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## **W. ARTHUR LEWIS AND THE ROOTS OF GHANAIAN ECONOMIC POLICY**

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# W. Arthur Lewis and the Roots of Ghanaian Economic Policy

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## Abstract

All those who know Ghana know about the association of Nobel Laureate W. Arthur Lewis with the country's economic policy making before independence and in its early years as a free nation. But there is less appreciation in development economics more generally of the central role that Ghana played in Lewis's thinking as a development economist, and there is less appreciation among Ghanaians of how the Ghana experience left an indelible mark on Lewis in the second half of his career. In this sixtieth year of Ghana's independence, this paper attempts to set out the deep connections between this giant of development economics and the evolution of Ghanaian Economic Policy.

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## **1. Introduction**

All those who know Ghana know about the association of Noble Laureate W. Arthur Lewis with the country's economic policy making before independence and in its early years as a free nation. But there is less appreciation in development economics more generally of the central role that Ghana played in Lewis's thinking as a development economist, and there is less appreciation among Ghanaians of how the Ghana experience left an indelible mark on Lewis in the second half of his career. In this sixtieth year of Ghana's independence, this paper attempts to set out the deep connections between this giant of development economics and the evolution of Ghanaian Economic Policy.

The plan of the paper is as follows. Section 2 begins at the beginning and gives a very brief biographical account of Arthur Lewis's life before he became involved with the economics of the Gold Coast colony, as it was at the time. It then follows through and presents and assesses Lewis's work on the Gold Coast in light of the development of his economic thinking to that time. Section 3 takes up his intense interaction with Ghana during his period as economic adviser to Kwame Nkrumah, Ghana's first Prime Minister and, in particular, how Lewis balanced his interventionist and market oriented instincts as an economist. Section 4 follows through on how this period affected Lewis's post Ghana thinking and work in what was the second half of his career as development economist, especially on the links between politics and economic policy making.

## **2. Before Ghana: The Decolonization Imperative**

This section briefly lays out the life and the development of Arthur Lewis's thinking before Ghana. By "before Ghana" I mean before Ghanaian independence in March 1957, and before Arthur Lewis arrived in Ghana as the Government's Chief Economic Adviser later that year. However, as we shall see, this was not Lewis's first contact with Ghana. He had developed an intimate knowledge of the Gold Coast colony in the years prior to 1957, and indeed that interaction was itself instrumental in his evolution as an economist.

W. Arthur Lewis was born in the British West Indies in 1915, four years before Guggisberg was appointed Governor General of the Gold Coast Colony, and four decades before Ghana became independent. A distance of more than 5,000 miles separated his birth place from the country he would become intimately associated with, but in a sense Arthur Lewis's career trajectory was very likely to cross that of a colony in which an independence struggle was being sparked at the time of his birth.

A brilliant student in his home island of St. Lucia, Lewis won a scholarship to study at the London School of Economics and arrived in England in 1933, at the age of 18, graduating with first class honors in 1937. The comprehensive and excellent biography of Lewis by Tignor (2006), on which I shall draw liberally for this essay, sets out the success that Lewis enjoyed at the LSE. His undergraduate adviser sent this recommendation for Lewis's admission to the Ph.D. programme: "May I say deliberately and with emphasis that Lewis is the most brilliant of all

graduates whose work I have seen since I returned to the school. He is already a mature, independent, and original thinker with a quite exceptional literary capacity.”\*

And yet Lewis’s path was not entirely smooth. Even at the LSE, an institution founded by Fabian socialists, he faced the racism which he also met in the streets of London. When he was considered for a temporary one year appointment at the LSE in 1938, the Director of the LSE wrote to the Board of Governors as follows: “The appointments committee is, as I said, quite unanimous but recognize that the appointment of a coloured man may possibly be open to some criticism. Normally, such appointments do not require confirmation of the Governors but on this occasion I said that should before taking action submit the matter to you.”† Lewis became involved with the burgeoning decolonization movement in Britain, and consorted with the likes of C.L.R James, George Padmore, Eric Williams and Paul Robeson. His views at that time are captured by a review he did of Margery Perham’s *Africans and British Rule* in 1941: “To Miss Perham it is from his own savagery that the African needs protection; white exploitation is seen merely as the inevitable if unfortunate accompaniment of the effort to civilize him.”‡ The connection between colonial views and racism continued into Lewis’s early career. Tignor (2006, p. 37) recounts the story of how, despite his by then brilliant academic qualifications, his appointment to a Chair at Liverpool was blocked for reasons of “other considerations than high academic standing.”§ Finally, however, he did get his Chair, the Stanley Jevons Chair at the University of Manchester in 1948. But by this time Lewis had already begun his interaction with the policy world of economic development through his work with the Colonial Office.

The 1930s and 1940s were a period of ferment not just on the decolonization front. Economic policy in general was under discussion and dispute. From Cambridge, John Maynard Keynes had excited a generation of students with his critiques of “the Treasury View” in the face of massive and persistent unemployment. His skepticism about market mechanism found its counter in, of all places, the London School of Economics, under the auspices of economists such as Lionel Robbins and Friedrich Hayek. Lewis reacted against the laissez faire liberal policy stances of his own institution, and was not only more Keynesian in macroeconomic matters, but also more interventionist in microeconomic and structural policy. This set him against Sydney Caine, an influential official in the Colonial Office, in the work of the Colonial Economic Advisory Committee, on which Lewis served. Here is how Lewis described Caine: “he is a religious devotee of laissez-faire, and his headship of the Economic Department at this juncture is fatal. ... [his approach] is fatal not only in the decisions he makes, especially on secondary industry, on marketing and on co-operative organisation, but also in the appointments he recommends to important jobs in the Colonies, for which he chooses almost invariably people as laissez-faire as himself.”\*\*

This counter to laissez-faire, which Lewis saw himself as providing, and which he saw as being a key element in the debate on post-colonial economic policy, is seen in a number of his publications of the time (Lewis, 1939, 1944, 1949). But so far as Ghana, or rather the Gold

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\* Tignor (2006), p. 17.

† Tignor (2006), p. 21.

‡ Tignor (2006), p. 36.

§ Tignor (2006), p. 38.

\*\* Mine (2006), p. 335.

Coast, is concerned his views of the time were crystallized in Lewis (1953). In 1951 the Convention People's Party (CPP) led by Kwame Nkrumah won a sweeping victory in the elections and in 1952 Lewis was invited by Nkrumah and the CPP leadership to advise the Gold Coast government and to write a report on industrialization. Lewis's transmittal letter on the report, written to Minister of Commerce and Industry K.A. Gbedemah and dated 5<sup>th</sup> June, 1953, notes the details of the assignment: "I have the honour to transmit herewith my Report on industrialization and economic policy, which I was commissioned to write by letter No. MCI/C,16/SF.3/18 from your Ministry, dated November 29, 1952. I visited the Gold Coast from December 15<sup>th</sup>, 1952, to January 4<sup>th</sup>, 1953, and travelled extensively in the country, covering about 1,800 miles by road and by air. I had the opportunity of visiting many industrial establishments, and I discussed the subject with as many persons as possible in the time available." (Lewis, 1953, p. i)

Thus Lewis was in Ghana for less than three weeks for his first visit, and produced his report in the space of five months. Although his report does contain much in the way of detail on specific industries, garnered presumably from existing reports, its thrust rather is from an underlying conceptual framework which Lewis had been developing over the previous decade and a half. However, the analysis and conclusion might appear somewhat surprising to some who would expect him to support subsidized industrialization, and is worth quoting in some detail as one of the very first examples of analytical input to Ghanaian economic policy making (the paragraph numbers refer to the paragraph numbers of the report):

"1. Industrialization starts usually in one of three ways: (i) with the processing for export of primary products (agricultural and mineral) which were previously exported in a crude state; or (2) with manufacturing for an expanding home market; or (3) with the manufacture for export of light manufactures, often based on imported raw materials....

20. In unenlightened circles agriculture and industry are often considered as alternatives to each other. The truth is that industrialization for a home market can make little progress unless agriculture is progressing vigorously at the same time, to provide both the market for industry, and industry's labour supply. If agriculture is stagnant, industry cannot grow....

252. Measures to increase manufacture of commodities for the home market deserve support, but are not of number one priority. A small programme is justified, but a major programme in this sphere should wait until the country is better prepared to carry it. The main obstacle is the fact that agricultural productivity per man is stagnant....

253. Number one priority is therefore a concentrated attack on the system of growing food in the Gold Coast, so as to set in motion an ever increasing productivity....

254. Priority number two is to improve the public services. To do this will reduce the cost of manufacturing in the Gold Coast, and will thus automatically attract new industries, without the government having to offer very special favours....

255. Very many years will have elapsed before it becomes economical for the government to transfer any large part of its resources towards industrialization, and away from

the urgent priorities of agricultural productivity and the public services. Meanwhile, . . . it should support industries which can be established without large or continuing subsidies, and whose proprietors are willing to train and employ Africans in senior posts. Because industrialisation is a cumulative process (the more industries you already have, the more new industries you attract), it takes time to lay the foundations of industrialisation, and it would be wrong to postpone the establishment of any industry which could flourish after a short teething period. Chapter II has suggested enough of these for a moderate programme.”

This line of economic argument turns out to be quintessentially Lewis—not dogmatically anti-market, but well aware of market failures, and developing the argument for intervention with great awareness of local circumstances. From his strong views on race and decolonization, and from his tussles with Sidney Caine at the Colonial Office, one might have expected a much more interventionist stance on industrialization. But, in effect, Lewis first identified the nature of market failure and then fashioned a response accordingly.

At the very time that Lewis was working on this report on industrialization in the Gold Coast he was fashioning his Nobel Prize winning argument on “surplus labor” which he argued was the state of affairs in the West Indies, in Egypt and in India. In these situations, the main break on development was inadequate investment in manufacturing, and once this got going the “unlimited supplies of labor” from the agricultural sector would keep wages down sufficiently so as to not stall industrialization. To quote a famous passage from his Nobel Prize winning paper: “So far we have merely been setting the stage. Now the play begins. For we can now begin to trace the process of economic expansion. The key to the process is the use which is made of the capitalist surplus. In so far as this is reinvested in creating new capital, the capitalist sector expands, taking more people into capitalist employment out of the subsistence sector. The surplus is then larger still, capital formation is still greater, and so the process continues until the surplus labour disappears” (Lewis, 1954, pp. 151-52)<sup>††</sup>. And to the extent that this investment was held back by market failures in the manufacturing sector, the government should intervene to address them. In such situations, that would be priority number one.

However, Lewis’s point was that the Gold Coast, unlike India, did not present a situation of surplus labor. Rather, it was one of labor shortage given the large amount of land available in agriculture. In this situation the way of releasing labor for manufacturing without pushing up wages so much that investment would be choked off, was to increase agricultural productivity. In labor shortage economies, that would be priority number one. Not that support for industrialization would be absent—the last page of the Lewis report has 11 such recommendations, including, for example, “purchase land, outside Kumasi and Accra, for development as industrial estates”, “promote and aid the establishment of a first class hotel in Accra”, and “increase the staff of the Industrial Development Corporation.” But, these would be relatively minor interventions compared to “priority number one” (agricultural productivity) and “priority number two” (improving public services).

These conclusions of Lewis the economist came as a surprise to the Colonial Office, who had expected a more radical support of industrialization. They may also have come as a surprise

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<sup>††</sup> The influence of the “Lewis model” on development thinking continues to this day—see Becker and Craigie (2007) and Gollin (2014).

to the stalwarts of CPP, who had imbibed a more directly state socialism in their anti-colonial struggles. But the CPP leadership did not disavow the report and the government accepted it in the legislative assembly in 1954, as did the opposition. Perhaps the major attention of the government and the polity was elsewhere, with all eyes on the build up to full independence. The Gold Coast Industrialization report revealed the balance of Arthur Lewis the economist. But the government's acceptance of it did not reveal, or rather it papered over, real tensions in economic policy and strategy, and these were to boil over during Lewis's next major interaction with Ghana, as resident economic adviser to the first government of an independent Ghana.

### **3. Ghana: The Balance of Economics**

Arthur Lewis was present in Accra for the celebrations when the Gold Coast became Ghana on March 6, 1957. But he was to return in October of 1957 for a fateful stint as the government's chief economic adviser, and the invitation of Kwame Nkrumah and through a United Nations technical assistance program. He left Ghana and that post in December 1958 and did not return to Ghana professionally except for a brief visit and engagement in 1963. His fifteen months as resident adviser in Ghana were tumultuous, and the interaction with the government and especially with Kwame Nkrumah was far less benign than the respectful adoption of his report on industrialization by the legislative assembly in 1954. In the intervening three years the government's surpluses from the post-Korean war commodities boom had increased dramatically, and the political situation had developed in a way that made the ruling CPP much more oriented towards using these surpluses for subsidizing industrialization, especially when it also served the purpose of shoring up and boosting, or defending the ruling party against, key political groupings. Large expenditures had been set in train and were well integrated into the political compromises the government had had to make.

Arthur Lewis seemed at this point to meet the requirements of all sides of the economic debate on development. Among those who pressed for radical programs of government expenditure to transform economies, to move the former colonies from primarily agricultural producers to manufacturers in the image of industrial and colonial power, his early trenchant writings on decolonization, and his critique of laissez faire liberalism in the 1930s and 1940s, seemed to give an indication of advice he would give and actions he would support. And yet there were those who saw in his industrialization report on the Gold Coast someone who was more market oriented and also fiscally prudent, developing priorities based on concrete realities of market failures rather than grand ideological theses on colonialism. Which side would Arthur Lewis come down on, when faced with the actual situation in newly independent Ghana?

The answer is now in the history books. There were some policy areas in which he sided with the government and Nkrumah. Perhaps the most famous of these is his general agreement that the surpluses from the cocoa price boom should be collected by the government and used for development purposes rather than passed through to cocoa farmers, a view very different from positions being advanced by Bauer (1954) at that time. However, in the main, Lewis clashed with Nkrumah on the policies being followed by the government, especially on various "white elephant" projects that were being considered and approved, many of them in the name of industrialization.



Even on cocoa, where Lewis supported use of central resources to address a range of issues such as insecticide spraying, Lewis and Nkrumah disagreed on who should do it. Lewis favored the Ministry of Agriculture; Nkrumah wanted it to be done by the Cocoa Marketing Board because, it turned out, the subcontracting could be better channeled to political ends (Tignor, 2006, p. 169). The exchanges between Lewis and Nkrumah at this time, masterfully documented by Tignor (2006), provide a real insight into the clash between the economist and the politician. As quoted by Tignor (2006, p. 167), in a letter of 1 August 1958, after a series of attempts by Lewis to intervene in the drafting of the Five Year Plan, his verdict on the plan was as follows: “It makes inadequate provision for some essential services while according the highest priority to a number of second importance....Alas, the main reason for this lack of balance is that the plan contains too many schemes on which the Prime Minister is insisting for “political reasons.”.....In order to give you these toys, the Development Commission has had to cut down severely on water supplies, health centers, technical schools, roads....It is not easy to make a good development plan for £100 million if the Prime Minister insists on inserting £18 million of his own pet schemes of a sort which neither develop the country nor increase the comfort of the people.”

Nkrumah’s responses to Lewis were to be expected from a man who had famously said “seek ye the political kingdom first.” In a letter dated December 18, 1958, in an exchange which brought to a head Lewis’s decision to leave his post as economic adviser, Nkrumah emphasized “political decisions which I consider I must take. The advice you have given me, sound though it may be, is essentially from the economic point of view, and I have told you, on many occasions, that I cannot always follow this advice as I am a politician and must gamble on the future.” (Tignor, 2006, p. 173).<sup>‡‡</sup>

The links between economics and politics will be considered further in the next section. For now let stay with Lewis the economist. How can one explain the seeming contradictions? On the one hand was the critic of *laissez faire* economic policies, whom the radical anti-colonialists expected to be on their side as they moved to use the state to engender development they viewed as having forestalled by colonialism. On the other hand was the economist who acted as a check on the extreme statist interventions proposed by this same tendency in economic policy discourse, arguing against heavy state subsidy to industry on purely economic grounds, even leaving aside its propensity for corruption and use as political patronage.

Lewis must have read as a student John Maynard Keynes’s clarion call in his essay “The End of Laissez Faire” (Keynes, 1926). This was, seemingly, a call to abandon the tenets of 19<sup>th</sup> century economic liberalism in favor of a more interventionist credo:

“Let us clear from the ground the metaphysical or general principles upon which, from time to time, *laissez-faire* has been founded. It is *not* true that individuals possess a prescriptive ‘natural liberty’ in their economic activities. There is *no* ‘compact’ conferring perpetual rights on those who Have or on those who Acquire. The world is *not* so governed from above that private and social interest always coincide. It is *not* so managed here below that in practice they

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<sup>‡‡</sup> One of Nkrumah’s gambles on the future was the Volta dam, on which Lewis disagreed with him mightily. It could be argued that the transformative power of the dam is seen more clearly in retrospect than could have been seen in the narrow cost-benefit calculations which Lewis was relying on as an economist.

coincide. It is *not* a correct deduction from the principles of economics that enlightened self-interest always operates in the public interest. Nor is it true that self-interest generally *is* enlightened; more often individuals acting separately to promote their own ends are too ignorant or too weak to attain even these. Experience does *not* show that individuals, when they make up a social unit, are always less clear sighted than when they act separately” (Keynes, 1926, pp. 287-288, emphasis in the original).

This is the Keynes of 1926, reflected the Lewis of the 1930s and 1940s railing against Sydney Caine and his laissez fair policies for the colonies. And yet in the same essay Keynes hints at a different world view, and more nuanced perspective on state intervention:

“We cannot therefore settle on abstract grounds, but must handle on its merits in detail what Burke termed ‘one of the finest problems in legislation, namely, to determine what the State ought to take upon itself to direct by the public wisdom, and what it ought to leave, with as little interference as possible, to individual exertion.’..... Perhaps the chief task of economists at this hour is to distinguish afresh the *Agenda* of government from the *Non Agenda*.... The important thing for government is not to do things which individuals are doing already, and to do them a little better or a little worse; but to do those things which at present are not done at all.” (Keynes, 1926, pp 288-291).

How like Lewis, or how like the economist Lewis became, we might add. Keynes, as has been remarked, wanted to modify and save capitalism for the world rather than destroy it. Lewis, perhaps, wanted to modify and harness capitalism for decolonization and development, rather than yearn for a world without capitalism, which indeed was what many of his student contemporaries, and many of his Ghanaian policy counterparts yearned for.

I have argued elsewhere (Kanbur, 2016) that Edmund Burke’s question of how “to determine what the State ought to take upon itself to direct by the public wisdom, and what it ought to leave, with as little interference as possible, to individual exertion” is the eternal question of political economy. Those who indeed take it as the defining question of political economy and economic policy discourse are driven to what might seem to others as a middle ground, where there are general principles but no uniform answers, each policy prescription depending on the specific conditions at hand.<sup>§§</sup> This is what allowed Lewis to support some industrial intervention in his first report on the Gold Coast while at the same time asserting the primacy of agricultural development. It is what allowed him to support substantial taxation of cocoa while at the same time railing at the (economic and political) misuse of the funds so raised. That was Arthur Lewis in Ghana, but it was Arthur Lewis all along.

#### **4. After Ghana: Politics and Economics**

Arthur Lewis’s biographer Tignor (2006) notes that after he left Ghana in 1958 he reduced his work on Africa in general and on Ghana in particular. He did return once, in 1963, for a conference at which the so-called “Seven Year Plan” was discussed. The plan itself was assessed by a galaxy of stars, including names such as Albert Hirschman, Nicholas Kaldor, Osvaldo Sunkel, K.N. Raj, and of course Lewis himself. Later authors such as Killick (2010) have attributed the plan’s statist inclinations at least partly on this assemblage of economists,

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<sup>§§</sup> For a further development of this argument, see Devarajan and Kanbur (2014).

including Lewis, rather than it being all about “politics.” But Tignor (2006) disagrees, arguing that Lewis did indeed criticize the plan from an economic standpoint, which is what we might have expected given his reactions to the first plan, during his period as economic adviser.

Whatever the resolution of the specific perspective put forward by Killick (2010), what is indeed clear is that Arthur Lewis’s involvement with Ghanaian, and African, economic policy making declined rapidly after he left Ghana in 1958. By 1963 he had, via a 4 year period at the University of the West Indies, become a Professor at Princeton, and in the economic arena had embarked upon a sweeping program of research which culminated in an avalanche of books and articles on development and helped establish him as the pre-eminent development economist of his generation (see, as just one example, Lewis, 1978). So when the Nobel Prize came in 1979, it was no surprise at all. But there was one aspect of Africa on which he did write trenchantly after he left Ghana, and that was on politics—not just in Ghana but in West Africa more generally. His *Politics in West Africa* (Lewis, 1965) is now required reading for scholars of African development, especially those who wish to see economics in the context of politics.

The publication of *Politics in West Africa* led to some critiques reminiscent of Lewis’s own critique of Margery Perham a quarter century earlier. As Mine (2006, p. 349) notes: “Colin Legum criticized Lewis’s characterization of West African politicians as “rogues,” “unscrupulous,” bosses”, and “power hungry demagogues,””. This is not surprising, given what Lewis (1965, p. 30) actually says:

“Different politicians had different motives. These can be grouped in four categories: (1) Love of power and its material rewards. (2) Conviction that opposition policies are dangerous.... (3) Conviction that opposition tactics weaken the efficiency of the state.... (4) Ideological conviction that an elite political party is the supreme instrument of society.” It is also clear from Tignor (2006) that Lewis became deeply disillusioned in the late 1950s by what he saw as the anti-democratic turn taken by Nkrumah:

“The fascist state is in full process of creation, and I find it hard to live in a country where I cannot protest against imprisonment without trial or the new legislation prohibiting strikes and destroying trade union independence.” (Tignor, 2006, p. 172)

But the deeper reasoning behind the presumed need for the “big man” or the single party state is important. Essential to Lewis’s argument is that (West) African society is not based on class but on other cleavages:

“West African society does not fit into the Marxist categories. The area is under-populated, so land is abundant....Hence landlords, rents, oppressed peasants and landless labourers are rare.....West Africa is simply not a class society on Marxist lines....Now to say that this is not a class society is not to say that society is undifferentiated. There is no concentration of owners of instruments of production who monopolize political power. Nevertheless, the society is divided both vertically and horizontally; vertically in the sense that some people rank higher than others; and horizontally in the sense that some groups are marked off from each other by tribe, language, habitation or other division which causes group solidarity.” (Lewis, 1965, pp. 18-19)

Added to this is the fact that patterns of colonization, and then post-colonization reallocations such as those at the Berlin Conference of 1884-85, or after the First World War, left Africa with “unnatural” states after decolonization. Basil Davidson (1992) refers to this legacy of severe horizontal cleavages in these newly independent countries as “The Black Man’s Burden.”

Arthur Lewis’s answer to the cleavages in African states, which were converting standard political set ups imported from the West into single party states, was the development of pluralist democracy characterized by proportional representation, coalition government and devolution. These proposals were themselves debated at the time, and continue to be on the front burner. But, most importantly, Lewis established front and center that politics matters for economic development. In the words of his biographer, Arthur Lewis’s *Politics in West Africa*:

“...was also prescient. Ghana’s chief economic expert’s assertion that economic change did not operate in a vacuum needed to be heard. ...What later became known as the new institutional economics,...that politics and economics could not be treated as separate from each other when analyzing a country’s prospects for economic betterment were imbedded in this book....” (Tignor, 2006, pp 210-211).

Yet, *Politics in West Africa* raises new questions about the exchanges between Kwame Nkrumah and Arthur Lewis in the 1950s. Nkrumah, who sought first the political kingdom, and who argued when offered economic advice by Lewis that “I cannot always follow this advice as I am a politician,” seems to come across the worse in these exchanges, at least as seen in the correspondence presented in Tignor’s (2006) biography. It is the economist as guardian of an egalitarian development oriented social welfare function versus the venal politician using state resources to further his political objectives or, worse, to feather his own nest. It is a contest set to favor the economist. But is it entirely fair?

Return, then, to Lewis’s own characterization of African polity as riven by intersections of horizontal cleavages, exacerbated by the after effects colonialism. In these situations policies which will advance the growth of average income, or even reduce poverty and inequality as conventionally measured, may well end up cutting across the many group divides in the nation, as addressed and analyzed for example by Stewart (2008).\*\*\* Maintaining the horizontal balance may then mean not necessarily following policies that would be efficient from a conventional economic standpoint. Leaving to one side any personal financial gain, and also antidemocratic actions taken by Ghanaian leaders, should we not, on Lewis’s own grounds, be more sympathetic to Nkrumah’s dilemmas as an economic policy maker when faced with these cleavages?†††

At the time of its 60<sup>th</sup> birthday, Ghana has had peaceful hand overs of power in a multiparty system of the conventional type for a quarter century. And yet the horizontal cleavages of region, ethnic group, language and religion remain, and are of the essence in Ghanaian politics, and therefore in Ghanaian economic policy making as well. These tensions have of course been exacerbated by the discovery of oil, and the regional imbalances which this

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\*\*\* For an economic theoretic analysis of such divisions, see Dasgupta and Kanbur (2007).

††† For an early attempt at formal analysis of political constraints on standard economic policy making, see Kanbur and Myles (1992).

portends.<sup>†††</sup> The Lewis-Nkrumah exchanges continue to have modern relevance as Ghanaian policy makers and economists interact in formulating policies for the seventh and eight decades of Ghana's independence.

## 5. Conclusion

W. Arthur Lewis and Ghana became entwined very early on, and in one sense Ghanaian economic policy even today bears the marks of that interaction, because it touched the very fundamentals of the economist's approach to policy making, and the question of the primacy of politics over economics. From his early beginnings as a fervent decolonizer, perhaps influenced somewhat by his radical student contemporaries and the Keynesian revolution of the 1930s and 1940s, Arthur Lewis was rightly skeptical of thoroughgoing laissez faire liberalism. But, rather like Keynes himself, his instincts were to use capitalism rather than discard it or overthrow it. In this he differed from many of his contemporaries, and indeed from many of the leaders of Ghana's struggle for independence, with whom Lewis's association deepened in the 1950s. Far from being a central planner of the conventional "Gosplan" type, Lewis's approach was more work-a-day cost-benefit, identifying and addressing market failures as they came to light, rather than an ideological thrust in one direction or another.

Lewis, however, became highly skeptical of politicians and their role in economic policy making. Even leaving to one side personal venality and corruption, the politicians' need to balance competing interests, and thereby making decisions which were inefficient or inequitable from a purely economic perspective, vexed Lewis to the point where he left his position as economic adviser to the Ghanaian government. He then wrote in trenchant terms about politics in Africa, proposing a pluralist vision in the face of myriad horizontal divisions which faced economist and politicians alike. But it appears that Lewis was less than charitable to the balances and political compromises which have to be made in the face of these horizontal divisions. Perhaps, after all, the economists' skill lies in devising ways for how and how far we can incorporate these political constraints into our analysis and discourse on efficiency, equity, and economic policy making. Lewis the great pragmatic economist was always skilled in this way, even when the politics eventually stretched economics to the limit.

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<sup>†††</sup> The impact of oil is of course a complex matter with a range of interacting causal factors—see Obeng-Odoom (2015).

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