6

Conclusions

This study has clarified various non-price factors that influence the production incentives of small-scale cocoa producers in southern Ghana. It has also sought to contribute to an understanding of historical changes in cocoa-producing villages. Analytical focus has been on three points: the pattern of resource access and resource use of farmers, indigenous institutions influencing production incentives, and the power relationships involved in smallholder production. By adopting analytical methodology which starts with the individual farmers (not the household or any other social groups), the study has sought to reveal the economic stratification and unequal power relations among farmers.

As stated in Chapter 1, the study has two objectives. First is to identify the broad incentive structures embedded in local institutions. In other words, the study has reconsidered the role of price incentives, which has been greatly emphasized in recent literature, by placing it in wider incentive structures that are interrelated with social and institutional aspects of agricultural production. Second is to describe some aspects of rural transformation in Ghana by comparing the situation of cocoa-producing villages in the 1990s with that described in earlier studies. These two points will be summarized in this concluding chapter.

1. Aspects of Incentive Structures in Cocoa Production

Higher real producer prices of cocoa enhance farmer incentives to production. However, prices are not the only factor to provide incentives to farmers and govern their production behavior. Various non-price incentives also affect this behavior. These include incentives embedded in local institutions such as agrarian contracts and indigenous land tenure systems. The micro-level incentive structures are also interrelated with macro-level changes, such as increasing population and the decreasing availability of land. The interrelations between price incentives, non-price incentives, and macro-level changes are summarized below.

The two types of share contracts widely practiced in Ghanaian cocoa production are important in understanding the incentive structures of smallholders. As was detailed in Chapter 2, the *yemayenkye* and *nhwesoo* share contracts provide both landlords and tenants with various incentives that are often related to the villagers' life cycles and their varied socioeconomic situations. By entering either form of share contract, a tenant obtains access to land for food crops. A *yemayenkye* tenant acquires a stable and inheritable usufruct right of land, and may even have an opportunity to become a landholding farmer. When landlord supervision is weak, a tenant may underreport the total harvest, enjoying a higher production incentive and, simultaneously, a risk-sharing arrangement with the landlord. On the other hand, the two types of share contract provide landlords with flexibility, allowing them to choose contracts appropriate to their different socioeconomic situations. An own-account farmer who plans to expand cocoa farms may leave the already-established farm to the *nhwesoo* tenant. A retiring farmer who intends to go back to the hometown may enter a *nhwesoo* or *yemayenkye* contract in order to secure income after retirement while maintaining the landholding rights. An absentee landlord may plan to earn a certain income without working him/herself by holding cocoa farms under a *yemayenkye* contract. Thus, the two types of share contracts provide flexibility to both landlords and tenants, enabling them to choose contracts appropriate to their different socioeconomic situations.

Another important factor influencing farmer incentive structures is the complex interaction between rights in trees (or farms) and rights in land. As the cases of *yemayenkye* show, once a farm is established and well-managed by a tenant, his landlord cannot easily challenge the usufruct right of the tenant. Continual investment into the farm under *yemayenkye* could even lead to the transfer of land to the tenant. This means that tenant investment in cocoa, a perennial tree yielding a crop for some forty years, is also an act strengthening tenant land rights. Similar patterns can be observed not only for tenants of share contracts but for own-account farmers as well. This is because in Ghana as in many farming communities in Africa, the existence of multiple and overlapping interests in land is prevalent, and investment in tree crops may act as a means of claiming and enhancing one's land rights (Besley 1995; Sjaastad and Bromley 1997; Okoth-Ogendo 1989; Bruce 1988; Berry 1988a, 1988b; Otsuka et al. 1998). Therefore, farmer investment behavior needs to be understood in terms of both short-term incentive to increase yield and long-term incentive to strengthen land rights.

The role of price incentive in cocoa production needs to be reconsidered by placing it in wider incentive structures embedded in local institutions. Because maintaining cocoa farms is an important way for farmers to strengthen and secure their land rights, a fall in the real producer price of cocoa, as happened in the 1970s and the early 1980s, might have less effect on production behavior than is usually assumed.[1] For a *yemayenkye* tenant, neglecting the cocoa farm or cutting down cocoa trees to replace them with more profitable crops means a loss of long-term and inheritable usufruct right to the land. For a landholding farmer it means the loss of visible evidence that proves the investment he has put into the land and his entitlement to occupy it. On the other hand, when the real producer price rises, as was the case in the late 1980s, the price incentive and other incentives embedded in local institutions may strengthen each other, resulting in a stronger production effect than the one caused by the price incentive alone. The social and institutional aspects of incentives, and their interaction with other "pure" economic aspects such as price incentive, all constitute wider incentive structures that affect farmer behavior.

Furthermore, this "combined" incentive structure of prices and institutions can be affected by the wider situation of increasing population and the resultant scarcity of land in southern Ghana. The decrease in forest land and the resultant difficulty in obtaining unoccupied land from local chiefs, a situation not very critical some decades ago, can encourage farmers to enter share contracts using a landlord's uncultivated land as an alternative means of obtaining land right. This results in both more efficient use of otherwise uncultivated land and in an increase in production. The favorable price incentive in the late 1980s may have accelerated this process. Thus the incentive structures of Ghanaian cocoa farmers are formed through the complex interaction between price incentives, non-price incentives embedded in local institutions, and the increasing scarcity of land in rural southern Ghana.

2. Transformation of Cocoa-Producing Villages

From the analysis in this study, it has become possible to shed light on some aspects of the transformation taking place in rural southern Ghana. In earlier literature the cocoa-producing villages until around 1960 were characterized by the existence of capitalistic farmers who reinvest their profits from cocoa to acquire large plots of land. In the 1990s, however, there is little evidence of such capitalistic farmers. Similarly, we do not find evidence of a bipolarization among farmers into a class of large landholders and another of landless wage laborers. The following three reasons appear to explain the nonexistence of such classes.

First, the rapid expansion of cocoa production over the entire area of southern Ghana during the first half of the twentieth century has now made it impossible for farmers to acquire large pieces of land from the traditional chiefs. With a decrease in uncultivated land and increase in population pressure, land has become scarce. This has made it increasingly difficult for capitalist farmers to expand their operations by acquiring more land. The tendency that land once acquired by individuals or lineages is rarely sold to strangers has made it even more difficult for individuals to accumulate land.

Second, there are trends toward the fragmentation of land and the dispersion of landholding rights with generational change. This occurs as a result of the gifting and inheritance of land and land-dividing arrangements under the *yemayenkye* contract. With many people (notably wives, offspring, and matrilineal kin) laying claim to their land rights, the land acquired by first-generation migrants has been divided into smaller pieces through gifting and inheritance. One result of this process has been the decrease in land area held by individual farmers. Another result has been the increasing dispersion of land rights to persons outside of lineages, through gifts and inheritance to nonlineage members. The frequent division of land under the *yemayenkye* contract also has contributed to this process of land fragmentation and dispersion.

Third, local institutions such as indigenous land tenure systems and agrarian contracts allow individuals with low economic status to improve their economic position with the progress in their life cycle. Because of the existence of various agrarian contracts, even a landless farmer can seize the opportunity to switch to a more advantageous form of contract. In addition, increasing cases of *yemayenkye* contracts in recent years have lead to the emergence of new landholders who were once landless. The position of farmers with low economic status, especially landless ones, can be improved, and there does exist the institutional means for such improvement.

The socioeconomic transformation of migrant cocoa-producing villages is closely linked to the life cycle and generational change of farmers. When first generation migrants acquired land directly from the traditional chiefs and launched cocoa production, they could reinvest cocoa income to purchase uncultivated land that was available. By the time they grew old and retired to their hometowns, little uncultivated land remained available. When retiring, the first-generation farmers consigned their land to tenants under *yemayenkye* contracts, setting off a slow process of land division and dispersion to landless farmers. At the same time, land transfers from the first to subsequent generations through gifting or inheritance also began. About forty years after the first migrants started cocoa production, these processes of land fragmentation and the dispersion of landholding rights to people outside lineage were beginning. The two villages of Bepoase and Nagore were in such a state when fieldwork was conducted in the mid 1990s. The situation in the two villages could be called “the first stage” of land fragmentation and dispersion.

Now more than sixty years after the first-generation migrants settled in the villages, the process of land fragmentation and dispersion is in its “second stage.” At this stage there are no first-generation migrants alive, and many of their descendants live outside the villages. As a result, the number of absentee landlords, who inherited land from the first-generation migrants but have not resided within the villages, is increasing. This is leading to an increasing number of share tenants and those who acquire small pieces of land through land-dividing arrangements under *yemayenkye* contracts. At this stage of later generations, land becomes scarcer than in the “first stage” because of the increasing population. In addition, land becomes more fragmented and dispersed because of the further subdivision of land through gifting and inheritance. Generational change is bringing the same transition among tenants because the number of second-generation tenants who inherit *yemayenkye* contracts is increasing. The village of Gyaha at the time of fieldwork seemed to be in this second stage of land fragmentation and dispersion.

Thus, the situation of cocoa-producing villages in Ghana in the 1990s greatly differs from that in the 1960s or earlier as described in the past literature. Capitalistic farmers accumulating land which is readily and plentifully available have faded away because of the growing scarcity of land. Meanwhile the generational change of cocoa farmers has lead to land fragmentation and dispersion which has been further accelerated by the increasing number of land-dividing *yemayenkye* contracts. The situation seems to be bringing about the leveling, rather than bipolarization, of landholdings among farmers.

At this point there are some questions that naturally come to mind. What will happen in the future when the land held by individuals becomes even smaller under greater population pressure, making it difficult to divide land further under *yemayenkye* contracts or through gifting and inheritance? Will there be a renewed trend toward polarization between the landholding class and the landless? What institutional and technological changes will arise in such a situation? The cocoa-producing villages in southern Ghana, which have undergone a major transformation over the past century, can be expected to change further in the future.

Note

1 During this period, the low producer price of cocoa in Ghana resulted in large-scale smuggling to Togo and Côte d'Ivoire. Consequently, production figures during this period as reported in the official statistics (which only include cocoa sold to the state-owned purchasing company) could have been much lower than the actual production that took place in Ghana. Therefore, the explanation that the decline in real producer price during this period eroded farmer incentives to produce and led to a lower level of production could be exaggerated.