Ghana Journey: Private Investment, Public Funding, and Domestic Reform

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GHANA JOURNEY: PRIVATE INVESTMENT, PUBLIC FUNDING, AND DOMESTIC REFORM

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I. INTRODUCTION

Some folks are good. But man is evil. He is driven by impulses, avarice, reason, scholarship, and barbarism. There are


2. Keyt, supra note 1, at 238. Scholars and people of good will should read the Nuremberg War Trials: The Ministries Cases (The Nazi Judges Cases), available at http://www.law.umkc.edu/faculty/projects/ftrials/nuremberg/Alstoetter.htm (knowing that something was wrong folk in authority acceded to the demands of a faulty reality to promote law and order).

pregnant pauses in man’s history when souls, armed with skepticism and idealism, cut the knots of ignorance, fear, and superstition. They tackle privation - giving chits to help the sick, elderly and weak. They confront crime, predation and corruption. They put people’s lives into the hands of the market and its apologists who, extolling competition, sweep away useless un-innovative vagrants.4

American industry churns out everyday widgets for everybody’s use. Sophisticated businessmen - some unsavory - stem production to maximize profits.5 Small businessmen cope with rivals, normal competition, oligopolies, and the wiles of monopolists.6 Relying upon banks for the bulk of their investment, there is little dough (because of the interest charged by banks) for small businesses to spend on lobbying efforts and manipulation of consumer demand.7

Ghana’s history affirms some of the social and philosophical claims about man and evil.8 A scholarly narrative about American economic life, trenched in Ghana like an overlay, will unveil bits about big businesses, small businesses, and doing business in Ghana.

II. SKETCH

America is an affluent society.9 Ghana is the opposite.10 Competition levels everybody in the United States. Nature performs that function in Ghana. Most have a formal education in the United States.11 One can’t say that about Ghana.12 The tax regime is sophisti-

5. Affluent, supra note 4, at 66.
7. Id. at 44-45.
9. Affluent, supra note 4, at xxvi.
11. Id.
12. Id. at 18.
cated in the United States.\textsuperscript{13} The tax regime is unsophisticated in Ghana.\textsuperscript{14}

Few go without in the United States.\textsuperscript{15} Too many are poor and hungry in Ghana.\textsuperscript{16} Poverty crops up in pockets in the United States.\textsuperscript{17} It's all around in Ghana.\textsuperscript{18} America is a post-industrial society.\textsuperscript{19} Ghana, by contrast, is not.\textsuperscript{20} There are other institutional comparisons (e.g. foreign grants of aid, exports taxes, excise taxes, energy concerns, and inflation issues) that surfaced on a bus trip from Kumasi.

III. KUMASI

A.

I am on the road from Kumasi. A bus is taking me home. It's misty outside. Storms are brewing. I feel like a youngster holding a candle against the dark. Gloom and menace lurk in the shadows. Uncertainty and absurdities assault the senses. Smells boggle the mind. Finding words to describe the turmoil fomented by visual obscenities challenge every fiber in my body. You see, it's coming to terms with a nation, so different from my own, that's troubling.

Today, like other days, I am trying to figure out who and what I am in Ghana. I am swamped by images of major automobile accidents everywhere; street children roaming the streets of Accra late at night; men defecating in the streets; people relieving themselves in the open; garbage piled high on the byways; poor people begging at street lights;


\textsuperscript{15} \textit{Affluent}, supra note 4, at 134.

\textsuperscript{16} Korsi, supra note 10, at 5-6.

\textsuperscript{17} \textit{Affluent}, supra note 4, at 252.

\textsuperscript{18} Korsi, supra note 10, at 8.


\textsuperscript{20} Post-industrial society is defined as "[o]f or relating to a period in the development of an economy or nation in which the relative importance of manufacturing lessons and that of services, information, and research grows" available at http://www.answers.com/topic/post-industrial-society (last visited Oct. 4, 2010); \textit{See also} Post-Industrial Society: from Manufacturing to Services, http://www.tcnj.edu/~kan2/ada288/project2/; \textit{Cf.} Korsi, supra note 10, at 7.
and, in the midst of these images, there are gorgeous ocean vistas beckoning folk; picturesque country sides dotted with villages; beautiful women clad in stunning dress with babies on their backs; and strong, gentle and determined men doing their best to get through the day.

Making sense of this is a tremendous challenge. I'd hoped that a trustworthy scheme (dividing the nation into known social and economic parts) would help me. With narratives and counter-narratives about Ghanaian society, and tales about how folk treat others economically, I thought that I could eke out something worthwhile.

Alas the results are unsatisfactory: the debris left behind by colonialism, mercantilism, neo-colonialism and laissez-faire capitalism foul the ground. Ethnic strife, enmity between tribal chiefs, volatile village life, city and town activities, co-modifications of human beings, child slavery (lower levels of energy and intellect dedicated to education, agriculture, and engineering) make ordinary excavation and analysis worthless.

B.

Let me begin at the beginning. I am an American and the United States is my home. It is a middle-aged country bound by checks and balances, a bill of rights and un-enumerated powers. It is a secular society. Individuals have the option to practice their religion up to a line drawn by the establishment clause. It is a plural society. People draw circles around their neighbors’ aspirations and do their best to stay on their side of their neighbors’ lines.


24. See Williams, supra note 21, at 135-45.


27. Id. at 152.


Americans believe people are equal. They think citizens have human rights and fight those who diminish their neighbor’s lives and, in the worst cases, steal identities to improve their lot in life. Educated Americans face each other on an equal footing. They bargain with others, celebrate their differences, and deal with strangers on the basis of outward manifestations, transparency, and expressions of consent.

I have used these notions around the world and gotten use out of them. Ghana is the first place where these notions felt out of place.

C.

The United States is an odd country. It is organized around people united by the belief that they have rights against their government. Too many people bully neighbors and get away with it. But none can impose their will on others indefinitely: rip another’s swatch of the American dream without paying for it; or take - indeed keep - the mental spaces allotted to everybody to vent their displeasure with their neighbors and government.

Most Americans work for others and fight others to establish self worth and differences. They obsess about autonomy, privacy (the full body scanners in airport use these days), personal security, freedom (going hither and yon unmolested), freedom from persecution and totalitarianism (surrendering one’s personality and privacy to the state), yet submit to corporate authoritarianism at every turn.

They believe that the individual is the center of society; that morality is a legacy inherited from family members to cope with day-to-day challenges. They believe that ethics are shared values about how folk conduct themselves in public places; that government is (in the end) a gadget individuals use to protect their stuff.

America is a commercial bazaar *par excellence*. Goods produced and sold for a profit are stored in the private sector. Other things, equally important, occupy space in the public sector (e.g. education, streets, bridges, highways, national defense, police protection, public health, sanitation, clean water and fire protection). They are bound by the admonition that funding for them is catch as catch can (taxes).

D.

By contrast religion and group ethics trump conventional morality in Ghana. They are rooted in families, clans, communities, village dynamics, tribes and chiefdoms strewn across the landscape. Local communities make individuals moral agents. They behave properly because communities provide personal security, safety, stability, individual recognition, historic memory and the staples of life.

In Ghana, equality amounts to the equal distribution of whatever the community prizes, made available to everybody, strait away, by whatever means officials have at hand. Society is both liberal and communitarian. Liberals are rugged individualists. They demand impartiality in public life. They sketch their position in terms of personal experiences, statistical evidence, statutes, legal cases, and human rights. They make acquaintances and deals with strangers that sustain beneficial life plans. They build cocoa farms, palm oil plantations, small businesses, elaborate compounds, and mental cages (autonomy) to keep the moochers and tricksters away.

Ghanaian communitarians by contrast are malleable folk. They are less autonomy minded. They are smitten by the comforts of communal life. Group ethics rule the roost. Communitarians seek connections between daily problems and communal life. They use chiefs, influential personages, their age, gender, status, tribe, personality, character (what a person is like in a crisis), life experiences, temperament, reputation and property to give their life meaning.

38. *Id.* at 126.
39. *Id.* at 205-206.
41. *Id.* at 59.
43. *Id.* at 84.
44. Gyeckye, *supra* note 40, at 36.
45. *Id.* at 46.
Members have rights. They come to the fore when group claims are too weak to block what communitarians want for themselves.

Public rudeness, cruelty and treachery mark community boundaries. There is an unspoken understanding between Ghanaian liberals and communitarians that representatives for each group will confer to avoid rows.

IV. GHANAIAN SOCIETY

A.

Now, there are richer sketches about Ghana, and some are bolder than others. Every nation has a core. Myths, rituals, religion, religious rites and tribal ceremonies bind folk. Laws and ethics normalize community behavior, standardize everybody’s expectations and draw lines beyond which personal behavior cannot go. Perhaps comity between Ghanaian tribes (old fashioned diplomacy), entrepreneurship (to reward work), religion (to take the sting out of daily disappointment), and cutting edge economic policies (to capture western innovation) bind Ghana.

On the surface Ghana looks like an open society. Underneath, personal expression is muzzled by local pressures, neighborly acquaintances, community relationships, village life, ethics, and social expectations. Hunger, subsistence farming, petty enterprise, gold mining, oil and corporate farming (palm oil, cocoa, and pineapple) drive the economy. To date, few assets are suitable for lending.

46. Habermas, supra note 36, at 20.

47. See Martin Redish and Gary Lippman, Freedom of Expression and Civic Republican Revival in Constitutional Theory: The Ominous Implications, 79 CALIF. L. REV. 267, 269-71 (1991). In Ghana the public good trumps private interests. Quite naturally, from issue to issue, the public good undergoes changes. Civic republicans (that is, community oriented members) use deliberations to find them.


52. Arhin, supra note 21, at 308.
Money lenders and local traders, as opposed to big banks, play significant roles in people's everyday lives.  

In Ghana, nobody owns real estate. Fee simple is a foreign concept. Vast stretches of land are soaked with spiritual and religious properties. A bunch belongs to the President of the Republic. The rest belongs to national tribes. Uncultivated and unoccupied land belongs to stools (tribal trusts managed by chiefs). Strangers can hold stool land and cultivate some, provided they pay the chiefs one third of their harvested crop. When stool land is used for farming and the resident homesteads are large and profitable, farmers pay a sum per load of harvested crops in cedi, the local currency, to hired workers.

Like other places, there are rows about land. A resident alien's intestacy triggers some of them. In Ghana, a resident alien's offspring cannot use the intestate's place of birth (e.g. the law of a neighboring country) to grab stool land. Ghanaian tribal law is useless when proponents proffer shaky witnesses and hearsay evidence. In the end, the residency of the intestate and the location of the land determine the law for an estate's case. Where there is an assertion that the deceased made a common law gift (an English concept accommodated under Ghanaian law), and there's evidence for this, the grantee gets the land.

At present land is the womb for all spirits. Users get life estates.Usufructs are alienable. Holders can use gifts, wills, sales and pledges to convey them. Long time occupation of stool land pro-


55. Id. at 179-180.


57. See Blocher, supra note 54, at 186-8; Cf. Asante, supra note 56, at 180-185.

58. Kimble, supra note 8, at 19-120.

59. Id. at 40.


61. Id. at 305-306.

62. Id. at 312.

63. Id. at 314-316.

64. Asante, supra note 56, at 852.

65. Id. at 854-855.

66. Id. at 855.

67. Id.
duces something like a freehold interest. If one pays authorities a fee and ritualistically pacifies the land's spirits with a drink a holder can acquire something like a freehold estate.

B.

Sadly, man’s climb to civility in Ghana has left trails of tears. The sheep (back country people) are prey. The wolves (people with money) are in control. Agriculture accounts for 5% or less of all foreign investment. Seventy percent is sunk into mining. Government has granted too many mining concessions; plucking, in the end, too many of them from regions where folks scratch the earth to make a living.

Purging the land of its farmers and basic nutrients for a one time economic gain is a bad policy. It leaves too little for domestic cultivation of staples. Aside from lower food production, social dislocation, crime and vagrancy, Ghana can become, if a halt isn’t put to this trend, a net importer of food.

Then, like now, wealthy outsiders (multi-nationals) dig holes in the ground, cutting ugly ditches, from the hinterland to sea, to move the nation’s resources to foreign places for processing. Foreigners then, like now, put in railroads, railroad spurs, roads, road upgrades and sea ports in places to smooth transit.

Big banks then, like now, deal with everybody but Africans. Because Ghanaian farmers have few assets to pledge to commercial lenders, or suitable ones, crafty money changers and farm traders (mostly women) snatch peoples’ harvests for a pittance.

Insurance companies then, like now, deal with whites, their surrogates, foreign mining interests, corporate farmers, oil firms and

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68. Id. at 865-866.
69. Asante, supra note 56, at 860; see also Blocher, supra note 54, at 181-182.
71. Id.
72. Id.
74. Id.; see also Michael Boateng, allAfrica.com, Ghana: Monitoring Activities of Mining Companies (Aug. 27, 2009), http://www.allafrica.com/stories/200908270940.html.
75. Amevor, supra note 70, at 1-2.
76. Id. at 2.
78. CORNISH, supra note 53, at 5.
trading companies.\textsuperscript{79} Too much stuff is flowing out of the country and too little is entering.

\textbf{C.}

The country is divided among politicians, subsistence farmers, urban dwellers and elites. The economy is anchored to agriculture, mining, energy, fishing, light industry and consumerism (e.g. kiosks furnishing telephone cards, household tools, implements, food, fruit, clothing and accessories).\textsuperscript{80}

People with personal property are pitted against people without property - with room in the middle for brutes to act out. Elites fight over political and economic spoils, patronage, tribal issues and so-called human interest issues of the day. Military coups (too many of them) and corruption disrupt life, alienating business and managerial types, leaving vacuums filled by folk unskilled to do anything.\textsuperscript{81}

One point eight percent of the population is professionals,\textsuperscript{82} 2.6\% of the population is business related.\textsuperscript{83} 3.5\% of the population is teachers.\textsuperscript{84} 2.6\% of the population claim high income status (roughly $145 per month at a 2002 American exchange rate).\textsuperscript{85} The poverty rate is 28.5\%.\textsuperscript{86} 22\% of all businesses export stuff.\textsuperscript{87} Minerals, staples, goods and services lead the parade.\textsuperscript{88}

\begin{itemize}
  \item \textsuperscript{81} See SHILLINGTON, supra note 8, at 89.
  \item \textsuperscript{82} See LUCKMAN, supra note 49.
  \item \textsuperscript{83} Id.
  \item \textsuperscript{84} Id.
  \item \textsuperscript{85} Id.
  \item \textsuperscript{86} See U.S. Department of State, supra note 80; see KORSI, supra note 10, at 8.
  \item \textsuperscript{87} Paul Robson & Mark Freel, \textit{Small firm exporters in a developing economy context: evidence from Ghana}, 20 ENTREPRENEURSHIP & REGIONAL DEVELOPMENT: AN INTERNATIONAL JOURNAL (ISSUE 5) 431, 447 (2008).
  \item \textsuperscript{88} Id. at 432-434.
\end{itemize}
Ghana’s manufacturing, wholesale and retail businesses are tied to West African trade (ECOWAS). Natural factors - like the business owner’s age, gender, trade experience, formal education, firm size, skilled workers, modern machines, innovative processes and government inputs - fuel trade.

Nagging hunger and subsistent farming hold the country together. People scratch the earth to make a living. Staple traders in yam, chicken, and fish and local money lenders capitalize upon their desperation.

V. ENTREPRENEURIAL STUFF

If these mini capitalists (staple traders and money lenders) at the village level pooled their resources and borrowed money from commercial banks, they could organize local farmers, grow piles of crops, improve the lot of participants, create business certainty for everybody, make money for the banks, spread the wealth and make profits for themselves.

Let’s assume the folk borrowed $2000 at 8% interest from a commercial bank to make this work. Illustration A sketches the revenue stream, operating costs, taxes, discount rates and present value of future earnings.

This assumes the banks will impose liens upon the borrowers’ equipment, accounts, futures contracts and growing crops to minimize the risk of non-payment. If the loan is repayable after five years the questions presented are: what is the present value of future earnings over the life of the loan?; what is the investment risk?; and when will the investment produce profits?

A scheme for calculating the discount rate (Illustration A) discloses the present value of future earnings or yield. Operating expenses and income tax are made-up figures. They provide the grist to make the common economic indicators go. When $2000 is sunk into the project it grows $4,320 worth of value.

89. Id. at 437.
90. Id. at 441-443.
**COMMON ECONOMIC INDICATORS:**
**NET PRESENT VALUE - EXAMPLE CALCULATION**

<table>
<thead>
<tr>
<th>Time</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue ($)</td>
<td>1,000</td>
<td>2,000</td>
<td>3,000</td>
<td>4,000</td>
<td>5,000</td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td>Capital Expenditure ($)</td>
<td>2,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenses ($)</td>
<td>300</td>
<td>400</td>
<td>500</td>
<td>600</td>
<td>700</td>
<td>2,500</td>
<td></td>
</tr>
<tr>
<td>Income Tax ($)</td>
<td>80</td>
<td>440</td>
<td>800</td>
<td>1,160</td>
<td>1,720</td>
<td>4,200</td>
<td></td>
</tr>
<tr>
<td>Cash Flow ($)</td>
<td>620</td>
<td>1,160</td>
<td>1,700</td>
<td>2,240</td>
<td>2,580</td>
<td>6,300</td>
<td></td>
</tr>
<tr>
<td>Discount Rate</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
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</tr>
<tr>
<td>Discount Factor</td>
<td>1/(1.08)^0</td>
<td>1/(1.08)^1</td>
<td>1/(1.08)^2</td>
<td>1/(1.08)^3</td>
<td>1/(1.08)^4</td>
<td>1/(1.08)^5</td>
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</tr>
<tr>
<td>Present Value</td>
<td>-2,000</td>
<td>574</td>
<td>995</td>
<td>1,350</td>
<td>1,646</td>
<td>1,756</td>
<td>4,320</td>
</tr>
<tr>
<td>Net Present Value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,320</td>
</tr>
</tbody>
</table>

Discount Rate = 8%
Discount Factor = \( \frac{1}{(1 + \text{Discount Rate} / 100)^{(\text{Time}_1 - \text{Time}_2)}} \)
= \( \frac{1}{(1.08)^0}, \frac{1}{(1.08)^1}, \frac{1}{(1.08)^2}, \ldots, \frac{1}{(1.08)^5} \)

PRESENT VALUE ($) = Cash Flow * Discount Factor
NET PRESENT VALUE @ 8% = Total of Present Values = $4,320

Illustration A

Another gadget (*Illustration B*) determines the profitability of the investment. Total operating expenses and income taxes in this illustration appear in *Illustration A*. When total revenue minus total operating expenses minus total tax is divided by sunk cost ($2000) the quotient tells us that the decision to lend is profitable. In other words: the larger the quotient (4.14) the better the gamble.

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92. Id.
COMMON ECONOMIC INDICATORS:  
PROFIT/INVESTMENT RATIO -EXAMPLE CALCULATION

<table>
<thead>
<tr>
<th>Time</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue ($)</td>
<td>1,000</td>
<td>2,000</td>
<td>3,000</td>
<td>4,000</td>
<td>5,000</td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td>Capital Expenditure ($)</td>
<td>2,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,000</td>
</tr>
<tr>
<td>Operating Expenses ($)</td>
<td></td>
<td>300</td>
<td>400</td>
<td>500</td>
<td>600</td>
<td>700</td>
<td>2,500</td>
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<tr>
<td>Income Tax ($)</td>
<td></td>
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<td>440</td>
<td>800</td>
<td>1,160</td>
<td>1,720</td>
<td>4,200</td>
</tr>
<tr>
<td>Cash Flow ($)</td>
<td>620</td>
<td>1,160</td>
<td>1,700</td>
<td>2,240</td>
<td>2,580</td>
<td>6,300</td>
<td></td>
</tr>
</tbody>
</table>

P/I Numerator = Total Revenue - Total Opex - Total Tax
= 15,000 - 2,500 - 4,200 = 8,300

P/I Denominator = Total Capex = 2,000

Profitability Index = P/I Numerator / P/I denominator
= 8,300 / 2,000
= 4.15

Illustration B

A third scheme (Illustration C) fixes the date when the project turns a profit. As in all transactions, there are verities about the undertaking (uncertainties) and possibilities (values) influencing the project. If the organizers borrowed more money, let’s say $5000 at 8 percent, the numbers change. With usufructs as collateral, banks can impose security interests to recover on them. The calculation under Illustration C is the first whole year of positive cash flow (4) minus one (1) plus 220 divided by1700. The result is 3.13 years.

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93. *Id.*
COMMON ECONOMIC INDICATORS: PROFIT/INVESTMENT RATIO - EXAMPLE CALCULATION

<table>
<thead>
<tr>
<th>Time</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-2,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-2,000</td>
</tr>
<tr>
<td>Negative Cash Flows ($)</td>
<td>620</td>
<td>1,160</td>
<td>1,700</td>
<td>2,240</td>
<td>2,580</td>
<td>8,300</td>
<td></td>
</tr>
<tr>
<td>Positive Cash Flows ($)</td>
<td>-2,000</td>
<td>-1,380</td>
<td>-220</td>
<td>1,480</td>
<td>3,720</td>
<td>6,300</td>
<td></td>
</tr>
<tr>
<td>Net Cash Flow ($)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cumulative Cash Flow ($)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Cumulative Cash flow is negative up to and including Year 3 and positive in Year 4, therefore Payout occurs sometime during the 4th Year of the project (i.e. 3 and a bit years after the project starts). Payout is normally represented in years as follows:

Payout (years) = (1ST whole year of positive Cumulative Cash Flow - 1) + (ABS Cumulative Cash Flow from previous year / Cash Flow in payout year)

Payout (years) = (4 - 1) + (220 / 1,700)

**NOTE: ABS = Absolute value (i.e. Ignores negative sign)**

Illustration C

Modern Ghana is a complex society. It accommodates two worlds; one burdened with poverty and inhumanity (i.e. without doctors, engineers, and administrators)\(^9^4\) and the other, slightly better, due to concessions made to westerners.\(^9^5\)

There are pockets of wealth bordered by underdevelopment. Folks living in the hinterland, bound by tribal tradition, break their bond with violence. Wiley intellectuals mimic westerners to secure gains and palaver with their own to keep them. Political parties and what goes for modernity set-up shop in towns and cities. Too many youngsters are idle. They need schools, schooling, and work to occupy their time.

Industrial agriculture demands protection and the option to exploit workers. There is no modernization, development plans worthy of discussion or initiatives, because initiative implies risk. Too many people suffer from privations,\(^9^6\) inflation\(^9^7\) and unemployment in Ghana.\(^9^8\)

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95. See FANON, *supra* note 94, at 55.
96. KORSI, *supra* note 10, at 5-12.
The government is pouring money into the economy to cope with the many social and economic problems plaguing Ghana. Vendors tweak their prices daily to hold their profit line. Bankers - who have pitched their interest too low - are losing money. Too few are healthy or getting healthy in the economy.

Foreign land grabs to service western needs and nature’s inevitable push-back are changing the country in unappealing ways. Social dislocation, crime, corruption, teenage idleness, urban sprawl, drug use, and pollution have prompted the government to do something with foreign infusions of money.

VI. EVIL

There is an evil abroad. If it’s spreading at the behest of power, the cost is pain, grief and death. The World Bank, for example, dumped 110 million dollars on Ghana. Under the guise of upgrading Ghana’s poor electrical sources and water purification systems, the government promised to: 1) raise fees for these commodities to levels the average Ghanaian is unable to pay, and 2) privatize the industries so that public services would be run by private multi-national corporations.

Today, twenty-four million people live in Ghana; sixty-six percent of those live in rural settings. Though poverty has fallen in recent years, 30% of the Ghanaian population live on less than $1.25 a day. Ten percent remains malnourished. Changing things on the energy and water front abruptly will, in the end, make survival more difficult.

There are remote places in Ghana, to this day, with legal vacuums and residents without legal consciousness. With men flocking to urban centers to raise money for village families, illiterate women

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98. KORSI, supra note 10, at 12.
99. Avemor, supra note 70; see Ghanaian Chronicle, supra note 73, at 4.
100. Avemor, supra note 70; see Boeteng, supra note 74.
104. Id.
are left behind to rule the roost. With limited social standing, limited access to land and little grasp for complex legal rules, they are in a weak position to respond to government fees for water and electricity. Dropping the hammer on them creates a dreary situation. It is a death sentence for too many in the hinterland.

VII. FINANCE

A.

Ghana needs money to fuel projects that would produce projects which would be subject to tax revenue before repatriation. A favorable business climate enhances the prospect that money will be generated. Today’s leaders develop a property rights regime that accommodates private ownership. Leaders must build a legal regime that works. They must produce high quality financial information so lenders can assess the activities of their clients and determine when a client has shouldered too much risk. Leaders must punish fellow leaders when they sell the state or pieces of it to get rich. Business leaders must foster good corporate governance to influence corporate managers to act in the stockholders’ best interest.

Political, economic, and legal figures must trench prudent regulations and seasoned supervisors who can manage the banking system to minimize poor lending practices. Folk must allow foreign financial institutions to run a business in Ghana to fuel competition, drive-up quality and drive out vagrants. Leaders must open the country to imported consumer goods to gin-up domestic competition and drive down prices.

Natural suspicion must give way to cooperation to make things better. Softening the borrowing language is a first step. The words lenders and borrowers should be abandoned for grantors and grantees.

106. Pruitt, supra note 102, at 721.
107. Id. at 747-752.
110. Id. at 3.
111. Id. at 2.
112. Id. at 3.
113. Id.
114. Id. at 4.
115. Id. at 5.
It will facilitate conversation. Grantors must yield to the demands of the Lome IV Convention - an international instrument African Nations hammered out with the Europeans for doing business in Sub Sahara Africa.116

Grantors must respect grantee claims of sovereignty, independence, and domestic jurisdiction over funds furnished for development.117 Development projects should be compatible with the long range development plans of the grantee.118 Grantees must analyze their own problems at the outset and propose their own solutions.119 Foreign assistance should respond to social upsets, cultural concerns and negative environmental impacts.120 Grants-in-aid should be suited for use under the economic model in use by the grantee state.121 Grantors must recognize and respect Grantee course corrections during performance for their wisdom.122 Money should be spent to do good. The parties should strive to do no harm.

B.

In Ghana foreign investment should pour through joint ventures.123 The government should furnish sweat equity for all projects; some of their foreign reserves should be put up to cover risks and, by implication, create incentives that goad project managers to act properly. Securities should be floated for some undertakings to get public involvement. Taxes on profits should be hefty or a portion of the tax recycled for other projects.

The government should avoid Volta Aluminum Company contracts ("I'll pour dollars into Ghana to build an electric dam if you give me 70 percent of the electricity at the lowest rate possible for 30 years; the option to run a global smelting plant in perpetuity; and a low tax

117. Id. at 49.
118. Id. at 41.
119. Id.
120. Id.
121. Id.
122. Id.
rate on the plants profits") and, on a different front, it should take money from China.\textsuperscript{125}

It should sell its exportable wares to the People’s Republic of China.\textsuperscript{126} It’s a way to generate foreign currency. For allocations of crude oil and natural gas China will make grants in aid and soft loans for domestic development projects.\textsuperscript{127}

Ghana must establish lines of credit with the China Development Bank.\textsuperscript{128} The money is spent on Chinese firms doing construction work in Ghana.\textsuperscript{129} The income generated by these projects should be taxed. Credit is repaid under generous terms (e.g. fourteen years).\textsuperscript{130} The interest on the credit is below market rates.\textsuperscript{131}

Lastly, the government should cultivate the world’s hedge funds and hedge funders to tackle domestic inflation. The funders will deputize recipients to spend their money in the private sector on the conditions that: (1) the remittances are spent on infrastructure projects and (2) the money is in fact doing the nation’s work.\textsuperscript{132} The goal (in the end) is to use foreign currency to do the work so sitting governments can retire domestic currency to a point where the supply equals the prevailing demand.

VIII. OIL

A.

Let’s put a fine point on this. Capital determines man’s reality, and innovation is the cost men pay for it. When the ice age ends and the sea swamps centers where men live, where will they go—what shapes will the continents take, where will men graze, what will they eat and what will they do to save the species?

\textsuperscript{126} Ofodile, supra note 125, at 545-567.
\textsuperscript{127} Keenan, supra note 125, at 89, 119; see also Ofodile, supra note 125, at 545, 567.
\textsuperscript{128} Keenan, supra note 125, at 119.
\textsuperscript{129} Ofodile, supra note 125, at 531-532, 561.
\textsuperscript{130} See Keenan, supra note 125, at 119.
\textsuperscript{131} Id. at 119.
The demand for energy will remain the same. Though developed nations will demand less, because of advanced technology, developing nations will demand more. Will they husband their resources to service their needs, squander them, or sell them to others (setting aside domestic accounts from oil revenue for all citizens to promote domestic tranquility)? Vincent Tucker\textsuperscript{133} and Dennis Danvers\textsuperscript{134} provide the grist. Danvers wrote:

“In the eyes of the world, Mexico is cheap labor, cheap oil, cheap forests to grind up into toilet paper. The world gives Mexico lots of money for these things to a few cooperative men who mustn’t share the wealth or the game is up. It is a well know fact that the more prosperous a people become, the more likely democracy will take hold, and the people start making decisions for themselves. The next thing you know there goes the cheap labor, the cheap gas, the cheap toilet paper, and nobody has nothing.”\textsuperscript{135}

Though Mexico is the object of the author’s ire, the words could apply to Ghana. What should the country do?

B.

Ghanaian leaders should take the skeptic’s view about everything and suspend, for a while, Western organizing principles and ways to judge humankind.\textsuperscript{136} They should study and take to heart Professor Ruth Gordon’s account of development and push-back against re-colonization efforts (e.g. people with money exploiting old divisions, ineptitudes, and moral lapses to get at the nation’s natural resources).\textsuperscript{137}

Leaders should establish money market accounts with Swiss Banks from oil revenue, annually paying out the accounts’ interest to all citizens, to give the folk a stake in the country. Ghana should develop an artisan, business, property class to create property rights, with the option to vote (to promote democracy), and civic rights (to feel safe). It should also afford opportunities to send youngsters to institutions of higher learning to produce professionals and leaders.


\textsuperscript{135} \textit{Id.} at 27.

\textsuperscript{136} Gordon, \textit{supra} note 133, at 89-92.

\textsuperscript{137} \textit{Id.} at 73-88.
They should provide everyone with an economic education – not mere candy doled out to some to be sucked, chewed and digested – but basic nutrients to strengthen all.\textsuperscript{138} It must lower inflation,\textsuperscript{139} so all can purchase items and, in the end, raise revenue from taxes on businesses so government can provide services and spread the wealth.

C.

On the energy front, when facing down multi-national corporations, Ghanaian leaders should use production sharing agreements (PSAs).\textsuperscript{140} Under these arrangements, foreign oil companies (FOCs) are provisioned with the power to troll, find, and retrieve crude oil. FOCs shoulder the cost of the project. Ghana, through its nation oil company (NOC), reimburses the FOCs for their costs.

PSAs preserve national sovereignty, lift the cost of funding energy projects\textsuperscript{141} and, in the end, furnish the host country (Ghana) with the wherewithal (FOCs’ expertise) to develop its own oil industry.\textsuperscript{142} Under PSAs, the Ghanaian government is close to the FOCs and their operations.\textsuperscript{143} It gets firsthand experiences from them,\textsuperscript{144} witnesses all and participates in some FOC decision making,\textsuperscript{145} supervises all non-technical and non-fiscal provisions of the agreements,\textsuperscript{146} and, through clauses added to the PSAs, promotes national interests (e.g. FOC obligations to train local personnel, transfer technology, use locally

\textsuperscript{138} See Koku, supra note 105, at 30-33.
\textsuperscript{139} See Emily Bowers, Ghanaian Central Bank Cuts Key Lending Rate to 16%, BLOOMBERG, Feb. 19, 2010, http://www.bloomberg.com/apps/news?pid=20601116&sid=a0XxjSMExjsU; Cf. Hakan Berument, Nildag Basak Ceylan & Hasan Olgun, Inflation Uncertainty and Interest Rates: Is the Fisher Relation Universal, in 39 APPLIED ECONOMICS 53 (2007). The Fisher equation is not universal and does not hold in developing countries like Ghana. Id. at 56. Notwithstanding this, the method used and the data collected could be useful when factoring risk into business calculations. Under the equation, where inflation is steady, the nominal interest rate changes one-for-one with the inflation rate. Fisher Effect: “The fisher effect is in a model where inflation is expected to be steady, the nominal interest rate changes one-for-one with the inflation rate.” http://economics.about.com/cs/economics/glossary/g/fisher_ef.htm.
\textsuperscript{141} Dzienkowski, supra note 140.
\textsuperscript{142} Id.
\textsuperscript{143} Bonna, supra note 140.
\textsuperscript{144} Id.
\textsuperscript{145} Id.
\textsuperscript{146} Id.
manufactured goods, use local services, employ local sub-contractors, and so on).  

Under the PSA, the FOCs must submit their work program and budgets for approval by the state. Through its NOC, Ghana retains the right to terminate the contract. Under PSAs, FOCs get a term lease—avoiding a clash between Ghana’s property régime and the FOCs notions about property. Additionally, through its NOC and other agencies, Ghana can demand royalties, levy taxes and, during periods when oil prices are high, exact excess profits taxes. 

During low periods, when the FOC is trying to get ends to meet, Ghana can suspend royalty claims and excess profit taxes. It can claim management fees for all work programs under PSAs (to retain control over and get experience with the way work is done in the country) and, when the PSA term ends, it can claim all the machinery used in oil production. 

These agreements generate cost oil and profit oil, and Ghana can monitor the cost oil facet of its deals. The danger is not having skilled negotiators in place to put gadgets in the PSAs to capture a fair share of funds from profit oil. From gross production under the PSA, the FOC should get all operating costs plus 20% of its capital investment. Profit oil should be a 65.9091% and 34.0909% split—the larger share going to Ghana. Barrels of profit oil ought to be guaranteed under the PSA, and the FOCs should be stripped of the power to use time to limit the volume of oil the country gets. Last but not least, Ghana should have the power to claim all royalties and taxes. 

FOCs can use the Energy Charter Treaty. It strips the host country of the power to discriminate, expropriate its assets, and block

147. Id.  
148. Id.  
149. Id.  
150. Id.  
151. Id.; see Blocher, supra note 54, at 179-83.  
152. Bonna, supra note 140.  
153. Id.  
154. Id.  
155. Id.  
156. Id.; see also David G. Ebner, Smaller Exploration Companies on the International Frontier, 37 Nat. Resources J. 707, 714 (1997).  
157. Id.  
158. Id.; see Dzienkowski, supra note 140, at 38.  
159. Bonna, supra note 140.  
160. Id.  
the FOCs’ repatriation of funds.\textsuperscript{162} It empowers the FOCs to make
claims against the host government for breach of contract, and it arms
them with the power to use domestic courts or international arbitra-
tion forums to resolve disputes.\textsuperscript{163}

\section*{IX. Taxes}

Ghana spends more revenue than its tax agencies collect,\textsuperscript{164}
and too much comes from foreign aid.\textsuperscript{165} To lessen foreign dependence,
Ghana must to fix its tax system.\textsuperscript{166} It should ratchet-down its ex-
change rate to net more revenue from international trade payments.\textsuperscript{167}
It should lower or abolish export duties on exportable raw materials,\textsuperscript{168}
like cocoa and palm oil, to incentivize domestic production and up the
income yields at home for taxation.\textsuperscript{169}

It should flatten the tax on wage and salaried employees to give
them a break\textsuperscript{170} and impose a value added tax of 3\% on the values
added to goods imported, manufactured, bought and sold in Ghana.\textsuperscript{171}
Additionally, the government should impose a presumptive tax on the
informal economy based upon profit projections for particular sec-
tors.\textsuperscript{172} Finally, Ghana should shower foreigners with incentives to
spend their money in the country to grow income for taxation.\textsuperscript{173}

With regard to oil, the government should rake-off a percentage
of the revenue for a Permanent Income Fund run by the Central
Bank,\textsuperscript{174} and the Fund’s money should be spent by the bank on profit

\begin{itemize}
\item \textsuperscript{162} Bonna, supra note 140.
\item \textsuperscript{163} Id.
\item \textsuperscript{164} Robert D. Osei & Peter Quartey, Tax Reform, Research Paper No. 2005/66, UNU-
\item \textsuperscript{165} Id. at 13.
\item \textsuperscript{166} Id. at 5.
\item \textsuperscript{167} E. Owusu-Afriyie, Bank of Ghana, An Assessment of the Impact of Tax Reform on
Department, at 7 (Aug. 2009) on file with the author.
\item \textsuperscript{168} Id. at 6; see Osei, supra note 164, at 4.
\item \textsuperscript{169} Osei, supra note 164, at 8.
\item \textsuperscript{170} Id. at 10.
\item \textsuperscript{171} Afriyie, supra note 167, at 18.
\item \textsuperscript{172} Joseph R.A. Ayee, Dean, Faculty of Social Studies, University of Ghana, Building
Tax Compliance Through Reciprocity with Government, Paper presented at the Foreign
Investment Advisory Service (FIAS) of the World Bank, Alisa Hotel, Accra, Ghana 5, 10
(Jan. 11-12, 2007).
\item \textsuperscript{173} Osei, supra note 164, at 8.
\item \textsuperscript{174} See Todd Moss & Lauren Young, Saving Ghana From the Oil: A Case for Direct
/www.cgdev.org/content/publications/detail/1422981; see also Letter from Todd Moss,
producing projects outside of Ghana (e.g. Egypt, Angola, and South Africa).\textsuperscript{175} By law, yields must be repatriated to Ghana and distributed to Ghanaians on a pro rata basis.\textsuperscript{176} The Central Bank could use a rolling average yield from different projects, calculated over three year period,\textsuperscript{177} or cap the payment as a percentage of the gross domestic product.\textsuperscript{178} Payments would get sent to regional banks, the postal service,\textsuperscript{179} EZ-credit cards used by some Ghanaians,\textsuperscript{180} and mobile phones, with software robots to download payments to ATMs and banks.\textsuperscript{181} All recipients would have to prove their entitlement, and because the money is income some would be subject to tax.

With regard to oil byproducts,\textsuperscript{182} Ghana must establish a tax policy for the downstream use of natural gas. It should borrow money from the world’s hedge funds for projects\textsuperscript{183} and link the undertakings with the borrower’s promise to: (1) plough repayments into other projects;\textsuperscript{184} and (2) repatriate the hedge funders’ profits as dividends.\textsuperscript{185}

The government should grant fledgling domestic businesses a three year tax holiday\textsuperscript{186} and allow them to deduct all interest attendant to loans utilized for downstream gas projects.\textsuperscript{187} It should also give all of these businesses a 90% right-off of capital expenditures for new plants and machinery.\textsuperscript{188} Finally, on the assumption that foreign cur-

\begin{itemize}
\item \textsuperscript{175} Moss, supra note 174.
\item \textsuperscript{176} Id. at 9.
\item \textsuperscript{177} Id. at 17.
\item \textsuperscript{178} Id.
\item \textsuperscript{179} Id. at 18.
\item \textsuperscript{181} Moss, supra note 174, at 18.
\item \textsuperscript{183} See FORBES, supra note 132, at 22.
\item \textsuperscript{184} Id.
\item \textsuperscript{186} Ososami, supra note 182, at 4.
\item \textsuperscript{187} Id.
\item \textsuperscript{188} Id.
\end{itemize}
rency was spent on the project, Ghana should grant the shareholders tax free dividends during the tax holiday, grant a value added tax exemption (where possible) for new plants and equipment, and, with the aid of experts, provide a floor price for the domestic use of gas to husband income for taxation.

Of course, laying out tax strategies for oil and gas should be accompanied by a warning. Ghana shouldn’t suckle on oil. The stuff spawns authoritarian governments, and legal transparency (who gets what) and the rule of law (certainty, continuity, and fairness) become casualties. Additionally, too much money falls into the hands of generals, while the government loses the incentive to tax. Finally, social stratification worsens while the boom in oil sucks too much capital and labor from other economic sectors, making them weak and ripe for foreign predation.

In the end, oil revenue, or some of it, should go to educational, agricultural, and rural development funds. It will lower factors attributable to poverty and teach folks, by example, that oil revenue can help the “Average Joe”.

X. CONCLUSION

The global economic order is in flux—chaos and serendipity make it so. The top economic powers (United States, United Kingdom, France, and Germany) are on the bottom, while the bottom players (China, Dubai, and the United Arab Emirates) are on top. Social mixes of nations and indeterminacy makes today’s intersections of power fearsome sometimes, callous all the time, as well as rapacious, destructive, disassembling, and with grist everywhere for nations to do something new. Ghana has the wherewithal to be a part of this flux on

189. Id.
190. Id. at 5.
191. Id. at 2.
192. Moss, supra note 174, at 5.
193. Id. at 6.
194. Id. at 7.
195. Id. at 6.
196. Id.
197. Id. at 7.
198. Id. at 6.
terms devised by its own leaders. It can husband its resource in oil, establish new businesses at home, troll for new sources of tax revenue, invest in its children with oil funds, arrest domestic inflation, and tackle poverty. It can also make deals with emerging economic powers to do things for its people at home, use hedge funds for projects, spend money on its people to promote good governance, retire foreign debt when it's prudent, and use its resources to aid neighboring African countries. Only time will tell.