

The State and Alcohol Revenues: Promoting “Economic Development” in Gold Coast/Ghana, 1919 to the Present

EMMANUEL AKYEAMPONG*

Colonial and independent governments in twentieth-century Gold Coast/Ghana have consistently viewed alcohol revenues as a major source of government income. The importance of the alcohol industry reflects not only the skewed nature of the Ghanaian economy, but also indicates the existence of a huge local demand for alcohol. A vocal temperance group, whose activities date from the colonial period, has sought to challenge and revise the state's dependence on alcohol revenues. To explore the resulting dilemma, it is necessary to examine the cultural and historical circumstances that elevated the economic significance of alcohol, the development of the alcohol industry and its role in the country's economy, and the relations of Ghanaian governments to the alcohol industry.

Au XX^e siècle, les gouvernements coloniaux et indépendants de la Côte de l'Or ou du Ghana ont toujours considéré les recettes générées par l'alcool comme l'une de leurs principales sources de revenus. L'importance de l'industrie de l'alcool démontre non seulement que l'économie du Ghana est biaisée, mais aussi l'existence d'une demande énorme à l'échelle locale. Un groupe de tempérance qui avait une grande visibilité et dont les activités remontent à la période coloniale, a essayé de contester et de modifier la dépendance de l'État par rapport aux revenus générés par l'alcool. Afin d'examiner le dilemme, il faut étudier les circonstances culturelles et historiques qui ont élevé l'importance économique de l'alcool, le développement de l'industrie de l'alcool et son rôle dans l'économie du pays, de même que la relation entre les gouvernements du Ghana et l'industrie de l'alcool.

COLONIAL AND INDEPENDENT governments in twentieth-century Gold Coast/Ghana have both viewed alcohol revenues as an important source of government finance. In the mercantile colonial economy, Gold Coast governors linked customs duties on imported alcohol to the ability to provide the internal infrastructure necessary for economic development. In the underdeveloped Ghanaian economy, excise duties, sales taxes, and profit

* Emmanuel Akyeampong is an assistant professor of history at Harvard University. Research for this work was performed under a Fellowship from the African Development Foundation.

dividends paid by local breweries and distilleries to the state represent indispensable sources of government income. Indeed, for post-independence Ghanaian governments, the profitable breweries are seen as visible signs of economic development.

The importance of the alcohol industry not only reflects the skewed nature of the Ghanaian economy, but also indicates the existence of a huge local demand for alcohol. A vocal temperance group, whose activities date from the colonial period, has sought to challenge and revise the state's dependence on alcohol revenues. Organized around churches and recently medical practitioners, the temperance movement has emphasized that the social costs of the alcohol industry outweigh its economic contribution.¹ This has resulted in some degree of ambivalence on the part of the state towards liquor revenues. To explore this dilemma, it is necessary to examine the cultural and historical circumstances that elevated the economic significance of alcohol, the development of the alcohol industry and its role in the Gold Coast/Ghanaian economy, and the relations of Ghanaian governments to alcohol revenues and the alcohol industry.

Alcohol, Sacred and Secular Power in Pre-Colonial Gold Coast

The world views of the Akan, Ga-Adangme, and Ewe peoples of southern Gold Coast encompassed the living, the dead, and the unborn in a religious structure in which interaction with ancestors and gods occupied a central place in day-to-day existence.² Communication with the spiritual world was essential in the pursuit of social goals, and alcohol (in the Twi language, *nsa*) facilitated communication between the spiritual and physical worlds.³ Male elders in southern Gold Coast societies viewed *nsa* as possessing potent spiritual power because of its intoxicating quality; without *nsa*, one could not communicate through libation (in Twi, *nsa guo* or *mpae yi*) with the ancestors (*nsamanfo*) and the gods (*abosom*).⁴

Libation was central to rites of passage (in particular the observance of funerals) and festivals, as the blessings of the ancestors were necessary for the success of these ceremonies. Judicial processes and legal contracts

- 1 The Ghanaian branch of the International Council on Alcohol and Addictions, under the chairmanship of Dr. J. B. Asare, acts as an active temperance lobby in Ghana today.
- 2 Although the Gur-speaking peoples of the Northern Territories have used local beer (*pito* brewed from Guinea corn or millet) for centuries in ritual and social life, the area was designated a prohibition zone in 1890 by an international conference in Brussels. This restriction was confirmed by the 1919 St. Germain international convention on liquor traffic to African colonies. The Northern Territories gained access to European beer, wine, and spirits only in the 1950s. The peoples of southern Gold Coast/Ghana form the focus of this study.
- 3 *Nsa* originally referred to palm wine (*nsa fufuo*, tapped from oil palm and raffia palm trees) but its usage has been extended to all types of alcohol, including European beer, wine, and spirits.
- 4 For a detailed discussion of *nsa*'s spiritual potency, see Emmanuel Akyeampong, "Alcohol, Social Conflict and the Struggle for Power in Ghana, 1919 to Recent Times" (Ph.D dissertation, University of Virginia, 1993), chap. 2.

involved the sharing of palm wine among assembled witnesses, the spiritual quality of *nsa* binding these witnesses to uphold the validity of judicial decisions and legal agreements in the absence of written documents.⁵ The ritual importance of alcohol was, in fact, enshrined in a Twi proverb: *Ade'a ye de nsa ye no, yemmfa nsuo nye* ("What *nsa* is used for, water cannot be a substitute"). Since it was the repository of such potent spiritual power, male elders in gerontocratic Akan, Ga-Adangme, and Ewe societies sought to monopolize the use of *nsa*. *Nsa* unlocked the door to the spiritual realm where all human requests were granted. As Nana Nketsia V emphasized:

Nsa is a definite link between man and his ancestor because it is spiritual. The ancestors are spiritual, and this [*nsa*] is a spirit.⁶

European rum, gin, and schnapps were incorporated into rituals in southern Gold Coast, and male elders excluded women and young men from using alcohol.⁷ In monopolizing the ritual use of alcohol, the elders fused its sacred power with secular power.

The close association between the male elders' monopoly over alcohol and their religious and political power led to the construction of an ideology of conspicuous consumption among the powerful.⁸ To have access to abundant palm wine and to use it in a wasteful manner highlighted the wealth and power of the social elites.⁹ The expansion of European commerce and wage-labour employment from the mid-nineteenth century provided young men with the opportunity to earn cash. Young men migrated to coastal towns, the foci of European economic activity, and an elaborate pattern of social drinking emerged among them to express their new autonomy from rural elders and their new wealth.¹⁰ Alcohol's significance expanded to encompass religious, political, social, and economic power.

Financing the Gold Coast Colonial Government

The British colonial government in the Gold Coast regarded local demand

5 For discussions on the religio-cultural use of alcohol in Gold Coast, see, for example, the works of Robert Sutherland Rattray: *Ashanti* (Oxford: Clarendon Press, 1923), pp. 97–98; *Religion and Art in Ashanti* (Oxford: Clarendon Press, 1927), pp. 148–150; and *Ashanti Law and Constitution* (Oxford: Clarendon Press, 1929), p. 53.

6 Interview with Nana Nketsia V, Paramount Chief of English Sekondi, March 6, 1992.

7 See Raymond Dumett, "The Social Impact of the European Liquor Trade on the Akan of Ghana (Gold Coast and Asante), 1875–1910", *Journal of Interdisciplinary History*, vol. 5, no. 1 (1974), pp. 69–101; Akyeampong, "Alcohol and Social Conflict in Ghana", pp. 67–68.

8 Conspicuous consumption is not equated with drunkenness.

9 See, for example, Thomas Edward Bowdich, *Mission from Cape Coast Castle to Ashantee* (1824; London: Frank Cass, 1966), pp. 277 and 293.

10 Akyeampong, "Alcohol and Social Conflict in Ghana", chap. 3; Augustus Casely-Hayford, "Hermetic Hegemony: A Study of Arcane Brotherhoods on the Gold Coast (1735–1935)" (African History Seminar, School of Oriental and African Studies, 1989), p. 3.

for alcohol for religious and cultural purposes as the solution to its quest for financial self-sufficiency. Customs duties on imported alcohol came to play a central role in the financing of the British colonial government and the maintenance of British power.¹¹ British colonization of the Gold Coast was a piecemeal process not marked by a definite military conquest (with the exception of Asante) or by specific treaties ceding sovereignty. The coast was declared a colony in 1874 through Britain's protection of the coastal states against Asante imperialism in the nineteenth century. The creeping assumption of colonial power in the Gold Coast made taxation one of the solid manifestations of the loss of power and led to its politicization.

Prior to 1874, the informal extension of British influence in the Gold Coast had resulted in a *de facto* colonial situation. In 1850 the British administration in the Gold Coast established the office of governor, as well as legislative and executive councils. The Gold Coast received a parliamentary subsidy of £4,000 per annum, but this was insufficient to meet administrative costs.¹² Taxation was a tricky issue, for how could Britain tax a people over whom it had no formal jurisdiction? How could Britain justify the tax and secure consensus about paying it? The British decided on two solutions. First, a representative assembly of the people, constituted of their chiefs, was created to pass the tax. Second, the British inserted in the tax ordinance an explicit commitment to direct most of the tax receipts into internal development as justification.¹³ Taxation, representation, and internal development were thus linked in the 1850s and would remain linked in the African mind for the entire colonial period.

The attempt to levy a poll tax in the 1850s eventually failed because the British neglected the concessions for internal development and refused to pay the agreed stipends to the chiefs who assisted in the tax collection. The British administration's need for finances was still crucial, and customs duties were imposed in the second half of the nineteenth century. Increasing imports of spirits quickly made alcohol duties one of the most important constituents of the colonial government's finances. As a London official commented in 1877, customs duties were ideal for imposing on a population too ignorant to understand their workings.¹⁴ Between 1883 and 1895, about

11 The Gold Coast was not an isolated case in West Africa. For colonial dependence on alcohol revenues in Nigeria, see A. Olorunfemi, "The Liquor Traffic in British West Africa: The Southern Nigerian Example, 1895-1918", *International Journal of African Historical Studies*, vol. 17, no. 2 (1984), pp. 220-242; and Ayodeji Olukoju, "Prohibition and Paternalism: The State and the Clandestine Liquor Traffic in Northern Nigeria, c. 1898-1918", *International Journal of African Historical Studies*, vol. 24, no. 2 (1991), pp. 349-368.

12 David Kimble, *A Political History of Ghana 1850-1928* (Oxford: Clarendon Press, 1963), p. 169.

13 See, for detailed discussions, *ibid.*, chap. 4; John Mensah Sarbah, *Fanti National Constitution* (1906; London: Frank Cass, 1968), pp. 100-103; and J. E. Casely Hayford, *Gold Coast Native Institutions* (London: Sweet and Maxwell, 1903), pp. 160-163.

14 Cited in Kimble, *A Political History of Ghana*, p. 308.

Table 1 Contribution of Customs Duties Including Liquor Revenues, and Railway Revenues to Total Government Revenue, Gold Coast 1910–1913 (£ sterling)

Year	Import Duties	Liquor Duties	Railway Revenues	Total Revenue	% of Liquor Contribution
1910	610,602	384,538	248,981	1,006,633	38
1911	663,071	421,970	294,650	1,111,632	38
1912	735,470	470,144	329,399	1,230,850	38
1913	779,593	502,429	357,329	1,301,566	39

Sources: Public Records Office (PRO), London, CO 554/41/19073; and *Report of the Commission of Inquiry Regarding the Consumption of Spirits in the Gold Coast* (London, 1931), Appendix 111.

nine million gallons of liquor were imported into the Gold Coast; it is significant that Raymond Dumett argued that these imports at the turn of the century “were absorbed into the traditional religio-cultural system”.¹⁵

By the period immediately preceding World War I, liquor duties were contributing almost 40 per cent of total government revenues in the Gold Coast. Table 1 gives statistics for the two leading sources of government revenue — customs duties and railway revenues — in the immediate pre-World War I era. Wholesale and retail licences for spirits, wine, and beer brought in a further £32,440 sterling in 1910, £38,786 in 1911, £42,362 in 1912, and £45,725 in 1913, or roughly 4 per cent of total revenue.¹⁶ Huge alcohol imports had been made possible by a growing indigenous cocoa industry, and the Gold Coast emerged as the world’s leading producer of cocoa in 1911. By 1919 government officials such as the comptroller of customs were commenting on the close connection between increased cocoa exports and increased alcohol imports.¹⁷ The onset of railway construction and mechanized mining, with the concomitant concentration of single male migrants in colonial towns, encouraged social drinking among railway workers and miners.¹⁸ The prosperity that marked the Gold Coast in this period also resulted in a general increase in the demand for consumer goods other than alcohol, as indicated in Table 2.

15 Dumett, “The Social Impact of the European Liquor Trade”, pp. 76, 84. By the 1880s, the Manchester Chamber of Commerce was complaining that the Gold Coast colonial government was neglecting British trade interests as taxes on liquor and tobacco were bringing in sufficient government revenue. George Elder Metcalfe, *Great Britain and Ghana: Documents of Ghana History, 1808–1957* (London: Thomas Nelson, 1964), pp. 428–430.

16 *1930 Commission Report*, Appendix V, “Statement of amounts collected in respect of spirit, wine and beer licences for the years 1909 — 1927–8”.

17 Public Records Office, London (hereafter PRO), CO 96/597/15501.

18 The important place of alcohol in the social lives of railway workers is underscored in Richard Jeffries, *Class, Power and Ideology in Ghana: The Railwaymen of Sekondi* (Cambridge: Cambridge University Press, 1978). As early as 1910, northern migrants who returned from mine labour in the south were reported to have “acquired bad drinking habits”, as stated by Jeff Crisp, *The Story of an African Working Class: Ghanaian Miners’ Struggles, 1870–1980* (London: Zed, 1984), p. 36.

Table 2 Value (£) of Consumer Goods Imported into the Gold Coast, 1919–1923

Articles	1919	1920	1921*	1922	1923
Rice	126,074	357,149	93,471	109,068	141,832
Flour	169,339	232,786	159,088	138,312	198,595
Refined sugar	50,646	274,598	43,276	109,012	116,554
Cotton-manufactures	1,889,192	3,645,776	892,977	1,120,376	144,344
Cigarettes	159,303	289,418	36,816	203,084	182,657
Gin	10,965	45,473	64,307	153,043	183,864
Rum	174,624	11,439	15,563	9,892	15,547

* Declining imports of consumer goods in 1921 reflected a major slump in the world market price for cocoa at the end of 1920.

Source: Gold Coast, *Blue Book*, 1923–4.

However, from 1919 the St. Germain international convention on liquor, which sought to reduce liquor traffic in the African colonies, increasingly made it embarrassing for the British colonial government to depend on liquor revenues in its African colonies.¹⁹ Britain was also one of the leading advocates of this restrictive policy.²⁰ The British temperance movement, organized around churches in the metropolis and the colonies, was jubilant, for they had long criticized official dependence on alcohol revenues as a contradiction to Britain's custodianship of less-developed peoples. As early as the 1880s, the Native Races and Liquor Traffic United Committee had emerged in Britain to champion prohibition in the colonies.

The colonial governments of the Gold Coast and Nigeria vigorously protested the imperial policy to restrict liquor traffic, as it undercut their financial bases.²¹ As a compromise solution, the St. Germain Convention banned "trade spirits", and each colonial government was left to define what these were. The Gold Coast government classified them as spirits imported "for sale to natives, and not generally consumed by Europeans".²² The Gold Coast drew up a list of trade spirits that heavily affected foreign labels, including rum and Dutch gin or geneva.

The effect of banning geneva and rum soon proved contrary to the financial interests of the Gold Coast government. Table 3 illustrates the sharp drop in customs duties on imported spirits. Only imported rum, gin,

19 On international conventions regulating liquor traffic in the African colonies, see Lynn Pan, *Alcohol in Colonial Africa* (Uppsala: Scandinavian Institute of African Studies, 1975). The St. Germain Convention also declared illegal the commercial distillation of spirits in African colonies and imposed a high tax on imported alcohol. For the text of the convention, see Raymond Leslie Buell, *The Native Problem in Africa*, vol. 2 (New York: Macmillan, 1928), pp. 950–953.

20 Britain's support for restrictive liquor laws was linked to her imperial designs on the former German colonies in Africa.

21 See PRO, CO 554/41/19073; and PRO, CO 554/41/10107.

22 Gold Coast, *Government Gazette*, July 24, 1920.

Table 3 Contribution of Gin and Rum to the Total Customs Revenue from Spirits Imports, Gold Coast 1913–1921

Year	Total Spirits		Duties		Gin and Rum Duties as % of Total
	Imports (gal.)	Duties (£ sterling)	Gin (£)	Rum (£)	
1913	1,762,850	502,429	159,404	328,965	97.2
1914	1,722,611	494,460	150,985	327,344	96.7
1919	672,462	371,431	9,083	344,208	95.1
1920	179,597	141,018	37,607	14,439	36.9
1921	283,319	283,868	93,605	14,253	37.9

Source: Appendix III (1930 Commission Report); and PRO, CO 554/46/21446.

and schnapps had been incorporated into ritual in the southern Gold Coast, and their elimination reduced African demand.²³ Britain dominated the trade in whisky, but that did not penetrate the African market in the Gold Coast. Dutch gin was far cheaper than British gin, and three centuries of Dutch-dominated liquor trade on the Gold Coast had popularized Dutch labels over their British counterparts. In the face of a general decline in alcohol revenues, the colonial government decided to readmit Dutch geneva.²⁴ Imports of geneva soon soared.

The Gold Coast colonial government justified the revival of liquor revenues by linking them to the need for internal development, an argument reminiscent of the early attempt to levy taxes in the 1850s. Governor Frederick Gordon Guggisberg (1919–1927) had initiated a Ten-Year Development Plan upon his arrival in the Gold Coast, setting ambitious goals for socio-economic development:

This was to involve a total expenditure of £25 million; £2 million was earmarked for the construction of a harbour, £14.5 million for railways, £1 million for roads, £1.9 million for water supplies, £1.9 million for town improvements and drainage, £2 million for hydraulic and electric works, £1 million for public buildings including Achimota [college], £90,000 for post and telegraphs, and £200,000 for maps and surveys.²⁵

Apart from an external loan of £4 million, Guggisberg financed this project mostly from internal sources — customs duties, of which spirits duties were the leading contributor.

23 Akyeampong, "Alcohol and Social Conflict in Ghana", pp. 67–68, suggests reasons for this phenomenon.

24 See PRO, CO 554/77/4030, Colonial Office minute on "Gin and Geneva" by J. A. Calder, September 24, 1928.

25 Albert Adu Boahen, *Ghana: Evolution and Change in the Nineteenth and Twentieth Centuries* (London: Longman, 1975), p. 110.

The Temperance Onslaught

With their expectations of taxation and internal development being fulfilled, Gold Coasters were relatively quiescent about Guggisberg's dependence on liquor revenues. Guggisberg's successor, Alexander Ransford Slater (1927–1932), however, reverted to the typical colonial economic policy based on commerce and other extractive industries such as mining, with little investment in socio-economic infrastructure.²⁶ Reaction was instantaneous: Slater's administration was severely criticized by African representatives on the legislative council and the African press for its dependence on liquor revenues.²⁷

An indigenous, opposing definition of "development" was presented by African representatives of the legislative council:

If the government are trustees for the good of the people of this country, if they are to think of the welfare of the people of this country ... I am submitting respectfully it is their charge to see that such things as the consumption of gin and other things which go not only to impoverish the people but also to affect their morals and physical health should be very seriously considered.²⁸

African attacks on the government's liquor policy were subtly couched in the alcohol discourse of the colonizer to avoid accusations of political sabotage. Unlike the situation in the 1870s, when colonial officials could smugly comment on African ignorance about the general effects of customs duties on the population, this group of Africans included sophisticated businessmen and politicians who knew that the incidence of customs duties had widespread economic effects and were versed in the art of lobbying. The state's dependence on alcohol revenues would no longer go unquestioned by domestic opinion. In 1928 African legislative representatives called for a commission of inquiry into the consumption of spirits in the Gold Coast.²⁹

The colonial government was faced with a dilemma: it could not ignore the demands of the people's representatives in the legislature that something be done about liquor imports, nor could it deny the central importance of liquor revenues to government finances. An examination of the year 1929 reveals that the total revenue from import duties, the largest source of government finance, amounted to £2,040,348 sterling, of which gin alone contributed £734,286, or 36 per cent. The second-ranking import commodi-

26 Jonathan H. Frimpong Ansah, *The Vampire State in Africa: The Political Economy of Decline in Ghana* (Trenton, N.J.: Africa World Press, 1992), pp. 59–65.

27 See Gold Coast, *Legislative Council Debates*, March 1, 1928.

28 Statement of the Paramount Chief of Akyem Abuakwa, Nana Ofori Atta I. Gold Coast, *Legislative Council Debates*, March 1, 1928.

29 PRO, CO 96/681/6204, Slater's telegram to the Secretary of State for the Colonies, December 18, 1928.

ty, tobacco, brought in £286,733 sterling (14 per cent). Cocoa export duties fetched £277,746 sterling (13.6 per cent). All other exports, totalling the remaining third, were individually insignificant. There were no excise duties in the Gold Coast since no factories existed.³⁰

Governor Slater made a final ineffective appeal to save gin revenues in his address to the legislative council on February 15, 1929, couching his appeal in the rhetoric of taxation and development that he had jettisoned in practice. In his opinion, the decision to cut down drinking should be voluntary and not enforced by legislation:

If, however, that object was not obtained, or were only partially obtained, it would still be incorrect to say that the native was being impoverished: he would only be showing his willingness to pay a higher rate of taxation in order to satisfy one of his desires, and so far from that taxation impoverishing the people generally its proceeds would be repaid to them in the form of more water supplies, medical and sanitary improvements and the like.³¹

The African representatives on the Legislative Council rejected the logic of Slater's argument because he had proved that he did not observe the claimed connection between taxation and socio-economic development.

Governor Slater appointed a commission in March 1929 to examine spirits consumption in the Gold Coast. Its second term of reference underscored the government's concern with the threat to its finances:

(b) in the event of action being advisable which would be likely to result in an appreciable loss of revenue, what means should be adopted to make good that loss.³²

The Commission submitted its report in 1930, recommending, *inter alia*, that the importation of gin be gradually prohibited by means of a progressive reduction in imports over a 10-year period and that the duties on all spirits be increased. The Commission declared that the Gold Coast did not have a liquor problem. Table 4 presents the per capita consumption of spirits in the Gold Coast between 1900 and 1930 in relation to the respective figures for Britain during the same period.³³ Figures for spirits consumption in the Gold Coast were indeed declining, and it is clear that the Gold Coast "Liquor Question" involved more than the issue of temperance.

30 Gold Coast, *Blue Book*, 1933-1934.

31 Gold Coast, *Legislative Council Debates*, February 15, 1929.

32 *1930 Commission Report*.

33 The increase in illicit distillation from the 1930s makes it impossible to give reliable per capita consumption figures for spirits in post-1930 Gold Coast.

Table 4 Spirits Consumption in the Gold Coast and Britain, 1909–1929

Year	Gold Coast (Imported)		Britain (Home and Imported)	
	Gals. proof	Per head	Gals. proof	Per head
1909	*	*	31,063,000	0.70
1913	835,780	0.68	31,794,000	0.70
1928	484,600	0.26	12,067,000	0.27
1929	302,282	0.16	12,037,000	0.27

* Not available

Sources: Gold Coast, *Report of Inquiry Regarding the Consumption of Spirits*, Appendix IX; and G. P. Williams and G. P. Brake, *Drink in Great Britain 1900 to 1979* (London: Edsall, 1980), p. 354.

The recommendations of the Commission represented a compromise solution: gradual prohibition of gin met the most insistent demand of the African legislative representatives and gave the government time to find a substitute source of revenue. The increase in duties was meant to stem demand by raising the price of spirits. At this juncture, the colonial government was still hopeful, for previous raises in tariffs had not deterred continued increases in spirits imports.

What the colonial government and the African legislative representatives did not foresee was that high prices could stimulate illicit distillation, and so *akpeteshie* (local gin) entered the scene.³⁴ The increases in liquor duties and illicit distillation coincided with the 1930s depression, and the decreased purchasing power and the availability of cheap, local gin were soon reflected in declining import figures. Gin imports dropped 91.4 per cent from 569,746 gallons in 1929 to 49,356 gallons in 1931 although the permitted quota was 512,280 gallons. In 1933 only 69,450 gallons were imported, only a sixth (17.3 per cent) of an allowed quota of 398,440 gallons. The total revenue collected from spirits licences dropped 82.4 per cent from £68,078 sterling in 1928–1929 to £12,118 in 1933–1934.³⁵

The effect of the decline in spirits revenues on total government revenue and expenditure was dramatic, as Table 5 illustrates for the period between 1927 and 1933. In a desperate search for revenue, the government approved an application from a Swiss company, Overseas Breweries Limited, to establish a beer factory in Accra, hoping that excise duties would ameliorate the government's straitened finances.³⁶ Beer production remained low

34 *Akpeteshie* is a potent, harsh-tasting, distilled palm liquor.

35 Governor Shenton Thomas, *Memorandum on Liquor Policy* (Accra: Government Printer, 1934). Copy in PRO, CO 96/715/21702.

36 See PRO, CO 96/703/7242, and PRO, CO 96/711/1933, for the origins of the Overseas Brewery factory in Accra. The Gold Coast government's decision was no doubt aided by the growing popularity of imported lager and stout after 1927. Overseas Breweries would be renamed Accra Brewery Limited (ABL) after independence.

Table 5 Revenue and Expenditure of the Gold Coast, 1927–1933

Year	Revenue (£ sterling)	Expenditure (£ sterling)
1927–28	4,121,522	3,618,382
1928–29	3,913,529	4,629,294
1929–30	3,397,324	3,932,022
1930–31	3,499,419	3,744,010
1931–32	2,284,299	2,823,752
1932–33	2,670,786	2,679,482

Source: Gold Coast, *Annual Report, 1932–33*, p. 80.

initially, however, with 112,666 cartons being produced in 1933–1934, the first year of production.³⁷ Ten years later, the half-million mark had still not been reached.³⁸ Income tax was introduced in 1934, in spite of popular resistance, but it was some time before adequate records and statistics were available to make collection effective. Spirits imports never recovered to their pre-1929 figures.

From the 1930s, the colonial government's revenues were increasingly drawn from taxes on minerals (gold and diamonds) and cocoa. The British government established a cocoa control board in the Gold Coast in 1939 to protect British balance of payments during World War II. A reserve fund was created and the British government retained a portion of the proceeds from the sale of cocoa. The effectiveness of the control board led to the establishment of a permanent Cocoa Marketing Board in 1947, ostensibly to stabilize producer prices for Gold Coast cocoa farmers, but a huge gap was deliberately maintained between the world market price and the local price paid to cocoa farmers.³⁹ For colonial and independent African governments, cocoa reserve funds would be utilized for development projects.⁴⁰ All remained well as long as cocoa prices rose on the world market. In the 1940s and most of the 1950s, cocoa prices continued to rise and enough money trickled down to farmers to sustain their interest in cocoa cultivation.

In February 1948, spontaneous riots broke out in Accra in protest of the high cost of imported goods and cost of living, accelerating the process of decolonization in the Gold Coast.⁴¹ The first general election in the country

37 A carton contains approximately 12 one-litre bottles. The Gold Coast's population in 1931 was 3,163,568, and huge imports would be necessary if European beer was to compete effectively with local *akpeteshie*.

38 Interview with Gideon Amenuvor, Brewery Manager, Accra Brewery Limited (formerly Overseas Breweries Limited), February 19, 1992.

39 Douglas Rimmer, *Staying Poor: Ghana's Political Economy, 1950–1990* (Oxford: Pergamon Press, 1992), pp. 200–205.

40 See Ansah, *The Vampire State in Africa*, chap. 7, for an analysis of the cocoa industry.

41 The 1948 riots were more than an economic outburst, although the cost of imported goods was the

was held in February 1951, and the Convention People's Party (CPP) formed in 1949 by Kwame Nkrumah won 34 of the 38 popularly elected seats. The Gold Coast became internally self-governing and Nkrumah was styled "leader of government business". Till March 7, 1957, when independence was granted to the Gold Coast, there was a period of diarchy in which the CPP government co-existed with the colonial administration.

Independent Ghanaian Governments and the Alcohol Industry

Modernization theory was prevalent in economic circles in the 1950s and 1960s, and it was believed that newly independent countries only had to industrialize their economies to transform themselves into modern states. Nkrumah was a firm believer in the modern state, and in 1952 the CPP government invited the famous West Indian economist, William Arthur Lewis, to study the Gold Coast's potential for industrialization. Lewis deflated the hopes of the CPP government to transform the Gold Coast into a modern, industrialized state. He argued that economic conditions such as the limited market in the Gold Coast did not justify a major program of industrialization. He suggested that the government concentrate instead on raising the productivity of agriculture and improving public services. In Lewis's opinion, many years would elapse before it would become economical to give priority to manufacturing.⁴² Blinded by the pervasive bias against agriculture in modernization theory, the CPP government chose to neglect Lewis's advice.

The CPP government embarked on a major industrialization programme financed by cocoa funds siphoned by the Cocoa Marketing Board. Declining liquor imports devalued the previous relevance of this source of revenue to infrastructural development. In the first development plan initiated by the CPP government in 1951, 94 per cent, or £118.3 million out of the total planned expenditure of £121.6 million, accrued from cocoa earnings.⁴³ Central to the CPP's effort was the reformed Industrial Development Corporation (IDC) first established by the colonial government in 1947. The IDC was empowered to set up entirely new industries and to enter into partnerships with firms of proven business capacity and financial standing. In the government's haste to replicate a modern, industrialized state, ill-considered manufacturing concerns, from a mango-processing plant to the Ghana Cigar Company, were established. At the end of June 1961, the IDC would have 22 subsidiary companies and nine associated companies; only eight of the

precipitating factor, and the Commission of Enquiry set up to investigate the riots chronicled a wide range of political, economic, and social grievances. See Colonial Office, *Report of the Commission of Enquiry into Disturbances in the Gold Coast, 1948* (London: His Majesty's Stationery Office, 1948).

42 See Rimmer, *Staying Poor*, p. 63.

43 Gold Coast, *Economic Survey, 1955*, pp. 1-2.

22 subsidiaries would be shown to have made profits.⁴⁴ A steep decline in the world market price for cocoa from 1958 soon pushed the government into financial difficulties, and from 1960 budget deficits became the norm.

Against the overall dismal performance of the manufacturing sector, the performance of the local alcohol industry was outstanding.⁴⁵ The success of the alcohol industry stressed the contradiction of political independence and continued economic dependence in Ghana. From 1954, the CPP government invited foreign capital to invest in Ghana's industrialization programme. Expatriate firms chose sectors of the economy that had proven profit records and established breweries and distilleries in Ghana in the transition from alcohol imports to local production.⁴⁶

From the late 1950s, the CPP government switched to distillery-led industrialization. In 1958 a Liberian businessman, Leroy Francis, had established the first large distillery in Ghana at Adutor, near Keta. The factory also set up sugar cane plantations at Adutor from which it gained crude alcohol.⁴⁷ The CPP government, drawing insights from the profitability of the alcohol industry, declared in 1958 that government participation would be mandatory in any venture to manufacture "alcoholic beverages".⁴⁸ A state-owned distillery, IDC Ghana Distilleries, was established, and local distillation of *akpeteshie* was legalized to provide crude alcohol for the distillery's production. The CPP government begun construction of two sugar factories at Akuse and Komenda, anticipating that their by-product of molasses would feed the new state distillery.⁴⁹

Expatriate capital strove to maintain a share of the lucrative Ghanaian alcohol industry, however. A London firm, Duncan, Gilbey and Matheson, succeeded in negotiating a contract to supply materials like concentrates to

44 Tony Killick, "Manufacturing and Construction", in Walter Birmingham, I. Neustadt, and E. N. Omaboe, eds., *A Study of Contemporary Ghana*, vol. 1 (Evanston: Northwestern University Press, 1966), p. 274.

45 *Ibid.*, pp. 282–283.

46 Josephine F. Milburn, *British Business and Ghanaian Independence* (London: C. Hurst, 1977), chap. 9, points out that British business was not interested in Ghana's development projects. Interested primarily in commercial profits, firms like John Holt (Liverpool) terminated most of their activities in Ghana on independence. C. M. Rogerson and B. A. Tucker, in "Commercialization and Corporate Capital in the Sorghum Beer Industry of Central Africa", *Geoforum*, vol. 16 (1985), pp. 357–368, examine the central role of foreign capital in local alcohol industries.

47 Ghana, *Report of the Committee Appointed to Enquire into the Manner of Operation of State Distilleries Corporation* (Accra, 1968), p. 5.

48 Moorland-Spingarn Research Center, Howard University, Dabu Gizenga Collection on Kwame Nkrumah, Box 128–6, "Statement on Industrial Promotion by Dr. Kwame Nkrumah, Prime Minister of Ghana" in the National Assembly on September 3, 1958. The alcohol industry has featured prominently in the attempts of African governments to industrialize. See, for example, Susan Diduk, "European Alcohol, History, and the State in Cameroon", *African Studies Review*, vol. 36, no. 1 (1993), pp. 1–42.

49 Ghana, *Economic Survey, 1966*, p. 67.

Table 6 Comparative Prices of Concentrates

Type of Concentrate	Qty. Purchased from D. G. & M* Since 1960	D. G. & M's* Prices per Litre (f.o.b.)	Max. Blenders' Prices (f.o.b)
Campbell's Whisky	4,020 litres	28s 0d	10s 1d
Duncan's Whisky	24,491 litres	28s 0d	10s 1d
A.1 Schnapps	40,000 litres	40s 2d	11s 5d
Schnapps (Henkes)	244,200 litres	23s 9d	7s 11d
Gilbey's Gin	11,728 litres	86s 9d	4s 2d

* London firm Duncan, Gilbey and Matheson

Source: *Report on State Distilleries*, p. 31. Under these terms, Ghana Distilleries was overcharged by Duncan, Gilbey and Matheson to the tune of £324,827.

the state-owned distillery, thereby draining most of the profits from the distillery between 1958 and 1965.⁵⁰ As Table 6 illustrates, Duncan, Gilbey and Matheson supplied concentrates to Ghana Distilleries at grossly inflated prices. The CPP government's unwillingness to scare away foreign capital also enabled Heineken International of Holland and the United African Company to establish the Kumasi Brewery Limited. Its list of shareholders, including the Commercial Society of West Africa, the French West African Company, and the Union Trading Company (Switzerland) reflected the determination of commercial capital to hold onto former colonial markets.

The general performance of the Ghanaian economy continued to decline, and the CPP government became increasingly arbitrary in its attempt to eliminate political dissent.⁵¹ The grand hopes of economic prosperity held at independence quickly faded, and individuals withdrew from the dictatorial sphere of government politics in the pursuit of personal autonomy. Drinking bars loomed large in the social life of Ghanaians, providing comfort, escape, and a sense of "control". An acute drop in declining cocoa prices in 1965–1966 precipitated an economic crisis. The CPP government was overthrown in a military coup in February 1966 organized by the National Liberation Council. It is indicative of the growing importance of social drinking that news of the coup was celebrated at drinking places:

By noon, the drinking bars, hotels and motels were packed to capacity with jubilant young men and women in a mood of festivity. Never had so short an announcement been accorded such a reception in Ghana.⁵²

50 *Report on State Distilleries*, pp. 20–32.

51 In spite of the general economic decline, foreign capitalists were able to remit £78,599,000 in profits and interests from their lucrative investments in Ghana between 1957 and 1965. Kwesi Jonah, "Imperialism, the State and the Indigenization of the Ghanaian Economy 1957–84", *Africa Development*, vol. 10, no. 3 (1985), p. 95.

52 Boahen, *Ghana*, p. 222.

However, the Ghanaian economy would continue to decline, foreign investors would in general shy away, and more military coups would follow the 1966 example.

Under post-CPP governments, the alcohol industry continued to expand. After a three-year tenure as a caretaker government, the National Liberation Council handed over power to the civilian Progress Party government under the leadership of Kofi Abrefa Busia. In spite of the Progress Party's overt Western stance, the Ghanaian economy still failed to attract much foreign investment. The alcohol industry did not suffer from lack of capital, however. A new Ghanaian-owned distillery, Paramount Distilleries Limited, was established by Kwame Peprah outside Kumasi in 1969. In 1970 Paramount Distilleries entered a partnership with a Swiss company, Vertrieb und Verkauf-Aktiengesellschaft, in order to expand its operating capital.⁵³ A year later another international brewery, Arthur Guinness and Sons of Dublin, Ireland, established a Guinness factory in Kumasi. Working closely under the supervision of the mother company, the Kumasi factory produced Guinness Foreign Extract Stout.

The anomalous situation of continued foreign domination of the Ghanaian economy in a period of independence irked aspiring businessmen and workers. Calls for economic nationalization had been insistent since the appointment of African governments from the 1951 elections. However, the persistence of official belief that development meant industrialization, which would not be possible without foreign capital and technology, promoted expatriate interests in the Ghanaian economy.⁵⁴ This source of local resentment became one of the pivoting factors in a January 1972 military coup led by Colonel Ignatius Kutu Acheampong. The immediate cause was ostensibly the devaluation of the Ghanaian *cedi* by 40 per cent at the end of 1971.⁵⁵

The new National Redemption Council (NRC) government attempted to renegotiate the competing interests of the state, local businessmen, workers, and foreign capital. State assistance, in the form of loans and tax incentives, was promised to Ghanaian businessmen who went into manufacturing. In 1973, a Ghanaian businessman, J. K. Siaw, established Tata Brewery Limited, the first fully Ghanaian-owned brewery in the country. The mid-1970s also witnessed the opening of a new private distillery in Takoradi, Animens Distilleries, owned by a Ghanaian businesswoman, Anita Mensah. The state then moved to break up the monopoly of the foreign

53 Interview with David Quarthey, acting General Manager and Company Secretary, Paramount Distilleries Limited, Tanoso, June 10, 1992. Bols International, a reputable firm distilling gin and schnapps products popular along the West African coast, later replaced the Swiss firm.

54 On the thoroughness of foreign control of the Ghanaian economy, see Jonah, "Imperialism, the State and the Indigenization of the Ghanaian Economy".

55 The Ghanaian pound replaced the pound sterling, in use from 1889, at par value on independence in 1957. A new currency, the *cedi*, was introduced in 1965 at the rate of C2.40 to the Ghanaian pound. From 1986 the *cedi* was allowed to find its value on the market.

firms, acquiring 55 per cent of the shares in all foreign-owned mining and timber firms between 1972 and 1975.

The NRC next passed an Investment Policy Decree in 1975 under which foreign-owned concerns like the breweries were obliged to sell 40 per cent of their shares to the state and 15 per cent to Ghanaian individuals. The profit record of these firms, the excess liquidity in the economy around 1975, and an official policy that company shares should be broadly and equitably distributed coincided to fragment the allotment of shares among numerous applicants.⁵⁶ The single largest private Ghanaian shareholder in Accra Brewery Limited owned 9,200 out of a total of 12,000,000 shares or 0.08 per cent. In Guinness Ghana Limited, the largest Ghanaian shareholder accounted for 200 shares out of a total of 712,000 (0.03 per cent).⁵⁷ Private company shares were sold privately, enabling these companies to pick applicants from the professional elites who became an important political and social asset for the companies.⁵⁸

A change had occurred in the state's policy towards the alcohol industry as the new military regime shifted from state-led industrialization to the extraction of revenue from existing profitable industries. The government appeared more interested in securing larger financial returns from breweries than in controlling them, and the effective management and control of these companies remained under the original foreign owners. Indeed, indigenization had benefited these foreign investors for they still retained control of their companies, and the combination of foreign and local ownership protected them from possible nationalization by a future government.

After a brief revival, the economy resumed its decline. Official corruption and the printing of currency made the situation worse, and the country came gradually to a halt. Inflation had increased from 3 per cent in 1970 to 116.5 per cent in 1977, and the country's credit lines were blocked by July 1979 because of an inability to pay past arrears.⁵⁹ Another worrying index was the growth in alcohol abuse mirrored by a new willingness to seek treatment in the country's psychiatric hospitals. This was a significant departure, for the social stigma of mental illness had discouraged alcoholics from seeking treatment at psychiatric hospitals, the only available venues for treating alcoholism. In fact, Accra Psychiatric Hospital found the trend so unusual that it began to compile statistics of alcohol-related cases from 1972. Medical practitioners drew attention to what was definitely becoming a social problem.⁶⁰

56 Jonah, "Imperialism, the State and the Indigenization of the Ghanaian Economy", pp. 83–84.

57 Kwame A. Ninsin, *Political Struggles in Ghana 1967–1981* (Accra: Tornado Publishers, 1985), p. 46.

58 Jonah, "Imperialism, the State and the Indigenization of the Ghanaian Economy", p. 87.

59 Albert Adu Boahen, *The Ghanaian Sphinx: Reflections on the Contemporary History of Ghana, 1972–1987* (Accra: Presbyterian Press, 1989), pp. 9–10.

60 C. C. Adomako, "Alcoholism: The African Scene", *Annals of the New York Academy of Sciences*, vol. 273 (1976), pp. 39–46.

The Acheampong junta was overthrown in 1979 by the lower ranks of the Ghanaian army. The Armed Forces Revolutionary Council was established under Flight Lieutenant John Jerry Rawlings, but it transferred power to civilian rule under the People's National Party later that year. In its short existence, the Armed Forces Revolutionary Council paradoxically decided to "nationalize" the only Ghanaian-owned Tata Brewery for supposed irregularities in production. The brewery was renamed Achimota Breweries Company Limited. The People's National Party government had a brief tenure, as Rawlings returned to power in 1981 in another military coup. A new Provisional National Defence Council (PNDC) was set up to rule the country, adopting a populist, socialist-inclined political platform.

Probably because of its populist political ideology, the PNDC government was open to representations from temperance interests complaining about the social costs of a large, local alcohol industry. The PNDC government banned television advertising on the part of breweries and distilleries. Severe economic hardships compelled the PNDC government to abort its socialist platform and adopt an Economic Recovery Programme in 1983 under the auspices of the International Monetary Fund and the World Bank.

In the new climate of economic liberalism, the breweries once again became beneficiaries of state patronage. In 1985 the breweries petitioned the newly-established National Revenue Secretariat to approach the government about permitting beer advertisements on television.⁶¹ Like previous governments, the PNDC had come to appreciate the financial contribution of the breweries to government revenue. Beer commercials resurfaced, and the breweries have been major beneficiaries of the Economic Recovery Programme, securing huge loans to rehabilitate and expand their productive capacities. Prices for beer and stout were dictated by the government and, between October 1986 and March 1992, 13 successive increases in beer and stout prices were instituted to alleviate government financial pressures.⁶² About 41 per cent of the price of beer represented government taxes.⁶³

A rejuvenated alcohol industry made significant financial contributions to government revenue, although a general improvement in the economy diversified the government's sources of revenue. The four breweries paid excise duties and sales taxes constituting between 4 and 5.5 per cent of total government revenue (Table 7). When these taxes are added to the state's profit dividends as the majority shareholder in these breweries, to the returns of a state distillery, and to excise duties, sales and income taxes from two large private distilleries, 29 medium-scale blenders of spirits, 180 small-

61 Interview with Isaac Akesseh, Senior Research Officer, National Revenue Secretariat, Accra, June 30, 1992.

62 The author is grateful to Ohene Boakye, National Sales Manager of Accra Brewery Limited, for compiling a chart of beer prices between 1986 and 1992.

63 Interview with Eric Baidoo, Brands Manager, Kumasi Brewery Limited, April 21, 1992.

Table 7 Excise Duties and Sales Taxes Paid by Ghanaian Breweries, 1986–1990
(approximated figures in million *cedis*)

Year	(a) Total Duties and Taxes	(b) Total Government Revenue	% Contribution of (a) to (b)
1986	4,002	73,625	5.4
1987	5,448	116,046	4.7
1988	7,400	153,791	4.8
1989	9,174	174,522	5.2
1990	11,668	267,347	4.3

Sources: National Revenue Secretariat; Customs and Excise Preventive Service (Accra); Guinness Ghana Limited and Kumasi Brewery Limited Annual Reports; Ghana, *The PNDC Budget Statement and Economic Policy for 1991* (Accra, 1991).

scale blenders, and local *akpeteshie* distillers, a better picture emerges of alcohol's contribution to the state's coffers.⁶⁴ The financial contribution of the alcohol industry was such an acknowledged fact that even senior health policy planners were reluctant to call for an official policy on alcohol use.

Moreover, the tentacles of the alcohol industry reached far into the Ghanaian economy. Beer and spirits production spawned an extensive distribution network that covered the entire country: key distributors, wholesalers, hotels, restaurants, and drinking bars. In just the town of Obuasi (with a population of 67,399 in the 1984 census), there were 14 registered hotels, 109 licensed drinking bars, and 174 registered *akpeteshie* retailers in 1991.⁶⁵ The ramifications for employment and real estate are apparent. Backward linkages of the alcohol industry included the sugar factories' by-product of molasses, a product in high demand by the blenders; the Aboso Bottle Factory, which manufactured the bottles for the breweries and distilleries; companies manufacturing tops for crowning the bottles; and printing presses that printed the labels of the various brands of alcoholic drinks. Forward linkages encompassed a wide transport network that serviced distribution. The resources utilized by the alcohol industry and the employment its activities generated were definitely impressive.

Conclusion

Culturo-historical circumstances and rapid political, economic, and social change have created a strong market for alcoholic drinks in Gold Coast/Ghana. The underdeveloped nature of the economy limited sources of government revenue, compelling colonial and post-colonial governments to

64 The statistics on local distilleries were provided in interviews with Robert Tandor, Officer in Charge of Industries (Ministry of Industry, Science, and Technology), Accra, July 27, 1992, and Albert Prempeh, General Secretary of Ghana Cooperative Distillers Association, Accra, July 29, 1992. There were 120,000 registered *akpeteshie* distillers in 1991.

65 Records of Adansi West District Council.

exploit financially the demand for alcohol. In the country's bid to industrialize, the alcohol industry has played a pioneering role.

A contradiction exists between the sober ideology the Ghanaian state espouses and its dependence on alcohol revenues.⁶⁶ In the "International Day Against Drugs" in 1992, the *Graphic* carried two pictures: one of the Head of State (Chairman Rawlings) delivering a speech at the launching ceremony; the other of the audience portraying a huge placard with the message "Alcohol dampens your reasoning ability, stop it."⁶⁷ In the previous week, however, the *Ghanaian Chronicle* reported that the government had received 3.6 billion *cedis* from Kumasi Brewery Limited in taxes.⁶⁸ For Ghanaian governments, the alcohol dilemma has been tentatively resolved by the hope that oft-cited alcohol-related problems would not reach a level that would render alcohol revenues uneconomical.

Temperance activists like Reverend Colonel Kofi Asare contend that the social costs of alcohol abuse have already outstripped the financial rewards from the alcohol industry.⁶⁹ The desirability of a brewery/distillery-led industrialization needs to be seriously re-evaluated. It is disheartening that, in Ghana's current economic recovery programme, International Finance Company, a World Bank subsidiary, would acquire 11 per cent of the shares in the Achimota Breweries Company Limited.⁷⁰ In the trimming of expectations that has followed the failure of independent African countries to industrialize after the 1960s, the very nature of development has come under much discussion. There is a growing consensus in African countries in support of people-centred development policies, and, however profitable the alcohol industry might be, it does not fit into such a programme.

66 For a parallel example, see Alan Haworth, M. Mwanalushi, and D. M. Todd, "Community Response to Alcohol-Related Problems in Zambia" (Lusaka: University of Zambia, 1981).

67 The *Graphic*, June 27, 1992.

68 *Ghanaian Chronicle*, June 15-21, 1992.

69 Interview with Rev. Col. Kofi Asare, Head of Blue Cross Society (Ghana), Accra, June 30, 1992.

70 The *Mirror*, June 13, 1992.