

**Multinationals and the Social Perspectives: An Assessment of
the Mining Communities in Western Ghana**

By

Samuel Akwasi Sarpong

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requirements for the degree of

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Cardiff University

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List of Abbreviations

AFRC	Armed Forces Revolutionary Council
CEPIL	Centre for Public Interest Law
CHRAJ	Commission on Human Rights and Administrative Justice
CSR	Corporate Social Responsibility
EAP	Environmental Action Plan
EITI	Extractive Industries Transparency Initiative
EPA	Environmental Protection Agency
FEJ	Federation of Environmental Journalists
GAG	Ghana Australia Goldfields
GMC	Ghana Manganese Company
GSR	Golden Star Resources Ltd
HIPC	Heavily Indebted Poor Country
IRS	Internal Revenue Service
ISODEC	Integrated Social Development Centre
IMF	International Monetary Fund
JSS	Junior Secondary School
MNC	Multinational Company
NGO	Non-Governmental Organisation
NLC	National Liberation Council
PAMSCAD	Programme of Action to Mitigate the Social Cost of Adjustment
PNP	People's National Party (PNP)
PNDC	Provisional National Defence Council
SAP	Structural Adjustment Programme
TWN	Third World Network-Africa
WACAM	Wassa Association of Communities Affected by Mining
WBCSD	World Business Council for Sustainable Development

Abstract

The role of multinational companies in the world economy is an issue that continues to engage public discussions. The growing dominance by the MNCs has been the most dramatic change in the international economy in recent years. They have privileged access to capital for investment and are closely associated with international banks. Multinational companies are also seen as instruments of development in many developing countries. Their considerable largesse and clout as well as the purported benefits they bring to the economies of developing countries have been hailed widely in many circles.

But the structure and power of MNCs allow them to carry out activities with ease and sometimes at the detriment of their host nations. Oftentimes, their goals are deemed to be contrary to the requirements of real development, particularly to the needs of the poor majority in developing countries. As a result, their presence in some of these host countries has engendered numerous conflicts largely because of the resentment by local communities who see them as plunderers of their wealth.

The extractive industry in particular tends to witness a number of clashes between indigenous cultures and multinationals. The issues precipitating these are quite complex. They range from the collision of modernity and tradition, demand for a fairer share of the community resources and to mere suspicions. Local communities with a solidarity defined through land ownership and perceiving the state to have failed in its developmental task have since become confrontational. They see these mining firms as a substitute for an absentee government. Consequently, in many parts of the world, local inhabitants have begun to challenge the profit-driven attitudes of MNCs. The MNCs are now being forced to provide social amenities for the communities within which they operate.

An increasingly common view is that many companies pursue their profits unscrupulously at the cost of the environment and the safety and health of consumers and workers alike in developing countries. Many in the extractive industry have even been found culpable for being ethically irresponsible.

The idea of providing incentives to MNCs in order to attract them is quite pronounced in many developing countries. This is in line with the view that investments could lead to the development of such areas. Clearly, this has not been the case for a large number of communities in developing countries. Nothing better explains this paradox than in the Wassa West district, the hub of Ghana's mineral industry, where a surge in mineral exploitation has led to contrived poverty, conflicts and social disorientation as a result of the government's emphasis on developing the economy. The government's position is that investments in the mining sector could propel the mining communities into a state of economic prosperity. However, with years of exploitation, this is yet to be achieved. The people still live in abject poverty; suffer from mining-related illnesses and infrastructural development seems to be minimal. Considering the negative impacts and development failures associated with the extractive industry, the question arises as to whether support for extractive industries in Ghana, is consistent with poverty reduction in these communities.

The lack of progress in bringing prosperity to these mining areas is not because efforts have not made, rather it is because of the extreme complexity of what mining does to a community. Within this conundrum lies the question that I am exploring: Can mining promote the development of communities possessing mineral wealth? For years, many experts felt mining did exactly that, however, in recent years, there has been a growing number of studies challenging this view of mining, precipitating a lively debate in the process. The notion that development projects could impoverish people might seem strange if not contradictory, hence, the need to investigate thoroughly what mining does to remote areas in terms of social dislocation, employment, resource alienation etc.

My role in this matter is to espouse the conflicting claims and their variants and to provide an avenue for further discussions on the issue in respect of its place in development and international business. It is also to bring to the fore, the exciting and challenging issues in order to elucidate and understand the development difficulties facing the economies of the developing world. The issue here will be how to forge a consistent paradigm, which makes economic sense, and which takes the complexity of social reality into consideration.

The thesis examines the mining impact on the local economy and the environment in the Wassa West district of Western Ghana. It reviews the relationship that exists between the communities and the mining communities and also analyses the interplay of forces within the industry. It exposes the dynamics of resource exploitation and community perspectives. It develops a methodology incorporating a variety of ethnographic methods and qualitative indicators in making a case for appropriate relational strategies. In so doing, the thesis seeks to provide a deeper understanding of strategies needed to be engaged in by multinationals especially in their interactions with local communities.

I conclude that a determined effort at corporate social responsibility may be the most important criterion for success in a foreign environment. It is necessary therefore to satisfy local expectations and needs by relating these to improved operating efficiency. Besides, strengthening institutional capacities would help to stem the incidence of mistrust that exists between the communities and the mining firm.

Chapter One: Introduction

Developing countries have always considered foreign investment as a key element to the growth and development of their countries (Todaro 1985; te Velde 2001). They have however, adopted different approaches over the years to the issue of investments, in view of the shifts in the development paradigm. In the 1960s and 1970s, development theories and policies emphasised investment in infrastructural projects, state intervention in the economy, and import substitution policies which meant selective restrictions on foreign investment (Cohn 2003). In the 1980s and 1990s, there was a significant shift towards liberal policies that welcomed trade, privatised national infrastructure, and encouraged unrestricted foreign investment (Cohn 2003; Bastida 2006). As a result of this shift, global capitalism has expanded by creating opportunities in many countries (Ellwood 2001).

Many multinational companies (MNCs) have taken advantage of the phenomenal rise in global opportunities and have moved into uncharted terrains in far-flung corners of the world in pursuit of their business interests (Narula and Dunning 1999). As the context of foreign investment has changed in recent times, so have the expectations about the role of corporations in society. MNCs, especially those in the extractive industry, have become more or less the main agents of change in many developing countries (Todaro 2000). Their growing importance in the world economy today, testifies to their role as agents of globalisation (Cohn 2003).

1.1 Multinational corporations and globalisation

The dominant motif of the globalisation debate has been the power of corporations and the declining capacity of the state (Greider 1997; Derber 1998; Jessop 2002). With liberal policymakers promoting a minimal role for governments, the on-going shift in power from the public to the private sector has meant that societies at large are now looking up to business to help solve social, environmental and economic problems that were once considered solely in the province of government. Local communities now look up to these MNCs for support in view of the state's 'fragility' in many rural areas (Harrison 2001; Lodge and Wilson 2006). This has encouraged the view that states cannot manage contemporary social and economic challenges alone.

In many developing countries, aspects of the state's functional role have been compromised in a bid to secure the interest of investors (Bastida 2006). The IMF/World Bank engineered reform programmes that many developing countries embraced in the 1980s and early 1990s meant states were barred from directly involving themselves in commercial large-scale mining ventures (Coakley et al 2001). With governments focused on industry regulation and promotion, private companies took the lead in operating, managing and owning mineral enterprises (Akabzaa and Dramani 2001). Mineral-endowed countries were also obliged to set up and maintain competitive environments for mining investments (Oman 2000).

Ultimately, these pressures have had implications on the ability and/or willingness of countries to enact and enforce stricter environmental standards in the sector (Bastida 2006). Besides, their ability to bring 'development' to their areas has been minimised (Morrissey and Filatochev 2000; Ellwood 2001). According to Ellwood (2001:10) 'although economic globalisation, the expansion of trade in goods and services between countries, is said to be key to a more equal, more peaceful, less parochial world,' it has derailed development in the developing countries where the poor continue to pay the highest price for structural adjustment.

It is quite profound, therefore, that 'globalisation is contributing to fundamental changes in the relationship between markets, states and multinational corporations' (Cohn 2003:10). But whilst globalisation has generally created a positive outlook for global business, at the same time we have witnessed the negative impacts of the development of global markets (Porter and Sheppard 1998). Clear examples of these include the increasing disparities in wealth and income, continued deprivation and poverty for billions of people, and in some cases, irreversible environmental degradation which very much exist today because of the way globalisation operates (Downing 2002).

Since the late 1980s, a plethora of scholarly and popular monographs and articles have explored the implications of globalisation. In the beginning, there was nothing but praise for it; then, in the mid-1990s, its downsides began to be highlighted (Dunning 2003). Globalisation, seen in one regard as the opportune thing for the

world to embrace, therefore, raises vast, even protean issues: too complex, perhaps for any single mind or group to conceptualise, let alone confront in practice (Sacks 2003). Although many countries in the developing world are aware of the benefits of closer integration of global production and markets, the expected benefits of this phenomenon have largely remained trifling for some of them (Benton 1999; Ellwood 2001). Clearly, there are gains from participating in increased exchange with the rest of the world, but as Mkandawire (2005) argues, the bone of contention lies with the specific measures individual countries adopt in order to reap the benefits of increased exchange with other nations.

Particularly in the case of Africa, it seems the continent is well endowed with resources, but is yet to derive the expected benefits from global trade. The continent is often seen in terms of its paradox; one with a huge potential and yet lost on hope; a continent that travails scarcity but lies in the midst of plenty. Wider economic and political policies have robbed many Africans of the chance to become equivalent participants in world affairs (Ferguson 2006). It seems Africa's opportunities for self-enrichment have been inhibited by the inordinate dependence on primary commodities (Cilliers 2000).

In recognising the marginality in which African countries are held in world affairs, Ferguson (2006) has argued that Africa occupies the bottom tier in the hierarchy of world regions. Many research, analysis and re-thinking have been made on this and there is still debate as to what Africa and other developing countries need to do in order to find their place in the world economy (Cypher and Dietz 2009). There is a feeling that developed countries have gained disproportionate advantage from their leadership in science and technology, a situation that has been directly linked to their exploitation by developed countries over many years (Dorner and El-Shafie 1980). In the past three decades, Africa and other developing countries have embarked on reform programmes aimed at several policy changes in order to stop the stagnation within their economies and to help them share in the benefits of globalisation (Morrisey and Filatotchev 2000). But rather than provide support for economic diversification in the resource-rich countries of Africa, structural adjustment programmes have tended to encourage increase production of primary commodities and excessive reliance on extractive sectors for export revenue (Pegg 2003).

A number of developing countries have, thus, been dovetailed into one big export arena where natural resources are being exploited in order to generate revenue for development. The economic attractions in this regard have mostly dwelt on primary economic activities like mining and agricultural projects (Cypher and Dietz 2009). This falls in line with the belief that, 'a country's potential for economic growth is greatly influenced by its endowments' (Todaro 2000:37). Arguments in favour of market-friendly reforms in developing countries state that liberalisation and deregulation would lead to a more efficient allocation of resources, increased international competitiveness, absorption of new technologies, and, ultimately, higher employment and growth rates (Perkins et al 2001; Cohn 2003).

1.1.1. The quest for development

Whilst most developing countries are conscious of the need to create opportunities for the development of their countries, it seems, in their quest for this, numerous constraints have acted against the achievement of such objectives (Norgaard 1994; Cypher and Dietz 2009). For instance, development objectives have largely gone unmet (Kapelus 2002; Mkandawire 2005; Vicente 2005), and in some areas, poverty has deepened despite programmes geared towards alleviating it (Campbell 2001). This has given rise to the view that the structural adjustment programmes (SAP) introduced in the last decade of the 20th century, and especially those centred on mineral exploitation, have accentuated rather than diminished the impoverishment of local communities (Davis and Tilson 2004). SAP is now being seen in some quarters not only as an innocuous remedial package for sustained growth and development, but almost a deliberate scheme for the perpetuation of export dependency and reproduction of existing conditions of global inequality (Cohn 2003).

The drive towards liberalisation has caused poverty to deepen as social services and subsidies are cut on the urgings of the multilateral agencies (Ellwood 2001). Escobar (1995) for instance, has argued that the so-called development initiatives supported by the multilateral agencies have created abnormalities such as poverty, underdevelopment, backwardness and landlessness. He has accused the multilateral agencies of proceeding to address economic problems through a normalisation programme that denies value or initiative to local cultures. MNCs, having been encouraged to move their capital into these deregulated markets, currently enjoy huge

incentives detrimental to the development of their host nations. Development organisations which have examined the implications of IMF/World Bank conditionalities on poverty in developing countries have also criticised both organisations for making life unbearable for people in the developing countries (O'Brien et al 2000).

The inter-connections that have emerged, as a result of the current global process, have altered the dynamics in the many rural areas. The economic linkages have opened up richly endowed rural communities to disturbing influences (Akabzaa 2000; Lassey 2000). The impact of modernity, as expressed by the activities of MNCs on traditionalism, has largely been seen as disruptive and debilitating for the people in these mining areas (Akabzaa 2000). Nurnberger (1999:196) maintains that, 'their sovereignty was annulled, their leadership utilised, their economic potentials exploited as new roles and status definitions emerged.' The apparent clash between modernity and tradition has led to a break up of social cohesion. This has impacted negatively on the condition of life in many parts of rural societies.

The environment is being destroyed in the name of 'development' as developing countries exploit their resources for revenue generation. Some of these communities now represent a veritable picture of areas where ecological concerns are side-stepped for economic gains. 'A key element in economic development is that the people of a country must be major participants in the process that brought about these changes in structure,' (Perkins et al 2001:9), however, as the case is in many areas, local communities have had to suffer greatly as a result of the changes to their economies. Businesses now contest land claims with local communities – a situation that has led to continuous tension between business and communities.

More recently, there has been much interest in issues surrounding economic growth and development. The interest has led to a burgeoning theoretical and empirical literature on the subject (Perkins et al 2001). In particular, concerns have been expressed about these IMF/World Bank prescriptions, which though meant to redeem developing countries from their debt problems, have instead created a stranglehold on their economies. In sub-Saharan Africa, where economic decline has become more

common than growth, critics have charged that the IMF-sponsored SAP has led to severe consequences for those nations (Cohn 2003).

In reflecting on these concerns, O'Connor (1997) has argued that some developing world have been too eager to sell their birthrights to MNCs in the name of development when they are under the pressure of big external debts. Obviously, O'Connor's concern reflects the hard decisions most developing countries are forced to make to attract investments and make economic gains. In order to serve as an attractive base, these countries have relaxed many of their laws to the benefit of investors. The investors are, therefore, in a strong position to resist environmental controls and taxes which may be considered desirable by the host government. Ghana, for instance, has over the years made a huge boost in mineral development and exploration because of the incentives it granted to the mining firms. A sector study conducted by the Bank of Ghana, entitled *Report on the Mining Sector* (2003), acknowledged that, the incentive package which has served as a basis to attract investors, has also deprived the nation of much of its potential foreign exchange earnings. Ghana's investment package provides numerous fee waivers for investors.

Considering the negative impacts and development failures associated with extractive industries, especially, in the host communities, the question often arises as to whether support particularly for extractive industries in many developing countries, is consistent with poverty reduction. Another concern is whether the activities of the international mining companies are compatible with their host countries' economic development.

Activists and environmental groups have in recent times campaigned for a more humane, eco-friendly, and equitable approach to mining activities in poor nations. The unsustainable trends witnessed in the mining areas of late, have elicited strong responses from civil society for the development of national policies, management systems and mechanisms that define sustainable processes of development. The pressure has now shaped up a new era of corporate social responsibility. Many mining societies have now given clear indications that they want business to adopt appropriate business practices and the development of their communities (Akabzaa

2000) more especially so, when such areas are perceived to be relatively poor set against the profits the mining companies make.

1.1.2. Natural resources and development

Much has been made of natural resources as a solution to the developmental needs of resource-endowed countries (Pegg 2003; Davis and Tilson 2004). The World Bank even justifies its support for extractive industries by claiming that the development of this sector promotes economic growth and generates revenues for the governments, facilitates job creation and technology transfer and contributes to infrastructure improvements and the creation of mainstream industries (Pegg 2003). But is the exploitation of natural resources the solution to the problems of resource-endowed countries?

Intuitively, the idea that mining can positively contribute to economic development and poverty reduction makes sense but recent empirical findings demonstrate that this is far from the case. Research has shown that contrary to earlier presumptions, the development of natural resource wealth sometimes tends to undermine economic development and industrialisation, increase political conflict, and ultimately retard democratisation; it brings failure in both economic and social terms and also leads to a decline in other areas of development (Ross 1999, 2001; Berdal and Malone 2000; Collier and Hoeffler 2001). The mining of minerals like gold and diamonds also suffer from bad reputation and have been blamed for a number of problems such as poverty, corruption and war (Basedau 2005). Indications are that the more a country is dependent on one or a few highly valuable commodities for a majority of its export revenues, the more likely it is to suffer from corruption and underdevelopment (Collier and Hoeffler 2001). The availability and development of natural resources have also led to conflicts, unrests and political tensions in many developing countries. Countries like Nigeria and Sierra Leone have suffered immensely because of the presence of minerals.

In Nigeria, the whole oil business in that country has been tainted with massive corruption (Thompson 2007). Recent accounts indicate that oil revenues have for many years been lodged in the private accounts of some Nigerian political leaders. Besides, there is ample evidence to suggest that Nigeria has not been able to use its oil

wealth to support the people of Ogoniland where oil is exploited (Thompson 2007). In Sierra Leone, minerals reportedly escalated the conflict in the country as rebels used the proceeds to fight the then government. Gylfason (2001) has argued that resource-rich countries also neglect the development of their human resources because they are 'blinded' by the resource wealth.

The fall out from mining activities are immense. They have led to displacements and resettlements. Investigations into displacements have found other potential risks that threaten sustainability; these include joblessness, marginalisation, food insecurity, loss of common lands and resources, increased health risks, the disruption of formal educational activities and the loss of civil and human rights (Akabzaa 2000; Downing 2002). These outcomes have significantly increased the risks of impoverishing local populations, threatening their livelihoods and truncating their chances for sustainable development and even their survival (Cernea 2000). The failure to mitigate or avoid these risks often generates 'new poverty' as opposed to 'old poverty' that people suffered before displacement (Downing 2002). Local communities perceiving the state to have failed in its developmental task have often become confrontational with the mining concerns. They see these mining firms as a substitute for an absentee government and very often challenge the profit-driven attitudes of MNCs.

One of the most prominent lines of research today that links development and globalisation, and also highlights the role of corporations in both areas, is the erudition on the so-called 'resource curse' (Auty 1993) or the 'paradox of plenty' (Karl 1997) that has been gaining prominence on Africa's development strategies. As has been well-documented in recent times, many mineral-driven economies have often experienced less growth than mineral-deficient economies (Pegg 2003). These new findings put development studies into some crisis. The mainstream frameworks dominant in post-war development studies seem unable to meet the compelling challenges of the developing countries (Brohman 2000). One implication of this is that poorer nations with the least flexibility and fewest options have not overcome the turmoil sufficiently to find a development track (Norgaard 1994).

Whilst the dominant view is that investments could ensure the development of poor localities, it is pertinent to understand the argument put forth by Leggat (1985:70)

that, 'it is by no means certain that multinational activity brings developing countries the kind of development that they require,' rather, in spite of all the new opportunities that they bring, multinational companies could introduce 'inappropriate' technology and interfere with local economic development and growth objectives. Tandon (2002) argues on similar lines when he stresses that, there is no real evidence that FDIs bring development. The explanation for this is that, the goals of governments and investors are not the same, especially when one realises that business is not directly concerned with promoting local development in countries where they operate. Businesses are organised instead to make profits, whereas governments are supposed to ensure development. As Colman and Nixon (1994) succinctly put it, MNCs cannot be directly blamed for the lack of development since their prime objective is global profit maximisation. Their actions, therefore, are aimed at achieving that objective, not developing host countries.

Analyses of the impacts of globalisation and social transformation generally emphasise the differing effects on various regions of the world (Castells 1996). For instance, in Nigeria, while oil supplies the country with constant export revenues and hope for the future, it also provides the country with one of its most intractable problems – conflicts (Thompson 2007). But given that 'development' used in this sense to mean 'social transformation,' is a worthwhile venture, it is baffling to see it as something that contradicts the objectives of globalisation. According to Hoogvelt (1997) 'social transformation can be seen as the antithesis of globalisation.' Thomas (2000:3) goes further to argue that, 'in practice it has proved quite possible for development to occur without alleviating poverty' adding that, 'some even argue that development necessarily entails worsening poverty.' It is in this context that Basedau (2005) acknowledges that, the political economy of natural resources in sub-Saharan Africa and elsewhere is by far more complex and involves a wide range of aspects which have not been sufficiently addressed thus far.

Clearly, the difficulties encountered with the non-realisation of some development projects have opened up fields for research and interest into these areas (Reed 1995). It is within this framework that some researchers have begun to question the whole issue of 'development', indeed wondering whether it is a lodestar or an illusion (Hamilton 1989; Wallerstein 1991). The need to look into development issues has

also been heightened by the perceived need for a common ground where the mutual interdependence of the world economy can be forged. Kaplan (1999) has noted that we are living in an era, in which ambiguity, uncertainty and contradiction have replaced former certainties. Kaplan argues that many people now feel the concept of development has failed; the gap between rich and poor has increased rather than decreased, and ecological and social problems have rendered our world, in a very real sense unsustainable.

Development theories, meanwhile, have undergone many transformations over the years and today there is a body of thought which is beginning to question not simply the various theories but the very validity of the development concept itself (Kaplan 1999). Numerous evaluations and experiences encountered over the years have subjected modernisation and underdevelopment theories to severe criticisms. Tordoff (1984) has even argued that in view of the substantial revisions of modernisation and underdevelopment theories, the original theories no longer have much utility. On the contrary, the study believes, they both hold the key to understanding some of the precarious problems Ghana and other developing countries are faced with, even if partially. Perhaps we can also find solace in the views of Perkins et al (2001:25) who have argued that 'development involves major issues for which economic theories provide no answers or at best provide partial answers.'

It is within this conundrum that the study explores mining's relationship with Wassa West. The thesis builds on a sizable volume of scholarship. In reviewing the vast literature on various aspects of these issues, one is struck by the wide divergence in conclusions and positions that emerge from different analyses. On one hand, there are conclusions projecting doom and catastrophe over the use of the extractive industry as a development strategy, yet on the other, there is some level of optimism. Michael Shafer (1994) for instance, describes the mineral sector as the 'loser' sector in the economic development race. Reasons for this include the growth inhibition from mineral windfalls' facilitation of irresponsible fiscal and trade policies (Gelb 1988; Ranis 1991). Onorato et al (1997) have also associated oil and mineral dependence with exceptionally low living standards and conspicuously poor performance on a range of important social welfare indicators.

More recently, Mehlum et al (2006) offered a positive outlook by claiming that the extractive sector remains an important sector and very beneficial to countries provided such countries are able to have effective institutions that can ensure the development and promotion of their minerals. Robinson et al (2005) have indicated that mineral development is important for any economy. They, however, blame the unproductive public sector, which they claim, does not shore up the benefits accruing from mineral extraction. Lately, a number of researchers (Davis and Tilson 2004; Basedau 2005) have indicated that countries with the best institutional capacities rather stand the chance of benefiting from the rent accruing from their mineral development.

1.1.3 Ghana's developmental options

Many mineral-rich developing countries have depended on resource exploitation to achieve their developmental goals. For Ghana, in particular, there has been a phenomenal response in foreign investments since the government introduced its economic reforms in the 1980s (Aryee 2001). The reform programme was associated with FDI increasing substantially (Grant 2002) as many mining companies took advantage of the investment opportunities to exploit the country's resources.

Ghana's investment promotion has been premised on the assumption that it would lead to increased opportunities, reduce poverty and ensure development (Aryee 2001). The dominant discourse of multilateral institutions concerning poverty alleviation postulated that such investments would help pave the way for economic growth and prosperity (Cheru 1989; Cohn 2003). As such, global capitalism and private enterprise became firmly entrenched as central planks of the development strategy in Ghana. But how has this trend impacted on the lives of the people? Who benefits from foreign investment and who loses? How far have the concerns of mining communities shaped the operations of MNCs in Ghana? Have the MNCs been able to satisfy the expectations of their host communities? Who appropriates and accumulates rent from resources and how is this done?

The answers to these questions can only be found through detailed local studies. In spite of the enormous literature on globalisation there are very few detailed accounts of the impact of these changes upon daily life and social relations. Many of these

locations are remote and far away from the urban centres and as a result, the changes that have affected the lives of the people have been hidden and rarely discussed in academic journals or policy forums. Hence, a desire to bring these experiences into the open is paramount to and lies at the heart of the study. In the context of liberalisation, deregulation and privatisation this thesis examines the ways in which people in the remote rural Western Ghana have endured and responded to major changes in their lives.

For the past three decades, the Wassa West district in Western Ghana has experienced increased mining activities. It became the hub of Ghana's mining activities following the mineral reforms programme the country embarked on in the 1980s. The district possesses desirable assets that were seen as capable of helping to achieve certain development objectives for both the district and the country as a whole. Currently, 13 international mining companies are engaged in mining in this largely rural area. From a socio-cultural perspective, globalisation has raised interesting issues with regard to sustainable development, identity, the quality of life and de-territorialisation and these would be looked at in the thesis. It would be both appropriate and necessary to do so in order to understand the impact of the global process on the local communities and its implication for their cultural identity, quality of life and sense of being.

This thesis is, thus, concerned with some of the major issues facing people in this poorest part of Western Ghana: an area which is, ironically, rich in mineral deposits. It reflects upon changes that have taken place in the world economy since the 1980s and the impact of the programmes of structural adjustment that have been introduced across the developing world. It took me into remote villages, along muddy roads, to encampments around opencast areas and illegal working sites. I talked to the chiefs and elders and also fraternised with men, women and young people as well as community activists. In this way, I learnt a great deal about the impact of multinational corporations upon local economies and societies and the strength and durability of the people.

1.2 Aims and objectives

The study explores the relevance of using mineral development as a central plank for development. The principal goal here will be to engage sociologically with the realities of contemporary development thoughts and how they apply to developing countries.

It considers the role of MNCs, the World Bank and the IMF as well as the environmental considerations engendered by the mining boom in Ghana. It also provides a detailed picture of how and when the concerns of industry, society, and governments converge and when they conflict. This study, thus, gets to the heart of resource conflicts in resource communities. The role of community activism in the current climate is also explored.

In furtherance of the above, the study:

- examines the total effect of mineral resource development and operations on these communities.
- examines the perception of communities and multinational companies in their areas of operations.
- provides an insight into the conflicts inherent in the company-community relationship.

The study is expected to generate further debate on and improve the understanding of the role of mining and the development of mineral endowed countries; socio-economic and environmental issues raised by mining, associated practices and responses to these and mining engendered conflicts.

1.2.1 Methodology

The study incorporated a variety of methods of data collection, including a wide range of documentary sources. Secondary information was also obtained from newspaper clippings, websites and publications in specialised journals and libraries to discern the differing attitudes and commitments of the companies towards community development.

The primary data collection involved individual interviews in both Accra and Wassa West with government officials, government organisations, mining companies and non-governmental organisations. Interviews were conducted with the management of all the five mining companies operating in the study area. A series of group interviews were also organised with local activists to discuss mining's impact on the socio-economic development of the area as well as education, employment, mining's impact on gender and conflict resolutions. A further and critical source of data involved visits to selected communities in Wassa West where I conducted a large number of informal interviews with local people and observations of daily life and social interaction. This was done in order to assess conditions there and to understand the concerns of the people. The aim here was to secure an informed and convincing account of social life in Wassa West and an assessment of the changing social structure of local communities.

1.2.2 Structure of thesis

The thesis is organised as follows: An **Introduction** paves the way to introduce the subject matter, outlining the background to the study, its objectives and the methodology used to conduct it. The study is divided into three parts.

Part One - Globalisation, Development and Mining has three chapters and provides the theoretical and empirical background for the study. It includes Chapter Two, which critically examines the theoretical perspectives while Chapter Three: *Ghana: From Gold Cost to Structural Adjustment* explores the empirical background of Ghana. Chapter Four follows with a detailed examination of the *Extractive Industry in Ghana*.

Part Two - The Case study: Wassa West contains the detailed chapters relating to the study area. It has four chapters. These chapters involve an analysis of the issues involved in the study: It begins with Chapter Five, which describes the study area. Chapter Six explains the way in which the study was conducted and the methodological approach adopted. Chapter Seven looks at *Mining FDI: Corporate Policies -Community Frustrations*. Chapter Eight details *The Operational Impact of Mining on Social Networks: Sources of Marginalisation* whilst Chapter Nine explores *Staple Industries – Developed Localities?*

Part Three: Reflections on Wassa West has two chapters, namely Chapter Ten which is on *Corporations, State and Community: Dimensions of power relations* and Chapter 11 which looks at *Corporate Social Responsibilities and the Mining Companies*.

The final chapter is the **Conclusion** which ties together the threads of the major arguments of the thesis and provides recommendations.

Part One:

Globalisation, Development and Mining

Chapter Two: Theoretical Perspectives

2.1 Introduction

The chapter reviews and critically engages with some of the social science theories that will be used in this thesis to examine the issue of socio-economic development in the Wassa West area. The purpose of this review is not to test the empirical or theoretical adequacy of the competing theories but to identify them since they will help in clarifying the issue of underdevelopment in the study area. The objective is, therefore, to provide a foundation sufficient enough to evaluate the issues to be dealt with.

The first section of the chapter begins by reviewing the global economy. It explains why there has been a surge in global interrelatedness and the driving force behind it. The chapter also provides an insight into the theory on natural resources and economic development and the role that mining plays in this. It relies heavily on the staple theory, which has generated a diverse and comprehensive body of research to explain the significant role that natural resources play in development. It also examines what might be called the dimensions of development and discusses the evolution of corporate social responsibility (CSR) as a strategic concern.

2.2 Globalisation and related issues

The past few decades have witnessed enormous changes in the global economy, many facets of which are encompassed in the term, 'globalisation' (Morrisey and Filatotchev 2000). Various definitions have been offered for the term. Cohn (2003), for instance, argues that globalisation is a process that has two major aspects: broadening and deepening of interactions and interdependence among societies and states throughout the world. Dunning (2003) describes it as the connectivity of individuals and institutions across the globe, or at least, over most of it. On his part, Robertson (1992:8) maintains that globalisation is 'the compression of the world and the intensification of consciousness of the world as a whole.' Anthony Giddens (1990: 64) meanwhile, regards globalisation as 'the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa.'

Giddens' definition draws on the connection between the local happenings and the global process. He argues that local transformation is as much a part of globalisation as the lateral extension of social connections across time and space. Waters (2001) makes a similar claim by suggesting that globalisation is not mainly about big business and political considerations, but is also linked to the way local life worlds are structured. Considering the fact that, 'globalisation broadens and deepens interactions,' events and policies adopted in one part of the world are likely to have a major impact on distant locations (Cohn 2003:10). An analysis of world events today would, therefore, reveal that many of these happenings tend to have repercussions elsewhere as well.

The inter-relationship within the global circles is, perhaps, best demonstrated by the huge increases in the trans-national flows of both portfolio and direct investment, and in the number of cross-border strategic alliances (Narula and Dunning 2000). From the perspective of Bartlett and Ghosal (1989), three things have pushed international business further; falling regulatory barriers to overseas investment; tumbling telecommunications and transport cost and freer domestic and international capital markets in which companies can be bought and currency and other risks can be controlled. The institution of liberal economic policies the world over, therefore, has greatly encouraged the importance and expansion of this inter-relationship (Cohn 2003).

One of the tenets of globalisation is that it represents an irreversible trend to which there seem to be no alternative. The discourse usually presents it as something inevitable, and that being against it, is difficult and foolhardy. Former US President, Bill Clinton's declaration that 'globalisation is not a policy choice, it is a fact,' and former British Premier, Tony Blair's statement that globalisation is 'irreversible and irresistible' (see Lucas 2003) are a pointer to this. Ellwood (2001: 9) even describes it as 'unstoppable.' This ideological mystification creates defeatism because it seemingly does not allow anyone to challenge it. The mantra constantly repeated in globalisation thesis is that the process is not a choice but a reality. For now, 'the logic of globalisation has become seductive too because it is based on a simple principle: free the market of constraints and its self-evolving dynamic will bring employment, wealth and prosperity' (Ellwood 2001:95). Yet, it appears there are no considerations

of the possible negative outcomes as globalisation is seen as a 'win-win' situation for all parties involved.

2.2.1 Debating globalisation

Debates on globalisation have engendered some controversies. 'Several groups have different stakes in the persistence of the concept of globalisation and like most encompassing terms, it is used in many different ways' (Grant and Short 2002:5). On one hand, neo-liberals insist that globalisation improves the efficiency of all economies, thereby boosting economic growth (Bhattacharyya 2005). There is also an assumption that globalisation comprises a coherent causal mechanism (Grant and Short 2002), therefore, being part of the process, would ultimately lead to a global relationship that would ensure economic growth and prosperity for all. The suggestion being made is that, 'economic globalisation, the expansion of trade in goods and services between countries...is the key to a more equal, more peaceful, less parochial world' (Ellwood 2001:10).

Neo-liberals have argued that North-South linkages provide even more benefits to developing countries than to the developed countries. But dependency theorists or those opposed to the neo-liberal stance say in practice, globalisation means a one-sided opening up of the natural resources and the cheap labour of developing countries to the capital of the multinational companies (Robertson 2002). For instance, the wholesale privatisation of vast amounts of resources ranging from all kinds of mineral ores through to water, at the instance of the international financial organisations on poor countries, has added to the difficulties these countries face. A critical view of the impact of globalisation on developing countries can be assessed from Bond (2006), who cites the case of Tanzania, a poor country, which was prevailed upon to privatise its water, only for a British firm, Biwater, which won the contract, to mismanage it. Biwater reportedly profited from the deal as it failed to invest adequately in it and instead raised water bills. Whilst views may vary on this, many authors (Rodney 1981; Bond 2006) have pointed to such developments as part of the grand plan of 'looting Africa.'

Grant and Short (2002:8) have stated that globalisation has created a basis for some 'places of exclusion.' Dependency theorists, therefore, reject the optimism of the neo-

liberals. According to dependency theorists, structural factors related to the global capitalist economy have constrained the development possibilities of developing countries. A further point, often made is that the advanced capitalist corporations at the core of global economy either 'underdevelop' developing countries in the periphery or prevent them from attaining genuine autonomous development. This viewpoint has been brilliantly articulated by Walter Rodney (1981) in his book, *How Europe Underdeveloped Africa*. According to Rodney (1981: 22), 'the true explanation [to this] lies in seeking out the relationship between Africa and certain other developing countries and in recognising that it is a relationship of exploitation.'

Despite the imprecision and the controversy surrounding it, it is widely accepted that the process of globalisation has engendered the restructuring and transformation of social, political, economic, and cultural processes and forces (Ellwood 2001). Whilst proponents of globalisation have always claimed that the world has become 'one world' as a result of this process, available evidence sometimes points to the contrary. Kaplinsky (2000: 117) for instance, has noted that, 'there has been an increasing tendency towards inequalisation within and between countries and a stubborn incidence in the absolute levels of poverty, not just in poor countries.' Some writers (Mishra 1999; Ellwood 2001) have also argued on similar lines, stressing that, globalisation has led to marginalisation and exclusion because of downward pressures on systems of social protection, changing labour market conditions and increasing inequality in wages. Critics of globalisation have further suggested that globalisation enriches the rich and leads to ecological destruction as poor countries exhaust their resources through a massive export drive, which in turn leads to poverty (see Nadkarni 2000 for the poverty-environment nexus). Making a similar claim, Ellwood (2001:103) argues that, 'globalisation has derailed development in the South where the poor continue to pay the price for [structural] adjustment.'

The structure of the international income flows, investments, terms of trade and other international considerations do not correspond to any notion of an interdependent world as premised by globalist theory (Lucas 2003; Norberg-Hodge and Page 2006). Globalisation has so far brought relatively few economic gains to the least developed countries (Gray 1996). Hence, what is emerging is a dichotomy of countries - with the wealthiest industrialised countries (and a handful of wealthier developing countries) at

one extreme and the poorest countries at the other (Dunning and Narula 1997).

Therefore, contrary to the assumption that globalisation leads to interdependence, it is evident that it has also led to a relationship of 'dominators and the dominated' with the developed countries having a domineering role over those in developing world.

One explanation offered for these different views on globalisation is that, its effects are felt in diverse ways. In this process of relativisation, all units engaged in globalisation are constrained to assume a position and define an identity relative to the emerging global whole (Robertson 1992). The different intuitive views concerning the nature of economic globalisation and its effects have in many ways led to questions about whether the potential risks of globalisation outweigh the benefits or vice versa.

2.2.2 Globalisation and nation states

One of the most controversial issues within the globalisation literature relates to the state. States have been the most important actors in the political organisation of societies. But the high degree of globalisation has placed constraints on the policy autonomy of national governments (Julius 1994). For this reason, the way in which globalisation affects them, either by producing the obsolescence of their functions, the reconfiguration of their power, or even the continuity of their traditional sovereign status, has been the subject of a huge discrepancy among scholars in the globalisation debate (Chang 2004).

Criticisms have been levelled at the way in which strategies involving deregulation and privatisation have redefined the role of the state in Africa and other developing countries. Critics point out that it has led to the weakening of support for social and welfare programmes as well as issues concerning the environment and matters of sustainability (Campbell 2001). Nation-states have also become subject to universal standards to the extent that supra organisations like the European Union and international organisations like the World Bank and the IMF now have much influence in how states are run in Europe and elsewhere. These organisations, to a very large extent, determine the economic, social and political priorities of many states (Porter and Sheppard 1998).

Some researchers, as a result, have sounded the death knell for the nation state. States, to them, have become obsolete in the current situation. For instance, the influential management consultant, Kenichi Ohmae (1995), has denounced nation-states as nothing but a nuisance in a world economy dominated by transnational corporations and global markets. In a recent publication, Ohmae (2004: 215) describes the nation state as 'a nostalgic fiction', arguing that, 'it makes little sense today, for example, than it did a few years ago to speak of Italy or Russia or China as a single economic unit.' Other debates have centred on the notion that the nation state had been subject to concurrent processes of 'hollowing out' from above and below, prompting further interest among academics in the nature and form of the nation state within a new supranational–subnational nexus. Bob Jessop draws on this concept of the 'hollowed out' corporation by arguing that in this new arrangement, the functions of the state are 'redistributed upwards, to international and transnational operations and institutions, downwards, to cities and regions, and outwards to non-state actors' (Jessop 2002: 159). According to Jessop, although the nation-state remains politically significant, its role is becoming increasingly limited in view of the erosion of its powers to other powerbases.

There is little denying that globalisation has neutralised the autonomy of actors and practices in contemporary world order (Benton 1999). In this new environment, the function of the state has shifted to supporting primarily the integration of domestic economies into international productions (Zaric et al 2008). Reduced to a managerial role, the state is largely seen as an institution that now watches on helplessly as the balance of forces swings towards the global markets. Within its historical borders, the state has seemingly ceased to be the locus of political action and identity and beyond its frontiers, it often retains only the formal attributes of sovereignty whilst its policies and decisions are challenged by the supra organisations. On the basis of that, Ohmae (2004: 215) has argued that 'nation states have become inescapably vulnerable to the discipline imposed by economic choices made elsewhere by people and institutions over which they have no practical control.'

But, it needs to be stated that although the state has indeed lost some control, the fact still remains that it has not withered away in the manner that some critics point out. According to Scholte (1995), globalisation, as a key feature of late modernity, is not

eliminating nations, but only complicating the construction of collective identities. It is also realistic to agree with Linda Weiss' (2005) observation that in the process of globalisation, nation states have begun to assume a more active and strategic role. Clearly, governments tend to play an exceptionally large role in the natural resources sector of all developing countries (Ballard and Banks 2003). It is the legal and administrative institutions of nation-states that still regulate the entry of MNCs in resource-endowed countries.

The recent downturn in the global economy has re-emphasised the important role the state plays in national economies. Contrary to the neo-liberal belief that the state has been largely ineffective and displaced economically, its reconfiguration following the recent global recession, and the position it took to bail out the financial sector from imminent collapse in the latter part of 2008, has served as proof that it is very important in the current climate. The state has, therefore, staked its claim as a facilitator for development. Whilst nation states may no longer be the main economic players, as a result of the major roles now being played by MNCs and international banks, they however remain quite important in the current climate.

2.2.3 Globalisation: A new phenomenon?

There is a major current of dissenting voices staking out the position that globalisation is not a new epoch. Recent debates have also discounted the period of its emergence with some researchers (Asante-Darko 1999; Grant and Short 2002; Robertson 2002) saying globalisation is not a recent phenomenon. Although they equate the contemporary period of globalisation with the widespread introduction of liberalisation policies across developing countries around the 1980s, Grant and Short (2002) have noted that the global economy has been maturing for some 500 years.

Roland Robertson also shares a similar view,

I have insisted that globalisation must be regarded as a long historical process, going back at the very least to the so-called Axial Period, a term coined by the German philosopher, Karl Jaspers to refer to the almost simultaneous rise of the great world religions about 200 years ago. Thus, contrary to the writings and discussions of many contemporary commentators, I do not see how, other than by pure convention, we can possibly confine the globalisation process to the last few decades (Robertson 2002: 29).

On his part, Asante-Darko (1999) has stressed that a critical assessment of the contemporary economic history of Africa might reveal that the underlying objective of globalisation is neither new nor a novelty. This sentiment has been echoed by some critics who view colonialism and imperialism as constituting forms of globalisation. Oliugbo (2007), for instance, has argued that, it could be said, and with justification too that, the slave trade, colonialism and globalisation are stages within the same process – that of Third World underdevelopment. He maintains that the slave trade sowed the seed, colonialism nurtured and perfected it, and globalisation is now reaping the fruit. Sifuna (2001) has also argued that colonialism was never a developmental process, but a maximisation of exploitation. Like Sifuna, Rodney (1981) has also derided those who seek to believe that colonialism was helpful. Writing specifically on the African situation, Rodney (1981: 205) notes that ‘for the first three decades of colonialism, hardly anything was done that could remotely be termed a service to the African people.’ Instead, and in a more beseeching tribute, Rodney asserts that, ‘colonialism had only one hand - it was a one-armed bandit’ (Rodney 1981: 205). Such examination illuminates how colonial development and its continuing, nuanced manifestations in the context of neoliberal globalisation could be seen.

Oliugbo (2007) maintains that globalisation works to the advantage of the domineering industrial nations while dislocating, plundering, devastating, impoverishing, and further under-developing the economies of developing countries. Describing globalisation as an old phenomenon which has been cloaked as a new strategy, Oliugo (2007) says it has failed to reconcile the interests of the economically rich and strong, and the economically poor and weak peoples and nations of the world. Clearly, ‘those who argue that imperialism is strictly a feature of inter-state relations and therefore no longer on the agenda of capitalism under the conditions of globalisation miss the point that capitalism at all times reproduces a network of hierarchical relations in which the wealth of some areas, groups and peoples benefits from the transfer of economic surplus, and hence the underdevelopment of other areas, groups and peoples’ (Hoogvelt 2002: 19).

Some analysts now see the discussions around globalisation as being conducted in deeply ideological terms. The thesis of globalisation, as a manifestation of capitalism,

is shared by a series of authors (Hoogvelt 1997). Writers like Ted Trainer (2000) have maintained that globalisation is essentially the breakthrough that capitalism needed in order to continue the accumulation and growth in trade and investment. Trainer (2000) bases his argument on the realisation that during period 1950-1970, a great deal of economic activity remained unopened to corporations. By then, business was mainly carried out by public enterprises or was restricted and regulated by rules set by governments. However, as Trainer argues, following the recent build up of enormous pressure by corporations on financial institutions and international agencies to get rid of barriers, government regulation of corporate activities has reduced considerably.

But Garqi Bhattacharyya has denounced the 'political allegiance' attached to discussions on globalisation.

While I agree with some aspects of this account, in that, the formal institutions and processes of economic integration have been part of an explicit plan instigated by a self-proclaimed interest group, the implication that the multi-layered processes of globalisation can be explained away as a conspiracy by the powerful is problematic to say the least (Bhattacharyya 2005:5)

Both proponents and critics of globalisation have been passionate about this concept. However, it is clear that the heated debate has focused mainly on some particular aspects of trade and development, largely ignoring a whole range of globalised outcomes (Bhattacharyya 2005). Notwithstanding this, it is important to realise that global integration has proceeded through complex and contradictory forces and this complexity has led to certain unforeseen circumstances especially in developing countries.

2.3 Globalisation and developing countries

The present thrust in global inter-relatedness according to Narula and Dunning (2000), dates back to the early 1980s, and corresponds to a variety of changes in the world economy which have been generically (although not always appropriately) described as 'globalisation'. This development has intensified largely in response to the global economic crisis around that period (Murray 2000). For many of the world's population, the growing integration of global economy has provided the opportunity

for substantial economic growth, in that, it encourages competition, removes obstacles to trade, stimulates production and makes economies more efficient. (Williams 2003).

Both the IMF and the World Bank, have often been credited with contributing to almost unprecedented global economic growth and change over the past decades. Many developing countries which found themselves in economic turmoil in the 1980s were induced to shift to more open economic policies with an emphasis on trade liberalisation, deregulation and privatisation (Cohn 2003). In Cohn's (2003: 396) view, developing countries became 'a laboratory for a huge experiment in promoting economic development through orthodox market liberalism.' A number of developing countries unable to meet their debt repayments as a result of the economic crisis, found themselves in economic stagnation. They were subsequently compelled to turn to the IMF, the World Bank and the developed countries for assistance, who in turn, prescribed market liberalisation and privatisation. A number of factors accounted for this crisis, mainly; there was a dramatic rise of oil prices initiated by Organisation of Petroleum Exporting Countries (OPEC) which sent many economies into turmoil in the 1980s. The collapse of the then Soviet Union which happened around the same time was also instrumental in ushering in the entrenchment of global capitalism.

As developing countries sought salvation through the World Bank and the IMF, they were urged to pursue policies promoting private enterprise which, in the main, opened the doors for what dependency theorists believe, was a deliberate scheme for the perpetuation of export dependency and reproduction of existing conditions of global inequality (Cohn 2003). Two other factors, Cohn reiterates, also necessitated this major shift: the revival of orthodox liberalism and the fact that the end of the cold war had then deprived developing countries of the traditional leverage they had in extracting concessions from both the East and the West. Pressing his claim that the end result, was to make developing countries to re-adjust economically through political means, which in most cases, is a re-invention of capitalism, Cohn (2003:4) argues that, 'politics and economics are inextricably linked in the decision making of the major international economic organisations.' This view has been supported by Thirlwall (1989:403) who has argued that the IMF is a 'major bastion of support...of an international economic system that prefers capitalism to socialism.'

While responsibility for global economic reform is ceded to the IMF and World Bank, the policies of these agents of globalisation, controlled by the highly industrialised countries, have failed to narrow the gap between the richest and the poorest nations (Cohn 2003). SAPs have been imposed on the people of the South in a top-down manner not only at the global level, between the international financial institutions and Third World governments, but also at the local level between these governments and their people (Brohman 2000). Increasingly, in the South, it has become apparent that wholesale liberalisation is neither economically desirable nor politically feasible for many countries (Brohman 2000). This has led Bienen and Waterbury (1989) to commend the interventionist policies of some countries as they have helped to counter capitalist monopolies, improved infrastructure development and strengthened economic sovereignty especially vis-à-vis transnational corporations.

2.3.1 Globalisation and Africa

Africa's interactions with the international system have created a set of incentives that are deeply dysfunctional to the continent's development (Leonard and Strauss 2003: 104-5). In the words of Arrighi (2002:23) these countries were, 'invited to play by the rules of an altogether different game – that is, to open up their national economies to the cold winds of intensifying world-market competition.' Clearly, Africa's role in this global process has more or less been limited to the provision of primary products like minerals and agricultural produce (Rodney 1981). By embarking on an export-led economic strategy, many of these African countries have enhanced structural rigidities in their economies – such as the weak linkage between the primary economy and other sectors of their economies.

The excessive dependency on international markets and the reliance on a few primary exports for capital accumulation have made many African countries more vulnerable to adverse fluctuations in the global economy (Mengisteab and Logan 1995). Whilst one cannot deny the role of African governments in this arrangement, the multilateral agencies have seemingly also ignored the exogenous causes for Africa's economic plight: externally-funded misguided development projects; declining commodity prices, protectionism and world recession (Cheru 1989:9).

The genesis of Africa's interaction with the international system could be explained from Samir Amin's work which elucidates how pre-capitalist subsistence societies in Africa became part of the world system. According to Amin (1981) a culture of dependency began to develop in Africa with its incorporation into the 'North Atlantic Capitalist System.' Adedeji (1975) meanwhile, indicates that by the 1940s, a particular pattern of dependency had developed in most colonies in which the colonial economic system was the export enclave with the colonised providing labour for the export enclave. According to Adedeji, the prevailing conventional wisdom during the colonial period supported this view and linked the rate and direction of colonial socio-economic change with production for export and with the importation of skills, technology and capital goods and services and modern consumer goods. Foreign trade was, thus, regarded as the prime engine of growth and development in the developing countries

Various periodisations of Africa's involvement with the international economy have been proposed. Immanuel Wallerstein (1976) suggests three phases – Phase 1 (1750-1900) which is characterised as a period of informal empire; Phase 2 (1900 – 1975) is the colonial era in which Africa became fully integrated and peripheralised into the capitalist economy. Phase 3 (1975 onwards) reflects the contraction and depression in contemporary international economy.

Changes in the European balance of power and burgeoning industrialisation in the centre created a basis for the interaction between Europe and Africa (Williams 1987). According to Williams, the demand for raw materials like palm oil and cotton, as imports to manufacture soap, textiles and others for an expanding home market led Europeans to venture out into Africa. These, together with the need for cheap labour and a strategic grabbing by the European powers for overseas territories, launched Europe into a frenzied bid for the resources of the continent. Reed (1995) has emphasised this point with an illustration that the North owes the South much of its present level of development and wealth. Much of the wealth, he claims, is due to the appropriation of resources during colonial times. Reed writes:

Between the seventeenth century and the present, the North commandeered resources that might otherwise have funded social development in many parts of the South. South resources

helped England to alleviate the problems associated with its landless poor, problems that emerged after the enclosure of common lands in the sixteenth century (Reed 1995:18).

His contention is that the material resources, such as metals and timber, which the North acquired from the South in a system of one-way trade, helped to build the economies that continue to deplete and degrade global resources, even now. Adedeji (1975) vigorously supports this stance. According to Adedeji, the colonial pattern of production, concentrating on primary products of exports and importing most of the manufactured items, had become the established doctrine by the 1940s. Brown (2007) offers a similar explanation when he argues that the origin of Africa's current failure to benefit from the expansion of world trade lies in the colonial division of labour that was earmarked for the continent. African political elites, upon attaining dependence, therefore, inherited economies that had been shaped by colonial interests.

But although Williams (1987) has argued that the conditions under which economic exchanges took place had not been set by Africans, he, however, believes it would be wrong to suggest that Africans have been passive recipients of stimuli from the international economic system. To him, the task of African countries after independence would have been to redefine the relationships with the international economy so that maximum benefits are derived for their people. However, as Williams claims, African leaders shied away from this. Two issues could be seen from this position: there was a choice between closer integration with the international economy and a strategy of disengagement, but as has already been pointed out, the structure of African economies and their pressing development needs, meant that disengagement was never a realistic option. The consequent economic distortions emphasising export of primary products have since been preserved by external forces and are now being reinforced by free markets (Brown 2007).

Bush (2004) for instance, acknowledges that although Africa may be said to be insufficiently integrated with globalisation, the problem is rather that the continent has been integrated in a particular way that has left underdeveloped its resources of people and raw materials. Bush's (2004) position underlies the fact that, Africa's underdevelopment has been shaped by the particular histories of the continent's social

formations in their interaction with the world economy and in the construction of local economies.

Now in the 21st century, the continuing importance of imperial, political and other economic ties can be seen from the various political and economic blocs that have been formed by African countries and their allies. Notable examples include the African Caribbean and Pacific-European Economic Community (ACP-EEC) consultations and the British Commonwealth, which consists of countries with ties to Britain. But even here, concessions to ACP countries are falling. The European Union's (EU) Common Agricultural Policy, which ensures a subsidised volume of exports, has seriously distorted the world market (Goodison 2007). This policy, coupled with the strict food safety standards imposed by the European Union (EU) is making it impossible for developing countries to benefit from the trading terms with the EU (Goodison 2007).

2.3.2 Globalisation and the local

The juxtaposition of the terms, 'globalisation' and 'national development' points to a deep contradiction in contemporary thinking. There is a suggestion in arguments for globalisation that national development may be achieved through globalisation (Ellwood 2001). This position has been well articulated in the literature and this forms the basis upon which Ghana has in recent times increased her relationship with the international community. But this argument about globalisation also goes against the tendency of the same argument to set the global against the national. Hence, the relationship between globalisation and national development can be seen as a highly disturbed one. Understood as the persistence of commitments to autonomy and sovereignty, most importantly in the realm of the economy, the national obstructs globalisation just as globalisation erodes the national, at the same time. Questions therefore abound. For instance, does the process of globalisation and national development reinforce each other? Are they mutually compatible? What opportunities for national development can be opened through globalisation? What problems do they pose? What is the proper balance between national, regional, and global responses to the challenges posed by globalisation?

There is little, and maybe nothing, that is global that does not have some sort of a

local manifestation and each local manifestation changes the global context. It seems that processes at lower integrative levels (nation-state, region, community, kinship) are becoming increasingly governed by orders of the higher level. Local perceptions are even shaped by global influences, the combinations of which process local actions. These, in turn, are fuelled by local aspirations, many of which are the product of global images and expectations. The mutual influence of the local and the global has been described, thus, by Long (1996: 47): ‘ “local” situations are transformed by becoming part of wider “global” arenas and processes, while “global” dimensions are made meaningful in relation to specific “local” conditions and through the understandings and strategies of “local” actors.’

The present arrangement in which new relationships are formed with global forces seems to pose some risks for the established patterns of local life. Community activists and pressure groups alike have expressed concerns about accelerating deterioration of local environments at the level of global connectivity and leverage, especially around mining sites. New mining sites in remote corners of the earth, for instance, mean new social relations with business entities. The probability that indigenous peoples cultures will persist as a consequence of mining encounters has often proved worrisome as such activities affect a significant portion of their land including cultural sites, and interfere with their ability to perform culturally significant activities. In reviewing the history of encounters, Downing et al (2002:3) have noted that, ‘by and large, encounters between indigenous peoples and the mining industry result in loss of sovereignty for traditional landholders and multidimensional creation of new forms of poverty imposed upon already poor people.’ It is quite profound that the principles of active partnership that are typified by a high degree of reciprocity have often been minimal in such areas. In many of such places, commitment to sustainable and integral development, responsible and ethical approach to managing the earth’s natural resources and safeguarding the health of the people, are still being sounded out to business entities.

The relationship between the trend towards the globalisation of the world economy and the transformation of societies through the process of development has engaged the attention of many researchers. For now, it has become evident that globalisation has fallen short of the promises of growth, increased employment, higher wages and

greater welfare that are touted by the advocates of free trade and financial flows (UNCTAD 2004). In the view of Norgaard (1994) even powerful people in some of the developing countries have little control over their destinies because of the influence of the global forces. This has led to the belief that local and national identities and autonomies are becoming increasingly shaped and sacrificed to MNCs, global flows of ideas and influential international regulatory authorities such as the IMF. The significant rise in poverty, sharp decline in living standards, and the increasing number of households experiencing a large decline in access to health, education, social services, and human capital development in sub-Saharan Africa call into question the role of, and imbalance in globalisation.

The dynamics in many rural areas have altered considerably following the inter-connections that have emerged as a result of globalisation. There have been disturbing influences in many areas. In some cases, it has been disruptive and debilitating for the people in many mining areas because these changes have been accompanied by accelerating rates of deforestation and pollution (Akabzaa 2000). Some have even had poverty thrust upon them as a result of this (Escobar 1995). One particular stress on the Ghanaian environment is that the environment has constituted the crucible for both crisis and recovery, the focus on one hand of survival (social adjustment) strategies by the Ghanaian population and on the other hand, the recovery strategies of the state (Hutchful 1996). If economic stagnation put pressure on the environment, clearly economic recovery through structural adjustment is posing an even greater threat.

2.3.3 Foreign Direct Investment (FDI) in Africa

FDI continues to be a driving force in the globalisation process that characterises the modern world economy (Ngowi 2001). It is viewed as a major stimulus to economic growth in developing countries (Mwilima 2003). Policy makers and academics have argued that FDI can be a source of valuable productivity externalities for developing countries (Markusen 1995; Lipsey 2002). The literature on the effects of FDIs on developing countries lists a range of prospective benefits to the recipient country (Ngowi 2001). According to Mwilima (2003), it creates employment in host economies; it provides superior skills and management techniques to host economies; it helps in the capital formation process; it facilitates local firms' access to

international markets; and creates a lot of linkage-effects in the economy, both forward and backward. As such, many developing countries or emerging economies acknowledge that investment could be a source of economic growth through development and modernisation (Moss et al 2004).

Given the economic conditions in Africa and its level of development, the need for FDI in the region cannot be overemphasised. The continent continues to clamour for a share of global FDI inflows as one of the most likely ways to increase the needed external capital for its development. Over the years, Africa's share of FDIs had been very negligible although in recent years, this has started to pick up (UNCTAD 2008). In recent times, Africa has been striving to attract and enhance inflows of productive capital. The overall thrust of the current postulation is that a developing country is not going to get anywhere if, for some reason, FDI does not flow in (Tandon 2002). In line with that, African countries have had to concentrate on achieving a transparent, stable investment climate, with proper contract enforcement and respect for property rights, embedded in sound macroeconomic policies and institutions that allow businesses to operate efficiently and profitably.

A good investment climate, characterised by economic stability and sound regulatory regimes, opportunities and incentives, is salient for FDI attraction (World Development Report 2005). The right policy environment, efficient institutions as well as infrastructural support are the main drivers which influence the direction of investment flow. Other policies accepted in the literature as drivers of foreign investment include policies on the treatment of foreign investors, the functioning of markets, privatisation, taxation, and rules on entry and operation (Tandon 2002). Investors are, therefore, encouraged when there are clear rules of entry and operations. A central challenge, therefore, is to create the necessary domestic and international conditions to facilitate direct investment flows, conducive to achieving national development priorities, to developing countries.

There has been limited consensus on which factors play or explain location decisions. However in Africa, countries that have attracted most FDIs have been those with natural resources as well as those with large domestic markets. In 2006, some of the region's largest natural resource producers, such as Angola, Nigeria and South Africa

accounted for the bulk of total FDIs (UNCTAD 2008). FDI rose in the primary sector, partly because of exploitation of the vast natural resources and a wide range of national privatisation schemes (UNCTAD 2008). Top FDI destinations for 2007 were: Nigeria (USD 12.5 billion) Egypt (USD 11.6 billion) and South Africa (USD 5.7 billion) followed by Morocco, Libya, and Sudan.

Beyond macroeconomic and political stability, a number of African countries have also focused on a few strategic actions such as:

- Opening the economy through trade and liberalisation reforms
- Launching a programme of privatisation
- Modernising mining and investment codes
- Adopting international agreements related to FDI
- Developing a few priority projects that have a multiplier effect on other investment projects and
- Mounting an image building effort with the participation of high political figures, including their heads of state. Ghana seems to have pursued this relentlessly.

It is significant to note that while developed countries look to FDI to maintain growth, the developing world sees FDI as a means to get out of poverty. This quest for investment has led African delegations to hop around the world in search of the Holy Grail. In recent times, the special merits of FDI have begun to be questioned (Alfaro 2003). Fuelling this debate is the ambiguity that has saddled empirical evidence for FDI. Hanson (2001) for instance, argues that the evidence that FDI generates positive spillovers for host countries is weak. Although the theoretical work on FDIs points to advantages, conceivably, spillovers could nevertheless be small. For example, positive spillovers were reported as part of Caves' (1974) pioneering work in Australia. However, Haddad and Harrison's (1993) findings in Morocco do not support the positive spillovers hypothesis (Caves 1974). It is also widely held that FDI in itself is not a sufficient factor for growth and that it can have both negative as well as positive consequences, but 'on balance,' the positive benefits seem to outweigh the negative (Caves 1974).

Many theoretical works that model FDI as a conduit for transferring technology relate to foreign investment inflows to manufacturing or service sectors rather than to the primary sector as not all sectors have the same potential to absorb foreign technology or to create linkages with the rest of the economy. According to Alfaro (2003), activities within mines and plantations, for instance, deemed as enclave type of development, have poor linkages with the rest of the economy.

2.4 Natural resources and development

It is perhaps with regard to the development and exploitation of the natural resources of the continent that issues of globalisation are made most clear in Africa. Africa's role as a producer of primary commodities and the continent's inordinate dependence on such commodities has put the region in a precarious situation especially when prices fluctuate. According to Bond (2006), Africa's role is not accidental, but something that was structured into the economic interrelationships between the developed and the developing countries. This relationship, which corresponds to the formation of a transnational neoliberal managerial elite and compliant African politicians, in his view, requires a rethink about the very nature of both liberatory and solidarity politics. Bond (2006) explains that what is most striking about the exploitation of Africa today, perhaps, is the worsening trap of 'primary product' dependence. Overall, primary exports of natural resources, according to Bond (2006) accounted for nearly 80 percent of African exports in 2000, compared to 31 percent for all developing countries and 16 percent for the advanced capitalist economies.

This obviously puts African countries in a precarious situation especially when prices fluctuate. Citing a UN Conference on Trade in Development document, Bond indicates that in 2003, a dozen African countries were dependent upon a single commodity for exports, including crude petroleum. They include: (Angola 92 percent, Congo 57 percent, Gabon 70 percent, Nigeria 96 percent and Equatorial Guinea 91 percent); copper (Zambia 52 percent); diamonds (Botswana 91 percent); coffee (Burundi 76 percent Ethiopia 62 percent, Uganda 83 percent), tobacco (Malawi 59 percent) and uranium (Niger 59 percent).

2.4.1 Debating natural resource management practices

The critical view of the impact of SAP feeds into a previous discussion that questioned the positive role of mining. Earlier assumptions were that resources tend to expedite development in resource-endowed countries. However, recent empirical studies suggesting that countries where mining is important have not progressed as rapidly as other countries provided the initial impetus for a new view (Davis and Tilton 2004). Studies by Sachs and Warner (1995 and 2001) for instance, found that a greater dependence on mining is associated with poorer economic growth. Boschini et al (2004) have also insisted that, there is strong evidence that resource abundant countries have had lower average growth rates in the post-war period compared to their resource-poor counterparts. According to them, there seems to be little agreement as to why this relationship exists. Indra de Soysa (2001: 125) also found that 'an abundance of subsoil assets has a direct positive effect on ultra-state armed conflict.' This position is further given credence by the abject poverty and conflicts raging in places like Ogoniland in Nigeria. States that depend on mineral wealth have been found to be among the most troubled in the world; their governments tend to be weak and undemocratic and they more frequently suffer from civil wars than resource-poor states.

In the wake of the many country studies more comprehensive empirical analyses attempted to identify and measure the effect of mining on economic development using cross-section samples of developing countries. Apart from Sachs and Warner's (1995 and 2001) works which directly contradict the traditional view of mining, an empirical work by Michael Ross also found that:

Mineral dependent states have significantly higher levels of inequality than other states with similar incomes: the more that states rely on mineral exports, the smaller the share of income that accrues to the poorest twenty percent of the population (Ross 2001:12)

Thus, the idea that the presence of natural resources automatically leads to development has now been largely discounted (Bannon and Collier 2003; Sala-i-Martin and Subramanian 2003; Davis et al. 2003). But Boschini et al (2004) have, however, challenged any assumption which taken literally, would simply suggest that a country would be better off without its resources. Firstly, while the literature

provides considerable evidence that natural resource abundance is associated with various negative development outcomes, this evidence is by no means conclusive (Rosser 2006). Secondly, existing explanations for the resource curse, often associated with resource-endowed countries, do not adequately account for the role of social forces or external political and economic environments in shaping development outcomes in resource abundant countries, nor for the fact that, while most resource abundant countries have performed poorly in developmental terms, some others such as Botswana, Indonesia, Chile, Norway, Australia, Canada, and Malaysia have done quite well. Finally, recommendations for overcoming the resource curse have not generally taken into account the issue of political feasibility (Rosser 2006). It is important therefore to look at these issues more closely.

2.4.2 A staple theory of regional development

The staple theory of regional development is a subset of the export-led growth hypothesis designed to explain the growth and development of resource-rich countries (Altman 2003). It has been useful in explaining at least some facts of the economies of export-oriented primary producers (Gould 1972). The theory postulates that with the discovery of a primary product in which a country has a comparative advantage, or with an increase in the demand for its comparative advantage commodity, there is an expansion of a resource-based export commodity, which in turn induces higher rates of growth and per capita income. According to the 'staple' theory of growth, states with abundant mineral resources could overcome capital shortages by attracting foreign firms to exploit their natural resources. The outward benefit being that these communities could be regenerated by the activities of these mining firms in terms of infrastructural development and a diversified pattern of growth (Auty 1990).

The staple theory of economic growth, originally based on the oeuvres of Canadian economic histories, remains an important model and framework for economic analysis (Watkins 1963; Altman 2003). Originally developed by Canadian economic historian Harold Innis and largely dependent on an earlier work by W. A. Mackintosh (Altman 2003), the staple theory has been used as a framework for analysing the role of natural resources in the development process. It has also been used to explain regional growth in many economies (Hirschman 1977; Auty 2001). It integrates the physical geography of natural features with a theory of economic linkages to explain

the spatial pattern and institutional structure of the development process in regions (Altman 2003).

In a series of studies on the role of staples in the growth of economies of developing countries, Auty (1990, 2001) produced a synthesis combining elements of dependency constraints with the comparative-advantage framework. Auty's analysis identified several new constraints. After acknowledging the positive role that staple-led growth can play in the development process, Auty documented an inverse relationship between a rich base of natural resources and economic growth in developing economies. On the basis of this inverse relationship, Auty developed the 'resource curse' theory which implies that natural resources can impede development in several ways. Firstly, resource exports can provide short-run windfalls that allow the state to finance unsustainable programmes and dubious economic projects that increase the cost structure and delay needed reforms to enhance the competitiveness of the regional economy. Secondly, resource exports can lead to currency appreciation and overheating of the economy, which can raise relative costs in the staple region and impede the growth of other sectors. Auty, however, concluded that staples could provide the basis for long-run growth, despite these impediments.

The existence of the two traditions in staple theory has produced a dialectical interplay between the pessimism of the dependency tradition that sees the development of staples as a starting point to economic crisis and the optimism of the comparative-advantage tradition that sees staples as an important asset in the development process. The debate about staples has since stimulated extensive research on mining. Recent studies have provided important insights into mining and sustainable development; poverty reduction as well as the environment (Sachs and Warner 1995, 2001; Ross 2001). These studies tend to have a range of analytical approaches that have led to conflicting conclusions. In recent times, the debate has seemingly favoured the dependency approach as more studies continue to see mineral endowment as a source for disaster.

It is generally held that growth is stimulated by the direct investment in the extraction of the staple and by the 'spread effects' of staple development. The spread effects can be divided into four categories (Auty 1995), specifically: *forward linkages*, *backward*

linkages, final-demand linkages and final-demand. Forward linkage: It involves the processing of the staple prior to export. In the case of Africa, most of its minerals are mainly exported and not processed. Since no value is added to the minerals, potential gains are lost as a result. Further processing of resources would, however, ensure greater fiscal revenues and greater stimulus to forward and backward investment opportunities. *Backward linkages:* It involves the production of inputs such as resource machinery and transportation infrastructure that are required to extract the staple. Most African mineral producing areas do not have the capacity to produce the machinery needed for the working of the mineral companies and other support services. As such, these vital services are often imported; *Final-demand linkages:* It involves the production of consumer goods and services to meet the regional needs of those who are employed in the staple industry; and *fiscal linkages* which involve the expenditure of rents and profits generated by resource production.

While many African countries have investment laws which encourage overseas investors, very liberal policies regarding repatriation of profits and expatriate wages make it difficult to reverse the status quo of unequal distribution of the revenue between foreign firms, domestic entrepreneurs and the overwhelming majority of Africans. For instance, in Ghana, a calculation based on 2003 Government figures of the total value of mineral exports juxtaposed to income (revenue) derived from mineral taxes showed that Ghana earned only about 5 percent of the total value of exports, i.e. about \$46.7 million out of total mineral export value of \$893.6 million (Kousari 2005).

The path of staple development is obviously more complex than this simplified summary provides as many factors affect the impact of staples on the economy of any country. They include: a) the production function and technology of the staple which determine the nature of potential linkages; b) the quality and quantity of the resource endowment, and c) the institutional environment in which the staple is developed.

International markets for primary commodities, for instance, tend to be volatile as producing countries periodically undergo export booms and busts, which can flood or deprive their economies of export revenues. Since the early 1980s, the terms of trade for most primary commodities have tumbled. In the case of Africa, commodity prices

have been extremely volatile in key sectors of the continent's economy (Bond 2006). Bond provides evidence of this with the classic example of how gold rose from \$35/ounce in 1971 to \$850/ounce in 1981 but then crashed to as low as \$250 by the late 1990s. Easterly et al (1993) have also shown that the terms of trade are robust determinants of economic growth, so it does seem, a decline in the terms of trade for primary commodities can account for much of the resource curse. Taking the case of Africa, it seems that many of the countries on the continent are vulnerable to the vicissitudes of markets and weather conditions and this has been a major cause of the retardation of the region's economic transformation (Kousari 2005).

The high cost and intensive nature of staple development often requires the backing and commitment of MNCs. However, the activities of MNCs sometimes result in the creation of a truncated economy that lacks processing linkages, backward supply-industry linkages, and higher-order management and research and development functions. For instance, there are very few ties between some sectors to warrant the linkage between one another so that it becomes virtually difficult for (say) agriculture and industry to react beneficially on each other (Bond 2006).

Incomes earned from the staple are often taken from the staple (host) economy in the form of payments of profits and dividends to foreign owners. An analysis of this can be found in a report published by Christian Aid in 2009. The report entitled, *'Breaking the Curse: How transparent taxation and fair taxes can turn Africa's mineral wealth into development'* has revealed the extent to which mining companies routinely deprive many African countries of huge amounts of tax revenue that in relative terms could have been used in alleviating poverty. The report, found that mining companies use the secrecy surrounding contracts to pursue aggressive tax avoidance strategies. It also included evidence which implicated mining companies for artificially depressing profits in countries where they operate in order to evade tax. The report cited the case of the Democratic Republic of Congo (DRC), where it alleged corrupt politicians awarded illegal tax exemptions to mining companies in return for private gains. According to one set of calculations that the report looked into, US\$620 million in untaxed export earnings in minerals were lost to South Africa in trade with the US between 2002 and 2005 inclusive. Other modes of swindling have also been exposed by community activists and researchers. For example,

corporate failure to pay taxes and state failure to collect them is a point often stressed, according to Bond (2006). A second report also published by Christian Aid in 2009, '*Sierra Leone at the Crossroads*', has also revealed how Sierra Leone's 2003 agreement with Sierra Rutile, one of the country's two largest foreign investors, reduced the company's royalty rate to 0.5 per cent until 2014 and scrapped entirely the payment of corporate income tax on profits until 2014. According to the report, an internal government review estimated that revenue losses from tax concessions granted to the company will amount to US\$98 million between 2004 and 2016.

Touching specifically on the African situation, Bond (2006) argues that imperialism persists and that global structures of economic domination facilitate the theft of Africa's resources, so that the rich countries grow richer from African wealth, while the vast majority of Africans grow poorer. The most important myth of neoliberal economics is that production for export inexorably creates prosperity but in reality, as Bond (2006) contends, unequal exchange in trade is another route for the extraction of super profits from Africa. It is important to reiterate what Walter Rodney (1981) says in this regard. According to Rodney, the question as to who, and what, is responsible for African underdevelopment, for instance, can be answered in two levels. He explains:

First, the answer is that the operation of the imperialist system bears major responsibility for African economic retardation by draining African wealth and by making it impossible to develop more rapidly the resources of the continent. Second, one has to deal with those who manipulate the system and those who are either agents or unwitting accomplices of the said system. The capitalists of Western Europe were the ones who actively extended their exploitation from inside Europe to cover the whole of Africa (Rodney 1981:27).

The importance of fiscal demand linkage is clearly the greatest if the economy is to benefit substantially from rent, but the full realisation of this linkage remains elusive if the staple exports are in the hands of foreign investors who often, it is widely believed, siphon off their profits to their home countries, leaving little behind to invest in local manufacturing. Based on the two reports by Christian Aid, it becomes prudent to argue that many investment codes in developing countries need to be changed if they are ever to benefit from their natural resources. Walter Rodney for instance, has described foreign direct investment in stark terms, stressing that:

So long as foreigners own land, mines, factories, banks, insurance companies, means of transportation, newspapers, power stations, then for so long will the wealth of Africa flow outwards into the hands of those elements. In other words, in the absence of direct political control, foreign investment ensures that the natural resources and the labour of Africa produce economic value which is lost to the continent (Rodney 1981:22-23).

Bond (2006) has argued poignantly that the looting of Africa dates back many centuries ago through the appropriation of slave labour, antiquities, precious metals and raw materials. Unfair terms of trade were soon amplified by colonial and neo-colonial relations which led to the growth of the North by virtue of looting Africa. As Bond contends, key causes of Africa's underdevelopment since the early 1980s can also be identified within the framework of neoliberal (free market) policies adopted nearly universally across the continent and indeed the world, in part, thanks to the emergence of local allies of the North within African states.

Governments' role in staple regions is often restricted to facilitating staple development by providing an enabling environment, i.e., supplying infrastructure to extract the staple and providing access to staples on highly favourable terms. This restricted role intensifies the problems of staple development by weakening fiscal linkages through the accelerated outflow of staple earnings. This, subsequently, impedes diversification. As a result, final demand and fiscal linkages are, therefore, also underdeveloped in many of the resourced-endowed countries. Certain dangers are ignored, such as the 'race to the bottom', as individual countries try to bend their labour standards, environmental safeguards, and tax concessions. In such a situation, whatever savings are made within such economies, are mainly sent abroad or are frittered away in consumption rather than being redirected to productive purposes (Bond 2006).

The lack of capacity on the part of developing countries is also a factor that denies them the opportunity to exact any meaningful benefit from these linkages. According to Saul and Leys (1999), many of the multifaceted problems Africa faces follow from longstanding trends that reflect capital's inability to accumulate in a balanced way. Like other leading researchers on Africa, Saul and Leys (1999) have acknowledged that colonialism imposed cash-crop production for export, and mineral extraction,

with the deeply held view that manufacturing would come later. However, the takeoff into manufacturing has been quite difficult for a number of African countries because of their inability to compete on the global level. Meanwhile, the high dependence on staples has fostered an 'export mentality, resulting in an over-concentration of resources in the export sector and a reluctance to promote domestic development' (Watkins 1963:62). When this happens, the economy becomes entrapped. It then becomes dependent on the economies that receive its imports and supply its manufactured goods. This outcome exemplifies the situation in many resourced-endowed African countries.

Governments, especially those in the developing world, apparently, are also unable to manage staple development because they appear to be in a weak bargaining position with MNCs, which have superior resources and bargaining power by virtue of their control of savings, investment, technology, and markets. The Christian Aid report cited earlier on, concluded that mining firms have twisted the hands of governments in developing countries in their bid to win favours from them.

2.4.3 Staple development and real 'development'

The staples analysis gives us no reason to be certain that an economy based on the production of a staple export will be able to diversify and 'develop' rather than merely 'grow.' Hirschman (1958:109), for instance, has emphasised that not all sectors have the same potential to absorb foreign technology or to create linkages with the rest of the economy. He noted that linkages are weak in agriculture and mining. The issue with what has become known as the 'enclave type of development,' according to Hirschman, is due to this ability of primary products from mines and plantations to slip out of a country without leaving much of a trace in the rest of the economy. As an antidote to the problem, the establishment of an integrated process that links the rest of the economy and avoids an enclave situation has been suggested (Auty 1995).

From the above reasons it is evident that staple-led growth is a high-risk development strategy because it cannot provide the basis for sustained growth for an economy. While Mackintosh (1964) lauded the comparative advantage provided by staples, he was acutely aware of the challenges, particularly the combination of high fixed debt charges incurred to finance the extraction of staples and the fluctuations in revenues

from the export of staples. Nonetheless, Mackintosh's optimism was a qualified one, which included an appreciation of both the advantages and some of the challenges facing a staple economy.

Hirschman (1981) has, meanwhile, given us an analysis that concludes that staples can provide the basis for sustained growth if the income from staples is retained by the regional economy and invested wisely. His findings have also been confirmed by a recent analysis of trends in international development by Findlay and Lundahl (2001: 109), which concluded that 'the pessimism about resource-led growth is firmly refuted by the historical record.' Others like Boschini et al (2004) seem to place the problem squarely on poor institutions in developing countries. They believe if these institutions are effective and efficient, resource-endowed countries would be better off. As of now, many developing countries have assembled a wide range of institutions – including marketing boards, price stabilisation funds and 'stabilising' export taxes to ensure resource booms turn to be asset, not a curse, yet despite these institutions, governments tend to respond poorly, even perversely, to resource booms. Few governments, it seems, have been able to manage commodity booms quite effectively.

2.5. The state, communities and the mining industry

The extractive sector, in particular, provides a particularly striking illustration of how these developments play out in Africa's socio-economic programmes. It is also a field where the contradictory and sometimes incompatible aims of promoting foreign private investment and caring for a country's social and economic development and the welfare of its people are experienced. Extreme poverty and ecological problems within many of the mining areas in Africa has led to numerous confrontations between local people and MNCs. As has been well-documented, diamonds have been the cause of the long running war in Sierra Leone, Angola and even the DRC, where minerals mined by rebel armies, have been used to fuel conflicts and civil wars.

2.5.1. Local communities and mining

Despite Africa's enviable mineral resource endowment, there is a growing contention that the mining sector has not contributed adequately to the continent's economic

development (TWN- Africa 2001). The sector has been criticised for not addressing deprivation in host communities (Akabzaa 2000; FIAN 2000; Aidoo 2002; Downing 2002). Other criticisms have also ranged from human rights violations, pollution and marginalisation (Echavarria 2000; Akabzaa 2001; Hilson et al 2007). Many civil society groups and community activists have since denounced the increasing economic power and influence wielded by large multinational companies in African countries.

The growing contradiction between globalisation and perceived pillage of domestic resources is creating a new base for resistance. Offering an explanation for this, Brohman (2000:258) has noted that, 'especially in the era of neoliberalism and SAPs, popular movements have often attempted to fill the void where the state has been unwilling to act.' Hence, for people who have lost faith in the ability of the state to improve their well-being or defend their rights, popular movements seem to offer a viable bottom-up alternative. In many parts of Africa, many Non-Governmental Organisations (NGOs) are rising to the occasion as they resist attempts by states to open up more areas for mining activities.

Increased transnational economic activity is leading to a number of confrontations in local communities. The change in ownership structure, from state to private entities, and in the case of mining areas, the change in methods from underground to surface mining, have all had major implications for companies and their relationship with resource communities. As companies strive for more lands, obviously from agricultural lands, farmers are left to rue their fortunes. While mining companies are, arguably, concerned about these dynamics and may actively promote good corporate social relations, their commitments to community developments and environmental stewardships are perceived by the public as inadequate to ensure sustainable development in resource communities, particularly after the mines are closed.

2.5.2 Globalisation, MNCs and Corporate Social Responsibility

Globalisation has created new demands and expectations of business. Over the last few years, a range of issues, networks, campaigns and multi-stakeholder partnerships have evolved in putting pressure on business to develop corporate social responsibility programmes. The emergence of corporate social responsibility norms;

the linkages now being made among development, environment, and conflict; and changing attitudes towards intervention have all set the stage for the intersection of corporate social responsibility and conflict prevention initiatives.

As the role of the state seems to have been reduced, the spotlight has increasingly turned on the role of business in society. The private sector has now increasingly assumed an influential role as a principal engine for development in many countries (Krugman 1995). In many of these places, corporate bodies have been gradually consolidating their positions as key components for the generation of progress and development in the absence of the state's ability to do so (Chang 2004). Local communities now look up to these companies for support in view of the state's 'fragility' in many rural areas (Harrison 2001; Lodge and Wilson 2006). The on-going shift in power from the public to the private sector, has meant that societies at large now look up to the business sector to help solve social, environmental and economic problems that were once considered solely in the province of government.

Matten and Crane (2005) have acknowledged the significance of globalisation in reshaping the demands being placed on corporations. According to them, corporations, as one of the group of actors most central to globalisation, and indeed one of its principal drivers, have partly taken over (or are expected to take over) certain functions with regard to the protection, facilitation, and enabling of citizens' rights, which incidentally, were formerly placed solely on governments. The recourse to this role, in some cases, has been met with suspicions by local communities, whose mistrust of business concerns remains considerable. The mistrust has tended to negate the outcome of some well-intended programmes meant to facilitate the development of local communities. It is in this regard that Roberts and Dowling (2002) have argued that a good corporate reputation is one of the main business assets. Obviously, firms whose managers are able to create and sustain mutually trusting and cooperative relationships with their stakeholders will achieve competitive advantage over firms whose managers cannot.

Whilst most mining companies in Ghana acknowledge that their business operations have, in recent times, exercised some form of responsibility, one of the major issues facing the industry is the ambiguity as to what constitutes 'corporate social

responsibility' (Waddock 2001). In technical terms, corporate social responsibility requires a specified objective, an operational definition, to guide planning and determine success. According to Warhurst (1998), CRS implies compliance plus the active development and implementation of mainstream business strategy, supported by technological and organisational innovation, to prevent negative social impacts and optimise social benefits from the outset.

Despite the ambiguity that this presents, many businesses, it seems, have found the wherewithal to implement CSR policies and practices in this present time and also sought to involve their stakeholders in their activities (see Waddock 2001). This ability to implement policies, which is founded upon a concept that remains ambiguous, raises a number of questions, especially as to how effective such policies could be in ensuring the level of fairness expected to guarantee that firm's value creation and societal licence.

Environmentalists, investors, employees, local communities, governments, consumers among others, all have expectations of responsible behaviour from business in its dealings with them. If these expectations are not met, or at least acknowledged, then stakeholders usually take action that may damage the long term success of the business. Presently, organisations operating across diverse and difficult markets have had to face increasing scrutiny from their ever broadening array of stakeholders. Although research has addressed the question of balancing stakeholder interests, the lack of practicable heuristics remains problematic (Kaler 2006). What is being bandied around now is the idea that 'wisdom' is essential in this determination (Baltes and Staudinger 2000). Whilst it can be argued that the behavioural intentions of helping others are important values that hold the key to the competitive advantage for business organisations, it must also be stressed that negative ones also cause fatalities for the organisation's survival (Lin 2006). The key drivers for corporate interest in, and responses to, the challenge of corporate social responsibility, would, therefore, be the need to know the company is living out its mission and values, along with the need to protect and enhance its reputation

Conclusion

The chapter reviewed the social science theories that would be used in this thesis. It delved into the theory of globalisation and how developing countries became deeply involved in the global phenomenon. It explored the current state of globalisation, the processes involved and where a globalised world system is leading us. It alluded to the important debates which it has fostered, notably, whether globalisation is new or an old phenomenon, and its appeal and expectations to both developing and developing countries. Arguing that our current globalisation is indeed something that has evoked different interpretations, the chapter discussed the unequal economic and political realities between North and South which globalisation has fostered.

The chapter also analysed the problem of regional development under the regime of globalisation. It dwelt at length on the staple theory of growth which proponents have argued provides an avenue for developing countries to have a stake in the global economic process through the export of their primary produce. Imbued with the suggestion that national development could be achieved through globalisation, the chapter sought to examine this relationship and drew on cases in that regard. The chapter realised that the relationship between globalisation and national development is nevertheless a highly disturbed one. Understood as the persistence of commitments to autonomy and sovereignty, most importantly in the realm of the economy, the national obstructs globalisation just as globalisation erodes the national. The chapter also recognised how globalisation breeds a relationship that thrives on 'dominators' and the 'dominated.'

The chapter also provided a discussion around the issue of CSR which has engendered a collaborative role for businesses. As the context of foreign investment has changed in recent times, so have the expectations about the role of corporations in society. Globalisation has created new demands and expectations of business. Businesses have had to redefine their self-interested strategies in a 'public-regarding' way as a result of these happenings. They are required to have greater social participation in terms of its 'civic' involvement, by helping to provide some of the needs of the local communities, especially in areas which see it as a 'surrogate government.' The effects of the policies of business would always be kept under close

surveillance in view of perceptions about them. This is not because they are necessarily evil as such, as some critics have labelled them, but because the scale of their operations makes their impact quite recognisable.

Chapter Three: Ghana - From Gold Coast to Structural Adjustment

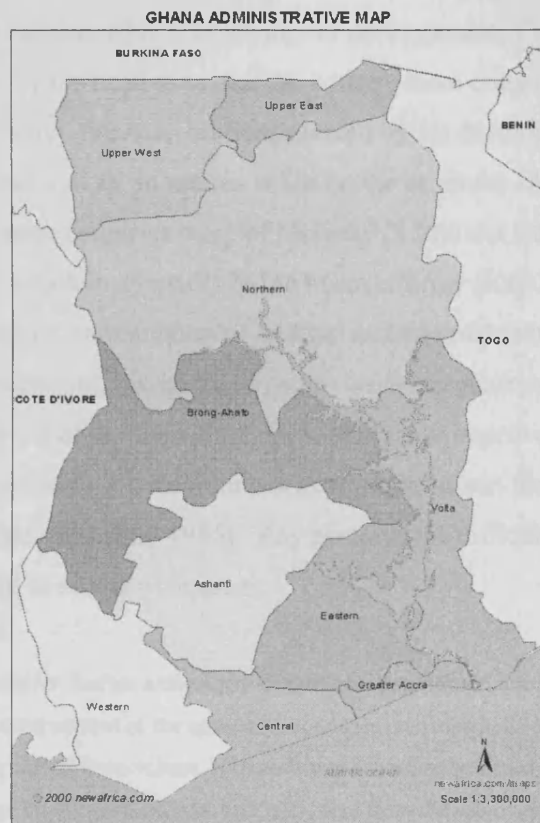
3.1 Introduction

The chapter provides an insight into the political history and the economic programmes embarked upon by past Ghanaian governments. Over the years, Ghana's development agenda has witnessed various swings as a result of the different economic agendas past governments adopted. The changes to the economic agendas reflect the considerable unease with the constituents of development and economic growth and the complex processes that they entail. The chapter attempts to place in context the wide variety of explanations for the unease. Considerable effort is made to appreciate why Ghana, like other countries, has been induced to adopt the neo-liberal economic policies in a bid to participate fully in the global economic arrangement.

3.2 Ghana's political history

The prospect of winning gold was one of the main considerations that lured European explorers to the coast of present-day Ghana in 1471. Thornton (1998:28) lends credence to this by arguing that the prospects of a short route to the West African goldfields was the most likely for the European forays into West Africa. Moslem writers, he maintains, have since the ninth century at least, been aware of the gold prospects and a steady stream of Arabic-language descriptions of West Africa encouraged European explorations to the area. First came the Portuguese, then the Dutch, Britain then became the main presence in Ghana when the Dutch withdrew in 1874. After a period of colonial rule, Britain granted Ghana independence in 1957. The country has since been divided into 10 regions, which currently are subdivided into 110 districts. The 10 regions are the Western, Central, Eastern, Greater Accra, Volta, Ashanti, Brong-Ahafo, Northern, Upper East, and Upper West Regions.

Fig.3.1 Map showing the administrative regions of Ghana



Since gaining independence from British colonial rule in 1957, Ghana has gone through a number of political and constitutional arrangements. The country's murky political situation saw both military and civilian regimes in power at different times of its history, with some in office for barely a short while. The situation clearly affected investment prospects over the years as investors shied away from the country in view of its unstable condition. The political instability also had a profound effect on the economic aspirations of the people as the country continued to experience economic difficulties.

In the last few years, respective Ghanaian governments have sought to improve the lot of the people with economic models ranging from socialist principles to economic liberalism. None, perhaps to date, has provided the expected economic lift-off. For instance, the Kwame Nkrumah administration (1957-66) pursued a socialist agenda whilst the National Liberation Council (NLC) which overthrew it, immediately staked

its claim to a capitalist-oriented agenda. Nkrumah, in conformity with the thinking of the day, felt rapid industrialisation was the key to development. The huge investments he made were driven by the need to secure the country from colonial and neo-colonial domination. But the heavy financial burdens created by his development policies and pan-African adventures, put an enormous strain on the economy. Around that time, the US and other western countries wary of Nkrumah's Marxist leanings scuppered any support for him, which incidentally led to his overthrow (Ray 1986). Nkrumah's downfall was caused by a combination of internal and external factors. As economic problems became paramount, Nkrumah turned to western countries for foreign investment and loans yet at the same time, he attempted to improve Ghana's relations with the then Soviet Union – a behaviour not guaranteed to win the hearts of the then western cold war contenders (Ray 1986). Ray portrays the difficulties Nkrumah encountered in his bid to secure assistance:

Nkrumah's search for foreign exchange to finance his policies ran into problems. While he sought to build state control of the economy, countries unsympathetic controlled the largest pools of foreign capital to socialism. Nkrumah was accordingly forced to seek the necessary foreign exchange from cocoa exports, and later, also from the use of deficit financing. The foreign exchange reserves were virtually exhausted by the time Nkrumah was overthrown by the NLC junta (Ray 1986:120)

The military junta, NLC, which ousted Nkrumah, opened up the economy by encouraging private enterprises. It abandoned some of the projects Nkrumah established or initiated and also sold some inefficient state-owned enterprises to private investors in response to IMF urgings. It also took a number of initiatives which were geared towards winning more support from the western world. The NLC later handed over the administration of the country to Dr Kofi Busia (1969-72), whose short-lived Progress Party government continued with a series of privatisations.

Busia's government liberalised controls to attract foreign investment and to encourage domestic entrepreneurship. Investors were cautious, however, and prices of cocoa (Ghana's major export produce) began declining again while imports surged, precipitating a serious trade deficit. Despite considerable foreign assistance and some debt relief, the Busia regime was unable to overcome the inherited economic problems posed by the debt burden, balance-of-payments imbalances, foreign

exchange shortages and mismanagement. It was subsequently overthrown by the National Redemption Council (NRC) in 1972.

When the NRC came onto power, it set itself the task of restructuring the economy. It undertook an austerity programme that emphasised self-reliance, particularly in food production which to a large extent proved successful. The NRC abrogated existing rescheduling arrangements for some debts and rejected other repayments. This sent wrong signals to investors who resented further investments in the country. The NRC also imposed the Investment Policy Decree of 1975 that required 51 percent Ghanaian equity participation in most foreign firms.

Many Ghanaians became dissatisfied with the ruling elite as a result of the mismanagement of the economy and increasing corruption in the country. In 1978, the NRC was ousted in a palace coup and a new government was formed headed by General F.W.K. Akuffo. It also presided over another corrupt regime which was overthrown on 4 June 1979 by some disgruntled young soldiers led by Flt. Lt. Jerry Rawlings, who led the Armed Forces Revolutionary Council (AFRC) to power for three months. Rawlings' notion of a revolution included the need for Ghanaians to defend their country's economy against 'hostile external forces.' The AFRC later handed over power to Dr Hilla Limann's civilian People's National Party (PNP) government in September 1979.

Limann's administration inherited stagnant industrial and agricultural production due to inadequate imported supplies; shortages of imported and locally produced goods; a sizeable budget deficit; as well as high inflation. Corruption too was endemic. Paul Nugent (1995: 79) reflected on the admonitions of Rawlings to Limann at the inauguration ceremony of the Third Republic with this famous quotation: '...never lose sight of the new consciousness of the Ghanaian people.' Those words by Rawlings formed the basis for his second coming, as the leader of the 31 December 1981 coup, which toppled the Limann administration.

During Rawlings' first year, the economy was stagnant. With a reputation of being 'anti-rich' following his so-called 'revolution,' Ghana suffered immensely from lack of foreign direct investment. Given the economic constraints Ghana was faced with,

Rawlings sought the assistance of the international community to redress the situation. In April 1983, in collaboration with the IMF and the World Bank, Rawlings' government, the Provisional National Defence Council (PNDC) launched an economic recovery programme. 'Shorn of its ideological veneer, the PNDC had come to the firm conclusion that cooperation with the international financial institutions and western development partners was crucial if economic development was to be achieved (Boafo-Arthur 2006: 260). The reforms set the tone for the privatisation of numerous government stakes. The reform programme was predicated on increased production in agriculture and industry, combined with reducing the budget deficit by cutting government subsidies and establishing a more efficient revenue mobilisation and collection (Adedeji 2001).

Chazan (1983) has observed that without Rawlings' strength of character and unwavering determination, Ghana would not have been able to implement the reform programme of the 1980s. An earlier attempt to pursue similar economic policies by the Busia administration (1969-72) was aborted by military intervention whilst Limann's regime also faced strong opposition by radicals within his party and the fear of the military (Boafo-Arthur 2006). The reforms drew in a lot of protests but Rawlings was able to have his way because Ghana was then more or less a one-party state and challenge to his rule was largely moot around that time (Adedeji 2001). Parliament had been dissolved and the judiciary seemed quite dormant and besides, Rawlings had no effective political competition within the government. As Hutchful (2002:146) rightly conveys, the meetings of the PNDC were not held to carefully deliberate on policies, but rather to ratify Rawlings' decisions.

Democracy was restored in Ghana in 1992 and in both elections held in 1992 and 1996, Rawlings emerged victorious. After Rawlings, John Kufuor, who was ushered into office in 2000 on the ticket of the National Patriotic Party, also sought ways to relieve the country from its debts. Kufuor, whose driven philosophy was economic liberalism, continued much collaboration with the international monetary institutions. The private sector has since taken centre-stage in Ghana's economic drive. In March 2001, Ghana sought debt relief under the Heavily Indebted Poor Country (HIPC) programme. A significant amount of Ghana's debts were cancelled. The country, which is now under the leadership of John Mills of the NDC, is still keen on

achieving its goals of accelerated economic growth, improved quality of life and reduced poverty through macroeconomic stability, higher private investment, broad-based social and rural development, as well as direct poverty-alleviation efforts.

These plans are fully supported by the international donor community.

3.3 Ghana's search for development

The concept of development has been crucial to all Ghanaian governments. What remains uncertain, however, has been the means to achieve this. Immanuel Wallerstein comments on this concern when he wrote:

There is perhaps no social objective that can find as nearly unanimous acceptance as that of economic development. I doubt that there has been a single government anywhere in the last 30 years that has not asserted it was pursuing this objective, at least for its own country. Everywhere in the world today, what divides left and right, however defined, is not whether or not to develop, but which policies are presumed to offer most hope that this objective will be achieved (Wallerstein 1991:104).

He goes on to state that,

[W]e are told that socialism is the road to development. We are told that laissez-faire is the road to development. We are told that a break with tradition is the road to development. We are told that a revitalised tradition is the road to development. We are told industrialisation is the road to development. We are told increased agricultural productivity is the road to development. We are told that delinking is the road to development. We are told that an increased opening to the world market (export-oriented growth) is the road to development. Above all, we are told development is possible, if only we do the right thing (Wallerstein 1991:104).

Wallerstein, questions what the 'right' thing is, since as he says, 'it seems to me therefore not hard to understand why people feel so passionately about development and oscillate so rapidly among alternative schemata for realising development' (Wallerstein 1991:107). Nonetheless, this feeling finds expression in the development designs of all Ghanaian governments. Past governments have tried various economic models all in an attempt to provide the country with the needed economic growth and development. However, poor macroeconomic management, particularly through fiscal indiscipline, and adverse external economic conditions - low cocoa and gold prices,

and high oil prices have caused the macroeconomic fundamentals to be weak (Sowa 2002).

Ghana has been stuck since independence with the task of producing cocoa, timber and minerals for export. Hence, the structure of the Ghanaian economy today, which is characterised by over dependency on exports and ever-increasing foreign ownership and control of the means of production, has actually changed very little since the period of British colonial domination. The habit of producing single cash crops appears to have become so ingrained, to the extent that the country is still vulnerable to external shocks and low growth. As Benson and Clay (2003: 6) point out, primary or mono-crop economies like Ghana must face vulnerability especially with the uncertainty around world trade. This illustration clearly reveals present-day structural problems that can arguably be attributed to colonial rule. Walter Rodney (1981) articulates this viewpoint, by arguing that colonial policies have directly been responsible for many of Africa's modern problems, as such economies were in the main, geared towards exporting raw materials. Significantly, he argues that 'the element of subordination and dependence is crucial to an understanding of African underdevelopment today, and its roots lie far back in the era of international trade' (Rodney 1981: 111).

On the other side of the argument is that, although countries like Ghana were certainly exploited in the past, and left with relatively weak economies at independence, that position was not insurmountable, and economic failure was not inevitable (Thomson 2000). Thomson's (2000) suggestion is that, just as much as the imperial predecessors, policies and practices adopted by governments in the post-colonial period have also contributed to Africa's economic malaise. Although this is absolutely true, there is every indication that some of these 'bad' policies have come about because of the structure of the world economy and the squeeze on developing countries as they attempt to ensure better trade terms (Ellwood 2001; Cohn 2003; Ferguson 2006). As developing countries do not set prices for such commodities, they are always subjected to certain machinations which tend to affect the pricing of their commodities (Gibb et al 2002). Ghana has suffered tremendously from its poor economic projections in view of the fluctuations in world commodity prices. As a result, it has not been able to ensure some level of stability in its economic

programmes over many years. The reality is that developing countries like Ghana have relatively little influence in setting the agenda and making decisions regarding the international political economy (Cohn 2003).

Since parliamentary democracy was restored in Ghana, the old political class made up of the intelligentsia emerged to take up the reins of government. 'The new leaders - even those who use a "progressive" rhetoric have simply reverted to the old-fashioned patrimonial state where concentrated political power is used to acquire economic gains' (Milanovic 2003:4). There is the perception that the national political leadership is not working in the interest of the people because they have embraced concepts and programmes like SAP that tend to be harsh on the masses. By subjecting themselves to the dictates of the international monetary institutions, the ruling class is more or less seen as working in the interest of and with the transnational nexus through the multilateral agencies. Milanovic (2003:4) makes reference to the mutual cooperation between African and non-African elites and concludes that this has 'developed to the detriment of the majority of the population.' The experience with SAP is often regarded as a ruinous failure, a position acceded to by Leys (1994: 46) who, in painting the gloomy picture, stated that the World Bank and IMF policies in Africa have moved the continent from 'crisis' to 'tragedy.'

It is important to realise that the history of Ghana is in many senses a history of integration into the macro-structures of the global political-economic context (Donkor 2005). Economic, political and social conditions in post-independence Ghana have been characterised by the vagaries of this integration and these conditions were exacerbated with the implementation of a structural adjustment programme in 1983.

3.4 Structural Adjustment Programme (SAP) and Ghana

Ghana, like many developing countries, undertook significant reforms under the auspices of the World Bank and the IMF in the 1980s in line with the new global arrangement. The challenge that faced Ghana, like other sub-Saharan African countries, was two-fold: the search for renewed economic growth and the translation of economic growth into increased employment opportunities to ensure the majority of the people reap the benefits of growth (Barwa 1995). The transformation of

Ghana's economy was considered a test case for structural adjustment prescriptions. Foremost among the changes enacted in Ghana were the disengagement of the government from an active role in the economy and the encouragement of free-market forces to promote the efficient and productive development of local resources. Following the World Bank Group intervention, export promotion and private investment were emphasised as the essential means to achieving economic growth and employment creation.

These policies, Grant (2002), contends, were associated with FDI increasing significantly. Under the sway of free-market forces, production increased in Ghana's traditionally strong sectors, cocoa and gold. In addition, substantial loans were incurred by the government to promote those sectors - at the expense of recurrent budget expenditures such as health and education - without a compensatory increase in government revenues. Ironically, the tax breaks prescribed to encourage these sectors worked against increased government revenues, that by 1992, tax revenues began to drop (Interview, IRS, 17 April 2006). In addition, although jobs were cut from the once bloated public sector, they have not expanded in the more successful export sectors.

Battling inflation and privatising state-owned businesses, however, pushed Ghana into a bright spot. On account of significant initial growth and respectable macroeconomic stability in the short run, Ghana came to be seen as a front runner in adjustment worldwide (Aryetey et al 2004). The IMF tagged Ghana as a 'star pupil' following Ghana's adherence to the prescriptions it offered (Hutchful 2002). Under IMF programmes, the government kept up with payments of dividends and other commitments despite facing enormous debt restructuring and cuts in domestic spending. Prior to the reforms, the typical economic profile of Ghana, like many African states, was as follows: a miniscule manufacturing base protected by import substitution, a huge mining section, and a sizeable export agricultural sector controlled by government (Grant 2002).

The SAP turned the economy around from a near bankrupt position and in the process caused the economic well being of Ghanaians in general to improve. However, it also came with social costs, which hit the vulnerable groups the most (Sowa 2002). These

include women and children, villagers, food crop farmers, and urban informal sector workers. Introduction of user-fees in schools and hospitals and the withdrawals of subsidies prevented a number of people in this class from receiving these services. Safety nets, which were introduced, such as the Programme of Action to Mitigate the Social Cost of Adjustment (PAMSCAD), only benefited the non-poor (Sowa 2002).

3.4.1 Purpose of the reforms

The economic reform package was basically designed to realign relative prices in favour of the productive sectors in order to increase productivity, improve the financial position of the public sector and to encourage the expansion of private investments (Barwa 1995; Aryeetey et al 2004)

Key issues addressed were:

- (i) the stabilisation of the economy, reduction of budget deficits to check soaring inflation;
- (ii) the liberalisation of the economy, through the realisation of trade and exchange controls, and removal of other rigidities, constraints and distortions in the economy to allow for increased growth rate,
- (iii) the adoption of flexible and realistic exchange rate policies;
- (iv) the improvement of capacity utilisation by streamlining procedures for securing inputs for the productive sectors as well as priority rehabilitation of basic physical infrastructure, as well as the
- (v) the divestiture of state owned enterprises to enable injection of the requisite capital and technology.

Although the reform programme had specific economic objectives, the main goal was to reduce poverty in the country (Sowa 2002). Consistent with this, the annual budget statements of Ghanaian governments have since set poverty reduction as the overarching objective of national economic policy. To this end, several economic policies have been aimed at stabilising the economy and turning it towards a growth path and with the expectation of enhancing standards of living in the country (Sowa 2002).

The drastic cuts made in public expenditure in recent years has meant the poor, especially those in rural areas, are now unable to access basic social services. With more workers being retrenched following the privatisation of state-owned organisations, the cost of living in the country rose up sharply. This led to agitations by workers for more pay to offset the huge cost of living. Having diagnosed the problem and realising the difficulties Ghana and other countries pursuing the SAP were faced with, the IMF devised PAMSCAD in 1987 in order to cushion the effect on the high cost of living in the country. PAMSCAD was not part of the initial adjustment programme, nor was it ever designed into any set of overall policies, instead, it was more of an after-thought and was added on when the international community became concerned about the social costs of adjustment in developing countries (Sowa 2002).

Ghana has not yet prevailed in its economic battle. Even at the peak of its economic progress in the early 1990s, the World Bank estimated that it could take 50 years for the country to become a middle-income nation at the then rate of progress (Sowa 2002). More recent studies attest to the exacerbation of poverty trends in the country. According to a survey by Ghana's Centre for Democracy and Development (CDD-Ghana), two-thirds of Ghanaians face economic uncertainty. This conclusion contrasts very sharply with the positive expressions of neoliberal economic reforms in the country. There is growing mass formal unemployment, underemployment and a widening of the gap between the poor and the rich. As Sowa (2002) concedes, SAP, came with social costs, which hit the vulnerable groups especially women and children, villagers, food crop farmers, and urban informal sector workers who constitute the majority of Ghanaians. Despite a series of debt cancellations following the country's declaration of HIPC status, the national debt is still overwhelming.

3.5 FDI and mining

The main objective of the mining sector programme was to redress the decline in mineral production and to stabilise mineral production, through short-term non-monetary, monetary and economic measures (Akabzaa 2009). Existing mines were subsequently rehabilitated with the injection of financial and technical assistance from multilateral institutions. Alongside that, the sector was liberalised to promote an enabling environment in order to attract private investment (Songsore 2003). The major policy initiatives in the mining industry included the promulgation of Ghana's first comprehensive, independent code on mining, contained in the Minerals and Mining Law, PNDCL 153 of 1986. The law remained the substantive legislation for the mining sector in Ghana, with limited amendments and addenda, until its replacement in 2006. Ghana had to revise its investment code in order to make it more attractive to investors and to fall in line with those of Tanzania, Guinea and Mali which had far more liberal codes (Akabzaa 2009).

The expectations following these reforms in the mining sector were that sufficient investments in the sector would ensure an overall national development (Songsore et al 1994). The state reduced its role as 'owner and operator' in the mining sector but strengthened its role as 'regulator and intermediary.' The strategy was based on the assumption that openness would encourage vigorous competitive markets (Akabzaa 2009). The focus on the mining sector was driven by the paradigm that sees private sector-led development as the engine of economic recovery in developing countries (Akabzaa 2000).

The resurgence in mining activities in Ghana, in recent years, has therefore been in response to the emergence of new development opportunities, changes in the regulatory environment and the government's desire to expand its development options. The impetus and strong will to carry through these profound reforms was premised on the conviction of Ghanaian officialdom that the mining sector has a strong potential to accelerate national development and reduce poverty, particularly in communities within the periphery of mining projects (Akabzaa 2009). According to Akabzaa (2009) such convictions are not exclusive to Ghanaian officialdom, but are shared by many globally.

Prior to the reforms, the mining sector had been failing sector. The sector's failure to generate sufficient revenues was seen as hindering the wider national development process. Poor policies, political interference and weak infrastructure were notably considerable factors in the underperformance of the sector over the years. The significant increases in the price of gold in recent times, together with favourable government policies have since culminated in the increased investment by mining giants such as Newmont of USA, Golden Star Resources, Gold Fields of South Africa, Randgold and Redback in the country.

It can be argued though that the mining industry in Ghana has a strong potential to generate taxes and related revenue and employment, substantial enough to provide significant economic benefits to the country and to improve livelihood for the population. Yet, despite the rich endowment of natural resources, Ghana hardly derives enough revenue from its exports. Over-bloated tax concessions and incentives to investors in the mining sector leave little in the way of retained earnings for visible national development efforts (Akabzaa 2009).

While there is little denying that considerable macroeconomic gains have occurred in Ghana's mining sector following the economic reforms, a burgeoning literature insinuates that associated growth has had detrimental impacts upon indigenous communities (Hilson 2004). Recent studies have shown that poverty is pervasive and endemic in mining communities (Aryeetey et al 2004; Botchie et al. 2007). Mining activities, particularly surface mining activities, have resulted in the alienation of large tracts of land from communities, depriving poor and marginalised communities of their land surface rights, and as a result depriving many communities of their sources of livelihood (Akabzaa 2009).

The reforms have also been denigrated for being inconsistent with the long-term development interests of Ghana and other African countries (Ewusi 1987; Elbadawi 1992; Herbst 1993; Hutchful 1996). Cornia et al (1987), for instance, have drawn special attention to the negative impact of these policy measures on the poor and vulnerable sections of the population. The evidence, according to many of these researchers, is that poverty appears to be increasing rather than decreasing in Ghana and other African countries in the wake of structural adjustment.

Critics have pointed out that SAP has allowed multinational corporations to take control of a number of holdings in essential organisations. Hilson (2004), for instance, has argued that the increased mineral output in recent times has mainly benefited multinational mining companies. The huge incentives that have been provided to the MNCs continue to cause much uproar and many are those who believe Ghana has lost out by allowing the dispensations. Under state ownership, the mining firms were replete with many workers. However, following the privatisation programme, many have since lost their jobs as the privatised firms downsized to become more competitive. In spite of concerns raised about governance of the mining sector in favour of the poor, and in spite of the adoption of the new 2006 Mining Act, the country is still very far from obtaining optimal benefits from its mining sector

Conclusion

The chapter provided an assessment of the political situation in Ghana and the place of development in the country. It touched on Ghana's pursuance of economic models in addressing its precarious situation over the years, culminating in the adoption of SAP in the 1980s. The chapter further explained why Ghana, like other developing countries, had been induced to adopt liberal economic policies prescribed by developed countries and its participation in the global economic.

The chapter also made reference to the notion of 'development', which has presented itself under many guises. To this day, the way to 'develop,' still continues to evoke a lot of emotions. In dwelling on the macroeconomic conditions in the country, the chapter also looked at the mineral sector strategy and the involvement of the World Bank Group. The mineral sector strategy that Ghana adopted specifically focused on the role of mining sector rehabilitation, privatisation and the outright sale of state-owned mines. Since then, the sector has attracted a number of investments from major international mining giants. The impetus and strong-will to carry through these profound reforms was premised on the conviction that mining could alleviate the country's economic problems by providing employment and generating taxes and related revenue, substantial enough to provide significant economic benefits to the country and to improve livelihood for the population.

The next chapter looks at the developments within the extractive industry in Ghana.

Chapter Four: The extractive industry in Ghana

4.1 Introduction

The chapter looks at the mineral industry in Ghana. It details the developments within the mining sector over the past years. In particular, it dwells on the mineral sector reform programme initiated under the SAP and how that performance has led to an increase in investments in the country. From the very beginning of the liberalisation process, both the Ghanaian authorities and consultants of the World Bank Group consultants viewed the reform of the mining industry, and the gold sector in particular, as the key to the country's economic recovery. Changes to the mining code under the SAP, including a Minerals and Mining Law in 1986, which was amended in 2006, have since facilitated the privatisation of state-owned mines and extended very generous fiscal incentives to prospective investors, including drastic cuts in corporate income tax and royalty rates. As a result, a number of international mining companies today own controlling shares in the majority of Ghana's operating mines.

Considerable efforts would be made to explain the basis for the high profile canvassing for investment which led to the changes made in the mining code. The chapter also explores the outcome of the reforms, especially the externalities, such as, the environmental and social effects and employment.

4.2 An Overview of the industry

Ghana is endowed with substantial mineral resources and has a well-established mining sector, which has grown considerably in recent years to represent an important pillar of the Ghanaian economy. The country's adherence to liberal macro-economic policies and the institution of comprehensive and attractive legal, fiscal and institutional frameworks for the mineral sector have helped to attract investments into the economy at large but more particularly within the gold mining sector (Aryee 2001). Most of these investments have occurred in the Western region of the country and particularly in Wassa West, a district within the region. A Bank of Ghana Report (2003) noted that more than US2 billion FDI have been attracted into mineral exploration and mine development during the last two decades. The major players in the field have mainly come from the US, UK, Australia, Canada and South Africa (Akabzaa and Dramani 2001; Hilson and Nyame 2006). The high profile canvassing

for investment by the government and the favourable political and investment climate prevailing in the country have greatly enhanced the reputation of Ghana as a perfect destination for investment.

Mining has essentially been part of Ghana's heritage since pre-colonial times (Akabzaa 2000). As has already been outlined in the preceding chapters, Ghana's association with this sector dates back to many years. It was in recognition of gold mining that Ghana became known as the Gold Coast, a name that was changed to Ghana upon the attainment of independence in 1957. Today, Ghana runs second to South Africa in gold production in Africa (see Table 4.1). Other minerals mined on a large scale are diamonds, bauxite, manganese and salt.

Table 4.1 Top 20 Gold Producing countries (tons) 2001-2004

COUNTRY	2001	RAN K	2002	RANK	2003	RANK	2004	RAN K
South Africa	394	1	395	1	376	1	343	1
United States	335	2	299	2	285	2	262	2
Australia	285	3	264	3	284	3	258	3
China	193	4	202	4	213	4	217	4
Russia	165	6	181	5	182	5	182	5
Indonesia	183	5	158	6	163	7	114	8
Peru	134	8	157	7	172	6	173	6
Canada	157	7	148	8	141	8	129	7
Uzbekistan	85	9	87	9	80	9	84	9
Ghana	72	10	70	10	70	10	58	11
PNG	68	11	65	11	69	11	75	10
Mali	45	13	56	12	47	12	39	14
Brazil	51	12	46	13	43	14	42	13
Tanzania	34	15	39	14	45	13	48	12
Chile	40	14	35	15	38	15	39	15
Philippines	32	16	33	16	34	16	29	16
Argentina	31	17	33	16	29	17	28	17
Mexico	26	18	23	18	22	19	24	19
Colombia	20	19	20	19	20	20	24	20
Zimbabwe	22	20	20	20	21	21	24	18
Kyrgyzstan	n/a	n/a	18	21	23	18	n/a	n/a
Rest of the World	253		258		259		274	
	2,623		2,590		2,593		2464	

SOURCE: Gold Fields Mineral Survey

The country has consistently ranked 10th in terms of world production of gold except in 2004 when it ranked 11. It was still 11th in 2005. However, in 2006, it increased its volume to become the 10th in the world again. It, however, maintained its position as the second largest gold producer in Africa.

Table 4.2 Production of Major Minerals in Ghana (1970-2006)

Year	Gold (Ounces)	Diamond (Carats)	Bauxite (M/t)	Manganese (M/t)
1970 ¹	714,442	2,355,797	259,993	354,726
1971	693,770	2,542,100	361,038	455,253
1972	710,013	2,482,822	356,479	476,690
1973	731,711	2,375,582	330,351	533,789
1974	709,550	2,406,860	327,627	255,393
1975	583,103	2,255,227	383,087	282,291
1976	515,654	2,231,791	282,084	384,162
1977	531,084	2,085,511	271,090	343,228
1978	465,651	1,817,818	271,448	321,443
1979	387,730	1,391,058	213,679	342,051
1980	437,669	1,227,071	224,501	368,593
1981	349,870	1,016,580	179,598	260,409
1982	335,724	893,016	63,530	176,871
1983	311,707	529,767	52,676	177,154
1984	282,641	450,049	53,421	243,260
1985	283,819	505,295	122,512	325,905
1986	447,796	878,943	273,602	498,996
1987	328,939	435,900	196,255	295,061
1988	374,051	277,966	284,527	259,614
1989	418,070	160,729	347,065	333,743
1990	522,517	484,877	381,373	364,373
1991	946,269	702,172	352,921	325,964
1992	1,006,943	596,236	338,244	353,476
1993	1,251,010	584,848	423,747	294,789
1994	1,396,887	746,949	426,128	271,989
1995	1,630,309	627,319	512,977	245,432
1996	1,550,814	714,717	473,218	161,690
1997	1,644,622	698,585	504,401	273,224
1998	2,353,000	823,125	442,514	348,406
1999	2,257,681	680,343	355,260	638,937
2000 ²	2,315,000	627,000	503,825	638,937
2001	2,205,473	870,490	715,455	1,212,338
2002	2,115,196	924,638	647,231	1,080,649
2003	2,208,154	927,000	494,716	1,509,432
2004	1,794,497	911,809	498,060	1,593,778
2005	2,149,372	1,062,930	726,608	1,712,508
2006	2,244,680	970,751	885,770	1,658,701

Source: ¹ 1970 -1999 - Minerals Commission, Statistical overview Of Ghana's mining industry

² 2000 – 2006 Chamber of Mines Annual Reports

4.3 The performance of the mining industry

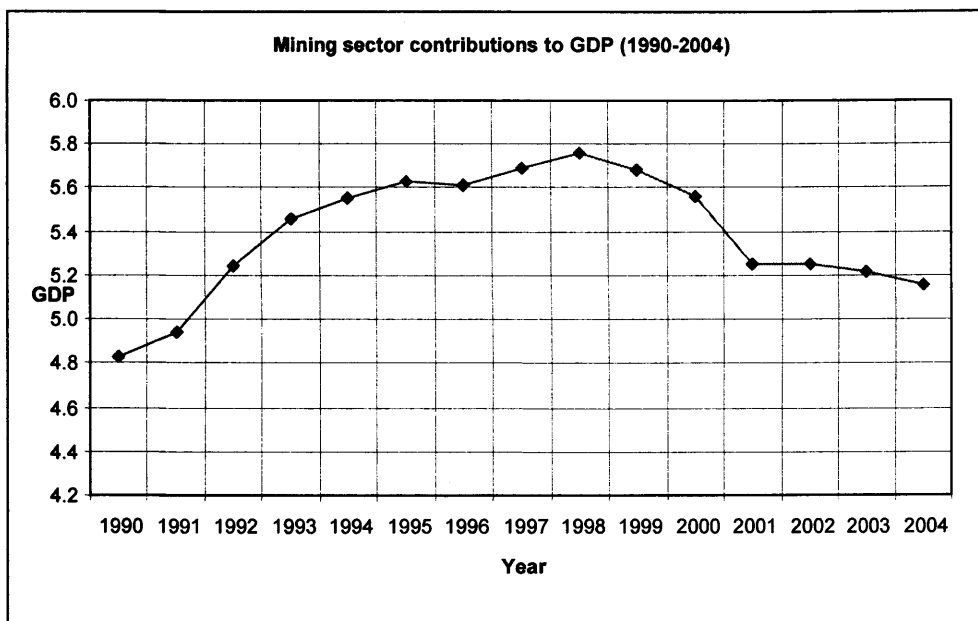
Under British colonial rule, private European companies were in total control of mining ventures in Ghana. However, following independence in 1957, the then government of Nkrumah became increasingly involved in the running of the mining

companies. Nkrumah nationalised a number of these companies and created state institutions to oversee the sector. The government controlled the mines either through outright ownership or holding the majority of shares (Donkor 1997). For many years, the mines run into difficulties because of obsolete machinery and lack of investments but since the 1980s, gold mining especially, has enjoyed very healthy support from foreign investors. The ownership structure of the industry has also radically changed with foreign investors now controlling an average of 70 percent of shares in all mining operations in the country (Akabzaa and Dramani 2001). Currently, 13 large-scale companies are producing gold, diamond, bauxite and manganese, with over 300 registered small scale mining groups and 90 mine support service companies (Interview, Minerals Commission, March 2006).

As Table 4.2 indicates, there has been an increase in production figures since the mines were privatised. Prior to that, production figures had been quite poor. The mining sector changed dramatically after the government introduced investment incentives in the 1980s leading to a wave of foreign-owned companies which came in to explore and develop previously undetected deposits. By early 1991, the government had signed over 60 mining licenses granting prospecting rights to international companies (Interview, Minerals Commission, March 2006).

The contribution of the mining industry to the GDP has in recent years been at an average of about 5 percent per annum (see Fig. 4.1). The sector continues to be one of the major contributors to the Internal Revenue Service (IRS) through the payment of mineral royalties, employee income taxes, corporate taxes and ancillary levies. Mining's share of total exports has been about 42 percent per annum (Bank of Ghana Report 2003). The industry recorded an increase in mineral revenue from \$798 million in 2004 to \$995 million dollars in 2005. It, thus, contributed about 13 per cent of all IRS collections in 2005. The industry also retained about 48 per cent of the nation's export earnings in 2005 to support its operations and also fulfilled its retention obligations to the Central Bank, according to the Minerals Commission.

Fig 4.1 Gross Domestic Product (GDP) - Mining Sector (1990-2004)



Data source: Ghana Minerals Commission

4.4 Mining sector policy

Ghana's mining sector was one of the areas that received the greatest attention under the country's reform programme. The Minerals and Mining Law was passed in 1986 to offer incentives to the mining industry. This was, however, amended in 2006.

Despite the generous incentives that the previous law offered in terms of the external foreign exchange retention accounts, capital allowances, and a flexible royalty payment system, Ghana's mining regime became less attractive, as other countries had then evolved better ones. For instance, applications for exploration in Ghana significantly reduced significantly from 60 in 1997 to only two in 2001 because of the inability of the government to promulgate a new code (Interview, Ministry of Mines and Energy, March 2006). The new Act which was passed in 2006 was, therefore, to make the mining regime very attractive in order to compete with the likes of Tanzania, Guinea, Zambia and Mali and the Democratic Republic of Congo.

Competition in this respect has been quite keen in recent years. By 2004, a number of African countries had introduced new mining codes, which redefined the rights and obligations of foreign firms and which, it must be stated, further eroded national economic sovereignty over the mining industry across the continent (Butler et al

2004). African countries have now and then revised their codes at the behest of the World Bank Group, often in competition with each other. The danger identified by industry analysts is that there is a race to determine who offers most in the investment codes of countries. In this race, countries reduce standards in order to secure a share of diminishing global mining funds. Trans-national mobility implies that firms may be able to set nations against one another in an effort to obtain a favourable regulatory environment.

Though many investors who came to Ghana were influenced by improvements in governance and most notably the current business climate in the country, for now, these do not seem to be the ultimate requisite factors for investors. A country's ultimate success in this endeavour depends less on the absolute attractiveness of its investment climate than on its attractiveness relative to other countries (Otto et al 2000). Apparently, this has come about because as Oman (2000: 15) says, 'competition among governments to attract corporate investment appears to have heated up in recent years.' There is so much tension posed by the current situation to the extent that they might have implications on the ability and or willingness of countries to enact and enforce stricter environmental standards in the mining sector (Bastida 2006). In effect, global initiatives to encourage free trade are resulting in a rewriting of mining laws.

Like most developing countries, Ghana has been very generous in its dealings with investors because of the country's desire for FDI. Ismi (2004), for instance, has noted that, privatisation of the mining sector was accompanied by generous incentives for companies which include the repatriation of up to 95 percent of their profits into foreign accounts and the ending of income tax and duties. Available records at Ghana's Minerals Commission show that some US\$4 billion of private investment capital was injected into the mining sector for mining exploration, the establishment of new mines as well as the expansion and rehabilitation of already existing mines over the period 1983-98 during the period when the mining reforms were vigorously pursued. The MNCs now enjoy generous tax breaks, reduced royalty rates, the removal of import duties on mining equipment, and the transfer of the majority of revenues accrued from the sale of extracted products into offshore accounts (Butler et al 2004).

4.5 Ghana's new mining code and related issues

Between 1986 and 2006, the Mineral and Mining Law 1986, PNDCL.153 was the basic mining legislation in Ghana. While it was regarded as a trailblazer in terms of mining legislation in sub-Saharan Africa, changes in the international mining scene necessitated its revision. After a protracted review from the early 2000s, the current Minerals and Mining Act, Act 703 of 2006 has become the governing legislation for Ghana's minerals and mining sector.

The new Act is intended to reflect contemporary trends in minerals and mining legislation and, thereby, position Ghana to continue to attract and retain mining investments. Ghana's Minerals and Mining Act 2006, Act 703 has added some significant aspects to the country's commercial law. They include issues relating to the following:

- (i) expenditure on exploration and development may be capitalised in accordance with regulated amortisation provision for tax relief;
- (ii) capital allowances have been designed to shorten the pay-back period and include 75 percent write off of capital in the first year and 50 percent annually thereafter on a declining balance;
- (iii) retention of a proportion of revenue in foreign currency account for use in acquiring essential equipment and spare parts required for mining operations which would otherwise not be readily available without the use of such earnings;
- (iv) exemptions from import duties on imported plant and equipment.

The Ghana government previously maintained a 10 percent interest in all mineral rights, with the option to acquire a further 20 percent (or 45 percent in the case of salt). This has now been limited to only 10 percent. Any further participation is to be on terms agreed with the holder.

Royalty

The holder of a mining lease is required to pay royalty of between 3 percent and 6 percent on the total revenue of the minerals obtained from the mining operations. The 1986 law used a sliding scale of 3 to 12 percent. But no company has ever paid more than 3 percent in royalties, partly because of high capital allowances, and partly

because Ghana's tax collection authorities do not know how to use the formulae (Breaking the Curse Report 2009).

Retention of foreign earnings

Holders of mining leases can still retain foreign exchange earnings overseas and to use such earnings for the acquisition of machinery and equipment as well as for certain other payments, such as debt service payments and dividends. Where the net earnings of a holder of a mining lease are in foreign currency, the holder is permitted to retain not less than 25 percent of foreign exchange earnings in an external bank account for acquiring machinery and equipment, spare parts and raw materials as well as for certain other payments, such as dividend and debt service payments. For instance, AngloGold Ashanti is permitted to retain 80 percent of its foreign exchange earnings in such an account for its operations in Ghana. In addition, the company has permission from the Bank of Ghana to retain and use, outside of Ghana, foreign exchange required to meet other payments.

Recruitment of locals

A detailed programme must now be submitted for the recruitment and training of Ghanaians with a view to achieving 'localisation', being the replacement of expatriate personnel by Ghanaian personnel. In addition, a licence holder must give preference to Ghanaian products and personnel, to the maximum extent possible, consistent with safety, efficiency and economies.

Compensation

An owner or occupier of any land subject to a mineral right may apply to the holder of the mineral right for compensation and the amount of the compensation shall, subject to the approval of the Land Valuation Board (LVB), be determined by agreement between the parties concerned (or, if they are unable to reach agreement, by the Minister of Mines in consultation with the LVB). The LVB has in the past increased amounts of compensation payable to owners and occupiers.

Compensation issues have also been clarified and simplified. Alternate settlement has been included as compensation to land owners. The compensation principles are set

out in the law, and the landowner may apply to the High Court for determination of compensation, where the parties disagree on the terms of the package.

Environmental considerations

The holder, in the exercise of his rights, is required to have due regard to the effect of the mineral operations on the environment and is to take such steps as may be necessary to prevent pollution of the environment as a result of such operations.

Protection of investment

There is also a provision for the protection of investment. A Stability Agreement has been enshrined to protect the holder of a mineral right for a period of 15 years, from any adverse effects of future changes in law that are capable of imposing huge financial burden on the holder.

Issues with the mining provisions

Although the revised law is deemed to have clarified certain situations, it has also been subjected to criticisms from an array of people including environmentalists, farmers and human rights activists who think it does not go far enough to address pertinent issues required of it. Community activists think the revised law does nothing in terms of making a push for the country to gain from mining benefits. Instead, there is a significant consolidation of the provisions of the earlier code, and there are even greater incentives for companies (Akabzaa 2009). Other concerns include the realisation that; regulations pertaining to compensation have not been updated; that the price levels for valuing crops, livestock and landed property have not been reviewed for a number of years. Meanwhile, the government revenue generation is still constrained by the range of capital allowances, list of mining-related equipment and items exempted from customs and import duties, the non-payment of capital gain taxes, dividend withholding taxes, corporate income taxes, the huge offshore sales revenue retentions and the payment of royalty at the lowest allowable rate (Akabzaa 2009).

4.6 Mining industry support organisations

The long tradition in the extractive sector has enabled Ghana to build an institutional framework of organisations to support the industry. These public sector organisations are supposed to provide support to ensure optimal exploitation of the country's natural resources. They include:

- The Ministry of Mines and Energy - empowered to act on behalf of the government on all matters relating to the industry. The Ministry grants exploration licenses and mining leases.
- The Minerals Commission - recommends mineral policy, advises government on mineral matters, reviews and promotes mining sector activities.
- The Geological Survey Department - conducts broad scale geological studies in the country, prepares maps and reports.
- The Environmental Protection Agency (EPA) - seeks to balance demands of rapid economic growth and the need to protect natural resources and health and welfare of the people. It conducts and promotes studies, investigations, surveys, research and analysis relating to the country's environment.
- The Mines Department - responsible for establishing mining standards and conducting safety inspections.
- The Lands Commission - maintains legal records of exploration licences and mining leases, participates in the examination of new licence applications.
- The Chamber of Mines - represents the mining industry. It seeks to promote the interests of mining companies, and communicates with government and other public and private bodies regarding mining matters.
- The Forestry Department - responsible for management of the country's forests. The department is supposed to work with the Minerals Commission on the granting of exploration licenses and mining leases.

The reality, however, is that these institutions tend to work in discord at times, making it impossible for them to realise their objectives and also in safeguarding the interest of the mining communities.

4.7 Socio-economic contributions by the mining firms

Generally, the companies have been responsive to their host communities by contributing to and initiating some development projects within their catchment areas. Their socio-economic contributions include the development of human resources and infrastructure such as schools, colleges, clinics, and roads. Their interest in their host communities has in recent times expanded to include social investment projects where they collaborate with the communities to fund projects that yield economic returns to the people.

Table 4.3 Mining firms' socio-economic contributions for 2004

Socio-economic contributions	2004
Education	486,927
Health	549,900
Electricity	140,939
Roads	75,291
Water	265,493
Housing	264,749
Agro-industry	33
Agriculture	9,291
Sanitation	116,410
Resettlement Action Plan	548,496
Alternative Livelihood Projects (others)	242,215
Others	370,691
Total	US\$ 3,070,436

Source: Ghana Chamber of Mines (2004)

As Table 4.3 indicates, the mining companies voluntarily contributed more than \$3 million to their host communities in 2004. Some have set up ventures to create alternative jobs for the people in their catchment areas. AngloGold Ashanti, for instance, is helping the communities to cultivate *Jathropha*, a bio-diesel crop. AngloGold Ashanti has also launched a \$3million malaria control programme in Obuasi, which is one of its operational areas. It has built a 2.2 billion cedi (Ghanaian currency) clinic at Iduapriem and a hospital in Obuasi as well as a clinic in Bibiani. Although the health facilities were initially meant for employees and their dependants, the communities are given the opportunity to access these services for a token fee. Other companies like Ghana Manganese Company (GMC) and Goldfields Ghana Ltd have also contributed in diverse ways. The GMC, for instance, is aiding the rehabilitation of the Western railway lines in Takoradi in order to facilitate its manganese export by rail to the nearest seaport.

Mining executives have often justified the industry's contribution to the economy by quoting elaborately its supportive role in rural development as well as its significance to the national economy. Although many agree that Ghana has benefited from mining, the reality is that it has also left in its trail, very serious consequences for which civil society and communities impacted by mining have condemned (Aidoo 2002). The destruction, social reorganisation and environmental problems associated with mining have brought to the fore evidence of its dark side. In general, if one considers that mining has attracted a sizeable amount of FDIs into the country since the reform programme, then its contribution to government revenue has not been quite impressive (Aryeetey et al 2004). Revenues from mining activities come from corporate income tax, mineral royalties, government fee equity participation and dividend withholding tax. But the tax revenue accruing to the state from mining profit has been deemed quite negligible even by officials of the Large Tax Payers Unit of the IRS. An official of the unit, Chris Afedo has explained that, in 2004 and 2005 only five and four companies respectively were liable to pay corporate income tax and for 2006, only two did so, out of the 13 large-scale mining companies operating in the country.

The Bank of Ghana has also conceded that the mining firms abused the retention scheme under which the companies were allowed to keep a certain percentage of their foreign earnings. The purpose of the retention is to allow the companies to retain some portions of their earnings in a foreign account to enable them use such monies to meet their offshore costs and commitments like the purchase of machinery and spare parts and remittances in respect of expatriate personnel. It has also been used as a facility to assure foreign investors of unencumbered transferability of capital and returns thereon and to use the external accounts to form part of the security arrangement for future loans envisaged for their respective mining projects.

Since 1999, the maximum retention level had been reduced from 80 percent to 55 percent. However, the central bank, Bank of Ghana, has admitted that the utilisation of the amounts, as prescribed by the agreements, was not effectively monitored. This gave room for capital flight. According to the bank, the outcome of this ineffective monitoring of these accounts was that, capital outflows and even investment inflows were not accurately measured. Subsequently in 1999, the Bank of Ghana and the

Ministry of Finance appealed to the mining companies to voluntarily repatriate some of their surplus funds into the country. Hence, since 2000, the major mining companies have been voluntarily repatriating between 32 and 35 percent of their gross earnings through the local commercial banks, according to the Bank of Ghana.

The present voluntary arrangement shows that the companies are only being magnanimous, since they can refuse to abide by the said arrangement. The Bank of Ghana acknowledges that the retention policy has been a driving force attracting investors into the industry, yet it has been fraught with problems regarding monitoring. In view of that, there seems to be no effective way of determining how much is being denied the country. Mining is the leading foreign exchange earner in gross terms but its contribution in net terms continues to be quite marginal. The sector's contribution to government revenue has also been small at 14.4 percent in 1995 and 13 percent in 2005 (Interview, Minerals Commission, March 2006).

Table 4.4 Ghanaians employed by Large Scale Producing Mines (1998-2002)

	Labour	1998	1999	2000	2001	2002
Gold	Total	19,171	15,898	14,901	14,763	12,674
	Ghanaian Snr Staff	2,608	2,226	1,505	1,630	1,632
	Ghanaian Jnr Staff	16,563	13,672	13,396	13,133	11,042
Bauxite	Total	481	490	336	328	326
	Ghanaian Snr. Staff	17	46	38	40	45
	Ghanaian Jnr. Staff	464	444	298	288	281
Manganese	Total	420	357	332	321	326
	Ghanaian Snr. Staff	63	59	61	45	43
	Ghanaian Jnr. Staff	357	298	271	276	283
Diamond	Total	928	871	735	723	744
	Ghanaian Snr. Staff	116	111	93	92	92
	Ghanaian Jnr. Staff	812	760	642	631	652
Total		21,000	17,616	16,304	16,135	14,070

Source: Minerals Commission.

Mining's ability to generate employment has generally been limited given that all the major operations now tend to be capital-intensive. In view of the capital intensive nature of mining its overall impact on employment generation in the country is not too

substantial (Bank of Ghana Report 2003). The number of people employed by the large-scale mines has seen a steady decline in recent times (see Table 4.4). On the average, over 21,000 people per year were employed between 1994 and 1998 but as Table 4.4 indicates, the number has declined from 21,000 in 1998 to 14,070 in 2002. Of this number, expatriates constituted only 1.4 percent with the rest being Ghanaians (Interview, Ghana Chamber of Mines, April 2006). While the average annual growth for 1994-2002 in employment of Ghanaian senior and junior staff decreased by 2.95 and 4.67 percent respectively, that of expatriates indicated an increase of 1.33 percent (Aryeetey et al 2004). The larger rate of retrenchment of junior staff was an indication of more skill-intensity in the sector.

The reforms in the mining sector have generally led to a decrease in employment. Contrary to the view that the new companies were to offer more job avenues, many junior staff have been retrenched due to the labour rationalisation exercise introduced by the mining companies and the adoption of new technologies. Many of the skills required for mining have been recruited from outside the mining areas, with the mining communities benefiting from only unskilled labour which has relatively low returns. Meanwhile, the negative externalities from mining activities, such as the environmental and social effects that affect the mining areas, have rendered people living in such areas more susceptible and vulnerable to poverty.

Community anxiety has always heightened about the impact of mining operations on the local peoples' livelihoods and employment opportunities. Relatively little of the tax generated by mining appears to find its way back to mining communities. Many Ghanaians now believe that viewed against the extremely generous fiscal and other incentives given to mining companies under the mining sector reforms, a thorough cost/benefit analysis of the resurgent mining sector would probably return a negative figure (Akabzaa 2000). The lack of technical capacity at the sub-national level continues to create challenges in terms of ensuring that the funds are used for development purposes.

Conclusion

The chapter looked at the mineral industry in Ghana. It examined the developments within the sector since the inception of SAP. It traced the changes the country has made to its regulatory environment in order to offer the best prospects for investors. These changes, in effect, have helped in attracting more international mining firms into the country. However, in providing a more friendly and attractive investment code, Ghana has had to make some concessions to the mining companies which have significantly impacted on its revenue generation.

In terms of its social obligation, the mining firms have been contributing to their host communities in a number of areas. There has, however, been a decrease in employment within the mining communities. The mining firms have reduced their labour force substantially in significant restructuring and cost-cutting measures taken to ensure efficiency. Another area the chapter dwelt on, was the negative externalities of mining, which have rendered the local communities more susceptible and vulnerable to poverty.

The next part of the study looks at the study area,

Part Two:

The Case Study: Wassa West

Chapter Five: Ghana's Western Region

5.1 Introduction

Most of Ghana's minerals are concentrated in the Ghana's Western Region. This region is situated in the south-western part of Ghana. It is bordered on the east by the Central and Ashanti regions and on the north by Brong-Ahafo region. It shares an international boundary in the west with Cote d'Ivoire. It occupies 23,921 square kilometres, and has a population of 1,924,577 million (2000 Population census). The region has about 75 per cent of its vegetation within the high forest zone of Ghana, and lies in the equatorial climatic zone that is characterised by moderate temperatures. It is also the wettest part of Ghana with an average rainfall of 1,600mm per annum. There are 24 forest reserves in the region, which account for about 40 per cent of the forest reserves in the country. Prominent among them are the Bia Reserve, Cape Three Points National Park, and the Ankasa/Nini Suhien Forest and Game Reserve.

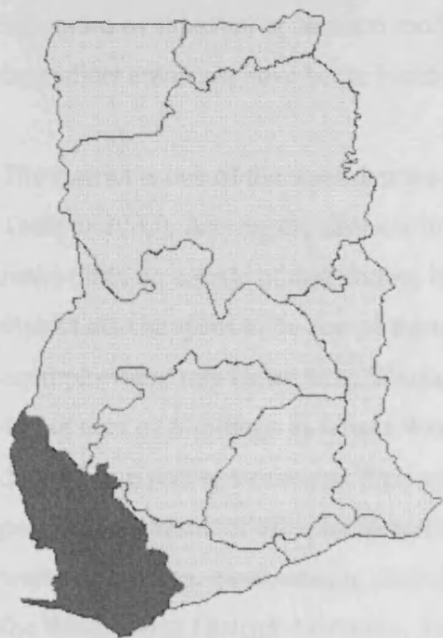
The region is the leading producer of cocoa, Ghana's leading agricultural produce, and accounts for more than 54 per cent of the output. It also has the richest mineral resource base with large deposits of gold, diamond, clay, limestone, silica sand, feldspar, granites, petroleum and natural gas among others. The region, as a whole, contributes close to half of Ghana's foreign exchange earnings through its production and export of timber, cocoa and minerals and it is home to 30 per cent of Ghana's gold, and all its manganese and bauxite.

The level of literacy in the region is pegged at 58.2 percent, with females (47.9%) recording a lower proportion compared to males (68.0%); nearly two-thirds (64.3%) of those currently in school are at the primary level, while 21.3 per cent are in junior secondary school. Several reasons account for the high dropout during the transition from primary to junior secondary. These include inadequate schools within many rural localities. There is also the question of affordability – poor parents unable to pay for their wards' school fees and poor infrastructural facilities which even prevents teachers from accepting postings to such areas. Efforts have, however, been made in recent years to improve both quality and quantity of infrastructural facilities of primary and junior secondary schools.

Many households in the urban areas of the region have access to electricity but others, largely those in rural areas, lack this facility. During my field work I observed that a relatively small but significant number of rural households are gradually gaining access through a rural electrification programme. Potable water is available mainly in urban areas. The rural areas in the region source their water mainly from rivers, streams, and shallow hand-dug wells and deep boreholes. The region is one of the most economically active regions in the country with both agriculture and industry featuring prominently in its economic activities.

Notwithstanding the great economic potential of the region, it lags behind in a number of development initiatives. It has a poor road network which is inaccessible by motor vehicle during the rainy season. Very often, cocoa and other food crops are locked up in the interior of the region because of the poor roads. Rail transport which used to play a very important role in the region's development by facilitating the transportation of goods and people is now in a deplorable state. The mining companies have come to the aid of the state-owned Ghana Railway Company by providing funds to rehabilitate the railways. This has been necessitated by the need to have a reliable means of transport to cart minerals from the mining sites to the nearest port at Takoradi. The port at Takoradi handles about 75 per cent of Ghana's export trade of timber, cocoa, manganese and bauxite. It is mainly from here that the mining companies export their bulk produce.

Fig. 5.1 Map of Ghana with the western region shaded



The region has 11 administrative districts including Wassa West, our study area. With the exception of bauxite, the mining of all these minerals are concentrated within less than a 40-kilometre radius from Tarkwa, which is the district capital of the Wassa West district. But as it will become apparent later on, the voluminous increase in mineral output (see Table 4.2) and the subsequent high contribution of the region to national revenue means very little, in terms of economic returns, to the local communities under whose lands the resources are being mined. There is a conspicuous mismatch between resources in the study area and its level of development, judging by its huge reserves.

5.2. The Wassa West District

The Wassa West district is located at the heart of the gold mining region of Ghana. It has a population of 232,700 people (2002 population estimate). The district contains the largest surface mining concentration in the country (Aubynn 1997; Salami and Tsekpore 2000; Aidoo 2002). With the exception of Tarkwa, Prestea and Bogoso, the rest of the district is predominantly rural. According to recent estimates, about 70 percent of the people live in the rural and outlying areas. Apart from the three towns mentioned earlier on, where there are 'modern' buildings, most buildings in the rest of

the district are mostly of wattle and daub construction with rammed earth floors supported by thatched or bamboo roofing. Those who live in the urban areas and the immediate environs, have better buildings, indicative of the sprawling urbanisation.

The district is one of the most deprived in Ghana in spite of its wealth (Salami and Tsekpor 2000). Among the districts in the Western Region, the Wassa West District ranks ninth on a scale of descending income inequality (Aryeetey et al 2004). The district also happens to be one of the two districts in the region with relatively high unemployment rate (Interview, Wassa West Assembly, April 2006). Although about 40 per cent of dwellings in Wassa West have access to pipe-borne water, the rest still depend on rivers or streams as their sources of water supply. Its water-ways are often polluted as a result of the mining activities. Cases of water-borne diseases like guinea worm infestation, elephantiasis, cholera and malaria are rife. According to officials of the Wassa West District Assembly, the district ranks among the highest in the country in terms of illiteracy rate; 40 per cent of children aged three and above are not in school, while 45.6 per cent of the 15 years and above have never been to school.

5.2.1 Physical Environment

The general topography of the area is made up of hills and ridges with low-lying plains. Tarkwa and its satellite settlements are wedged between two long ranges of hills considered the two limbs of a fold mountain. These hills are interspersed by undulating valley bottoms. The climate at Tarkwa is equatorial with rainfall in the region peaking during two periods, from April to June and October to November. Rainfall here is heavy, frequent and prolonged. The district has thick forests with a variety of fauna and flora.

Much of the vegetation has been destroyed by mining operations (Akabzaa 2000). The major impact of the area is the loss of cultivated soil, accelerated erosion, the alteration of the topology and the deterioration in water quality due to the open pit system of mining in Wassa West. Large tracts of land also show considerable disturbance, particularly from timber extraction, firewood collection, charcoal production, agriculture, hunting and informal mining activities (Bank of Ghana Report 2003). As a result of the open pit mining adopted by the mining companies here, typically, large volumes of earth are removed before the mineralised rocks are

reached, which lead to huge pits and mountains of waste dumps that dominate the skyline. The level of destruction of the environment is vast. Their operations have led to the removal of forest cover and its attendant soil degradation.

It is common here to see large heavy machinery ploughing tons of earth away and leaving large craters in its trail, a situation that reveals the perils attached to mining. These pits, which easily fill up when it rains, continue to serve as breeding grounds for mosquitoes, causing a lot of health problems to the populace. Cracks have also developed in many buildings due to the heavy impact of the blasts by the mining companies. Many residents have also complained of the high level noise as a result of this. Mining is the mainstay of the economy of the Wassa area (Akabzaa 2000; Avotri et al 2002). However, with the increased mining in the area, serious questions have begun to emerge about marginalisation, developmental neglect, discrimination against the local people and pollution (Akabzaa 2000; Bank of Ghana Report 2003).

Fig 5.2 Map showing the districts in western Ghana



5.2.2 Social Life

The social life in Wassa is traditionally structured in a way that recognises the leadership, guidance and influence of community elders. The status and the role of every person are meticulously defined according to sex, age and seniority. Indeed, all patterns of behaviour are strictly circumscribed and jealously guarded by the elders. Respect for the chiefs and elders, is paramount. Family elders supervise the allocation of land and function as arbitrators in domestic quarrels; they also oversee naming ceremonies for infants, supervise marriages and arrange and coordinate funerals. As the overall heads, chiefs are the political and spiritual authorities in their communities. They ensure the security of their communities.

In Wassa, indigenous social institutions are fundamental to social organisation as they form the basis of social integration. The communal life of the people seems to imply a common ownership of everything that can be possessed. Complaints about, and questions of land and all other disputes are determined and settled mostly by traditional tribunals which hold sway over 'petty traditional issues.' Customary laws prevail and discussions are usually focused on the expediency of concrete actions within the framework of customary rules. Decisions, when taken by chiefs and their elders, are normally done in council and not by lone dictatorial fiat.

In this community, land is ordinarily the property of the lineage. As a result, such lands are administered by the lineage elders, worked by the members of the kinship group and inherited only by members of that unit. Although sectors of such land may be leased to others for seasonal agricultural production, the land remains within the family. While farming remains an important occupation, pressure on the land has seen it lose ground to small-scale and illegal mining. It is now common to see young men with digging implements readying themselves in the morning to embark on small-scale mining. These young men rarely have concessions to work on. Many of them, mine illegally on the concessions of the large mining firms. This practice is known as *galamsey*, - the corrupted expression for, 'gather (the minerals) and sell' (them). Operating outside the legal and regulatory framework, the illegal miners exploit the marginal deposits in harsh and often dangerous conditions. It is a livelihood strategy adopted by mainly unemployed young men. Many youths are encouraged by the

quick fix of *galamsey* as mining remains the only high income generating venture available to them.

The extended family system which is the hub around which traditional social organisation revolves around, also functions as a mutual aid society in which each member has both the obligation to help others and the right to receive assistance from it in case of need. It is also through the family that the individual acquires recognition and social status. As a result, the general society sees the individual's actions as reflecting the moral and ethical values of the family. For example, withdrawal from the social life of one's age group is especially frowned upon and is thought to be a serious blemish of character. Often times, community members are mobilised to perform social activities, like clean-ups, for which failure to attend, constitutes a serious offence. Despite its limited attraction, the way of life in the traditional setting provides some reassurance and feeling of solidarity and work ethics in the area.

The social organisation of this area is quite different from the urban areas of the country. In Wassa, values especially in many of its rural parts are fixed in the form of taboos, code of conduct and so on, which are transmitted from one generation to the other. The people have a deep attachment to their land. It provides them with food, wealth and their very existence hinges on it. Although Christianity is predominant, the belief in ancestral spirits is very strong even among so-called 'enlightened' people. The belief in the existence of spirits has ensured some level of and honesty in the people. This very issue was pointed out by a number of the elders I interviewed. These spirits, they contend, must never be offended or displeased or they will wreak vengeance on the offenders. The succour of the spirits is therefore needed in all activities at all times. They believe it is the spirit in man, things and elements that possess every power.

A lot of the rules in the communities are mystified but it is no gainsaying that they are appreciated and not subjected to critical scrutiny. Seemingly, common-sense knowledge constitutes the social setting. For example, there is a ban imposed on farming or fishing around the rivers on certain days. The explanation offered for this is that, those are the 'resting days' for the spirits of the rivers. Those who tend to ignore this prohibition are said to have had mishaps visited on them. Some have

reportedly seen some oddities, so these bans are adhered to strictly. This prohibition, in a way, is perhaps meant to ensure the replenishment of fish stock in rivers and help the land recover from excessive use in order to foster a better ecological arrangement. As has been argued by Sarpong (1974), myths have helped to develop communities in Ghana. Apart from supporting authority, Sarpong contends that myths often sustain morality. A similar explanation has been offered by Mbiti (1975), who has argued that African morals lay a great emphasis on societal conduct because the basic view is that the individual exists only because others exist.

Judging by the standard of the average Ghanaian, the people of Wassa West are still poor, many are uneducated and they lack many amenities. In view of their level of poverty, they tend to have a strong desire to get rich quickly. That desire has fuelled their disinterest in education and more recently farming. Their attention seems to have shifted to small-scale gold mining in recent times. Today, the Wassa people are conspicuous in the social drama of Ghana because of their role and significance in mining in Ghana.

5.3. The Mining Economy

The economy of the district is dominated by mining related activities, followed by the primary industries of agriculture and forestry (Akabzaa 2000; Bank of Ghana Report 2003). The district has the highest number of (surface) mining companies in sub-Saharan Africa (Lassey 2000) and a number of small-scale mining activities. Mining concessions have taken a significant portion of the total land area. It hosts five mining companies including the only manganese company in the country. Apart from the operations of the large mining concerns, the area has also witnessed several incidence of small-scale mining and this, according to Akabzaa (2000), dates back to the 4th century.

Mining operations are carried out by two broad categories of miners; large-scale and small-scale operators. The distinction between the different categories of producers has some implications for the communities. Large scale mining is carried out by multinational companies whilst the small-scale category is populated by indigenous youth desirous of making a living out of the resources within their localities. It also

includes miners made redundant when the state-owned mines were privatised. Small-scale mining does not require sophisticated technology and this activity provides the local people with better income than subsistence agriculture which seems to be on the decline.

The three major towns in this district – Tarkwa (pop. 30,631), Prestea (pop. 21,844) and Bogoso (pop. 9,942) host a number of the mining companies. These places have undergone rapid transformation which intensified during the period of structural adjustment. Previously these could be typified as rural communities based upon a mix of subsistence farming, cash crops and some small scale mining. Large scale mining has unsettled these social arrangements. On the basis of my exploratory study, it became clear that the internal cohesion of these established communities had been disrupted through inward migration which came about as a result of the mining activities.

In considering how to develop the study of the impact of mining and structural adjustment programmes on the lives of local people, the three localities were chosen because of the following reasons:

- Their proximity to the mines. These are the main towns in the vicinity where mining takes place.
- The focus upon the particular locations allowed for intense analysis.
- The choice of the three allowed me to maximise the variability of community/company relations which was a key concept for the research.
- Besides they are different in terms of the impact of mining on them. In Prestea, for instance, intense mining takes place close to the township and that accounts for the conflictual situation that often emerges in the area. So here the impact tends to be much more severe than the other towns.

Tarkwa

Tarkwa is about 120 miles west of Accra. It is the most modernised among the three towns selected for our study. It has a population of 30,631. It has a number of villages and several small settlements, most of which have mud-and-thatch buildings. The area has been associated with mining for many years. Indeed, some researchers indicate that mining had been in session since the fourth century (Akabzaa 2000). Tarkwa has, for sometime now, been operating a dual economy: a modern mining economy with facilities such as telephones, electricity, good water, on one hand, and local villages, on the other, portraying aspects of typical rural lifestyle. The urban parts of Tarkwa have concrete houses. These include low-cost houses put up by the erstwhile State Housing Corporation and other housing units provided by the mining companies. Mud-and-thatch buildings can also be seen in distant localities and villages within the area. The existing electrification supply to houses in the area is equally skewed in favour of a few urban settlements.

The economic activities of the area are centred around mining and to a lesser extent farming. Mining activities in the area have affected the socio-cultural patterns, stability and trajectory of local cultural lives and histories of the area. The operation of surface mining in the area has already had a centrifugal effect of re-locating and re-settling communities away from their original settlements. AngloGold Ashanti is the largest gold mining company operating here. In nearby Nsuta is the Ghana Manganese Company, which is the only manganese company in Ghana. Villages and several small settlements have been dislocated both from their economic activities, social and life settlements. Mining activities are very much evident as one moves along Tarkwa's environs. Huge craters left uncovered through mining activities have led to many mishaps and some deaths. Occasional blasts from the mining sites reverberate in the area whilst its atmosphere is often beclouded with debris from the mining sites. There have been frequent clashes between the communities and the mining companies in Tarkwa over relocation, compensation and other environmental issues. This has invariably led to Tarkwa being a centre of resistance to the mining companies. But both large and small scale mining operations could be faulted for the unfavourable conditions in Tarkwa. Small scale miners, for instance, cause misery to the people with their use of mercury in extracting gold.

Tarkwa has an ethnically mixed population, a condition quite characteristic of all mining towns in the country. The population consists of the indigenous Wassa people as well as a large migrant population from various parts of Ghana, drawn to the area because of the mining activities. Tarkwa's accessibility to and from other parts of the country is a factor that has accelerated its rapid growth. It has easy connections to both the central and coastal parts of the country. Another factor that accounts for Tarkwa's steady growth is rail transportation which arrived in 1901 and was linked to the port city of Takoradi. Tarkwa is also served by other road networks but most parts of its roads are untarred and are often difficult to ply during the rainy season. The University of Mines and Technology (UMAT), the only mining university in Ghana is also based in Tarkwa.

Prestea

Prestea comes second in size to Tarkwa with approximately 30,000 people living there. Like Tarkwa, it is also a thriving township with satellite communities and has been involved in gold mining for many years. Mining is said to have been in existence since 1873, primarily as a small-scale operation with mainly indigenous operators. In later years, independent mining companies were formed to mine the mineral ores. Large-scale industrial gold mining, however, began around 1929 but it was not until 2002 when surface mining became the norm.

Golden Star Resources (GSR), the main mining company in the area has had a difficult relationship with the community members over mining-related issues. In 2002, GSR acquired the main mining concession in the area. Persistent stand offs between the communities and the company have occurred since then. GSR operates a site approximately one kilometre from Prestea. Blasts from this site have destroyed a number of buildings in the area. In addition to the daily blasts, the local people also believe that the unregulated use of cyanide and other chemicals has contributed to a high incidence of anaemia, silicosis, skin rash, cancer, and premature death in the community. As a result of these growing concerns for the sustainability of the community, there have been a number of protests and demonstrations against open-pit mining generally.

Local people, supported by the NGOs have sent petitions to the Ministry of Mines, the EPA and Members of Parliament asking that open-pit mining be halted. In 2002, the then Regional Minister, Joseph Aidoo, had to put security personnel on a 24-hour patrol after a section of the people reportedly plotted to blow off the bridge over River Ankobra to prevent the GSR from operating in the area (*Ghanaian Chronicle*, 9 December 2002). In 2005, the EPA temporarily halted the operations of GSR after it found the company culpable for severe environmental damages to the township (*Daily Graphic*, 25 September 2005). The heavy impact of the blasts had caused cracks in buildings in the area. Portions of the Prestea Government Hospital and sources of drinking water, as well as buildings and electrical gadgets of residents had been affected as a result of the company's activities. In view of this, demonstrations were held against GSR, which led to the EPA placing a temporary ban on the company's operations. Public disaffection with the operations of GRS came to a head again in 2006 when cyanide spilled into River Aprepre exacerbating the ecological problems of the area.

Any casual observer would see that mining impacts heavily on the people of Prestea. There is so much evidence of the impact of mining here than anywhere else in our study area. The communities of Prestea, together with the small settlements like Himan and Dumase that border the Bogoso/Prestea mines, have suffered immeasurably from the impact of the Bogoso/Prestea mining projects. The use of explosives in the mine pit has damaged homes in the Krutown neighbourhood of Prestea. Close by in the neighbouring village of Dumase, there have been frequent cases of cyanide spillages into the Aprepre River, a source of drinking water for the populace. On top of these problems is the ever-present concern over the ongoing expansion of the mines to take in new acreages from farmlands. People living in and near Prestea are in constant fear of losing their homes to the mines and being involuntarily relocated.

Prestea also has a concentration of galamsey camps. Here, small scale mining activities are established at sites like *Number Four Bungalow*, *I Trust My Legs*, *ECOMOG*, *Kutu Kutu*, all located within the township. The huge swathe of *galamsey* operators includes workers who had been declared redundant following the take over of the previously state-owned mine by GSR as well as a teeming number of

unemployed youth. The area offers few alternative employment opportunities for the people and in view of this, *galamsey* activities have considerably shaped the lifestyle in the township.

Bogoso

Bogoso is the least populated of the three towns in our study area with almost 10, 000 inhabitants. It is situated close to Prestea, so much so that the two towns are almost entwined. Although they lie in close proximity to each other, it takes a while to move from one point to the other because of the severity of the potholes on the roads. Gold operations have had severe implications for the residents. Like the other towns, Bogoso exhibits a dual economy with a few urbanised areas and some rural settlements. The community lacks good drinking water. The majority of its roads are untarred and difficult to use most of the time. Long stretches of the road network remain inaccessible by motor vehicle in the rainy season. Basically, it exhibits the same characteristics as the other towns as mining impacts on its environs.

5.4. Large scale mining companies operating in Wassa West

The five companies operating in the around our field work sites in Wassa West area - AngloGold Ashanti (Iduapriem), Goldfields Ghana, Abosso Goldfields, Golden Star Resources Ltd (formerly Bogoso Gold Limited) and Ghana Manganese Company - have long had a disputable reputation for social responsibility in the area. It is widely perceived that community development is inconsequential to them. In recent years, they have come under increased pressure by environmental groups and other activists as civil society scrutinises their operations to determine what profits they make, as against their contribution to the local area. The mining companies have, meanwhile, responded by developing corporate social responsibility strategies as part of their larger global business strategies. In these strategies, some prominence has been accorded to their relationship with local communities.

Table 5.1 Profile of Mining Companies Operating in the Wassa West District of Ghana (2006)

Company	Principal	Country of origin
AGC Iduapriem	AngloGold Ashanti	South Africa
Goldfields Ghana	Goldfields South Africa	South Africa
Abosso Goldfields	Goldfields South Africa	South Africa
Golden Star Resources Ltd	Golden star Resources	Canada
Ghana Manganese Company	Ghana International Manganese corporation	Germany

Source: Ghana Chamber of Mines

The following profiles about the companies were gleaned from the companies' websites as well as literature obtained during my visits to their offices. The profiles espouse the companies' values, objectives, operational processes and responses to community initiatives.

Gold Fields Ghana

Gold Fields Ghana is a member of the global Gold Fields family, a multinational precious metals producer with its headquarters in South Africa. The company has four operating mines in South Africa, two in Australia and two others in Ghana. The parent company was formed in 1998 with the amalgamation of Gold Fields of South Africa Limited and Gencor Limited. It has exploration and project development activities across the world. Gold Fields Ghana Limited is owned by Gold Fields Limited (71.1 per cent) and IAMGold, a Canadian exploration and development company (18.9 per cent). The Ghanaian government, by law, holds the remaining 10 per cent. Goldfields' two mines in Ghana - Tarkwa and the Damang mines - are both within our study area.

The company's vision is 'to be a leading globally diversified, precious metals producer through responsible, sustainable and innovative development of quality assets.' In recent times, the company has undergone modifications to its processing plant, opened new open pit mining areas, and increased the rate at which ore is processed. The development of open pit mining areas has created the need for the resettlement of persons living in such communities. The company, meanwhile, maintains that it is committed to ensuring that its 'settlement processes would have little or no negative socio-economic or environmental impact on the lives of the

people affected by the mine.’ It claims its resettlement programmes are guided by fair and transparent negotiations designed to ensure the maximum participation of affected people and institutions; adherence to the laws of Ghana with emphasis on human rights as well as, mining, environmental, and settlement planning.

Gold Fields Limited claims it undertakes its activities in a manner that minimises negative impacts and maximises positive impacts of an environmental or socio-economic nature. The company says it is committed to responsible stewardship of natural resources and the ecological environment for present and future generations. It has since indicated its preparedness to meet the requirements of industry standards with ‘respect to environmental management practices; avoid, reduce or control pollution; take cognisance of, and comply with, applicable environmental legislation, regulations and other requirements to which the organisation subscribes to.’ Gold Fields’ support for community development includes infrastructural developments in the areas of health, water and sanitation, education, and other income generating ventures. In 2002, it established a Trust Fund to ensure adequate funding for its social investments and social partnership activities with its community stakeholders. Funding is based directly on production and profitability through a yearly contribution of US\$1.00 of very ounce produced plus 0.5 percent of pre-tax profit. This constitutes over US\$1 million a year for social investment activities. The company has also initiated moves for alternative business activities for the local communities when production closes at its mines. It also maintains its respect for the human rights and dignity of its host communities and workers as well as an adherence to good standards of corporate governance and applicable laws.

AngloGold Ashanti

AngloGold Ashanti, formed as a merger between Ashanti Goldfields Company and South Africa-based AngloGold in April 2004, has two mines in Ghana; Obuasi which comprises both surface and underground operations is based in the Ashanti region and Iduapriem/ Teberebie mines in Wassa West. Iduapriem (open-pit) mine was combined with the Teberebie mine after a take-over. The Teberebie gold mine is adjacent to Iduapriem and are both operated as one entity. The Iduapriem and Teberebie gold mines are located along the southern end of the Tarkwa basin.

AngloGold Ashanti's environmental philosophy and practice are guided by the company's business principles and environmental policy. The company maintains that its operations are subject to the environmental laws, rules and regulations of the country. AngloGold claims it holds consultative meetings with community representatives, NGOs and representatives from the district assembly on regular basis. It also has a volunteering programme at Iduapriem for interested employees to teach in schools in the surrounding area. A fundamental philosophy of the company is that its operations and activities should contribute towards long-term sustainable development. A central focus of sustainable development activities at Iduapriem is the Hand-in-Hand Programme, an alternative livelihoods initiative, aimed at uplifting the economic and social conditions of communities in the mining areas. The programme was established at the beginning of 2005 through a partnership between AngloGold Ashanti and the non-profit NGO, Opportunities Industrialisation Centre International (OICI), a US-based institution which fosters economic self-reliance through human resource development. The initial funding was approximately \$268,000 (representing about 80 percent of the mine's total social investment budget). The objectives of the programme are to:

- build the livelihood capacity of households;
- develop human capacity in health, nutrition and education;
- augment income-generating activities for the disadvantaged; and
- boost community resilience and participation.

The programme entails training in micro-credit management, food processing and value-adding technologies, animal husbandry and livestock and teacher training for early childhood development centres. Although the programme has been hailed a success, some problems have been encountered in its implementation. The company says there are difficulties in recovering loans from some of the participating groups and individuals.

Golden Star Resources

Golden Star Resources (GSR), formerly Bogoso Gold Limited (BGL), holds a 90 percent equity interest in the Bogoso/Prestea and Wassa open-pit gold mines in Ghana. The remaining 10 percent interest is owned by the Government of Ghana. In addition, the company has a majority interest in the currently inactive Prestea

Underground mine, as well as gold exploration interests elsewhere in West Africa and in the Guiana Shield of South America.

Mining has been conducted at Prestea for years primarily as an underground operation. From 1873 to 1965, there were a number of independent licensees on the current Prestea concession. However in 1965, the then government merged the independent mining companies into a state institution. Owing to lack of sustained investment, the corporation incurred considerable losses over the years. In 1985, a decision was therefore taken by the government to privatise the mine. JCI Limited which won the bid for participation in the Prestea mining operation in 1994 subsequently set out to improve the overall production level at the mine. It soon ran into difficulties. The company subsequently closed down the Prestea underground mine in September 1998 and commenced a process to sell its rights in the project. Workers at the Prestea mine, who opposed the sale, formed a company, Prestea Gold Resources (PGR), to run the mine in December 1998. In June 2001, the government granted two separate leases for the Prestea concession. One lease was granted to BGL, and the second, for the underground mine below this level, was granted to PGR. In March 2002, BGL reached an agreement with PGR to form a joint venture, to be managed by BGL, for the future operations of the Prestea underground mine, which continues to this very day.

Ghana Manganese Company

The Ghana Manganese Company is a privately owned company with 90 percent of the shareholding belonging to the overseas investor, Ghana International Manganese Corporation (GIMC). The other 10 percent by law belongs to the Ghana Government. The mining method is open cast, after which the ore is crushed, sized and graded. The company maintains that its activities are carried out with due cognisance of environmental factors. It has been timely with its submission of its environmental reports. The company has also made serious efforts at proactive reclamation at mined-out areas. In 2002, the company received an award from the EPA as a result of its environmental consciousness.

The company has established a Trust Fund for the infrastructural development of the communities within its catchment area. It also runs the Nsuta Mine Hospital which



caters for both employees and their dependants. The company's biggest social project has been the provision of a 539-bed student hostel for the University of Mines and Technology (UMAT) at Tarkwa. GMC took up this responsibility in order to alleviate the hardships faced by the students at the university, which serves as a feeding institution for the mining industry in the country. GMC sees it as an investment in its future employees hence its desire to improve the quality and skills of the mining workforce.

The relationship between GMC and its direct social environment has become, in the company's view, an intrinsic part of achieving sustainable development. GMC has co-operated with the communities through the Standing Joint Committees, which it established with the communities to sensitise the people on the operations of the mine. The company believes such interactive community relations programmes will go a long way to ensure more transparency and peaceful co-existence between it and its surrounding areas. GMC insists that it is economically empowering the people and building their capacities for employment outside the existing dominant source of employment, which is mining. To date, it has helped communities to acquire both the technical know-how and the practical skills that go with snail and animal rearing, agro-forestry, vegetables, mushroom and fish farming as well as bee-keeping.

The five companies listed above are the major mining companies operating in Wassa West. However, apart from them, there are small-scale operators, some registered and others operating illegally.

Conclusion

The chapter introduced the Western Region and Wassa West, our study area. It provided a detailed report about the study area - its features, particularly, its physical environment, social life and the local economy as well as the companies operating within it. It further looked at the mining operations taking place in the study area and outlined the companies' activities within the communities. The insight provided us with a firm knowledge of the companies' philosophies as well as their operational and social development programmes.

The chapter also provided an insight into the three towns in Wassa West which the study focuses on. In doing so, it drew on their similarities as well their differences. Their peculiar features provided the study with the necessary attributes to see how the communities function. It also provided a basis for us to understand the needs, hopes and aspirations of the communities and of the transformation of these areas as a result of contacts with international business. The various forces linked to globalisation have led to significant shifts in social relations. This has entailed certain dynamics which the study intends to look at in subsequent chapters.

The next chapter looks at the methodology adopted for the study.

Chapter Six: Research Methods/Methodology

6.1 Introduction

The chapter describes and discusses the methods employed in collecting the data. It is organised into five sections. Section one is the introduction to the chapter. Section two presents a reflection of my background experience and knowledge of the study area. Section Three provides an insight into the research process, whilst section four deals with the data collection. Section five, meanwhile, deals with the process of analysis. It is followed by a conclusion which looks at the chapter in its entirety.

6.2 Background to the study

The ‘positionality’ of this study requires some explanation. Its origins lie, to a considerable extent, in a write-up I was commissioned to do for *Panos Features* in the in 1998. It is in part a response to those findings but also to other stimuli, including my reflections on these issues in recent times. In researching this, I was initially attracted to the paradox that seemingly offers little in the midst of plenty. Over the years, I have come to comprehend rural people’s concerns and their desire for improved social conditions. People within rural communities especially those in areas where mining takes place, often resent the severe degradation caused by mineral exploitation. They often bear the brunt of the so-called ‘development’ syndrome. Any benefits they get from the exploitation of their minerals are conspicuously negligible compared with the discomfort they suffer and the huge profits made by the mining firms. Despite putting up with several discomfiting situations, these communities continue to be in deplorable conditions. Escalating development, meanwhile, presents a threat to these people in resource frontiers and also raises environmental and sustainability concerns as their livelihoods and survival are strongly tied to the land.

My own experiences within these communities have exposed me to the level of problems in the area. It has also led me to re-focus on the role of business in society, an issue which over the years has occasioned much interest within academics, communities, NGOs, governments and the business community. I have also had the opportunity to attend meetings, seminars and conferences where detailed issues dwelling on the question of development were discussed at length, all fuelling my deep interest in the concept. My decision to pursue a research programme that focuses

on this aspect of my concern is, therefore, evocative of my desire to reflect on issues I have been confronted with over my professional and social life. Hammersley and Atkinson (1983) have argued that personal experiences may provide motive and opportunity for research. Holliday (2002) makes a similar claim by stressing that, qualitative research can develop from experiences and issues from life and work contexts. This has certainly been true in this case.

Current research in this area has mainly dwelt on the cost/benefit analysis of the resurgence in mining activities. They mostly investigated the level of foreign direct investment inflows into the sector since Ghana embarked on economic reforms (Akabzaa and Dramani 2001). Others that have sought to assess the environmental and social impact have only done so superficially, and rather dwelt much on the vicissitudes of the mineral policy (Tsikata 1997). The reviewed literature revealed few documented cases of community perceptions of mining in Ghana. These were mostly taken up in newspaper write-ups or reports carried out by NGOs. As the existing body of literature on mining in Ghana is skewed towards the impacts of the SAP, there is a paucity of studies that looks specifically at the impact of mining upon people's daily lives and aspirations, and how companies and communities can co-exist and harness resources in a sustainable manner devoid of acrimony. My study attempts to fill this research gap by working within the concepts of corporate social responsibility, resource alienation, power and institutional capacities.

I came to comprehend rural people's concerns and their desire for improved social conditions following my engagements with them. People within poor and rural communities, especially those in areas where mining takes place, daily confront debilitating diseases and other resentful condition. They are subjected to the indignity of having their atmosphere and water sources polluted through mineral exploitation. The lack of social amenities like good drinking water, health centres and schools is also striking. Despite years of mineral exploitation, these communities have not as yet realised the economic development that was envisaged with the exploitation of their resources. Consequently, this has led to strong debates regarding the role of extractive MNCs in mining communities and the Ghanaian economy in general.

Using primarily qualitative methods and supported by documentary research, the main purpose of my research was to identify the socio-economic and environmental impact of mining within the Wassa West district. The research design was carried out in the first year of my study after I had studied the literature on social science theories and methods and acquainted myself with the various aspects of the concept of development.

6.3 Research procedure

The research for this study was done in two stages. The first was an exploratory one conducted in Sept/October 2004 and the second period stretching from March to May 2006. Originally, I planned to pursue my fieldwork in 2004 which would have involved interviewing key ministerial officials in Accra. However, this could not materialise because of a frenzied atmosphere occasioned by the then electioneering campaign in the country. Most state officials were unavailable to be interviewed as they had then hit the campaign trail. The government machinery had seemingly ground to a halt at that point in time. The atmosphere appeared unresponsive to any meaningful research work as a result. In view of this, I spent some time instead visiting a cluster of villages in the Wassa West area to acquaint myself with conditions there. I visited opinion leaders, chiefs and had informal conversations with representatives of the Environmental Protection Agency (EPA), some personnel working within the field or with knowledge of the mining industry and community activists. Some chiefs also took me round their communities where I witnessed at first hand the environmental problems confronting them. I also took the opportunity to assess the social structure of the communities and the way they are organised.

This exploratory or pilot study gave me an opportunity to properly identify and map out the stakeholders that I needed to work with, namely communities impacted by mining, mining companies, government support agencies for the sector, NGOs and community-based organisations. In carrying out the pilot study, I learnt some things that I had not anticipated. The exploratory interviews and observations provided me with enough information about the receptivity, frames of reference and span of attention of respondents. Sieber (1978), for instance, has noted that it is justifiable to consider this aspect of pre-testing under the rubric of qualitative fieldwork since a

great part of the value of systematic pre-testing resides in the gathering of such intelligence.

My experience of the exploratory study has convinced me that the pilot work is invaluable in conducting ethnographic as well as other forms of qualitative research (Sampson 2004). I used the pilot study to refine my questionnaires and interview schedules and also to foreshadow my research problems and questions. As a result, I was able to highlight gaps in my data collection strategy and also to give careful attention to risk assessment and the need to make effective use of my time in the field. The pilot also allowed me to meet community leaders to discuss the study and elicit their support. In terms of the general advantages of conducting a pilot, my experience in Wassa West and the subsequent main fieldwork conducted thereafter, suggest that there are potential benefits in putting 'a toe or two in the research waters' before diving in (Sampson 2004). It also seems to me that pilots are invaluable as introductions to the unknown. Thus, a pilot study might be regarded as essential before large amounts of time are devoted to a project, particularly in the context of today's research works, which are strictly time-bounded and pressured.

On the basis of my exploratory study, I decided to focus on three communities in the district namely, Tarkwa (pop.30, 631), Bogoso (pop. 9,942) and Prestea (pop. 21,844). I, therefore, went back to these communities from March to May 2006 to do the major part of the fieldwork.

I decided to employ a variety of qualitative techniques in order to gather the information that the research seeks to achieve. These involved the use of:

- *Participant observation* and this also allowed for informal discussions with local officials.
- *Elite interviews* with senior managers of the mining firms in order to obtain relevant information regarding their operational activities and thoughts about the concept of development, business and society. Interviews were also conducted with local and government officials, academics, the Ghana Chamber of Mines, EPA and other related bodies.

- *Discussion groups* with the inhabitants representing different shades of opinions in order to establish the type of issues that are important to them.
- *Informal interviews* with community activists and representatives of groups with interest in the mining, business and other related sectors.
- *Documentary analysis* of materials containing information on the phenomenon being studied.

I decided to employ more than one method having in mind that different approaches contain their own set of assumptions about the nature of the social world as well as the kind of data that can be produced. Denscombe (1998) for instance, has argued that seeing things from a different perspective and having the opportunity to corroborate findings can enhance the validity of the data. I was also confident that the use of the multi-method approach would improve the quality of the research since it fits in with the purpose of my research. By resorting to this, I was adhering to Hammersley and Atkinson's (1983) suggestion that methods must be selected according to purposes. Thus, from my reckoning, the multi-method approach tends to give much more confidence and provides some consistency for the data, a fact which Denscombe (1998) agrees with.

Under-pinning this approach was the need to ensure 'accuracy' in view of the debates in social science regarding objectivity, reliability and validity. The exposition of these ideas and their implications for research were well noted. I, therefore, paid attention to issues that will make the research more meticulous and precise. In line with this, I took into consideration May's (1993) suggestion that any research which is aware of these issues and acts accordingly, is more likely to produce an enhanced and systematic study of social life. The use of these methods has been essential in my bid to explore community attitudes and priorities, to understand and appraise both individuals and companies and to gain information in general.

6.4 Data collection

In order to research social life and collect data for subsequent analysis and interpretation, it was first necessary to gain access to sources of data (Gilbert 1997). I adopted the use of ethnographic research strategies of personal observations and

interviews combined with documentary analysis to gain an insight into the issues under investigation. The fieldwork involved visits to the Tarkwa, Prestea and Bogoso communities where I stayed and interviewed groups of local people. As already indicated, the three communities were well placed to serve the interest of the study. The purpose was to ensure, as full and representative a range of individuals as possible to provide an informed and convincing account of social life in Wassa West. In doing this, I was also mindful of the fact that the number of participants for any credible research is a function of the purpose and nature of the study (Silverman 2001). In considering the sampling design, I studied the characteristics of the population and its social situation in order to select respondents from each of the main social groups and also individuals whose knowledge and experience could be brought to bear on the research questions.

Arguments have been made for informed consent before research is conducted on subjects. The view is that people should be informed of the likely consequences among others (Fielding 1997) but Denzin (1970:33) has argued that, 'any investigation that does not deliberately damage the reputation of those studied is ethically justified.' The study rather sought to bring to the fore the issues within the study area and was not aimed at damaging the reputation of the community. No deception was involved in it and participants were not paid for expressing their candid views. Refreshments were, however, offered to those who participated in the group discussions. I also provided a full debriefing at the end of the data collection phase. The debriefing included discussions with the participants to monitor unforeseen negative effects or misconceptions.

As this was not a funded project, there was no vested interest in the conduct and findings of the research by any funding agency which as May (1993) contends, sometimes explicitly impose their own conditions on the research process. I had both a questionnaire and an interview schedule which I administered to company, community and government participants (See Appendix 1, 2, 3). The interview schedule served as a guide and did not fully structure the discussion. All the interviews and group discussions were held in places mutually agreed between myself and the participants, either in their offices, homes, social events or local classrooms.

The low level of education in the communities necessitated the need for the use of the local language, *Twi*, in the administration of the interviews.

Apart from the community respondents, I also interviewed the management of the five mining companies. I further held discussions with officials of the Ghana Chamber of Mines, Ministry of Energy and Mines, EPA as well as other government officials having oversight responsibilities for the mining and environmental sectors in the country. I also sought the views of academics and noted authorities working within the field and obtained relevant documents like the Environmental Impact Assessment (EIA) statements of the companies for my perusal. The EIA reports provided context and helped in revealing the 'pre-mining' conditions of the study communities. Aside from these, newspaper clippings, websites and publications in specialised journals helped me to discern the differing attitudes and commitments of the companies towards community development. These included publications from institutions like the Bank of Ghana, EPA, Geology Department of University of Ghana and the Minerals Commission. I also visited the libraries of the aforementioned institutions. This was done to supplement my other sources of data.

6.4.1 Participant observation

Participant observation encourages researchers to immerse themselves in the day-to-day activities of the people whom they are attempting to understand. Thus in May's view:

if people's social lives are constantly changing, we must become part of their lives in order to understand how it changes; we must participate in it and record our experiences... Knowledge can come only from undertaking detailed and meticulous inquiries through which we generate understanding (May 1993: 112).

The technique of participant observation is in fact a combination of two methods, namely (a) interviewing (which is informal) and (b) direct observation (Twumasi 1986). According to May (1993), it is plausible to argue that participant observation is the most personally demanding and analytically difficult method of social research to undertake. Commenting further on this, May states that it requires researchers:

to spend a great deal of time in surroundings with which they may not be familiar; to secure and maintain relationships with people with whom they may have little personal affinity; to take copious notes on what would normally appear to be everyday mundane happenings; to perhaps incur some personal risk in their fieldwork and then, if that is not enough, weeks and months of analysis follow after the fieldwork (May 1993: 116).

I sought to understand the communities by being part of their environment. This meant I had to experience and understand the matrix of the social setting so that I would be in a position to explain some of their crucial parameters. In order to realise this, I entered into daily informal conversations with the people to discover their social characteristics in order to obtain an insight into their social arena. The following approaches to observation were pursued:

- Their backgrounds and crucial activities
- Norms of behaviour and the interpretation they assign to them
- The goals they are pursuing
- Whether their concerns are related or compatible
- The situation under investigation.

My presence in the Wassa West community involved processes that have been identified by Goodall (2000) to include hanging out with the people in their local context; engaging in verbal exchanges with them; sharing and learning about their everyday practices; digging back into my own and their own memories for likely antecedents to current practices; jotting down notes; writing out the experiences and engaging in self reflection, analysis and editing of the field notes into a narrative. As has been stressed by Hammersley and Atkinson (1983), in ethnography, decisions must be made about where to observe and when, who to talk to and what to ask as well as about what to record and how. Equipped with this forethought, I entered the field knowing very well that adherence to social etiquettes, making myself more accessible to the people, respect for the people and their elders, and general carriage of myself, would be important for the success of my project. I was particular about my dress code and general demeanour. This was not the time for any flamboyant dress up or any linguistic superlatives!

During the exploratory phase of the research, I developed a genuine social relationship and interaction with the people so I was able to forge a bond with them

again, on my return. This gave me an opportunity to enter into daily informal conversations with them. Through this, I was able to discover the meanings they attach to their social acts and the interpretations they assign to them and other social characteristics. These approaches to observation as Twumasi (1986) has advocated, gave me an insight into their social arena.

In entering into the field, I introduced myself to the chiefs of the area as well as members of the local development committee, so as to gain a legitimate entry into the community. I also informed them about the aims of the project and my stated objectives in order to gain their support. The traditional Ghanaian society is close-knit and the best way to reach out to the people is through chiefs and opinion leaders. The chiefs are revered and hold very prominent roles in local administration. Like most places in Ghana, it is only possible to see a chief when a nominal gift such as a bottle of schnapps is presented. I observed this traditional demand by presenting bottles of schnapps to those I met. My position is that this is a healthy development because it helped to establish the necessary consultations with the community. Complying with this practice did not in anyway affect the outcome of my study.

There are certain distinct lines of thought and behaviour when talking to elders within rural settlements. These include sobriety, clarity in diction, and a sympathetic voice. With these in mind, I prepared myself carefully for my meetings in order to be able to talk to them in a manner that they would understand and appreciate. I went into the communities with a lot of respect for the people. During my field work, I wore *batik* shirts and trousers which many of them wear on social occasions. When and where there was the need for a less formal dress up, I ended up putting on a T-shirt. I also spoke the local dialect, *Twɛ*, which enabled me to associate myself more freely with them.

I realised throughout my field work that the people had a strong desire to express their feelings on issues pertaining to their localities. This became evident from the way they approached me. In most of the places I went to, pockets of people looked on with approbation as they waved me on. Others got close to me and engaged me on issues they believe have retarded their development. One man eager to show me the state of destruction in his locality, held my hand firmly, then pulled me and requested that I

follow him to a spot where he showed me the devastation caused to his building. The destruction had been caused by blasts carried out by the mining companies. I was also taken round to a number of places experiencing the harmful effects of mining. Such was the level of cooperation from the communities that I was overwhelmed with offers of help. There is no doubt that their efforts succeeded in providing me with a comprehensive understanding of the range of issues facing them.

I was astounded at the extent of destruction in the communities and also realised why they felt the need to 'help' me. It became clear that their assistance related to the extent of their plight. It was largely borne out of frustration. They felt so helpless that they were prepared to voice out their feelings to whoever was prepared to listen to them. The eagerness they showed was indicative of a people very desirous to explain their circumstances and get a respite immediately. Their fears and expectations were rolled into one, as they all looked to me for help. Many were keen to take me to places where severe degradations had taken place, where cracks had developed in their buildings and where the source of their drinking water had been polluted. I recognised their state of abjection, insecurity and incapacity and their keenness for help.

Although I did not give them any impression that I had the ability to solve their problems, it was clear that my presence as 'someone from Accra' (the capital of Ghana) gave rise to huge expectations of access to centres of power. I, however, explained to them that my only help would be to make their views known as widely as possible through the work that I was undertaking.

Living in the community was difficult, perplexing and exciting. It was difficult because of the conditions there; lack of good drinking water, intense rainfall and the warm climate curtailed some of my trips to some villages on a number of occasions. Whenever it rained, the experience was quite shattering. The rain-soaked sections of the untarred road were very difficult to use during my fieldwork. Long stretches of the road network remain unmotorable in the rainy season and a taxi I once used got stuck in the mud. Besides, I had to resort to the use of boots, quite discomfiting though, to get to certain places when it rained. Most days, I would come back from various interactions tired and worn out either from the scorching sun or the intense rainfall. Despite the discomforts, the close collaboration I had with the people kept me going. It ensured I had as much information as I needed in what became for me an intense

personal adventure. The most exciting part of my fieldwork was the numerous friends I made. Working with them was thrilling. I attended some social gatherings and observed other cultural activities as well as how the chiefs sat in courts with the people around them.

There were two things I discovered - the information I had and the perspective I obtained – both were very important to me in my analysis of the situation. Apart from my observations, I was also aided by informants who helped me to pursue other leads they provided me with. I, therefore, had a deeper insight into the prevailing situation in the area based on the support I had from the community members. I also came to realise that observation is a highly skilled activity for which an extensive background knowledge and understanding is required. The experience I gained from the project helped me to be able to spot significant events.

Justification offered for ethnography often involves the argument that it enables us to capture social reality more accurately than other approaches (Hammersley 1992). It also tends to emphasise the importance of understanding things from the point of view of those involved. Ethnography has been referred to as a curious blending of methodological techniques (Denzin 1970). Hammersley and Atkinson (1983) describe it as simply one social research method, albeit a somewhat unusual one, drawing as it does on a wide range of sources of information. According to McCall and Simmons, it includes:

Some amount of genuinely social interaction in the field with the subjects of the study, some direct observation of relevant events, some formal and a great deal of informal interviewing, some systematic counting, some collection of documents and artefacts; and open-endedness in the direction the study takes. (McCall and Simmons 1969: 1)

By using this method, I was able to illuminate aspects of the culture in Wassa. This enabled me to come to terms with the issues in the area. Denscombe (1998) has gone further to indicate the depth and detail of things witnessed first hand with the use of ethnography. He argued that the crucial factor from this position includes the accuracy of what the research portrays and the insights it offers about the situation being studied. Observing and studying the Wassa people, has proved important, in

that, it has given me a practical guide as to the people's perceptions and behaviour. I fully agree with Machin's (2002) contention that when ethnography is done properly, it can reveal things about the social world that other methodologies cannot. I also share in Denscombe's (1998) belief that ethnography provides us with data which are relatively rich in depth and detail and which has the potential to deal with intricate and subtle realities. Alongside these attributes, it is my firm belief that ethnography is particularly well suited to dealing with the way members of a culture see events. This clearly became conspicuous during my fieldwork.

In ethnographic practice, wide and meaningful differences govern how raw data is collected and recorded (Goodall 2000). The general principle, according to Goodall however, is that each ethnographer learns, develops or evolves a preferred style of being in the field and with it a preferred field note practice emerges. Fielding (1997) has indicated that recording the field notes is the observer's *raison d'être*. In pursuing this, I was aided by my mental notes, jotted notes and full field notes. The taking of mental notes is a skill I developed whilst working as a journalist. I used these in areas where I felt my note taking would distract my informants. In some instances, I also resorted to the use of jotted notes in certain settings which, I believe, were not conducive for full notes to be taken. I also incorporated Lofland and Lofland's (1984) advice to ensure good reportage by ensuring that I have accurate description of how many people were present, the physical character of the setting, who said what and to whom and basically a general characterisation of the order of events. Besides, I recorded my own personal impressions and feelings in line with the position of Fielding (1997) who accentuated that it is essential to do so.

In spite of its significance, there are certain misgivings of ethnography as a research strategy. Machin (2002) has indicated that ethnography does not provide a transparent way of representing the social world. Machin's argument is that a person cannot produce anything other than his or her personal view. This leads him to conclude that a personal view is not representative of the social world. On the contrary, by interacting with the people, I acquired a perspective which was somehow different from one that I previously had. For instance, although I had some fore-knowledge of the terrain and the problems inherent there, my subsequent and thorough exposure to the area opened a new kind of realisation which, I believe, was far different from my

previous or personal view. In my thesis, I have documented the gravity and state of the degradation in the villages and this account is a far cry from what I expected or understood before I conducted the field work. Nevertheless I feel confident that another ethnographer would not produce an account of the impact of mining in Wassa West that differs dramatically from mine.

6.4.2 Semi-structured elite interviews

I also conducted interviews with the management of the mining firms.

Representatives of the five mining companies were interviewed in their head offices in Accra, where all their senior personnel are based. In all, four representatives took part in the interviews. Although there are five companies involved, two of the companies belong to Golden Star Resources, hence the representative answered questions relating to the two companies involved. They were all represented by management staff whose responsibilities included public relations, community and social development. See Table 6.1 for list of management representatives.

Table 6.1 Representatives of the mining companies interviewed

Company	Principal	Representative
AGC Iduapriem	AngloGold Ashanti	John Owusu General Manager, Corporate Affairs
Goldfields Ghana	Goldfields South Africa	Anthony Aubynn Manager, Corporate Affairs and Social Development
Abosso Goldfields	Goldfields South Africa	Anthony Aubynn Manager, Corporate Affairs and Social Development
Bogoso Gold Ltd	Golden Star Resources	Magnus Adjakojo Manager, PR
Ghana Manganese Company	Ghana International Manganese Corporation	Rex Agyemang Administrative Manager

Aside from the mining firms, I also interviewed officials of the EPA, the Ghana Chamber of Mines and the Ministry of Mines in Accra, whilst an interview with Wassa West Chief executive, Emmanuel Ayensu took place in Tarkwa in his office.

Prior to the interviews, the respondents were informed about the purpose of the interview. This was meant to stimulate their interest and to create a relationship of confidence and understanding between us. The interviewees were given the opportunity to develop their answers outside a semi-structured format and clarifications were made to ensure they understood the questions. Probes were used as a technique to stimulate discussion and to obtain more information. The advantage being that, probes motivate respondents to elaborate or clarify answers or to explain the reasons behind the answers (Frankfort-Nachmias and Nachmias 1992). In general, the less structured the interview was, the more I used probes to elicit further information.

Three considerations were made concerning the interviewees. Specifically, I checked whether the interviewees had access to the information that I was seeking, whether they knew what was required of them as interviewees and whether they had the motivation to participate in the interview. The structure of the questions afforded them the opportunity to warm up to the interview. In setting the stage for the interview, I asked other questions before I finally came up with the actual issues that I wanted to delve into. I used the inverted funnel sequence because it seems the most appropriate for motivating respondents. Frankfort-Nachmias and Nachmias (1992) have explained the significance of this by reiterating that it is helpful to use narrow questions before the main questions are asked. I also sought clarification and elaboration on the answers that were given. This allowed the respondents to answer more on their own terms rather than the standardised interview permits. Since it is relatively simple for respondents to tick pre-coded categories, I felt that answers that are unrestricted require more thought and consideration.

There were some difficulties in getting access to the firms and some state organisations to collect data. Whilst members of the community were eager to talk about their problems, most firms hid behind bureaucratic tendencies to frustrate me. Cohn (2003: 320) realising this trend has asserted that, 'as private enterprises, MNCs are reluctant to provide information about themselves, and they are particularly adept at obscuring their activities.' In some instances, I was made to wait for clearance from the head offices of some of the firms in Accra, before I could talk to their officials at the mining sites which I visited.

It is significant to note what Grant (2002) has said about data collection in Ghana. In an article entitled, *'Foreign Companies and Globalisation: Evidence from Accra, Ghana,'* Grant touched on the time-consuming endeavour he went through in collecting data from Ghana. He noted the lack of comprehensive and reliable data on many foreign companies in the country and stressed that Ghanaians are at 'ground zero' in terms of collecting data. I found this problem persisted with local companies as well. However, the support from the Ghana Chamber of Mines was tremendous in easing the way for me to reach certain project officials and data.

Regarding certain government officials, I gathered that the most effective way to approach them was to have powerful allies within government circles. Fortunately for me, some of my friends in the government helped me in this direction. For instance, a friend of mine who happens to be a District Chief Executive (DCE) in a nearby district facilitated the meeting that I had with the Wassa West District Chief Executive and other officials of the area. He booked an appointment on my behalf after I had tried in vain to see the Wassa West DCE. The problem of gaining access became obvious too when I embarked on my project. Some officials were not available initially while others though willing to talk would not divulge certain information following my probes. Some had pressing concerns that generally left little reason to cooperate. I also came to feel that access is not simply a matter of physical presence or absence thereof, rather, it is far more than a matter of granting or withholding of the information, data and permission for the research to be conducted. Others, rather unconsciously, perhaps made the interviews quite difficult and uninteresting. There were occasions when I lost interest in some interviews because respondents' phones went off at every step of the way. In one instance, I asked a respondent whether I could continue the next day but he insisted we could go on. Incidentally, the phone went off again despite his assurance. That interview lost its momentum and in the end, we had to rush through to finish up quickly in order not to be caught up with another of his long list of waiting calls. I realised much to my chagrin that, that is the case with many 'senior officials' in the country. They are always busy or appear to be so, which in any case is an indication of their 'importance' or how they just want to be seen.

Another observation I also made was that representatives of the mining companies who I interviewed were extremely curious about the data that I was collecting. They were concerned about the outcome of my investigations. Hammersley and Atkinson (1983) have noted this concern too. According to them, whether or not an entry is granted to a researcher, people with the power to do so would generally and understandably be concerned as to the picture that the ethnographer will paint. Even after the interviews with the company managers were over, the management staff were deeply concerned about what I had written. They were quite eager to check whether I had properly captured the substance of the interviews. As such, on a number of occasions, I went through notes of the interviews and ensured they were satisfied that I had captured their responses satisfactorily.

6.4.3 Group interviews/discussions

Group interviews constitute a valuable tool of investigation (May 1993) and have been used extensively to study group norms and dynamics. The characteristics of the area offered me an idea of the social situation. Since the population had different backgrounds, i.e., farmers, women, unemployed, employed etc, I sought out these different categories in order to get the views of each entity. I found out that some people had multiple roles. There were farmers who also doubled as small-scale miners; some worked for the larger mines and yet indulged in illegal mining activities or opinion leaders who were unemployed. In such a situation, it was possible to have participants who represented the different layers of the society.

Description of Study Participants

I interviewed individuals from the three communities. Their educational backgrounds varied considerably. Only two of them had had tertiary education. However, 26 participants had been to either secondary or elementary schools. Two participants incidentally never had any formal education.

Table 6.2 Characteristics of Participants

Characteristics	<i>Tarkwa</i>	<i>Bogoso</i>	<i>Prestea</i>	<i>Total</i>
Sample Size	10	10	10	30
Gender:				
Male	7	8	6	21
Female	3	2	4	9
Age:				
Range of Age	22-62	25-69	33-59	
Education:				
No education	2	0	0	2
Elementary/Sec/Tec	7	9	10	26
Poly/University	1	1	0	2

Source: Computed from data interview

Selection of participants

The first problem I encountered was figuring out the number of participants for the study. Following an appeal I made, representatives from the communities obliged me with their participants, whom I screened until I had 10 people each from Bogoso, Tarkwa and Prestea. These were those I reckoned could undertake the project. The respondents were grouped together and interviewed on each occasion in their communities. The choice was arbitrary. In my view, such a number was adequate for the study. This was also in line with Arber's (1997) assertion that many sociological works have focused on many specific sub-groups of the population for which sampling frames were not readily available. My sample size of 30 community participants was based on the view of qualitative researchers that the responses of sampled participants are not intended to generalise the views of the total. Instead, it was to document in detail the opinions and perspectives of a group in order to shed light on a topic of interest (Kvale 1996; Baxter and Eyles 1997; Bradshaw and Stratford 2000).

The group discussions sought to assess:

- How several people within the community work out a common view.
- Consensus formation.
- Group dynamics.

- How they interact in considering an issue and how they react in disagreement.
- Identifying attitudes and behaviours which they consider as socially unacceptable.
- Their experiences with the mining firms.

In adhering to the objectives of the study, I picked respondents who could answer the research questions and those I judge to typify the views of the groups. But as Twumasi (1986) has indicated, it is quite difficult to know without explicitly stated criteria, how to determine typicalities. I, however, overcame this by making sure the informants had the requisite knowledge to represent their categories. I sought out respondents according to their current state of knowledge and how relevant their views could typify such categories. The group interviews were focused around particular topics and were organised in order to substantiate and develop a lot of information gained from other sources.

Rationale for the Selection of Community Participants

The key respondents in each community included representatives of *farmers, women, unemployed, workers* (large-scale miners), *opinion leaders, youth, small-scale miners, community activists* and *community elders*. I selected community elders with a strong attachment to their community and who in my view had knowledge of ‘pre and post-large-scale mining’ activities in the area. This information was required to enable me make an informed opinion on the ‘before and after’ situation in the communities. Their presence was particularly relevant as I considered them as ‘experts’ who could provide a better insight into issues in the community.

Opinion leaders were also included because in most socio-economic studies, this group’s importance is often highlighted. They are credited with having special insights into problems prevailing in any locality. They are often the first point of contact when an activity is to take place, especially in rural settings. Together with the chiefs and elders, this group wields a lot of influence in their communities. The mining companies therefore prefer to see them when they embark on their ventures. This group, therefore, has an in-depth knowledge of issues than the average resident. Apart from an ability to provide an insight into the myriad of problems in the area, the views of opinion leaders are often taken on board.

The inclusion of farmers was made on the basis that they are the most affected group following the upsurge in large-scale mining activities. They have had to vacate their lands for the mining companies. They are also locked in an on-going battle with the mining firms over land, compensation and resettlement issues. I also assessed the views of both employed and unemployed persons. Employment is a promise of resource development in local communities particularly for the locals (Burdge 1995) so it was important therefore, to see what issues the locals had, either as unemployed or employed persons.

In considering the gender implications of resource development, the study found it fit to consider the views of women. This is a feature of social research that has recently come under close scrutiny. The inclusion of women in the study was significant in view of resource alienation's repercussions on women. The social set up in rural Ghana is such that women do not have the same rights like men. Although this sort of discrimination is ebbing out, there are pockets of areas, where it is still dominant. The structural position of women in rural Ghanaian society and their consignment to the domestic sphere, made it particularly likely that women would welcome the opportunity to discuss their fate with a sympathetic listener.

As already explained, age and for that matter social groups are significant in this locality because of their bearing on social characteristics. Age has a bearing on the different kinds of relationships in these rural settings. Therefore, I engineered a blend of the youth and the elderly to ensure divergence in the views of the informants. I felt this diversity enhanced the richness and depth of community experience about mining activities in the study area.

In furtherance of its objectives, the study also included illegal small-scale miners. It provided a voice for people like Kwame Atobrah, who has been an illegal miner for many years. Illegal mining has enabled many of the youth to make ends meet. In the case of Atobrah, he has been able to use the proceeds of mining to pay for his children's education, some up to university level. Many illegal miners feel both the government and the mining companies are denying them of their legitimate right to exploit the resources in their area. The study gave them an opportunity to voice out their concerns and their aspirations.

Lewis (1992), for example, has noted that group interviews hold the prospect over individual interviews. In my study, they generated rich responses by allowing participants to challenge each others' views. This proved quite fitting for me because it offered me a platform to verify data obtained through other methods. It, thus, helped to enhance the reliability of my data. I also realised that some unpopular views were drowned by the more vociferous ones during the sessions. Some participants who appeared to have certain views deemed contrary to that of the majority were dismissed by the more eloquent ones. Others, meanwhile, just had to moderate their views because those views did not find note with certain members of the groups. I noticed that on some issues, those with contrary views held back for fear of a backlash whenever many participants towed a particular line. There were some who concurred especially with those who seemingly had made an impression or proved very articulate. In view of these, it was quite difficult to know exactly the actual thoughts of these people on some of the issues discussed. It also appeared that some respondents were a bit nervous and therefore allowed others to impose themselves on them. Their views therefore did not find note.

Despite these problems, the general discussions proved worthwhile as major issues were debated and interesting viewpoints were expressed. The group responses took account of the situations of others present and provided different perspectives on issues. As a result, the group discussions provided a valuable insight into both social relations in general and the examination of processes and social dynamics in particular. The men generally dominated the discussions. The women had less certainty of success because their views were often scowled upon by the men who always wanted to take centre stage. I witnessed that conversations between men and women are structured in a way that women's views are subjugated as men tend to dominate discussions. There seem to be no mutual exchange of views without social power operating. I sought to redress this imbalance by providing the women with the needed platform to state their case. Significantly, those women respondents who stood their grounds and voiced out their opinions, indeed, added some bite to the discussions (and a new dimension) with their compelling stories.

Organisation of discussions

I had to strike a balance between the groups being too small for interactive study or too large which in any case could have prevented the group members from participating effectively in the discussions. I taped all the group discussions I had in each of the three communities. I did this in order to free up time to moderate the discussions properly. I realised that it would have been virtually impossible for me to take notes in those instances in view of the various interventions that were made by group members. Initially, I sensed it might pose a problem for some of the participants. However, all the respondents agreed to my use of a recorder after I had explained the need for it. The recording assisted me in my interpretation as it allowed me to concentrate on the conversation and record the non-verbal gestures of the interviewees during the interviews. The intensity with which they gave their accounts enabled me to construct what I have deemed as a genuine reflection of the people's experiences. I realised that a comparison of people's accounts is enhanced by focusing on the ways in which different people relate their experiences.

The interviews were recorded in the local language *Twi*, which the participants were very conversant with. They lasted between two and three hours in each locality. All the interviews were held in places that were jointly agreed with the participants. The interview schedule was aimed at covering all the research questions. Early analysis of the data was fed back to participants for comment to ensure validity. The data analysis was organised according to the emerging themes.

The group discussions proved to be an important and helpful part of the research. It provided me with a consistent set of data on issues relating to the impact on mining and the changes that mining had produced in the area. The involvement of people with a variety of experiences allowed me to situate better the observations and conversations I had been having in the communities. They were also interesting, in that, as a permissive and non-judgemental environment, the group setting was quite an unusual experience for the participants. While respondents were quick to reveal a lot about themselves and their feelings in relation to the issues, I was often left with the feeling that much was still kept hidden, and that the norms and power relations of the area were maintained within the group. Some disclosures, I felt, did not reflect spontaneous feelings or thoughts but were made to avoid alienation. As a way round

this, I implored the respondents to share their views even if such views differ from what others have said. Sometimes this was successful. After the completion of group discussions, I played back the interview tapes to get a sense of what the respondents said and to identify patterns and themes as they emerged.

6.4.4 Informal conversations

Some of the conversations I had were chance meetings whereupon I was able to talk to personalities over social events I attended during the course of my fieldwork. As such, these were brief whilst others lasted for over an hour. I maximised these chance meetings to build up my knowledge of the research topic. Informal conversations like this provided me with an opportunity to discuss quite pertinent issues. I did approach people I felt had some information that would be relevant for my study. A similar strategy for selecting informants was based on what Glaser and Strauss (1967) call 'theoretical sampling' in which who is interviewed, when, and how was decided as the research progresses.

I also had numerous informal conversations with some of the residents. Unlike formally constituted group discussions, the informal conversations were neither time-bound nor limited in terms of respondents. The respondents were engaged in chats which began and ended in like manner. Some, meanwhile, became formalised. For instance, I asked someone who narrated an incident to me to see me the next day for some discussions as I found her story quite interesting. She followed suit the next day and I heard much more from her in much the same way that formal interviews are set up after informal discussions.

The informal conversations I conducted provided depth by allowing the interviewees to talk about the subject matter in terms of their own 'frames of reference.' It provided me with a greater understanding of their point of view. This approach also helped to challenge the views of official accounts of events. My interviews generated lengthy responses. I also spent some 'free' time in the offices of Wassa Association of Communities Affected by Mining (WACAM), an NGO working in the interest of mining communities at Tarkwa, where I observed their activities and listened to concerned people who popped in to consult the officers regarding mining-related issues.

6.4.5 Documentary Analysis

Documentary research reflects a broad spectrum of both perspectives and research sources. With that in mind, I oriented myself to the field situation, the research objectives and methods of social investigation by consulting and reading existing documents. Towards this end, I consulted the literature for past and present studies of relevance and also visited relevant institutions to get materials. I made major use of publications from the Ghana Chamber of Mines, the Bank of Ghana, Minerals Commission and other notable authorities. I also used the mining firms' Environmental Impact Assessment (EIA) reports lodged with the EPA in my assessment of their social investments. Documents on community assistance activities helped discern the differing attitudes and commitments of each company towards community development.

The documents that I dwelt on were quite fundamental to my study. One advantage I had in this respect was that I got to know certain incidents that had happened in previous years in the study area from reports filed by eyewitnesses. These first hand accounts seemed quite compelling. Besides, from reading the stated intentions of companies on their websites and their behaviour, I was able to determine the gaps inherent in them.

6.5 The process of analysis

In line with Huberman and Miles' (1994) observation, I decided that it will be necessary first to work towards a set of analytic categories that are conceptually specified. These categories were arrived at deductively. The data were summarised, coded and broken into themes, clusters and categories. I subsequently moved to a stage where I could interpret the data and draw meanings from them. In doing so, I decided to look for comparative and contrasting cases; noting and exploring themes, patterns and regularities. Finally, I interpreted the data in order to assist me in drawing my conclusions.

6.5.1 Recording and transcription

I taped all the group interviews I had in the communities. I did this in order to free up time to moderate the interviews properly. I realised that it would have been virtually

impossible for me to take notes in those instances as a result of the interventions that were made in the group interviews. Initially, I thought it might pose a problem for some of the participants. However, all the participants agreed to my use of a recorder after I had explained the need for it. Fortunately, in the course of the discussions, many even forgot the sessions were being recorded. The recording assisted me tremendously as it allowed me to concentrate on the conversation and record the non-verbal gestures of the interviewee during the interview (May 1993).

After the completion of my interviews, I played back the interview tapes to get a sense of what the respondents said and to identify patterns and themes as they emerged. I then transcribed all the interview recordings. After I had fully written up, I decided to do a physical coding. As a general guide, I resorted to Hammersley and Atkinson's (1983) suggestion to use physical sorting when there is a large amount of data but with few categories. I felt that technique had relevance for my work. The thematic headings emerged from the main parts of the raw material. Subsequently, I ordered them into categories by cutting and pasting them in the requisite categories.

6.5.2 Selection of categories

I had some ideas about categories before the data was collected. However, I knew there might be dangers in placing too much reliance on preconceived ideas. It was helpful to identify certain categories in my questionnaires. They were modified several times during the process of analysis. These depended on how effective they proved as descriptive tools. As such, they were by no means prescriptive, instead, they were a means to organise the issues thrown out by the data. They did, however, have a fit with the research aims. This development, therefore, implies an overall continuity between the research aims and the data that were produced.

The identification of categories, as has been argued by Hammersley and Atkinson (1983), is a central element of the process of analysis. As a result, the list of categories generally underwent considerable changes over the course of the research. In line with that position, I ensured I bandied around ideas and issues that had some connection with my data.

Table 6.3 Selection of categories

Land	• We have an inalienable rights to our land - it is a gift from our forefathers; posterity will not forgive us if we sell what is supposed to be our birthright.
Compensation	• We need adequate compensation for the lands taken away from us.
Human Rights	• No access to land; farmlands taken away; inadequate compensation, no means of shelter - resettlement issue not being tackled effectively; • Pollution – water, air • Bear the greatest impact
Corporate Responsibility	• Lack of amenities – roads, clinics, drinking water, education • Government neglect of rural communities – companies are surrogate government
Benefit Sharing	• Own the resource – provide resource to the enterprise; • We are also stakeholders; we deserve a share of the benefits as a gesture for hosting the mine
Development	• Having basic necessities • Self-development

By exploring and consolidating codes in the manner shown above, I managed to make connections between evidence and concepts so as to build a web of support in the qualitative data (see Miles and Huberman 1994; Neuman 2000;).

Conclusion

The chapter discussed the various methods used and explained their significance to the research. It also detailed my experiences from the study. My experiences in Wassa were exciting. I got to reconsider a lot of things that I had previously taken for granted. The accounts provided by the informants were not dismissed nor treated as valid in their own terms and hence, beyond assessment and explanation. Instead, they were examined as social phenomena occurring in and shaped by particular contexts. At the informal end of the spectrum, there were many lay accounts of everyday life that one can definitely admire. These everyday activities were incorporated in a manner that could furnish analytic and interpretative resources. I got to understand the people and their concerns, as well as their mindset as I lived in daily contact with them. I managed my perception of the difference between noting physically what can be seen and heard and noting what this means and why it is significant.

My role as a participant observer proved quite absorbing. Though exciting, it was also fraught with difficulties ranging from poor road network issues to overzealous communes keen to express themselves at the least opportunity, a situation that sometimes made it impossible for me to stick to my schedules. I found that the communities welcomed the opportunity to air their problems and to have their situation analysed by someone who understood their conditions. I can certainly say the fieldwork has made me to understand much better the problems confronting these communities and has certainly reinvigorated my thoughts about issues relating to business and society.

The next chapter reflects on the changes that have taken place in recent times as a result of the impetus given to large scale mining in the study area.

Table 6.3 Selection of categories

General/Major Themes	Codes Themes: Community Responses
Land	• We have an inalienable rights to our land - it is a gift from our forefathers; posterity will not forgive us if we sell what is supposed to be our birthright.
Compensation	• We need adequate compensation for the lands taken away from us.
Human Rights	• No access to land; farmlands taken away; inadequate compensation, no means of shelter - resettlement issue not being tackled effectively; • Pollution – water, air • Bear the greatest impact
Corporate Responsibility	• Lack of amenities – roads, clinics, drinking water, education • Government neglect of rural communities – companies are surrogate government
Benefit Sharing	• Own the resource – provide resource to the enterprise; • We are also stakeholders; we deserve a share of the benefits as a gesture for hosting the mine
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were examined as social phenomena occurring in and shaped by particular contexts. At the informal end of the spectrum, there were many lay accounts of everyday life that one can definitely admire. These everyday activities were incorporated in a manner that could furnish analytic and interpretative resources. I got to understand the people and their concerns, as well as their mindset as I lived in daily contact with them. I managed my perception of the difference between noting physically what can be seen and heard and noting what this means and why it is significant.

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Chapter Seven: Mining FDI: Corporate Policies - Community Frustrations

7.1 Introduction

The structural adjustment programme in Ghana placed considerable emphasis on the need for FDI in the country's extractive industry as this seemed the most likely way to increase the needed external capital for its development. In this process, both the government and the mining firms frequently pointed out the benefits of large-scale mining to the country and in particular to the mining communities. The government envisaged that Ghana's mining hub, the Wassa West district, had the potential of being developed appreciably in ways which could reduce poverty and generally raise living standards.

Decades after, the communities seem to lack any physical manifestation of the monies accruing from the mining activities. The residents have complained that neither the government nor the district assembly, which oversees operations at the local level, is bent on using such monies to ensure a meaningful development programme. Studies have, meanwhile, shown that governments in developing countries often appropriate the rent from mining and devote an insignificant part to communities where the mining takes place (McMahon and Strongman 1999; Akabzaa and Dramani 2001). This has been the case here too, leading communities to make enormous demands on the companies.

The chapter explores the reasons for the disappointing situation. It looks at the community expectations and the company response to these. It analyses the various viewpoints and outlines the consequences for these differences.

7.2 Community expectations

Given the way in which inward investment and the arrival of multinational corporations had been strongly associated with 'development' by the Ghanaian government, I was keen to find out the expectations that the people in Wassa West had in the pre-mining reform era. During the group discussions, I asked each respondent to rate the community's expectation of development before the mining companies arrived. This was done on the range of 'very high' to 'very low'. The

responses are contained in Table 7.1 and it is clear that the communities had very high expectations of the mining companies when they arrived.

Table 7.1 Community expectations of development

Ratings	Prestea	Bogoso	Tarkwa
Very High	7	6	3
High	3	4	7
Moderate	0	0	0
Low	0	0	0
Very Low	0	0	0
Total	10	10	10

Generally, there was a high discernment that the fortunes of the communities would be brighter following the advent of the international mining companies and the upsurge in mineral exploitation. Both the government and the mining firms had underscored this at various forums with the mining communities. A typical remark by a respondent epitomised this position.

Both the government and the mining companies have indicated that our communities would improve considerably as a result of the mining activities so we welcomed the mining firms with open arms (Group discussion, Prestea).

Another retorted that,

We've heard of investments like this paying off in many mining communities. Buoyed by this we hoped our communities would benefit tremendously because of the considerable impact that mining can make in such areas (Group discussion, Bogoso)

Significantly, those in Prestea and Bogoso had the highest expectations. However respondents in Tarkwa, although optimistic of the prospects, were not as expectant as the other communities. It can be inferred that Tarkwa, which is more 'developed' in comparison with the rest, has less unmet needs compared with the two other towns. In the light of these comments, the groups were also asked to assess their current situation and the extent to which, if any, their expectations had been met by substantial improvements in their communities. There was a remarkable contrast in the responses. The respondents were overwhelmingly disappointed with the way

things have gone. A significant majority of them accused the companies of not doing enough to develop the local communities. It became quite clear that the general lack of development initiatives or rather the slow pace of the process, had led to strains in the relationship between the communities and the mining companies. A respondent from Prestea explained,

Our expectations are reasonable. They [companies] came here and promised us so much. They pledged to provide us with jobs, pay for the crops they destroyed and asked for our cooperation. We accepted them into the community with the belief that we'll all work together for our mutual benefit. We thought everything will be fine, but this hasn't been the case. Where are the jobs they promised us? What of the roads? Nothing significant has happened since. Now they are throwing us off our lands and haggling with us over how much should be paid for our destroyed crops and lands taken away from us (Group discussion, Prestea).

Another commented:

We need good roads, schools and hospitals and even jobs. The mining companies use our resources to make huge profits. It's fair that they use some of the profits to develop our community. I don't think we are asking for too many things...just the simple things in life (Group discussion, Prestea).

They also expressed concern that the local economy has not had any boost since the upsurge in mining activities. A respondent indicated,

We're still where we were yesterday. I thought their presence would lead to a major boost in our economy, but it hasn't worked that way. The mining companies don't even do business with us. The local economy hasn't improved the slightest. They've shut the door on us. In fact we've not really benefited that much from them (Group discussion, Tarkwa).

Although respondents acquiesced to the feeling that mining could be beneficial and also agreed the mining companies have an important role to play in community development, the consensus was that the companies have wavered in this direction. They stressed that the provision of income-generating ventures, infrastructural development and the purported potential boost to the local economy, which they were promised prior to the commencement of the mining projects, have been quite negligible. In a way, they felt they had been betrayed by the mining companies. This

view is informed by a perceived insensitivity on the part of the companies to seriously address the development of the mining communities. Throughout the interviews, statements like 'our resources' and 'our land' became very pronounced. The emphasis notably reflects the respondents' desire to hold on to what they believe is theirs.

In effect, the contention of the respondents was that the expected turn around has not materialised and that they have not fared much better as a result of the upsurge in large scale mining. They felt they have not gained much relative to the economic viability of the mines and the profits being made by the mining firms. The respondents were strictly speaking not against the presence of the mining companies. However, their seemingly dislike for large-scale mining was informed by four considerations. Firstly, the communities knew the resource they have is not renewable. Conscious of this, they felt they had to attain a certain level of development before, for instance, the mines were closed, and that meant, requesting for more assistance from the mining companies. Secondly, the affluence displayed by the mining companies in their living quarters irritated the local communities because whilst they bear the brunt of mining's problems, they still remain the poorer. This made the inhabitants very intent on demanding more from the companies. The communities' stance was also to drum home the point that they can make a legitimate claim to their resources. Thirdly, the respondents were also dissatisfied that the companies had failed to fulfil the payment of realistic compensation for crops and resettlement schemes. Finally, the local communities had expressed anger at the way they have been treated by companies. They claimed they have been overlooked in terms of job placements within the companies.

From the analysis, it became clear that the community dissatisfaction arises because of the high expectation for employment, community development, and compensation. The dissatisfaction, in a way, was fuelled by perceived corporate promises made to the people when the mining ventures began.

7.3. Rationale for community expectations

The socio-economic condition in Wassa West prior to the upsurge in large-scale mining activities was relatively devoid of any serious rural investment. This is

because of the government's lukewarm attitude towards rural development. Years of neglect by the central government have stultified the development of the rural communities and, even though aggregate national economic growth continues to be propelled by rural production, the disparity between the development enjoyed by the geographical and institutional centres of power and the marginalisation of the rural areas has always pertained (Aryeetey et al 2004). The current process of economic liberalisation created a basis for the state to pull out from social investments, removing even the small amounts of social support that existed in areas like Wassa West. In this context, the onus fell on the private companies, who began to be perceived as a 'surrogate government' by the people. The presence of the companies, therefore, presented a feeling of hope for the communities, especially those in rural areas like Wassa, where my observation and available data confirm a state of abject poverty.

It became obvious during the discussions that the people's expectations were often based on alleged promises made to them by the companies prior to the commencement of the mining projects. Company officials reportedly made assurances regarding improvements in the daily lives of the people and even engaged local people in meetings where efforts were made to convince them of the benefits to be derived from the huge mining investments. Both government and company representatives have always stood by these rationalisations stressing that, mining brings enormous benefits to the communities.

The communities were convinced they would receive compensation packages for the menace associated with mining. They were imbued with the feeling that they would be entitled to a reasonable share of the mining benefits because it is *their* mineral resources that sustain the mining operations. This feeling, based on what they perceive as the huge profit margins the companies make, has led them to make numerous demands on the companies.

7.3.1. Unrealistic expectations?

But the companies have dismissed the idea that they fostered unrealistic expectations in the communities, although they admitted that they assured them of the potential benefits of the mining projects.

We only made them aware of what could happen to the community with our investments. That does not in any way imply that we need to provide jobs for everyone (Interview, GMC).

Another pointed that,

Yes, we assured them of the potential benefits, but are they not realising some of those benefits? Has mining not offered them better prospects - roads, clinics, schools, and even jobs? (Interview, Goldfields).

The companies maintained they have done enough for the communities, given the constraints they face. Their position is that the frequent demands by the communities often leave them in 'uncertain territory and quite divorced from their core business activity.' A respondent for the mining companies stressed,

We pay royalties to the government, part of which is supposed to be used in developing the communities. Yet we're also expected to take on the role of government by bringing development to all these areas. This is a massive task for us. We always try to do what we can but it seems the demands from the communities are somehow quite unreasonable (Interview, AngloGold).

This criticism of the government was a common response.

Royalty payments have not been translated into any meaningful community development. The disbursements have left a lot to be desired. The government's inability to use such monies effectively has led the communities to believe that mining firms are not putting much into the communities. This, undoubtedly, has affected business -community relations, as the communities feel we are insensitivity to their plight (Interview, GMC).

The mining companies catalogued a series of assistance programmes to the communities. These included infrastructural and development assistance programmes over the past years. Significantly, the companies pledged to do a lot more in their community development programmes. This, they said, is indicative of their interest in developing their host communities.

We have a policy to forge close ties with communities within our catchment area. We think it's appropriate to help them. We also believe our business can only thrive in a friendly and

conflict-free atmosphere where we can work in partnership with our host communities
(Interview, AngloGold).

The demand on the companies has also heightened because the communities are aware of the unstable and precarious nature of mining and its international organisation. The respondents recalled instances where changes have been made in the ownership of mining firms. They indicated that when such changes occur, the new owners often renege on obligations signed with the communities. A typical case in point was that of Ghana Australia Goldfields (GAG) which had been sold to AngloGold Ashanti. Since AngloGold Ashanti assumed ownership, the company reportedly refused to honour the contractual obligations the former company had with the Wassa West community for the provision of certain amenities. Alongside this problem, changes in ownership, oftentimes, result in redundancies in the community. Some of the respondents were of the view that the mining firms resort to the change of ownership in order to avoid paying taxes especially when their tax holiday is on the verge of elapsing. Through this recourse, the 'new companies,' in this instance, assume again the incentives offered to new companies. Said a respondent,

We know the companies are very crafty. They change ownership rapidly and when there is such a change the new company often reneges on all the agreement the previous one had with us. I can tell you that AngloGold Ashanti has refused to provide us with some of our requests because they claim those agreements we had with GAG [previous mining company] are not binding on them (Group discussion, Tarkwa).

In 2006, it was reported in the media that AngloGold Ashanti had put one of its mines on sale, respondents reckoned, it was a ploy by the mining firm, to avoid paying the requisite taxes. Noted a respondent,

Normally, when the concessionary periods of these companies are expiring, they sell the mine to themselves in order to avoid the environmental and tax liabilities. They are full of tricks (Group discussion, Tarkwa).

This awareness of the 'tricks' played by multinational companies comes in part from, education, community activism and communities' own past experiences with project developers. Now, communities are aware of what prevails elsewhere in the world.

They know the experiences of other resource-endowed communities so they try to instigate avenues that would be in their favour.

7.3.2 Antagonism?

The company representatives interviewed noted that the primary interest and agenda of the mining companies has never been that of development. Indeed, they seem to re-echo a position adduced by Murdoch (1980:257) who contends that 'the goals of [MNCs] do not conform to the requirements of development.' The community members stressed that the companies are primarily in their midst to maximise profit at any cost. Both the state and the companies, the communities noted, have a common agenda of ensuring the maximisation of profit at any cost in order to achieve their objective of capital accumulation. To this end, they felt every other thing is subordinated including the lives and livelihood of the people as well as the environment.

Notable too is the demonstrable wealth among the expatriates in Wassa West. Their modern residences contrast with the thatched and dilapidated buildings in the villages. This disparity in living standards seems to be a source of disaffection too among community members, who feel cheated by companies in the distribution of mining benefits. If there is anything to be drawn from this, then perhaps, one can cite what a respondent told me of their disgust for some of the company officials. He stated,

When they drive past us, they leave in their trail this huge swirl of dust that encircles us causing us a lot of discomfort. They don't even find it fit to offer us any lift when we're going to our farms. All they do is to drive past us in their flashy cars leaving that huge dust encircling us as if to say, it's our destiny that we're poor. How can I ever like them when they don't care for us? (Group discussion, Tarkwa)

Similar expressions were made during the group interviews held in the three localities, giving an impression that there is an ingrained antagonism existing between the companies and the communities in terms of lifestyles. The people feel it is *their* wealth that has made the companies what they are. Therefore, to see these mining officials in such grandeur leaves a lot to be desired in their eyes. The youth especially are incensed by the contrast between the glamour living areas of the expatriates and the squalor of their communities. They view this contrast as obscene.

A youth respondent stated,

We have two classes here - the rich and the poor. Employees of the mining companies are the rich people and we the poor have been left to our fate. Nothing seems to go on well for us. Sometimes, it seems it is our fault that we should be poor (Group discussion, Tarkwa).

But as has been canvassed by Colman and Nixon (1994), it is not surprising that MNCs should create controversy. Their rapid development raises many fundamental issues and poses profound problems in political economy. MNCs' engagement with the communities has revealed one very important thing – the stark differences in their objectives. Whilst the local inhabitants are eager to see 'development' in their communities and therefore expect companies working within their communities to commit money towards that purpose, companies are also confronted with the need to balance such demands by ensuring they meet the demands of their shareholders by maximising profit. As a result, the local inhabitants have been frustrated by the inadequacy of the efforts of the companies operating in the area. The popular feeling is that the companies are living in luxury whilst the local communities suffer from lack of 'development.' A community elder re-echoed this frustration when he retorted,

They will not live in peace when we languish in poverty, particularly when we see them as the cause of our predicament (Group discussion, Tarkwa)

I observed during my study that a kind of 'we and them' attitude prevails in the mining communities. Even the locals who work for the large-scale mining companies are paid over and above government workers elsewhere. This often gives them some leverage and status within the community. As one local worker told me,

We [those working for the mining companies] call the shots. The women love us because we have the money, but some of our people just can't stand the recognition we get. They're just jealous (Group discussion, Tarkwa).

Apart from the locals employed by the mining companies, expatriates are also viewed with some apprehension. The differences in social standing inevitably serve as a factor underlying the social conflicts experienced in the mining areas. There is less

interaction between the expatriate and the rural people, which considerably deepens the divide. But some of the expectations from the community could be deemed as unrealistic. For example, one respondent indicated:

I think they [mining companies] need to make sure there's no poverty here because we don't deserve to be poor, especially with all these resources here (Group discussion, Bogoso).

A similar remark was made by a respondent who wanted the companies to employ all the youth in the communities to enable them make ends meet. Although this might seem ridiculous, it showed the expectation communities had following the upsurge in international mining activities.

Some researchers acknowledge that mining companies sometimes create unfulfilled resource development expectations among communities (see McMahon and Strongman 1999; Thomson and Joyce 2000; Vega et al 2001), and it is quite clear that social relations involve acting upon expectations, which are partly emotional and moral (Barber 1983). Based on this and supported by some responses by the study participants, it appears not all communities' expectations are based on clear promises made by the companies and government. Some, perhaps, could be said to be residents' own mental constructs developed collectively and based on an elaborate understanding of general benefits expected or anticipated from resource development.

7.4 Communities' assessment of companies

An attempt was also made to find out the respondents' position on the presence of the mining companies in their localities. I asked respondents to compare the negative effects of the mines with the positive effects on their lives and determine whether they find the presence of the mines in their communities acceptable. Given the current situation, an overwhelming majority favoured the presence of the companies. In Tarkwa and Prestea, 80 percent of the respondents favoured the presence of the companies whilst in Bogoso the percentage dropped to 70. Those who favoured the presence of the companies indicated that despite the downside to their operations, the mining companies still remain a force to be reckoned with in the communities.

The results indicate that majority of respondents in the three communities strongly welcomed the mining companies despite the dominance of perceived negative effects brought up in our earlier discussions.

Table 7.2 Community Assessment of Companies' Presence

Ratings	Prestea	Bogoso	Tarkwa
Very High	7	6	3
High	3	4	7
Moderate	0	0	0
Low	0	0	0
Very Low	0	0	0
Total	10	10	10

Twenty three out of the 30 community respondents sampled were in favour of having the companies in the mining communities (see Table 7.2). The position of the respondents was justified on the grounds that in spite of the inherent problems brought in by mining, the social benefits somehow have compensated to some extent for the social costs. They indicated that though they have benefited from the generosity of the mining companies, much more could have been done. In comparison with the pre-mining reform era, respondents were unanimous in their belief that some amount of help has come from the mining companies since they came to Wassa West. They mentioned the supportive role of the companies to the educational process. A few years ago, some teachers were reluctant to work in the district because of the deplorable conditions in the schools. It is, however, a different story today. Many teachers have since made their way to the district because of incentives offered by the mining companies. Another area which received a positive outlook from the respondents was the income-generating ventures initiated by the companies for the community members. A respondent stated,

It's my view that these have come about because of the good intentions of the companies. I believe they have done quite well, in spite of the criticisms against them. Their support has been tremendous (Group discussion, Tarkwa).

Although respondents took turns to commend the mining companies for some measures they had taken in the communities, strikingly, many felt much more could be done if the mining companies really meant 'business.'

Most respondents were also of the view that it is impossible to go back to the 'former times' hence they had to make do with their present condition and that meant, forging close links with the mining companies, despite their differences.

One elderly respondent explained,

This is not to say that we like all what they are doing here. They are heavy polluters, they've destroyed our social settings, and they've caused us a great deal of harm. They have realised that, so they've started to remedy the situation. Aside from that, they have provided us with some of our needs. We can't kick them out; we still need them here (Group discussion, Tarkwa)

Those who were vehement with their opposition to the presence of the mining companies indicated as follows.

The companies are insensitive towards our demands. They are making huge profits here and they're failing to plough back these into the communities. Most of the monies are saved outside the country. Tell me how beneficial this is to us...look at the huge costs to us...our polluted water sources, health problems, environmental degradation, youths without jobs, no farmlands, besides our rights are being violated everyday because the government has succumbed to pressures from multilateral agencies (Group discussion, Bogoso).

Another retorted,

The companies cannot have high principles. Their agenda is to make huge profits at our expense. They are irresponsible and pursuing their profits unscrupulously at the cost of the environment and our safety and health (Group discussion, Bogoso).

7.5. Royalty distribution: The question of benefits

Aspects of the disagreement between the companies and people in the local communities relate to the question of benefits. Presently, the mining firms pay three percent of royalties on gross minerals mined. Of the three percent royalties paid to government, the government retains 80 percent of the said amount. The Minerals Commission receives 10 percent. A further 10 percent is paid to the Administrator of Stool Lands (see Table 7.3).

The portion that goes to the Administrator is further disbursed through the District Assemblies, traditional councils and stools.

Table 7.3. Royalty Distribution

Government of Ghana	80 percent
Minerals Commission	10 percent
Administrator of Stool Lands	10 percent

Community activities have urged the mining companies to increase their percentage of the mineral royalty rate in order to shore up the money that eventually comes to the state. Stressing the importance of this, Daniel Owusu-Koranteng, Executive Director of Wassa Association of Communities Affected by Mining (WACAM), says an increase in the royalty rate to about six percent would beef up the national benefits and further enhance support for communities affected by mining.

If the mining companies want to express concern for the development of the mining communities, they must translate that concern into a commitment for an increase in the royalty rate. An increase in the rate has become necessary as a result of the increase in gold prices on the international market (Interview, March 2006)

Revenues accruing to communities impacted by mining are quite minimal in view of the considerable number of institutions that share that. As a result, the amount often apportioned for development purposes are woefully inadequate. The World Bank Country Report (2003) has put this situation in perspective.

The portion disbursed to mining communities is again subdivided among local administration (District Assemblies), the Traditional Councils and the Stool Chiefs, with various ways of using and accounting for the monies. Unsurprisingly, this has given rise to controversy, both over the respective shares as well as over the manner in which these bodies use the funds. For instance some District assemblies simply treat the funds as part of the normal revenues to pay for recurrent expenses. In other cases, the traditional leaders have been criticised for using the money for conspicuous consumption rather than for community development or distributing it to those most adversely affected by mining (World Bank Report 2003:20).

The sharing of resource rents with its long chain of beneficiaries has not been transparent and equitable over the years. It is, therefore, often difficult to determine the specifically the amount that actually comes through to communities that are impacted by mining. The general observation is that District Assemblies, which

receive part of this amount through the Stool Lands Administrator, often treat it as part of their traditional source of revenue and therefore use it in the larger interest of the district instead of the affected communities. During my fieldwork, I also encountered repeated accusations that some chiefs sometimes misuse the funds that they receive on behalf of their communities. As a result, there have been confrontations between the communities and the district assemblies on the issue of royalties. Some chiefs have also been confronted by their people in respect of inappropriate use of such funds.

The mining firms have also expressed their disapproval at the way royalties are disbursed in the country, which in the main, leaves many communities impacted with mining with insignificant amounts for their developmental needs. The companies believe the communities' share which is derived from the 10 percent allocated to the Stool Lands Administrator is woefully inadequate to spearhead developments in the communities. Censuring the current process, Ernest Abankroh, Country Manager of AngloGold Ashanti said,

We also believe a lot can be done in terms of development if the mining royalties ploughed back to the host communities are increased from the current paltry level of 10 percent to 30 percent (*Daily Graphic*, 22 June 2007).

A similar point has been made by the Director of External Affairs of Newmont Ghana Gold Limited, Dr. Chris Anderson, who believes an increment would ensure some considerable development in the mining communities and thereby ease the pressure on the companies. But community activists have denounced the position of the companies and rather accused them of paying an insignificant amount as royalties in the first place, which in turn, denies the country in general and the mining communities in particular, any meaningful development initiatives. Many activists believe underdevelopment in the mining communities has been accentuated by the insignificant level of royalties paid by the mining companies. However, as expected, the mining companies see otherwise. Chris Anderson of Newmont, for instance, believes an increment in the rate will not solve the problem of underdevelopment in mining communities. Instead, he has reiterated the need for central government to pay

more attention to the mining communities (*Public Agenda*, 27 August 2007).

Conclusion

The chapter placed the socio-economic condition in the Wassa West area in context. It sought the views of both the companies and the local communities regarding this. It noted that the people in Wassa West had high expectations of foreign investment. It is also clear that these expectations had not been met by the advent of the international mining companies. The people in West Wassa, however, accept that the companies are there to stay for the foreseeable future. This raises the question of how they will live together and what the long term impact of the investment that has been made in these mines will be like.

The state of the environment and the use of environmental resources have, thus, become political issues at the local level. But the most serious problems have come about because measures like resource alienation have been imposed on the communities with little thought about their implications. Prior to the recent large scale mining activities, the people made their living from the exploitation of the resources of the land, water and forest as farmers and hunters, conscious of the critical position of the environment to their survival and sustenance and that of future generations, but now things are quite different for them. Problems with pollution, for instance, have become a frequent occurrence.

The next chapter would look at the operational impact of the mining companies.

Chapter Eight: The Operational Impact of Mining on Social Networks: Sources of Marginalisation

8.1 Introduction

The socio-economic and environmental consequences of large-scale mining projects can be enormous (Warhurst 1994). It can include the loss of productive and culturally significant land, deforestation, the forced displacement of people, dependence on marginal employment, and the destruction of local political structures and traditional value systems (Young 1995). The heavy concentration of mining activity in the Wassa West district means that social and environmental impacts are felt more acutely than anywhere else in the country. Here, mining and agriculture compete for arable land. Issues bordering on resettlement and relocation and high unemployment among others remain quite formidable to the populace.

This chapter examines the far reaching implications of the mining activities in the study area. It explores the dimensions of the social problems, human rights violations, poverty and other forms of marginalisation in the area.

8.2 Impact: The Views from the Companies and Communities

Whilst keen to press home their goodwill towards the communities, the mining companies also conceded that their operations have had some negative consequences. They, however, argued that generally, mining has been beneficial to the society and that the destruction that it leaves in its wake, is compensated for by the proceeds that are gained.

We do admit mining has devastating consequences on the environment, especially with open pit mining, but the overall impact of our activities on the local economy has been quite positive (Interview, AngloGold Ashanti).

A company respondent insisted,

The impact of our activities on the local economy is quite good. We have done enough to improve conditions in the areas surrounding our two mines. We have improved the infrastructure, built schools and clinics, provided income-generating ventures and generally

fostered a cordial relationship with the communities within which we operate (Interview, Goldfields).

The companies claimed their operations had been quite beneficial to their host communities. According to them, the communities would not have had access to a number of amenities if they had relied on the government to provide them with the needed support. On this, it seems, the companies and the communities share a similar view. However, when we consider mining operations in detail and in their full extent, the viewpoints diverge, often dramatically.

8.3 Environmental Landscape

When I raised some concerns relating to environmental despoliation in the study area with the Goldfields respondent, he was quite clear in his views:

The country's environmental laws are quite clear on it, and as an organisation with a good image to protect, we try to minimise any kind of impact our operations might have on the environment (Interview, Goldfields).

While accepting that mining by its very nature has a negative environmental impact, he was emphatic that much of the criticisms levelled against the sector had been based on flimsy evidence with little awareness of the care taken by the companies to ameliorate the negative effects of their activities.

I agree that our operations have a huge impact on the environment, but that is the way mining is. Having said that, I think it is pertinent to realise that we have put in place an action plan to ensure the environment is well catered for. Yes, mining degrades the environment but having an effective programme to recover affected lands through afforestation and providing other economic ventures for the local populace helps a great deal. With the type of activity we are engaged in, often times, the environment suffers but we have to ensure we pursue measures in order to restore the vegetation to an appreciable condition. At the moment we've been able to reduce pollution to an appreciable level (Interview, Goldfields).

In keeping with their espoused philosophy of environmental protection, all the companies maintained that they have been doing a lot to reduce pollution to the barest minimum. These viewpoints were highly contested by the community members who stressed on the growing incidence of environmental abuses in their communities. The

growing dissension and outrage expressed by the local people, sometimes violently, allude to the fact that more work is needed to understand and tackle the problem of environmental impact of mining projects on the communities. For instance, community respondents spoke of polluted water sources.

Spillages of hazardous cyanide solution and mineral processing waste waters have been sources of chemical pollution and contamination of nearby water bodies (Group discussion, Bogoso).

Some local water supplies have lost taste and also have colour and odour. Any contact with the water from our stream often leads to skin rashes. It is now brownish in colour (Group discussion, Tarkwa).

Air borne pollution also continues to be a source of concern in the mining communities. The main sources include the following activities; site clearance, top soil stripping and dumping, open pit drilling and blasting, stripping loading and haulage, vehicular movement, ore and waste rock handling. A respondent noted,

Unfortunately efforts at reducing dust concentration appear to be limited to spraying roads within the premises of mining activity. But road dust does not appear to be the main source of dust in the air as other mining activities also lead to this problem (Group discussion, Tarkwa).

Another explained,

I'm forced to clean my electrical gadgets, furniture and other items in my house every now and then. Dust settles on them within hours after I have cleaned them. Everything I have at home has been tainted with dust (Group discussion, Prestea).

Bemoaned a young man,

We have been dispossessed of everything here, even our own lives. All our lands have been snatched from us. Our health is also at the mercy of the mining activities. Pollution and daily blasts from the mines tend to worry us a lot (Group discussion, Tarkwa).

Powerful blasts from the mines often occur close to settlements. There is evidence of cracks to buildings and destruction of electrical appliances as a result of such blasts.

Respondents stressed,

There is widespread and deafening noise from the blasts. The frequent blasting and the resulting vibrations have caused cracks in many buildings in the area (Group discussion Tarkwa).

We always find it unbearable anytime the blasts occur. It is too powerful, it shakes our buildings. We have been complaining to them. Their response is that, they are not oblivious of this and that they are taking steps to reduce it. But so far, I don't think they've done much in that regard (Group discussion, Bogoso).

Measures that the mining companies have introduced as a result of the complaints include the introduction of delays in order to reduce the vibration effect and a reduction in the frequency of major blasts. The blasts also take place during the day at times when it is expected people would have been away from their homes. Despite these measures, blast-related noise remains quite a concern. Now, a programme to monitor personal exposure to airborne pollutants is being implemented by a number of the companies.

In terms of degraded lands and pits, these still remain a problem. Respondents indicated to me how some children had fallen into such uncovered pits with very serious injurious. Unprotected pits, often filled up with water after the rains, pose a danger to human life. They are mostly havens for mosquitoes and many have served as death traps. Adverse environmental and health impacts of mining operations have also included the generation of diseases. The effects of these pollutants manifest themselves immediately (cyanide, for example), but others (such as mercury) take a long time to appear. The extraction and processing of the minerals have given rise to various environmentally-related diseases and accidents, most notably: vector-borne diseases such as malaria; respiratory tract diseases, especially pulmonary tuberculosis and silicosis; skin diseases; eye diseases, especially acute conjunctivitis; and accidents relating to small-scale mining.

Chemical spillages in and around the mines were referred to frequently by community members I met and by the participants in the group discussions. Here, as in other areas of dispute, they indicated that the government plays down the gravity of the

environmental catastrophes that occasionally occur within the mining areas. This, they explained, is often done in order not to upset the companies. The local people complained they have been let down by environmental officials who they feel do not seem to appreciate their concerns. Explaining this, a respondent said:

Technically, we might not have the know-how to determine the toxicity of chemicals when there's a spillage, yet you don't need someone to tell you how toxic the chemicals are when you find a dead fish in the river. Isn't that enough evidence to show how bad the spillage is? (Group discussions, Bogoso)

Another stated,

Whenever there is a spillage you can be sure the companies would say the levels are within the stipulated guidelines, but we know that is a way of covering up. If companies deliberately try to mislead communities right in the place where these companies draw their sustenance, what kind of cooperation do you think we can give them? We can't trust them at all (Group discussions, Bogoso).

Cyanide spills have time and again contaminated several rivers and streams and made villagers ill (FIAN 2000). Oftentimes, mining firms receive a ticking off by the EPA for the nuisance, but the EPA, on many occasions, has failed to deal promptly with the situation when they occur. Therefore, there is a growing perception that these companies are beyond the control of the state. Respondents in Prestea cited GSR, for ignoring community concerns about environmental and health impacts, noise and the growing amount of mine waste. They blamed GSR's activities for the serious pollution within the Prestea area. The respondents from the two other communities expressed similar sentiments during the group discussions which frequently became heated.

In a reaction to assertions like these, the companies declared that when these cases are brought to their knowledge, they often act quickly on them in order to dispel any notion of being insensitive. However, the community respondents disagreed with this. In their view, it is unusual for the mining firms to accept culpability when such issues crop up.

A respondent stated,

More often than not, they make us feel that we'd have to live with such problems because they are an inevitable part of the mining process (Group discussion, Tarkwa)

Another respondent added,

Sometimes when they take action on some of the issues we complain about, their measures fall short of expectation...they are not long-lasting enough to prevent the occurrence of such problems (Group discussion, Tarkwa)

The general perception was that mining has been detrimental to the environment. This has subsequently affected the health needs of the inhabitants. The Medical Officer of Tarkwa Government hospital, Dr Isaac Votri indicated, in an interview, that the malaria and a number of acute respiratory infections had increased sharply in the mining communities. Rain-soaked pits in the area serve as breeding grounds for the mosquitoes, carriers of the malaria parasites. AngloGold Ashanti in the last few years embarked on a programme to eradicate malaria in the area since it has a detrimental effect on the productivity of its workers too.

As Table 8.1 indicates, malaria tops the list of diseases in the study area. Cases of malaria reported at health centres in the Wassa West area, jumped from 58,487 in 2004 to 66,387 in 2005. Records at the Children's Ward of the Tarkwa Government Hospital, Tarkwa also indicate that malaria ranks high among other cases in the admission of children. Sister Victoria Peprah-Mensah, Nursing Officer in-charge of the Paediatrics Unit of the Hospital explains that many cases are often not reported on time until they get out of hand.

Table 8.1: Top Ten Diseases in Wassa West: 2004-2005

RANK	NUMBER OF REPORTED CASES	Year 2004 TYPE OF DISEASE	Year 2005 TYPE OF DISEASE
1	Malaria	58,487	66,387
2	Other A.R.I. (Acute Respiratory Infection)	5,408	10,548
3	Diarrhoea Diseases	4,723	7,091
4	Pregnancy and Related Complications	3,888	2,746
5	Skin Diseases & Ulcers	3,440	3,736
6	Dental Cares	3,307	3,411
7	Home/Occupational Accidents	2,888	2,851
8	Rheumatism and Joint Pains	2,463	3,699
9	Acute Eye infection	2,246	3,174
10	Hypertension	1,349	2,149

Source: District Health Management Team 2005

Apart from malaria, respiratory infections rose sharply from 5,408 cases in 2004 to 10,548 in 2005. Skin diseases and ulcers as well as acute eye infections often associated with mining activities rose significantly too. Skin diseases and ulcers rose from 3,440 in 2004 to 3,736 in 2005 whilst acute eye infections rose from 2,246 to 3,174 during the period under review. Many local residents do not seem to have the wherewithal to go to the few nearby health posts or clinics because of the cost involved in medical care. However, a recently introduced health insurance scheme is said to be helping to redress the unfortunate trend.

8.4 Land/Resettlement and issues on compensation

Land represents a core value in Ghanaian society and the people of Wassa, like their compatriots elsewhere, are emotionally attached to it. They regard it as an important source of their identity. People, therefore, oppose the transfer of traditional or communal lands to people who are not indigenes of their area. The importance of communal claims on land as a social security mechanism is stressed in the literature, as people are guaranteed its use in times of economic hardship (Platteau 1996). There are also spiritual ties that bind indigenous peoples to their land. As such, when the land is a ceremonial or sacred place or viewed as a bequest from ancestors or spiritual powers, people become generally upset when it is destroyed. The company managers seemed unlikely to understand the indigenes' attachment to the land because of their detachment from their people. They approached the encounter with the communities

primarily as an economic transaction in which the loss of land and resources is compensated for by cash payments or some potential employment, with possibly short term material benefits. The emotional and spiritual elements were either ignored or misunderstood.

Relocation and resettlement schemes initiated by the companies have also led to cultural and historical imbalances to the people as old ties are involuntarily broken and new ones forged (Aubynn 1997). Aubynn has underscored the complex linkages between the mining-community alienation process and the tendency to create serious local political spill-overs. He cites the case of the Bankyim village, one of the settlements within our study area.

The Nsuakyi community, with its own chief and traditional authority was to be settled in Bankyim because the former had been affected by the Teberebie mine [now under the management of AngloGold Ashanti]. The contentious question of traditional institutional significance was the position of the Nsuakyi chief and his traditional authority set-up. That is, will the Nsuakyi chief continue to be a chief at his new destination at Bankyi? (Aubynn 1997:5)

As the above perplexing situation indicates, resettlements/relocation issues tend to affect the traditional structure in many ways. It was evident during my field visits that some villages had acquired a dual disposition - a modern mining economy with facilities such as telephones and electricity, on one hand, and traditional settlements fused together.

Respondents in the study area indicated that the struggle of the Wassa people is not simply to recover their lost lands but also to protect their culturally defined landscape. The loss of land has deep implications for them. It even threatens their entire culture; their ways of existence, their shared expectations, and shared understanding of the symbolic significance of their environment. Incidentally, these issues were largely ignored by the companies or were rather misunderstood.

Conflicts over resource use are more difficult to resolve where they bring totally different cultures or value-systems into opposition. As Mather and Chapman (1995) point out, in Australia, both the federal and state governments, have made strenuous

efforts to encourage the exploitation of the country's considerable mineral wealth as a means of stimulating economic development. These efforts have provoked confrontation with aboriginal communities who have a spiritual relationship with their land that differs fundamentally from 'western' concepts of property and ownership. A similar situation occurs in Wassa where the people have a deep attachment to their land. Even where concessions have been granted to the large-scale mining firms, the people still believe that it is still theirs and therefore clamour for the right to engage in any activity on it.

Majority of the respondents argued that resettlement/relocation issues have had severe effect on their lives. A respondent recounted her experience and the problems she had faced on account of the mining activities in her area,

We were moved somewhere else. The kids now commute longer distances to go to school. The distance to my farm is now very far and it's such a burden. Our village has been torn apart. We were very much attached to our old place. There, we had a sense of belonging. That is where we think we belong. Now we are strangers elsewhere (Group discussion, Tarkwa).

Another dimension to the issue of resettlement/relocation is the disagreement over housing allocations. Notably, buildings provided by the companies for resettlements are generally stronger and well planned than the typical structures owned in the communities, however, the aesthetic aspect of their new resettlement although acknowledged, creates problems for the new occupiers. Disagreements arise over the size and number of rooms. A respondent asked,

I had four rooms in my old place, now I've been given only two rooms. How can I share that with my large family? (Group discussion, Tarkwa)

A company representative explained the rationale behind this,

Since most structures in traditional communities are less expensive, it is only a reduction in the number and size of rooms that can ensure convergence of value (Interview, Goldfields)

Structures provided by mining companies are generally more expensive than those existing in previous communities. As a result, mining companies usually strike a

balance between the quality they provide in the new settlements and the value of structures in the old settlement. The companies use the market value of traditional houses which are low because they are made of sandcrete or wattle and daub. They, therefore, reduce the number and size of rooms in the new settlement to compensate for the cost. But this is generally frowned upon by many in the local communities who prefer the user values of their property which amount to the provision of bedroom for bedroom in the case of resettlements.

The issue of compensation was of deep concern to the residents. Disagreements over values of compensation for affected houses, farms, crops and other structures have for many years, served as sources of conflict between the mining companies and the communities. A number of respondents I talked to, accused the mining companies of cheating affected farmers by paying low compensation for destroyed crops and acquired lands. A respondent stressed the following:

We don't get the right value for our properties (Group discussion, Tarkwa).

Another indicated,

They only pay meagre amounts for our cocoa farms (Group discussion, Tarkwa)

The affected people hardly get alternative farmlands in their new location and there have been occasions when farmers have refused significant compensations for relocation because of this. As a result, the people sometimes embark agitations for more compensation. These are sometimes characterised by violent confrontations with the mining firms. Although the companies are prepared to pay for each cocoa tree destroyed, they often stop short of paying for the yield expected from the lifespan of such trees, a demand often made by affected farmers. Differences have therefore emerged between the farmers and the mining companies following the farmers' insistence on being paid an amount that takes into consideration the yield that could accrue to them over the entire lifespan of the cocoa trees.

A local respondent explained the necessity for the companies to take this into consideration,

Of course, the cocoa tree yields a lot for farmers over a considerable period. If these companies are destroying them today because they want to use the farmland for their mining activities, then they should pay an amount that would reflect how much a farmer could earn over the lifespan of the crop (Group discussion, Tarkwa)

This issue remains a bone of contention between the members of the community and the companies. The companies, in turn, have defended their stance, saying:

We work within the confines of the Land Valuation Board which sets out the rates for the payments. In our case, we always ensure we pay higher than the recommended prices. (Interview, GSR).

The mining companies contend they have been generous because the rates they use are several times above those recommended by the Government Valuation Officer. Despite this, there is a feeling among the communities that there is a lack of sincerity among government officials and the mining companies in their dealings with them. It emerged that the relocation and compensation measures of the various mining companies in the affected communities have had some serious consequences on some families. Besides, these measures have impoverished others especially those who are still waiting on the authorities to get their share of compensation.

8.5 Socio-economic impacts

Mining has led to income disparities in Wassa West. The wages of most mine workers are indexed to the dollar and relatively higher than those in the public and informal sectors. Traders in the mining areas have also taken advantage of the high-income level among a section of the population to inflate the prices of their wares. This has, therefore, reduced the standard of living for rural households not engaged at the mines. Migration into the communities has also resulted in higher rents for local inhabitants who clearly link the high cost of living with the upsurge in mining activities and the influx of migrants. A respondent noted,

We've had to bear a huge cost as a result of the activities of the large-scale mining firms. Many people have been displaced and the relocation process hasn't gone on very well. Sometimes the buildings they put up for us are so small that not all the members of a family can move in. It is a daily struggle for us now (Group discussion, Tarkwa).

The respondents stated that they have suffered severe consequences as a result of the mining activities. The loss of farmlands, relocation and resettlement of communities, following the upsurge of mining activities, have led to severe disruptions in the socio-economic and cultural activities of the people. Mining has not been able to generate adequate employment for the local people. With their limited education and unskilled background, the people are generally unable to get jobs in the mining companies. To add to this concern, the mining companies have substantially reduced their labour force over the past years (Akabzaa 2000).

A respondent underlined the seriousness of the situation,

The unemployment situation is quite serious. Drug abuse, petty thefts, truancy and other social vices are now prevalent. The high cost of living is driving people to try and make money through dubious means (Group discussion, Prestea).

The respondents cited cases pertaining to displacements and relocation, poverty, the incidence of prostitution, with its resultant effect on women as some of the problems they have had to contend with. The issue of drug use among the unemployed youth and other social vices were also highlighted. Some respondents spoke of the changes in their cultural orientation over the past few years. An elderly respondent stated:

The influx of migrants to our communities has changed things here too. Now we can see two different groups in our society - rich people who work with the mines and the poor indigenes who toil with subsistence farming and *galamsey*. Some of these migrants don't even respect our customs (Group discussion, Tarkwa).

A further comment deploring the state of affairs was made to this effect,

We have developed a feeling of extreme insecurity....no land, no jobs but perpetual harassment from the mining companies ably supported by government. We've lost confidence in the state which has failed to develop our area. Our area is the source of wealth that sustains the nation but see what we're experiencing (Group discussion, Bogoso).

8.5.1 Impact on women, family and households

The respondents highlighted the importance of land and the household economy to their lives during the discussions. They noted that granting concessions to large-scale mining firms means a choice between farming (and the household economy) and mining (male wage economy) for the community. The move from farming to mining therefore involves more than the potential for the loss of land for food crops. It involves a transformation in the social relations that underpinned the rural household economy. Much of this involved significant losses for women, few of whom are employed by the companies. In a traditional society like Wassa West, women do not own lands. They only have access to lands through family arrangements. Therefore, they lose out when payments are made in the form of compensations to families as such payments are made to traditional authorities or heads of extended families who are often men.

One respondent stated that:

The compensation scheme, in a way, hasn't helped women at all. The money, when paid, is often given to the men who then use the money anyhow they like. There is no fair way of dealing with this issue. Families have been torn apart primarily because of the insatiable lust of some men. They have taken the money and dumped their wives for some younger girls. We are witnesses to situations where some men have even re-married because of the money they have received from the companies. We don't only have to heap insults on the mining companies alone but we must be equally ashamed of what our menfolk are doing to their poor, illiterate wives who have been with them for many years (Group discussion, Prestea).

Another commented,

In the Tarkwa area, some family heads who opted for cash compensation instead of resettlement, subsequently abandoned their families and went off with new and younger women (Group discussion, Tarkwa).

Said another female respondent,

We're fighting to get compensation yet when this comes in, our husbands collect the money then they find themselves new and younger women to spend the money with. The payments in a way have deepened the plight of rural women and children (Group discussion, Bogoso).

One major complaint concerning the erosion of social values among the communities relates to increase in prostitution in the mining communities. Respondents noted this and pointed out that this has increased considerably in their localities. Many of these women had initially come to the mining areas with the hope of trading or getting a decent job, but soon lost hope and took to prostitution as a survival measure. A resident in Bogoso gave a narration on this:

Prostitution is rife. A number of young girls are moving into the sex trade to sell their bodies. Without any land to farm on, many of them are now engaged in nefarious activities (Group discussion, Bogoso).

Local residents and migrants are also engaged in the trade. Assigning reasons for this, a woman respondent retorted,

The difficulties that women encounter are enormous. Some have to sell their bodies in order to put food on the table. The cost of living is high in the area and some have husbands who are unemployed. Eventually it is women who should help provide food and the general upkeep of the house. The enormity of this is such that some women are forced to go into prostitution as an easy way out. Though I don't believe it's a good thing to do, I sympathise with those who go into prostitution. I feel it is the hardships they face that drive them to do it (Group discussion, Tarkwa).

Besides, it is common knowledge that an addictive drug sub-culture is growing in the mining communities. A respondent underlined this concern,

The drugs are consumed mainly by those involved in small scale mining. They are consumed in the belief that they would stimulate them to work hard (Group discussion, Tarkwa).

Another stated,

The small-scale mining venture involves excessive physical exertion. It is tasking and risky hence the high drug usage (Group discussion, Tarkwa).

One of the most significant impacts of the mining boom relates to the way in which young men have moved away from agricultural activities, hitherto a major source of livelihood for the area. Many of them are now involved in illegal small-scale mining.

8.6 Small scale mining in Wassa West

The renewed interest in large scale gold mining has also rekindled small-scale mining. The number of people in small-scale mining has since soared in recent times after many miners from the large-scale mining companies were made redundant following the privatisation of the state-owned mines. Currently there are 300,000 people involved in small-scale mining all over Ghana (Hilson and Potter 2005). Small scale mining was given an official endorsement in 1989, when, as part of the minerals sector restructuring, it was formalised through the enactment of PNDC Law 218. The government found it appropriate in the 1980s to improve its control over the burgeoning indigenous subsistence mining sector, hence its legalisation in 1989. Under this law, all individual small-scale miners are required to register with the Minerals Commission. The commission grants them licence to operate in designated areas and also supervises their operations. The government also established the Precious Minerals Marketing Corporation which is the sole agency through which individual small scale miners could sell their winnings.

In spite of the legislation, some people still operate illegally, and as Akabzaa (2000) notes, this is often because of the complex procedures they encounter in the registration process. Some small-scale miners feel they cannot cope with the financial implications and the supervision that it entails. A mining permit costs about \$130 each year, but some see this as too expensive. Registering also obligates them to provide an environmental assessment plan, take responsibility for any environmental degradation and follow rules devised to minimise environmental impacts. Many, therefore, consider these as formal restraints.

Inadequate mining concessions have also forced a number of the small-scale miners to mine illicitly. The situation has given rise to two groups of small-scale operators - those licensed to operate and those operating illegally. The illegal operation constitutes the greatest problem to the mining concerns. Unlike the licensed small-scale miners, the *galamsey* operators have no allotted concessions. They work on concessions granted to other mining concerns. All across the mining areas, thousands of illegal operators dig for fortunes even on concessions controlled by large mining companies. They often set up mining camps and dig deep into the ground at

unauthorised places. They use pick-axes, shovels, mercury, and sometimes dynamite during their operations.

Amid piles of silt and the drone of rusty water pumps, the *galamsey* workers hammer rocks in unstable tunnels that are buttressed with boards. Many have been killed from collapsing mine shafts during the rainy season. Many injury cases have also been reported across our study area. At the Prestea Hospital, Dr Kennedy Azantilou, Medical Officer in charge, confirmed thus, 'we're getting a lot of injuries, even deaths- sometimes pits collapse on them. We get fractures, crushing injuries and besides that, we get respiratory tract infections from the *galamsey* operators (Interview, 17 April 2006). Others might suffer the consequence of mercury exposure in the near future. The technique mostly used by small-scale mining is amalgamation. The miners mix mercury with gold concentrate to form gold amalgam which is heated to separate the gold (Ntibery et al 2003). These operators inhale mercury vapours when they heat the element in boiling pots to purify gold. Discarded into streams, mercury also builds up in the fish widely consumed by villagers. In humans, mercury exposure is said to cause kidney problems, arthritis, memory loss, miscarriages, and psychotic reactions, according to medical sources. The miners also use hard drugs as a way of dealing with the physical process of the work.

In a study conducted between 2000 and 2003, the EPA found that blood, urine, hair and nail samples provided by illegal small-scale miners contained dangerously high levels of mercury (Interview, EPA 3 April 2006). Mercury often finds its way into the surrounding water supply, the vegetables grown at nearby farms and even into the atmosphere. Large-scale mining companies stopped using mercury many years ago. They usually use cyanide and there are strict regulations regarding how that chemical is used and contained. Although there have been a series of high-profile cyanide spillages in the past, even as recently as 2006, the trend has since subsided. Standoffs between large-scale mining companies and *galamsey* miners have pushed the illegal operations farther into a number of settlements of the study area. Sometimes, the illegal miners dig into riverbeds, redirecting the flow of the water and in some cases, stopping it altogether.

The Chief Executive Officer of the Ghana Chamber of Mines, Joyce Aryee, sees the *galamsey* miners as a menace. She describes 'galamsey' as 'an illegal activity involving the theft of ore from concessions and active pits owned by other persons, as well as raiding explosives magazines (*Daily Graphic*, 26 August 2007). Although security personnel periodically swoop in on the illegal miners, these miners often return to continue with their activities. GSR has had running battles with *galamsey* operators in the Prestea/ Bogoso area over the years. Upon its promptings, police and military personnel engaged the *galamsey* operators in a skirmish in December 2006 (*Ghana News Agency*, 6 December 2006). Four *galamsey* operators sustained gunshot wounds at Prestea during the clash with the security personnel. The *galamsey* operators later charged on the company premises and vandalised the offices. Calm was, however, restored after the soldiers were called in into the area.

Confrontations between the companies and *galamsey* operators have always persisted. The situation is, however, exacerbated when security forces react with excessive force to arrest alleged perpetrators. Numerous reports abound of security agencies committing a wide range of abuses, ranging from arbitrary arrests and unlawful killings of illegal miners. It is no secret that state security agencies especially local policemen in the mining areas are heavily dependent on the largesse of the mining firms. Some companies have presented vehicles and other equipment like telephones to the police to aid them in their work.

Galamsey serves as a poverty-reduction strategy for the local communities yet, it is loathed by the large-scale mining companies. The companies detest the fact that their concessions are being 'invaded' by unscrupulous people. The illegal miners often contest this stance. One illegal miner told me,

We mine areas that are largely unused or often deemed uneconomical for operation by the large-scale mining companies (Group discussion, Tarkwa).

Another retorted,

The companies have accused us of stealing their ores, but the truth is that they just hold us in contempt (Group discussion, Tarkwa).

Speaking on their situation, another stated:

We don't understand them at all. They don't want us to have any land to work on. They scorn at everything we do. It is a clear case of absolute resentment. After all, we're not competing with them. Why can't they leave us alone? (Group discussion, Prestea)

Clearly, there is reluctance on the part of the companies to relinquish unused portions of their concessions. In 2004, a committee of the Council of State (made up of eminent citizens of the country) endorsed a suggestion that the government should find defined areas for illegal miners to operate in order to put to a halt the severe degradation they were causing. The idea was that if the illegal miners were given such dispensation, they could be more responsive in carrying out their work. The Ghana Chamber of Mines, whose membership is restricted to large scale mining companies, even intends to integrate registered small-scale miners and companies of good standing into the Chamber. According to its Chief Executive Officer Joyce Aryee,

This is to help fund, regulate and control the activities of small-scale miners with regard to licensing, observation of good practices, health and safety rules, protection of the environment and the marketing of products. It is expected that if these miners operate under the arm of the chamber, they could be helped to access funds, especially after observing strict mining and environmental procedures (Interview, October 2004).

In view of the extent of small-scale mining in the Wassa West area, there is a serious concern for the sector to be regulated. This is seen as critical if that sector were to contribute fully to the area's economic and social development. The Minerals Commission has acquiesced to this and has indicated that it would look at the possibility of large-scale mining companies seeding off portions of their concessions that are not being used to small-scale miners. A review of the procedure for the registration of small-scale miners is also being done - all in the hope that the inadequacies inherent in the scheme would be addressed. Undoubtedly, small-scale mining in the Wassa area generates substantial local purchasing power for the people. At the national level, the export of high-value metals and minerals from these small-scale miners has made a major contribution to foreign exchange earnings (Hilson and Potter 2005).

8.7 Dimensions of the social problems and human rights violations

There is widespread social and economic discontent in Wassa West. Many of the inhabitants feel cheated by not being offered the opportunity to take part in decisions, which affect them. They have resorted to demonstrations in their struggle for the control of their resources. The mining sector in particular has been accused of human rights abuses. Human rights and environmental groups have denounced a pattern of abuse by mining companies. In several instances, the mining firms have been accused of intimidation and illegal detention of villagers. A fact finding mission carried out by Ghana's Human Rights and Administrative Justice Commission (CHRAJ) in the Wassa West area in 2004 confirmed reports of arbitrary arrests, violations of the right of access to food, forceful evictions, inadequate compensation and demolishment of villages. The commission, which is charged with enhancing the scale of good governance and enforcing fundamental human rights in the country, found overwhelming evidence of human rights violations in many of the mining communities.

The local NGO, WACAM, has also provided details of many violations in the area. Most of the abuses, WACAM alleges, occur, in very poor and sometimes remote communities where access to information and knowledge is virtually non-existent. But so far, the government has not responded to these. At an Extractive Industries Transparency Initiative (EITI) seminar held in 2007, Steve Manteaw, a member of an advocacy group in Ghana, detailed some atrocities meted out to people in the mining areas by security personnel (Manteaw 2007). Manteaw said in July 2005, the military opened fire on demonstrators, shot and wounded seven people in Prestea. The local people were also bitten by guard dogs belonging to Anglo Gold Ashanti. On 2 February 2006, security personnel allegedly shot four farmers in Teberebie, near Tarkwa apparently on the orders of AngloGold-Ashanti (Iduapriem).

Various accounts are also available regarding the atrocities meted out to the villagers prior to the commencement of mining activities. During my fieldwork, I was told of many such abuses that had taken place involving the use of the army and the police. Most of these took place in the late 1990s and fuelled intense resentment and dissatisfaction.

On December 13, 1999, a combined team of armed soldiers and police shot and wounded nine people at a settlement near Tarkwa. They arrested a number of people and destroyed property. This was in response to a demonstration against Gold Fields Ghana Limited (Group discussion, Prestea)

Another incident recounted was that,

In May 1998, Atuabo, a farming community near Tarkwa, was demolished to pave way for surface mining. A combined team of armed soldiers and policemen surrounded the entire village at dawn and moved them out. They were all bundled into waiting vehicles with their belongings and dumped at a new settlement of one-room house irrespective of one's family size. The local people were also stopped from carrying out any agricultural activity on their farmlands which had been given out to the mining companies (Group discussion, Tarkwa).

Meanwhile, on

In August 1997, a farming village of 45 hamlets in Nkwatakrom, near Tarkwa was completely demolished by some policemen and a group of persons allegedly hired by the Ghana Australia Goldfields Limited, now a subsidiary of AngloGold Ashanti. The immediate cause for this action was a complaint made by the community about an offensive odour from the river from which they drink (Group discussion, Tarkwa).

These and other incidents have led to concerns over human rights issues within the mining sector. Mary Robinson, former UN High Commissioner for Human Rights expressed concern over these abuses in a visit to Ghana in 2006.

I am deeply concerned by the information I received regarding the range and severity of human rights problems that continue to affect this sector. First of all, the level of compensation offered is manifestly unfair. To offer \$9 to a farmer to buy out a cocoa tree worth at least \$20 per year over the tree's economic life of 30-50 years is not acceptable. In a number of cases, security forces working around mine sites have used violent methods to displace community members from mining areas. In other cases, mining companies' destruction of communities' water and land resources constitute a violation of communities' right to maintain a sustainable livelihood (*Daily Graphic*, 23 November 2006).

Ms Robinson advised mining companies to ensure they are in no way complicit in human rights violations. She also urged the companies to allow independent third-party audits of their compliance with basic human rights principles. 'They should also

commit to establishing mechanisms for ongoing independent monitoring of their operations. Such mechanisms should include the participation of local community members,' she added.

Human rights violation in the extractive sector can be summarised as the deprivation of land; the degradation of biosphere resources on which the people depend for their livelihood, and the denial of community self-determination. Community members indicated that the industry's human rights record is deplorable. They said the companies have deprived them of their means of livelihood, degraded the environment, continued the harassment of the local people and subjected them to a state of insecurity. A local elder retorted,

If you're talking of human rights then I think, ours have been infringed upon so much. Mining projects were imposed on us. They [the firms] didn't secure our free and informed consent as well as our willing participation. Doesn't this constitute a violation of our rights? (Group discussion, Bogoso)

Many respondents raised issues about human rights violations. A typical comment was that,

We've been evicted from our communities. Those of us working on small holdings have been stopped and told those holdings have been given out to mining companies. We've been relocated at marginal sites with inadequate compensation. Sometimes we're beaten by the mine security for trespassing even on our own land. Can you believe it? Such is our fate. We are called encroachers now (Group discussion, Tarkwa).

Another reiterated,

The mine security personnel are unleashed on us very often with the assistance of the local police anytime we fight for our rights. The government does not support us. We don't have anyone on our side. All the conflicts are resolved in the interest and to the advantage of the mining companies (Group discussion, Bogoso).

Another respondent remarked,

The incidence of arbitrary arrests, violations of the right of access to land, forceful evictions, inadequate compensation and destruction of our villages have all been well documented. Indeed, there's an overwhelming evidence of human rights violations in our communities which the government has failed to address. Need we say anything more? We suffer intimidation and harassment from the mining companies (Group discussion, Tarkwa).

Respondents felt it is the large mining concerns that call the shots and that state agencies have shirked their responsibilities in protecting the people's rights and interests wherever mining and social conflicts are concerned. The respondents believe the security agencies are bent on frustrating and intimidating the communities into accepting resettlement packages woefully unsatisfactory to them. It is, therefore, unsurprising that communities have become very critical of the security agencies.

We don't need them [security agencies]. Anytime there is a problem, they come in and beat us up. We all know where the government's allegiance is (Group discussion, Bogoso)

The respondents said they know too well how adept the mining industry is at circumventing regulations.

The company managers, in a reaction, admitted that human rights issues are often raised about their operations but they denied any complicity in such violations.

Yes, there have been media allegations of our security personnel harassing local people. In some instances, security personnel have even been accused of killings. I must reiterate that there is no iota of truth in this. We respect the rights of people here (Interview, AngloGold).

The respondent further stated,

Yes, the concept of human rights is an issue for business. It is even a basis to judge business. A business concern that abuses its workers and the people within the locality within which it operates cannot function successfully. Abuses come in many forms. We always ensure we stem the tide when we find evidence of that (Interview, AngloGold).

Another stated,

Human rights are fundamental to our operations. Yes, it is an issue for business. It is difficult to get away with a poor human rights record. We respect the rights of our workers and the community at large (Interview, Goldfields).

Another respondent indicated,

The mining industry in Ghana is a very responsible corporate citizen and will not intentionally or wilfully infringe upon the rights of the communities on whose land we operate (Interview, GSR)

It seems by 2004 they had begun to adjust to the concerns. But even at the time of the interviews, there had been reported cases in which the security personnel of some of the companies had molested illegal small-scale miners. In my interviews with the companies, I realised that the managers clearly tried to sidestep such issues in view of the huge embarrassment caused them following recent exposure of these acts.

8.8 Poverty and modes of marginalisation

Poverty in Wassa is a daily occurrence and it occurs amidst the sophistication of mining. Limited access to land and to other natural resources is a key aspect of the poverty afflicting the study area. Many of the rural poor have landholdings which are too small to provide an adequate income, and nearly a quarter of the people are landless as a result of the expropriation of land for mining purposes (Interview, Emmanuel Ayensu, District Chief Executive, April 2006). The proportion of state resources reaching them in the form of actual services delivered is also very low. There is little evidence that the state is even making an impact on the lives of the people. Hence, there is a risk of the creation of a social class of underprivileged people – this underclass seems ready to defy any state orchestrated activity on their land. They include *galamsey* operators and other young men who clearly disregard the concessions granted to the mining companies, claiming they have the right to prospect for minerals on such lands.

In Wassa West, local people feel no perceptible benefits from the resources extracted from 'their' land, despite the sharing of royalties between the central government and

the mining communities. Lack of jobs, destruction of their environment and generally inadequate amenities are issues of concern to them. What is being experienced is that, by pursuing the adjustment programme which lent itself to reducing government expenditure and the liberalisation of the economy, a number of communities in the area have been deprived of basic amenities. Mining-induced displacement and resettlement have significantly increased the risks of impoverishing the local populations, threatening their livelihoods and truncating their chances for sustainable development, even survival (Downing 2002).

As the state craves for more revenues to reduce dependence, it has sought to appropriate more from the communities in terms of land and even benefits from mining. This situation has led to a breakdown of the social and political order as conflicts afflict the mining communities, whose members believe they are not getting a fair deal from either the government or the mining companies. They know mining has the capacity to empower them, but their encounters with officialdom have stripped them of their sovereignty, their traditional wealth, and posed multiple impoverishment risks. What they want is for the authorities to realise that as a community, they have a stake in the mining operations in their area. They believe they ought to be given a fair share of the rent accruing from it. Rural poverty has increased because the people have been denied access to productive resources; it also results from unemployment, underemployment, and from the low wages of those who work (Murdoch 1980).

According to the Emmanuel Ayensu, District Chief Executive,

Even if jobs would be available, very few will have the requisite qualification to be employed. Much as secondary jobs are likely to emanate from mining activities in the area in the long-run, it is not however, clear whether these secondary jobs would be enough to offset the primary job losses, that is, jobs lost to local farming; or whether and to what extent these jobs will benefit the local inhabitants (Interview, April 2006).

The situation is suggestive that livelihoods lost through land alienation would not be compensated through corresponding direct employment opportunity by the mines.

Meanwhile, it is becoming increasingly clear that continued deregulation is proving counterproductive, especially in the absence of a state capacity to enforce existing norms concerning the flow of export receipts, environmental protection, or social impacts. The continued entrenchment of this trend has led to a pattern of confrontations in the area. Declining living standards and high unemployment have also forced many people into small-scale mining an illegal activity which the mining corporations resent. Communities continue to experience marginalisation or exclusion on the basis of their lack of skills. They have been excluded from decision-making processes and from significant benefits of mining revenues (Akabzaa 2000). The Wassa people have typically been excluded from various stages of negotiations over the nature of resource development. Often they become alienated observers of the so-called 'economic development'.

Within Wassa itself, there is also the marginalisation of women and younger members of the community by older kinsmen. There have been incidences in the past when the youth have questioned their elders over decisions the latter had taken after negotiating with the companies. Such remonstrations hinge upon the role played by the older men in negotiating terms without the involvement of the youth. Still more starkly drawn are the forms of marginalisation experienced by women in local communities within the ambit of mining projects. Mining is exceptionally a man's job, in terms of the composition of its workforces, its cultures of production, and its symbolic despoliation of a feminised nature. There are limited employment opportunities for women in the industry. Those in the industry could mainly be found in administrative roles, with a minority in mining engineering. Some women could also be found in the small-scale sector. Loss of land and of resources to mining projects impacts most heavily on women as the key subsistence providers. Ultimately, although payments are supposed to offer couples some relief, it turns out that it is women who usually suffer as a result of the infidelity of men after getting compensation. It was observed during the fieldwork that the issue of compensation proved quite divisive for some families.

Meanwhile, over the years, communities' engagement with both government and corporations has been lopsided. Communities were seen as just a piece of the jigsaw, which needed to be brought in at the tail end of deliberations in view of their perceived

inadequate knowledge of issues on mining. Their part-role, in recent times, is partly to conform to international requirements and their growing significance in the equation. Until recently, the communities did not have proper representation because they did not have the right people with the technical know-how to represent them at such meetings. However, with the recent support coming from NGOs and sensitisation programmes they have received, especially from northern NGOs and the media, they are now better equipped to understand the nuances of mining. Organisations like WACAM have since assumed a distinctive localised character active in the pursuit of community interests.

Conclusion

The chapter dwelt on the operational impact of mining in Wassa West. It looked at the far reaching implications of this phenomenon, which includes the loss of productive and culturally significant land, destruction of environmental systems, deforestation of sensitive and biologically diverse zones, the forced displacement of peoples, dependence on marginal employment, and the destruction of local political structures and the traditional value systems. Furthermore, the heavy concentration of mining activity in the district has meant that social and environmental impacts are felt more acutely. As the problems of marginalisation and pollution continue to soar, joblessness, the state of the environment and the use of environmental resources have become political issues at the local level leading to differences between the companies and the local communities.

The next chapter looks at the question of resource wealth and economic development in Ghana and Wassa West in particular.

Chapter Nine: Staple Industries – Developed Localities?

9.1 Introduction

The question of resource wealth and economic development has been at the centre of major debates over the years. Whilst recent findings seem to suggest otherwise, arguments over the years, have however made a case for the promotion of extractive industries as a development strategy. Many developing countries like Ghana have been influenced by their dependence on primary commodity exports to fuel their economic and developmental goals. The relevant theory underlying this is the export-led growth or staple theory and the increasing use of FDI.

This chapter would attempt to link the role of the primary exports to the staple theory within the economic growth process of Ghana and the Wassa West area in particular.

9.2 Ensuring development in the communities

The community respondents indicated that their quest for development is in line with the government's declared interest at boosting rural economies. They also stressed that their yearning for development is, in part, an effort to enhance the community's outlook and also create the right conditions for themselves. Through this, they hope to alleviate poverty in their communities. Many of the respondents saw 'development' as a transformation from their present state to 'a more enjoyable, happier and futuristic condition.' One respondent summed it up by saying.

It can only be achieved in peace. Without peace we can't develop. We need peace in our communities. Unfortunately, peace has eluded us and our progress has been stalled as a result of the numerous conflicts we have here (Group discussion, Bogoso).

Respondents were convinced that the raging conflicts in the communities have stalled development initiatives. Aside from issues with the mining companies, which border on land rights, resettlements and compensation claims, chieftaincy disputes are also prevalent within the Wassa area. Some chiefs have been forced to abdicate for their failure in promoting the community's interests during negotiations with the companies. The people indicated that some of the chiefs were seen to be 'too close' to the mining companies, a situation that was deemed as an affront to the sensitivities of the people.

Touching on the chieftaincy dispute, a company manager noted that,

The chieftaincy disputes have made it difficult for companies to pursue effectively their community relations programmes. Where there are disputes, we find it difficult to offer any assistance because it is difficult to know who to work with (Interview, GMC).

Another stated,

We have been accused of taking sides in some of these cases but that is never true. Why should we do that? We only work with whoever is enthroned as the chief (Interview, GSR).

The companies, seemingly unaware of the destabilising impacts of their own operations, blamed the communities for not ensuring that the right atmosphere is created for development to take place. One company representative noted,

If some of the pettiness were to be shelved, I'm sure we can have a cordial relationship that can help transform this community (Interview, Goldfields).

Touching on social development, the community members showed some appreciation for some projects initiated by the companies. They, however, detested certain claims by the companies. According to the respondents, the mining firms were quite notorious in claiming that most projects initiated in the communities were in the interest of the community members. They stressed that some projects like roads were provided by the companies because the companies needed them for their current activities and not because they were pursuing a development agenda in the communities. In the case of bore-holes and pipe-borne, for instance, community members were adamant these had to be provided because the mining firms polluted their drinking sources.

Said a local resident,

The companies provided us with bore-holes because they polluted our source of drinking water. It wasn't as if they came in and said, 'oh...your drinking water is not good, so we're providing up with good drinking water.' That wasn't the point. They had to provide us with the borehole because we forced them to do so after they messed up things here (Group discussion, Bogoso).

Another noted that,

In effect, they [the mining companies] seem to be doing things, which in a way are geared operationally towards their own benefit. More often than not, we've had to plead with them to help us (Group discussion, Tarkwa).

A respondent also stressed,

They just won't do anything for us, unless we ask them. Sometimes it takes a number of years before they would agree to our requests. I believe there is a difference between requesting the companies to do something for you, albeit reluctantly, and they doing it based upon on their conviction that, that needs to be done. Many a times, they even reject our requests (Group discussion, Prestea).

The respondents indicated that the primary interest and agenda of the companies have never been that of community development but the maximisation of profit at any cost to the communities. Lanning and Mueller (1979:19) have similarly queried whether the activities of the international mining firms are compatible with Africa's economic development. The concern stems from the view that companies are severely profit-oriented and that community development takes a low place in their priorities (Murdoch 1980). Majority of the respondents agreed with the widely held view that the actions of the mining companies are motivated by self-interest. The few who thought otherwise, intimated that it would be churlish not to recognise the strides the companies have made in the Wassa communities. Said a woman participant in Tarkwa,

Some of the views are not fair. After all, we should be grateful for what they [mining companies] have done for us. Without these mines, the youth would have drifted into the major cities; there would have been few social amenities. The mining companies have supported us in diverse ways and we need to commend them for all that (Group discussion, Tarkwa).

There was a strong argument pertaining to this viewpoint. A respondent, not in agreement with the earlier view, stressed,

But they use our resources, pollute and cause destruction to our buildings, farms and waterways. Why shouldn't they do something to offset all these? They should be doing more than they are presently doing. We don't even have to beg them to come to our aid. When they provide us with boreholes, they are not doing us any favour – they are only providing us with that because they have polluted our source of drinking water. They have polluted our rivers, so they are obliged to provide us with safe drinking water. This is not because they feel we need to have safe water from bore-holes. It is just the alternative that they are providing (Group discussion, Prestea).

As to the extent to which they would have to depend on the mining firms, respondents were quick to retort that they cannot disengage themselves completely from the companies, more so, when the companies continue to operate in the area. They however, pointed out that it would be unfair for the companies to end their supportive role in any circumstances. Said a community member in Prestea,

There can't be any disengagement. If we admit development is a process, then the companies should continue to support us and make provision for our needs in their budgets. They must continue their supportive role until they leave (Group discussion, Prestea).

In effect, it appears the communities are aware of the significant contributions of the mining companies. Although they believe that the mining companies are obligated to do a lot in keeping with their social responsibilities, at the same time, they feel if the companies were to stop their supportive role, they would be hard hit because of their dependence on them.

9.3. Employment

Respondents noted that unemployment is rife in their communities. Although figures were not readily available, the District Chief Executive, Emmanuel Ayensu, in an interview, conceded that the privatisation of the mining firms has led to a considerable decline in employment avenues for the people. The few large-scale agricultural ventures in the district have not fared well since mining expanded and have had to close. Meanwhile, the hopes of the teeming number of young men in obtaining employment in the mines have all too often proved elusive. Many of the respondents stressed that the mining companies were less inclined to employ them. A respondent explained,

We don't often get jobs from the mines. They rather use workers from elsewhere. They don't employ local labour ...it is only a few of our people who get one or two jobs. The explanation they give is that we don't have the skills to do most of the jobs in the mines (Group discussion, Tarkwa).

An opinion leader and youth activist also remarked:

Many of us are still at home with no jobs. The land is not even there for us to undertake any meaningful farming venture. I don't think the companies really care about us. They only talk of jobs in order to win our loyalty and acceptance. I don't really think they are keen on that. The legacy of their acquisition is displacement, loss of our farmlands and a high level of unemployment. Believe me, that legacy has been acute unemployment associated with a drastic fall in living standards. In effect, people in mining areas are being pushed deeper and deeper into poverty (Group discussion, Bogoso)

An elder of the town stated,

After driving us from our land and preventing us from farming, they should find us work to do! Why do they offend us by refusing to employ our youth? (Group discussion, Tarkwa)

A youth activist on his part had some strong words,

We won't sit down and allow them [mining companies] to do what they think they can do. These companies are operating open pit mines which have relatively short life spans. They have amassed so much wealth throughout their operations because of the generous tax incentives provided by government. As a result, they can reap so much and leave the community before their corporate income tax payments are due (Group discussion, Prestea).

An elder even endorsed the feeling of the youth for action:

My people have been stretched too far and for too long. We have reached our limit. We have to act now or else posterity will never forgive us (Group discussion, Prestea).

In considering their employment policies, the mining companies frequently refer to skill levels and skill shortages. Many of the residents in the villages I visited fall within the 'uneducated' and/or 'basic education' categories. They are those for whom many opportunities in mining sector are closed. The companies claimed the 'locals'

who have the requisite experience and skills have already been employed at the mines. There is even a problem with the description of 'locals' here. Whilst the mining firms see locals as inclusive of all Ghanaians, the host communities, however, maintain that, that representation should only apply to them because the mines are in their area, as such, they are and should be deemed as the local people.

The companies admitted that the issue of employment constitutes a major area where they seem to have a lot of differences with the communities because the local communities do not seem to understand the logic behind it.

A company respondent explained,

It is not possible to employ someone who doesn't have the requisite experience or skills. Does it make sense? (Interview, AngloGold Ashanti)

Another retorted,

Incidentally, there is a limit to what we can do in respect of offering them jobs in the mines. Most are unskilled and therefore we cannot offer them skilled jobs (Interview, Goldfields).

One company respondent stated,

This is what the people don't seem to understand. We continue to tell them that we are ready to employ them if and only when they have the right skills. I mean the skills we are looking for. But they don't seem to understand that. They think they have a divine right to be offered work here (Interview, GSR).

He commented further,

It's not our intention to marginalise them. The fact is that they cannot do a lot of the job offerings here basically because they can't be up to it. They should stop their complaints. We're doing our best for them (Interview, Goldfields).

A company manager explained what they have offered the communities.

Because we don't want them to feel marginalised, we have helped them to acquire skills in different areas like animal rearing. We have also provided farmers with seed money for their farms. We have assisted them to take up roles that we know they can pursue, all in the hope that they can be self-sufficient in the near future (Interview, Goldfields).

The companies are more particular about the development of mining skills but that is an area where the local people are not keen on pursuing. A company respondent underlined what their plans are,

We want as many local people to be involved in the mining industry. We're supporting the University [of Mines in Tarkwa] in this vicinity to produce graduates who could be readily employed in the industry. We're also building schools for the local communities, paying teachers to teach at the primary level and offering bursaries and other incentives to students so that we can have people who would be able to put their skills at the disposal of the community and others who can work in the mines (Interview, GMC) .

But if the local communities are angered by the lack of jobs, the anger is further exacerbated by the massive job losses they have faced in recent years as a result of the privatisation of the existing mines. Boateng (2000) explains that the decrease in employment in the mining sector is largely attributable to the use of capital intensive surface mining techniques of production, particularly among the new mining companies, privatisation and personnel rationalisation among the existing mines. Alongside that, the inability of the mining sector to add value to its products, to some extent, explains the limited capacity to generate additional local employment (Aryeetey et al 2004). The local communities believe they have a capable and dynamic workforce. What is needed, they argue, is for the companies to train them to acquire the necessary technological skills and competences required to enable them work effectively and assume responsible positions.

9.4. Education

In considering the longer term development of the area and the employment prospects of its people, formal education and training will clearly play a critical role. While the mining companies have contributed funds to the educational system and helped in

building some schools, serious questions exist over the destabilising role played by mining, especially *galamsey* towards education. The troubling aspect of this has been the number of children in the Wassa West district who have reportedly abandoned school to work with their families in *galamsey*. In 2007, the *Ghanaian Times* reported that children aged between six and 12 have found *galamsey* so attractive that they consider school-going a waste of time (*Ghanaian Times*, 2 March 2007). Parents, themselves economically disenfranchised by the transformation of the region, no longer encourage their children to go to school but rather undertake illegal mining with them. Despite all its attendant risks, the quest for 'quick money' overwhelms other more long-term priorities. One of the region's traditional elders, Nana Kobina Oboh II, has spoken against these developments. This concern has also been shared the District Chief Executive, Emmanuel Ayensu who made it clear that the district assembly was doing all it could to encourage and raise awareness of the benefits of education in the communities.

In 2004, the district assembly instituted a scholarship scheme to assist pupils at the Basic Education Certificate level to further their course, however, only a few were able to make the grade. This compelled the District Education Service to address the issue in a practical manner. Recognising the importance of the economic circumstances of families in the area, it decided to provide free school uniforms to children of school-going age. Parents were also sensitised through publicity campaigns and local meetings on the need to send their children to school. In another development, a scholarship scheme instituted by AngloGold Ashanti for Junior Secondary School (JSS) students in the district some years ago was not accessed for a long time because parents ignored it.

The mining firms have since recognised the need for the educational level in the communities needs to be stepped up. They reiterated that setting up educational funds, building schools and supporting the local university to produce locals skilled enough to work in the mines are initiatives they are carrying out to enhance the human resource base of the Wassa people. I visited a few of these schools and some medical facilities built by the companies, which sport the company names and logos emblazoned on them. They have also initiated human development programmes under

which they prepare Ghanaians (not necessarily the locals), to take very responsible positions in their companies.

In order to consider some of the issues involved here, I visited a popular *galamsey* site, known as *I Trust My Legs* as part of my field work. The site earned its name in the early 2000s following a police raid. The illegal miners here are always on the look out for the police and therefore tend to rely on their ability to run off anytime such raids are carried out. There are signs here of bored shafts in which people are lounged into. It is a dangerous enterprise as many of these people have died from collapsed tunnels. Here, I came to grips with their difficult and highly dangerous enterprise as men and even boys of tender ages, crept through crevices to scoop the gold-bearing sands from the ground. Most of the children who I talked to were oblivious of getting a sound education. One 12 year-old boy told me:

I'm here to help my parents because we need money for our upkeep. If I go to school now there won't be anybody out there to help them (Interview, Prestea 2006).

9.5 Development linkages and technological transfer

Despite their efforts at enhancing the human development base in their catchment area, the company respondents admitted that technological transfer has not developed as much as they would have liked mainly because the industry remains a tight economic enclave with no or little linkage to other sectors.

There is isn't much technological transfer from the mines to the locality. The expected linkage which should arise as a result of the investment here is far from being realised. The truth is that local business is not in a position to benefit from our presence here because of the rural economy. We still have our supplies from foreign sources (Interview, AngloGold).

Another respondent stated

Much hasn't been achieved in that direction. Indeed, we're looking at that now. We use a lot of equipment and other items which are mostly produced abroad. However there is a conscious effort to create the required linkages by supporting local companies to work with us. For instance, cyanide is imported but the supply is made by a local company. Our haulage requirements are made by local companies. We'd prefer local companies to be doing more

jobs with us if they could provide the same services as obtained from abroad. I think local companies need to build the capacity before they can stand up to this task (Interview, Goldfields).

On the issue of sustainable development, company respondents agreed that mineral resources cannot be replenished after mining. They argued that the fiscal receipts from mining are used to create greater value and more sustainable projects in areas such as agriculture, manufacturing, tourism and infrastructure. Respondents justified the significance of mining to Ghana's economy by reiterating that mining has the potential to spawn secondary industries, which in turn, has enormous multiplier-effect for the whole economy. They also spoke of their contingency plans.

We have a mine closure plan and we've evolved ways to ensure the communities would be sustainable after our operations cease (Interview, Goldfields).

Our afforestation programme seeks to ensure that we recreate the vegetation we met prior to the commencement of our project. Aside from this, we have also trained local people in other farming ventures to make them self-sufficient (Interview, AngloGold).

The companies also expressed the desire to have the communities as their partners in development. However, it seems clear that they have not fully come to terms with the cultural gulf that existed between the two. In my interviews, each of the managers complained that they felt some of the demands by the communities are just putting a strain on this partnership. One said respondent said:

Simply put, some of these demands are plainly speaking just ridiculous (Interview, GMC)

He further observed:

They expect us to be doing everything for them...even taking part in the christening of their babies. They always have high expectations that whatever request they make would be readily available. That's not the way we work. It takes much time for such requests to go through the system but they [communities] don't seem to understand how things work here (Interview, GMC).

But the local inhabitants feel the companies have often embellished their requests.

They make us feel as if we are parasites, lurching on to their gains...in fact, I should rather say, their illegitimate gains (Group discussion, Tarkwa)

In the irritation, the viewpoint of the villages often became caricatured:

How can they demand that we employ everyone in the village at the mines? They often insist that the company is theirs and that they have the right to be employed. Well, we're happy they associate themselves with the company but it is unrealistic and economically unsound to demand that we employ the whole village. Time and again, we've had to explain to them that we would employ those who have the requisite qualifications but they don't seem to understand this (Interview, GSR).

9.6. Local Economy – Global Companies

What emerges throughout this account is a story of a community losing its traditional values and disintegrating under the pressure of modernity. The arrival of the mining firms has led to severe changes in many aspects of the people's lives. Agricultural production has declined considerably leading to food shortages and the resultant high prices of foodstuffs. Schools have been abandoned in the quest for money.

Demographically, many people have moved from some areas in the country to these mining communities either to find work with the mining companies or engage in the illegal sector. These new arrivals owe little allegiance to the traditional way of life in these villages. Many of them have courted trouble with the people by embarking on some ventures which the communities find reprehensible. The growing inequalities currently being experienced in the communities have also exacerbated an unhealthy situation as the local populace feel alienated from their resources. They remain much poorer and are seemingly pessimistic about their future.

The mining companies operating in Wassa West produce almost exclusively for export, using highly capital intensive methods of mining. This, therefore, provides for few employees and few linkages with the local economy (Lanning and Mueller 1979). They have not been able to link up with the local economy because of its rural nature. For instance, the support services provided for the mines are mainly done by companies registered overseas like SGS Mineral, Process and Plant Services, who supply mining equipment and other requisite services. Not much has been done to provide the needed lift for local entrepreneurs. The companies maintain that the

entrepreneurial skills available are inadequate to provide the necessary backup for their business. In 2006, The Ghana Chamber of Mines announced that increasing the local content of the mining industry is a matter dear to the 'heart of the chamber.' The Chief Executive Officer of the Chamber, Joyce Aryee, who announced this said, 'as far as the chamber is concerned, spawning local industry is the highest point of our corporate social responsibility' (*Daily Graphic*, 22 March 2006). In spite of that, the chamber maintains that the core competences of the mining companies lie actually in mining and it would therefore be inappropriate for them to integrate backwards to produce their own inputs. At the moment, the companies import activated carbon worth about \$36 million a year for their operations. The Wassa area, meanwhile, boasts of coconut and palm kernel shells that could be used for that production. The local production of activated carbon has the potential of offering employment opportunities and also reducing poverty in the area if much attention were paid to it, but for now, this has yet to be taken on.

Although, Chamber of Mines envisages a situation where the mining industry would grow in tandem with secondary industries it has failed to engage the local people in the production of the mining requirements. It is quite important to note though that the sophisticated nature of mining technology makes it difficult for local suppliers to emerge within developing countries like Ghana. This situation is symptomatic of a technological dependence which contributes to the 'leakage' of multiplier effects outside the host country, usually to the home countries of the multinationals. The multiplier effect associated with the demands of mining activities is very often truncated because there are no established suppliers of equipment and specialised business services.

Although AngloGold Ashanti has indicated it intends to increase inputs sourced domestically from 19 percent to 40 percent in the next four years, Ernest Abankroh, Country Manager of AngloGold Ashanti, disclosed this, stressed that, 'inputs must be of the right quality and price,' (Interview, April 2006) which in effect means, local companies must do more if their items are to be purchased or their services used. On his part, Dr. Anthony Aubynn, of Gold Fields Ghana said Gold Fields has a similar practice of subcontracting work to local players. He cites the subcontracting of supply of steel boards, transport and haulage of gold bearing ores. But many of the biggest

disappointments have resulted from the failure of mineral processing and related downstream manufacturing to develop at or near the site of extraction. The government of Ghana, quite conscious of this, has pledged to facilitate a situation where primary products would be processed to enable them have added value.

But despite the roll-on effect of globalisation in all sectors of the economy, mining has not resulted in the transfer of knowledge and technology to local staff of the companies since most of the high level positions are held by expatriates (Aryeetey et al 2004). Meanwhile, the use of technology in the global drive, though significant, has not helped much in addressing the issues since technology transfer has not impacted in building skills for the local staff to overcome their difficulties. With the present open-pit mining which is capital intensive, mining has rather led to a reduction in the number of people employed (See Table 4.4).

The World Bank's recent statement on poverty identifies four broad categories that together make its conception of poverty (World Development Report 2000/2001). These categories are as follows: (a) material deprivation; (b) low levels of education and health; (c) vulnerability and exposure to risk; and voicelessness and powerlessness (p.15). Judging from these indicators, Wassa West can be said to be suffering from the various categories outlined. The people have suffered deprivation as a result of resource alienation. Many of the residents are uneducated and they suffer from a myriad of mining-related problems often compounded by inadequate health facilities. Major diseases like malaria have been attributed to the infested water-logged craters brought about by open-pit mining, whilst respiratory and other chest infections have been caused by the movement of earth from the area.

In line with the findings of Hilson and Potter (2005), it can be seen that in Wassa West, SAP has fuelled the uncontrolled growth of informal, poverty-driven artisanal mining and further marginalised the impoverished people in the mining areas. Besides, as more and more land and resources are committed to mining, only marginal resources become available for other uses (Aryeetey et al 2004). Many local communities in the vicinity of the mining projects have been subjected to massive dislocation and negative impacts. Whilst mining offers them a means to survive, at the

same time, it has shown the tendency to destroy the basis of their previous existence. This accounts for the love-hate relationship with mining which I encountered in Wassa. As a traditional society, the communities strongly guard their traditions and yet enjoy the trappings of modernisation largely brought on with the advent of large-scale mining. These contradictions in the society have had incalculable impact on the people. Their economic potentials have been exploited; their traditional patterns of convictions have been rendered obsolete by new systems of meaning, new values, norms and goals. Established social hierarchies are being thrown into disarray and disintegrating as new roles and status definitions emerge. The gradual dissolution of social cohesion has led to widespread anomie and breakdown of morality.

Conclusion

The chapter dealt with the question of resource wealth and economic development. Whilst recent findings seem to suggest otherwise, arguments over the years, had made a case for the promotion of extractive industries as a development strategy. Influenced by this development strategy, Ghana placed much emphasis on the mineral sector to fuel its economic and developmental goals. The expectation has been that the revitalisation of the sector would lead to more revenue generation, increased employment opportunities and knowledge and technological transfer and the development of the mining communities.

Unfortunately, the huge expectations remain largely unfulfilled. FDI flows into the mining sector has not led to an increase in employment opportunities for the people of Wassa West due to the capital intensity of the sector, labour restructuring and the weak linkages of the mining sector with other sectors of the economy. Not much has been done in terms of infrastructural development of the area, instead, the people have had to bear the brunt of the mining activities. The repercussions have been quite enormous. A state of abject poverty and alienation seems to have engulfed the mining communities. This has created problems between the mining companies and the community members.

The next chapter would seek to provide an insight into the dimensions of power relations between the mining companies and the communities in Wassa West.

Part Three:

Reflections on Wassa West

Chapter Ten: Corporations, State and Community:

Dimensions of power relations

10.1 Introduction

This chapter looks at the relationship between business, state and the communities and their conflicting interests. The relationship between communities on one hand and mining companies and the state on the other has been inherently disruptive (Obara and Jenkins 2006). In historical terms, the unfavourable view of mining companies in relation to a range of central corporate responsibility issues has been largely justified (Hamann and Kapelus 2004). However, mining companies have now been forced to acknowledge the impact of their poor collective reputation by pursuing livelihood programmes in the communities in recent times.

But engaging communities is generally different from an engagement with employees. Whilst business' relationship with its employees is direct and focused and has a number of shared goals, its relationship with host communities is far more subtle and complex. It often covers a multitude of interests. This makes it essential to find ways of engaging each other around areas of common interest, understanding each other and appreciating differences and common goals. In looking at this relationship, the chapter's focus will be on the dimensions of this relationship. It will also attempt to raise issues related to the differential access to resources and opportunities.

10.2 Power and trust

Most definitions of power seek to answer how power is distributed and its level of magnitude among different units in society (Dahl 1992). Max Weber (1992) and Macionis and Gerber's (1999) definition of power embody the element of resistance, which often characterises the relationship between mining companies and their communities. Weber defines power as the ability to achieve desired goals despite resistance (Weber 1992) and the ability to resist is seen as a measure of relative power between two parties in conflict over an issue (Weber 1992; Lukes 1992).

At least three models have been advanced to explain and answer the cause of power differentials in society. These are the pluralist model, the power-elite model and the

Marxist political-economy model (Macionis and Gerber 1999). The pluralist model argues that power may be relatively concentrated or diffused among many competing interest groups in society (Dahl 1992; Macionis and Gerber 1999). Proponents of this model contend that economic or corporate elites (in this case, the mining companies) and bureaucratic elites (including government machinery) are the most powerful institutions in society. According to this model, government and corporate elites are highly integrated, accommodating each other in order to keep the system working (Macionis and Gerber 1999).

The power-elite model also argues that power is concentrated among the rich such that the average person is hardly heard in society (Macionis and Gerber 1999). This model explains that power can be successfully resisted by the disadvantaged in society, who form themselves into political associations, civil society or other interest groups to confront the powerful units in society (Lukes 1992; Weber 1992; Macionis and Gerber 1999). It affirms that business and governments are the most powerful units in society. The Marxist political-economy model on the other hand, not only attributes the power imbalance in society to the disproportionate wealth and riches of individuals, but also to what purports to be the bias rooted within the system's institutions, particularly its economic institutions (Macionis and Gerber 1999). Proponents of this model have argued that the economic system of a society determines how the political system operates, and thus power-elites are products of capitalism.

The three models see power as unevenly distributed among individuals or actors in social relations. The models recognise that corporations and governments are the most powerful units in society. Government and corporations, therefore, have the capacity to achieve their desired goals despite resistance, and also to influence social behaviours (Dahl 1992). From all indications, power inequalities are natural and integral part in inter-personal relations and in the community. They are part of the interface between beneficiaries (like communities), corporations and the state. It can also be witnessed in the hierarchy of organisations, inter-agency and donor-client relations. An analysis of power can be distinguished in terms of whether they emphasis the modes of domination from 'the top', or the everyday exercise of power at 'the bottom' (the petty resistances). Such an analysis allows us to see relations of

domination between different kinds of social identities, while that of power relations allows us to perceive horizontal relations of different strategies in the contestation of resources and interests.

Power relationships can be understood only with reference to their prior development and their impact comprehended only in the light of their own momentum (Gaventa 1980). It can also be characterised by descriptions like dominant-submissive, controlling-rebellious, have-want, strong-weak. Gaventa (1980) has argued that challenge, or rebellion, may develop if there is a shift in the power relationships – either owing to a loss in the power of A or a gain in the power of B, but even as challenges emerges, several steps in overcoming powerlessness by B must occur before the conflict is on competitive ground.

Concerns about the authority, power, and trustworthiness of mining companies have become important issues in corporate business during the past years or so. These concerns have come to greater prominence with the increasing involvement of large-scale mining activities within communities that are quite traditional and hitherto had not had much interaction with large corporations. When mining companies act or are seen as agents of social change, their power over these communities increases as a result of the expectations from the communities for development. A critical evaluation of corporate–community interaction allows us to explore its diversity, dynamics, and complexity (Kooiman 2000) and thus explore issues of power and participation in activities within the community.

Since the state is assumed to be in the best position to know, and to respond to the needs of local communities, its relationship with such communities are very important. The integration of community development activities within the framework of local government usually reinforces attempts by the state to improve rural living conditions. Thus, with the perceived diminished role of the state, it is critical to assess how such a partnership between the local communities and the state remains on course. The pressing obligation to alleviate the plight of local communities often requires the effective harnessing of the initiative and the budgetary, technical and other resources of the state. As a result, the study also looked at the collective trust,

commitment and capacity of the state in its relationship with the local communities at Wassa West.

10.3 Relationship between state and communities

It emerged that government's authority over the communities made it easier for it to have the final say over all the mining projects. The authority that the government wields accorded it that ability to strengthen its resolve on all aspects of mining - from exploration right down to the beginning of the ventures – irrespective of what the communities think. Local communities contended that they were denied implicitly or explicitly participation in decision-making processes in the course of mining deliberations. Although, much has been said about the need for consultations with the local people, it emerged that by way of input, the locals were at a severe disadvantage. They were powerless in preventing a project even if they deemed the venture to be inimical to their very existence. This was because of the authority vested in government over mineral rights. Ghana's constitution grants the government exclusive ownership of any resource underneath the earth's surface. Chapter 21 of the 1992 constitution contains comprehensive provisions dealing with the subject of lands and natural resources. Article 257 clause 6 thereof states that:

Every mineral in its natural state in, under or upon any land in Ghana, rivers, streams, water courses throughout Ghana, the exclusive economic zone and any area covered by the territorial sea or continental shelf is the property of the Republic of Ghana and shall be vested in the President on behalf of, and in trust for the people of Ghana (1992 Constitution of Ghana).

Respondents said 'consultations' with them only happened when projects had reached advanced stages. They indicated that such consultations often happened when major decisions had already been taken. As such, no amount of community concerns or input could help ensure the reversal of any project they deem to be inappropriate. Even then, such consultations were seen as mere window dressing as they were done to conform to international regulations. A simple explanation often given within government circles is that local communities, such as those in the study area, do not have the capacity or technical know-how to assess projects critically. Hence, it has

been the prerogative of government to pursue lines that would be in the national interest. A respondent stated,

The only time the government consult communities is during public hearings. Even then nothing is taken on board. The fact is that at this stage, approval has already been given and no amount of community concerns can reverse any decision (Group discussion, Tarkwa).

Another indicated,

At the public hearings, our concerns are easily brushed aside. We're powerless...our position doesn't count. We're seen as local people, unintelligent and lacking knowledge about what is specifically good about us and our community. We're just there to be dictated to. Do we have any rights at all? The answer is simply 'no' (Group discussion, Prestea).

The difficulty, however, is that both parties do not discuss or negotiate issues on equal terms. Simply put, the local communities, are relatively vulnerable and of 'low status' whilst the government has much clout in view of its wealth and greater power.

Gaventa (1980:17) gives a clearer meaning to this when he stresses that participation is a consequence of a high level of political awareness or knowledge, most often associated with those of a favourable socio-economic status. In my interview with the Minister of Mines, Bannerman Bruce, she claimed consultations had been carried out in the mining communities at various stages of the projects. She indicated that in recent times, efforts have been made to include chiefs and elders of communities in considering every aspect of mining projects.

We don't look down on them. It's never true that we look down on the local people. Their input is always important to us. We very much engage them in discussions. We try to explain all the technical things to them. We work with them through their district assemblies, where their representatives meet and discuss issues pertaining to their locality. But at the end of the day, when there's need for a decision, we do what we think will be in the best interest of the area and Ghana as a whole (Interview, 10 March 2006).

From all indications, it appears government, through its related agencies, consulted the communities after the initial stages of the mining exploration. Apparently, the said 'consultations' were made not because the government wanted to solicit the views of the people on the said mining projects, rather, they were made in order to inform the

communities about the inception of the projects. The technical nature of the situation, the complexity of the land tenure system in rural areas and perhaps the lack of understanding for such ventures among many rural dwellers, made such consultations unnecessary at some levels of the interaction. It emerged from my briefing by government officials that the land tenure system in the country frustrates investors and impedes the progress of projects. Thus, since 'tradition' stands in the way of the new economic reforms, it was necessary to circumvent certain laid down structures in order to pursue what was in the public interest.

It emerged from my interactions with the local communities that the relationship between government and the communities was at its lowest ebb. Many community members expressed dissatisfaction with the perceived 'closeness' of government to the mining firms in interviews I conducted with them. The people perceive a strong pact between the mining firms and government. They felt government should rather be on their side in any fray with the mining companies. The communities contended that they had always fought for the best interest of the country. From their remarks, it emerged their relationship with government had been one of scepticism and suspicion. The communities saw government as feeble, ineffective and unreliable in issues involving the mining communities and the communities.

The respondents complained that the government had been insensitive to their plight and non-responsive to their appeals for help. They felt the mining laws, which they termed as 'inappropriate' have turned them into second class citizens in their own country. They also blamed the government as well as the international mining companies for their circumstances, which they described as deplorable. The respondents noted that state agencies like the EPA, Minerals Commission and the Mines Department have shirked their responsibilities in protecting communities' rights and interests. It is not surprising therefore that the communities have become critical of state agencies working within the mining sector (Lassey 2000). One respondent strongly stated,

Deliberate, heinous and collaborative machinations developed by the state agencies have been designed to harass, frustrate and intimidate us into accepting packages woefully unsatisfactory to us and also to let off the mining firms from their responsibilities to the communities (Group discussion, Tarkwa).

The agencies, have however, denied any creepy collaboration with the mining firms. Officials interviewed explained that they do their best in the circumstances and act as arbitrators in cases that require their intervention. Their immense contribution, they claim, has not been much acknowledged in spite of their dire logistical and personnel needs. Said Ransford Sekyi, Head of Mining, EPA,

The EPA is seriously handicapped. We don't have the personnel and the logistics to do effective monitoring. However, we've been able to do a lot within the terms of our mandate. Given adequate resources I know we can be more effective (Interview, 5 March 2006)

The official cited the temporary order against the GSR in 2005 as evidence that the agency is living up to its responsibilities and working in the best interest of the country. In the case under review, the EPA ordered the mining company to temporarily stop work at its Plant-North pit until it had relocated a police post, built a bypass road and put a fence around the mining site following complaints from the local community over the daily blasts in the area. The blasts had then destroyed the local police post and several buildings in the community.

10.4 Relations between communities and mining companies

Thomson and Joyce (2000) have noted that one of the fundamental factors that shape company/community relations is the extreme power imbalance that exists between the two parties. Power, they noted, is skewed towards companies rather than communities. The local people believe companies often gain the upper hand in all their 'transgressions.' Said a respondent,

Anytime we have a case against them, we know it won't end in our favour. I think the government fears that the companies might leave if they go hard on them. Eventually we, as a community, are always let down. We're powerless, we don't have the means to fight them [companies] but we'll continue to oppose them in whatever way we can (Group discussion, Bogoso).

The companies back their ownership of concessions by accentuating their legal claims over lands. They often stop the local people from 'trespassing' on any part of their concessions. They are aided by the state security agencies who keep the villagers at bay. Those who dare to 'trespass' are arrested. Over the years, the communities have resisted corporate power through various means, including legal and public protests. The rare use of legal channels may be due to the perception that communities cannot win such cases. They are pessimistic about their chances in challenging the powerful companies in court. They lack confidence in the judicial system, its complexity as well as the relative financial and time costs of the legal system. Given the level of poverty prevalent in the communities affected by mining, seeking redress from the courts has never been a common practice. However, a few cases have been lodged in the courts against mining companies. A respondent gave a reflection,

Sometimes we think it's not worth fighting them. They have the best lawyers. They have money, they're big and powerful. The government listens to them than it listens to us. Our development agenda is tied to their apron strings. They decide what they think we should have. Is there any way we can fight them and win? My answer is simply 'no' (Group discussion, Bogoso).

The disputes in mining areas have highlighted the tense relationships that often exist between mining companies and the poor communities. The build-up of resistance in the Wassa West area over the years can be attributed to developmental neglect, unfulfilled promises, continued pollution and degradation of the environment. These strains are compounded by high unemployment, disputed compensation claims from locals and disagreements on concessions and farmlands. Whilst the mining companies see the communities as being greedy, in view of the numerous demands they make on them, the communities, on the other hand, justify their demands as grievances that need to be addressed.

Despite the on-off strains that continue to taint their relationship, all the company respondents claimed they have cordial relations with their local communities. However, there was an admission that much could be done to improve the gains made so far.

I wouldn't say it is the best, but as much as possible we've been trying to forge close ties with them (Interview, Goldfields).

I think it's quite friendly, though there's room for improvement (Interview, AngloGold)

I think it's alright ...yeah (Interview, GMC)

Yes, we've tried to establish the right rapport with the people. It's quite ok...but there're some difficulties lately (Interview, BGL).

The respondents were quick to point out that continuous consultations would ensure an improvement in relations. They also noted that the question of land and its related issues like resettlement/ relocation arrangements, crop assessment and compensation often give cause for conflicts. In finding an antidote to the myriad of problems plaguing company-community relations, the respondents conceded that they ought to do more in that direction. Notwithstanding that, they insisted that over the past few years, they have engaged the communities in many areas with the view of helping them.

We have formed a joint consultative committee consisting of representatives of chiefs, youth, opinion leaders, women's groups, etc. The committee deliberates on issues that have a bearing on the communities. Our representatives also try to elicit views from the community members on what they want us to do for their communities (Interview, GMC).

Another retorted,

Unlike the past when we had ad-hoc committees and less qualified personnel handling community issues, now we have shown a deep commitment by employing people with the requisite backgrounds. These include community liaison officers, economic development officers and sociologists who now handle delicate matters with the communities (Interview, Goldfields).

According to the respondent,

Senior representatives of the company attend all district assembly planning committee meetings to discuss land-use planning issues. The company also holds monthly meetings with leaders and representatives of adjacent communities to discuss issues of mutual interest and operational developments at the mines (Interview, Goldfields).

The basic assumption for putting precise programmes and support structures for community engagements is indicative of what a respondent stated.

We think it is appropriate to help them [communities]. Moreover, we believe our business can only thrive in a conflict-free atmosphere which is based on trust hence our attempts at averting any conflict situation (Interview, GSR).

This desire for a conflict-free solution is not matched by any considered understanding of the deeply held views of the local people. The companies have failed to recognise the gulf between the economic rationality of their operations and the complex symbolism of the deeply held beliefs of the people. Respondents noted that sometimes the relationship runs into difficulties because of the constant requests for assistance by the communities. Said a respondent,

We're sometimes awed by the requests (Interview, Goldfields).

Another stated,

It boils down to one thing. They all think we're making so much money (Interview, GSR).

In all my discussions with the companies, the managers indicated their determination to uphold principles that would ensure the attainment of their vision. These include being honest, transparent, upholding human rights within their operational areas, commitment to the safety of employees, protection of the environment, transparency and ethical practices and the pursuance of good corporate citizenship. They said their paramount desire will be to recognise, promote and pursue a balance in social equity, environmental conservation and economic development. However, this is in sharp contrast to the accounts I heard from the communities (see Chapter 7). This kind of paradox was with me throughout the fieldwork. On one hand, the company managers talked about bringing benefits to the people. As such, they expected the people to be grateful. However, in my discussions with the people, they rather pointed out something quite to the contrary. What I experienced was the operation of two opposing logics, one emphasising monetary aspect of economics and the other rested in deeply held values, hence the turmoil in the relations between the communities and the mining companies.

10.5 Company-community relations: two logics in conflict?

The mining industry recognises the fact that to minimise the social conflict associated with its activities, it is necessary to involve the local inhabitants, remain sensitive to their traditions and culture, and develop the communities into understanding what mining companies could do to manage the environment. Land issues, pollution, resettlement/ compensation issues and marginalisation of local labour have been the communities' major concerns. The companies also felt unrealistic demands, lack of understanding of their operations, and in some instances, sheer resentment has led to differences between them and the communities. They reckoned the communities are sometimes uncooperative when negotiations or discussions are being held. Said a company respondent,

There seem to be a communication problem which keeps tearing the two of us [mining companies and community] apart. If the benefits of mining could be explained very well to them, some of the antagonism would be dispelled (Interview, Goldfields).

The companies maintained that the communities are reaping the benefits of mining and denounced the criticisms against them. Accordingly, one respondent stressed,

Most of the allegations made against mining firms are exaggerated. These [allegations] tend to fuel the already adversarial relationship between the mining concerns and the local communities. I can say that six or eight years ago, Damang, one of our sites had only a few projects initiated by government but today, it can boast of numerous projects that we have undertaken (Interview, Goldfields).

The respondent eagerly pointed to the benefits being received by the communities and expressed concern over the fact that these were not deeply appreciated,

The communities are benefiting in several ways. They've seen a lot of developments since the company moved in. We've been instrumental in bringing electricity to the mining areas of our operations. Water quality too has improved considerably. We've provided them with boreholes so that they can enjoy clean water. Those in the communities are experiencing higher standards of living compared to their compatriots elsewhere. Often the antagonism arises as a result of jealousy. Indeed some locals incidentally are jealous of the mining operations. It is difficult to understand why they should but they are. They think we are making too much money (Interview, Goldfields).

As with the concept of power, social trust underlines the relationship between the communities and the mining companies. According to Govier (1997:4) 'trust is fundamentally an attitude, based on beliefs and feelings and implying expectations and dispositions.' In giving our trust to someone, Govier (1997) notes that our expectations are informed by our experience with that person and what we know from that experience. Our meaning of life is therefore bound up with our relationships and its associated experiences. Trust between the companies and the communities have always been edgy and that accounts for the unhealthy nature of the relationship between them. When the community members were asked whether they trusted the companies, all the members of the three communities insisted the companies cannot be trusted. They explained that 'the companies are noted for saying one thing and doing something else.' They premised this on the fact that the mining companies have often reneged on their promises.

They [companies] told us they would pay adequate and realistic compensation but they have not been up to that realistically (Group discussion, Tarkwa).

The community respondents argued passionately that breach and lack of trust have brought about suspicion and misunderstanding between them and the mining companies. In a reaction, the companies insisted that they have been very transparent and have transacted businesses and negotiations with the communities in a win-win situation.

We don't hide anything from them so I don't see why they can't trust us (Interview, AngloGold Ashanti).

A company respondent stressed,

We have been forthright with them over negotiations, treated them fairly and always see them as our able partners. Over the years, we have tried to create a lasting relationship. Now we have community relations officers, a development which shows that we're keen to have the best of relations with the people here (Interview, Goldfields).

One respondent stressed that,

The failure of communities to concede that companies have a legitimate claim to their concessions has been a major cause of friction between us and the people (Interview, GSR).

10.6. Towards ensuring better relations

As these mining firms expand and pursue possibilities further and further afield, they have found themselves in the midst of issues and conflicts with host communities. Their role as commercial enterprises means seeking profit optimisation, which is definitely at odds with social development objectives espoused by the government. Undoubtedly, MNCs operate in such a way as to maximise profits worldwide (Moosa 2002), as such, it presupposes that MNCs are in to achieve an acceptable rate of return on invested capital, gaining market share, or ensuring their long term competitiveness, rather than supporting the host country's economic and social development objectives.

Despite their obvious differences, the mining firms, government and the communities, it seemed, can work together to ensure a conducive environment for business and the attainment of social and economic benefit for all parties. Several positions have identified the role of resources, such as land, and their uneven development and unequal distribution as key to generating conflicts (Akabzaa 2000). The occasional use of the police and the military by the mining companies to guard their installations can also exacerbate problems. Their use of these security forces have reportedly resulted in the deaths and manhandling of the local people, which have further led to more problems in the Wassa area.

10.7. Investment climate

The political and economic situation in Ghana has engendered continuous interest in the country. Unlike its West African neighbours like Cote d'Ivoire, Liberia and Sierra Leone, Ghana is seen as a relatively stable place. The companies indicated that Ghana offers a lot of prospects for business entities especially those in the extractive industry. According to them, that was a factor in their decision to do business in the country. Despite this, they still felt periodic revisions of the mining code could ensure a more competitive edge for the country.

The investment climate is quite alright. The economy is strong so we decided to invest in the area in order to improve our overall economic position. Despite the fact that the investment climate is good, I think there is still room for improvement. I'm glad that steps are being taken to ensure it remains very friendly to investors (Interview, AngloGold).

Goldfields, owners of Goldfields Ghana and Abosso Goldfields Ltd, invested in Ghana because of its key resources.

The political and economic considerations had an impact on our decision to invest here. We had to weigh all of them as a basis for our decision. We were happy with the quality of human resources and the favourable investment climate that Ghana has (Interview, Goldfields)

Despite the much acclaimed investment climate in the country, the company respondents were quick to add that business transactions in the country were cumbersome at times. They proceeded to offer suggestions.

I will suggest that the authorities create a one-stop shop where investors can assess everything within a particular government agency. The fragmentation of mining-related agencies often makes investment procedures quite a difficult task especially when one has to deal with numerous agencies (Interview, Goldfields).

Many of the mining firms called for a review of the mining law enacted in 1986. This has since been revised in order to bring it in line with the generous offers being made in countries like Tanzania, Guinea and Mali. Acclaimed as the most liberal mining code in Africa at the time of its formulation, Ghana's Mining Code of 1986 set the pace for the liberalisation of the mining sector in other mineral endowed states in Africa such as Mali and Tanzania. When these countries refined theirs with numerous incentive packages in order to attract more investors, Ghana's code became less attractive spelling an end to some mining ventures. Figures obtained from the Ministry of Mines and Energy indicate that applications for exploration had significantly reduced from 60 in 1997 to only two in 2001, due to the seemingly uncompetitive nature of Ghana's mining laws.

Conclusion

This chapter looked at the relationship between business, state and the communities and their conflicting interests. It explored the dynamics of power between the communities and the state on one hand and that of the mining companies on the other hand. Examining corporation-community and state-community interactions provide an opportunity to examine conflicts inherent and the tradeoffs and dilemmas that arise when communities demand priority-based social needs vis-a`-vis competing company business cases that advance competitive or comparative advantage of a firm and the role of the state in this. Mining companies now realise their collective stake in their host communities and have thus been involved in implementing programmes in their local communities. The resort to this has to some extent improved relations between them and their local communities. But there are still other issues to be addressed. Addressing these has to be central to any strategy of conflict prevention, resolution and management.

The next chapter looks at the concept of corporate social responsibilities and its application in our study area.

Chapter 11: Corporate Social Responsibilities and the Mining Companies

11.1 Introduction

This chapter looks at the role of the private sector in the pursuance of its corporate social responsibilities and the ways in which this has changed in the last few years. There are encouraging signs now of a more socially responsible private sector with some companies undertaking socially acceptable initiatives to resolving problems within the communities. But this turn-around has come through a period of major differences and conflict with local communities, whose agitations for a more responsive form of mining had earlier been ignored. Despite the present attempt to forge close links with the local communities, it is evident that a lot more needs to be done in the extractive sector, if businesses were to build a reputation in line with their claims of 'social responsibility.' Taking responsibility for their impact on society means in the first instance that businesses are now accounting for their actions.

The present change in the attitude of business is in line with its desire to enhance its reputation and to contribute its quota to societal development. This is being done under the banner of corporate social responsibility (CSR). The CSR concept in Ghana has gone far beyond the old philanthropy of the past, and has become part of corporate strategy for progressive companies. The chapter, thus, explores the links between the actions of the companies in the study area and their corporate strategies. It also looks at their engagement with stakeholders, particularly with the communities and NGOs. It further assesses the impact of corporate accountability approaches in Ghana, which seems to have made some progress towards improving corporate responsibility performance. Incidentally, this has largely been due to the emergence of the NGOs and the involvement of the media in questioning corporate behaviour.

11.2 Corporate Social Responsibility

The concept of CSR aims both to examine the role of business in society, and to maximise the positive societal outcomes of business activities (UNSD 2007).

Debacles associated with high profile companies like Shell, BP Amoco, Rio Tinto Plc in the oil and mining sectors have served to focus attention on company behaviour in

recent times. CSR has, therefore, accentuated the potential notion of responding to the dire needs of communities located near to the activities of companies. It has placed emphasis on the moral dimension of economic globalisation and prescribed a compulsion on corporate entities to take a stance on environmental management, human rights standards, and the promotion of better relationship between business and society. This is in recognition of the intrinsic value that business could derive from a healthy relationship. The concept has also ensured a focus on how companies can contribute to solving pressing social and environmental problems by acting on a voluntary basis through partnerships with other stakeholders.

Walker and Howard (2002) have outlined reasons why CSR and other such voluntary initiatives are important for mining companies. Their contention is that public opinion of the sector, as a whole, is poor as natural resource extraction industries are viewed more by concerns over environmental and social performance. Secondly, pressure groups and local communities have consistently targeted the sector at local and international levels, challenging the industry's legitimacy. An example of this is the actions of indigenous groups like WACAM and Integrated Social Development Centre (ISODEC). The two bodies have expressed grave concerns over the current situation with mining development in Ghana. Other international organisations like Oxfam and Food First have provided support for local communities in their deliberations with the mining companies. With such support, local communities have been able to challenge certain actions by the mining companies. As a result of these actions, companies have now devised ways and means to engage with local communities in order to be accepted within their areas of operation, hence the CSR approach.

Aside from the external pressures, Frynas (2005) has indicated that there are business reasons too why mining companies are pursuing CSR objectives. These include: obtaining a competitive advantage; receiving and maintaining a stable working environment; managing external perceptions and maintaining a good reputation. At the moment, organisations with positive images have been shown to be rewarded with greater perceived financial value and enhanced legitimacy (Wheeler and Sillanpaa (1997). Being a responsible corporate citizen means more than just a financial commitment to a cause or an organisation. For businesses, it means participating as

active members of the community in which they do business. It takes into account both practical and ethical dimensions of doing business and the nature of the work environment. It means coming to some real understanding of the lives, the beliefs and values, of the people directly affected by the company's operations.

Many definitions have been offered for what CSR stands for. In many instances, it is seen as the commitment by business to behave ethically and contribute to economic development while improving the lot of its stakeholders. According to Taylor (2004) CSR, at its core, also means respecting environmental values, contributing to economic growth, promoting social progress and conducting business in a way that prevents or mitigates negative impacts and enhances or sustains positive impacts on local communities and host countries

From the fore-going, it becomes obvious that a combination of forces is driving CSR, not least globalisation, which is forcing companies to create new corporate cultures. Businesses have also become increasingly aware of factors such as poverty, health and other issues that in a way have a bearing on their activities in their host communities. Similarly, the potential for future government regulation has also driven CSR in some sectors as companies seek to demonstrate that they are already managing CSR issues voluntarily. But good intentions are not enough, and as Culperper (1998) acknowledges, if corporate responsibility is going to make a difference, it will have to translate into corporate *accountability*.

11.2.1 Harnessing the principles of CSR in the mining sector

Mining companies are now faced with challenges to improve their environmental and social performances to ensure the integration of the concept of sustainable development and to deliver on their corporate social and environmental responsibilities (Yakovleva 2005). In recent times, the international mining community has been wrestling with the need for a new image, a new relationship between mining and society at large. The impetus for this, according to Joyce and Thomson (2002), comes from the fact that in many countries, mining is no longer considered socially acceptable. Joyce and Thomson (2002) reckon that for mining companies to maintain shareholders, access to capital and, indeed, access to land, the industry has to break with its historical image of 'rape and run'. This view comes in

the wake of the recognition that business strives on values instead of profits. Sparked by Tom Peters and Bob Waterman's (1982) best-selling book, *In Search of Excellence*, business today is turning to values and this can be exemplified by countless programmes for individual and organisational changes that have been ignited by an increasingly competitive global marketplace.

A further significant development impacting on the mining industry, for instance, has been the growing reluctance of financial institutions to support mining-related projects that are seen as presenting significant social and/or environmental risks (Zemak 2002). At a corporate citizenship conference in London in 2001, a senior representative from Barclays Capital re-echoed this when he stated that 'projects which embrace positive socio-environment practices tend to exhibit a reduced risk profile and thus are more attractive to us as financiers' (Brereton 2002).

Presently, mining firms are aware of the growing expectations from stakeholders about how they should manage their social, environmental and economic impacts. Clearly, it is within this line of thought that mining companies are now increasingly incorporating social justice concerns into corporate policy commitments, often augmenting already established environmental policies. The fact also remains that these companies prefer self-regulation to regulation imposed from the outside. In view of this, the companies have heeded calls to address some of the recurrent problems in the mining areas in order to avoid the risk of having such regulations brought on them if they failed to address the criticisms levelled against them by communities and critical NGOs.

Generally, the CSR concept has made progress in helping companies to rethink their responsibilities and self-interest. This has happened in part because of the considerable debates that have gone on in recent times over how companies should relate to the poor and marginalised, and in part because various tools and models have been developed to manage social and environmental performance. The considerable influence of civil society has compelled business to reconsider a number of corporate issues. For instance, Nike, which for many years was seen as an international symbol of sweatshops and corporate greed, has been the target of one of the most active global campaigns for corporate accountability. The company made

changes to its behaviour only after enormous public pressure on it. Companies such as oil and chemicals firm Total, gold-mining company Newmont and Unocal have had to review their practices worldwide in order to respond to, and anticipate, changing social expectations. Shell, a corporation with a history of perceived complicity in human rights abuses and pollution, most infamously in Nigeria, has also been at the receiving end from campaigners. Although, Shell has adopted sophisticated rhetoric about its social responsibilities, it has not shown much understanding, let alone remorse, about its own role, but recent incidences of kidnapping of its officials is making the company more receptive to the views of the indigenous people in the Niger Delta of Nigeria.

But unlike Nike and other companies in the apparel industry, which have often faced boycotts, the case of mining companies seems quite different in view of the products they are involved in. This is not to say consumers do not care about the social and environmental impacts of the mining industry. Awareness of environmental and social issues has probably never been higher than it is today. However, in contrast to many other industries where awareness of companies' social impacts has driven strong demand growth for ethical products and helped reshape the industry, in the mining industry, consumers' concerns rarely translate into consumer action.

Most minerals are unrecognisable by the time they reach consumers. For instance, iron ore becomes cars or coal is turned into electricity and the mineral content is commonly a small proportion of the total cost. Also, consumers have little awareness of who produced the minerals they consume, which in effect means brand recognition of extractive industry companies is amongst the lowest of any sector. Certification of origin and consumer branding is made very difficult by the number of intermediaries through which mineral products pass between mine site and shop window and the barriers to distinguishing between different sources of origin. .

As a result, lack of consumer recognition hampers civil action campaigns, which typically need a 'villain' around whom public opinion can rally. It has been a common sight to see Rainforest Action Network target Citigroup, JP Morgan and Bank of America. Starbucks has also been the subject of an ongoing campaign to increase its purchase of Fair Trade coffee. Nike often feels the brunt of reports

indicating that the sportswear industry sources from sweatshops. But in the gold industry, without greater recognition of gold mining companies and an ability to relate their output to particular jewellery products or an effective certification mechanism, consumer campaigns have always and are likely to struggle to make any headway.

Whilst NGOs have been important actors in many of the steps the industry has taken towards increased responsibility, pressure from politicians, local communities and other stakeholders have also led to most important results. Given the difficulties of organising effective consumer campaigns in the mineral sector, it is hard to see consumer action having as major an impact on the extractive industry in the near future.

11.2.2 The mining industry and CSR in Ghana

It is pertinent to realise that despite the elaborate CSR policies adopted by companies in Ghana, numerous incidents occur, which in effect reflect a discrepancy between the CSR discourse employed by the mining companies and their actual practice in relation to their host communities. The CSR discourse could also be used by the mining companies as a means of avoiding tougher national or international regulations that many have recommended. As is often the case, companies prefer self-regulation to regulation imposed from outside.

In spite of attempts made to bring the issue of CSR to the forefront, it is significant to note that the CSR concept has not been accorded its due in Ghana. A study conducted by WBCSD in 2000, entitled *Corporate Social Responsibility – making good business sense*, indicated that CSR did not seem high on the business agenda in Ghana. The reason, the study noted, is that CSR is thought to be too expensive. The study also found out that there is little outside pressure on companies to encourage them to take the CSR initiative. Lack of government control and involvement is also cited as a reason for CSR having a lower priority. Indeed, for many years, CSR was not even spoken of by the business elite in Ghana. It is quite understandable though, in that, by then many of the firms were state-owned and insulated from the international business. However, following the privatisation programme and the expansion of activity in the mining sector in the 1980s, concerns and issues were raised over the degradation of the environment, hence the action shown by the

companies in embracing the concept. These concerns have been documented in the earlier chapters. CSR as a concept, therefore, was seen as opportunity to ensure peaceful co-existence with the host communities.

11.2.3 The challenge of NGOs in shaping CSR activities

The NGO sector has been effective in applying pressure on governments, international agencies and financial institutions to impose higher standards in the mining industry (Brereton 2002). Those with a leading presence in the Wassa West community are made up of loose international alliance of groups concerned with environmental issues, human rights, and indigenous rights. They have been able to direct attention to particular incidents through a series of campaigns. These campaigns have created substantial negative publicity for the mining companies, and may have provoked some of the recent shifts in corporate social and environmental policy.

A combination of what might be called the institutionalised environmental movement, a sympathetic media and ecological realities have combined to generate enormous societal attention to ecological problems in recent years. These NGOs have been locked in solidarity to publicise and campaign against pollution, human rights violations and other environmental degradation in the mining communities. They have also fought desperately to assist the communities, especially in the wake of the government's lukewarm attitude to the seeming intransigence of the mining companies. Goldblatt (1996:136) believes their basic social change might be defined as 'the cessation or limitation of environmental degradation, as defined by movement participants, and the creation of social structures and cultural perspectives which keep that degradation within tolerable limits.' Now environmentalists constitute a vanguard, using education, persuasion and politics to try to lead people to their vision of a new and more sustainable society.

A number of mining companies in Ghana have incorporated some community development principles in their policies, partially in response to the increased scrutiny of company practices at the site level. Companies which claim to be environmentally aware and corporately responsible have formulated like policies into their mission statements and strategic plans. However, there have been difficulties with how these policies are applied within the range of activities undertaken by the organisations. As

has been the case, many of the mining companies in Ghana are increasingly emphasising policies involving the notion of participatory development, while operating with a very limited understanding of the range of such participation.

11.3 Key Stakeholder Issues in Wassa West

The communities in the Wassa West area have voiced their concerns for stronger community participation to meaningfully represent their views in all aspects of mining ventures in the district. Over the past years, activist groups have accused the mining companies of various environmental and social offences. These include:

- Mined-out areas becoming waste lands;
- Benefits derived from mines operations being inadequate;
- Communities being deprived of their rights to tenure and access to the use of natural resources in their own lands; and
- Mine tailings considered to be toxic and hazardous finding their way to the waterways.

The mining companies' corporate social responsibility policy stems largely from their intention to address these issues and the pressure put on them by local organisations and NGOs. From these generally shared elements, it became clear in my interviews that the mining companies' policies for corporate citizenship tended to cluster around three inter-related components: a commitment to social empowerment, protection of the environment, and economic efficiency. Their conceptualisation of corporate social responsibility advances clear-cut prescriptions for dealing with natural resource use and community and stakeholder engagement.

11.4 Company philosophies

All the mining companies in this study espoused their philosophy in mission statements as the basis upon which they operate. These values, in their view, have made it possible for them to engage the communities in an appropriate manner. During the interviews I had with the company managers, it became obvious that the companies have been conscious of the criticisms from civil society. In a bid to ensure some cordiality with the people, the companies have responded with symbolic

concessions. For example, in recognition of the plight of the people, the companies have set up alternative livelihood schemes like animal rearing, to empower the people socially and economically. But this programme has been fraught with irregularities. They have been poorly coordinated and many beneficiaries have had reservations about the entire outcome.

Notwithstanding their weak position vis-à-vis the giant corporations, the local communities have pressured the mining concerns over various mining-related issues, which have since elicited some responses. It became clear to me that the companies normally respond when popular sentiments become strident enough to pose a threat to their interest. But, even at that, some responses have merely been minor concessions that actually lack substance. This has not gone without comment from many of the local respondents. One of them who spoke about his community's experience with one of the companies during a group discussion noted:

Their initial response is to resort to intimidatory tactics and sometimes an actual unleashing of brutal force on the people. It is when these fail that it responds with unfulfilled promises or token programmes that offer nothing than a cosmetic application to a deep-seated problem.
(Group discussion, Tarkwa)

However, the company managers deflected that charge, claiming they have been at the forefront of supporting community development, empowering people and working towards the protection of the environment. They indicated that given the extreme dependence of the communities on them, they have responded by developing corporate social responsibility strategies that place priority on their relationship with the people.

We do realise that our long-term success is tied to managing broader social responsibilities to these communities and also creating value for our shareholders (Interview, AngloGold Ashanti).

They also acknowledged that they are not oblivious of their obligations to the communities.

We know they need our help and we're helping them (Interview, AngloGold Ashanti)

The company managers parried suggestions that had there been no pressure from civil society, and the concern for their reputation, they would have been obtuse in providing any support scheme for the local people. According the respondents, they would have incorporated such schemes in their corporate strategies whatever the local circumstances. A respondent, however, did appreciate the fact that CSR in Ghana is yet to be fully grasped,

Well, it could be true to say that the value of CSR appears to be poorly appreciated and promoted here. Having said that, I think it is important to dig deep and realise why it has been so. Not long ago, most companies in Africa were state-owned with absolutely no mandate to pursue community development, but with the advent of private companies, there has been a new thrust, with these private companies expected to pursue the objective of helping out in the communities which play host to them. It is new to us but I believe we're doing well in that area (Interview, Goldfields).

Another respondent stated:

We serve an area inhabited by eight communities. We always try to assist them as much as possible. We've built schools and recreational areas and also provided them with seed money for their economic ventures (Interview, AngloGold).

A respondent also reiterated that in line with their social responsibilities,

We have undertaken a number of development activities to improve the standards of living of the people its area. These include the construction of a hostel at the University of Mines and Technology at Tarkwa, the provision of electric poles to hook the national grid [for their rural electrification projects] and sustainable livelihood programme for the inhabitants (Interview, GMC).

All the companies have spent various amounts to help in the development of their areas of operation (see Table 11.1). The AngloGold official disclosed that,

In 2004, the company spent \$700,000 and \$900,000 in 2005 to provide social amenities for the communities within which we operate. We do provide medical care, schools etc for these communities. We know our operations impact severely on the communities. I think to ensure that we work in the best interest of these communities it is pertinent we involve NGOs and government agencies to address the problems faced by these people. We have targeted the use

of a minimum of one per cent of our earnings to provide infrastructure and alleviate poverty in our host communities (Interview, AngloGold).

The respondent refuted any talk of profit-making being at odds with social responsibilities.

We are a business concern but that shouldn't mean we should renege on our social responsibilities. Since we count on the community for the success of our operations, it is pertinent we show appreciation to them by meeting some of their needs (Interview, AngloGold).

Another respondent company also stated,

Profit making and social responsibilities can go hand in hand. This is what we're portraying, that is sharing our profits with the local people because they deserve our support (Interview, GMC).

All of the managers insisted that developing their host communities is very important to them. GSR, for instance, has established an Endowment Fund for its community development activities.

Initially it was funded at \$0.50 per ounce of gold sold, now it's been increased to \$1.00 per ounce of gold sold plus 0.1% of pre-tax profit. Golden Star has commenced discussions with the community on the operation of the Endowment Fund and the establishment of broad-based community consultative committees to oversee the review and selection of worthy projects for funding by the Endowment Fund. (Interview, GSR)

The company respondents insisted they go out of their way to promote and ensure company-community relations. This, they said, is based on their desire to forge close links with their communities. A respondent explained,

Well, the truth is that so far as they have a stake in what we do, we'd always try to seek their views on our operations. Their input is vital to us as a business. Sometimes, we explain to them the processes involved in our operations as well as the remedial measures we're taking as a result of our operational activities. As part of this, we spend a lot on our host communities in order to alleviate any sufferings in the localities (Interview, Goldfields).

While some central coordination of corporate social investment takes place in their head offices, each company, however, indicated that it is encouraged by its parent organisation to engage directly with the local people and community organisations to develop their communities. The companies also indicated that they are committed to other issues and diseases affecting their workforce. In line with this, they have devised a comprehensive strategy of prevention, treatment care and support for their workers.

Table 11.1 Selected Social Investment Projects of Some Mining Projects (1998-to date)

AGC, Iduapriem	-Support for the University of Mines. -Self-sustaining projects	Tarkwa
Goldfields	-Education at a cost of US\$240679 and construction of classroom blocks. -Health facility at a cost of US\$1000721 at Atuabo Clinic; rehabilitation of Tarkwa Hospital mortuary -Upgrading of Brahahom- Tarkwa road at US\$6700 -Construction of a well with hand pumps at Samaho/Huniso area at a cost of US\$42,825. -Alternative livelihood projects costing US\$30,250 -Phases I and II of alternative training programmes -Batik, tie and dye, animal husbandry and crop cultivation	Huniso Samaho Yareyeya Atuabo and Tarkwa Samaho/Huniso
Ghana Manganese Company	-Social investments -Education C314 million -Health C75 million -Electricity – C61 million -Roads C4million Water – C48 million -Alternative livelihood skills –C116 million -CBUD training for communities -Snail Farm -Agro-processing machine -Markets	
Golden Star Resources	-Roads -Clinic -Community projects -Electrification project	Prestea

Sources: various

C –Represents *Ghanaian cedi* (currency)

At their operational sites, the companies said, community stakeholders are regularly engaged in forums to discuss issues of mutual concern such as environmental management, local affairs and development issues. In some jurisdictions, these engagements take place through formalised structures established in consultation with local authorities. The companies admitted that sometimes they are uncomfortable with

local authorities. The companies admitted that sometimes they are uncomfortable with some of the customs and traditions of their host communities yet they try to involve themselves in such communal obligations. A respondent stated,

We adhere to the customary laws, procedures and requirements. If and when the communities demand strict adherence to these, we respect them I don't think there's a cultural conflict here. The laws of the land need to be respected and customary laws form part of the laws (Interview, Goldfields).

Meanwhile, they maintained the differences in cultural standards have not served as a wedge between them. A company official clarified the situation,

It's an experience for us and we learn everyday from our interactions with the people (Interview, GMC).

Another respondent noted,

We knew we were coming to a different setting. We have since adapted to the situation here. We respect their [local communities'] views and they equally respect ours. Sometimes we agree to disagree though...but that is the hallmark of our maturity (Interview, GSR)

11.5 Corporate accountability in Ghana

Corporate accountability approaches in Ghana have made some progress towards improving the corporate responsibility performance of MNCs and in spite of protestations to the contrary, it seems clear that this is largely due to the emergence of the NGOs operating in mining areas and the media which continue to hold the mining firms accountable for their activities. Together they validate the voices and identities of those who are not in a position to be heard. Although the NGOs were not a major force in the past years, their recent activities in exposing the inner workings of the mining companies have struck a chord with the general public. They have exposed what the public perceives as irresponsible acts on the part of the mining firms. These groups are seen as independent and their neutrality has earned them a good reputation with the public. Unlike the government agencies which are deemed to be closely associated with the mining companies, there is public acceptance of assessments made

by the NGOs. This has to a large extent ensured that mining firms now pursue sustainable practices even if their commitment is suspect.

The intense public pressure helps to explain why the companies have reacted sharply to calls for greater social engagement. In spite of the apprehension, the Chief Executive Officer of the Ghana Chamber of Mines, Ms Joyce Aryee says corporate social responsibility remains one of the hallmarks of the mining concerns. According to her, 'the mining industry in Ghana is a very responsible corporate citizen and will not intentionally or wilfully infringe on the rights of the communities on whose land we operate' (*Daily Graphic*, 26 August 2005). Aryee has reiterated that the mines are willing to work with government to implement significant institutional restructuring mechanisms, incorporate principles of co-operative decision-making and share responsibility for the management of social and environmental issues.

NGOS operating in Wassa West

Two organisations, ISODEC and the WACAM, could be cited as the most vocal among the host of NGOs bringing much pressure to bear on government, the mining concerns and the World Bank/IMF, over environmental issues in the Wassa West area. They have also helped to create awareness among the mining communities regarding their rights and also assisted them too, to significantly detect any pollutant within the localities. The NGOs also have special relations with the media. This lever of influence has spurred them on as they get publicity for their campaigns against particular projects and policies. They have been able to sensitise media personnel on environmental issues. Through their instrumentality, Environmental Desks have been set up in the major media houses in the country. For instance, the Federation of Environmental Journalists (FEJ) is a network of journalists, which was formed as a result of a sensitisation campaign by NGOs.

In particular, the declining role of the state, the consequences of economic crisis and the neo-liberal policies engineered by international financial institutions have created the needed impetus for the smooth functioning of NGOs in Ghana. IMF conditionalities meant the government could not even provide very basic things to the people. The move towards structural adjustment lending effectively weakened the state in many developing countries and this has been much felt in rural communities

(O'Brien et al 2000). According to O'Brien et al (2000), adjustment policies affected state-civil society relations in a number of ways. Firstly, structural adjustment resulted in the shrinking of the state especially in terms of the delivery of welfare services. Secondly, the non-profit sector, i.e., NGOs, increased its provision of basic needs such as education and health as a result of diminished state provision and also expanded both delivery and advocacy in response to alienation and demand.

Many of the NGOs in Ghana emerged as part of the pro-democracy movement at the end of the 1980s after the torrent years of military rule and have since gained strength (Higazi 2004). At their best, they reflect a global consciousness rooted in moral convictions about rights and duties that transcend cultures and boundaries, which, shared by human beings everywhere, also lie at the heart of the United Nations and its many agencies. The NGOs are involved in one way or the other with development and social justice, covering a broad range of issues. Those identified below as having 'policy-leverage' are all high profile and well established, but their political orientations and *modus operandi* differ.

WACAM was formed in October 1998 as a body to support the local communities in their attempt to put in check the excesses of the mining companies operating within the Wassa area. This association consists of communities within the Wassa district. WACAM has now forged global alliance with northern NGOs in a bid to pursue issues against the multinational companies operating in the Wassa West area. The Executive Director of WACAM, Daniel Owusu-Koranteng underlined this commitment.

We've always believed in forming alliances with other NGOs to strengthen our capacity in fighting the menace in our localities. That is the only way we can put pressure on the multinational companies. If the state can't stand the might of the companies, how can we? Our alliance with other NGOs is paying off. Now we're able to carry our fight into international boardrooms (Interview, March 2006).

ISODEC is an influential NGO based in Accra that often challenges development orthodoxies. It was formed in 1987. ISODEC undertakes advocacy work and publishes widely distributed authoritative research reports. It is probably best known for its campaigns against the government's attempt at water privatisation. A good

example is its work on mining, which has provided an environmental and socio-economic critique of mining sector activities in Ghana. It is part of the coalition against mining in forest reserves. Its critical approach means that it occupies an important space and its advocacy role certainly qualifies it as a policy lever.

Other civil societies have been actively involved in addressing issues pertaining to human right abuses in the Wassa area in particular and Ghana as a whole. The Third World Network-Africa (TWN), Green Earth Organisation and Friends of the Earth - Ghana are among such organisations as well as the CEPIL, a law firm that provides free legal service to the communities. The NGOs' emphasis on global rights and duties provide them abundant ammunition with which to attack multinationals. But given the importance of global corporations to the economy and the polity of the world, the government frowns upon continuing challenges posed to their legitimacy.

11.6 Current advocacy trend by NGOs

A new dimension in the strife to better the lot of mining communities like Wassa has been the effort to 'globalise' their 'struggle' by bringing activists from different parts of the world to share their experiences and information, to compare strategies and to create networks of solidarity. Environmental and human rights' NGOs have taken on the fight to help the communities in their encounter with the mining firms. The government has, however, been reticent in such situations. Desperately, it tries to avoid being tagged as being sympathetic to either party, a situation which has even made its position quite unsteady. Whilst the companies accuse the government of not doing enough to stamp out the illegal small scale mining, the communities indict it for giving out too much to the mining companies. The NGOs also tend to accuse the government of bending to the dictates of the mining firms.

Oftentimes, the parties trade accusations especially when environmental mishaps, like cyanide spillages occur. The government invariably thinks the NGOs have the tendency to blow some of the issues out of proportion, the NGOs on the other hand, believe the lack of government action on such issues smacks of a cover up. In the view of Cecelia Bannerman, the Mines Minister, 'the NGOs are merely making noises

and are not much informed.' I interviewed her in Accra in 2004 during which she made clear her antagonism toward the NGOs on this topic. In her view:

If they (NGOs) were to familiarise themselves with the whole aspect of mining, I believe they would appreciate our stance on some of the issues they raise. Decisions we make about mining are tough and sound and are made in the best interest of the country (Interview, April 2006)

Despite the fact that both the government and NGOs have cooperated in some areas in the best interest of the country, the relationship sometimes becomes overwrought as a result of their positions on mining. The proliferation of NGOs spearheading a mobilisation of the rural communities over mining rights has been immense in Wassalately. WACAM, for instance, has held series of workshops for the communities to make them aware of the environmental problems they face and how best to protect the environment. A WACAM official explained the objectives of the association:

Our role is generally to help the communities. We seek to help the communities to obtain acceptable compensation as well as better outcomes in relocation and resettlement issues pertaining to mining; to raise public awareness about the issues of mining, the environment and livelihoods. In the course of this noble mission, we have had to fight officialdom, stepped on toes and have been given labels but we are undaunted. We've been told that we are riff-raffs scaring away investors (Interview, October 2004).

He further reiterated:

If it hadn't been our vigilance, these mining firms would have gotten away with their diabolical acts of degrading the environment. We've been doing our bit to monitor events here and now the EPA has found it worthwhile to work with us. They have realised our immense contribution. The mining firms have even realised that we are a force to be reckoned with. We're working in the interest of a vulnerable populace. Fighting these giant firms is not an easy thing to do. We are carrying the fight to the government as well (Interview October 2004).

A great deal of awareness has now been created among the inhabitants on issues like human rights and environmental awareness.

11.7 Industry challenges

In interviews with the mining companies, respondents indicated that there are numerous challenges before them. These include resettlement issues, compensation, land acquisition, environmental problems and how to deal with community issues without spilling into conflicts. In their view, social acceptability seems to be paramount, among those challenges. A respondent summed it up thus,

If our host community dislikes us, we cannot operate successfully. The environment is also an issue we need to grapple with. Social responsibility is now the catch phrase and that is something we are also keen on. These are the challenges we'd be facing in the coming years (Interview, AngloGold)

Another stated,

I think dialogue is very important in order to stem the tide of conflicts. People are ruled by perceptions and sometimes they act on impulse. They need to understand issues. In this country, mining has been perceived in a certain way. It's always had a negative undertone. But the truth is that mining communities have seen development...a lot of changes have taken place...they have benefited immensely from the mining operations (Interview, Goldfields).

Although tension in the mining areas has reduced considerably, due primarily to corporate social interventions and regular engagements between the communities and the companies, there is every indication that the slightest differences could spark off bitter confrontations. Perceived marginalisation of local labour, delayed and inadequate crop compensation alienation of small-scale miners from their operation sites and pollution have all led to the conflicts raging between the communities and companies over the years.

The companies also blamed *galamsey* operators for a number of environmental problems in the areas. They believe the resolve of the illegal small-scale miners to prospect for minerals on their concessions has also exacerbated the problems in the mining area. The EPA, which agrees with this position, maintains that the conduct of illegal miners is very contemptible. EPA's Director of Mining, Anthony Andoh has conceded that the EPA has had a softly-softly approach to the *galamsey* concept because the agency wanted all illegal miners to register under the Small-Scale Gold

Mining Law (PNDCL 218) (*Ghanaian Chronicle*, 25 June 2005). The respondents noted that the illegality of *galamsey* cannot be condoned. But it is this contention that often sets the *galamsey* operators against the mining firms. The local communities seemingly do not support a clampdown on *galamsey*. The companies have always known that getting rid of the illegal small-scale miners is quite difficult to undertake since the illegal miners have the support of the local communities.

Said a company respondent,

It is often very difficult for the mining companies on their own to tackle this menace, as our attempts at dissuading people from encroaching on our concessions are seen as a means of protecting our resources and maximising profits. Incidentally, when we involve the police, the people usually turn against the security agencies accusing them of conniving with us (Interview, GSR).

The companies also stated that misrepresentation about mining companies has had a telling effect on them. They said notwithstanding their notable achievements, the mining sector is saddled with misrepresentations which need to be addressed in order to get people to appreciate their good deeds.

Conclusion

This chapter looked at the role of the private sector in the pursuance of its corporate social responsibilities and the ways in which this has changed in the last few years. It noted the encouraging signs of a more socially responsible private sector with some companies undertaking socially acceptable initiatives all in a bid to resolve problems within the communities. But this turn-around has come through a period of major differences and conflict with local communities, whose agitations for a more responsive form of mining had earlier been ignored.

The rise of CSR could, therefore, be attributed to the goings-on within the global economy and the concomitant expectation that firms would pursue the necessary objectives needed to ensure their smooth operations. At the same time, the concept has opened up for scrutiny, corporate behaviour in far-flung corners of the planet, a situation that has put NGOs in good stead to judge the conscience of businesses on the environment, community development and other issues. Lately, social movements

within the environmental sector have pursued a relentless war against what they see as a systematic dissipation of the environment by MNCs. Confronted with pollution and waste and signs of food shortages, soil erosion, deforestation and the destruction in mining areas especially, many have begun to question the prevailing beliefs that nature was to be ruthlessly subdued and controlled in the cause of industrialisation and economic growth (McCormick 1989).

The basic tension between drawing a line at the mining sites and behaving responsibly within it with no interest or involvement in the outside community except as it impinges on the mine operation, and becoming engaged with the myriad and complex social processes that occur within the community, is one that is constantly being negotiated by mining companies in development contexts. To lean too far one way can attract charges of corporate imperialism (or at least paternalism), while in the other direction lies irresponsibility, danger and immorality (companies that do not know about human rights violations within their sphere of influence would certainly deserve this label).

The next chapter provides the conclusion to the study. It would seek to analyse the situation, drawing on the issues encountered during the fieldwork and offer recommendations.

Chapter 12: Conclusion

The purpose of this study was to look at the role of multinationals in the extractive industry and their impact on local communities. The primary purpose in dealing with this theme was to achieve some insight into, and clarification of, the development issues that are posed for resource-endowed countries like Ghana. The mining sector happens to be the mainstay of many African economies, including Ghana, and has been the prime target for reforms under Ghana's structural adjustment programme. The thesis' emphasis on mining was precisely because of:

- The uniqueness of mining and the uncertainty surrounding the fate of economies and communities depending extensively on it.
- It was also in connection with the recent debates regarding the usefulness or otherwise of mining development as a central plank for development.

When Ghana embarked on SAP as a way of ameliorating her economic difficulties, the idea that mining would offer the needed turnabout became a central and seemingly rational theme for both the government and the mining companies. This culminated in an increase in investments within the extractive industry. Since then, mineral expansion in Ghana has opened up theoretically urgent questions about neo-liberalisation, the state and human right issues. It has also elicited different forms of protests that articulate a range of concerns about the environment, human rights, identity, livelihood and nationalism. A striking feature of the last few decades of mining expansion is the way in which it has witnessed both the emergence of inter and trans-national activism and organised discursive changes in the industry.

The thesis, therefore, documented how internationally generated policies have impacted on the lives of local people in Wassa West, in particular and Ghana as a whole. Specifically, the study drew on the new dynamic that is created when local and global interact, as is inevitable when a multinational corporation begins operations in rural communities. There has been, and still is, controversy about the social impacts of multinationals in the extractive industries, particularly when operating in developing countries. Whilst developing countries increasingly see FDI as a means for development, serious questions have been raised regarding the social outcomes of

some of these ventures. The popular view that MNCs have desirable assets that can help to achieve certain developmental objectives, might be true, yet governments often seem to lose sight of the fact that there could also be dire consequences too when such business considerations are made. The negative effects of such outcomes have largely been ignored or are hardly assessed, in some instances.

In developing the research project, it was helpful to map the distinct time periods in Ghana's history through the country's internal evolution, culminating in its political independence and a place in the world economic order. The issue of globalisation and related social science theories were critically examined in order to explore the extent to which the theories had been able to account for the nature of Ghana's socio-economic development. The main advantage of looking at the theory of globalisation, for instance, was that it enabled the thesis to appreciate the concerns expressed by leading authorities as to why the wider economic and political policies have robbed many African countries of the chance to become equivalent participants in world affairs and how Africa's opportunities for self-enrichment have been inhibited by the inordinate dependence on primary commodities (Cilliers 2000).

In the context of liberalisation, deregulation and privatisation, the thesis also examined the ways in which people in the remote rural communities in Wassa West have endured and responded to major changes in their lives as a result of global interrelatedness. It generated a body of knowledge through the use of the staple theory of growth and the exposé of Walter Rodney (1981) whose seminal work on, 'How Europe Underdeveloped Africa,' clearly gives much illumination on who benefits from foreign investments. These historical and theoretical investigations provided the study with the critical tools to analyse the ways in which isolated rural places have been transformed by what seems to be an inexorable economic process. The thesis highlighted the issues at stake and provided the basis for a deeper understanding of the role of mining development as a central plank of development.

In investigating this phenomenon, I spent two periods in 2004 and 2006 in Wassa West - the hub of Ghana's mining industry. There, I came face to face with the effect of mining activities on the local populace. It became clear from discussions I had and from my own observations that the benefits from FDI to the region were questionable.

In spite of the rhetoric of SAP and the optimism often shared in the discussion of globalisation, it was by no means certain that multinational activity brings developing countries or their host communities the kind of development that they require. In the case of Wassa West, although the major mine operators have often detailed their support for community development through local newspaper articles, press releases from the Chamber of Mines, and their community development reports, it was glaringly obvious that not much has been done in the area's development. It was a far cry from the picture often painted of these rural communities as locations where the people have been empowered by, and are working in harmony with the industry.

My visits to the Wassa West district over the past years rather revealed severe contradictions in that society. Instead of benefiting from the presence of the mining firms, many people in the area now suffer the brunt of the distortions in their social setting. Mining activities have affected their health, culture and traditional roles. Pollution, health, resettlement/relocation, social vices and other social consequences have all impacted severely on the local communities. The experience of the Wassa West community seems to challenge Blunden's (1985) assertion that the exploitation of any resource must inevitably lead to increased employment opportunities and economic growth for the local area. My own observations in the area revealed a community reeling under the huge impact of resource exploitation. It seems particularly true that economic balances have not been dealt with appropriately by the government, in that the political elites in government, as Nurnberger (1999:129) explains have, 'made them themselves comfortable in the express train of progress and few pause to think where the journey might be taking us.' At best, they take comfort in the knowledge that investments are pouring into the country in ways that seem to confirm the success of SAP. However, they rarely take into consideration the consequences of these policies for the people in the mining regions.

The study found that the local people have become disillusioned with the state of affairs. Although they feel exploited and have had long run-ins with the mining firms, the people still find it necessary to court the companies for their basic needs. The communities complained about the disregard for their requests, views and general well-being. In reviewing the relationship that currently exists between the communities and the mining concerns, the thesis found that it has led to new

engagements that have established unequal relations between the community and national government on one hand, and the MNCs, on the other hand. The huge financial clout that the companies wield has made them much stronger in any deliberations that have a bearing on their business interests. The unequal relationship, meanwhile, has bred mistrust rather than cooperation. In discussions with the local communities, there was a sense that companies often renege on their promises. This experience has made them suspicious of any future promises or concerns that the mining firms may make.

In exploring the contested arguments about the implications of mining for development, the thesis found that notwithstanding the nuanced conceptual arguments about the potential benefits of mining, there are many reasons to suspect that it has not lived up to expectation. Statistics show that the increase in mineral production experienced in Ghana over the past 20 years has netted few returns for the economy; that while minerals account for 40 percent of exports, the predominantly foreign-controlled mining sector contributes little more than 5 percent of national GDP (Akabzaa and Dramani 2001). As evidenced throughout my work, the mining communities bear the brunt of the investment, yet they have the least access to the mining benefits. Revenues for instance, are not channelled directly to the mining communities, rather, such tax revenues are usually collected by the national government, with local authorities dependent on transfer from the national treasury. The long chain of beneficiaries has therefore made it difficult for the communities to receive adequate benefits for their area's development.

In spite of the rhetoric of SAP and the optimism often shared in the discussion of globalisation, it is by no means certain that multinational activity brings developing countries or their host communities the kind of development that they require. As business entities, the mining firms are there for purposes other than developing the host communities. Therefore, there are no shared aspirations between them and the local communities. However, in line with demands by the communities and NGOs, the mining firms have now been forced to integrate community development programmes into their strategic plans.

The key findings of the study relate to the following:

12.1 SAP: The stretch from global to national and local levels

My findings revealed that Ghana's potential for economic growth is greatly influenced by its endowments of physical resources. In line with this, the government pursued SAP, with the hope that MNCs would inject the much needed funds to ensure the development of the country. The emphasis on mining was precisely because of its potential for revenue generation and perceived linkages to other economic activities. The position canvassed by the government, was that, mining would bring development, boost the local and national economies; raise living standards; correct inequalities; accelerate and generate employment. However, this policy has broadly been unsuccessful, in that, Ghana's economy has not expanded to the level envisaged. The strategy has failed to improve in any significant way the welfare of the local communities where mining takes place. Although the study noted that such investments have the potential of ensuring the well-being of the people, the recourse to this development strategy, has not rectified the economic imbalances being experienced in the country. Colonialism, undoubtedly, played a part in this, as countries like Ghana were made to serve as export enclaves without an opportunity to develop the manufacturing and processing sectors of their economies. MNCs in the extractive industry have amplified this approach by exploiting the minerals in the country without adding value to them. Consequently, they have also accentuated the distortions discussed throughout the study. They have employed capital intensive technology that have a high requirement for imports, thereby, generating relatively little local employment, creating few local linkages and increasing income equality in the locality and the country as a whole. In Wassa West, it was noticeable that the mining activity rarely created ancillary employment and production.

The findings from the thesis suggest that although the local communities are eager to see development in their communities, the outcome of such processes have had deleterious effects upon the quality of their lives. One crucial area of analysis is the relationship between poverty and development. It might appear that the two are virtually apart, as poverty means a lack of development, whereas development implies an attempt to remove poverty. However, as the study revealed, in practice, it has proved that it is quite possible for 'development' to occur without alleviating poverty, perhaps even exacerbating the already poor conditions for sections of the population,

as the case of Wassa West seems to suggest. Although Ghana has developed its mining sector, it could be argued, that the nature of this development has not alleviated the poor conditions in the mining areas. Instead, conditions at the mining communities have worsened considerably as a result of the surge in mining activities over the past two decades. My findings indicate that the local people have been subjected to environmental degradation and considerable discomfort, often in ways that the people describe as dehumanising.

12.2 Economic development and social disintegration

The findings from the study indicate that the mining sector's contribution to Ghana's economy has been relatively minimal both in terms of revenue generation and its potential to provide other linkages. Many mines have reduced their labour force substantially in significant restructuring and cost-cutting measures taken to ensure efficiency. Although the government and mining companies have argued that mining has been very beneficial to the economy, the evidence provided by this study, suggests that revenue generation has suffered considerably because of the incentives that have been offered to the mining firms. The heavy concentration of mining activities has generated environmental problems. It has also led to social difficulties related to settlement and relocation and negotiation and compensation questions. The persistence of these problems accounts for frequent resistance by the affected communities and clashes between them and the mining companies. Civil society and communities impacted by mining have articulated this position quite clearly and there is much evidence to that effect.

It is worth mentioning that if the private sector cannot formulate clear policies for community improvement and involvement, then it runs the risk of losing social support and the 'social licence' which companies need to operate effectively. In Wassa West, the findings suggest that although the companies had a basis to operate legally without any interference from the communities, the companies have since realised that it would be in their best interest to assist the communities because of the potential goodwill. The contradiction between the deteriorating conditions of life in the area and the huge profits being made by the mining companies became quite pronounced throughout the interviews I conducted and observations I made in the

study area. They raised both moral and business issues, a daunting task which the companies are still trying to grapple with.

The social organisation of every community is guided and directed by certain principles. In line with this, the study found that the people were very embittered when they realised that they had been by-passed during consultations on the mining ventures. A number of respondents expressed disdain for this attitude on the part of the government. Clearly, as the study realised, it would have been expedient for them to be represented on decision-making bodies since that would have been a way of making such ventures more meaningful to them.

12.3 The Staple Theory

The observed pattern of growth and poverty reduction in Ghana has always followed the line of debate that exists in the development literature, especially through the use of a staple commodity. Orthodox economic theory urges developing countries like Ghana to concentrate on the export of primary good goods. It argues that by participating in international trade and selling primary commodities like minerals in expanding world markets, such countries can generate sufficient capital to build up their own economic structures and invest in a growing range of industries. The potential causal relationship between exports and economic growth are soundly grounded in economic theory. From this explanation, it is common to assume that mining companies and countries like Ghana, have an interest in establishing a 'partnership for development', because the mining companies provide finance, technical and marketing expertise as the state provides the requisite environment for business. But the mere revamp of the mining industry, as this study found, brings with it no guarantee of increased economic development. The benefits of mineral production for export are less than sometimes imagined, and few of these financial surpluses were distributed to the local region. Furthermore, the tendency on the part of the companies to increase capital intensity and profit meant that the expansion in mining led to few employment opportunities in the formal sector whilst the sector consumed a large proportion of the generated foreign exchange through servicing import requirements. The emphasis on mining considerably destroyed the old agricultural economy and also led to the intensification of illegal small-scale mining.

The study found that structural factors like a decline in terms of trade for primary commodities, unstable commodity markets, poor linkages to both local and national economies and poor institutional arrangements impinge on the operations of natural resource development in Ghana. Generally, a rethink of natural resource management would not only ensure that the country unmask the increasingly unreasonable strive for certain economic measures and challenging their validity, but also help the country in knowing who benefits from a mineral resource development and who pays the cost.

12.4 Impact upon the old economy and gender effects

The thesis also found that the intensification of mining has led to the demise of agricultural activities in the Wassa West area. Farming and cocoa production were the previous 'staples' of Wassa West. This changed drastically when the stakes were raised in favour of the mining industry. Granting large scale mining concessions meant a choice between farming and mining, a decision which the community was not directly involved. The study found that, the consequences of such a shift were complex and detailed in their effects upon local communities and households. For example, some male heads of households opted for cash compensation instead of resettlement and abandoned their families, deepening the plight of rural women and children. In this and other ways, social relationships were disturbed by the acquisitions of lands by the mining companies. The move to less fertile lands had a disproportionate effect upon women and the viability of the rural household economy. In the new market economy, there was a differentiated access to resources and opportunities and as is well noted, in such rural areas, women tend to fare badly in such competitions. The level of social disintegration which rose as a result of this can be seen acutely in the rise of prostitution in the study area.

The findings also suggest that the impact of mining upon the cost of living had the further effect of moving labour away from subsistence farming into the orbit of the mining economy, mostly towards *galamsey*. The consequent fall in food production and the harsh economic conditions have since forced children of school-going age into menial jobs at the expense of their education. As a consequence, child labour and

high rates of school dropouts are a persistent and worrying feature of the local communities. A huge influx of migrant workers has also accounted for the high prices of items in the area. The influx has also led to social problems stemming from inadequate housing and infrastructure to patterns of behaviour which have created local resentments and have also upset existing social hierarchies.

The study found that illegal mining constitutes a major activity of the local communities. Many people in the mining areas have embraced *galamsey* after a large number of the residents were made redundant. Although, small-scale mining has been legitimised, many miners feel they cannot cope with the financial implications and the supervision that it entails. My findings revealed that inadequate mining concessions have forced a number of the small-scale miners to mine illicitly. The situation has given rise to two groups of small-scale operators - those licensed and those operating illegally. During my visits, I witnessed the deplorable conditions within which these illegal miners operated. Many have been killed from collapsing mine shafts, some have been injured, whilst others simply could suffer in future from the consequence of being exposed to mercury, which they continue to use.

Although confrontations between the companies and *galamsey* operators have always persisted, the study, however, found that the situation was always exacerbated when security forces reacted with excessive force to arrest alleged perpetrators. The findings further suggest that the legalised framework instituted by the government for small-scale mining, has further marginalised licensed small-scale operators, who have found it increasingly challenging to secure mineralised plots through legal channels.

12.5 Different value systems and contrary accounts

The study also revealed contradictions in the aspirations of the companies and the local communities. Whilst the companies are obviously and clearly motivated by business concerns and the protection of their shareholders, the local communities, in turn, were more pre-occupied with their quest for 'development,' a condition which often seems at odds with the objective of business. The nature and extent of development support required by the communities was an issue which often put the two bodies at loggerheads. Both the communities and companies have serious

misgivings about each other and nothing has happened over the years to clear these deep misgivings.

The structural adjustment policy framework, as the study found, has allowed large-scale mining to expand unabated, to the extent that it now threatens the traditional land rights of the indigenous people. It has also weakened community control over land resources. Local residents have, thus, been pushed into relocating or resettling elsewhere, a situation which the study found had weakened the family as a social unit. This situation has also had repercussions on the traditional set-up. Currently, some settlements owe allegiance to other chiefs as a result of being resettled in new areas. The study, meanwhile, found that the mining companies were seemingly at odds to understand what the issue of land means to local communities in Wassa West. It emerged that it indeed embodies their soul and their very survival.

12.6 Policy issues - the case for monitoring

As has already been indicated, the restructuring exercise and the accompanying mining policy reforms provided companies with generous incentive packages. These incentives contributed to an enormous increase in mining investment, significant expansion of the sector, a great increase in mineral production and the generation of foreign exchange earnings. The wealth produced, however, has brought few benefits to the national economy. With these operations destroying both local environment and sources of livelihood, the consequences have been a deepened crisis of health and environmental sustainability, social upheavals and economic deprivation. In net terms, the expected economic benefits have accrued largely to the mining companies, which are mostly foreign-owned. They have taken advantage of the attractive investment and profit-repatriation policies and of the ineffective enforcement of environmental regulations.

It is quite appropriate to indicate that the problems facing countries like Ghana are fuelled by escalating discrepancies in economic power. Although, the market mechanism has a role to play in economic affairs, it has proved to be incapable of signalling ecological dangers and rectifying the growing economic imbalances that have led to problems for a number of mining communities. The field work in Wassa

West clearly illustrated that the economic reforms introduced in Ghana have allowed the expansion of large-scale mining without adequate safeguards for the local people.

Indeed, pursuing a particular policy in relation to the issues addressed in the study is quite difficult. The real debate, it seems, centres on different ideological and value judgement about the nature and meaning of economic development and the principal sources from which it springs. The advocates of private foreign investment tend to be free-market, private enterprise, laissez-faire proponents who firmly believe in the efficacy and beneficence of the free market mechanism where this is usually defined as a hands-off policy on the part of the host governments. From the study, it emerges that a hands-off policy is not in the best interest of society. Rather, it recognises strongly the onerous role that the state has to play in ensuring that companies meet the required standards in terms of their operations and obligations to society and also in regulating and facilitating the relationship between the companies and the local people. Consequently, it would be utterly unhelpful if the state were to shirk its responsibility of ensuring the development of marginalised communities like Wassa West, and continues with its view that the private sector would provide the needed developmental boost. This research has made clear, if it was in any doubt, that the private sector's priorities do not necessarily coincide with those of the state and its people.

The study also found that there was not a clear thought-out plan to involve community members at some levels of mine development schemes because of the perception that they lacked the technical know-how to contribute effectively on such issues. As already indicated, consultation with local residents over mining projects was generally limited and circumscribed. Due process was generally not adhered to at the various stages of mine development, closure and rehabilitation. The government, most clearly, has failed to ensure that the mining companies operated on a traditional 'good neighbour' policy, especially in relation to land acquisition. This has been a major source of conflict within the communities as little or no effort had been made to make this process more streamlined and transparent. Besides, dispute settlement mechanisms had been hardly pursued, instead, the state as much as possible usually brought in the security forces when disagreements arose between the local

communities and the mining companies. The presence of the security personnel has been a factor creating the greatest, and most severe, tension within these communities.

Unsurprisingly, Ghana's eagerness for the benefits of corporate investment has made it blind to the attendant negative consequences, including human rights violations. It had limited its role to ensuring that companies have an enabling environment within which to operate. It has, however, become increasingly clear that the state's role will need to expand in order to ensure that companies do act responsibly.

12.7 CSR: Illusion and Reality issues

There have been issues with incentive-based competition for FDIs. Whilst many developing countries are keen to pursue this, it has left in its trail a 'bidding war spiral' as nations compete with each other using mainly generous concessions to lure foreign investors to consider locating and relocating investments in their respective countries. In the process, public finance which is crucial to national development and welfare has been deeply eroded through fiscal changes and other concessions granted to corporations. As local communities remain largely devoid of social amenities, MNCs have seemingly not grasped the notion that an impoverished community may not be in their long term interest. Their signs of opulence, which contrast sharply with the daily lives of local people, have the tendency to produce angry and violent reactions. In Wassa West, it has become apparent that individuals and groups in their search for a means of survival have shown the capacity and tendency to disrupt and create problems for the mining operations. The study found that some of the agitations from the local areas, stems from their perception that the MNCs are living off community resources.

At any rate, until the last few years, mining firms had toyed with the idea of providing support for their host communities. However, lately, with the activation of NGO activities in the region, many NGOs now provide a legitimate voice in the absence of an effective government presence in local areas. This was confirmed in my ethnographic field work and in daily conversations and observations. By fighting the perceived injustices being perpetrated by the mining companies, the NGOs have helped to ensure improvements in corporate responsibilities in the local communities.

It seems clear that the improvements in this area and the attention paid by the companies to CSR relate directly to the advocacy of the NGOs, especially WACAM. The NGO sector has been quite effective in applying pressure on the government, international agencies and financial institutions to impose higher standards in the mining industry. Now, much better forms of community assistance projects are being designed and implemented by the companies in the local communities.

The findings from the study suggest the mining companies have now embraced the concept of CSR. They now recognise CSR's intrinsic value and its ability to stave off social and reputation risks. Now, the challenge is to balance the diverse demands of the communities, the environment and the economy. But despite the elaborate CSR policies adopted by the companies and presented on their web-sites, numerous incidents occur, which in effect reflect a discrepancy between this discourse and corporate practice in relation to their host communities. Hence although CSR is much touted, the extent to which it is followed in practice leaves a lot to be desired.

12.8 The end of structural adjustment – more control of the market?

The issues raised in this study are complex and clearly merit closer investigation. They are presented to draw attention to the need for closer scrutiny of current trends. The extractive sector, from all indications, provides a particularly striking illustration of the way in which multilateral financial institutions, notably the World Bank, are at times caught between contradictory and sometimes incompatible logics – promoting foreign private investment as opposed to promoting the social and economic development of countries and their people. This is a far cry from their overall mission of reducing poverty and promoting sustainable development. If one looks at the likely effects of some of these neo-liberal proposals being effectively championed by the World Bank and IMF, the recommendations have tended to favour a weakening of the state's fiscal basis. It has also decreased the state's legitimacy and sovereignty. The state's capacity to implement development goals has also been seriously compromised. Moreover, its capacity to ensure a sustainable flow of net returns from mining activities and to maintain political sovereignty remains highly flawed.

This study has shown clearly that a degree of deregulation in the absence of a capacity to enforce norms concerning the flow of receipts, environmental protection, or social impacts, cannot but lead to a pattern of confrontation that is neither in the interest of the local populations, the state nor of industry. Obviously, the various conflicts being experienced in Wassa West are a pointer to this.

In sum, the study found out that the economic, legal, social, political and technological issue inherent in the interplay between resource endowment and the concept of development are not only complex, but also controversial. There is little intellectual consensus about most of them. The main challenge for the future will, therefore, be to seek ways where resource endowed communities could benefit from the resources that are exploited from their communities. There should be a novel approach to doing things. Perhaps it is time for the large mining companies to devise ways in which their activities would be more environmentally friendly, humane, acceptable and socially beneficial. Whether they would pursue this noble objective, and the extent to which they might engage in it remains to be seen. It is important, however, to stress that, this is the only way to create a basis for a better relationship within their operational areas.

The study provided a basis for understanding what happens when rural people become rapidly integrated into the worldwide socio-economic system. What emerged from this study pertained to clashes in perspectives and values, concerns about traditions and modernity; and questions about the place of rural societies in development. The study does not make any claim of having solved the complicated problems associated with the debates on whether mining is good or bad. However, the modest attempt at explaining this phenomenon, I believe, would provide an impetus for other researchers, academics and policy makers to appreciate what perhaps lies ahead when the whole question of development is being addressed. I hope the findings would engender further debate on this important issue as well as the role of business in society.

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APPENDIX ONE

Interview schedule: For mining companies

SECTION A: ABOUT YOUR COMPANY

1. When did you begin your operations in Ghana?

.....

2. What are the main reasons for investing here?

.....

3. To develop and establish an operational plan for a mine, investors must be aware of exogenous information relating to general political and economic events, the business environment, and the future performance of the operation. Which of the factors weighed heavily on you? Why?

.....

4. What is your view of the investment procedure in Ghana?.....

5. What recommendations will you make to improve the situation?.....

SECTION B: OPERATIONS

6. Briefly describe the mining method that you use in your operations.....

.....

7. How do you assess the impact of your activities on

(a) The local economy

(b) job creation

(c) income generation among miners

(d) community and the environment.....

8. Do you subscribe to the view that owing to the much-needed foreign direct investment and the need to generate jobs:

(a) medium and long-term strategic importance of biodiversity may be minimised?
Yes ☐ No ☐ Why?.....

(b) that the rights and ethnic integrity of the local people could be deemed contrary to national interest? Yes ☐ No ☐ Explain.....

(c) that potential health hazards could be ignored? Yes ☐ No ☐ Explain.....

(d) and the diversified livelihoods of rural dwellers undermined? Yes ☐ No ☐
Explain.....
.....

9. Is there any technological transfer from foreign experts to local professionals?
What of other linkages?
.....

10. Is there any policy to ensure a certain percentage comes from the local community? Why?.....

SECTION C: COMMUNITY RELATIONS

11. How is your relationship with the community within which you operate?
.....

12. What suggestions will you make for the improvement of this relationship?
.....

13. Do you engage the community in your operations, eg community elders serving on board membership, meeting elders to explain business activities, etc?

Yes ☐ No ☐ If Yes, please kindly explain how this is done..... ..

If No, why?..... ..

14. Do you have any official policy in that regard? Yes ☐ No ☐

If Yes, explain when the need arose for this and why..... ..

Have any plans of formulating one? Why..... ..

15. Do customary laws, procedures and requirements interfere with your business operations? Yes ☐ No ☐ If Yes, how?..... ..

(a) Do you adhere to them? Yes ☐ No ☐ Why?..... ..

(ii) How would you explain the basic cultural conflict?..... ..

16. Have differences in cultural standards served as a wedge between you and the local employees?..... ..

17. Do you hold the view that the community has a clear role in indicating whether or not the activities of a mining project are acceptable in their eyes? Explain..... ..

18. Mining communities in Ghana are considered high risk for AIDS and other sexually transmitted diseases? Is there any policy to combat this menace among the workers? Explain..... ..

SECTION C: SUSTAINABLE DEVELOPMENT

19. What do you understand by sustainability?..... ..

20. What in your view constitutes development?..... ..

21. Thinking of sustainability, what should mining companies, community groups and public officials do to address the economic, environmental and social well-being of communities?..... ..

22. Like any business, you have been incorporated to make a return on profit. Do you find this sometimes conflicts with other wider issues like environment? Explain.

.....

23. What do you understand by human rights?.....

Is that an issue for your business? Yes ☐ No ☐ Why?.....

24. What do you think are the challenges for mining and sustainable development over the coming years?.....

25. What can be done now to ensure that the community will be sustainable after the mine closes?

SECTION D: ETHICS

26. What do you consider to be ethical issues in business?.....

27. Do your operations raise ethical issues for you? How? Explain.....

28. What have been your approaches in satisfying the expectations of the community when confronted with ethical dilemmas?

29. The value of corporate social responsibility appears to be poorly appreciated and promoted in Africa in recent times. Do you subscribe to that view? Why?

.....

30. There is a new era for corporate social responsibility. Companies are hiring human-rights advisers, drafting and enforcing codes of conduct, and improving operating practices. Do you consider these as your priority areas? Explain.

.....

Position:.....

Thanks for your cooperation.

APPENDIX: 2

Interview schedule: For Communities

Development

1. You have always craved for development in your community. What is your idea of development?
2. How could development be achieved?
3. How has your community changed over the years? (a) how has that contributed to the changes in your social set-up in terms of your socio-cultural foundations?

Mining and community interest

4. What is your view on the mining concerns in your community?
5. To what extent are you involved in decisions affecting acquisition of concessions? What role do you want to play in this?
6. How beneficial are these mining firms to the total development of your community?
7. What are your expectations of these companies?
8. Do you find their operations worthwhile? Why?
9. Do you consider the overtures (eg provision of schools etc.) made by the mining firms adequate? Why?
10. What is your relationship with the mining firms? Is there any trust between you and the mining firms? Why?
11. How much royalties have been paid to you over the past few years? What do you do with the royalties paid to you? Do you find that adequate? Why?

Land

12. What are your views on the land acquisition by the mining firms?
13. What measures would you propose for the streamlining of the land acquisition procedures?
14. To what extent is land acquisition a contributory factor to the social conflict within the community?
15. What steps would you call for to halt the adversarial and confrontational attitude between you and the mining firms?

APPENDIX: 3

Interview Schedule: For Environmental Protection Agency/Ghana Chamber of Mines/Ministry of Mines and Energy

SECTION A: ENVIRONMENT

1. Environmental policies and requirements are now seriously being debated, formulated and implemented in many developing countries. What is Ghana doing in this regard?
2. Do you consider the present regulations as adequate? Why?
3. It must be acknowledged that Ghana is still at a very low end of the environmental awareness curve. Do you subscribe to this view? Why?
4. Is there much more openness to the public and proper enforcement of safety and environmental standards? Explain.
5. What modifications and revisions would you suggest to the present regulations?
6. Do you think there should be a review of the current mining laws? Why?

SECTION B: MINING FIRMS

7. How many mining firms are operating in Ghana? Of this number how many are in the western region alone?
8. In some instances, mining companies have been accused of destroying farmlands, polluting water sources and degrading the physical environment. Are these accusations fair? Why?
9. What steps would you call for to halt the adversarial and confrontational attitude between communities and firms?

10. The dynamics of mining operations call for returns on capital. Is that a genuine reason why in some cases some mining companies have focussed exclusively on returns on capital and somehow ignored community interests and concerns? Explain.

SECTION C: COMMUNITY

11. Do you include the communities in decisions that have an effect on their way of life? Explain.
12. Under the current mining legislation, all minerals are owned by the state and hence the Minerals Commission grants exclusive mining leases. Does the system include the chiefs under whose jurisdictions the concessions reside? Why?
13. Ghana has benefited from significant changes taking place in the global mining industry due to positive developments in the country, many of which are linked to political stability, record of performance of investments and the macro-economic policy framework. The challenge however is to address the poor relations between mining companies and communities. What is your proposal towards this?

