Economic Aid as an Instrument of Soviet Foreign Policy: The Case of Ghana 1957-1966

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ECONOMIC AID AS AN INSTRUMENT OF SOVIET FOREIGN POLICY: THE CASE OF GHANA
1957-1966

by

Patricia Masilo Hoeane

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ECONOMIC AID AS AN INSTRUMENT OF SOVIET FOREIGN POLICY: THE CASE OF GHANA 1957-1966

Patricia Masilo Hoeane, M.A.
Western Michigan University, 1981

This study examines the role of aid in Soviet policy toward Ghana during the Nkrumah era. Since aid is seen as a means to counter Western and Chinese influence, the paper seeks to establish the extent to which Soviet foreign policy met its goals in Ghana. It also examines the actions of other nations which had vested interests that ran counter to Soviet aspirations. An argument is made that in so far as Soviet aid was used as a response to Western influence it was an inadequate instrument of policy due to its insignificant quantity. In so far as it was used to counter Chinese influence, it was handicapped by its operational methods which were less lenient. The paper concludes that Soviet aid was a failure in its challenge against the West but was successful in enhancing Ghana's political autonomy and bargaining position with the West.
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Patricia Masilo Hoeane
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TABLE OF CONTENTS

ACKNOWLEDGEMENTS ................................... ii

LIST OF TABLES ..................................... iv

CHAPTER

I. INTRODUCTION .................................... 1
   Ideology and Communist Policy in Africa .......... 10

II. THE DECISION TO EMPLOY AID AS A POLITICAL INSTRUMENT ...................................... 25
   Favorable Conditions Within Ghana ............... 25
   The Purposes of Soviet Aid Diplomacy and Its Theoretical Tenets .................................. 47
   The Scope and Form of Aid Allocated ................ 54

III. LIMITATIONS AFFECTING LEVEL OF EFFECTIVENESS .............................................. 66
   Internal Variables ................................ 76
   External Variables ................................ 99

IV. THE POSITIVE AND NEGATIVE EFFECTS OF SOVIET AID ........................................ 128

V. CONCLUSION ...................................... 139

BIBLIOGRAPHY ........................................ 145
LIST OF TABLES

TABLE 1.1 Average Unit of Ghanaian Cocoa Exports to the U.S.S.R. .......................... 94

TABLE 1 Ghana's Foreign Exchange Liabilities ........................................... 107
CHAPTER 1

INTRODUCTION

The subject of Soviet foreign policy has always attracted immense interest among policy makers and scholars ever since the inception of a Communist government in Russia. My particular interest in the topic is evoked by the belief that such a study, especially with its emphasis on the aid aspect of Soviet policy is justified if only for two reasons. First and foremost, as we move into the new decade of the eighties with its currently uncertain international atmosphere, it would appear that some of the earlier popular assumptions made about the direction of Soviet policy in Africa have been rendered obsolete by the tide of events not only in Africa but in other parts of the world as well. The past seven years have witnessed a significant and dramatic change in the international system with incidents such as the liberation of Guinea-Bissau, Angola, Mozambique and Zimbabwe now a political reality. This period has also experienced a change in super-power relations with the launching of a U.S. policy that has succeeded in improving relations with Post-Mao China while simultaneously bringing Soviet-American relations to their lowest ebb. On other fronts, revolutionary upheavals have ushered in new governments in places as far apart as Ethiopia, Nicaragua
and Iran. The active role played by the Soviet Union in some of the above-mentioned regions, either through extension of economic aid or diplomatic support calls for a reassessment of earlier suppositions, especially amongst those who viewed the collapse of 'progressive' regimes such and Nkrumah's as heralding Soviet political impotence in Africa. For although Ghana's military coup of 1966 with its anti-Soviet overtones did in effect present a serious political set-back for Moscow in Africa, it did equally offer an important opportunity for Soviet policy makers to learn through trial and error. The evolution of Soviet policy since its experiences in Ghana illustrates this point very well. For unlike when they first went into Ghana and deployed their economic offensive with a sense of exaggerated expectations, the Soviets to all indications do not now feel compelled to dispense with their rubles at every mention of the word 'socialism'. This attitude is indicated by the fact that even though they have been previously supportive of governments such as Mozambique's during liberation wars, their offers of economic assistance have not been as massive as one would have expected under the circumstances.

Apart from the need to reassess Soviet fortunes or misfortunes in Africa, the second reason for undertaking this study derives from the importance that Third world countries such as Ghana attach to the current debate on
the need to overhaul the present world economic order. While it would be foolhardy to predict how the rich northern hemisphere will eventually address the problem of grinding poverty afflicting the southern hemisphere, it is clear that the current gross economic imbalances cannot continue unabated without serious political consequences for all nations. For if these imbalances are not rectified in time, factors such as the mass migration of people from economically depressed areas of the world to those with higher standards of living will ultimately undermine the economic and political well-being of the rich nations themselves. While everybody agrees that what the poor countries like Ghana need is self-sustaining economic development, no one seems able or willing to ensure the attainment of that goal. For its own part, the Soviet Union, despite its different ideological outlook does belong to that exclusive club of nations that enjoy the benefits of a rich economy. Like its western counterparts it has also come to recognize the political importance of Third world countries on the world scene. If ever any black African state could claim such political importance in the sixties Ghana under Nkrumah would undoubtedly be that country. It is therefore worth noting that economic aid emerged as a major tool of Soviet foreign policy especially at the height of the cold war when it became strategically important to move competition from the military plane to the economic level. The
Soviet Union also recognized the importance attached to rapid economic growth by most political leaders of post-independent Africa. Kwame Nkrumah was such a man; he was in effect regarded by some as a man too much in a hurry to stop and rationally assess the economic condition of his country.

The choice of Ghana as a case study was made on the basis of the following reasons. The first and most obvious lies in the fact that it was the first country in Sub-Saharan Africa to attain its independence and therefore gives researchers an advantage of hindsight because of its longer time span of relations with the Soviets. Secondly, because of the political orientation of Nkrumah regarded by many as radical at the time, the Soviet Union perceived an opportunity to co-operate with Ghana on major international issues that were of concern to her. There was also a convergence of views on matters of economic philosophy between Nkrumah and the Soviets, a factor which by itself acted as a catalyst. For one, Nkrumah had the same view as the Soviets when it came to the theory of underdevelopment. Like them he saw it largely as a result or product of colonial rule. In one of his books, he remarked once about how western imperialist countries maintained their hold on the colonies, "Through their system of monopolist control, they eliminate native competition and use the colonies as dumping grounds for their surplus mass-produced goods"
(Nkrumah, 1957). On another matter of economic philosophy which involved the development path to be followed by poor countries, Nkrumah seemed to be closer to the Soviet position than to the western economic theories. He attacked the economic notion that developing countries should concentrate more on agriculture than industry as he believed a sound industrial base was the only way of raising the nutritional level of people by raising their level of income (Nkrumah, 1965). This line of thinking was in tune with the Soviets whose model of development has always assigned top priority to heavy industry to the detriment of Soviet agricultural development. This congruence of views encouraged Moscow in its search for allies in Africa.

The third reason for focusing on Ghana as a case study stems from its position as a symbol of everything that is wrong with African politics. It symbolizes clearly the endemic problems of political instability and the social evils of corruption. Since independence, the country has experienced three military interventions, the first one being the most profound in terms of Soviet-Ghanaian relations. Since then the Soviet Union has had to take into consideration the vulnerability, not only of 'progressive' regimes but also its entire policy that seemed to depend on the success of only one man. As the 1966 coup showed, the political gains of economic aid remain hostage to domestic politics.
Perhaps the most important reason for selecting Ghana hinges on its economic condition. Ghana today represents in so many ways the plight suffered by those nations of the world that cannot rely on their own internal resources to sustain their economic momentum and provide a decent standard of living for the majority of their citizens. Twenty three years after its 'independence' from Britain, the country's economy is near ruins with an external debt that approximates $1,334.8 million (Bedu, 1980). The monocultural nature of the economy signified by its overdependence on cocoa, coupled with currently skyrocketing oil prices has made mockery of any semblance of economic planning. This sorry state of affairs has meant in actual terms that the country has had to mortgage its economic future by putting itself at the mercy of international donors. This trend began as early as Nkrumah's era when he did accept the conditions set for him by the World Bank and the International Monetary Fund in order to receive their financial support.

Following Lenin's theory of imperialism, Soviet policy makers viewed countries such as Ghana as the weakest link in the economic system of the West which had become dependent on them as sources of raw materials; which in the case of Ghana comprised of cocoa, gold, timber, palm oil and palm kernels and also as markets for Western manufactured goods. By the time Ghana became independent in 1957, it
had become imperative for the Soviets to use their weapon of economic aid against the West. Significantly, 1957 was also a dramatic year for the Soviet Union and for Khrushchev personally. In that year not only did he carry out a reorganization program for the economy and successfully oust his rivals from positions of power, but he also witnessed the firing of the first intercontinental ballistic missiles into space by Soviet scientists. At the height of such international prestige and domestic consolidation, the Khrushchevites felt confident enough to challenge western positions in Ghana and other Third World countries such as Egypt. In the process they promised these countries economic liberation that would put a halt to exploitation by Western monopolies and restore control of their own national wealth. Khrushchev was aware of Nkrumah's commitment to rapid economic development for his country and the internal political demand for this was clear. But Khrushchev sought to differentiate between his government's aid policy and others when he famously stated the Soviet position, "We value trade least for economic reasons and most for political purposes" (Barghoon, 1964).

This paper seeks to establish to what extent Soviet foreign policy met its objectives in Ghana despite the loss of influence which came with the demise of Nkrumah. The paper will also examine if Soviet policy was affected by the actions of other nations that had interests in Ghana.
during Nkrumah's era. Because of what the hypothesis seeks to establish an approach utilizing political analysis rather than economic analysis will be followed. No attempt will therefore be made to make any project by project assessment as this would be outside the scope of the inquiry and capacity of research facilities available to the author.

One will notice in this study the changing nature of Soviet policy as signified by Leninist/Stalinist neglect, Khrushchev's overzealous involvement and Brezhnev's businesslike approach. The dispensation of aid was directed by what the leadership interpreted to be Soviet global interests at the time. Initially, potential economic beneficiaries were, as a matter of policy, judged by the direction of their foreign policy and to a lesser extent, their domestic policy. This explains why in Ghana Moscow's economic assistance intensified in the 1960-61 period when British-Ghanaian relations had taken a downward trend. The momentum slackened somehow when Khrushchev was replaced by Brezhnev who brought with him the so-called 'pragmatic element' to Soviet policy. In global terms this can be explained as a reaction to a non-activist U.S. Africa policy of the Johnson administration. Since this administration felt that it could bask in the post-Kennedy legacy of Africa's good will, it took no initiatives in Africa and attached more importance to its domestic programs. As a result of this American inertia the Soviet
Union, in the absence of any western threat, managed to remain complacent in Ghana. Such an element of metamorphosis continued to permeate Soviet aid policy in Ghana even in the post-Nkrumah years.

For purposes of this paper, economic aid will be understood to mean all activities encompassing trade relations, medium and long term credit extensions, technical assistance, grants and even military assistance. This study will not follow the United Nations definition of aid which restricts economic aid only to outright grants and longterm lending for non military purposes. This restricted definition is not suitable for this particular study for two reasons. Because of the type of analysis utilized in this paper, any form of economic co-operation between Ghana and the Soviet Union is regarded as potentially politically useful due to the fact that, with the exception of small trade in cocoa beans, the Soviets have previously not had any economic contact with Ghana. Secondly, the author subscribes to the notion that military aid should be considered an important component of economic aid because it means for the recipient country that resources that would have otherwise been spent on the training of military personnel or actual buying of arms can now be diverted to other important sectors of the economy. Most important of all is the fact that the Soviet
government itself even under different regimes, has always regarded such assistance as part of its overall foreign aid program.

**Ideology and Communist Policy in Africa**

For a period of forty years since the Bolsheviks' ascendancy to power, Soviet foreign policy had ostensibly shown benign neglect toward the countries of Black Africa. It should be noted however that the concept of extending economic aid to potential allies of the Soviet revolution was itself conceived as early as the Soviet state itself in 1917 when the Council of Peoples' Commissars appropriated 2 million rubles to the 'Left internationalist wing of the workers' movement of all countries' (Taborsky, 1973). But even then the mention of 'all' countries apparently meant every other country except the colonial countries of Africa. At this point it is important to understand the theoretical legacy left by the original formulaters of communism; Karl Marx, Engels and Hegel. The principal theoretician Marx, exhibited a highly Euro-centric approach to international problems and showed no particular interest in the black, non-western and colonized nations of Africa. His colleague Engels, guided by the same convictions specifically stated in his Principles of Communism that the communist revolution would take place only in 'civilized' countries like Britain, France, Germany
and the U.S.; that is, only those countries where "industrial life had already attained a high degree of evolution" (Engels, 1963, p. 333). Both Marx's and Engel's basic arguments centered around the Hegelian typology which perceived Afro-Asian societies as consisting only of stagnant, primitive communities which essentially needed imperialism to modernize them. According to this theory modernization would consequently accelerate their level of historical development and prepare them for the ultimate international proletarian revolution. Although Marx and his co-theorists did not mention Africa by name; in fact they chose to omit it in most of their writings, their division of the world into two groups of 'civilized' and 'uncivilized' nations did by inference and analysis put Africa in the latter category. Marx does not explicitly mention Africa in any of his known works. One only gets fleeting remarks made by Engel on Algeria wherein he lauds French conquest of Algeria as a fortunate fact for the progress of civilization. Much as it would be erroneous to say that Marx approved of Colonialism as a system of government it is also evident from his writings that he condemned it for what he considered its ultimately desirable socio-political effects on indigenous societies which he denounced for their brutalizing worship of nature. Taking India as a prime example, he stated that "England, no matter how vile her motives and how great her crimes in India"
remained an unconscious tool of history by bringing about a fundamental revolution to an otherwise backward social system (Marx, 1868, pp. 350-351). In India the evils of British imperialism consisted of such practices as the expropriation of Indian land and resources by British companies, systematic liquidation of the artisan class through erection of tariffs against Indian products into England while simultaneously allowing free entry of British goods into India (Nehru, 1956). More or less similar crimes perpetrated by the British in India were to leave their mark on Ghana when it was colonized by Britain in 1874. Under this colonial system not only were Europeans allowed to move into Ghana and take over positions in trade and the professions formerly held by Ghanaians, but there was also deliberate destruction of local industries such as clothmaking, salt, sugar production and making of pots and containers. Ghanaians were encouraged to grow cocoa so as to earn cash to buy British manufactured goods, a factor that would ensure perpetual dependence on the exchange economy.

In his analysis of Oriental societies such as India and China, Marx described these areas as having no history at all. His concept of history was Eurocentric in that it limited the definition of history to Western experience while excluding the majority of mankind. In his view history simply meant a process where man is able to change his environment and not subjugate his mind to traditional
rules. As he saw it, neither China nor India had history as their societies were devoid of internal mechanisms of social change but were mere prey of successive invaders who founded their empires on the passivity of these unremitting and unchanging societies. According to Marx's analysis therefore, the theatre of history lay only in Europe as this was the only continent that provided an environment where the dialectics of historical development were operative. For its own part 'prehistoric' Ghana is reported to have had a rich civilization before colonial encroachment of its resources began. The city of Timbuktu which was part of the Ghana Empire allegedly had amongst other things Africans who were well versed in the sciences and the country's art works were translated into Hebrew and Greek. This empire, stretching from Timbuktu to Bamako reportedly traded in copper, gold and textiles and also exchanging teachers with the Spanish University of Cordova (Nkrumah, 1957). However it finally collapsed in the eleventh century when it became prey to the attacks of the Moors of the North. Despite external interventions such as these, the history of Ghana cannot be said to have been that of passive capitulation. Even before official colonization of 1874, that is, as early as 1868 the spirit of nationalism was portrayed when the Fanti Confederation was formed to resist political encroachments of British mer-
chants and other local forces seeking to dominate the rest of the country. There were similar nationalist movements later on like the Aborigines Rights Protection Societies and the National Congress of British West Africa that were to resist external domination of the Gold Coast. The significance of all these above mentioned points lies in the fact that they would repudiate essential ingredients of Marx's analysis that viewed non-western societies as unresisting and unchanging. However the whole context of Marx's analysis of Oriental societies and presumably Africa would necessarily deny countries such as Ghana any place in history because their mode of production, based on common property lacked dialectical elements of internal change and in-built dynamism. Marx's philosophy of history demanded a process of production which would be everchanging and leading towards new forms of social organization. 'Unchanging' and therefore 'unhistorical' societies such as those of Asia and Africa could not possibly generate change through their own momentum. In order for a socialist system to be realized, capitalism had first to be universalized and since the latter could be attained only through European Colonial aggression such a step was necessary for the ultimate purpose of world revolution. But first the 'barbarian' nations of Africa had to be brought, forcefully if need be into the stream of Western Civilization.
Contrary to the predictions of Marx the revolutionary tide that was expected to sweep across Europe and usher in a new socialist era never materialized. Instead the revolutionary fervour that had accompanied the 1848 uprisings was beginning to ebb after that date. Dismayed at this turn of events, Engels later complained about what he termed the 'bourgeois tendencies' of the English proletariat. In a letter he wrote to Marx in 1858 he accused them of neglecting their revolutionary mission while they "gaily share the feast of England's monopoly of the world market and the colonies" (Lenin, 1916, p. 173). Until the death of Karl Marx in 1883 no large scale revolution had occurred anywhere in Europe apart from the Polish uprising of 1863 and the Paris movement following the Franco-Prussian War.

In the light of these political realities it was hardly imaginative to complain about the turn of events in Europe. If Marxism was to be salvaged from becoming a bankrupt doctrine new theoretical analyses were exigent. The mantle of introducing a new dimension to classical marxism was assumed by Lenin. The publication of his single greatest work, *Imperialism: The Highest Stage of Capitalism* in 1916, signalized the abandonment of the obsolete Hegelian theories that had so much permeated Marxist thinking on non-western societies. It is ironic that Marx's teachings were to become more popular in the Third
World than in Europe. But for most who adhered to his works, it is significant that many were either unaware or chose to overlook his views on the non-western world. Notably, Nkrumah was among those who admitted to being influenced by Marx, Hegel and Engels (Nkrumah, 1957). While Marx had regarded as the major epistemological obstacle to socialism what he called 'the idiocy of village life', Lenin had instead theorized on the potential role of Afro-Asian countries in Communist strategy. In one of the most brilliant analyses to date Lenin illustrated how capitalism would hamper its own development if it limited its activities to industrial societies only. He described the capitalist system as a mode of production that essentially thrived on uneven development and wretched conditions of the masses. Such an economic system was motivated solely by profit making and could not utilize its surplus capital for the betterment of the masses because this would bring a decline in profits. But because of the superabundance of capital it was imperative for the system's survival to find new outlets of investment. The poor, non-western countries with their relatively low land prices, cheap labour and cheap raw materials offered excellent opportunities for higher economic returns. But then, Lenin theorized, Western economic expansionism could not be successful on its own and needed colonialism for its estab-
lishment and stability. England had already experienced a process of non-expansion within the European perimeter when other European states had moved to protect themselves against her by erecting tariffs against her goods. These countries had succeeded to establish capitalism within their borders independently. But since the British who had proclaimed their country to be "the workshop of the world", needed external markets for their capital and goods, a policy of colonial plunder was embarked upon. The motives of that policy were explained, crudely as it was by Cecil Rhodes when he stated that:

In order to save the 40,000,000 inhabitants of the United Kingdom from a bloody civil war, we colonial statesmen must acquire new lands to settle surplus population, to provide new markets for the goods produced in the factories and mines (Lenin, 1916, p. 126).

British colonization of Ghana assigned the country to the role of supplier of raw materials such as cocoa and gold and ensured a new market for British goods. Lenin argued from this base that the linking of the capitalist economic policy with colonial oppression would ultimately provide the subjugated with the means and resources for their emancipation (Lenin, 1973).

In Ghana colonial oppression had manifested itself in various forms such as the denial of political rights and positions of power in the civil service and army,
blatant economic exploitation and rampant racism toward Ghanaian people. Unlike their French counterparts who at least spread the myth that cultural assimilation was a passport to Africans becoming French, the British always held the view that Africans, even when given the benefit of education and Christianity could never 'rise' to the status of the English (Gifford & Louis, 1971). Racism was notably more prevalent in British West Africa and Southern Africa. Some analysts attribute this factor to loose post-independence ties between Britain and her ex-colonies while France manages to maintain more intimate ties with her former colonies (Cecil Crabbe, 1968).

Among economic abuses practiced were price-fixing agreements pursued by British companies regarding price to be paid to the cocoa farmers, low wages paid to unskilled workers in government service so as to keep those in private mines equally low. The Leninist theory of imperialism which predicted final emancipation of colonial people held true in the case of Ghana which had consistently resisted British economic and political domination until it finally won its independence in 1957.

By predicting that the modern class struggle would spread beyond the borders of Europe to incorporate the colonized, non-western nations, Lenin had laid the theoretical foundation for merging that anticipated struggle
with the socialist revolution of the Soviet Union. However, despite such a radical reassessment there is no evidence that Africa ever featured even in Lenin's new analysis. On the contrary, indications are that the ensuing revolutionary exhortations were directed mainly at Asiatic nations who because of their geographical proximity were deemed to be more prone to Soviet influence. Africa was discounted by the Soviets not only for its geographical inaccessibility but also due to its lack of basic structures from which local Communist parties could be established. At the time only South Africa had a Communist party which Moscow shunned because of its domination by whites. What the Soviets were looking for on the continent were revolutionary nationalists who could be entrusted with the important task of organizing the anti-colonial disaffection of the masses. Apparently no one, who could fulfil such expectations existed anywhere on the continent. Because of this the Soviets dismissed as futile any attempts to make contact with African people and no effort was made to even invite their representatives to any of the convocations sponsored by Moscow. On the otherhand it remains doubtful if the Soviet government could have done anything concrete at this time even if it had been well disposed toward Africa. Lenin had come to power at the most difficult time in Soviet history. Having just suffered the ravages
of the First World War, the country was plunged into a bitter civil war and also had to deal with Allied intervention which promoted the cause of the white forces. Because of these events economic reconstruction became a top priority for the new Soviet government. The adoption of the New Economic Policy in 1921 required commodity credits and foreign investment for its success. Such assistance was expected from none other than the capitalist nations of the west. The necessity to request Western aid meant that the Soviet government could not have practically pursued its goal of "... raising revolts in those countries against the capitalists" (Lenin, 1962, p. 141). Having realized that the demands of an ambitious and aggressive policy abroad were too costly, the Lenin government did the only thing expedient; it decided that the interests of the Soviet state would come before the interests of the world revolution.

The subordination of the colonial question to the immediate interests of the Soviet state, though seemingly justified at the time, was, unfortunately to set a pattern along which future relations with black organizations and later African governments were to be conducted. When measures were finally taken to formulate a policy toward Africa, this was done from the premise that the black American is an embodiment of universal black aspirations. Soviet
leaders believed that since the black American had suffered most under capitalism, a factor illustrated by his de-personalization through slavery, he could therefore be used to ferment revolution in the land of his ancestors. This line of thinking led to active recruitment of black Americans to Soviet institutions such as Lenin University and the University of Toilers of the East where curricula emphasized Marxist/Leninist teaching. This strategy had two basic flaws; it ignored the fact that since most black Americans had never been to Africa they would lack the knowledge of socio-political conditions necessary for a successful ideological crusade. Secondly, they had now become part of American culture and like the English proletariat Engels had complained about, they were developing a bourgeois outlook. Upon completion of their studies most would choose to return, not to Africa as expected but to the U.S. where they believed better chances of social advancement awaited them.

The low priority assigned to Africa by the Soviet Union continued well into the Stalinist years. Although Stalin had assailed European socialists for ignoring black people and the fact that the abolition of national oppression in Europe would be inconceivable without the liberation of Africa and Asia (Stalin, 1955) he himself contributed nothing to that task. In fact his administration was steeped in flagrant inconsistencies between theory
and practice. For instance, the Soviet Union contributed to the demise of the International Trade Union Committee of Negro Workers when it became evident that continued support would jeopardize Soviet interests. This organization established with the help of Moscow in Hamburg in 1930 had as its main function the co-ordination of revolutionary activity between Africa and other areas like the West Indies. But with the rise of Hitler in Germany and the destruction of the German Communist Party there is indication that Soviet interest in the organization plummeted dramatically. In 1933 it was Stalin's government that signed a non-aggression pact with Italy with the hope of pre-empting an alliance with Hitler. But two years later Italy launched an unprovoked attack on an African country, Ethiopia. In response to this aggression, the League of Nations recommended economic sanctions against Italy, but the Soviet Union, whose trade with Italy had intensified since 1934, failed to heed that call. It continued to send oil to Italy and some of these deliveries went directly to Italian troops stationed in Africa. This act by itself brought to question the credibility of the Soviet Union as an ally of Africans against oppression and exploitation. The signing of the infamous non-aggression pact with Germany in August, 1939 did not improve the Soviet image in Africa. At one secret meeting between Stalin's foreign
minister, Joachim Von Ribbentrop, in November 1940, the Soviets condoned Hitler's seizure of Central Africa in exchange for recognition of Soviet territorial aspirations in the Indian ocean (Department of State Documents on Nazi-Soviet Relations 1939-41, 1962). When Nazi Germany showed no regard for pacts and invaded Soviet territory anyway, Stalin found himself having to join the war effort on the side of the Western Allies. But in order to demonstrate good intentions, he had to dissolve the Comintern, which had been formed by Lenin in 1919 to co-ordinate revolutionary activity around the world. Not that the dissolution was a great loss as it had been manipulated greatly by the Soviet Communist Party and had lacked any direct bearing on African affairs. Thus after 1943 its role was assumed by Metropole Communist Parties; in the case of Ghana the task supposedly went to the British Communist Party. Unlike its counterpart, the French Communist Party in neighboring French West Africa, the British Communist Party had a conspicuously pathetic record in Ghana and is worth ignoring altogether.

So when Ghana finally won its independence in 1957, it did so without any help from communist organizations or from the Soviet Union which had always been the first country to predict the disintegration of the colonial system. It seems ironic that when that disintegration
finally came, it was the Soviet Union which was caught off guard and thus failed to appreciate the significance of the occasion. Stalinist Russia had further limited its opportunity by clinging to dogmatic fallacies which required the proletariat of any given country to be the vanguard of revolution to the exclusion of other sectors of the population. The two camp thesis which arbitrarily categorized newly independent nations like Ghana as mere appendages of Western Colonial powers, subjected Soviet policy to long periods of inactivity at the most important time in African history. It is therefore only by understanding this pre-1957 period that one can clearly appreciate the initiatives of Khrushchev which culminated in the extension of economic aid to Ghana.
CHAPTER II

THE DECISION TO EMPLOY AID
AS A POLITICAL INSTRUMENT

Favorable Conditions Within Ghana

Even before Stalin's death, as early as 1952 it was becoming apparent that there was a movement afoot within the top echelons of Soviet leadership to discard the two-camp thesis. The departure from the constraints of a policy that had markedly refused to recognize the movement toward multipolarity in international relations, was illustrated by the fact that the Nineteenth Congress of the Soviet Communist Party, headed by Malenkov (Griulow, 1953), did acknowledge, at least in principle that a non-communist Third World was entitled to follow an independent ideological path. This reappraisal was apparently made with the ultimate goal of exploiting the anti-imperialist potential of these countries, more so as anti-colonialism was gaining momentum after the Second World War. However, it should be pointed out that such recognition did not necessarily mean that the Soviet Union in the Post Stalinist era was anywhere on the verge of embracing any type of nationalist government emerging in Africa or any part of the Third World for that matter. What it essentially meant was that the Soviet Union would at least explore the possibility of wooing these countries.
to political neutrality instead of arbitrarily designating them the enemy role in its international dealings. This was more in keeping with the political realities which indicated that the element of cold war in Soviet foreign policy would continue to dominate many externally oriented policy considerations inspite of growing acceptance of the theme of 'peaceful coexistence'. Thus, only those countries that were seen to be actively anti-western in their foreign and to some extent domestic policies would receive Soviet attention.

Given the timing of this appraisal, it was reasonable to expect the major thrust of its ideological accommodation to be geared towards countries outside Africa and more especially those of Southeast Asia where independence had arrived earlier. Between 1951 when Ghana, then called the Gold Coast, attained limited self-government to 1960 when it became a Republic, the conduct of both its foreign and domestic policies earned only conspicuous indifference, punctuated by dosages of suspicion and hostility from Moscow. In order to put this Soviet attitude within perspective, it is necessary to examine the internal situation that prevailed in Ghana between 1951 and 1960 when dramatic changes, more conducive to Soviet economic overtures, were made.

The first concern of the Soviets centered on the nature and intentions of the political leadership in Ghana
and also the manner in which it had come to power. The party that ushered Nkrumah to power, the Convention Peoples' Party (C.P.P.) was of different orientation from its initial rival, the United Gold Coast Convention (U.G.C.C.). Whereas the C.P.P. was a mass party due to its success in recruiting from both the educated and the uneducated and had also superseded the U.G.C.C. in its demand for 'self-government now' the U.G.C.C. had essentially remained a 'country club style' party and had not advocated any meaningful political, social and economic change. But even with these differences the crux of power within the C.P.P. lay not in the hands of the so-called 'veranda boys' but in the hands of a few members who were relatively more educated if not more economically privileged than the common citizenry. In contrast, however, the dialectics of Marxism/Leninism had predetermined a highly important role for the proletariat as a socio-economic group in the task of colonial emancipation. The ideology rejected as a fallacy the suggestion that the national bourgeoisie which had, relatively speaking, received preferential treatment under colonialism could honestly seek the destruction of a socio-economic system that had served it so well. It relegated the task of liberation instead to the proletariat which had been routinely degraded under colonial rule and therefore stood to gain more in the event of independence. As another precondition the element of violence was deemed
essential in any struggle to gain national independence or effect socialism. Viewing the experiences of the Soviet and Chinese revolutions as examples, Soviet theoreticians envisaged no departure from this prerequisite. In Ghana that prophecy was not fulfilled as the 1949-50 period indicates. In his mobilization tactics Nkrumah cautiously avoided any direct confrontation which might have provoked the ire of the British. He chose instead to use legally permissible tactics such as strikes, boycotts and demonstrations to exert pressure on the colonial government. Thus because of his painstakingly careful efforts, the period preceding self-government was not only short but independence itself was won easily. Apart from a series of political detentions in which Nkrumah himself was a victim, together with a handful of shootings (Nkrumah, 1957), no massive scale violence accompanied the campaign for independence as was to be the case in other countries such as Algeria, Guinea-Bissau, Angola, Mozambique and Zimbabwe.

To add on to these conditions already regarded as unsatisfactory by Soviet leaders, Nkrumah, despite admissions of being influenced by the teachings of Marx and Lenin, showed no preparedness, once in power, to tolerate even the existence of a Communist Party or lend credence to any communist cause. For instance, he had expelled from his party in 1954, two prominent members; Anthony
Woode and Turkson Ocran for having attended a conference of the World Federation of Trade Unions in the Soviet section of Vienna. As it was, the W.F.T.U. had been established with the aid of the Soviet Union in 1945 for the purpose of mobilizing workers on an international scale against Western monopolies exploiting their labour and resources. Four years later the western countries countered with their own trade union movement, the International Confederation of Free Trade Unions (I.C.F.T.U.). The Ghana Trade Union Congress later became a member of the I.C.F.T.U.

Given the choice, Nkrumah would have preferred to keep his country aloof from the entanglements of the cold war which he regarded as being inimical to the interests of small and economically weak states such as Ghana. He had on many occasions stated his desire to pursue an independent foreign policy, which in his words would not be 'committed ideologically or militarily with any particular power or political bloc' (Nkrumah, 1961). But what happened in reality is testimony to the futility of political independence in the absence of economic power to protect that independence. For despite Ghana's efforts not to appear to favour any particular side in the cold war the government constantly found it difficult to act against Western interests. The question was clearly that of economics. The C.P.P. government had to take into account the overwhelming economic dependence of the country on
the West; especially on Britain and the United States. Not only did these two absorb most of the country's exports but they also provided a major source of finance for development projects. Moreover Nkrumah wanted to lay a basis for industrialization and reduce dependence on agriculture. To portray his preference for industrial development over agricultural dependence he had stated his position thus:

Many countries like the Gold Coast have been too dependent on agriculture, and in some cases, on a single crop. This situation has rendered us extremely vulnerable to fluctuations in world prices for our dominant crops. These fluctuations have had unsettling effects on long term plans and crippled attempts to raise the standard of living. In order to keep up with the times, it is necessary to develop heavy industries in this country. The Volta River Project, for example, is designed for such a purpose (Nkrumah, 1961).

To Nkrumah the Volta Project might well have been the lifeline for Ghana's economy. In his view this project which would generate vast amounts of electricity, some of which would be used for smelting the aluminum, was essential for the country's economic, social and political development. Whereas Marxists have always believed in economic determinism, Nkrumah on his part seemed to regard political determinism as the basis of power. His now famous motto, 'seek ye first the political kingdom and all things will be added to it', show how much importance he attached
to political development. For him the realization of the Volta Project would safeguard Ghana's political independence by strengthening its economy, thus reducing dependence on any foreign government. But in order to make this possible, sufficient capital would have to be secured from abroad to help build the dam, smelter and the high voltage distribution system which would supply electricity to the big towns and mines in Southern Ghana.

The only open sources of finance for the project at the time were the western countries with the U.S. viewed as a major source. For this reason Ghana could not and did not seek to alienate potential sources of such valuable aid either domestically or internationally. Internally, most of the institutional structures from the colonial era were left unchanged even where these at times appeared to compromise her national sovereignty. For instance, even after independence British expatriates in various capacities continued to occupy the centre-stage in Ghana's political life. British interests continued to be represented by the governor-general who in the name of the queen remained the head of state of 'independent' Ghana. This resulted in such political requirements as having to seek British approval for even some of the basic governmental chores. For instance, ambassadors-designate nominated by their governments to serve in Ghana were technically accredited to the court of St. James and as one of Nkrumah's
former officials points out, even though none of these appointments were actually reversed, this remained a source of embarrassment in a country that otherwise took pride in being a pioneer of anti-colonialism in Africa (Dei-Anang, 1975). The Constitution itself governing Ghana after 1957 had been worked out not in Accra but in London and the top echelons of the civil service and the army remained largely British. As late as 1959 Ghana still had 27% of its higher officials as foreigners and the army only had fourteen Ghanaians with the rank of captain in its command posts. The British pound continued to be regarded as a symbol of monetary stability and the country's external reserves were kept, not in Accra but in London. Nkrumah kept Ghana within the Commonwealth which boasted among its other memberships, that of the Union of South Africa. Among some of the reasons he cited for keeping his country within this organization was his belief that the Commonwealth was "the only organic world-wide association of peoples in which race, religion, nationality and culture are all transcended by a common sense of fellowship" (Nkrumah, 1961, p. 144). He allegedly explored ways of establishing diplomatic ties with an apartheid regime which admittedly would not have known how to treat a black diplomat with dignity (Thompson, 1969). In case there might have been any doubts about his position, he assured the American media on his visit to the U.S. in 1958 that communism, as a working
ideology was doomed in Ghana. "We in Ghana have no fear. I might even go further and say that our better institutions. . . do not allow the ideology to have any fruitful set-up in our country" (Nkrumah, 1961, p. 139). This then was the political situation that confronted the Soviet Union in Ghana between 1957 and 1960.

An account of the political record above, should not however, be interpreted as an effort to indict the pre-1960 policies. It should be viewed instead within the context of the country's fragile economic and political condition. More importantly it should be viewed against the background of Soviet ideology, which for its own political reasons, left no room for sympathy or compromise for countries such as Ghana which tried to maintain a semblance of economic stability at independence. When the leading Soviet Africanist of the time, I. Potekhin visited Ghana in 1957, he was confronted with other issues apart from those already mentioned, which he thought would be detrimental not only to the realization of socialism in Ghana but also to the interests of the Soviet Union. Among other things, he came back with the suspicion that some of the high level C.P.P. officials who were also successful businessmen were not thinking only of the welfare of the country in their fervent advocacy of private foreign investment. Also disappointing to him was the fact that most Ghanaians remained largely ignorant of the U.S.S.R. as compared to
their knowledge of western countries. Like most Africans, the little they heard was either through the expatriate civil servants, educators or missionaries and most of it was negative. But much more discouraging to the Soviets was the fact that one of Nkrumah's most trusted friends and his advisor on foreign affairs was none other than George Padmore, a staunch adversary of communism and advocate of Pan-Africanism. Padmore had left the Comintern in 1935 in disgust over Stalin's policies toward colonial Africa. He castigated the Soviets for treating, black people as 'revolutionary expendables' (Padmore, 1956). Padmore's hostility toward the Soviet Union was shared not only by the expatriate community but also by those Ghanaian civil servants who for one reason or the other had a morbid fear of communism as exemplified by what one official allegedly said when he remarked that 'The word 'socialism' has some evil connotations so that some people tend to shiver at the mere mention of it' (Thompson, 1969, p. 162). These, worked relentlessly at preventing any possible contact with the U.S.S.R.

Despite all the conditions prevailing before 1960 Ghana still tried to cultivate an image of non-alignment and anti-imperialism in the eyes of the world. One can only speculate that at this time Nkrumah did not entirely wish to close the door to the Eastern countries in the
event that the West failed to live up to his expectations. However, events in Africa after 1960 made it practically unrealistic to pursue ambivalent positions on matters of foreign policy. Even prior to 1960 developments such as Guinea's independence were bound to have an effect on Ghana. In 1958 Guinea had dramatically resisted foreign tutelage when it declared itself independent of French rule at the risk of economic strangulation. Instead of accepting the fact of Guinea's independence, De Gaulle instructed French citizens in Guinea to resort to destruction of property and also made efforts to isolate the country diplomatically. These actions only served to elevate Toure's image in Africa as a symbol of true independence; although few states would have ventured to follow his example. And while most Western countries balked at Guinea's request for economic aid because of fears of antagonizing De Gaulle, the Soviet Union quickly responded to the pleas of Toure. Within five months of independence they had signed a trade agreement with Guinea. It is possible that the lesson could not have been lost on Ghana that Western economic aid was not too important for the survival of a small poor country.

Before one can clearly understand the change of policy in the post-1960 era and the fertile ground it was to provide for Soviet economic overtures, it is important to review to some extent what happened in Ghana in the period.
preceeding that change. For a decade since the country's limited self-government, Nkrumah had surrounded himself with Western economists, the most prominent of who was Arthur Lewis of Manchester University whose economic advice he had followed throughout the years. While Nkrumah authorized a study for the industrialization of Ghana as early as 1951 his advisors advocated a different strategy. The Lewis Report suggested instead that Ghana concentrate on agricultural production and improvement of public services instead of initiating the establishment of an industrial sector. The report further recommended that if any industries were undertaken at all, these would have to be only in those areas that could operate without extensive subsidization. Of greater significance was the fact that it advocated private foreign investment as the major pillar of industrialization.

In following the recommendations of the Lewis Report, the government authorized the establishment of the Industrial Development Corporation (I.D.C.) whose major task would be the attraction of foreign investment or the undertaking of such investment itself in the event of insufficient capital inflows from abroad. A series of incentives such as cash grants, staff housing, provision of public services and help in preparing industrial sites was offered. The government pledged to compensate foreign companies in the event of nationalization. Long tax holi-
days and liberal import regulations were implemented to entice prospective investors. In reality however, the I.D.C. proved itself highly ineffective in the execution of its duties. Various reasons have been given for its ineptitude ranging from shortage of staff to poor marketing conditions (Krassowski, 1974). What is important here is the fact that the I.D.C. failed in its primary mission of recruiting private investors to Ghana and the few enterprises it dabbled in, such as luxury hotels, laundries and theatres, did little to alleviate the problems of unemployment and balance of payments. In the few instances where it delved into manufacturing industries, it only contributed to the stifling of local initiative either by directly taking over local enterprises or by aiding foreign firms to suppress local competition. The following passage quoted at large by Fitch and Oppenheimer, from a speech by a C.P.P. benchman perhaps illustrates best the incompetence and the low regard in which the I.D.C. was held:

The government told us some time ago that the Industrial Development Corporation was going to establish a soap factory. All that the Corporation did was to buy somebody's soap factory at Korle Gonno for about L10,000.

Now we learn that a certain engineer is coming to establish a L1million soap factory for the U.A.C. at Tema. Are we to allow foreigners to set up industries which we have the facilities to establish ourselves? Whenever we suggest that certain industries should be set up
in the country, some expatriate higher-ups cleverly turn them down. They do so on the ground that the industries would not be economic, simply because they want their friends overseas to come and establish them (Fitch and Oppenheimer, 1966, p. 89).

During the time that Nkrumah followed the Lewis recommendations, Ghana's balance of payments position deteriorated drastically. External reserves which stood at £113 million in 1950 had dropped sharply and no significant amount of foreign investments was attracted. In fact Ghana had only a meagre £7.0 million invested in her economy in the period between 1951 and 1957 (Krassowski, 1974). Meanwhile the wisdom of concentrating on agricultural development as opposed to industrial development was called into question as cocoa earnings actually showed a decline later on after production had more than doubled. For instance, while the 1954-55 period had brought in earnings of about £85½ million at 210,000 tons, such earnings later on plummetted to £77 million when production was more than doubled to 590,000 tons. Nkrumah was later on to denounce this strategy as just one more way of furthering the interests of rich nations at the expense of the poor (Nkrumah, 1965).

Greatly because of the internal economic condition and partly because of the changing external situation the C.P.P. government was prepared at this stage to effect
change in both its domestic and foreign policies. Since Nkrumah had always viewed economic development as a major priority of his government he was at this point prepared to explore other means of achieving economic development. The strategy of relying on private capital to provide economic growth had not been successful and it was thought either correctly or incorrectly that if the state assumed a bigger role in the economy through measures such as directing investment into the country's industrial enterprises and through Central Planning, much more would be achieved than was the case with the earlier strategy. Nkrumah was convinced that if the general level of employment and the national income were to be raised, certain enterprises would have to be controlled not by the private sector but by the public sector and the profits accruing thereof would be used to finance development and therefore reduce the tax burden on the Ghanaian public.

But inorder for the state to assume a bigger role in the economy, a strong central government, free to act decisively on new economic policies, was imperative. As Nkrumah saw it, the government could least afford at this particular time, the luxury of an unfettered, disruptive opposition bloc which could, if left to its own devices, produce an unstable political atmosphere. A way had to be found to enable the C.P.P. to become the only political party assuming the responsibility of
political mobilization. To this effect Nkrumah proposed to the electorate, a Republican Constitution which would guarantee the head of state strong presidential powers. When the election was held in 1960, the majority of voters supported his proposals by casting 90% of their vote for the C.P.P.

With a more consolidated position domestically, Nkrumah confidently set about to re-direct the course of Ghana's domestic and foreign policies in a manner commensurate not only with the changing needs of his country, but also with the changing political climate in Africa as a whole.

On the domestic front the government for the first time acknowledged the necessity of adopting an ideology that could mobilize the masses in support of its programs. The adoption of the C.P.P. Program for Work and Happiness emphasized the desirability of socialism as the only system through which Ghana could modernize and industrialize her economy. The program pointed out to the legacy of colonialism and imperialism which had left Ghana without accumulation of capital in private hands; a factor that had made industrial revolution possible in Western countries. It lay forth as a major political objective, the need to effect rapid change in the socio-economic structure of the country by freeing the economy from foreign control. As it was, there was a great preponderance of
foreign domination in sectors such as banking, mining, construction and manufacturing, with British, American, Syrian or Lebanese companies exercising greater control of these sectors. The program therefore had, as one of its important targets, bringing under State control the major means of production, distribution and exchange (Program of the Convention People's Party for Work and Happiness, 1962). Although one must admit that such a program was bold at best, regarding the structural changes that would have to be made to implement it, its importance however lies in the fact that it did at least identify the problem areas of economic development in a manner not done before. It undoubtedly gave political direction to the Seven Year Development Plan after the Second Plan, adopted in 1959 was scrapped in 1961. The Seven Year Plan or the Third Plan, as it is sometimes called was definitely more ambitious than the previous plans in that it emphasized comprehensive economic planning rather than partial planning of the past.

What is important here is the fact that at the time the Third Plan was drafted, the general economic situation in Ghana had drastically changed. Whereas at the time of independence Nkrumah could proudly inform the Legislative Assembly of the country's financial self-reliance in these memorable words:
We are in no way dependent on foreign capital. The amount of our public debt is very small and much of our development... has been financed out of our own funds and not, as in other countries by borrowing... The material basis for the independence of Ghana exists. We can stand on our own feet (Gold Coast Legislative Assembly, 1957).

The truth of the matter is that by 1961 this was no longer the case. Ghana could not stand on its own feet; it needed either accelerated levels of foreign investment or economic aid if it were to implement most of its planned projects. Both the First and the Second Development Plans had concentrated on encouraging foreign investment but as we have already indicated they had not met with success. But their shortcomings were still compensated by the fact that budget surpluses from cocoa sales could still be utilized to close the gap caused by shortage of private foreign investment. In 1961 cocoa exports could no longer provide the pillar of domestic financing because of the downward trend they were experiencing; they had fallen to their lowest since 1947. Because of the resulting situation the C.P.P. government was left with two choices; either scaling down its development efforts with all the political risks that might entail or seeking economic aid from abroad.

The possibility of having to seek economic aid from the U.S.S.R. was recognized by Nkrumah as early as 1951. However, at that time he looked to the Western countries
for assistance with the realization that this might be the only way at domestic consolidation. But still he managed to hint that even though he was "appealing to the democracies of Britain and the United States for assistance in the first place" in the event that such assistance was not forthcoming, he would be "forced to turn elsewhere" (Nkrumah, 1957, p. 136).

The constraints that had fettered him from 'turning elsewhere' had all but evaporated by 1960. For one, the speed with which he had carried out the Africanization program had diluted the country's overwhelming dependence on British civil servants who had cautioned him against developing ties with the Soviet bloc. Their exodus in 1960 enabled him to be more flexible in launching a new policy toward the Soviet Union. Secondly, the events that precipitated the Congo Crisis in 1960 brought his foreign policy more in harmony with the U.S.S.R. than with the West. It will not be necessary at this point to relate in detail circumstances leading to the Congo crisis, but it will be sufficient to note that after Lumumba's assassination Nkrumah felt betrayed by the United States and other Western nations who he thought had hidden behind the U.N. flag to carry out their political objectives which happened to diverge from his own. For quite some time circumstances surrounding the death of Lumumba were vague. But recent revelations of C.I.A.
activities in the Third World have been pointing toward the possible role the agency might have played in his demise (Stockwell, 1978). However, what matters is that while Nkrumah had favoured an African solution to the crisis, to keep out the cold war and demonstrate Africa's ability to solve its own problems, the western countries perceived direct involvement as the only way of safeguarding their economic interests in the Congo. Most of all Nkrumah believed that the U.N. forces should have been used to support the legitimate government of Lumumba whereas the U.S. and her allies viewed Lumumba's victory as being inimical to their vested interests. It was therefore in the aftermath of the Congo crisis that he warned in his address to the U.N. General Assembly in 1960, of the danger posed to the organization by what he called powers who "do not appear to realize the gravity of the situation and are playing with fire by attempting to use the United Nations as a cloak for their own aims (Obeng, 1960, p. 168).

The reaction of the U.S. government to Nkrumah's U.N. address contributed to a further deterioration in relations between the two countries. The U.S. Secretary of State, Christian Herter in his statement to a Foreign Press Association meeting mentioned that in as far as his government was concerned, Nkrumah had "marked himself
as very definitely leaning toward the Soviet bloc" (New York Times, September 24, 1960). This comment is credited with having provided fuel to those in Ghana who perceived the U.S. as being incapable of appreciating African aspirations (Thompson, 1967-68). In contrast the U.S.S.R. had managed within the three years preceding the Congo Crisis to cultivate an image of understanding toward the newly independent countries in both the political and economic sphere. In those few years the Soviets had overtaken the U.S. by endorsing the policy of non-alignment. The U.S.S.R. also made known its willingness to extend economic aid to developing countries. At the Cairo Conference following the Bandung Conference of Afro-Asian countries which took place in 1957, this is what the Soviet representative Arzumanya Arzoumanian told the assembled delegates of the Economic Commission:

We are ready to help you as brother helps brother. . . . Tell us what you need, and we will help you and send to the best of our capabilities money in the form of loans or aid. . . . Follow the route you consider best. We don't ask you to join any blocs or change governments or change your internal or foreign policies (Kimche, 1973, p. 132).

When these words were spoken in 1957, they probably fell on deaf ears as Ghana was not ready to have any contact with the Communist bloc. In fact the Ghanaian delegate
at the Conference is reported as having denounced Soviet
intervention in Hungary as a form of imperialism (Kimche,
1973).

But by 1960 the pendulum had swung so much that after
he had met with Soviet leader Khrushchev at the U.N.
Nkrumah could afford to say that:

Russia does not want war. Russia wants peace
more than anything else. . . . I believe
that until the nations in the West become
a little less fanatical about Communism and
anything that emanates from the Soviets. . .
only then can we look forward to world
peace with any certainty (Obeng, 1960, p. 198).

From this time on those in the C.P.P. who had previously
been regarded as 'radical' like trade unionists and some
journalists in the propaganda section of the party, did
do not have to work hard to influence Nkrumah on the need
to develop ties with the U.S.S.R. Most important is the
fact that the delicate negotiations with the World Bank,
British and American loans for the Volta Project had been
finalized at this stage. There was no indication that
any significant amount of investment from the West would
be forthcoming; and after begging for it for the past
ten years Nkrumah probably concluded that there was no
need to tailor his policies to please the western coun-
tries. Relations with Britain and the U.S. were at
their lowest ebb. This provided fertile ground for re-
ceptivity of economic overtures from the Soviet Union.
The Purposes of Soviet Aid Diplomacy and Its Theoretical Tenets

One of the basic questions here is why the Soviet Union launched its economic aid program as it did and especially at the time it chose to. Part of the answer lies in the nature of the international system as it existed after the Second World War. One of the effects of the war was the emergence of the Soviet state as a powerful global power with more secure borders and an almost complete domination of Eastern Europe. With the passage of Stalin from the Soviet political scene, his theories of 'socialism in one country' and 'capitalist encirclement' were discarded and replaced by the theme of 'peaceful coexistence' which de-emphasized war, with the particular exception of national wars of liberation, as an important instrument of foreign policy. Khrushchev's conception of peaceful coexistence consisted of a two-pronged strategy of co-operation in the West and competition in the Third World. The Soviets maintained that the advent of nuclear weapons had drastically changed the nature of modern warfare and it was in the interests of international peace that there be co-operation with the West in resolving outstanding political differences so as to reduce the threat of nuclear war. But they also proposed on the one hand that both systems on the opposite sides of the
ideological spectrum engage in political and economic competition for the allegiance of the newly independent countries. This, the Soviets believed would help determine which should be the dominant world system without military repercussions.

The collapse of British imperialism in Africa after World War II and the rise of American power on the one hand provided ample opportunity for the Soviets to test their new strategy. Ghana's colonial master suffered from severe balance of payments crisis after the war, due to a loss of markets, reduced levels of productivity and above all Britain was forced to liquidate her foreign assets which were bought by the U.S. Thus by the time of Ghana's independence Britain had become the world's largest debtor. In contrast, the United States, her territory unscathed by the ravages of war had suffered no production loss; instead her exports had risen to record high as she was to supply the war-torn economies of Western Europe and it was not long before international reserves were concentrated in the U.S. With the growth in economic power came the necessity for political power that would protect the newly acquired economic interests. As the defender of the 'Free World' she naturally developed strategic interests in Africa that were derived from the over-all policy of trying to contain 'international communism'. Africa came to be viewed as a 'link' in the
ring of alliances designed to contain communism. The U.S. was interested in having direct access to African strategic raw materials and the control of the sea lanes off the west coast of Africa due to their geographical proximity to continental U.S. But as the political climate began to change in Africa in the late fifties the U.S. urged Europe to decolonize. But despite this, it remained generally opposed to what it termed political 'radicalism' in Africa. U.S. policy makers saw both the continuation of direct colonial rule and the coming to power of revolutionary regimes in Africa as a threat to its global interests.

For the first three years of its independence Ghana posed no threat to these interests as Nkrumah pursued policies that were acceptable to the western countries. But by 1960 his government was regarded as 'revolutionary' because of the drastic changes in his foreign policy. The U.S. was more wary of Nkrumah's active involvement in the internal affairs of Southern Africa and what they viewed as his 'subversion' of neighboring conservative states.

The turn of events in Ghana however presented new opportunities for the Soviet Union. By now Moscow had developed her own atomic weapons, had successfully launched the first space satellite and at this height of international prestige, was confident to challenge...
American influence abroad. Despite the theme of 'peaceful coexistence', a dichotomic image of world politics remained an essential ingredient of the Soviet world view. The undertaking of economic aid was well in tune with its foreign policy toward Africa which was geared toward the reduction of what it regarded as growing American hegemony over Africa. Khrushchev charged the U.S. with threatening the economic development of poor countries through exploitation of their natural resources by U.S. monopolies (Khrushchev, 1960). And since the U.S. had already been credited with financing one of the biggest economic ventures in Africa, the Volta Project for which Nkrumah had been so anxious, the U.S.S.R. decided to launch its own aid program, hoping to dilute any undue influence the U.S. might otherwise wield in Ghana.

But it was not only the threat of American hegemony that the Soviets had to reckon with. By 1960 what previously appeared like a monolithic communist bloc was experiencing cracks as the Sino-Soviet dispute broke out into the open. Maoist China, herself a former beneficiary of Soviet aid had by now uncovered numerous differences with Moscow on matters of ideology that she was prepared to challenge the Soviet position publicly. China had always maintained that the Soviet revolution was not a model for developing countries while "... the road which the Chinese people chose for victory over imperial-
ism. . . is the road which the peoples of many colonial and semi-colonial lands must choose" (Chen Pota, 1951, p. 96). What had practically sounded harmless ten years ago suddenly sounded ominous as the Chinese positioned themselves for confrontation with Moscow in Africa. The Chinese took seriously the efforts of Moscow and Washington to isolate them diplomatically and while they had been previously complacent about dealing with the outside world, in the early sixties they decided to pursue an aggressive foreign policy. Mao Tse Tung had also discovered how foreign aid could be turned into a useful tool of foreign policy and as a one time recipient of Soviet aid himself, he cherished the idea of how China could use the aid weapon to embarrass the Soviets by offering more attractive terms to African countries. The fact that Ghana had already extended diplomatic recognition to Peking in 1960, coupled with Mao's invitation of Nkrumah to China and a promise of an aid package amounting to $19.5 million (Peoples' Daily, August 22, 1961), compelled the Soviets to minimize the impact of probable Chinese influence in Ghana. Since they were already sensing the threat posed by China to their position in the Third World, as revealed by Peking's manouvres at two international conferences of the W.F.T.U. and the World Peace Council (Legvold, 1970), the Soviets countered the threat by undertaking a larger aid program than Peking.
One of the important objectives of Soviet aid was to influence the economic policies of the Ghanaian government in a manner that would ultimately work to the advantage of the U.S.S.R. while minimizing western economic influence. Ghana was mentioned in Soviet writings as one of the few countries in Tropical Africa where conditions for non-capitalist development prevailed. Ghana was cited as an example of those African countries where national industry is largely in government hands and where industrialization would therefore have to be undertaken by government through public financing and controlled build up of industry (Potekhin, 1961). While it was accepted at this time that the specific conditions for socialism did not exist, it was believed that even the establishment of state capitalism was a positive economic development which should be supported with Soviet aid.

On a different level economic aid was meant to keep Ghana on a non-aligned course while also increasing the attractiveness of non-alignment to those African countries either on the verge of independence or already independent. By offering aid to countries like Ghana, Moscow sought to increase their independence from the West while also strengthening their bargaining power. Private western investments were said to be nothing but the old form of capital export and the high interest rates charged on western credits were viewed as a method of keeping
poor countries in dependency (Solodovnikov, 1961). Thus Soviet aid was meant to act as a counterweight to western aid. In this regard, the ultimate U.S. decision to finance the Volta Project despite Kennedy's insistence that "... in the administration of [foreign aid] funds, we should give great attention and consideration to those nations who have our view of the world crisis" (Thompson, 1961, p. 190), could well have resulted from American fear that the Soviets would offer aid for the project if Washington reneged on its initial promise. When a Ghanaian delegation led by Kojo Botsio visited Khrushchev in the Crimea in 1960, he made it clear to the Ghanaians that if the U.S. delayed over the project, he would build it for them.

Last but not least is the perceived role of aid as an important tool in the effort to strengthen the Soviet position in world affairs. The belief in the eventual victory of communism over capitalism demands that the Soviets win the friendship and support of developing countries like Ghana on those international issues that are of importance to Moscow. The assertion that it is better to have a hundred friends than a hundred rubles clearly underscores the importance attached to gaining support of developing countries; especially one like Ghana which was taking a lead in African affairs in the sixties. Such support was potentially valuable to Moscow especially within international bodies where votes might be extremely important.
The Scope and Form of Aid Allocated

Basically the U.S.S.R. utilizes the same economic methods followed by western countries in their economic dealings with the developing nations, and that is trade, credit extension and technical assistance. Unlike the Chinese the Soviets hardly ever resort to non-repayable grants in any of their aid programs. Whenever they do the percentage of such grants is so small as to be negligible. In the case of Ghana outright gifts consisted of a personal helicopter to Nkrumah and a $5 million nuclear reactor which was the first of its type in Africa (Mclane, 1974). The choice of loans over grants has been goaded by both political and economic considerations. Taborsky's argument that Soviet preference for repayable loans over outright donations stems from the desire to steer away recipient countries and make them dependent on the Soviet bloc while plausible in some case studies such as Cuba or Afghanistan (Taborsky, 1973), does not exactly apply in the case of Ghana. In order for dependency the type of which Taborsky talks about to occur, a massive aid program has to be undertaken by the donor and in Ghana the Soviet program was so modest, $82 million in all, that it is difficult to believe Moscow expected Ghana to become dependent on the U.S.S.R. for such a small sum. It is more realistic to accept the thesis that the Soviets
preferred loans instead of grants because of the ability to establish continued contacts; but these were not necessarily meant to encourage dependence as such. If one accepts the logic that Moscow sought to establish permanent relations with those countries like Ghana, from which she had been isolated, it would be understandable that aid on a grant basis would result in contacts of short duration while projects were being implemented whereas a credit based aid program would last through the period of implementation and repayment which could sometimes last as long as fifteen years. On an economic level the preference of repayable loans can be justified on grounds that the Soviets might find it cheaper in the long run to offer loans because the original investment would still be returned even if only partial payment were made. The fact that some payments were later made even though Ghana had to ask Moscow for the rescheduling of some of the debts, lends credence to this argument.

Trade was one of the most important methods used by the Soviets to expand their contacts with African countries and other Third World countries. However, as a component of aid, trade remained a double edged sword. While it was admittedly used for political reasons, its economic advantages were not discounted. Khrushchev himself, in pointing out this fact, cautioned developing countries receiving Soviet aid not to view the U.S.S.R.
as a charitable institution. "The Soviet Union gives aid on fair commercial principles" he noted (Morison, 1964, p. 17). The danger of accepting the 'political motivation only' argument lies in the fact that it is not wholly reflective of Soviet-Ghanaian economic relations. Subsequent trade relations with Nkrumah's government did not indicate that Moscow's policy was that singularly motivated. Had such been the case, the Soviets would certainly have relieved Ghana of all its cocoa especially when it could not be sold on the world market in times of dismally low prices. This was not to be the case. The Soviet economic unit acted like any other; the government purchased only enough to satisfy the domestic market. Trade was therefore mainly used for satisfaction of consumer needs. During the pre-war years for instance, the U.S.S.R.'s import policy centered around the acquisition of those commodities that could be used for development of industry and mechanization of agriculture. However, the Soviet economy later developed different needs and the focus of trade later moved toward the import of consumer goods and technology. Ghana of course lacked the capability to export the latter but as the world's largest producer of cocoa at the time, could potentially cultivate one of its biggest markets in the Soviet Union.

Unlike other forms of economic relations listed in this section, trade between the Soviet Union and Ghana
took place years before any diplomatic ties were established and any aid program initiated. Because of the popularity of chocolate in the U.S.S.R., the government started importing Ghanaian cocoa as early as 1932 and it is estimated that the level of imports grew from a modest 300 tons in 1932 to 11,000 tons five years later. The war years saw an interruption of imports but the Moscow Economic Conference of 1952, singled out Ghana as one of the countries whose markets the Soviets sought to re-enter. By the time Ghana became independent cocoa exports to the U.S.S.R. had tripled from 12,200 tons in 1956 to 37,000 tons in 1957, a fact that made Ghana a prime supplier of cocoa to the Soviet Union (Smith, 1973). The reasons why we have to consider this period at all lies in the fact that throughout all this time the Soviets were importing Ghanaian cocoa on a strictly cash basis. The basic problem confronting them was the fact that although Ghana was willing to sell its cocoa, it was apparently unwilling to buy Soviet products in return. This was a general problem encountered not only in Ghana but in other less developed countries with one-way trade links to the U.S.S.R. But whereas efforts were made to change the situation through measures such as industrial exhibits and trade fairs as early as 1952, it was not until 1960 that the Soviets were able to effect the same measures.
in Ghana. The same goes for the decision to abandon the policy of paying with cash and adoption of barter arrangements where the trade partner would import Soviet machines and equipment while it paid for these in local commodities. After diplomatic relations were established with Ghana in 1958 the U.S.S.R. made efforts to penetrate the Ghanaian market which was biased in favor of western countries like Britain and the U.S. The Soviets used trade fairs with the purpose of demonstrating their economic achievements and exploring export possibilities in Ghana. They also resorted to the use of trade delegations and visits by highly placed officials to promote trade. The first trade delegation arrived in Ghana in May, 1959 and it culminated in the signing of the first trade agreement in 1960 (United Nations Treaty Series, 1960). When supplemented by the 1961 supplementary credit the total for the aid package came to $82 million. In a space of eight years Moscow had dispatched 10 trade delegations (excluding trade union delegations). Ghana reciprocated with about 9 of its delegations (McLane, 1974). The U.S.S.R. was also able to open its first industrial exhibition in Accra in September 1960; this was followed by another one in July 1962. By 1964 the Soviets were successful in increasing the level of machine tool deliveries to Ghana from 3811 (in thousands of rubles), in 1962 to 8730 in 1964 (Muller, 1964). The Soviets were aware that Ghana
like most developing countries was enthusiastic about industrializing its economy, as Nkrumah had reiterated this desire time and again. Moscow saw in this an opportunity to further penetrate the Ghanaian market by offering to assist in the implementation of some development programs; especially after the C.P.P. government had launched the Seven Year Plan which emphasized central planning. From the beginning of this plan Ghana was beset by the problem of matching available resources against the desired objectives of the plan. The failure to establish regular inflows of private capital from abroad and the low price of cocoa made the role of foreign aid more critical to the country's development efforts. To assist in these efforts the Soviets offered to sell their industrial equipment and their technical assistance on medium and long term credits, allowing payment in local commodities. Credit extension was viewed as an important instrument through which the U.S.S.R. could familiarize Ghanaians with the advantages of a socialist mode of production by introducing into the country Soviet goods and technology. Moscow was realistic enough to recognize the fact that as a former western colony, Ghana would be disposed to purchasing western products because of familiarity with such products. If this western monopoly on the Ghanaian market had to be broken, special inducements in credit extension had to be made. Allowing Ghana to pay
low interest rates of 2.5% while also paying for Soviet goods with her local products held special attraction for the recipient. For one the barter arrangements eliminated the need to use scarce foreign exchange to finance aid debts and to pay for imports. This provided a form of relief to Nkrumah's government whose foreign reserves had by this time dangerously declined. Repayment periods were usually extended over a period of twelve years, thus following the general pattern of Soviet credit terms to developing countries. Such lenient terms had a potential for generating good will from the recipient. One study points out the vast difference between western and Soviet loan terms in Ghana by comparing one western economic enterprise to one of the admittedly less generous loans of the U.S.S.R. This study indicates that even less generous loans from the Soviet Union such as the Illyushins and trawlers which required down payments of between 10% - 40%, payment periods of 5 - 8 years and interest rates of 4%, still came out favorably when compared to some western concerns like Parkinson Howard (Ghana) Ltd., which was involved in the extension of the Tema Harbour. In this particular instance Parkinson Howard demanded a down payment of 60% with a repayment period of 2.5 years and an interest rate of 5.5% (Stevens, 1974). It should be noted however that Parkinsons is one of the more extreme examples of western economic ventures in Ghana.
The Soviet credit system though relatively generous was not always favorable to Ghana. The Soviets usually have their credits covering only the foreign exchange costs of projects financed through their aid while they expect the recipient to bear all local costs. This is how one Soviet spokesman explained his government's policy:

The governments of these countries [L.D.C.s] undertake to provide the labour and all the work to construct the industrial and other projects with technical assistance of Soviet specialists. Financing in local currency all the expenses connected with the construction and other related jobs is an obligation of the country that receives the credits. These conditions in granting Soviet credits permit them to be directed into purchases of essential equipment and materials for a maximum number of projects (Kapranov, 1962, p. 49).

This policy which was at best alien to the Ghanaian government which was used to dealing with western governments which usually financed part of the local costs, did pose problems at times. Apart from slowing down the rate of project implementation, it posed problems in donor-recipient relations by making extra demands on the resources of the recipient. For example, in the contract concerning the Tema fish processing complex, Soviet credits only covered the cost of design work and the supply of equipment and any extra expenses accruing in the venture...
were supposed to be borne by Ghana. The supply of 32 Soviet experts (five of these were interpreters and did not have to be paid by Ghana) ultimately cost Ghana L30,656. In another venture the Ghanaian government found itself having to foot the bill for the salaries and expenses of Soviet agricultural specialists who had been sent to inspect possible sites for pilot schemes to produce rice and cotton. Even though these specialists received relatively modest salaries, this still posed an extra burden on the C.P.P. government. Because of this, Nkrumah was prompted to write to Khrushchev complaining about the arrangement while pointing out that most western personnel working in Ghana had their salaries normally paid for by their own governments. This resulted in a compromise wherein Moscow ended up paying half the salaries, the full cost of insurance and baggage transport (Stevens, 1974).

Even though this paper does not concern itself with any project by project analysis, it is equally important to shed some light on the other aspect of Soviet credit policy regarding the type of projects that were funded in Ghana. Even though the Soviets emphasize the importance of heavy industry, it is apparent that they do not as a matter of policy extend aid for projects they believe are beyond the technical capabilities of their
recipients. The level of development in each country is deemed important in the kind of projects Moscow will finance. They have therefore at times advised developing countries like Ghana which have small populations and narrow home markets to build factories either for production of consumer goods and processing of raw materials; they also advised on the need to develop agricultural production. The State farms program; for instance was one of the projects they undertook between 1962 and 1965. At this time Ghana was adopting an agricultural development strategy which stressed diversification of production. The aim was to increase domestic production enough to reduce imports and to reduce food prices. The corollary strategy for all this was mechanization; that is the use of mechanical implements which would increase labor productivity. The U.S.S.R. agreed to help organize state farms in the protocol signed between her and Ghana in December, 1960. Four locations, Adidome, Afife, Branam and Zongo Macheri were picked by Soviet specialists for the production of rice, maize and cotton. In conjunction with the state farms the Soviets helped establish three farm mechanization schools which would teach the use of modern agricultural equipment such as hydraulic equipment and pumps (Uphoff, 1970). Other projects consisted of a fishing complex with a capacity to process 25,000 tons of fish per annum, a gold refinery
and a prefabricated-ferro-concrete panel factory. The Soviets also supplied aid for mineral exploration and geological mapping between 1962 and 1966. Overall they undertook to finance about 20 projects despite the fact that the original list first submitted by Ghana included such projects as an iron and steel works, a 400 mile railroad, a sewage system and an assortment of other industries. This indicates that the U.S.S.R. will not indiscriminately fund huge industrial projects that cannot be supported by the recipient. While it was prepared to fund a massive project such as the Bhilai Steel mill in India because the base for advanced industrial enterprise already existed there, it was not prepared to apply the same criterion for Ghana.

This section would be incomplete without the mention of military aid and technical assistance. If Soviet military aid of about $10 million - $15 million appears modest, it is not because Moscow was unwilling to extend larger amounts; it is rather a reflection of the modest needs of the recipient. Unlike other Soviet recipients of huge arms supplies e.g. India, Egypt and Syria, Ghana had no geopolitical motivation for a large military build-up. For their own part the Soviets extended military aid to keep Ghana out of any military alliance with the western countries either by providing bases or joining military blocs. The Soviets also offered military training
to Ghana and this culminated in the dispatching of about 100 Ghanaian officers to the U.S.S.R. immediately following Nkrumah's state visit to the Soviet Union. Soviet military personnel, estimated at 1,000 in 1966 (New York Times, March 3, 1968) were also active in Ghana either as members of the Presidential Guard, teachers at the Ideological Institute at Winneba or participating in the guerilla training centres which had been established in 1961 for freedom fighters from Southern Africa. The Soviets allegedly terminated their participation in guerilla training in 1962 (Legvold, 1970).

Apart from sending in their own specialists to Ghana to supervise their projects and for training-on-the job, the Soviets also extended technical assistance by way of educational scholarships which enabled Ghanaians to study in the U.S.S.R. Although there is no breakdown of figures here, these were in fields like medicine, agriculture, engineering and liberal arts. It is believed that by 1965 Ghana had the largest number of African technical trainees in the Soviet bloc and about 815 liberal arts students in the U.S.S.R. (U.S. Department of State, RSB-10, January 25, 1967). This form of technical assistance therefore complemented credit extension and trade as important components of Soviet aid to Ghana.
CHAPTER III

LIMITATIONS AFFECTING LEVEL
OF EFFECTIVENESS

After reviewing the nature and extent of Soviet aid accorded Ghana in the seven years or so of Nkrumah's rule, the question of paramount importance is the effectiveness of such aid in attaining the political objectives of the donor. The paper seeks to establish to what extent Soviet foreign policy met its objectives in Ghana despite the Soviet loss of influence with the demise of Nkrumah. The paper will examine if Soviet goals were aided or impeded by internal and external factors in the Ghanaian polity which were beyond Soviet control.

It is suggested here that the answer to the first question is two-fold. Moscow's political record in Ghana was a mixture of both success and failure. On the positive side the Soviets were successful in keeping Ghana away from joining any military pacts or providing military bases for the western nations. This was a significant gain because Western economic aid had been used in some countries like Nigeria, and recently in Somalia and Kenya to win such concessions. Even though Ghana still depended on Britain for military training of its officers, it refrained from joining pacts. After
endorsing the policy of non-alignment, the Soviets could also view with satisfaction the attainment of their goal of making non-alignment a viable option for Nkrumah whose total economic dependence on the West in the 1951-60 period drastically limited his choices in the pursuit of his foreign policy. Before the extension of Soviet aid to Ghana, Nkrumah's foreign policy was literally hostage to his need of developmental funds from the U.S. and Britain and while he entertained the hope of receiving such funds, he pursued an unbalanced 'non-alignment' policy which heavily favored the western countries against the Soviet bloc. It was only after finalizing the plans for the Volta Project and convincing himself that no further aid would be forthcoming from the West, that Nkrumah, fortified by Soviet economic help, was able to take bold measures in his foreign policy. For the first time, he was able to tailor Ghana's policies in a manner that could fit his personal beliefs on most international issues. For instance, while he had been ambivalent on the Algerian war before, he could now side with the nationalist forces openly regardless of the sensibilities of the French government. Efforts to accommodate South Africa were abandoned as he moved closer to the liberation movements of Southern Africa, which he helped train in Ghana, with Soviet aid. When the white minority government in Salisbury unilaterally declared independence in
1965 not only was Nkrumah able to denounce the act but he was able to break diplomatic relations with Britain, an action not possible a few years ago.

Khrushchev maintained that the anti-Communist motivation for U.S. and western economic assistance was so pervasive that the countries of the Third World should give the Soviet Union credit for whatever western aid they receive:

This aid which the capitalist countries are planning to extend to the states which have recently won their independence should also be viewed as a particular kind of Soviet aid to these states. If the Soviet Union did not exist, is it likely that the monopolies of the imperialist powers would aid the underdeveloped countries? Of course not. This has never happened in the past (Rimalov, 1960, p. 45).

To some this statement might seem too bold a claim but one cannot deny that the Soviets could claim credit for having strengthened Ghana's bargaining position with the United States. By providing an alternative source of aid, the Soviets enhanced their recipient's bargaining position with the traditional providers of such aid. In the case of the Volta project it is clear that Soviet offers of aid prompted the hesitant Kennedy Administration to go through with the project even though U.S. policy makers were generally dissatisfied with Nkrumah's foreign policy. In this regard the Soviets were successful in their aim to strengthen Nkrumah's position in his dealings with the West.
The strategy of using aid to win support of the recipient in matters of international importance to the Soviet Union also seems to have worked well in Ghana. While some analysts have voiced surprise at Nkrumah's support of Soviet positions even on matters that are of no interest to Ghana (Thompson, 1969), the point should be made here that Nkrumah's sympathy with the Soviets on a wide range of issues was equally the result of his dissatisfaction with U.S. policies much as it was of Soviet aid. The Soviet Union came to be viewed as a supporter of African aspirations within international bodies such as the U.N. greatly because Moscow sided with African countries on matters of anticolonialism and racial domination. U.S. African policy which saw communism as the ultimate winner in any revolution came to view Africa as a problem of containment. Because of its central theme, this policy essentially identified itself with proponents of political, economic, social and racial repression. For instance, in 1960 when the General Assembly voted on the first major Afro-Asian resolution against colonialism, the United States abstained with the European colonial powers. The support given to Portugal through NATO, a factor criticized by Nkrumah (Emerson, 1967) and the use of U.S. troops (which ended up fighting side by side with South African and Rhodesian mercenaries) in the Congo, under the pretext of pre-empting the Soviet threat, all
combined to push Ghana into the Soviet camp. The Soviets, on their side consistently and unconditionally denounced colonialism and racial oppression and voted with African countries on these matters. This had the effect of convincing Nkrumah that where African interests are concerned, the Soviet Union could be relied on. He, in return ended up supporting Moscow even in those issues that Ghana had no stake in, and with the knowledge that Soviet aid was available in the event of western punitive measures, he had no difficulty in exercising this newly won freedom.

By 1963, one study indicated that Ghana was the 'fifteenth friendliest state' to the Soviet Union (Teune & Synnestvedt, 1965). When one excludes the countries of Eastern Europe that usually vote with the Soviet Union in any case, this revealed a high degree of co-operation indeed. Ghana showed its sympathy and support to Moscow on issues ranging from Khrushchev's handling of the Cuban Crisis to "appreciation of the Soviet position on the settlement of the West Berlin issue" (Ghana, 1961, p. 4.). Within the United Nations Ghana seemed to vote more in accord with Moscow than with Washington. David Kay's study which covers the 1960–68 period indicates that Ghana voted with the U.S.S.R. 24 times while it only did so with the U.S. 4 times (Kay, 1970). Ghana's support was exhibited on issues involving Cambodia, Laos and Vietnam.
On the domestic front, Soviet economic aid could also be attributed to some changes that worked to Moscow's advantage. The creation of a state trading agency in Ghana such as the Ghana National Trading Corporation (G.N.T.C.) to facilitate economic relations with the U.S.S.R. and other Communist countries is the type of effect the Soviets desire to generate through aid and trade with developing countries. This ties in well with the strategy of enhancing the state sector which the Soviets believe is the only means of achieving economic growth independent from foreign or more specifically, western influence. Prior to the establishment of the G.N.T.C., foreign trade was largely in the hands of expatriate companies but in 1961 when extensive import and exchange controls were introduced, a large foreign importing and distribution firm called Leventis, was taken over by the government and renamed the Ghana National Trading Corporation.

One of the major gains of Soviet aid was the adoption of 'scientific socialism' by the Ghanaian government. Although Nkrumah had wanted to adopt socialism as a state ideology for some time before the advent of Soviet aid, it is apparent that after his pilgrimage to the Soviet Union in 1961 there was a drastic change in economic thinking. As the government statistician, E.N. Omaboe indicates, Ghanaian officials, impressed by the process
of economic planning in the Soviet Union, came home to replace the Five-Year Plan with a new Seven Year Plan based more on socialist principles (Omaboe, 1966). Apart from promulgating a new plan the government took other measures to realize socialist objectives. The establishment of the Kwame Nkrumah Ideological Institute at Winneba which offered two year courses to civil servants, trade union and C.P.P. officials on Marxism/Leninism, was effected with Soviet help. Nkrumah for the first time criticized the heterogeneous social composition of the C.P.P. noting philosophically that "we cannot build socialism without socialists" (Nkrumah, 1961, p. 12). In an attempt to strengthen the position of those more ideologically receptive, he allowed supportive groups within the C.P.P. such as the Trade Union Council (T.U.C.), United Ghana Farmers' Council (U.G.F.C.) and the National Association of Socialist Students Organizations (N.A.S.S.O.), to assume a more active role in the country's politics. These groups went on the offensive, advocating more socialist measures such as the establishment of state industries and they also attacked corruption vigorously, making the C.P.P. old guard their major target. Soviet economic advisers had for a long time counselled Nkrumah to dismiss some of his blatantly corrupt officials but to no avail. Thus the final expulsion of figures such as K. Gbedemah, Botsio and Welbeck attests to the advantages they were
gaining. Also at this time, party relations between the C.P.S.U. and the C.P.P. were consolidated as exemplified by increasing contact between the two. For instance, in October, 1961 representatives of the C.P.P. were invited to address the 22nd C.P.S.U. Congress. Also the Central Committee of the C.P.S.U. later on invited a C.P.P. delegation to the U.S.S.R. to acquaint its members with the training of ideological workers. Perhaps more remarkable was the decision in 1963 to allow a Ghanaian delegation to spend part of its study time at the Soviet Higher Party School, a privilege usually accorded to communist states only.

Perhaps the visibility of Soviet influence in Ghana was symbolized more by the entrusting of President Nkrumah's own personal safety to Soviet security forces. When Nkrumah was initially offered such help he had declined. But after two assassination attempts he had finally asked the Soviets for consultants for his private security force. Although Khrushchev was later to voice his dissatisfaction with his remark "What could a few men do? Nkrumah's bodyguards could not guarantee the stability of the State, especially when the army was in the hands of Englishmen," (Khrushchev, 1974, p. 335), the mere fact that it was to the Soviet Union that Nkrumah turned when he felt personally threatened illustrates a development of great trust, that was absent in the period before the extension
of economic aid to Ghana. It was now the U.S. which apparently was at a disadvantage, having clearly failed to win Nkrumah's confidence and with the C.I.A. being suspected of plotting against his life, relations between the two countries, left much to be desired. At the same time the Soviet ambassador Rodionov, was reportedly becoming the most influential diplomat in Accra. Rodionov's great influence has been reported by such well-known analysts as Robert Legvold and Scott Thompson. However, Michael Dei-Anang, one of Nkrumah's former officials categorically denies this, pointing out that U.S. ambassador William Mahoney also enjoyed great influence in Accra. It was only when Washington sent Franklyn Williams, whom Nkrumah suspected of C.I.A. ties that relations deteriorated (Dei-Anang, 1975). At any rate, any undue influence on the part of the Soviets clearly worked against the interests of the U.S. and its western allies.

Despite all these gains which must seem quite spectacular when measured against the size of Soviet aid one cannot remain oblivious to the fact that the potential effects of aid, trade and technical assistance were greatly limited by processes either within or outside of Ghana which the Soviets seemed unable to control. The Soviet Union had not accomplished all it had set out to achieve in Ghana. For instance, even though there had been an
increase in the level of trade between the two countries. Moscow failed to influence Ghana's trade relations with the western countries. It is estimated that Ghana's total trade with the Soviet bloc came to only 15% as late as 1964, despite the fact that the U.S.S.R. had become the biggest importer of Ghana's cocoa (Sawyer, 1966).

The preponderance of western economic influence in Ghana potentially limited the extent to which the Soviets could hope to control events in the country. On another level, Soviet aid failed to affect economic policy in Accra, due to divergence of views in the development strategies desired by both sides. While Soviet economic advisors cautioned against excessive reliance on suppliers' credits for the country's industrialization efforts, the C.P.P. government on its side encouraged their widespread use because of Nkrumah's conviction that this would ultimately aid in the process of economic decolonization. While some symbolic gestures were made by the government in addressing the problem of corruption, the Soviets were dismayed by Nkrumah's inability to undertake measures drastic enough to deal with the problem. Most of those dismissed were back in office within a short time.

Perhaps the greatest failure of all, attesting to the inadequacy of Soviet economic aid to maintain its political momentum was the final collapse of Nkrumah's regime in 1966; a factor that threatened to wipe out
overnight all the political gains that had been made to
date. The army-led National Liberation Council (N.L.C.)
that wrested power from the C.P.P. government, was un-
equivocally anti-Soviet in its outlook. While it active-
ly sought to realign Ghana with the West by selling off
profitable state industries to foreign businessmen and
inviting western technical assistance in the form of
I.M.F. specialists and the Harvard Advisory Group, it
called for the suspension of Soviet financed projects
and expulsion of diplomats and technical experts from
Ghana. This act alone, revealed for the first time the
fragility of aid as an instrument of Soviet foreign policy
in Africa.

In the following pages an attempt is made to elucidate
those factors that operated internally and externally to
limit the effectiveness of Soviet assistance.

Internal Variables

Bureaucratic Attitudes Toward Socialism

and its Programs

Although Communist ideology emphasizes the central
role of a proletariat in any socialist revolution, Soviet
theoreticians under Khrushchev, in a move to cultivate
some Third World countries mitigated their stand in re-
gard with this ideological prerequisite. It was claimed
by some Soviet analysts like Mirsky that the socialist
revolution need no longer be spearheaded by the proletariat as such but any element close to the working class. It was suggested that the national bourgeoisie could undertake this task (Mirsky, 1964). The reasoning behind this reassessment was that in those developing countries where an industrial proletariat is either non-existent or negligible, it would take years to wait for the formation of this economic class that could only be brought about by capitalism. It was believed that these countries could avoid the lengthy process by relying on socialist countries like the Soviet Union either on a political or economic level. Ghana was one of those countries given ideological legitimacy which endorsed its ability to set foot on a road to socialism regardless of its level of development.

The ideological accommodation however did not concern itself with the finer details of how socialism would actually be implemented. It merely based its hope on the nature of the political leadership, which because of its 'progressive' outlook and willingness to co-operate with the Soviet Union would somehow introduce socialism from above. Nothing was said about the preparedness or ability of the
the bureaucratic elite, which in this context includes the civil servants and C.P.P. officials, to play a constructive role in Ghana's economic development.

Though one can hardly downgrade the importance of financing projects in the implementation of any development plan, it is simply not enough to mobilize only economic resources while ignoring political resources. Maintaining the support of those groups whose compliance is necessary in carrying out economic policies of the regime becomes as crucial as the very task of augmenting the government's development funds. In dealing with countries like Ghana, the Soviet Union has emphasized, as part of its economic aid, technical and educational assistance because of the realization that shortages of technical skill, trained administrative and managerial personnel could seriously impede the implementation of all Soviet aid commitments. The U.S.S.R. also believes that such efforts would also help "deprive the imperialists of important levers of spiritual influence on liberated countries and for the dissemination of reactionary, anti-socialist ideas" (Kommunist, 1964, p. 31).
At this juncture there is no need to belabour the point that Soviet aid conspicuously lost the battle against what Moscow termed reactionary, anti-socialist ideas in Ghana. Our main interest lies in trying to explain the failure to permeate the thinking of those whose co-operation was essential in making possible the socialist experiment as desired by the U.S.S.R. In this regard, the most crucial groups tended to encompass the civil servants, the C.P.P. officials and army officers. Given the excessive amount of resources they received from the state by way of salaries and other benefits and also taking into account their burgeoning numbers brought about by Nkrumah's accelerated program of Africanization, all these groups proved in the final analysis to be strategically important in either aiding or impeding the process of change demanded by the Seven Year Development Plan. It is argued here that the political and social values of the bureaucratic elite that Nkrumah had to rely on in the Post-1960 era did not provide a good foundation for carrying out the political goals of the C.P.P. government and these values finally rendered futile Soviet efforts at promoting socialism in Ghana.

In one of the more inward looking accounts of what really happened in Ghana in the period preceding the 1966 coup, this is what one prominent official of Nkrumah's government had to say, "Cocoa and the Civil Service have
always seemed to me to lie at the root of Ghana's problems" (Bing, 1968, p. 388). This statement, when evaluated against the political background against which Nkrumah's programs were undertaken, correctly diagnoses part of the malaise that was to plague Soviet-sponsored programs in Ghana. At the time of Ghana's independence Nkrumah inherited a civil service apparatus that was a colonial creation and thereby operated through the guidelines that governed colonial bureaucracies everywhere. Ghanaian civil servants like their counterparts everywhere in Africa were psychologically programmed to believe that they could implement the code of bureaucratic neutrality in the exercise of their duties. The same myth applied to the notion of a non-political army where Ghanaian soldiers were taught to 'remain above politics' whatever that might mean. Both the theories of bureaucratic neutrality and a non-political army were invented to safeguard British interests as they were based on the premise that an army or a civil service that questioned policies of the colonial government might be tempted to question the whole process of colonialism itself. What happened in actual life is that most of the recruits into the civil service and the army already had set political beliefs, acquired through years of training in British oriented educational institutions. Most of the top civil servants and high party officials either.
received their education in Britain or in British-run institutions in Africa. The British connection in Ghana introduced liberal values rather than radical ones as was the case in neighboring Francophone Africa. British universities at which most of the Ghanaian civil servants studied were liberal only in political orientation while they were actually conservative and elitist in tone. Thus one finds that the Ghanaian bureaucracy even in the post-independence era was shaped by its conservative objectives which happened to run parallel to Nkrumah's socialist aims of effecting social and economic change. As a group, this bureaucratic elite was more articulate than other sectors of the Ghanaian population like peasants and workers. They had no cause to support any measures, especially radical ones, that might be aimed at equitable redistribution of the country's resources. Since they regarded themselves as local heirs to the British legacy either in the civil service or the army they had never really accepted the socialist tenets that Nkrumah advocated. Their main objective was to control the system and fill those posts formerly controlled by British civil servants and other professionals. When Nkrumah decided to change the direction of Ghana's development policy, he did not dismantle this machinery but adopted it intact to pursue a development plan, the political criteria of which the Ghanaian bureaucratic/military elite did not believe in. After
independence had been won and Ghanaization of the civil service was underway very few bureaucrats believed in the necessity of a second revolution. To most the scramble for office space, big cars, government provided housing and service privileges were the only reasons for having achieved independence in the first place.

How then, one may ask could government officials with such an outlook be expected to impartially carry out their duties to promote socialism funded with Soviet economic resources? The answer lies in the fact that both government and party officials ultimately welcomed Soviet economic aid when they realized that no structural changes were necessary for its utilization. The man who was to memorably sum up the general attitude of Ghanaian bureaucrats and C.P.P. officials was none other than Krobo Edusei, one of Nkrumah's cabinet ministers, who seemed to be speaking for the majority of Ghana's bureaucrats when he remarked, "Socialism is a system in which if you have a lot of money you can still keep it" (Le Vine, 1975, p. 1). It was perhaps the manner in which this money was actually acquired that put to ridicule any pretensions to socialist commitments. As Stevens indicates, "the people drawn into the public sector were not necessarily socialists in the Soviet sense of the term. Neither were many of those whose task it was to effect the revolution from above" (Stevens, 1976, p. 133). It had suddenly
dawned on many of these individuals that state enterprises could still be a lucrative method of accumulating personal wealth. As one Ghanaian novelist observed, men who knew nothing about politics suddenly grew hot with ideology, thinking of all the money that would come (Armah, 1968).

One will notice that in the Soviet Union import substitution had been an important goal of development strategy as the Soviets imported capital goods, technicians, blueprints and prototypes in exchange for traditional exports. The aim was to use this imported capital to construct industries whose output would replace the imports. This strategy was successful as signified by the fact that although imports of machinery and equipment had increased from 917.6 million rubles in 1929 to 1,354.6 million rubles in 1932, by 1937 the Soviets had been able to cut down the level of such imports to 242.8 million (Wilber, 1969). It was believed then that because of the success of the Soviet model, developing countries like Ghana whose economies were overburdened by the high cost of imported goods could follow the Soviet example. In order to curb the high level of imports the Ghanaian government introduced tight import controls and high import duties and taxes on consumers goods. An elaborate licensing system was undertaken by the state to clamp down on the skyrocketing import bill which in 1964 had items such as food, fuel,
components and raw materials claiming about 44% of the total bill (Krassowski, 1974). A state corporation, the Ghana National Trading Corporation which was established to co-ordinate trade links with the Soviet Union was also charged with the task of regulating the flow and prices of imported goods on the local markets. However, in 1965 it became a focus of investigation, together with the State Farms Corporation and the Ghana National Construction Corporation. The Abraham Commission charged with investigating the whole system of wholesale and retail trade in Ghana came to the conclusion that import license procedures and underproduction were the major causes of shortages and high prices. The Commission brought under scrutiny the whole commodity distribution system of the G.N.T.C. Although the Commission's Report was censored before publication, its expurgated version was able to reveal that a number of officials in the G.N.T.C., the Ministry of Trade, G.N.C.C. and the State Fisheries Corporation were involved in corrupt practices that could not help the success of the organizations they represented (Le Vine, 1975).

On another level the Ghanaian civil servants revealed their anti-development sentiments in various ways; either by making excuses for inadequate performance or by foot dragging when they were ill-disposed to any individual project. One of the typical grievances of these
bureaucrats against Nkrumah's development plan was portrayed more succinctly by Omaboe when he admonished the government,

In Ghana, the politicians are always ahead of the civil servants and the planners in the general consideration and implementation of economic and social projects. . . . The ideal would be either for the politicians to refer these matters to the technicians for study before a commitment is entered into or for the technicians to move with the politicians and be in a position to provide them with alternatives from which they should make their choice. . . (Omaboe, 1966, pp. 460-61).

The truth of the matter is that even though there is some validity in the argument of closer consultation, the 'non-political' Ghanaian technicians did have distinct political backgrounds and no one could guarantee their 'objective co-operation' if all matters were referred to them as Omaboe suggests. Many personalities in the civil service were formerly opposed to the C.P.P. and its platform and their biases could not be expected to disappear overnight because they were now employed by a C.P.P. led government. There were instances of anti-Soviet prejudice which could be detected among some highly placed officials. For instance, the Chief architect of the Seven Year Plan and a senior member of the State Planning Commission himself in an article appearing in the Economic Bulletin of Ghana, voiced his convictions about how irrelevant Marxism was to Ghana (Mensah, 1965). On another
occasion when a suggestion was made to block imports of U.S. and Canadian flour in favor of Soviet supplies because of Ghana's favorable balance of trade with the Soviet Union, one of the principal secretaries on the Committee for Economic Co-operation with Eastern Countries, suggested the proposal be ignored because it would upset established trade relations with North America (Thompson, 1969). The lack of co-operation from civil servants at times led to Nkrumah dispensing with their advice as signified by an incident cited by Uphoff where Ghana's bureaucratic representative in Moscow, made the decision on his own about the unsuitability of the equipment he was being offered. In this instance he was ordered to sign the order, regardless of his opinions (Uphoff, 1970).

Thus in an atmosphere of distrust it became difficult to ascertain even the legitimate complaints bureaucrats might have had against Soviet projects. For instance, the Soviet Geological Survey Team sent to Ghana between 1962 and 1966 did not enjoy the most cordial of relations with the Geological Survey Department of the University of Ghana and yet the two sides were expected to work together. Ghanaians complained about everything from inefficiency of Soviet vehicles, which they claimed consumed too much fuel, to the fact that reports were not detailed enough and that Soviet technicians spent too much time in Tamale and other towns instead of working
in the bush (Uphoff, 1970). Despite their complaints these individuals however submitted a favorable report to the government when Nkrumah was allegedly prepared to cancel the project if it was unduly expensive. The result was that the project continued, only to be abruptly terminated by the coup and Soviet experts left their reports, instruments and maps behind when they were ordered out of the country. There were other similar instances which cannot be mentioned here where Soviet-Ghanaian relations were plagued by ill-will and this in effect reduced the level of effectiveness of Soviet economic aid to Nkrumah's regime.

Ghana's Chronic Economic Problems

One of the major factors that finally contributed to a weakened impact of Soviet aid is the monocultural nature of Ghana's economy. The term 'monoculture' is used to describe a country's overdependence on one or more cash crops. In the case of Ghana this crop was cocoa, leading to the now familiar saying that 'the politics of cocoa is the politics of Ghana and the politics of Ghana is the politics of cocoa'. The price crises of 1964-65 and 1971-72 both led to political instability and both resulted in military coups. Ironically, it was the truth of this statement that was to undo Nkrumah's socialist experiment and deny the Soviet Union any sense of
permanence in its political gains. The irony of the matter is that Nkrumah's economic objectives had always been motivated by the desire to reduce his country's dependence on cocoa; hence his obsession for laying an industrial foundation for Ghana.

In order for one to appreciate the crucial role that cocoa ultimately played in the economic and political life of Ghana one has to understand the origins of its dominance over the economy. Before the advent of British colonialism, Ghana's economy like others in Africa, was not monocultural because of the need to satisfy internal demands as opposed to external demands. But the success of the industrial revolution in England brought with it new demands for an international division of labor, which essentially relegated to newly acquired colonies the role of providers of raw materials for the colonial power. The non-industrial nature of Ghana and of other colonial countries was therefore a deliberate imperial policy aimed at stopping the transference of machinery and skills which would have given competition to European industry during the colonial era. To a great extent the economic history of Ghana was to prove the validity of Lenin's theory of imperialism as presented in his work, Imperialism, The Highest Stage of Capitalism, in that it lends credence to most of his arguments as regards the nature of imperialism. For instance, he had argued that a characteristic
of the use of colonies for raw materials was the cartelization of raw material buyers in the late nineteenth century. One of the aims of these buyers was to capture raw material sources with the ultimate intention of dominating both the actual producers and the manufacturers of capitalist Europe (Lenin, 1969). Ghana's cocoa export trade was later to mark the emergence of the sort of cartelization that Lenin had warned against. Extreme cartelization of the buying of cocoa and efforts by organized buyers such as Gill and Duffus, General Cocoa and J. H. Rayner to obtain power over distribution by controlling the commodity markets in London and New York, were combined with further attempts to take over or include into the cartelized system companies that specialized in manufacturing of cocoa products. These three, together with A. C. Israel and Continent control among themselves over 75% of world cocoa trade (Kofi, 1975). Because of their huge financial resources buyers such as Gill and Duffus were able to monopolize market information on crucial factors such as estimates on demand and supply. This in turn led to their virtual monopoly on price determination.

Just as Lenin had postulated that one of the functions of the colonies was the provision of super-profits for the capitalist world, these corporations used their monopoly on cocoa trade to accumulate huge profits. This
meant in essence that despite an export-oriented economy, no surplus was utilized within Ghana because it was exported out by metropolitan export and import firms. For instance, the largest exporter in Ghana, the United Africa Company, was also the largest importer. This actually meant that the United Africa Company (U.A.C.) and other European firms controlled not only cocoa prices but also the price of essential, imported goods like clothing and tools. During the Second World War for example, these firms paid only L10 per ton for Ghana's cocoa beans as compared to L50 per ton before the war, while at the same time they trebled the price of imported goods. This had a net effect of encouraging more Ghanaians to produce cash crops like cocoa, thus making Ghana more dependent on the exchange economy. Ghanaians found out that in-order to buy essential goods they needed to have cash and this they could acquire only through growing cocoa. But as they diverted their attention to cocoa production for the European market, they started to import goods which they had previously been able to produce on their own such as cloth, sugar, salt, pots and containers.

However, the country's preoccupation with cocoa production only contributed to the vulnerability of the economy to external forces due to lack of control over cocoa prices. The Ghanaian farmer, left at the mercy of European buyers was forced to sell his produce at any price
determined by these companies. In their response against this practice, these farmers decided to have a 'cocoa hold up' in 1937 wherein they refused to sell their cocoa until prices were raised. But as Rodney illustrates, in one of the best works explaining the frailty of African economies, the cocoa hold up and the subsequent solution adopted to remedy the farmers' complaints, had no impact. According to Rodney's account, although Britain agreed to set the Cocoa Marketing Board (C.M.B.) which would buy directly from farmers instead of big firms like U.A.C. and Cadbury, the board's operations turned out to be nothing but a smoke screen. For example, while the C.M.B. was supposed to pay the Ghanaian farmer a reasonable price; this covered a stable price even if world prices were to fall, in practice the C.M.B. paid low fixed prices even in times of rising world prices (Rodney, 1974). Also the big firms like the U.A.C. and John Holt continued to act as intermediaries in the buying and selling of cocoa; only this time their profits were made more secure by the fact that they could hide behind the government shield in the form of the Cocoa Board. The Chairman of the Cocoa Board within the Ministry of Food was none other than John Cadbury, the director of Cadbury's Brothers engaged in cocoa trade. Under his direction the Cocoa Board sold Ghanaian cocoa to the Ministry of Food at very low prices. In return, the Ministry sold to British
and American manufacturers at high prices and the profits thus earned provided valuable foreign exchange for Britain. The repatriation of cocoa profits to Britain meant that the multiplier-effect took place only in Britain while the source of the profits, the Ghanaian economy, was deprived of possibilities of dynamic growth. It is estimated that as late as 1955 the British government was holding as much as $210 million derived from the sales of cocoa and minerals from Ghana (Rodney, 1974).

This background is necessary for two reasons. The first one lies in the fact that it gives an accurate depiction of the economic environment in which Soviet assistance was to operate in the post-1960 period. It is also important because of the basic assumption we make about the role of Soviet aid in any development effort of the recipient country. This assumption presupposes that Soviet economic aid only complements the internal economic resources of the recipient and cannot and does not intend to act as their substitute. One of the major objectives of this aid was to help Ghana wrest control of its economy from foreign domination of western monopolies such as Gill and Duffus. The launching of the Seven Year Plan marked an effort by Nkrumah to augment government control over the economy with the ultimate goal of reducing western influence. One of the methods applied to attain this goal, a method enthusiastically sanctioned by
Moscow, was the diversification of trade partners. It was believed by both sides that the expansion of trade links with the Warsaw Pact Countries would alleviate pressure from Ghana's economy whose overwhelming dependence on cocoa made it especially vulnerable to outside forces.

But was the re-routing of Ghana's trade or at least part of it toward the Soviet bloc an effective remedy for the country's economic problems? More important did it enhance the Soviet Union's political strategy of contributing to Ghana's economic independence? There is no doubt that in as far as Ghana was concerned, the expansion of trade with the U.S.S.R. especially as regards cocoa sales was beneficial because of an increase in its earnings. Data on Table (1.1) indicate the level of Ghanaian exports of cocoa to the U.S.S.R. up to the time of the coup; if anything this table illustrates that in as far as the Ghanaian goal of increasing cocoa revenues through diversification of trade partners, was concerned, there was an element of success. But as the table indicates there was a significant failure in the strategy to balance Ghana's trading partners. The problem of trade and economic dependence on a few western countries like the U.S. and Britain remained largely unsolved by increased cocoa purchases of the Soviet Union. It would seem that Ghana should have tried to develop her trade
TABLE 1.1  Average Unit of Ghanaian Cocoa Exports to the U.S.S.R.

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity Exported to U.S.S.R.</th>
<th>Quantity Exported to other Consumers</th>
<th>Total Value of Exports to U.S.S.R.</th>
<th>Total Value Exports to all other Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>34</td>
<td>269</td>
<td>14,544</td>
<td>116,256</td>
</tr>
<tr>
<td>1961</td>
<td>19</td>
<td>387</td>
<td>6,174</td>
<td>132,450</td>
</tr>
<tr>
<td>1962</td>
<td>25</td>
<td>398</td>
<td>8,680</td>
<td>125,366</td>
</tr>
<tr>
<td>1963</td>
<td>43</td>
<td>361</td>
<td>14,130</td>
<td>121,406</td>
</tr>
<tr>
<td>1964</td>
<td>33</td>
<td>349</td>
<td>11,946</td>
<td>124,530</td>
</tr>
<tr>
<td>1965</td>
<td>66</td>
<td>428</td>
<td>21,593</td>
<td>114,883</td>
</tr>
<tr>
<td>1966</td>
<td>55</td>
<td>336</td>
<td>17,241</td>
<td>85,816</td>
</tr>
<tr>
<td>Total</td>
<td>275</td>
<td>2,528</td>
<td>94,308</td>
<td>820,707</td>
</tr>
</tbody>
</table>

Notes: (2) and (3) denominated in thousand long tons.
(4) and (5) denominated in thousand new cedis.

and economic relations with the U.S.S.R. and other bloc countries in such a way as to reduce as much, and as quickly as possible, her dependence on traditional, western partners. Such a reorientation was necessary if the problem of economic fragility was to be resolved. The amount of trade with the U.S.S.R. was highly insufficient to free Ghana from its trade dependence on the West as Table 1.1 shows. It is also indicated on this table that Soviet imports of Ghanaian cocoa varied greatly from one year to another e.g. while trade value only amounted to 6,174 cedis in 1961, it reached its peak in 1965 by rising to 21,593 cedis, only to fall down to 17,241 a year later. This irregularity and the relatively smaller quantities purchased, illustrates the failure to reduce dependence on western countries.

The major obstacle remained the inability to diversify Ghanaian exports while cocoa remained the biggest earner of foreign exchange; about 60%. The problem of diversification, seen by some as more of a political problem as Fitch and Oppenheimer assert, remained fundamentally important to Ghana's economic well-being. Whether or not as Fitch and Oppenheimer argue, diversification could have been attained through a social revolution that would ensure the adoption of large-scale farming, central planning and domestic production of agricultural capital goods (Fitch and Oppenheimer, 1966), the reality of the situation

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made for a vicious circle type of performance. The fact that planning was undertaken with the price of cocoa as an undetermined factor, threw a spanner in the work of those who had to make budgetary allocations for projects. In times of high cocoa prices, this was not a problem, but whenever there was a fall in price, the whole process of planning was thrown into disarray. The drawing of the Seven Year Plan did not however take into account such uncertainties and when problems arose, adhoc measures such as the austerity budget of 1961 with all their accompanying political risks, were adopted. Though the government apparently had good intentions in its economic policies, it seems to have lacked a clear-cut policy of self-supporting development. It also seems to have assigned too big a role to foreign assistance, including Soviet assistance. Of the £1,000 million capital expenditure expected, no less than 40% was to come from foreign sources (Fitch & Oppenheimer, 1966). When economic prospects seemed to darken as signified by mounting debts, the C.P.P. government did not reduce expenditure accordingly.

For Soviet aid to have had any great impact on a situation that was becoming more gloomy by the day, Moscow would have had to supply more loans and absorb more Ghanaian exports and at more favorable prices than the West. Despite the 1958 Cairo Conference to offer aid in unlimited quantities and without strings to any developing
country requesting it, the U.S.S.R. seemed reluctant, especially after the fall of Khrushchev to commit its resources to Ghana like it was doing with the other countries such as Afghanistan, India, Algeria, U.A.R. and even Guinea. It has been suggested by others that at the time, the generous offers were made with the intention of gaining goodwill without the benefit of examining Ghanaian proposed projects (Krassowski, 1974). But after a while the Soviets paid more attention to the usual concerns of any donor, like economic viability of projects, as they had never done before. On those occasions where they felt a project was not economically or technically feasible they either modified it or rejected it outright as they did with the plans for a textile mill which was finally financed by French suppliers.

The continuing dependence on imports which had to be financed through foreign borrowing and the unstable price of cocoa, which plummeted to its lowest in 1964/65 by going below L100, contributed to a series of deficits. Whether fairly or unfairly the Soviets were criticized by some Ghanaians for being as exploitative as the western countries by using the same pricing system as western consumers (Ghanaian Times, 1965). At times they were even accused of stockpiling on cocoa beans to take advantage of depressed prices on the world market. The question of whether such criticism was justified or not
is really a matter of opinion. For example, when the price of cocoa fell below £100 in 1965, the Soviets agreed to buy about 150,000 tons over two years and agreed to increase their annual consumption to 118,000 tons by 1970. In this particular instance, they offered to pay more than the prevailing world market price; i.e. £172 per ton and there is no doubt that at the time this seemed beneficial more to Ghana than to the U.S.S.R. But when the world price later rose, they were criticized for not re-negotiating a new price. No matter how one looks at it though the fact remains that at the time the arrangement was made, it did provide temporary relief to Ghana.

However, what became more important than agreeing to buy Ghanaian cocoa at subsidized prices was the Soviet response to Nkrumah's pleas for more massive aid, to rescue the economy when foreign reserves deteriorated at an alarming rate. At this time Nkrumah sought help from the Soviet Union and from Western countries like the U.S., West Germany, Britain and also from the I.M.F. and the World Bank. While all the western countries, including the latter two agencies, denied him financial relief on grounds that he had jeopardized his country's economy by shifting a great amount of trade toward the Soviet bloc, the Soviets were equally unprepared to extend
assistance of the nature and amount he requested. Their response to Foreign Minister Botsio's requests in 1965, illustrates their lack of commitment to Nkrumah's political survival. While they agreed to buy more cocoa at subsidized prices and extend a debt moratorium, they categorically refused to part with hard currency as requested to halt the downward slide of the Ghanaian economy. It would appear that by now, they felt that Ghana's economic problems, could not be solved through more injections of Soviet aid. The responsibility was put squarely on the government's shoulders to follow more sound economic policies like concentrating on improving the productive capacity of the public sector rather than expansion of social services, for instance. At the same time though, the decision not to commit larger economic resources, did in fact, limit the political advantages the Soviets might have gained had they decided otherwise.

External Variables

Economic and Cultural Dependence on the West

Factors emanating from within Ghana's socio-economic system as those discussed in the last section, were not the only obstacles lying in the way of Soviet potential influence. There were other restrictions which even though operating internally, originated from without and
hindered ultimate Soviet political goals. In their zest to cultivate new allies in Sub-Saharan Africa, especially after their difficulties in the Middle East concerning Egypt and Iraq, and complications in Guinea where the Soviet ambassador was expelled, the Soviets seem to have under-estimated the level of western influence in Ghana or if they were aware of it, seemed unprepared or unwilling to meet that challenge.

Any lending country, whatever the nature of its ideology will have a vital concern with the economic policies of the recipient. In this particular case the Soviets' main preoccupation was that the recipient's policies be geared toward moving the country to a non-capitalist path of development which would reduce the power of the private sector while strengthening the public sector. But for state control to have any meaning it should be extended over the means of production, which means in turn that an industrial base is essential for the success of socialism. It is what is socialized that is important rather than just the act of socializing itself. As Kulski once pointed out, "Total socialization of all the means of production even if these means happen to be cattle or horses, is not imaginative" (Kulski, 1968, p. 396). Perhaps Nkrumah was aware of this basic fact in his advocacy of industrialization for Ghana which he believed would prevent the situation which had rendered the economy
extremely vulnerable to fluctuations in the world price of cocoa. After all even the Russia of 1914 was not a completely agricultural country; the October Revolution enjoyed the existence of an industrial base even though this was dwarfed by later accomplishments of the Stalinists. Theoretically there was a convergence of views between Nkrumah and the Soviets on the necessity of industrialization in a socialist economy. There was also agreement on the role of capitalism in the underdevelopment of the economies of the formerly colonized countries. It was believed that colonial powers deliberately promoted non-development and on those few occasions where investments were made, this was done with the purpose of protecting the monopolistic interests of the capitalist countries. In Ghana this situation is illustrated by the fact that western investment went chiefly into the exploitation of natural resources like gold and the profits accruing there of, were repatriated. For instance, the largest mining company in Ghana, the Ashanti Goldfields, had dividends varying between 75% and 95% in the 1930-38 period (Stock Exchange Yearbook, 1939). The technological limitations of Ghanaian prospectors left fields such as diamond and manganese mining virtually in the hands of British mining companies who were usually not interested in reinvesting their profits in Ghana (Howard, 1978). Wherever investment was made, it was not in income-generating
projects but rather in laying down an infrastructure that actually facilitated further exploitation of the country's resources. Thus Ghana already had a public sector that controlled railroads, utilities and harbors as early as 1919 when the Guggisberg Ten Year Plan allocated L24 million to provide the country with a modern infrastructure. But the function of the infrastructure was to provide transportation facilities for the expatriate mining companies and import-export firms to conduct their business more efficiently (Fitch and Oppenheimer, 1966).

What Nkrumah apparently wanted was the reversal of this situation and the development of the industrial sector that would increase the country's productive capabilities and finally ensure a fair distribution of resources. Although he had warned during the implementation of the First Development Plan that "...a democratic Ghana should not develop a propensity for the consumption of foreign capital, except what is absolutely necessary" (Nkrumah, 1961, p. 53), by 1961 Ghana was on its way to being a consumer of foreign capital. Economic aid from traditional western sources such as Britain and the U.S. could not be relied on as far as governmental relations were concerned. For instance after independence Britain stopped extending grants and while it continued to offer aid, this was on a highly reduced scale and was not intended for industrial development. It was in the form
of technical assistance and went into areas like education and public services. The same can be said about U.S. aid which incidentally, had been offered even before independence. This aid was directed mainly at agricultural development and therefore focused on areas such as agricultural education, extension and community development projects. The U.S. government was opposed to extending any economic aid for development of industry in Ghana. The Volta Project was to remain the sole exception. Overall the position of the U.S. government was that any Ghanaian efforts at industrialization would have to be left to private capital as Washington was unwilling to support any public industrial enterprises.

This only left Nkrumah with three choices; either to accept the U.S. position and industrialize on suppliers' credits, seek such funds from the Soviet Union or shelve the plans for industrialization. Since his sense of commitment for the need to industrialize was so deep, his choices were in fact narrowed to two. The Soviet Union was approached with requests for economic assistance for several projects. Among these we can single out the following; an iron and steel works, a 400 mile railway line from Kumasi to Ouagadongou in Upper Volta, a polytechnic and agricultural college with an enrollment capacity of about 5,000 students each, eight brick and tile factories, a sewage system for the towns of Tamale,
Kumasi, Takoradi and Cape Coast. Proposals for five hundred other industries were submitted (Stevens, 1976).

What was Moscow's response to all of these Ghanaian requests? Any degree of familiarity with the aid policies of the U.S.S.R. can enable one to predict their response to a great extent. As we already pointed out in Chapter II, one of the pre-requisites for extension of their aid was the requirement that it not only fit the recipient's level of development but also that the recipient also be able to pay for the local costs of the projects undertaken. Thus a country like Ghana was advised to concentrate on agricultural production and some factories that would produce consumer goods and process raw materials for export. For a country with a small population and therefore a small home market like Ghana; Soviet economists usually discouraged large industrial projects which they felt the recipient would be unable to support. Such considerations, did not, on the other hand inhibit western sources of finance especially if they were extending suppliers' credits to governments of developing countries (West Africa, 1969).

Suppliers' credits are short-term loans i.e. repayable before the project for which they have been negotiated is able to generate income. They are granted by commercial firms for the export of their goods but are guaranteed against debtors' default by the government of the exporting company. The terms for these loans usually
stipulate between 5% - 6% interest with principal repayable in 5 - 8 years. Most of the studies conducted on the impact of suppliers' credits on the economies of their recipients have systematically revealed their unsuitability as a method of financing development projects. The providers of these credits are usually the party that benefits rather than the recipient. One study dealing with the matter revealed that the monopoly position created by the supplier means that the actual design of a project, including the costing is greatly under his control. This has the effect of paying no attention to alternative techniques of production or other sources of raw materials. Often, projects which should employ a relatively large proportion of labor to capital or a great many local raw materials are therefore likely to be established with capital intensive techniques and a large proportion of imported goods and materials (Kilby, 1969). This means in essence that the development impact on employment and income is greatly reduced while the foreign exchange outcome in the borrowing country gets worse.

Yet this is exactly the manner of financing that the Ghanaian government undertook to carry out its development projects. Ironically, Nkrumah thought this financial strategy would help achieve economic independence for Ghana in the long run. The rationale behind this was the belief that with the credits to develop the productive
capacity of the economy, the need for dependence on im-
ports would be reduced. Another motivation for suppliers' 
credits was Nkrumah's own concern about the political side 
effects of economic aid. He was suspicious of aid given 
on very favorable terms and thought that those who offer 
generous terms might be hoping to obtain some political 
influence in exchange for hard cash. It is not clear if 
the Soviet Union was by any chance one of those suspected 
of such intentions. At any rate he felt that capital 
which had been given on hard commercial terms would re-
duce the danger of political interference in the affairs 
of Ghana (Uphoff, 1970). While this could have been a 
good political strategy, it was not good economics as 
the country's national debt climbed precipitously once 
this form of financing was resorted to. Most of these 
credits were supplied by Britain and the United States; 
together with some West European countries like France 
and West Germany. At the time of the coup the total per-
centage of suppliers' credits on the country's list of 
liabilities stood at an awesome 71.9% as Table 1 indi-
cates.

Britain remained the single biggest creditor on 
account of suppliers' credits for Ghana. The United 
States also enjoyed a big share of the market and notably 
financed the biggest project of all, the Volta River Pro-
ject through these credits. The relationship between
TABLE 1

Ghana's Foreign Exchange Liabilities

<table>
<thead>
<tr>
<th>Year</th>
<th>Liabilities of Suppliers' Credits</th>
<th>Liabilities of Total Credits</th>
<th>Percentage of Suppliers' Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td>38,372</td>
<td>n.a.</td>
<td>-</td>
</tr>
<tr>
<td>1964</td>
<td>346,786</td>
<td>288,276</td>
<td>82.4</td>
</tr>
<tr>
<td>1965</td>
<td>378,363</td>
<td>301,010</td>
<td>79.5</td>
</tr>
<tr>
<td>1966</td>
<td>395,337</td>
<td>283,583</td>
<td>71.9</td>
</tr>
</tbody>
</table>

Source: Ghana Government, Economic Survey, 1969 (Accra-Tema, 1970). The amount is calculated in New Cedi, which was worth approximately one U.S. dollar at the time.

Western private firms and their home governments is better understood when one analyzes what one company official, involved in the Volta Project said when he remarked, "Where else would we get a 120,000 ton aluminum smelter, costing $150,000,000 of which 85% was supported by debts, 90% of that covered by the American government?" (Thompson, 1969, p. 190).

What did all this mean to the U.S.S.R. regarding the desired impact of its own aid program? In as far as the providers of suppliers' credits were uninhibited by considerations of economic viability of their projects,
because of coverage of export insurance, it meant that the net effect of Soviet aid would be greatly reduced because of the distortion of Ghana's development plans which emphasized socialist principles. These private firms, motivated by profit-making and enjoying the protection of their home governments, would invest in projects which did not benefit the borrowing country, and with the element of risk eliminated they took every opportunity to do just that. Thus some of the projects that Soviet economic advisers discouraged would naturally be financed through suppliers' credits by western firms e.g. France provided credits for a textile mill which the U.S.S.R. would not finance. The widespread use of such credits also strengthened Ghana's economic dependence on the Western countries from which she borrowed and this would ultimately work against Soviet interests.

On a different level one also has to take into account the motivation of Ghanaian officials who advocated the use of these credits. By the nature of their operational method i.e. the link between the initiation of projects and company profits, these credits left much room for corruption. Although Soviet aid terms were more generous than suppliers' credits which by itself should have caused the government to actively seek more of this aid, most Ghanaian officials seem to have been
more interested in suppliers' credits than in Soviet aid. The main reason apart from the question of incompetence, seems to have been the potential for personal aggrandizement offered by such credits; a quality lacking in Soviet aid. The behavior of Ghanaian officials in this matter seems to give credence to what is generally regarded as unpatriotic tendencies by 'dependency theorists' who question the role of the bourgeoisie in the economic development of their countries (Ake, 1978). This approach has always regarded African businessmen as being tied to international capital because of the need to import supplies from abroad and sell some of their goods to foreign firms. To the Ghanaian bourgeoisie, (the term denotes that stratum made of politicians, senior civil servants, businessmen, etc.) which lacked a strong material base, state power apparently seemed to provide the major and easiest access to substantial capital and suppliers' credits provided some of the most lucrative venues. Transnational companies operating in Ghana were aware of these weaknesses and took full advantage of them. The bribing of some Ghanaian officials usually facilitated the awarding of contracts that were sometimes economically unsound or highly inflated (Schatz, 1969). The success of the Transnational companies to practice bribery even in highly developed countries such as Holland and Japan make it especially difficult for officials of poor countries like
Ghana to resist the blandishments of these companies (Markovitz, 1977). However the abuse of financial power by the transnational companies should not detract us from examining the role of Ghanaian officials in the economic demise of their country. One of the miscalculations of the C.P.P. government was the continuing importance it attached to the private sector even as it revealed intentions to steer the country onto the socialist path. Despite talk of socialism Nkrumah's government created new institutions like the small-loan section of the Industrial Development Corporation which would support the expansion of indigenous business. Numerous contracts were awarded to Ghanaians under the auspices of the I.D.C. These business groups turned out to be among the most vocal in their criticism of government economic policies such as tax and compulsory savings schemes. The government did adopt certain measures to clamp down on local businessmen as when it tightened exchange controls, import licensing and even threw some of the businessmen into prison under the Preventative Detention Act. But all these actions were ultimately self-defeating as Nkrumah established agencies like Capital Investment Board and the Ghana National Investment Bank which actively sought long-term financing from western sources of capital (Markovitz, 1977). Thus despite occasional attacks on private business, no meaningful change was made;
Ghanaian businessmen continued to purchase and resell at exorbitant prices basic food stuffs like salt and fish thus prompting an element of cynicism from others, signified by what one member of the opposition Owusu when he complained that:

Half-starved people are being daily admonished to tighten their belts, when members of the new Ghanaian aristocracy and their hangers-on, who tell them to do this, are fast developing pot bellies and paunches. . . (LeVine, 1975, p. 1).

In some instances the government worked against its own political goals by inadvertently giving some of its aid to some of the industries. For instance, the diamond and timber industries in the co-operative sector continued to conduct their business as usual even though they were now aided in their activities by government technical assistance and mutual co-operation between themselves (Markovitz, 1977).

Over all the use of suppliers' credits seem to have had a highly negative impact on the Ghanaian economy, to the detriment of Soviet interests, by tying up large proportions of current and future foreign exchange earnings in the repayment of short-term debts. Ghana became so much indebted to her western creditors that not only could she not pay her debts to the Soviet Union, but when Moscow refused to give out hard currency to help
pay for these debts, the country sunk deeper into a dependent relationship with the West. By the end of his regime not only was Nkrumah hosting huge foreign investment from both the United States and Britain but he was also considering possibilities of associate membership in the E.E.C., a move unsatisfactory to the Soviets. He had increased the power of pro-west economists within the government and virtually accepted all the conditions under which the I.M.F. and the World Bank would give Ghana their support. By 1967 U.S. investment in Ghana was estimated at $170 million (Smith, 1974).

On the last note the effectiveness of Soviet aid was handicapped by other factors that had more to do with western cultural influence in Ghana than anything else. The development of cultural and military relations seem to have been affected greatly as the post-coup period was to indicate. Although Ghana had the largest number of technical trainees from Africa in the Soviet bloc by 1965 and the third largest number of liberal arts students, the western countries still held a virtual monopoly on the educating of Ghanaians. Those who studied abroad went to Britain or the U.S. in greater numbers than those who went to the Warsaw Pact countries. For those who remained to study in Ghana, the educational system was still heavily dominated by expatriate faculty staff members from Britain, especially at the university.
level. In the final analysis, the Soviet Union was disadvantaged by the fact that its cultural contact with Ghanaians was so recent and appeared so alien to those who were by now well inculcated with western cultural values that even the presence of Soviet teachers in Ghanaian schools or the extension of educational scholarships for Ghanaians to study in the U.S.S.R., hardly posed any threat to western cultural influence. The West still set what was acceptable by way of 'academic standards' even in a country proclaiming a new ideology of socialism. External examiners were still flown from Britain to certify that Ghanaian graduates maintain these standards. The effect of this informal control and its negative impact on Soviet aid was exhibited by the N.L.C.'s policy of refusing Soviet trained Ghanaian doctors licenses under the pretext that their training was inferior to their Ghanaian counterparts who were trained in the West. These graduates had to submit to re-examination before being licensed (Legvold, 1970). In the area of military aid the Soviets encountered problems of more or less the same magnitude. While they were able to extend $10 million in small arms and sent some Ghanaians to the U.S.S.R. to undergo military training, Britain still remained the most dominant source of military training for Ghana's officer corps. It was this group more than any other, if one has to believe the words of Afrifa, which felt duty-bound to remain
a vigilant sentinel against any threat to western cultural values especially in military affairs. Although Ghanaian soldiers were taught to be 'non-political' during the colonial era, it was Afrifa a graduate of Sandhurst who later, explaining the reason for the coup, confessed his admiration for the British way of life which he felt Nkrumah was jeopardizing by dismissing certain generals and threatening the process of 'democracy' in general. Afrifa accused Nkrumah of having sold Ghana to the Soviets (Afrifa, 1966). Ironically Afrifa died at the hands of the young officers who staged the 1979 coup. He, like Acheampong were charged with flagrant corruption. When Nkrumah sought Soviet military aid for his personal security forces, Ghanaian army officers resented this action which they regarded as interference in the execution of their basic military duties. These security forces, armed in part with Soviet arms and assisted by Soviet advisors had grown to 50 officers and 1,142 men by 1966 (First, 1970). Ghanaian soldiers were also alarmed by the fact that Nkrumah was considering the idea of a peoples' militia which they thought would usurp their own power. The idea itself was not of Soviet origin. It was suggested by Chinese military advisors who were not popular anyway (Thompson, 1969). It was the police and army officers trained by Britain and with close links with British security forces that finally toppled Nkrumah and drove
out Soviet diplomats and technicians from Ghana. However, news of the coup was accompanied by massive offers of aid, hitherto lacking, from western countries and the I.M.F. The price of cocoa suddenly went up. All this but buried any hope of the Soviet Union to influence anymore events in Ghana through use of economic aid.

**The Sino-Soviet Dispute**

In a conversation with the French Premier, Daladier, Khrushchev was once asked if the Soviet Union was worried about the 'Yellow Peril'. This is how he answered the question: "We do not discriminate among people according to the colour of their skin. The only distinction that matters to us is the class distinction" (Khrushchev, 1974, p. 291). Khrushchev has since died but even well after his death the Soviet Union had continued to assert that it was not the yellow peril threatening Moscow, but the policies pursued by Mao. In Ghana like in other parts of Africa the Soviets were to increasingly face the brunt of those policies in a manner that interfered with their own policy aims.

A brief synopsis of Chinese policy goals is in order here to fully understand their role in limiting the effectiveness of Soviet aid. In the first instance it is important to appreciate the fact that the coming to power of a Communist regime in the China of 1949 was not a
result of Soviet assistance but more the determination of the Chinese Communist Party (C.C.P.) and the genius of its leadership. In fact Moscow had advised the C.C.P. to co-operate with the Kuomintang so as to avoid another civil war. This advice was given in the light of what Stalin considered to be vital Soviet interests in the Far East. From this time onwards it was clear that the interests of a strong United China would conflict both materially and ideologically with those of the Soviet Union. However, for the first ten years or so of the Sino-Soviet Alliance the differences that did crop up, were kept within a manageable radius as Peking attended to more pressing problems like domestic consolidation, the Korean War, the Sino-Indian tensions and the Vietnam war. But with the security threat on her borders reduced and deterioration of relations with Moscow on the other hand, China seemed determined to use the instrument of economic aid to compete with the U.S.S.R. in Africa, especially after the Soviets withdrew their aid personnel from China in 1960 (Scalapino, 1964). The motivations for Chinese economic aid in Ghana centered on four basic factors; winning diplomatic support on general international issues, embarrassing the Soviet Union in her aid efforts, keeping Ghana non-aligned in the Sino-Soviet dispute, if not influencing her to take a Pro-Peking stand and finally to stimulate trade between the two countries.
Although Chou-En-Lai sent a message of congratulations to Nkrumah on Ghana's 1st anniversary of independence, in which he commended Ghanaians for "consolidating national independence and safeguarding State sovereignty" (*New China News Agency*, 1958, p. 9). Nkrumah had systematically refused to grant diplomatic recognition to Peking. This was done inspite of the fact that Ghana had voted in support of the resolution to discuss the China question at the United Nations in 1957. It was only in 1960 when the political climate in Africa changed that Ghana extended diplomatic recognition to China (Copper, 1976). This by itself gave the Chinese a late start in the aid business, compared to the Soviets. But it seems they used every opportunity they could get to their advantage.

Before I proceed, it should be made clear though that the main threat from China was not to be found in the amount of aid given to Ghana as such. Here there is absolutely no doubt that the U.S.S.R.'s more abundant resources dwarfed Chinese efforts by any standards. China's initial aid package, estimated at $19.5 million (*People's Daily*, 1961) was supplemented by further credits which brought the total amount to $42 million by 1966 (*U.S. Department of State*, 1976). This was rather modest when compared to Moscow's high figure of $82 million. The main threat of Chinese aid therefore did not lie so much in its quantity but rather in the manner in which
it was offered. The terms of Chinese aid were more generous than those of the U.S.S.R. and had the effect of embarrassing the Soviet Union. Whereas the Soviets charged Ghana interest rates of 2 - 3% on their loans, China extended interest-free loans such as the initial aid package of $19.5 million given to Nkrumah after his visit to Peking. This was done in spite of the fact that China is a poor country which even though relatively better off than most African countries is still afflicted by problems of poverty that the U.S.S.R. does not have such as malnutrition and a low gross national product. United Nations statistics indicate that China falls into the lower one-third of the world nations in terms of the usual standards used to measure economic development (World Bank Atlas, 1969). The Chinese economy has been beset by problems in its industrial and agricultural sectors. Failure in agricultural development has meant for example that China has had to import grain from western countries such as the U.S. and Canada to supplement domestic production which seemed unable to keep up with the country's population growth. Yet despite all these economic hardships, the Chinese government initiated several projects in Ghana ranging from freshwater fisheries, handicraft industries, rice paddies, cotton textile and knitwear factories (Peking Review, 1962).
China's strategy was to undercut Soviet influence by emphasizing those differences between Chinese and Soviet aid that put the Soviets in a bad light. They even sought to turn into advantage the modest nature of their aid by stating that unlike Soviet aid, it was meant to encourage self-reliance on the part of the recipient instead of dependence (Peking Review, 1964). China also sought to portray the U.S.S.R. as a member of the club of rich nations by stressing the developmental gap between the U.S.S.R. and the Third World. For this reason, Chinese delegates have consistently tried to force the Soviet Union out of Afro-Asian organizations as a means of identifying it with the developed western countries. On some occasions China even resorted to racial slogans to embarrass the Soviet Union. For instance at the Cairo Afro-Asian Writers' Conference in 1962, in which Ghana was represented, the Chinese stated that the Soviets by virtue of being white could not be expected to have the interests of Afro-Asians at heart. The Chinese spokesmen is reported to have informed African delegates that "These Europeans are all the same. . . . We non-whites must hold together" (Daily Nation, 1962). Although there is no reason to believe that the racial overtones of the Chinese statements were taken seriously by any of the African delegates present, the Soviet Union was however clearly put at a disadvantageous position by the Chinese
who managed to reduce the Soviet delegation to observer status at a planning meeting for the Conference. Although Ghana's delegate did not go as far as the Guinean Foreign Minister, who likened Soviet claims of being partly an Asian country to U.S. claims on Puerto Rico, he too seemed to have been convinced by the Chinese argument that the Soviets had no place in Afro-Asian Solidarity organizations (Legvold, 1970).

Chinese aid was successful on specific occasions in preventing the isolation of China in Ghana and other African countries which Moscow sought to promote through her aid. For instance, when Chou-En-Lai visited Ghana in 1964, he and Nkrumah agreed about the desirability of convening an Afro-Asian Conference. When the preparatory meeting for the conference was held in Indonesia in April, 1964, China once more managed to upstage the Soviet Union. She persuaded the sub-committee responsible for invitations, in which Ghana was represented, not to issue an invitation to the U.S.S.R.

On the whole Nkrumah seems to have favored remaining neutral in the Sino-Soviet dispute as exemplified by his message to the Executive Meeting of the Afro-Asian Peoples Solidarity Organization (A.A.P.S.O.) meeting in Nicosia in 1963. Because of his belief that only Afro-Asian solidarity could facilitate the struggle against colonialism in Africa he advised the Executive Committee
in this way:

Our goal should be to seek the unity of the socialist countries, for it is only through this unity that they can support us in our struggle against imperialism and colonialism. It should be our concern... to appeal to China and the Soviet Union... to eliminate their differences (Radio Ghana, 30 Sept. 1963).

But inspite of this inclination it is clear that after the Congo crisis, Nkrumah's disappointment in the U.S. handling of the matter moved him ideologically closer to the Chinese than to the U.S.S.R. Unlike their Soviet counterparts, the Chinese emphasized the primacy of a political struggle over economic struggle and therefore sanctioned violent revolution where the Soviets advocated gradual, long term evolution toward socialism. It was because of this convergence of views that Nkrumah was to depend more on China for the operation of guerilla training centres in which freedom fighters from Southern Africa underwent their training. The Soviets had initially participated in the venture but later withdrew. Ghana also sent some employees from its Bureau of African Affairs to China to undergo training in Guerilla warfare. As their influence grew, the Chinese even advised Nkrumah to form a peoples' militia, whose effective organization, it has been suggested by some, could have prevented the army take-over (Thompson, 1969). On this level China was successful in portraying the Soviet Union as a status-quo.
country which relegated the revolutionary movement to second priority in preference for detente with the United States.

The Soviet Union has always been sensitive about the tendency of some Third World countries to group her with the western countries in the North-South dialogue about the need for a new world economic order. Thus Soviet policy makers have staunchly defended themselves against charges that they ought to give out more aid to poor countries by pointing out that they were never participants in the systematic colonial exploitation of these countries' resources and therefore have no binding duty to redress the imbalances. In an article on Soviet trade and aid to less developed countries, a Soviet spokesman indignantly stated that Soviet economic aid is an expression of "...the international duty of the proletariat of the countries of victorious socialism" and should not be interpreted as an obligation of a rich country to help a poor country. He said the Soviet Union was opposed to "one sided demands of some developing countries" which divided states not according to their socio-economic character but on the basis of 'wealth' on the principle of "rich north and poor south" (Smirnov, 1970-71, p. 157). And yet one finds that this is exactly what the Chinese were doing in Ghana and other parts of Africa; portraying the U.S.S.R. as a member of the club of rich nations and
therefore pursuing similar aid policies as those of the western countries. Here the Chinese capitalized on the difference between themselves and the Soviets regarding the operational methods of technical assistance. They pointed out that their experts, unlike Soviet and Western experts did not demand special privileges and had the same standard of living as the experts of the recipient country. In emphasizing this point, a representative of the Peking-based Afro-Asian Writers' Bureau noted the difference between this aspect of Chinese aid and that of the Soviet Union in which a Soviet expert, before leaving home, insists "that his many requests be satisfied: He demands a villa with air conditioning in each room, a fine car and local servants" (Peking Review, 17 March 1967, p. 27). Here the Chinese did score points against the Soviets because of the reputation they established for themselves, not only in Ghana but other places like Tanzania, where they were known for living a relatively simpler life than their Soviet counterparts. They also had the advantage of not being too particular about their surroundings unlike the Soviets who generally preferred working in urban centres. Thus in Ghana Soviet experts were concentrated in urban areas like Accra, Tamale, Kumasi. This could partly explain why they received relatively bigger salaries than the Chinese. In contrast, Chinese experts in Ghana were only paid main-
tenance allowances by the Ghana government. This em­
barrassed the Soviets greatly. It has been reported
that Soviet teachers in Ghana received salaries that
were sometimes larger than some of their western counter­
parts. For instance, while the Ghanaian government had
to pay between NC 1,600 - 2,000 p.a. for each Soviet
teacher in the period 1963 - 1966 comparable figures for
British volunteer teachers averaged between NC 1,300 and
NC 1,400 per year (Uphoff, 1970).

The competition between Moscow and Peking intensi­
fied greatly in 1964, though not as vehemently as in other
parts of the world where it threatened to get out of hand
e.g. In 1964 a Soviet technician in Nepal was said to
have accused the Chinese of trying to sabotage the Panauti
hydroelectric project being built with Soviet aid by re­
moving stones from and damaging the only road over which
supplies were carried to the job site (Goldman, 1967).
In Ghana such excesses were avoided but the Chinese made
a move to maintain their political momentum by extending
Ghana yet another long-term, interest free loan of
L8 million to be used in the country's Seven Year Develop­
ment Plan. The timing of the loan seems to have been cal­
culated to win Nkrumah's support for the Second Bandung
Conference which was to be held in Algiers. If her plan
was to undermine Soviet political gains in Ghana, using
her meagre resources, this seems to have worked as she
managed to impress Ghanian officials with the easier terms of her aid and the unpretentiousness of their personnel. The Chinese could have viewed only with great satisfaction their aid efforts in Ghana to have heard a Ghanaian official proclaim:

When the Chinese say they will give you a glass they will not change their word. The Soviets are not like that, they can change their minds. By the way they behaved you would think they were building the whole of Ghana (Ogunsanwo, 1974, p. 145).

One study reaffirms this receptivity by pointing out that the Chinese were more accommodating and considerate than most donors in Ghana. The researcher of this study says he was told in one of his many interviews with Ghanaian officials that the Chinese were more flexible than other donors; e.g. if they were taking a geological survey and found the drillings consistent, they were willing to cut costs of a project whereas Soviet experts would insist on fulfilling the 'plan' in every detail (Uphoff, 1970).

All that we have mentioned above regarding the role of the Sino-Soviet dispute in undercutting Soviet political gains which were supposed to result from aid, should not however be construed to mean that Peking suffered no set-backs in its relationship with Ghana. There were several hurdles between the two countries. China
was criticized by Ghana for alleged purchases of grain from South Africa, her refusal to sign the test ban treaty of 1963 and the handling of the Algerian Coup that toppled Ben Bella. There were even points of disagreement on the administration of her aid. For instance, the Chinese were seen to be unnecessarily adding to the cost of their projects by insisting on bringing even workmen from China to build the structures and install equipment for their factories (Uphoff, 1970). These problems are not however our concern at this point. Our main concern is the Chinese presence in Ghana in as far as it ran counter to Soviet aims of using aid for political reasons. From the data we have presented so far, it is clear that China's own aid program posed a problem for Soviet policy.

In the final analysis it can be said that even though China suffered a serious set-back to its African policy just like the Soviet Union, when Nkrumah was ousted, the Chinese came out of the debacle with a better image than the Soviets. Whereas both countries had their technicians expelled from Ghana at the time of the coup, Moscow waited only a few weeks before granting diplomatic recognition to those who overthrew Nkrumah. The Chinese on the otherhand kept their distance from the N.L.C. government as a gesture of solidarity to its one time ally and an assurance to those
still in power elsewhere in Africa, of the depth of Chinese support for its allies. Significantly Nkrumah was in China at the time of the coup, on his way to Hanoi. Although the Chinese already knew about the coup, they gave him all the treatment befitting a head of State. The same enthusiasm was not shown by the Soviets who were not very keen to deal with him when he passed through the U.S.S.R., and were instead relieved when he proceeded to Guinea.
CHAPTER IV

THE POSITIVE AND NEGATIVE EFFECTS OF SOVIET AID

Few countries in Africa today would contemplate carrying out their development plans without external economic aid. In Ghana's case this dependence on foreign aid has become more crucial at present than at any time in the country's history because of skyrocketing oil prices, declining agricultural productivity and the high cost of imported goods. Ghana's national economy today is in its worst shape since independence and at the time of writing the country's fuel bill is expected to equal the total revenue from exports of cocoa and the government has had to impose severe rationing of petroleum products (African Business, December, 1980, p. 12). What all this means is that for Ghana external economic aid will remain an integral part of the country's economic and political life for a long time to come; short of a discovery of oil supplies. Thus the major question facing Ghanaian policy makers is not whether or not to seek aid at all; the question rather is which source to tap and what ramifications does aid have on the political and economic development of the country. If anything, the Nkrumah period has provided a valuable lesson about
the operative method of Soviet aid and its costs and benefits to the recipient. Since this study has followed the approach of political analysis over economic analysis throughout, even in this chapter political factors are emphasized over economic ones. This is done for the reason that the purposes of Soviet aid in Ghana were mainly political.

The main objective of economic aid should be the promotion of self-sustaining economic development that will eventually facilitate the political independence of the recipient. While one must admit that any amount of aid does somehow save the recipient the burden of extra savings it is clear from the results of this study that Soviet aid in Ghana was not geared at promoting any self-sustaining economic development. Despite claims of good intentions of contributing to the economic liberation of African economies from monopolistic exploitation, in practice the Soviets turned out to be penny pinching. In Ghana they gave as little as possible while expecting great political dividends. As this study has already indicated that the major purpose of Soviet aid in Ghana was to counter U.S. and Chinese influence, one discerns this trend when examining the timing of Soviet aid. The level of aid fluctuated according to the intensity of competition from other actors. For instance, the so-called 'pragmatism' of the Brezhnew regime came into
play at the time when U.S. interest in Ghana was at its lowest. Content to bask in the legacy of the Kennedy Africa policy which had won good will for the U.S., the Johnson Administration neglected Africa and expended its energies on the 'Great Society' at home. Because Soviet aid was inspired by competition with the U.S., the Brezhnev regime became complacent in the absence of that competition. At the same time China was not posing such a major threat due to its preoccupation with the cultural revolution. It was only then that the Soviets resorted to hard bargaining and scrutinizing Ghanaian proposed projects more closely. Factors like economic feasibility and pay off were now emphasized. For instance, in 1965 Soviet engineers advised against financing a $100 million Bui Dam project which Nkrumah requested because they said it was not economically viable (Legvold, 1970). Regardless of the merits of the experts' arguments in this particular case, there was nevertheless a clear pattern under the Brezhnew regime to relegate Ghana and the rest of Africa on a low list of Soviet priorities. The tendency was to concentrate more on improving the U.S.S.R.'s own economy rather than salvage flagging economies of developing countries such as Ghana. At a time when Ghana's foreign debt rose due to inability to finance imports from the western countries and the fall in cocoa prices the country had turned more to the U.S.S.R. for imports.
But the result put Ghana in a financial bind as large quantities of cocoa sold to the U.S.S.R. were not matched by similarly huge purchases of Soviet goods. And Ghana was meanwhile losing otherwise valuable convertible currency because the Soviets were paying for cocoa with rubles. In 1962 the Soviets had agreed to pay for 55% of their purchases in pounds sterling to alleviate the problem. But this figure was lowered to 40% in 1964 and by 1965 it had declined to 30% (Goldman, 1967). At about this time articles began appearing in the Soviet press stating the need to build socialism at home rather than continue pouring aid into Third World nations. One such article noted in particular that "The best way to fulfill our internationalist duty to the working people of the entire world is the construction of socialism and communism in the U.S.S.R. and the socialist bloc" (Pravda, 27th October, 1965). This inward looking strategy revealed, if anything, that Soviet aid was not in unison with Ghana's national interests which happened to be the attainment of economic self-sufficiency. This lack of commitment by the U.S.S.R. had a negative effect of actually inhibiting economic development and creating a perpetual dependency of Ghana's economy on the western countries who surpassed Soviet efforts in the aid business. The amount of Soviet aid to Ghana was so insignificant and by failing to provide a base for the economic
"take off" that was needed, did in actual fact reinforce the economic dependence on the West that Nkrumah was trying to minimize. By 1965 Moscow was even prepared to advise Ghana to utilize western and multilateral aid (Fedorov, 1965), if this was going to absolve the U.S.S.R. of any responsibility to extend further aid to Ghana.

While Soviet aid failed to contribute much to economic independence, it seems to have had a different effect on the recipient's political independence even if this was for a limited period. Despite its limited scope it contributed to its recipient's political development by making possible the pursuit of an independent foreign policy. By merely providing an alternative to traditional sources of aid it had the effect of strengthening Ghana's bargaining position with western donors. For instance, at the time when Nkrumah became increasingly worried that the Volta negotiations with the United States might fail, he broadened his contact with the Soviet Union and wanted to leave it as an alternative source of capital. Khrushchev informed a Ghanaian delegation visiting the Crimea in 1960 that if the U.S. delayed over the Volta Project, he would build it for them just as he had built the Aswan Dam for Egypt. Even though the U.S. government was disgruntled about Nkrumah's foreign policy it was wary about the political repercussions of cancelling the scheme (Thompson, 1969).
The presence of Soviet aid made it possible for the first time for Nkrumah to conduct his foreign policy in accordance with his world view and what he perceived to be Ghana's national interests without fear of western retributions. While a case can be made to show that the U.S.S.R. does use aid as an instrument of political coercion, this was not the case in Ghana. In the past the Soviet Union has not hesitated to exert severe economic pressure on those countries of importance to it which happen to adopt anti-Soviet policies such as Yugoslavia in 1957, China in 1960 and Albania in 1961, but in Ghana one of the major attractions of Soviet aid was its general avoidance of imposing explicit political conditions. This quality of Soviet aid is described by one analyst this way:

The Soviet Union has indeed focused its aid on those countries pursuing a neutralist or pro-Soviet foreign policy; and there have been occasions involving Afghanistan and Iran when an aid offer was linked to signing a neutrality and non-aggression pact... But these occasions are rare and as a rule the U.S.S.R. has conspicuously sought to avoid the imposition of explicit political stipulations such as those mentioned with American food to India, which prescribe a specific stance on some foreign policy issue by the recipient (Walters, 1970, p. 165).

In order to give an adequate assessment of this particular aspect of Soviet aid it is inevitable to make some comparison with U.S. aid to Ghana during Nkrumah's time.
It is not the intention of this paper to put U.S. aid policy in Ghana on trial but at the same time its role in the ultimate impact of Soviet aid cannot be ignored without distorting the overall picture of foreign aid in Ghana. For it was perhaps by avoiding some of the shortcomings of U.S. aid that the U.S.S.R. managed to enhance its image while contributing to the recipient's political development. U.S. aid to Ghana though well intentioned as exemplified by what Kennedy once said when he cautioned that the United States should not try to remake the world in its image nor use aid to dictate policies of recipients (Meyersohn, 1965), nevertheless came to be regarded by Nkrumah as an instrument of political manipulation (Nkrumah, 1965). Even during the New Frontier's identification with African aspirations the operational method of U.S. aid in Ghana seemed to indicate a lack of understanding for problems of African political development. Beginning with the decision to finance the Volta Project, Ghana was under pressure to conduct its foreign policy in a manner approved of by the U.S. and the project's success was imperiled on those occasions when Nkrumah seemed oblivious of U.S. interests e.g. in his criticism of U.S. policy in the Congo, especially after Lumumba's death. Thus before the final undertaking of the project he was constantly reminded of the need to co-operate if he wished to receive U.S. aid (House of
Representatives, Foreign Assistance Act of 1964, 1964). On other occasions aid was actually suspended or refused when policy disagreements surfaced. For instance in 1963 Kennedy instructed the A.I.D. not to extend any further long-term credits to Ghana on account of what was termed a hostile foreign policy by Washington (Schlesinger, 1965). Two years later the U.S. government refused Ghana badly needed food under its PL480 program when Nkrumah's book, Neo-Colonialism was released. This gesture carried out in full the purpose of food aid which was enunciated by Humphrey, one of the architects of the program, this way:

...Before people can do anything they have got to eat. And if you are looking for a way to get people to lean on you and to be dependent on you; it seems food dependence would be terrific (Bhagat, 1980, p. 79).

Ghana imports a lot of food and is therefore highly vulnerable to pressures that have any bearing on the supply of consumer needs in this regard. It is the view of some scholars that the United States helped in world economic sanctions against Nkrumah in 1964-65 by being unsympathetic to Ghana's balance of payments problems and the international freeze contributed to Nkrumah's inability to satisfy internal demands (Wallerstein, 1975). And when Ghanaians could not have basic food stuffs like flour and milk, the C.P.P. government found itself out of office.
The Soviet Union in its economic aid program was virtually opposed to food aid as a component of the program because of what it viewed as a tendency for recipients of such aid to postpone painful decisions that have to be made inorder to break the cycle of dependence. It is probable that the Soviets were making a virtue out of necessity because of their disadvantage in agricultural development as compared to the United States. This is probably so because of the bad performance of their State farms in Ghana; a factor which was not helped by the decision to reduce Soviet agronomists from 42 in 1964 to only 20 at the end of 1965 (Legvold, 1970). However the essential observation to be made here is that the extension of Soviet aid which consisted largely of industrial equipment and products was not regarded as manipulative. There was no attempt by Moscow to change Ghanaian positions in foreign affairs through either withdrawal or suspension of aid. And contrary to popular belief there were policy disagreements between Ghana and the U.S.S.R. For instance, on matters of disarmament, which Nkrumah viewed seriously, Ghana showed its independence in its policy stance. In both 1961 and 1962 Ghana condemned in no uncertain terms the Soviet act of nuclear testing. The government of Ghana was also harsh in its criticism of Soviet handling of the Iraqi coup that ousted the Kassim regime. Kassim had been credited with legalizing
the Iraqi Communist party and withdrawing Iraq from the Baghdad Pact. So when the U.S.S.R. gave a speedy recognition to the new government, Ghana condemned it for sacrificing Iraqi Communists who were being suppressed by the new government. The U.S.S.R. also earned the wrath of the Ghanaian press when it refused to recognize the government of Togo after the assassination of Olympio in 1963; an act that was seen in Ghana as an effort to ingratiate Nigeria (Legvold, 1970). On such occasions the Soviet Union desisted from using the aid weapon to discourage Ghanaian criticism of its policies.

One cannot conclude this chapter without pointing out the final irony of Soviet aid strategy. The Soviets learned in Ghana that they were not immune to the problem afflicting most donors who are politically inspired and that is the problem of preserving the political gains made. Their aid had gone not to build socialism but to strengthen state capitalism which benefitted only a few. But once they realized that they had developed vested interests in the country through their aid program it became difficult not to revert to outright opportunism, from speedy recognition of the N.L.C. which had ousted Nkrumah to even making food aid part of their program in Ghana ten years later. Thirteen years after the coup that gave a jolt to their Africa policy they found themselves lavishing compliments on a government that had fallen
out of favor with the majority of its citizens. By trying to portray Acheampong as 'progressive' at a time when he became unpopular (West Africa, February, 1979) the Soviet Union was demonstrating once more how economic aid needs the preservation of the status quo to remain effective; a factor which might not necessarily work to the advantage of ordinary citizens.
CHAPTER V

CONCLUSION

The confusion that emerged among Soviet theorists in the wake of the 1966 coup illustrates better the failure of economic aid as an effective instrument of foreign policy. When the army struck on that day, it rendered invalid some of the basic theoretical assumptions guiding Soviet policy in Africa. It was only after this coup that the U.S.S.R. discovered that gross analytical errors had been made by the theorists in their writings on military regimes in Africa. These writings had systematically exempted 'progressive' regimes such as Nkrumah's from possible military coups because of the belief that the ruling parties in these countries were responsible for the political training of the army (Paveltsev, 1966). Before the Ghanaian coup Africanists in the U.S.S.R. welcomed coups in countries such as Nigeria as these were seen as a remedy against reactionary governments that followed the capitalist way of development.

What is more disturbing though is the barrage of criticism that Soviet Africanists hurled at Nkrumah after the coup. Between 1963 and 1964 Ghana was the Soviet Union's most favored ally in Sub-Saharan Africa.
especially after the set-backs Moscow encountered in Guinea. Nkrumah had been awarded the Lenin Peace Prize and Ghana had been complimented for its "great progress in building socialism" (Pravda, 13th January, 1962). Apart from a few commentaries that pointed at the need to build up productive forces, most of the writing on Ghana was positive. But within two weeks of the coup Soviet commentators had nothing complimentary to say about the man who had been regarded as 'pro-communist' in the West. Nkrumah was blamed for everything from "insufficient involvement in political and state life by the broad popular masses" to the neglect of the peasantry and the absence of mass parties (Izvestiya, 6 March, 1966). One wonders why such observations were not publicly made at the time Nkrumah was in power unless of course a deduction can be made that at the time, Moscow was concerned more with her interests rather than the political survival of Nkrumah. This can only lead one to the conclusion that Soviet policy in Ghana was opportunistic. Such opportunism was more conspicuous during the Brezhnev regime than under Khrushchev's leadership. For instance when it became clear to the Soviets that the Johnson Administration was prepared to follow the recommendations of the Clay Report submitted by 'The Committee to Strengthen the Security of the Free World' the Soviets reacted by reducing their own aid to
Ghana and other African countries. The Clay Report which had been recommended to Kennedy but later used by Johnson, had argued that the United States should reduce its aid package to Africa because the continent's geographical position made it less vulnerable to Soviet influence. It was only then that the U.S.S.R. subjected its Ghanaian and the whole of its African policy to what has been termed by some the 'dictates of a cost-benefit analysis.' Moscow gave more attention to Vietnam and the Middle East as these areas became more important in its global interests than Africa was (Cohn, 1973).

In the light of these facts policy makers in Ghana and other African states may well ask themselves if the U.S.S.R. does indeed provide a reliable source of economic aid. The answer to this question is not as simple as it might appear. The Ghanaian experience has indicated that the Soviet Union as a source of aid has the quality of reliability only in so far as it is not willing to use its aid punitively. This is proven by the fact that Moscow was willing to continue its aid program even after the coup despite the provocations of the N.L.C. government which ranged from seizing Soviet trawlers and expulsion of Soviet diplomats. Moscow's aid program has been constant in the sense that it remained operative even at some of the most difficult times in Soviet-Ghanaian relations when there have been serious strains.
in the donor-recipient relationship such as happened under the N.L.C. and the Busia governments. When their projects were suspended, the Soviets waited their turn until they were asked back to complete what they had already started. The readiness which they have shown in dealing with governments of every ideological complexion does not necessarily derive from their commitment to promote Ghana's national interests as such. It is more a consequence of the intricacies of the aid business which make it almost impossible for donors to withdraw from a particular country after initiating an aid program. So on that score alone the Soviet Union can be regarded as reliable in that successive Ghanaian governments, unless they initiate the break themselves, can expect to continue receiving aid regardless of their political orientation. Whether or not that aid is adequate is a different matter. It is apparent however that the responsibility to utilize whatever aid Moscow offers, in a constructive manner, remains with the Ghanaian governments themselves. The fact that the U.S.S.R. will not use its aid to coerce the recipient into effecting socio-political changes domestically has a direct bearing on how effective that aid can be. For instance, the government can use that aid to increase industrial production since Moscow's aid is aimed at developing the public sector. It is significant that between 1963 and 1967 the
government's share in Ghana's industrial production rose from 27% to 43%. A start was at least made in heavy industry especially in areas such as metallurgy, engineering and chemicals (Amin, 1973). The Soviet Union was not totally responsible for this development but its aid did contribute to the effort. Successive Ghanaian governments can also benefit from future Soviet aid in those areas where their economy is at its weakest. The inadequacy of food production for example has brought an increment in the level of food imports and the U.S.S.R. has shown the willingness recently to enter into food aid (African Contemporary Record, 1977/78). In another crucial sector of oil imports, Ghana can benefit from its contact with the U.S.S.R. Since 1965 the U.S.S.R. has been supplying Ghana with some part of its oil needs. About 595,300 tons of crude oil was supplied to the refinery at Tema in 1965 and these deliveries continued after Nkrumah was ousted. The Soviets did not withhold oil supplies to the military government that toppled Nkrumah; these exports fell to 452,600 tons in 1967 from 603,500 tons in 1966 only because the N.L.C. had decided to import its oil from the West (Klinghoffer, 1977).

In concluding this paper the author would like to state her belief in the idea that the major task of economic development should be shared by both the poor
countries of the world and their rich neighbors in the northern hemisphere. The governments of Africa will have to avoid shirking their responsibilities by blaming all their problems on Western or Soviet imperialism. They can contribute more to the development effort by bringing to a halt the systematic plundering of their resources by a few elites who take more out of the economy than they put in. But this will need a basic change in the thinking of those privileged to dominate the political life of their countries. But in the same token the rich countries of the world, which include the Soviet Union, owe it to the majority of mankind to reverse in a short time the grossly unfair trade practices which have condemned countries like Ghana to depressing levels of poverty. This author subscribes to the Prebisch Thesis which argues that the Third World Countries will forever remain poor as long as the terms of trade work against them. This is based on the fact that while the price of raw materials and staple commodities such as cocoa which Ghana exports, have been falling, the prices of manufactured goods from the developed world have been rising. The unprecedented avarice of international oil companies and the O.P.E.C. countries has exerted a further burden on the people of Africa. These conditions, together with the morbid narcissism of the ruling elites render economic aid, whether from the Soviet Union or the West, meaningless.
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