

OILING THE URBAN ECONOMY: LAND, LABOUR, CAPITAL, AND THE STATE IN SEKONDI-TAKORAD, GHANA

Franklin Obeng-Odoom (2014).

Oiling the urban economy: Land, labour, capital, and the state in Sekondi-Takoradi, Ghana. London: Routledge, 238pp.

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Oiling the urban economy is a pioneering book with a very apt title. Its focus on the impact which the Ghanaian oil boom had on urbanisation, is timely. Recent exploration has revealed oil wealth in several low-income African countries, now eager to achieve economic development. But as Obeng-Odoom observes, Africa's prodigious offshore oil wealth tends to be conflated with the Niger Delta quagmire. Many assume that African oil extraction will inevitably be mired in corruption, impoverishment and violence. This book tells a different, far more complex story, about the vitality and pitfalls of Ghana's newly evolving oil economy based on offshore crude oil, gas condensate and natural gas.

The book is pioneering with respect to 1) its rejection of the applicability of the Nigerian oil experience to Ghana, demonstrating through careful, balanced empirical documentation that the discovery of oil in Ghana was not an event *per se*, but the

beginning of a ‘complex web of social relations and institutional interactions in an urban economy’ (p. 76); 2) its concentration on the impact of offshore oil at the level of the local urban economy, rather than restricting analysis to national or regional levels; 3) its adroit exposition of the intricacies of financial and fiscal aspects of offshore oil alongside political, economic and social outcomes; and 4) demonstrates that the ‘resource curse’ theory and an emphasis on transparency measures to guard against government corruption, grossly oversimplify the transformative processes unleashed by oil booms in Africa, and the policies needed to harness the oil boom’s full economic potential at local and national levels.

The author, trained in land economics, has personally experienced the ‘before’ and ‘after’ of the oil boom, having been a student in Takoradi during the 1990s and thereafter in a position to trace the impact of the 2007 oil discovery during his fieldwork in Sekondi-Takoradi between 2010 and 2012. In Chapter 2, he criticises the mainstream ‘resource curse’ theory, opting instead for the political economy perspectives of Henry George on land values, David Harvey on property rights, and Hossein Mahdavy and Chibuzo Nwoke on oil rentier nation-states.

The third chapter provides background on the evolution of Ghana’s oil economy, introducing the key actors and the roles played by the postcolonial state, as well as past colonial, socialist and neoliberal legal regimes, trade unions, municipal authorities and traditional local chiefs, amongst others. What becomes evident is that Ghana enshrines democracy, the rule of law and institutional transparency, but does not always have administrative capacity to deliver on these goals. The country is evolving from agrarian-based values encased in customary rule to post-colonial neoliberal policies and norms, amidst very rapid transformation of the economy. As the corporate world of multinational oil companies inserts itself, a jumble of asymmetries, gaps and conflicting interpretations of rights, responsibilities and values of local, national and international actors have arisen. The national government aims to use the oil revenues for equitable national development, but the unfolding division of costs and benefits derived from offshore oil extraction and distributive management of its windfall gain is far from equitable. Neoliberal privatisation policies constitute a conducive context for a coalescing stratum of Ghanaians with the money and the power to seize urban investment opportunities alongside the oil companies’ extractive operations.

Part II reviews the history of the coastal twin town of Sekondi-Takoradi from its pre-colonial origins as a port in the 14th century. The settlement constituted a thriving entrepot during the colonial period. Dockers’, railway and other workers’ political solidarity was ascendant during decolonisation and during Nkrumah’s presidency, but in the 1970s under military rule the town’s economy was undermined by port development in Tema, further to the east near Accra, causing Sekondi-Takoradi to descend in Ghana’s urban settlement hierarchy. The discovery of offshore oil proximate to Sekondi-Takoradi in 2007 put the twin town back on Ghana’s

development map, embodying the hope of the nation for a greatly enhanced economic future.

As oil exploration and infrastructural investment proceeded, employment opportunities grew in the building and service sectors, and in the unskilled, semi-skilled and lower rungs of the oil industry. Transport facilities expanded, but more in terms of automobile than rail transport. Traffic congestion asserted itself as an insidious problem, both in terms of the rising number of vehicles and poor driving practices. Nightlife was enlivened by the availability of increased disposable cash. The author notes that the spread of prostitution brought employment for women but was criticised as immoral by segments of Ghanaian society. But the author's main focus is on the oil boom's impact on local real estate development and the built environment. The latter part of the book deals with the windfall gains of oil and the impact of their untaxed rent on the urban economy of Sekondi-Takoradi.

The impact of oil, mediated by national and municipal government policies and the legal framework, holds differential benefits and costs for the local population of Sekondi-Takoradi. First, the indigenous fishing and farming inhabitants of the town may experience residential and/or occupational displacement as the land and natural resources under customary law are transformed into commercial real estate, generally with little or no compensation to them because statutory property rights recognise the eminent domain of individuals, not communities per se. So, too, those who hold land on the basis of informal market exchange are similarly disadvantaged. Local residents were not in the habit of registering their land transactions, making their land vulnerable to confiscation without compensation at a time of rising demand for land. Second, the hazard of oil spillage threatens the local fishing industry. Third, while there are statutory laws providing for community compensation for 'takings', their potential impact is marred by the fact that historically the Ghanaian government has chronically defaulted on such compensation, and assessments of value often erred on the conservative side. The government concern is that making a large award to a tribal community in one place would set a bad precedent for tribal claims on the national government elsewhere. However, when compensation has been paid, evidence suggests that chiefs sometimes abuse the trust of their people and fail to distribute the oil-related (often once-off) payments to them.

The municipal government of Sekondi-Takoradi, which should be fostering the city's rapid development towards a serviceable town, is financially very weak, reliant primarily on central government's District Assemblies Common Fund. Given poor property registration and a lack of knowledge of title deeds, it is unable to establish a fair and equitable property taxation system. The national government uses 70 per cent of its oil rents to support the national budget, 9 per cent is spent on a heritage fund to benefit future generations, and the remaining 21 per cent is used as a national stabilisation fund in the event of declining oil prices.

In the tally of beneficiaries as opposed to those experiencing neglect or penalties, chiefs with custodial power and private landowners with clear title over land do well in the face of rising demand for land and housing. Incoming migrants needing housing push up the cost of rental accommodation. Public investment in roads and municipal installations and property speculators raise the price of land. Obeng-Odoom sums up the outcome: ‘while the oil oozing through Sekondi-Takoradi has breathed new life into the twin city, income distribution in this oil city has become more unequal’ (p. 144).

The insightful penultimate chapter argues that taxation of urban land – particularly windfall gains from rising property values – has the potential to promote harmonious cities. The author points out that most of the existing literature on oil’s impact on the general population stresses transparency of oil revenue management, without actually posing the question of how oil revenues are generated and distributed. However, oil revenue management in Ghana is constrained by the fact that oil companies are not heavily taxed. They are not subjected to profit tax, only pay 5 per cent royalties, and insist on signing contracts with the Ghanaian government that protect them against the imposition of additional taxes, duties and fees.

Turning to the urban economy, Obeng-Odoom sees the possibility of the municipal government taxing the windfall gains of property price escalation associated with the oil boom. This policy is in line with Henry George’s advocacy of taxing rising urban property values to finance urban infrastructural development. Socialisation of oil rents could provide public funds for investment in education, public housing, transport and direct cash transfers to the poor. While Ghana’s capital gains taxation provides a legal basis for this, actual implementation is not promising, given the lack of capital gains record-keeping. Few report receiving capital gains. The author sees this frustrating state of affairs as an outcome of the move away from Nkrumah’s principles of a just, equitable economy. The book concludes with observations that the Ghanaian state’s management of oil revenues is not corrupt, but its implementation of neoliberal policies lends it the character of a comprador, rentier state that fails to promote the welfare of the majority of the population.

The book conveys a convincing argument, but there are some regrettable gaps, notably a lack of adequate contextual background on urban economies in Ghana and no explanation of Sekondi-Takoradi’s position in Ghana’s urban hierarchy. The book’s index is overly dependent on listing names, yet surprisingly omits the name Nkrumah and key terms from the author’s main argument. Chapters 7 and 8, on fiscal finance, would have benefited from some flow or tree diagrams to clarify the different forms of taxation, their advantages and disadvantages, and the impediments to implementing them. In a section comparing Ghana’s oil and gold economies, the author seems to assume that all gold production is based on large-scale corporate mining, with no recognition of the massive numbers of small-scale miners benefitting from earning their livelihood in artisanal mining. The discussion of prostitution is

too impressionistic. Nonetheless, these are quibbles that are not essential to the central argument.

Overall, *Oiling the urban economy* offers a wealth of valuable documentation and a highly coherent and cogent assessment of the Ghanaian ‘black Gold Coast’ experience. Its contents are illuminating for populations in many African countries anticipating the windfall gains of offshore oil wealth. It is a ‘must read’ for those who care about better, equitable outcomes for African urban economies under oil’s enticing but often deviant sway.

BIOGRAPHICAL NOTE

DEBORAH FAHY BRYCESON completed her BA and MA degrees in geography at the University of Dar es Salaam and her DPhil in sociology at Oxford University. She has held academic positions at the University of Dar es Salaam, the Architectural Association in London, the Afrika-Studiecentrum at the University of Leiden, Birmingham University and Glasgow University, as well as research associateships with the Universities of Oxford and Copenhagen. Her research consultancy work spans various United Nations agencies, including the International Labour Office, FAO, UNCTAD, UNRISD, UNICEF, the United Nations University, the World Bank as well as research project work funded by bilateral donor agencies. She was Principal Investigator of a large multi-country collaborative programme on *Deagrarianisation and Rural Employment* funded by the Dutch Ministry of Foreign Affairs, a study of livelihood frontiers in Tanzanian mining and trading settlements for DANIDA, and most recently she was Principal Investigator on the DfID-ESRC-funded *Urban Growth and Poverty in Mining Africa* project.