What has changed, fortunately for the life on earth, is that one-third of Germany, the German-Democratic Republic,

now stands firmly for peace, that the Socialist world is now far stronger, and that the forces working for peace in the capitalist world are also stronger than they were.

An additional sinister feature of West Germany, disclosed in the book, is that the rulers are now engaged in forcing through the legislature a series of "emergency laws", a close parallel to the "enabling laws" passed under Hitler and intended for the same purpose, namely to give some cover of legality to the establishment of a dictatorship and the launching of aggressive

war. The whole picture is a horrible one; one sees clearly that, as before, the vast and powerful combines are determined on war as essential to their mad—should I say "mad" or just "capitalist"?—pursuit of profit and power; and one sees how concentrated capital makes war almost inevitable so long as it retains power.

### POTSDAM PROMISES

What terrible guilt, too, must the capitalist rulers of the U.S.A. and Great Britain carry for having reinstated

their brothers the West German capitalist rulers in power, in the teeth of their Potsdam promises, for the second time in one generation, out of their blind fear of the advance of Socialism.

The position is desperately dangerous; indeed it is not difficult to believe the many reports that the West German rulers, already in possession of the strongest land army of the Western world, are actually increasing its efficiency and readiness, are stationing more and more front-line troops on the frontiers of the German Democratic Republic and Czechoslovakia, and are boasting that they will be ready to attack in 1967.

Public opinion must be roused to reject any form of nuclear armament for West Germany.

In the interests of peace, we must demand the full international recognition of the German Democratic Republic, the one German state which accepts and fulfils the Potsdam agreement and pursues a policy of Peace, in illuminating contrast to West Germany.

Such recognition would greatly improve the whole position in Europe. It would destroy the already weakened Hallstein doctrine, whereby the world insolently invited to treat the Bonn warmongers as the sole representatives in the world of the German people, and to regard the only peaceable German state that has ever existed as a pariah.

There is a real danger that, in spite of the strength of the peace forces in the world, the gangsters of the Ruhr will start the third world war.

### WAR CRIMINALS

Primarily, this admirably compiled and fully documented book exposes some 1,800 seriously incriminated Nazis, many of them actually war-criminals who to-day hold high offices in West Germany.

They are to be found in vital fields of public activity—the government, the administration, the armed forces, the diplomatic service, the machinery of justice, the police, the economy, science and the organs of publicity.

Fifteen of them are ministers or—even more important—state secretaries, 100 of them are generals and admirals (not to mention several who sit at the top of N.A.T.O.), 828 hold high judicial office, 245 are high civil servants, 297 are high police officers, with quite a few in the equivalent of our "Special Branch" oddly named the "Office for the protection of the Constitution"—that Constitution which the said rulers are now trying to tear to pieces because it presents some obstacles to their plan for suppressing public opinion and establishing a dictatorship.

To round it off, there are 520 in the Foreign Office at Bonn, with sixty Ambassadors or persons holding Ambassador's rank.

These Nazis are not just nominal members of the Nazi Party, but are deeply implicated, on their feet or at their desks, in the dreadful guilt of a decade of wholesale murder and ill-treatment of Communists, Socialists, Trade Unionists, Jews, slave-labourers, Russians, Poles, Czechoslovaks, and other categories of persons unwelcome to Nazis.

The book catalogue these unforgivable brutes clearly and in detail; but it is far more than a catalogue. It contains a series of articles on the rulers of Hitler Germany and of West Germany, on the Gestapo, the S.S., and the S.D. and on the presence of Nazis in the armed forces and in the government of to-day.

### PLANS

It discusses the plans and the extensive propaganda, on which tens of millions of pounds are being spent every year—there are 127 central organisations of revanchists and 100 neo-Nazi publishing houses turning out 20,000,000 pamphlets a year—of the seizure by armed force of all the territories which Hitler Germany held in 1937, i.e., of the whole of the German Democratic Republic and substantial territories forming part of the U.S.S.R., Poland, and Czechoslovakia.

The book is also important in that it shows the true reason why the rulers obstinately retain all these Nazis in office, with knowledge of their pasts—for the German Democratic Republic makes sure that they and the world public have full information on the matter—and dismiss them only slowly, reluctantly, one by one, and generally only after they have

# Economic Situation

Contd. from page 3

|                                    | 1961/62 |       | 1962/63 |      | 1963/64 |      |
|------------------------------------|---------|-------|---------|------|---------|------|
|                                    | £M      | CM    | £M      | CM   | £M      | CM   |
| <b>Internal Borrowing</b>          |         |       |         |      |         |      |
| 1. Deposits or cash balances drawn | 1.0     | 2.4   | -2.4    | 5.8  | 1.3     | 3.1  |
| 2. Ways and means advances         | —       | —     | 6.0     | 14.4 | 1.2     | 2.9  |
| 3. Treasury Bills                  | 28.7    | 68.9  | 9.5     | 22.8 | 9.6     | 23.0 |
| 4. New Stocks issued               | —       | —     | 1.7     | 4.1  | 24.2    | 58.1 |
| 5. National Development Bonds      | 8.8     | 21.1  | 7.3     | 17.5 | 1.5     | 3.6  |
| 6. Other                           | -2.7    | 6.5   | 7.6     | 18.2 | —       | —    |
| Total                              | 35.8    | 85.9  | 29.7    | 71.3 | 37.8    | 90.7 |
| 1. IMF drawing                     | 5.1     | 12.2  | —       | —    | —       | —    |
| 2. Joint Consolidated Fund loans   | -3.5    | -8.4  | 1.1     | 2.6  | 0.9     | 2.2  |
| 3. U.S.S.R. Counterpart            | —       | —     | —       | —    | 1.5     | 3.6  |
| Total                              | -1.6    | 3.8   | 1.1     | 2.6  | 2.4     | 5.8  |
| <b>Use of Reserves</b>             | 16.3    | 39.1  | —       | —    | —       | —    |
| Grand Total                        | 53.7    | 128.9 | 30.8    | 73.9 | 40.2    | 96.5 |

Source: Bank of Ghana: Annual Reports.

Between 1961/62 and 1963/64 alone Government has had to borrow as much as £55 million (C132 million) from the banking system to finance the budget.

Thus, in addition to the increase of £36.4 million (C101.9 million) in farmers' income, new money to the tune of £55 million (C132 million) had to be created to enable the Government to meet its commitments under the Budget owing to shortfall in revenue arising from the low world market price of cocoa.

As a result of these developments and of other factors, money supply rose by £20 million (C48 million) between 1961 and 1964, representing an increase of 26.9 per cent as against an increase of 11.2 per cent in the real national income during the same period.

Consequently, prices have shown a sharp rising trend in recent years—a trend which is the result of the interaction of three main factors, namely, the slow increase in local food production, increase in means of payments, and budgetary imposition on taxes and duties in order to collect revenue and discourage non-essential consumption.

The analysis thus far points to the following facts:

- (a) a sharp fall in the world market price of cocoa, resulting in,
  - (b) a levelling off of export earnings;
  - (c) increased budget deficits and deficit financing from the banking sector;
  - (d) increased demand;
  - (e) increased import bill, leading to,
  - (f) balance of payments deficits;
  - (g) increased external borrowing in the form of medium term suppliers' credits;
  - (h) heavy burden of debt service;
  - (i) strain on the reserves;
  - (j) higher prices.
- These developments have, to a very large extent, been due to the present world market of cocoa. However, we cannot remain with arms folded and just hope for the best. While every effort is being

made to obtain a reasonable price for cocoa, we must at the same time take immediate action to reverse these adverse developments in our economy.

There has been considerable anxiety about the nature of the action necessary to reverse these trends and to stabilize the value of the currency and to pave the way for real economic growth.

It has been thought in some cases that this means going back on our commitment to the socialist transformation of our economy.

The analysis so far gives no indication that the adverse developments is now apparent in the economy are the result of our aim to establish a socialist economy in Ghana.

On the contrary, the Government's policy of building up a strong socialist economy has resulted in the building of dozens of potentially viable state enterprises.

The weakness of the state enterprises is not that they are state-owned, but that the management and technical staff of the enterprises is in many cases weak and inexperienced.

The lack of trained technical and managerial personnel is again a heritage of the colonial system. It takes time and planning to develop a broad cadre of experienced management and technical staff. But we cannot wait.

### CONCRETE EXAMPLES

We are convinced that there are concrete examples in the world to show that socialism is not inconsistent with monetary stability and real economic growth. Therefore, both the socialisation of the economy and the training of experienced managers and technicians must proceed apace.

The heart of the problem is of course the fact we have inherited a typically colonial economy, largely mono-cultural, and geared to primary production only. Thus our economy is still subject to manipulation by the imperialist powers as has been clearly

Our first and foremost task, therefore, must be to press forward with the diversification of our economy along the lines of an increasing socialist sector.

In his Sessional Address to the Second Parliament of the Republic on August 24, 1964, Kwame Nkrumah said:

"From now on, we must devote all our energies to the pursuit of a unifying and progressive ideology and dynamic but flexible economy, a positive and constructive role in the African Revolution and balanced relationship with the rest of the world."

By this is implied that a strong economy is the cornerstone of a vigorous and independent foreign policy. It is the greatest morale booster at home, and the strongest rampart against neo-colonialist infiltration in our ranks.

It is for this reason that Kwame Nkrumah has always insisted that unless we bolster our political freedom with economic independence within the shortest possible time, neo-colonialism will always remain a real danger on our continent.

On our situation calls for certain measures which we must take immediately without compromising on our policy of socialism or our commitment to the removal of the last vestiges of colonialism and to the Continental Union Government of Africa.

Here again, Kwame Nkrumah has already pointed the way. In his Sessional Address referred to above he said:

"Monetary policy will be closely allied to fiscal policy, and efforts will be made to ensure the continued stability of the Ghana currency both internally and externally. Whilst reducing budget deficits, monetary expansion will be contained through the reduction in the physical supply of money and a more efficient and purposeful utilization of credit facilities."

This clearly is the nature of our task in the next few months or years. True to his word, Kwame

Nkrumah has already succeeded in persuading our farmers to agree to a reduction in the producer price of cocoa to £2 (C4.80) per load. This gallant show of patriotism by our farmers is a contribution to the effort of reducing the pressure of demand in the economy.

In the public sector, he has called for a reduction in budget deficits. The aim of Government, therefore, will be to reduce the size of the budget deficit to levels which can be financed by non-inflationary borrowing—that is, without depending on the banking system to finance the budget.

This will greatly aid the effort to reduce the money supply.

To do this effectively, Kwame Nkrumah has directed that the rest of Development Plan expenditure be laid out on annual basis in the form of a Master Budget. The aim of the Master Budget must be to spread out expenditure in such a way as to match available resources without resort to inflationary financing.

On the basis of this, Annual Budgets will be drawn to ensure that our aim of a steady real economic growth is achieved against a background of monetary stability.

While attempts are being made to control demand in both the private and the public sectors of the economy, we must strain every nerve to increase our real national product by increased labour productivity, improved labour relations and good and efficient management.

### FIX PRICE

On the external front, every effort will be made to obtain an acceptable price for our main product, cocoa.

Meanwhile efforts should be made to encourage alternative cash crops, either for export or as substitutes for imports. Oil palm, rubber, cotton, groundnuts, maize, sesame, jute sisal, coffee and copra are commodities in which ready advantage can be taken of the fruits of expensive investment in research and planning.

For this reason the co-operative sector must grow actively *pari-passu* with the state sector. The Agricultural Credit and Co-operative Bank must be ready to assist genuine and legally constituted producers and marketing co-operative with viable projects. Efforts should also be made to expand export earnings from sources other than cocoa—say diamonds, timber, gold—by shifting from the export of raw products to finished or semi-finished products. In order words, we must strive to increase the added value in our exports as a means of increasing our export earnings.

In addition to increasing and diversifying our exports, our import policy, must, as in

the past, be guided by available resources. The basic assumption in planning the foreign exchange must be that there will be no drawing on reserves. Priority must be given in import planning, to essential food requirements, raw materials for industry, spare parts and the export industries as a whole.

On the whole, foreign trade policy must aim at avoiding balance of payments deficits—in other words, we must balance our trade as to avoid any reduction of reserves.

### CREDIT FINANCE

It is now apparent that we require considerable credit finance for our imports. If a further drain on our low reserves is to be avoided, as essentially it must be, the issue of import licences for 1966 must depend upon the availability of credits to finance such imports. Otherwise we risk running into serious payments difficulties.

To centralise our commitments, imports and exports must be channelled through the state sector. It is the policy of the Government that a large percentage of the import business shall pass through the state sector by the end of the Plan period.

This policy should be followed vigorously and should be given more expression in the issue of import licences. This will facilitate centralisation of trade and other debts.

There are two schools of thought on the issue of import licences. One school favours the retention of large-scale private importers as a feature of our foreign trade policy. The protagonists of this view suggest, for instance, that the state trading sector should control say 30 per cent of import business in 1966. The rest should be handled by the private sector importers.

The other school of thought holds that it is the view of the Party and Government that the state sector should control the country's external trade. Paragraph 162 page 140 of the Programme of the Convention People's Party for Work and Happiness published by the Central Committee of the Party states:

"The most effective control of prices will be that exercised through the State Import Monopoly when this is established, since the State Monopoly will be able to fix retail prices throughout the country. The system of licensing retail traders will provide further control and over-charging will result in the withdrawal of the offenders' licence. The people will no longer be at the mercy of unscrupulous traders. The people will thus be protected against exploiters."

It is recognised that we must proceed in stages. Therefore, this policy does not mean that local Ghanaian and expatriate traders will be eliminated from the distributive trade.

On the other hand, we must have a plan to execute the policy laid down in the Party's

Programme for Work and Happiness.

Therefore, it is proposed that until the co-operative sector is fully established and strong enough, import licensing should be organised along the following lines:

Category A licences may be issued direct to industrial enterprises, and export firms and enterprises for raw materials, spare parts and equipment;

Category B import licences for consumer and other goods can also be issued to the state trading sector and a few large foreign and Ghanaian private importing firms.

But the bulk of the small traders who are at present in the import business should be encouraged to obtain their supplies from the larger importers on wholesale terms.

For this group licences should be issued authorising them to obtain their supplies from these firms even at the ports if they so desire.

This will enable us to centralise our external commitments. It will also reduce the possibility of over-invoicing which is now rampant.

Also, by concentrating the import trade in the hands of the state trading corporations and a few large importers, it will be easier for us to control their prices as well as their profit margins to ensure that the advantage of bulk buying are passed on to the consumer.

### TRADE AGREEMENTS

In so far as the socialist countries are willing to expand their trade with us, we shall also press forward with our policy of closer co-operation with them in this field. The main method of trading with them will be through the system of bilateral trade agreements and our trade policy must continue to favour those who offer us easier and better trading terms.

On the longer term basis, fuller advantage should be taken of the credits offered by the socialist countries. More viable projects should be found to be financed within the framework of these credits.

But more especially the socialist countries must also co-operate by speeding up feasibility studies on their various projects, and by working out appropriate time programme for their projects to ensure even flow of work on their projects as well as early completion.

We must urge the socialist countries to co-operate by assistance and understanding as regards the prompt supply of spares and essential parts and efficient servicing facilities for machinery equipment supplied.

On the question of suppliers' credits, efforts to obtain a renegotiation of debt and debt service terms to reduce the present strain on reserves must continue.

It is in the interest of both donor and receiver countries that some agreement will be

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# Changes in Socialist Countries

(Continued from page 4)

gave a bias to the form in which the target was fulfilled.

To the extent that there was latitude at the plant or enterprise level regarding the type of product to be turned out, the management not unnaturally took advantage of this so as to achieve the target in the easiest possible way (and the fact that managerial and technical staffs were awarded a bonus for plant fulfilment that represented a sizeable addition to their salaries was an added inducement to do so).

Thus, if output was measured in weight it paid to make objects heavy rather than light. A stock example was bedstead-design, where it paid to make them large and ponderous in preference to lighter and more numerous.

Similarly with glass and paper, and the tendency to spin thicker yarn of lower count in preference to higher counts.

Another example was nails: the Soviet humourous weekly *Krokodil* once had a cartoon of the workers of a nail factory bearing aloft in procession one giant nail, the cartoon being headed "The Factory Fulfills its Plan."

In other cases surface area was the measure, and Pravda quoted the examples of an inventor of a new and much more efficient type of boiler who could not persuade anyone to adopt it and put it into production; the reason being that output plans for boilers were expressed in terms of surface area, which the new type reduced.

## WHOLESALE PRICES

One might suppose that such difficulties would be avoided if production targets were expressed in terms of value (that is, at current wholesale prices).

However, this was not so since it was traditional to calculate value for this purpose as gross value, i.e. the final value of the product in question (say, a piece of clothing or a tractor or a motor) including all the materials and components produced at earlier stages of production by other enterprises and possibly other branches of industry.

This was found to encourage an enterprise to concentrate on so-called "material-intensive" types of product: i.e. types which embodied relatively much material purchased from outside the enterprise compared to the actual value-added within the enterprise in question.

Thus, human nature being what it is, the production of a given yard's of cloth made from expensive rather than cheap materials was encouraged or tools made from high-quality steels rather than from lower-quality, which would have served almost as well and would have released the scarce better steels for more important uses.

This was encouraged because the plan was more easy to fulfil in this way; and it was hardly surprising that managements under very great pressure to fulfil their targets (in disgrace if they didn't as well as losing their bonus) should have taken the line of least resistance.

To this reason has also been attributed the shortage of spare parts (e.g. for tractors and machines of all kinds) which at times assumed critical proportions; when a factory had made a particular part, this would book-in more towards plan fulfilment if it were combined with a lot of other components (made elsewhere) to assemble a completed tractor than if it were sold separately.

It might seem that these difficulties are not very fundamental and could be met by minor changes involving no radical alterations in the methods of planning and management.

To some extent this is true: for example, gross output as a basis for judging plan fulfilment was changed to net output (or "value-added") over a

large part of Soviet light industry; and after 1959 the former was abandoned in all but a few industries as the basis for premiums to managerial and technical staffs.

Similarly in Poland net output was adopted in principle as far back as 1957, and would long since have been adopted generally but for the slowness of industrial administrators to abandon traditional methods for a new one.

## DEFECTS

Nonetheless the defects we have referred to have an importance for this reason: it is because the traditional indicators of plan-fulfilment, with their emphasis on purely quantitative fulfilment, have defects of this kind that attention has recently been turned towards some alternative and "synthetic" index, which we shall see in the proposals of Liberman and others has been found in the profitability (in a balance-sheet sense) of the productive activities of an enterprise.

Almost any particular index of the sort we have been describing has a distorting effect of some kind upon output-assignment (2)

To come however, to three defects of the previous system that are certainly more fundamental.

Firstly, emphasis on purely quantitative achievement, whether as a mere "success indicator" or as a basis for material incentives, has been found to conflict seriously with improvements of quality, and with the introduction of new products and of novelties in design.

Yet in an age of technical progress and rising levels of consumption the introduction of new products and the widening of variety is as important as increasing the output of an existing range or "menu" of products.

Because capitalism in the age of admen and high-pressure salesmanship carries novelty and variety to a ridiculous and wasteful excess, there is no reason to go to the opposite extreme and to deny them any place in a rational socialist society.

Yet to introduce a new product or a new line in consumer goods, usually involves time and trouble.

It involves experimentation and trial runs, which interrupt the production-flow, possibly some reorganisation of the production-line and even re-tooling.

A manager who is under pressure to fulfil a quantitative output-target will heartily grudge such delays and concentrate on uninterrupted production of the old product, whether consumers are sated with it or no.

(2) Of course, with profitability as the index, assortment may be affected if the profit margins on different lines of output differ appreciably. This is why a reform of the price system, as well as more frequent adjustment of prices in line with changed costs, is a logical accompaniment of

other changes.

Secondly, the management of an enterprise will obviously have an easier life and be more likely to reach the plan-target, the more leniently the target has been set in relation to the productive resources and capabilities of the plant in question.

## TEMPTATION

There will be a temptation to get technical "norms" or co-efficients leniently set and to conceal reserves of capacity if these exist.

It has to be remembered that the planning authorities inevitably rely to a large extent on the enterprises themselves to supply them with the essential costing data on which such norms are based.

True, the planners have certain means of checking the data supplied to them, such as

investigations made by local planning apparatus cannot check every item of information it receives from more than 200,000 enterprises; and in practice it is the case that the management of a large enterprise has an appreciable say in the targets and norms assigned to it.

There is a saying, at any rate, that a wise manager may overfulfil his plan by four or five per cent but never by as much as twenty; if he did, he could hardly fail to have his plan-target stepped-up for the planning authorities, suspecting that what came up from below erred on the "soft" side, to over tight planning" setting targets higher (and norms lower) than were attainable without special effort and strain.

This served to penalise the conscientious and to have negative consequences of its own

in the shape of failures to deliver necessary supplies by the stipulated date (with resulting dislocations of production-schedules at the receiving end) and accentuated shortages.

To quote Professor Sik again:

## PRODUCTION TASKS

"It is common knowledge that in the past enterprises sought to obtain maximum allocations for investment irrespective of anticipated returns, and as big a labour force as possible, while keeping production tasks to the minimum. Owing to this, plans were finalised largely on the basis of subjective considerations and compromises between various management bodies."

Thirdly, experience has shown that there has been too

little economy of plant and equipment and too little care taken to put it to the best and to maintain it.

This is because hitherto the cost of using (or of non-using) equipment has not been made to impinge upon the enterprise.

The size of so-called basic funds (or fixed capital) does not affect the costs of output, and the provision of new equipment is made by a free grant to the enterprise, from the State.

To this extent the fault lies in the price system rather than in the system of management.

But the more the system of management is decentralised, the greater the influence of defective prices; so that the two questions are ineluctably intertwined and cannot be separated.

(TO BE CONTINUED)

# Economic Situation

Continued from page 5

reached on this issue as quickly as possible to avoid further worsening of the situation and any stringent steps which we might be forced to take.

It has been suggested, and this view must be supported, that the debts must be renegotiated on the basis of transferring them to a Government-to-Government basis.

Coupled with these efforts must be a general policy of consolidation. There is in the country at present a considerable quantity of plant, equipment, roads and education facilities which are underutilised.

The aim of policy in the next few years must be to derive the maximum benefit from the already existing facilities. Scarce financial resources must be carefully husbanded to provide supplementary investment to fill-in gaps in the

existing investment structure.

This policy has often been misunderstood and misinterpreted to mean halting our development programme. There is no doubt that our development programme must continue.

However, we must be sure that the existing facilities are fully utilised and have been proved sufficiently inadequate before we move on to new projects. Otherwise we might run the risk of over-investing without the ability to derive the maximum benefit from our investment.

## INVESTMENT

Despite everything else, investment must continue even if at a more moderate rate until we achieve stability. In the absence of development, the economy will be threatened with large-scale unemployment and other dangers which would be even more serious than the ones we now have to

avoid.

However, new development expenditure must be financed from non-inflationary sources, particularly from loans from international financial institutions of which we are members and shareholders. We must in such cases always ensure viability of the projects. But we must also secure these credits whether from suppliers or from Governments or the international financial institutions on the best and easiest terms possible, if we are to reduce the debt service burden.

Apart from these arrangements, there must be a list of priorities to serve as a guide to future investment policy. This list is being drawn up on the basis of the present export earnings. But there should also be a second line of priority project so that if the terms to allow further expansion, these could also be implemented.

In addition to the balancing

of the budget and the reduction of the producer price of cocoa as a means of reducing money supply, the present system of credit controls should be tightened. The commercial banks should, at the beginning of each budget year, produce a plan of expected level of deposits during the succeeding year and the planned methods and levels of investment of these funds during the year.

## APPROVAL

This will be approved by the Bank of Ghana and will then constitute the working plan of the banks for the year. The various limits set and agreed with the central bank will then not be exceeded without the prior consent of the Bank and the Government.

As a necessary adjunct of credit control and tight money policy, the Bank will control

both the lending and borrowing rates of the commercial banks.

The same procedure will be applied by the Commissioner of Insurance to all insurance companies operating in Ghana.

## BALANCE

These policies, if followed strictly, should bring our economy into balance again and set the stage for real economic growth. The implementation of these policies requires determination and firmness of purpose. It also requires the co-operation of all concerned — policy-makers as well as the administrators.

It is only in this way that we can expect to build a strong socialist economy based on a stable currency and a strong external payments position. It is only on this basis that we can expect to play our role in the fight against imperialism, colonialism and neo-colonialism.

It is only against this background that we can expect to play our full part in the promotion of a Continental Union Government of Africa.

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You Winter Schedule (24th October 1965—20th March 1966)

|           |      | GH 704 | GH 702 | GH 700 | AZ 537  |
|-----------|------|--------|--------|--------|---------|
|           |      | Mon    | Wed    | Sat    | Mon/Fri |
| ACCRA     | DEP. | 1000   | 1000   | 1000   | 2355    |
| ROME      | ARR. |        | 1645   |        | 0610    |
|           | DEP. |        | 1705   |        |         |
| ZURICH    | ARR. | 1655   |        |        |         |
|           | DEP. | 1745   |        |        |         |
| AMSTERDAM | ARR. | 1900   |        |        |         |
|           | DEP. | 1950   |        |        |         |
| LONDON    | ARR. | 1945   | 1820   | 1625   |         |

