

Why is ghana still an
ledc?



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Why is Ghana still an LEDC? Peilin Cheng 9A Although Ghana is rich in raw materials and precious metals, it is still a Less Economically Developed Country (LEDC). There are many different reasons ranging from the environment and climate to their debt problem. Ghana is in the tropics of Africa near the equator which means the temperature is very hot, there is also a hot dry North East wind called the harmattan which blows between December and March. Ghana's climate and ecosystems are split into three different climate and ecosystems: The Tropical rainforest is hot and wet all year round.

This means that it is a good source of timber wood however more of the rainforest is being cut down for firewood or by farmers to clear land for farming, Ghana is the second largest cocoa producer in the world because of the ideal growing climate. The farmers gain more land to grow on but once the nutrients have been used up the soil becomes useless and most farmers cannot afford fertiliser so the land is abandoned. Over three quarters of the rainforest has been destroyed so deforestation is a problem. Diamonds, gold, bauxite and many other useful ores or precious metals are also found in the rainforest area.

The Savannah is hot and very dry due to drought, deforestation and overgrazing and there are not as many useful natural resources there, unfortunately more of the North of Ghana is turning into desert. Desertification is a growing environmental problem because the ground is too dry for agricultural uses and so it slows down Ghana's development. The majority of Ghana's workforce is farmers so the state of the land is very

important to them. Both desertification and deforestation mean fewer crops to sell and eat so there is more poverty.

The Coastal Savannah is quite hot and dry but some oil has been found offshore (although it is not enough, it has to import a lot more), it has more natural gas which Ghana has begun to use. The River Volta is used for hydroelectricity and fishing which has helped Ghana develop. There are also some historical reasons on why Ghana is still in poverty. Ghana was not always one country; it used to be made up of separate kingdoms and so some people were wealthy. Then some Europeans arrived in 1650 and began trading gold with Ghana.

Later, the British began demanding slaves for their plantations in America so they bought at least 5000 people per year from the country, this held back development. The kingdoms went to war for over 150 years for people to sell. Many Europeans competed for trade but the British soon took over and by 1901 the kingdoms had been forced together and Ghana had become a British colony, this is a mixture of both helping and hindering development because the British did build railways to speed up the process as well as roads, schools and hospitals for the people but they had to pay taxes for them.

The British exported diamonds, gold, ivory, timber, pepper, corn and cocoa which made the Europeans very rich but not the people in Ghana. In 1957 Ghana finally gained independence but problems soon arose, they had no factories, few services and not many educated or skilled people. Since Ghana had just gained independence, it wanted to develop fast so they borrowed a lot of money from the World Bank and other governments. When people

borrow money they have to pay an interest on the loan, most of the bank loans were made in the early 1970s when the rates were low.

Then they suddenly rose so poorer countries like Ghana could not maintain their repayments and so had to spend more money than they were earning on repaying their debt than actually developing. This meant less money for building schools, hospitals, clean water supplies as well as other things the people desperately needed. Being in debt can have a huge impact on life, especially if you are living in a developing country. There were fewer schools which meant there was a very low literacy rate so it was harder to find work which meant unemployment.

Plans to create a clean water supply were put on hold which meant an unhealthy workforce due to dirty water, bad healthcare and unhygienic living conditions, this also led to unemployment. Unemployment meant no income and money so people lived in poverty and was not able to pay for medicine or school. This resulted in a cycle which was hard to break. Most poor countries depend on selling their crops (e. g. sugar, cocoa, coffee, bananas, etc.) to other countries but despite that fact, Ghana is not getting richer.

When Ghana tries to sell their crops to a richer country, it faces large tariffs which put buyers off. The world price of many crops are falling because too much is being grown and also big food companies who buy most of their crops force the price down. The tariffs stop crops being sold and the falling world prices mean they earn less. At the same time, farmers in richer and more developed countries who grow similar crops get subsidies for them. Those crops are then shipped to poorer countries at such low prices the local farmers

cannot compete with and so they go out of business. Poorer countries cannot stop those imports because the World Bank has forced them to lower tariffs in exchange for their loans. In 2000 there was a campaign in the UK to cancel the debt of some of the world's poorest countries. The campaign was a success and this meant that the money that would be used to repay their debt could be used to develop their countries. They could spend it on clean water supplies, healthcare, education and other things.

Ghana has many natural resources and the discovery of oil meant it could be used or sold and the natural gases could be used to power objects and generate electricity. I think that the main reason why Ghana is still an LEDC is because it cannot repay its huge debt since it cannot sell its crops fairly because powerful companies force their prices down unfairly. Hopefully their debt will be cancelled by the richer countries so they can concentrate on developing their country. Sources: http://www.economist.com/content/global_debt_clock, geog. 3- Oxford