

**MILITARY COUPS IN GHANA, 1969-1985; A BY-PRODUCT
OF GLOBAL ECONOMIC INJUSTICES?**

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Table of Contents	3
Abstract	4
Abbreviations	4
Chapter 1: Introduction	6
1:1 Background and Brief History	6
1:2 Aims and Research Questions	8
1:3 Methodology	9
1:3:1 Research Strategy	9
1:3:2 Research Design	10
1:3:3 Collections of Information and Data	11
1:4 Theoretical and Empirical Literatures	11
1:4:1 Theoretical Literature	11
1:4:2 Empirical Literatures	13
Chapter 2: Theoretical Framework	13
2:1 Dependency Theory	14
2:1:1 Introduction	14
2:1:2 Dependency Theory, Core, Forms and Extensions	15
Historical	15
Contemporary	16
Structural Dependency	16
Radical Dependency	17
2:1:3 Strategies proposed by Dependency Theorist	19
Import Substitution	19
2:1:4 Criticisms of Dependency Theory	20
2:2 Military Centrality Theory	21
2:2:1 Core Explanations	21
2:3 Political Development Theory	23
2:3:1 Core, Forms and Extensions	23
2:4 Conclusions	26
Chapter 3: Economic policies under Civilian rule 1969-1981	27

3:1.The Busia Government (1969-1972)	27
3:1:1. External Influences in the Formulation of Economic Policies	28
3:2.The Limann Government (1979-1981)	32
3:2:1. External Influences under the Limann Government	32
3:3.The Major Economic Policies under the Busia and Limann Governments	33
Currency Devaluation	33
Liberalization of Economy	34
Reduction and Cut in National Budgetary Expenditure	35
Privatization/State Divestiture Policy	36
Chapter 4: The Various Military Regimes 1972-1985	36
4:1. Introduction	37
National Redemption Council/Supreme Military Council	37
Supreme Military Council (II)	37
Armed Forces Revolutionary Council	38
Peoples National Defence Council	38
4:2. Economic Policies under Military Rule 1972-1985	39
4:2:1. Immediate Economic Policies	39
Nationalization Policies	41
National self Reliance Policies	41
Revaluation of currency and restoration of Budgetary Expenditure	43
4:2:2. Latter Economic Policies	45
4:3.The Ghanaian Economy and its Performance under Military Regimes 1972-1985	51
4:4 Military Rule in Some African, Latin American and Developing Countries	56
Chapter 5: Analysis	61
5:1.From the Perspective of Dependency Theory	61
5:2.From the Perspective of Military Centrality Theory	63
5:3.From the Perspective of Political Development Theory	65
Chapter 6: The Final Sum Up	67
6:1. Results	67
6:2. Conclusion	70
APPENDIX	71
LIST OF REFERENCES	73

ABSTRACT

The economy of Ghana has faced stagnation over the period of independence till recent times. There have been continuous military presence and intervention in the Ghanaian political Affairs. The period from 1969 to 1985 has been characterised by several military regimes who have blamed global economic injustices as the reason for the failure of the Ghanaian economy. As such they assumed power illegally to liberate the economy from foreign influence and unfair economic policies which has always gone to the detriment of the Ghanaian economy. For this reason diverse economic policies have been enacted by several military regimes and government who have come to power through the gun or military coup. It is my aim in this project work to research and analyze how these claims are justifiable and realizable by researching into the theoretical and empirical evidence, beliefs and principles as well as the economic policies that they implement when they assume power and to conclude on whether this assertion of the military is realizable. As such two main military regimes that came to power NRC/SMC and PNDC in Ghana and some Military takeovers in some developing countries will be studied to know how this assertion was justified in their search for economic well being.

ABBREVIATIONS

AFRC	Armed Forces Revolutionary Council
BMB	Borenschot-Moret-Bosboom
CPP	Convention Peoples Party
CVC	Citizens Vetting Committee
DAS	Development Advisory Service
DIC	Divestiture Implementation Committee
ERP	Economic Recovery Programme
EU	European Union
GIMPA	Ghana Institute of Management and Public Administration
GNTC	Ghana National Trading Corporation
HIPC	Highly Indebted Poor Countries
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFI	International Financial Institutions
IGO	Intergovernmental Organisation
ILO	International Labour Organisation
IMF	International Monetary Fund
LDC	Less Developed Countries
MDPI	Management Development and Productivity Institute
NRC	National Redemption Council

OECD	Organisation for Economic Co-operation and Development
PAMSCAD	Programme of Action to Mitigate the Social Cost of Adjustment and Development
PNDC	Provisional National Democratic Congress
PNP	Peoples National Party
PP	Progress Party
SEC	State Enterprises Commission
SMC	Supreme Military Council
SOE	State Owned Enterprises
TUC	Trade Union Congress
UAC	United African Company
UNDP	United Nations Development Programme
UTC	United Trading Company
VALCO	Volta Aluminium Company

Chapter 1: Introduction

1:1 Background and Brief History

Ghana is located south of the Sahara and precisely in the West Africa region. It was a former colony of the British and was popular for its agitation against colonial rule and subsequently became the first black African country south of the Sahara to gain her independence.

After independence the country's economy was neither bad nor rosy because the colonial government had ripped most of the country's natural resources off for their personal gain with much emphasis on gold, diamonds, cocoa, timber and palm oil etc. The country had also been left too much dependent on its colonial masters in all spheres of its policy making structures which included political, economic and social, making it very difficult for the country to make a quick economic take off. For instance although the country gained her independence in 1957, it was not until 1960 that it finally got its republic status.¹

The economy of Ghana has faced several distortions and hardship since its colonial masters left its shores to give way for the citizens to take control and administration of the country. The first president Dr Kwame Nkrumah expressed after independence that after political independence comes economic colonialism². It is quite unfortunate that rather than growth and prosperity, the country backslided hugely in its economic and financial spheres like high

¹ US Library of Congress, 1994; *Economic and Social Development*; <http://countrystudies.us/ghana/10.htm>. 23.10.07

² US Library of Congress, 1994; *Nkrumah, Ghana, and Africa*; <http://countrystudies.us/ghana/15.htm>. 23.10.07

un-payable foreign debt, poverty, unemployment etc leading to political instability and several undemocratic regimes. Since independence the country has witnessed almost nine governments out of which more than half of these governments were military governments who assumed power through military coup.³ The economy has never been stable due to the several policies that are either aborted or introduced by different ruling regimes, hoping to make it better. One of the most fascinating aspects of the Ghanaian economy is that most civilian government, who came to power, strongly tied economic decision making to the context and structure of international creditor countries like the IMF and the World Bank.

“between 1969 and 1972, the World Bank, the International Monetary Fund and creditor countries structured the context in which their client a less developed country formulated its economic policy”⁴.

But these policies usually come with conditionality and prerequisites for loans and grants. It is not difficult to diagnose that these policies have in one way or the other played a role in the current economic status of Ghana. In most cases and instances when the economy begins to face stagnation and difficulties the military take up arms and overthrow the incumbent civilian government. Most military governments that have come to power in Ghanaian politics have attributed their reason for assuming power to the bad Shape of the economy and have resulted to increase in poverty. Most of these military abort most of these policies that are under the supervision, ownership or advisory board of International Governmental Organisation (IGO) and sometimes go ahead to even nationalised some companies that have foreign ownership. The military regimes believe that the interference of the Ghanaian economy by foreign agencies and creditor countries does not do good to the economy and constantly play an active role in the shaping of the economy into a bad one and also making it very dependent on the these agencies and creditor countries.

“when less developed countries became heavily dependent and reliant upon the International Governmental Organisations and creditors for financial assistance to enable the government to survive a disastrous shortfall in foreign exchange earnings, it was forced to accept extreme and politically dangerous measures in order to secure assistance”⁵.

³ La Verle Berry, ed. *Ghana: A Country Study*. Washington: GPO for the Library of Congress, 1994; <http://countrystudies.us/ghana/> 23.10.07

⁴ Libby R. T. 1976, ‘External Co-optation of a Less Developed Country’s Policy Making: The Case of Ghana, 1969-1972’. *World Politics* 1:10 p67

⁵ Ibid p67

Military interference in Ghanaian politics has not been going pretty well for the Ghanaians and the economy itself because they have always brought mass corruption and undemocratic rule in the country putting fear into the public folk anytime they assume power. They have also played a massive role in bringing the economy into shambles. Since lack of expertise and knowledge of good governance is evident in their rule, it is gradually manifested in the way the country is run. As such a stop to their interference in governance will be much appreciated by most Ghanaians and the world at large. For example between the years 1972 to 1979 there were four coup attempts of which one was unsuccessful that notwithstanding the other coups, which happened before these years and after these years mentioned above⁶. Although most military ‘coupist’ have attributed their interference into politics and governance to interference and control of the Ghanaian economy by foreign advisers, foreign creditors and other foreign creditor companies, some scholars like Ronald T Libby have also confirmed this idea. In his book he writes;

“the policies that were adopted were catastrophic for less developed countries, and destroyed what remained of the democratic government’s public support. This dramatic change in public climate made the government fatally vulnerable to military coup d’etat”⁷.

One civilian government under the party name ‘Progress Party’ won power through national elections and assumed power in 1969. This civilian government headed by Dr Kofi Busia as the Prime Minister was caught up in a network of intergovernmental economic relations with the likes of International Monetary Fund (IMF), International Bank for Reconstruction and Development (IBRD) which played a pivotal and vital role in policy formulation and transmission through the advice of these institutions.⁸ This civilian government was overthrown in 1972 by some military officials in the Ghanaian armed forces. Several of such instances have occurred in the history of Ghanaian politics and this does not speak well of the country.

1:2 Aims and Research Questions:

The economy of Ghana is the focus of this thesis because it is the central and pivotal area that this research will revolve and how the economy has attracted interference by various actors

⁶La Verle Berry, ed. *Ghana: A Country Study*. Washington: GPO for the Library of Congress, 1994; <http://countrystudies.us/ghana/> 23.10.07

⁷Libby R. T. 1976, ‘External Co-optation of a Less Developed Country’s Policy Making: The Case of Ghana, 1969-1972’. *World Politics* 1:10 p67

⁸ Ibid p67

and players in decision making. It is my interest and objective to gain an in depth understanding of the real players and actors in the Ghanaian economy and how influential these actors have been in determining the fate of the Ghanaian economy and why is it so worrying for the military to perceive they can liberate the Ghanaian economy from these actors and make it a better one. As the main research question of this thesis is to determine whether military coups in Ghana (1969-85) is a by-product of global economic injustices in Ghana, it paves way for several minor questions to be investigated;

- In what ways does the economy figure in the military's justifications?
- What economic and other related policies do the military pursue when they assume powers illegally and how are these policies justified?

1:3 Methodology

1:3:1 Research Strategy:

There are two main research strategies that are pursued in the field of social sciences when a research is being conducted 'qualitative and quantitative research'. In this research work I will limit my research strategy to qualitative research in analyzing my data. Qualitative research as explained by Bryman "can be construed as a research strategy that emphasizes words rather than quantification in the collection and analyses of data"⁹ This definition contrast that of quantitative which in summary stresses more on numbers and numerical rather than words in its research strategy. For one to use qualitative research strategy there is certain simple procedure that normally has to be followed in a research and these procedures comes or are tailored with qualitative research strategy. Qualitative strategy uses inductive approach in theory and research relations, it also goes contrary to the belief in natural scientific model and positivism on how people explain their society and also belief that social reality is a dynamic creation of humans.¹⁰ With the above explanation of processes of qualitative strategy, this research will be conducted with an inductive approach in terms of the relationship between theory and research. This is because my research is based on an observation which is a phenomenon in the world order that has to be analysed for a theory to explain its existence. It is also very obvious that this research is a social science based one which emphasize on how

⁹ Bryman, A. (2004) *Social Research Methods*, Oxford, Oxford University Press, p9

¹⁰ Ibid p20

we interpret the social world, thus the tenets of positivism which stresses the imitation of the natural sciences by the social sciences in epistemological position cannot be used. The tenets of interpretivism which contradicts positivism will be associated with my research writing¹¹. This research work will be placing much emphasis on the above mentioned strategies limiting it to explain social phenomenon as being the result or consequence of social actors and players in the global scene.¹²

1:3:2 Research Design:

This research design will be a case study approach. A case study approach provides the researcher with an in depth analyses of the case to be studied. It also aids the researcher to come out with conclusions that can be good in generalising its outcomes when compared to similar instances and cases¹³. A case study on Ghana was chosen because it is among one of the first African countries that gained independence from its colonial masters and its first President had foreseen the need to also achieve economic independence after political independence had been achieved. Surprisingly ‘economic colonialism’ did not take long to grip economy of the country and the country began to pursue policies that were dictated by foreign donors and creditors and as a result there has been several military interventions in the political life of the country hoping to liberate it from foreign involvement and interference as well as economic colonialism. As such my research will be conducted by analyzing the various economic policies of the regimes and governments in Ghana from 1969-1985 and making a clear distinction¹³ between the economic policies of the military and that of civilian rule as well as taking into consideration the politics and roles played by international financial institutions, multinational institutions and creditor countries in the formulation of economic policies in Ghana under both military and civilian regimes. The fate of these economic policies will be researched as to how well they responded to the Ghanaian economy and how justifiable the policies under civilian or military regime were in terms of economic success. Emphasis will be placed on two military regimes in Ghana (NRC/SMC and PNDC). A brief research will also be conducted with three African countries (Egypt, Libya and Somalia) and one Latin American country (Argentina) that have witnessed military regimes and briefly analyse the reason for assuming power as well as the type of economic policies they pursued. Based on the information and data received from Ghana (NRC/SMC, PNDC) and that of military coups in the selected developing countries; a comparison can be drawn on the trend,

¹¹ Ibid p13

¹² Ibid p17

¹³ Bechhofer, F. (2000) *Principles of Research Design in the Social Sciences*, Routledge

similarities or dissimilarities of the reasons for coming to power, the policies they pursued and how justifiable the policies were to the economy. A viable result can then be drawn as to whether military coups really are the outcomes of global economic injustice or not in the developing world; how successful or unsuccessful were the economic policies administered by military regimes compared to that of the policies and programmes influenced or conditioned by foreign and western capitalist. This results will enable me generate a conclusive response on the correlation between military coups and global economic injustices in Ghana and in a broader spectrum Africa, Latin America and developing countries and whether they should be encouraged or discouraged in international politics.

1:3:3 Collections of Information and Data

“Designing a piece of empirical research requires the researcher to decide on the best ways of collecting data in research locales which will permit meaningful and insightful comparisons”¹⁴.

This research will collect data and information from books, articles journals, newspapers and the internet. There will be the use of primary sources which include documents and information from creditor agencies websites like the IMF, World Bank, IBRD, EU, country based websites as well as secondary sources which are mainly books articles, journals, newspapers written by scholars and researchers analysing the economic situation and economic trend in Ghana and other African countries (Egypt, Somalia, Libya) and one Latin American country (Argentina) as well as their relation with these agencies and western countries and the impact of military in their politics.

1:4 Theoretical and Empirical Literatures

1:4:1 Theoretical Literature

This research will be conducted with the use of dependency theory, military centrality theory and political development theory. Dependency theory will be used to analyse the interference of Ghanaian politics by the military. Dependency theory explains a set of beliefs which strongly influence the actions of policy making mostly in the Third World and less developed countries.¹⁵ It explains that the relationship between less developed countries and the industrialised world has led to the improvement of the latter and the underdevelopment of

¹⁴ Bechhofer, F. (2000) *Principles of Research Design in the Social Sciences*, Routledge p2

¹⁵ Ahiakpor J.C.W. ‘The Success and Failure of Dependency Theory : The Experience of Ghana’, *International Organisation* 39, 3. Summer 1985, pp 535

former¹⁶. It goes ahead to explain ways and steps as well as policies that will aid in alleviating these problems and improving the situation in the Third World. Dependency theory has thus laid a foundation and has influenced most of these less developed countries to undertake military coups to change economic policies that have been influenced by foreign ideology mostly of the west¹⁷.

Military centrality theory explains the reason behind unending military interventions in developing countries. They assume that the military in most developing countries are very well established institutions that are highly mobilized, united together under a very powerful institution with highly patriotic sentiments at heart and are highly resourced and organized than the civilian government.¹⁸ Military centrality explains that the “greater the resources and cohesion of the military the, the greater the likelihood of interventions”¹⁹

Political development theory also explains the theoretical aspect behind military interventions in Africa and mostly developing countries that have encountered military coups. The theory explains that there is lack of political institutional growth and this has led to political institutions failing to grow and develop alongside economic growth and development. The consequential outcome is social mobilization and political participation on which the military capitalise on to conduct coups. As a result these weak states that cannot control social conflicts and social demands are channelled to the military making the state vulnerable to military coups.²⁰

To analyse this phenomenon some theoretical literature from articles, books internet sources and journals like *The Success and Failure of Dependency Theory: The Experience of Ghana* by James C. W. Ahiakpor, *Dependence Theory; A review Article* by J.L Dietz, *The Structure of Dependence* by T. dos Santos, *Institutionalism and Dependency* by W. Gordon, *the Ideas of Samir Amin: Theory or Tautology* by S. Smith, *National Development Policy and External Dependence in Latin America* by O. Sunkel, *Explaining Military Coup D’Etat: Black Africa, 1957-1984* as well as *Political Origins of African Military Coups: Ethnic Competition,*

¹⁶ Ibid pp 536

¹⁷ Ibid pp 537

¹⁸ Jenkins J. C. And Kposowa A. J. ‘Explaining Military Coup D’Etat: Black Africa’, 1957-1984. *American Sociological Review*, Vol 55, No. 6. (Dec.,1990), pp 862.

¹⁹ Jenkins J.C. and Kposowa A.J. ‘Political Origins of African Military Coups: Ethnic Competition, Military Centrality and the Struggle over Post Colonial State’. *International Studies Quarterly*, Vol 36, No.3 (Sep 1992) pp 273

²⁰ Ibid pp 273

Military Centrality and the Struggle over Post Colonial State all by J.C. Jenkins and A.J. Kposowa, and some few internet articles have been used in this research.

1:4:2 Empirical Literatures

The empirical aspect of this work is based on the activities of military, and civilian government in Ghanaian politics and other developing countries as well as the influences from creditor agencies and financial institutions like the IMF, and the World Bank as well other creditor countries from the west on their economy. Several empirical literature and documented literature have been used in this research and they include official documents from the website of IMF and World Bank on its relations, activities and policies in Ghana from 1972-1981 and some developing countries, other printed and electronics documents include, *Malcontents in Uniform – the 1972 coup d’etat* by V. P. Bennett, *External Co-optation of a less developed country’s policy making, the case of Ghana, 1969-1972* by R.T Libby, *Ghana’s Politics of International Economic Relations under the PNDC, 1982-1992* by K. B-Arthur, *Trends in Ghana’s Foreign Policy After Nkrumah* by K. B-Arthur, *Development Economies in Action; A Study of Economic Policies in Ghana* by T. Killick, *Divestiture Programme in Ghana: Experiences and Lessons* by J.R.A. Ayee, *Corruption and Development in Africa, Lessons from country case-studies* by K.R. Hope Sr and B.C Chikiulo, *The Struggle for Power and wealth* by T.D Lawson and D Skidmore, *Military Regimes in Africa* by W.F. Gutteridge, *Soldiers and Politics: The Case of Ghana* by Bjorn Hettne, *An Anatomy of Ghanaian Politics* by Naomi Chazan, official websites and several documents which will be referenced in the work.

Chapter 2: Theoretical Framework

The political economy of Ghana has been characterised by persistent military interference and military coups making it very unpredictable as to when the military will make another entrance into governance in the political atmosphere in Ghana. The reasons for the military constantly having interest in government will be analysed with the aid of using dependency theory to understand the reasons and the theoretical background why the military has consistently had interest in politics and economics of Ghana.

2:1 Dependency Theory;

2:1:1 *Introduction*

It was a theory that was born in the late 1950's in Latin America when scholars from the United Nations Economic Commission led by Paul Prebisch encountered a phenomenon which was explained by the belief that the economic wellbeing and improvement or growth of the industrialized countries in effect led to the detriment or impoverishment of developing countries, thus widening the gap between the rich and poor countries²¹. It was a scenario which was anticipated by neoclassical theory which believed that economic improvement of the industrialised countries consequently led to improvement of the economy of developing states²². The explanation of this phenomenon by Prebisch was that "poor countries exported primary commodities to the rich countries who then manufactured products out of those commodities and sold them back to the poorer countries"²³. It means that there is a constant relation between two types of countries classified as dominant/dependent, centre/periphery or metropolitan/satellite whereby the dominant countries are the industrialised ones and the dependent are the less developed countries²⁴. This relation is mostly in trade, whereby raw materials that are exported to industrialised countries are bought at a cheap cost. After manufacturing has taking place the primary product then becomes tertiary product and poor countries need to pay more to purchase such product. This is what Prebisch called the 'Value Added' and these scenarios gradually make the poor countries poorer and rich countries richer²⁵.

There have been diverse forms of explanations of dependency theory by various theorist but two main definitions stand out and also has some things in common. Explaining from its historical perspective

"A historical condition which shapes a certain structure of the world economy such that it favours some countries to the detriment of others and limits the development possibilities of the subordinate

²¹ Vincent Ferraro, Mount Holyoke College, South Hadley, MA July 1996; *Dependency Theory: an Introduction*; <http://www.mtholyoke.edu/acad/intrel/depend.htm> 09 10 07

²²Ibid

²³ ibid

²⁴ ibid

²⁵ ibid

economics...a situation in which the economy of a certain group of countries is conditioned by the development and expansion of another economy, to which their own is subjected”²⁶.

Looking at the contemporary perspective the definition accumulates a wider projection incorporating diverse fields of engagement. “Dependency can be defined as an explanation of the economic development of a state in terms of the external influences--political, economic, and cultural--on national development policies”²⁷. This will prompts us to take a critical look at dependency theory in its core, forms and internal tenets.

2:1:2 Dependency Theory; Core, Extensions and Forms

The theory has evolved into several layers or forms to incorporate the new forms or contemporary forms of dependency. Dependency can be analysed from the following approaches;

I. Historical Forms

Dependence between less developed countries and developed countries began in the colonial era. Dependence on colonial masters in terms of trade exports in which there is the alliance of commercial and financial capital between colonies and colonial powers. As a result colonial masters dominated, monopolized and controlled the relations between Europeans and the colonies especially, monopoly on land, mines and manpower in these previously occupied countries by the imperialist governments.²⁸ Colonial governments have always been active in playing a role in determining the trade exports of colonies since they left the shores of their colonies. During the colonial period few profits made from trade and other commodities was invested in the colonies most of the investment was taken to colonialist state, thus improving the status of colonialist and leaving most of the colonies in a state of poverty and also strictly left to be sole dependent on the colonial masters for any improvement in all spheres of development in the colonies. In Ghana the PNDC a military regime which took power from a democratically elected government in 1981 stated;

“The historical roots of our present state of underdevelopment stem from the British colonialism which bequeathed a set pattern of economic development, social structures, attitudes and a parasitic

²⁶ Ibid in Theotonio Dos Santos, *The Structure of Dependence*, in K.T. Fann and Donald C. Hodges, eds., *Readings in U.S. Imperialism*. Boston: Porter Sargent, 1971, pp. 226

²⁷ Vincent Ferraro, Mount Holyoke College, South Hadley, MA July 1996; *Dependency Theory: An Introduction*; <http://www.mtholyoke.edu/acad/intrel/depend.htm> in Osvaldo Sunkel, "National Development Policy and External Dependence in Latin America," *The Journal of Development Studies*, Vol. 6, no. 1, October 1969, pp 23

²⁸ T. Dos Santos, *The Structure of Dependence*, *American Economic Review* 60 (May 1970)pp 232

state of machinery. The retention of the structures of colonialism had assured the continued domination of our economy by foreign financial interests....”²⁹

The dying of colonialism ushered into the world system what Theotonio Santos referred to as financial –industrial dependence (above) which was colonialism in disguise or colonialism under a new dress. Financial-industrial dependence was ushered into the system at end of the nineteenth century by hegemonic centres which invested in the production of primary products and agricultural products to be used by these same hegemonic centres³⁰. Products and raw materials such as gold, silver, tropical products were at the expense of hegemonic centres and were exported at the determination and demand of the same centres coupled with the production which was also controlled by these hegemonic centres³¹. Production in general in this era by the dependent states was directed towards a strict specialization and monoculture sanctioned by these hegemonic centres.³²

II. Contemporary Dependence:

This current wave of dependency can be classified into two main categories Structuralist Dependency and Radical Dependency which was evident in Latin America and most LDC’s world wide.

a. Structuralist Dependency;

It is also popularly called Singer-Prebisch Theory since he and Hans Singer discovered this set of theory when he was analysing development patterns in Latin America as mentioned above in the introduction. To repeat what was said above, he and his men realised that the economic activities and growth in the North did not necessarily lead to economic growth in the south as presumed by neo-classical theory³³. Their conclusions were based on the difference in products produced by different countries. Products that were being produced by less developed countries were of primary nature and in the raw material state and that of the north were in the manufactured or tertiary state. As time evolve the theory explains that the exchange rates between the two countries will decline to the advantage of the north/dominant/centre country whiles the south/dependent/less developed country will be at a

²⁹ Ahiakpor J.C.W. ‘The Success and Failure of Dependency Theory : The Experience of Ghana’, *International Organisation* 39, 3. Summer 1985, pp 541-542.

³⁰ T. Dos Santos, ‘The Structure of Dependence’, *American Economic Review* 60 (May 1970)pp 232

³¹ Ibid

³² ibid

³³ SGO2500: *Dependency Theory*: Kandidat, November 19, 2004;

<http://folk.uio.no/johannwi/homework/SGO/SGO2500/SGO2500.pdf> 15. 10 07

lose.³⁴ This information was based on a continuous observation which was realisable because, the increases in the pay structure for the workers of the north made goods sold at the manufactured state become very expensive with time and the south had no other option than to purchase its necessary manufactured supplies at a higher amount than the sale of its raw materials to the north.³⁵

It is also explained by Ahiakpor “that the world trading and monetary systems and the cultural and taste preferences of the developed countries that may be emulated by less developed countries elites work to the detriment of the less developed countries”³⁶ this because of what he calls the ‘unequal exchange’ which is an unfavourable terms of trade; that is export of cheap raw materials and cheap products by south to the north in return for expensive and exorbitant manufactured product sold by the north to the south. Thus satellite/peripheral countries are prone to purchase of expensive products from the centre/metropolitan due to taste preferences of their national elites.³⁷

b. Radical Dependency

Popularly linked to a German-born Andre Gunder Frank and also called neo-colonial dependency theory by Michael Todaro, the theory uses the many terms borrowed from Marxist theory unlike structuralist dependency. Under radical dependent there is a strong use of the word ‘Exploitation’ borrowed from Marxism in economics.³⁸ This is to say that investment made in the less developed countries by capitalist in the north or the developed industrialised countries are in the position to create wealth for these countries at the expense of the south. But the theory goes on explain that this exploitation like in Marxism does not affect everyone in the south. The local elites popularly called ideological classes have similar exploiters ideas in that they play a managing function in these investments which makes them connected to western exploiters³⁹

³⁴ SGO2500: *Dependency Theory*:Kandidat, November 19, 2004;
<http://folk.uio.no/johannwi/homework/SGO/SGO2500/SGO2500.pdf> 15.10.07 in Todaro P.M, Smith S.C,
Economic Development, Eighth low prize edition. Pearson Education 2003 pp124

³⁵Ibid

³⁶Ahiakpor J.C.W. ‘ The Success and Failure of Dependency Theory : The Experience of Ghana’, *International Organisation* 39, 3. Summer 1985, pp537

³⁷ Ibid

³⁸SGO2500: *Dependency Theory*:Kandidat, November 19, 2004;
<http://folk.uio.no/johannwi/homework/SGO/SGO2500/SGO2500.pdf> 15.10.07 in Todaro P.M, Smith S.C;
Economic Development, Eighth low prize edition. Pearson Education 2003 pp124

³⁹ Ibid

From Ahiakpor's view these local elites are rather 'national elites' that evolved as a result of cultural ties that were established during the colonial era. According to him these national elites do not conform or agree to the indigenous or local customs and values but rather identify their success and status to exotic and bourgeois taste of foreign nature that has high import bills. This in effect lead to denial of the things regarded as locally produced goods, local trademark that has the potential of developing less developed countries nationally.⁴⁰

Under radical dependency there is also the bad role played by financial and real capital in third world countries in a form of surpluses extraction. Share holders of investments in third world countries are always in the demand of yearly returns as a requisite for constant support for such investment. Most of these ventures have been credited with tax concessions by developing countries which gradually lead to 'de-capitalisation' as a result this tempers with the development opportunities and hopes of these less developed countries. Apart from that these foreign investors and firms refuse to train local in management positions but instead import management skills which is really an unfair role played by foreign capital in these underdeveloped countries⁴¹

There is also the aspect of radical dependency theory which stresses that the monopoly played by few currencies in the global monetary and world exchange system that is controlled and monitored by countries of the north is in effect unfair to the economic development of less developed countries in terms of exchange rates.⁴² Further studies explains that this 'Unfairness' is;

"Assessed in terms of the high world interest and inflation rates and their consequent impact on the ability of less developed countries to borrow funds for their development needs. World financial institutions such as the World Bank and the IMF do not provide any or enough relief from credit constraints because, it is argued, these institutions are controlled by the developed countries (particularly by the United States), which are not genuinely disposed to help less developed countries to become developed"⁴³

⁴⁰ Ahiakpor J.C.W. 'The Success and Failure of Dependency Theory : The Experience of Ghana', *International Organisation* 39, 3. Summer 1985,pp 537

⁴¹ Ibid pp 536 in Hymer S, 'The Efficiency (contradiction) of Multinational Corporation'; *American Economic Review* 60 (May 1970)

⁴² Ahiakpor J.C.W. 'The Success and Failure of Dependency Theory : The Experience of Ghana', *International Organisation* 39, 3. Summer 1985,pp 538

⁴³ Ibid

Subsequent to that, these world financial institutions and developed countries always allocate loans to underdeveloped countries based on conditions which dictates the manner these monies should be used. Some of which are trade liberalization, free trade, tax concession for foreign companies, devaluation of currency, privatization and programmes or policies which interfere with the economic policies of these underdeveloped countries like structural adjustment, economic recovery, poverty reduction etc which are sometimes a failure, higher debt or tend to follow the pace and will of these creditor agencies and not the countries receiving the loans.⁴⁴ It is also interesting to know that these loans are granted for use in sectors where production is at the primary stage that are not competitive in the world market with the advent of synthetic substitutes to these products. These loans also come with high interest rates since these financial institutions are profit making institutions not humanitarian organisation. It is expected of these underdeveloped countries to repay these loans with local and infant industries which produce very cheap raw materials, primary goods and bring very little foreign export earning capital for the country as well as inflation which has always been part of developing countries economy.⁴⁵

2:1:3 Strategies Proposed by Dependency Theorist

Dependency theory propounds, advised of how under developed countries experiencing the above situation in their economies can be set free and develop so to be able to compete in the world markets and rock shoulders with other world developed countries if they follow the below policies.

Import Substitution:

This is an idea to solve structuralist dependence. It is the process whereby the highly imported expensive products from abroad should be replaced by similar products which should be produced by local industries in the various underdeveloped countries. This means equipping the local industries to produce these products and at the same time protecting these local industries from competing with products coming from strongly established firms by stopping, closing or putting high taxes on imported products from outside. Overtime local industries, agricultural and manufacturing sectors of the country will be strongly rooted and developed. Consequentially this will lead the country into industrialization and make its manufacturing,

⁴⁴US Library of Congress, 1994; *Debt and Inflation*; <http://countrystudies.us/ghana/67.htm> 23 10 07

⁴⁵ Ibid

production and agricultural sector very strong enough to compete with these foreign products and the unfavourable world trading systems⁴⁶

Solution in relation to radical dependency theory is that there should be a total cut off from the north which they refer to as capitalist countries since they are always in the position to exploit the south. They also assert that countries with national elites or local elites as their leaders should be overthrown through a socialist revolutions since they align themselves with the capitalist and will not be in the position to revert policies that will go contrary to the wishes of the capitalist of the north. When these local elites have been overthrown policies that lead to the country's dependence or connection to these capitalist countries should be aborted. Trade and country relations should be aligned with fellow socialist and developing countries in exchange of vital goods whereby there will not be any form of exploitation by any side⁴⁷. These actions further explains that the strategy should be nationalisation or strict regulation of firms owned by foreigners, developing technologies in, not encouraging investment by foreign companies in the sectors where local industries are specialised, resist the influence by international financial institutions and also reject economic theories like neo classical theories that is believed to explain the economic growth in developing countries by trade with developed countries⁴⁸

2:1:4 Criticism of Dependency Theory

Though the appeal for dependency looks without faults it has some unexplained questions and puzzles that critics expect answers. Critics have realised that many countries have climbed the ladder to develop or have become hegemonic centres like England and the north-western Europe countries whiles countries like Spain, the Iberian Peninsula southern Europe which were once far developed in technology, civilization and had better living standard than the above mentioned countries have now backslide to become dependent on England and the north-western Europeans etc.⁴⁹ Dependency theory fails to explain this scenario.

⁴⁶SGO2500: *Dependency Theory* Kandidat, November 19, 2004;
<http://folk.uio.no/johannwi/homework/SGO/SGO2500/SGO2500.pdf> .16 10 07 in Todaro P.M and Smith S.C, *Economic Development*, Eighth low prize edition. Pearson Education 2003 pp125

⁴⁷ Ibid pp 124

⁴⁸Ahiakpor J.C.W. 'The Success and Failure of Dependency Theory : The Experience of Ghana', *International Organisation* 39, 3. Summer 1985 pp537

⁴⁹Wendell. G *Institutionalism and Dependency*" *Journal of Economic Issues* 16(june 1982) pp571-572

Another critic is that dependency theorists have got it all wrong when they think of creditor countries exploiting debtor countries in net real resources as well as multinational companies exploiting underdeveloped countries. Instead for creditor countries like the United States it is their wish and hope that trade patterns become even and equal so that all nations benefit equally and as a matter of fact no nation takes advantage of the other⁵⁰. It goes further to explain that the United States has championed the exportation of net real resources out of its territory to other and its trying to increase exportation of net real resource more than importation of net real resources. The period from 1870s to 1970s has been an era of a successful and favourable balance of trade for the United States⁵¹. Also for Multinational companies it is not really their rational to invest in underdeveloped countries just to exploit them and also transfer their capital back to their home country but instead they are rather very conscious on profit making. So they really prefer to invest where they believe there is much to make in terms of profits. If their base country has a high tax system they try to avoid it. There is no special affection attached to investment or transfer of profits to their base countries.⁵²

Critics also explain that it is wrong for underdeveloped countries to think that they are in position of helplessness. Under developed countries should not think that they are dependent upon great powers of the world but instead they should know that the world is an interdependent one where each state relies on another in several ways and as such underdeveloped countries are not tied up in a dependency manner as they assume. Dependency itself is a phenomenon which is not specifically attached to under developed countries.⁵³

2:2 Military Centrality Theory

2:2:1 Core Explanations

It is a theory that stresses typically on the corporate interest as well the resources and capabilities of the military together with its relations with civilian government. According to the theory the military remains the most influential institution wielding powerful resources and

⁵⁰ Ibid pp571

⁵¹ Ibid pp571 in Wendell Gordon, 'International Trade', p 38, Wendell Gordon, 'The Contribution of Foreign Investments: A Case Study of United States Foreign Investment History', *Inter-American Economic* 14 (1961):35-56

⁵² Wendell. G, 'Institutionalism and Dependency'. *Journal of Economic Issues* 16 (June 1982) pp571

⁵³ Ibid pp572

institutional coherence which is far ahead and advanced than the civilian governments⁵⁴. The military capitalise on the common training and the nationalistic/patriotic sentiments as well as the vigorous training they underwent during the colonial era to keep up internal security and has made them to be accustomed to local and internal politics. All these have built them up to become a very cohesive elite group and modernized elites of the third world⁵⁵. The military assumes that their civilian governments are not productive and corrupt and belief that since they are the elites with professional training and exposure it is their responsibility to maintain the nations upkeep to an acceptable standard including economic progress. As such they disregard the civilian rulers as not forth coming and will definitely overthrow them if those attitudes persist.⁵⁶

It is accepted by the theorist of military centrality that the continual attribution to the military in the third world countries as having legal backing in inflicting violence and also the military being regarded as a potentially parasitic institution extend this trust invested in them by the consensus of the public as well as the military being regarded as an established, pivotal, and centralised institution around which every activity revolve in the state assume its responsibility to also dominate in the political aspirations of the third world. When these civilian government institutions in power are not well organized and fall short of developing in strength and resources result in the military taking over power⁵⁷. The theory further explains that a country that has a military institution with high state resources makes the civil society institutions relatively weaker and not able to comprehend with the strongly resourced military institutions. This type of country is evident in most developing countries. As a result the military continue to perceive itself as a strong institution with no powerful institution to contest or any institution to stop or prevent it from political intervention. Unlike the west where the military has very little recognition in internal political affairs, the military in African states do play a vital role in the internal politics of third world states making them assume they have a legal role in the decision making process in the political arena of Third world states.⁵⁸

⁵⁴ Jenkins J. C. And Kposowa A. J. 'Explaining Military Coup D'Etat: Black Africa, 1957-1984'. *American Sociological Review*, Vol 55, No. 6. (Dec.,1990), pp 862.

⁵⁵ Ibid pp 862

⁵⁶ Jenkins J.C. and Kposowa A.J. ' Political Origins of African Military Coups: Ethnic Competition, Military Centrality and the Struggle over Post Colonial State'. *International Studies Quarterly*, Vol 36, No.3 (Sep 1992) pp 273-274

⁵⁷ Ibid pp 274

⁵⁸ Ibid pp 274

Another explanation of military centrality theory is that the cohesiveness of the military as an elite group stems from the military organization itself. This is the

“centralised chain of command, military discipline, extensive communication and an *esprit de corps* make military officers a cohesive group capable of organizing effective seizures”⁵⁹.

In the third world countries and mostly the African countries the military have being oriented in its local beliefs, ideology and norms popularly referred to as *Africanization* when they gained independence from the colonial masters. After independence the military became very anti western and patriotic. They will stand and die for the survival of their country especially against of foreign detractors and imperialist ideas. This belief system has encouraged the military in Africa to assume that national sovereignty lies in their affairs of control and will intervene whenever necessary or whenever they sense a foul play by foreign imperialist groups.⁶⁰ The theory also explains that military centrality continue to increase in the African countries because of the continuous military coups in African states, other military contingents in other African countries to follow suit. That not with standing, civilian regimes that pursue policies that are not favourable to the military’s corporate interest in a way of taking away some privileges and rights of the military and the reduction and cuts off in the military’s budget and financial interest awaken most military to take up arms and overthrow such civilian regimes.⁶¹

2:3 Political Development Theory

2:3:1 Core, Forms and Extensions

Political Development theory explains that in most developing nations or the ‘*New Nations*’ that is countries that have gained independence in the recent past faces a problem of Political development stagnation as compared to the economic development in these same countries.⁶²

It stresses that political institutions are not really developed to a stage of incorporating majority of the country in political participation. Instead political participation includes urban

⁵⁹ Ibid pp 274 in Finer, S.E. (1988) *The Man on Horseback*, 2nd ed. Boulder, CO: Westview Press

⁶⁰ Jenkins J. C. And Kposowa A. J. ‘Explaining Military Coup D’Etat: Black Africa, 1957-1984’. *American Sociological Review*, Vol 55, No. 6. (Dec.,1990), pp 862.

⁶¹ Ibid pp 863

⁶² Deustch K.W. ‘Social Mobilization and Political Development’, *The American Political Science Review*, Vol. 55, No.3. (Sep., 1961), pp 498

dwellers, listeners of radio, and many others as well as the literate. These people pressurize the government of the day to make changes in the institutions and activities of the political atmosphere. According to theorists, these demands cause political tensions in these developing countries⁶³. “Social mobilization also brings about a change in the quality of politics, by changing the range of human needs that impinge upon the political process”⁶⁴. According to the theory, people who have undergone changes in physical and intellectual environment tend to have a dying taste for new forms of needs and wants. These include;

“housing and employment, social security against illness and old age, medical care against health hazards of their crowded new dwellings and places of work and the risk of accidents with unfamiliar machinery..... education for their children..... in short wide range and large amount of new government services”⁶⁵.

Unfortunately, it is very quite obvious that this wide range of needs cannot be met by the traditional rulers and authorities of these developing countries. So they usher in foreign and western advisors and also sponsor their children into foreign education to study how to cope and supply contemporary needs of developing nations.⁶⁶ These societies try to change their traditional governmental structures and institutions to suit the western forms and types of government which is believed to be the only key to address such needs of developing societies. As a matter of fact, transformation from traditional forms of government to the western type is bound to face many problems. This is because the western countries that were successful in achieving this type of government had practiced it for decades and centuries before it became stabilized, accepted, popular and successful. Unfortunately, developing countries of today want to follow this trend but with a short cut process hoping to achieve success which is not possibly practicable.⁶⁷ So developing countries will definitely have problems of supplying and meeting the growing demands because the expertise, experience and processes that the western countries have graduated through have not been followed by these developing countries. As such, there is bound to be political tensions and political instability in most of these countries.

⁶³ Ibid pp 498

⁶⁴ Ibid pp 498

⁶⁵ Ibid pp 498

⁶⁶ Ibid pp 498

⁶⁷ Ibid pp 498

social mobilization breeds new class of people with new understanding, education, ideology, awareness etc in the social, political and economic realms of the society. These new forms of government will have to meet a lot of requirement with less practical expertise of the current forms of government. These governments will have to have in place an active civil service, judicial system, a good flow of information communication into the public realm, an electoral process, national budget that can cope with the rising needs of the people etc. it is quite obvious that these developing countries will face financial and monetary problems and many difficulties making it very difficult to cope with the pressures and needs of its citizens. On the other hand the society's awareness and education on their rights, privileges and the responsibility of their government continue to improve making them take them take to strikes, protest, and demonstrations. ⁶⁸

“Social mobilization, as rooted in rising education, literacy, media exposure and urban-industrial development, creates greater awareness of political events and capacities for political action..... placing increased demands on the state.”⁶⁹

These states have also been afflicted with weak institutions which cannot engage and control conflicts internally and these demands overrun the government administration making it impossible to run the country properly therefore attracting military take over.⁷⁰

The theory also explains that states that inherited these western forms of government from colonial masters and were not conversant with them since they were new to them unlike their traditional forms that they were used to. Also as former colonies they “inherited patrimonial and clientelistic administrations that lacked sufficient adaptability, complexity, autonomy and coherence to rule effectively”⁷¹. These civilian governments of the new states practiced factionalized multiparty regimes which as a result brought diverse regimes and governments with confliction ideas and policies that did not make it possible for a smooth running government policy but rather created political adversaries and stalemates. Apart from that the military in these states lacked professionalism and intervened anytime the civilian

⁶⁸ Ibid pp 498

⁶⁹ Jenkins J.C. and Kposowa A.J. ‘Political Origins of African Military Coups: Ethnic Competition, Military Centrality and the Struggle over Post Colonial State’. *International Studies Quarterly*, Vol 36, No.3 (Sep 1992) pp 273

⁷⁰ Ibid pp 273

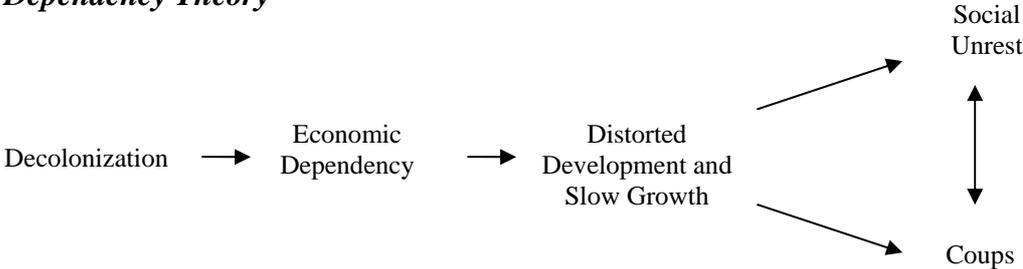
⁷¹ Jenkins J. C. And Kposowa A. J. ‘Explaining Military Coup D’Etat: Black Africa, 1957-1984’. *American Sociological Review*, Vol 55, No. 6. (Dec.,1990), pp 862 in Huntington, S.P. (1968) *Political Order in Changing Societies*. New Haven: Yale University Press pp 194

governments failed to meet the demands of the people. Also these military regimes enacted policies that also encouraged more successive coups in these new states.⁷²

2:4. Conclusion:

Military interventions have been explained by several theories and strategies. That notwithstanding it was necessary to take theories that were best in explaining the phenomenon taking my thesis topic into consideration. To sum up, these three theoretical explanations of military coups have taken into consideration various military coups in Ghana and most African states and the developing world. Jenkins and Kposowa draw the hypothesis on some of the determining variables and factors that prevail for the pre-emption of military interventions to take place in the new states. See figure 1 below.

Dependency Theory



Military Centrality Theory



⁷² Jenkins J.C. and Kposowa A.J. ‘ Political Origins of African Military Coups: Ethnic Competition, Military Centrality and the Struggle over Post Colonial State’. *International Studies Quarterly*, Vol 36, No.3 (Sep 1992) pp 273

Political Development Theory

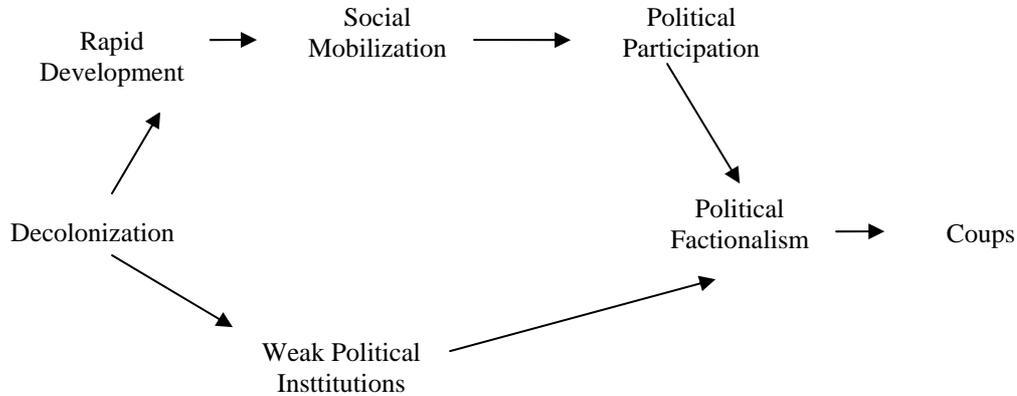


Figure 1

Source: Jenkins J. C. And Kposowa A. J. 'Explaining Military Coup D'Etat: Black Africa, 1957-1984'. *American Sociological Review*, Vol 55, No. 6. (Dec.,1990), pp 864

Chapter 3: Economic policies under civilian rule 1969-1981

Ghana's economy between 1969-1985 has been registered with a chunk of different policy implementation due to six diverse regimes and governments (see appendix 1) that assumed power both legally and illegally with diverse ideological and theoretical beliefs guiding their policy formulation in the country. Out of these six regimes only two were civilian governments which were legally elected. These two legally elected governments were ousted from office by the military on the basis of loss of national sovereignty to Western powers and its financial institutions, loss of priority of national interest etc. So it is the best era to have a good analysis on the nature of the Ghanaian economic policy implementation with regard to this thesis topic.

3:1.The Busia Government; 1969-1972

This was a government with a parliamentary system. It won power on the ticket of a political party called progress party which was liberal capitalist inclined and oriented. As such the government⁷³ was aligned to pro west ideology. So its foreign policy and economic policy were tied to the advice of creditor countries and creditor institutions like the IMF and the

⁷³US Library of Congress 1994; *The National Liberation Council and the Busia Years, 1966-71*; <http://countrystudies.us/ghana/18.htm>. 25 10 07

World Bank.⁷⁴ Though the government was hopeful of turning Ghana into a middle income earner, it was overthrown by a group of military headed by Colonel Kutu Acheampong on 13th January 1972 just within twenty seven months in power⁷⁵ on various reasons which will be discussed later.

3:1:1 External Influences in the Formulation of Economic Policies

Formulation of economic policies by this government was under much influence and guidance of various intergovernmental organisations. These organisations had set up a base in Ghana in 1967, together with some Ghanaians, to lobby their policies in government. These policies came with financial support to make it more attractive and this made the government go for their advice.⁷⁶ This group was called the Harvard Development Advisory Service (DAS). Its main duty in Ghana was development planning and project identification which was a requirement before Ghana could access financial lending and development funding from IBRD and western countries. Their identification and planning covered most sectors of the economy including agriculture, health, trade, social ministries etc and funding for projects in any of these ministries needed approval from DAS.⁷⁷ Thus DAS and IBRD were closely connected in the formulation of economic policies in Ghana with the former providing the technical data and internal documentation on which the IBRD used as empirical evidence to creditors and donors for funding and debt concession in development. This group shared a common set of policy initiatives with the IMF.⁷⁸

By 1971 the DAS group had become so powerful and influential that it begun to contest the control of Ghana's economic policy which was the preserve of the Minister of Finance and Economic Planning, J.H. Mensah. This was because J.H. Mensah was always not in favour of most policies that were being presented by the DAS group backed by Intergovernmental Organisation (IGO). The contest was so intense that the Prime Minister had to take a bold

⁷⁴ Libby R. T. 1976, 'External Co-optation of a Less Developed Country's Policy Making: The Case of Ghana, 1969-1972'. *World Politics* 1:10 p67

⁷⁵ US Library of Congress, 1994, *The National Liberation Council and the Busia Years, 1966-71*; <http://countrystudies.us/ghana/18.htm>. 25 10 07

⁷⁶ Libby R. T. 1976, 'External Co-optation of a Less Developed Country's Policy Making: The Case of Ghana, 1969-1972'. *World Politics* 1:10 p67-68

⁷⁷ Ibid pp68

⁷⁸ Ibid pp68-69

decision on whether to maintain his Minister or stick to the advice of IGOs since there was a break down of aid and assistance from Western donors and creditor agencies.⁷⁹

Under a meeting chaired by the World Bank comprising of Ghana's consultative group of aid-giving donor countries in December 1970, officials from IBRD rejected the measures outlined in J.H.Mensah's budget of 1970-71 because it did not include measures to tackle the increase erosion of foreign exchange due to high importation, and also there was no measures in the budget for payment of debts due to private foreign business which was essential to restore creditors trust in Ghana's policies as well as other complains. IBRD thus called for high import charges of on-sight payments or devaluation of the currency⁸⁰

The Minister refused to accept these recommendations because raising import taxes was not necessary to regulate imports levels and also degraded a devaluation policy due to its political unpopularity. As such there were no aid contributions and debt concessions from IGO and creditor countries in 1970 since these officials were not in favour of the unchanged mind of the Minister.⁸¹ Instead the Minister together with some Ghanaians on recommendation by the World Bank made a special appeal that their creditors should grant them new loan for 40 years and 10 year grace period with an interest of 2 percent to repay their medium term debts. But Britain which were supplier of a quarter of all Ghana's credits asked for full payment due for the 1966 and 1968 agreements before they will consider a refinancing of Ghana's medium debts. But the Minister asked Britain should do likewise in granting them with a low interest loan of 3.5million pounds to refinance Ghana's medium-terms debt to UK. Unfortunately this request was not accepted by both the UK and Ghana's creditors⁸². Although Britain was the major external donor and creditor to Ghana and also its former colonial master, it could not fulfil this request due to it fears that;

“cancellation of Ghana's debt would adversely affect a whole complex of British businesses which would have to be compensated. The UK was also worried about its relations with other OECD countries (France and Germany) who had interest in Ghana; the British did not feel they could give

⁷⁹ Ibid pp70

⁸⁰ Ibid pp73

⁸¹ Ibid p73-74

⁸² Ibid pp74 in Lester B. Pearson and others, *Partners in Development* ,New York: Praeger 1969, pp157-58

concessions that other creditor countries were unwilling to give without straining relations with them”⁸³

Ghana’s economic policy changed to suit its foreign creditor countries and foreign Banks when the Prime Minister K.A. Busia in January 1971 made a cabinet reshuffle and took the economic planning portfolio from J.H. Mensah and left him with just the Finance Ministry portfolio alone. As a result the Prime Minister held the economic planning portfolio temporarily⁸⁴. The reason for the Prime Minister taking the economic planning portfolio as a result limiting J.H. Mensah control of economic policy was explained as:

“J. H was not briefing the Cabinet on economic situation. He also went to creditor country meetings and the meetings broke down. Nothing happened. Aid flow Stopped. A debt settlement had to come before aid will come. He would not brief the P.M. People who came to see him were not received well. There would not be aid without a debt settlement and a plan. The Bank and Fund and embassies complained about this”⁸⁵.

The humiliation of the Minister was not just a wish of the Prime Minister but was careful and critically orchestrated and planned to enable the foreign influence in the formulation of economic policies in Ghana. This is because a coalition of DAS group, IBRD, and later with the IMF orchestrated this to enable them get their policies through quickly and with the support of the World Bank they succeeded in getting their way through.⁸⁶ As explained;

“All donors looked at the Bank reports as the data. Those who wanted to persuade J.H to adopt a policy posed the policy in the Bank terms. We had to form an alliance with the Bank to get Busia’s approval. Busia took his cue from the IBRD/IMF dislike of J.H. It became evident to Busia as early as March 1971 that something would have to be done about J.H.....”⁸⁷

After the reshuffling the Prime Minister visited UK on two occasions to meet with the British Prime Minister Heath and the Ministry of Overseas Development. In the first meeting the Ghanaian Prime Minister accepted an agreement and terms which his Finance Minister had

⁸³ Libby R. T. 1976, ‘External Co-optation of a Less Developed Country’s Policy Making: The Case of Ghana, 1969-1972’. *World Politics* 1:10 pp 75

⁸⁴ Ibid pp 71

⁸⁵ Ibid pp 71 in an interview with S.E. Arthur, former Deputy Secretary to the Busia Cabinet: Accra, July 2, 1974

⁸⁶ Libby R. T. 1976, ‘External Co-optation of a Less Developed Country’s Policy Making: The Case of Ghana, 1969-1972’. *World Politics* 1:10 pp70-71

⁸⁷ Ibid in an interview with Dr. Ofori Atta, June 10 1974

refused and which was even given tougher and more unfair condition than what his finance minister requested. The Prime Minister of Ghana agreed on a “debt-refinancing loan of 35 million pounds at 2% interest per year, payable in 25 years with a 7-year grace period”⁸⁸. That calculated to \$87.2 million thus shooting Ghana’s external outstanding debt from 25% to 36%⁸⁹. The second visit was met with three other requests by the Ghanaian Prime Minister to his British counterpart which the British partly fulfilled one which was; Britain being Ghana largest trading partner should guarantee export credit for imports to Ghana. This was only fulfilled in the during the Christmas holidays of that year.⁹⁰ The British Prime Minister, the treasury and the Bank of England had made definite stance to assist Ghana any further upon fulfilling some requirements. The following were the requirement;

1. “Ghana was to prepare an agreed program with the IMF for the restoration of basic preconditions for stable growth of the economy with particular concern for avoiding inflation”⁹¹
2. “Ghana was to try to draw as much as possible from the fund”⁹²
3. “After a program had been agreed upon with the IMF and the Fund had extended financial assistance, Britain would organize other creditor countries to provide debt relief and aid so that Ghana could continue its development efforts at a high growth rate (i. e, 4.5% or higher)”⁹³.

It is believed that the British went into negotiation with the IMF because they feared Ghana could not be contained under their control without the IMF and other creditors.⁹⁴ It was obvious that the Ghanaian government had no option than to accept these terms and conditions in order to get aid and funding for their budgetary programs. Thus in October 1971 the World Bank and the IMF and the Ghanaian government contingent had a meeting in which they proposed a comprehensive program by the Fund, and the World Bank also advised that since Ghana needed emergency assistance it was the Fund that would be used and a quick agreement on a comprehensive program with the IMF will propel the IBRD to assist in the lending of programs to Ghana which will also help in giving out a positive stance to attract donors in Ghana in a form of aid assistance.⁹⁵ The IMF was prepared to assist Ghana in drafting a program that would be accepted by the IMF Executive Directors and advised that

⁸⁸Libby R. T. 1976, ‘External Co-optation of a Less Developed Country’s Policy Making: The Case of Ghana, 1969-1972’. *World Politics* 1:10 pp 75

⁸⁹ Ibid pp75

⁹⁰ Ibid pp76

⁹¹ Libby R. T. 1976, ‘External Co-optation of a Less Developed Country’s Policy Making: The Case of Ghana, 1969-1972’. *World Politics* 1:10 pp77

⁹² Ibid pp77

⁹³ Ibid pp77

⁹⁴ Ibid pp 77 in an interview with A. Ashiabor, Assistant Commissioner for Finance, Accra, August 6 1974

⁹⁵ Ibid pp 77

there was a standby of \$43.5 million and would draw a comprehensive program that IMF and creditor would not reject.⁹⁶

3:2.The Limann Government 1979-1981

It was a government that was guarded by some principles and ideologies of the first President of Ghana Dr Kwame Nkrumah's Convention Peoples Party (CPP). It was socialist government in theory and practices but with less communist sentiments unlike the Nkrumah government. It assumed power through its party; The People National Party (PNP) ticket. Though it had a strong passion to rule Ghana according to its socialist beliefs there was a very strong compelling factor that did not assist them to achieve their beliefs and aim. They had come to power after a seven year rule of military dictators thus inheriting an economy that was very hard to gather the cramps than even to think of flourishing it.⁹⁷

3:2:1.External Influences under Limann Government

As explained above the Limann government was faced with several economic problems all because it had inherited an economy from several military governments in which the economy had been under policies which has been controlled by the military uniform non-expert economist. Thus economic stagnation was prominent in the Limann government. From the 70s to latter dates of 1979 when Limann took office GDP had fallen by 3.2 % per year. The production of Ghana's main export foreign earners had fallen drastically in production. Cocoa had fallen as such bringing Ghana's position from one-third of the world market in the early 70s to one- eight in her share of the world market. Other products like minerals had also fallen in production; gold by 47%, diamonds by 67% manganese by 43%, bauxite by 46% with inflation on a high record of increasing 50 % a year and tax revenue had fallen from 17% to 5 % of the GDP⁹⁸. As a result the Limann government was left with few options as to how to revive the economy. It had no option than to abort its socialist inclinations and accede to the IMF help and assistance, which its predecessor civilian government had done.

⁹⁶ Ibid pp78

⁹⁷ Ernest Aryeetey, Jane Harrigan and Machiko Nissanke (eds), *Economic Reforms in Ghana: the miracle and the mirage*. Oxford: James Currey (Accra: Woeli Publishing; Trenton NJ: Africa World Press), 2000 in Chazan Naomi (1983) *An Anatomy of Ghanaian Politics: Managing Political Recession 1969-1982* Boulder, CO: Western view Press pp 284-300

⁹⁸ US Library of Congress, 1994, *Historical Background*;
<http://countrystudies.us/ghana/63.htm>. 04 12 07

The Limann government was at its early stages in office reluctant to accede to Western assistance since it knew how disastrous it could be if they were to invite the IMF in assisting in the initiation of policies in Ghana. This is because the Busia Government, its civilian predecessor had witnessed a military overthrow after its external policies co-optation with the IMF and some western donor countries. But never the less the short rule of the Limann government was characterised by signing an IMF agreement which included stabilization measures as well as the unpopular devaluation of the Ghanaian currency in the rank and file of the Ghanaian populace.⁹⁹ Much of the policies of the Limann government were in the pipeline of implementation when it suffered a military overthrow on 31st December 1981 with barely twenty seven months in power.

3:3. Major Economic Policies under Busia and Limann Governments

Currency Devaluation:

It was one of the main economic policies that were pursued by the Busia and Limann governments. Under the influence and the guidance of the IMF and the IBRD these government perceived this policy to be channel that will eventually help the country attain some success in its search for economic growth. According to Libby, the Busia government devalued the Ghanaian currency (the Cedi) by 82 % which was even higher than 43% which the IMF team had proposed¹⁰⁰. Although the Busia government paid the consequences for the devaluation policy, the Limann government knowing the detrimental effects its civilian government predecessor had encountered, it exhibited some form of fear in accepting IMF terms which included devaluation but could not reject the proposals of the IMF and also accepted it.¹⁰¹ In reality both civilian governments were conditioned by the Bretton Woods Institution to accept a devaluation term as well as other polices which will be elaborated below as prerequisites for financial assistance which was also difficult to accept. The devaluation policy in Ghana had a crippling effect on the Ghanaian economy in the sense that the cost of imported consumer products soared to height which was very difficult for low income earners who were a chunk of Ghana's populace to financially meet the purchasing

⁹⁹ Ernest Aryeetey, Jane Harrigan and Machiko Nissanke (eds), *Economic Reforms in Ghana: the miracle and the mirage*. Oxford: James Currey (Accra: Woeli Publishing; Trenton NJ: Africa World Press), 2000 in Chazan Naomi (1983) *An Anatomy of Ghanaian Politics: Managing Political Recession 1969-1982* Boulder, CO: Western view Press pp 311-320

¹⁰⁰ Libby R.L. 1976, 'External Cooptation of a Less Developed Country's Policy Making : The Case of Ghana 1969-1972'. *World Politics* 1:10 pp 84-85

¹⁰¹ Ernest Aryeetey, Jane Harrigan and Machiko Nissanke (eds), *Economic Reforms in Ghana: the miracle and the mirage*. Oxford: James Currey (Accra: Woeli Publishing; Trenton NJ: Africa World Press), 2000 in Chazan N.(1983) *An Anatomy of Ghanaian Politics: Managing Political Recession 1969-1982* Boulder, CO: Western view Press pp 311-320

price. The prices of these products either increased or were no longer sold in the retail shops since shop owners could not even afford to purchase it from the wholesalers.¹⁰² Life in Ghana became very uncomfortable for the low income earners in the country and even in certain areas high income earners.

“The airlines suspended ticket sales pending new air fares which doubled in price. Traders in Accra started selling essentials commodities at prices greatly in excess of the controlled prices”¹⁰³.

Devaluation policy was influential on the economy of Ghana and its remnants affected the Ghanaian populace negatively and positively. This is because the devaluation policy affected different income earners like cocoa farmers, exporters, import substitutors and government in a positive whiles the military and traders encountered it negatively on their incomes.¹⁰⁴

Liberalization of the Economy

The liberalization policy or the free market economy popularly called laissez-faire in Ghana¹⁰⁵ was also instituted by the above mentioned civilian governments. The liberalization policy had two main forms. The first is trade liberalization whiles the other is investment by foreign companies and organisations. Both of these two forms of liberalization policies have both good and bad aspect. For a country like Ghana being a developing country it helps the government to generate much revenue from taxes on these companies, generating foreign capital in the country and also brings competition in the economy. It also very risky if the government should open its economy for all types' of imports and investment without regulating the imports and the type of products invested in the country by foreign companies. This is because the position of Ghana being a developing country, its local industries and products are infant and as such find it difficult to compete with foreign companies and industries that produce similar products, thus these local industries tend to die its natural death since they fall out during the competition with the well advance foreign industries and their well structured marketing strategies. The Busia government launched liberalization policy based on its ideological background and beliefs as well as conditions for loans from global

¹⁰²Libby R.L. 1976, 'External Cooptation of a Less Developed Country's Policy Making : The Case of Ghana 1969-1972'. *World Politics* 1:10 pp 84-85

¹⁰³ Ibid pp85

¹⁰⁴ Ibid pp 82

¹⁰⁵ Bennett V.P.(1975) Epilogue:*Malcontents in Uniform-The 1972 Coup D'Etat. Politicians and Soldiers in Ghana* pp 309

financial institutions.¹⁰⁶ Although the Limann government was socialist inclined on ideological grounds, it also had no option then to accede to IMF stabilization measures which included liberalization policies but had little effect on the economy before being ousted by another military intervention¹⁰⁷. The liberalization policy included the elimination of import control and heavy taxation/surcharges on imported foreign products as well as elimination of export bonuses for Ghanaian exporting companies. This consequently paved way for foreign products to compete directly with locally produced and manufactured goods and services.¹⁰⁸

Reduction and cut in National Budgetary Expenditure

The restructuring of the budget was another economic policy which was mainly instituted by the Busia government in a paper entitled “policy measures to deal with the present economic situation”¹⁰⁹. This paper was presented by a group of IMF team led by Rattan Bhatia who outlined the some minor economic policies that needs to be achieved only by reduction in budgetary expenditure.¹¹⁰ Among these minor policies were the “cuts in recurrent and capital expenditures, increase in taxes, reductions in subsidies to parastatal bodies and restrictive credit policies.”¹¹¹ As a matter of fact these minor economic policies were enacted to prove to the IMF that Ghana was serious and willing to adopt measures that will enable them access IMF funds and assistance. As a result the Busia government in “1971 budget cut the defence expenditure by 10%.....sharp decline in the real incomes of officers had maximum impact.....their treasured allowance was abolished”.¹¹² There was also a cut in development budget, the laying off government employees and a summary dismissal of 568 civil servants.¹¹³ The government instituted a national development levy of 1% on all income

¹⁰⁶Ernest Aryeetey, Jane Harrigan and Machiko Nissanke (eds), *Economic Reforms in Ghana: the miracle and the mirage*. Oxford: James Currey (Accra: Woeli Publishing; Trenton NJ: Africa World Press), 2000 Austin D. and Luckman R. (eds) (1975) *Politicians and Soldiers in 1966-1972*. London. Frank Cass.

¹⁰⁷ Ernest Aryeetey, Jane Harrigan and Machiko Nissanke (eds), *Economic Reforms in Ghana: the miracle and the mirage*. Oxford: James Currey (Accra: Woeli Publishing; Trenton NJ: Africa World Press), 2000 in Chazan N.(1983) *An Anatomy of Ghanaian Politics: Managing Political Recession 1969-1982* Boulder, CO: Western view Press pp 311-320

¹⁰⁸Libby R.L. 1976, ‘ External Cooptation of a Less Developed Country’s Policy Making : The Case of Ghana 1969-1972’. *World Politics* 1:10 pp82

¹⁰⁹ Ibid pp 80

¹¹⁰ Ibid pp 80

¹¹¹ Ibid pp 80

¹¹² Gutteridge W. F.(1975) *Military Regimes in Africa*. Great Britain, Methuen & Co Ltd, pp 82-83

¹¹³Ernest Aryeetey, Jane Harrigan and Machiko Nissanke (eds), *Economic Reforms in Ghana: the miracle and the mirage*. Oxford: James Currey (Accra: Woeli Publishing; Trenton NJ: Africa World Press), 2000
Jeffries R. (1978) *Class, Power and Ideology in Ghana: The Railwaymen of Sekondi*. Cambridge: Cambridge University Press

earners to enable it generate some funds for the country's development projects and civil servants perks were diverted and channelled to rural developments projects.¹¹⁴

Privatization/State Divestiture Policy

It is also a branch of the philosophy of neo classical economist who preaches free market economy and liberalization. It is assumed and believed by these neoclassical economists that the more government disengages it self from the economy or an economy that has less state intervention and has a strong belief in private sector participation and control of the economy breeds economic prosperity. Thus economists of this theory belief that, it is disastrous and dangerous for government to interfere and mingle in the affairs of the economy since they interpose economic progress and performance when they become major players of the economy of a state.¹¹⁵ The Busia government having the ideological background of neo classical economist pursued this policy to help build up a competitive and strong economy for market players to compete among themselves and also help improve quality of services and products for the consumers in demand of those products. The government believed in the generation of revenue from these private agencies in the form of taxation and levies. The Limann government also followed suit among its economic stabilization measures it was undergoing with the IMF as a prerequisite for the support of loans and funds for the economy to be able to gain its feet from crushing. Although at the early stages of his election in to office the Limann government made a strong effort to attract foreign investors and foreign aid into the country, its refusal to sign the IMF economic stabilization pack did not really motivate these foreign investors to invest in the country. After the Limann's socialist hardliners finally acceded to IMF demands, they signed the stabilization pack and the country begun to witness some sort and form of interest from foreign companies and investor's in the country.¹¹⁶

Chapter 4: The Various Military Regimes (1972-1983)

As noted categorically in the beginning of this work, the era in relation to this project is limited to the years 1969 to 1985. As such an introduction of the various military regimes and how they assumed power within this era has been elaborated and discussed below.

¹¹⁴ Gutteridge W. F.(1975) *Military Regimes in Africa*. Great Britain, Methuen & Co Ltd, pp 83

¹¹⁵ Aryee J.R.A. (1998) 'Divestiture Programme in Ghana:Experiences and Lessons'. *Ghana Economic Outlook* (March) vol. 3 no. 1 pp 90

¹¹⁶Ernest Aryeetey, Jane Harrigan and Machiko Nissanke (eds), *Economic Reforms in Ghana: the miracle and the mirage*. Oxford: James Currey (Accra: Woeli Publishing; Trenton NJ: Africa World Press), 2000 in Chazan N.(1983) *An Anatomy of Ghanaian Politics: Managing Political Recession 1969-1982* Boulder, CO: Western view Press pp 311-320

4:1. Introduction

The National Redemption Council/Supreme Military Council:

On the 13th of January 1972, Ghanaians woke up to their dismay that there has been a military overthrow of Prime Minister K.A Busia's elected civilian government. The overthrow took place during his absence while on a medical treatment trip in the UK. The coup was led by Colonel I.K. Acheampong. (Later became General) According to this new military regime it had planned this coup as far back as June 1970 that was some few months after the elected Prime Minister had assumed office.¹¹⁷ According to the new military regime "it seized the opportunity presented by public dissatisfaction with Busia's economic policies".¹¹⁸ According to Gutteridge

".... the devaluation of the December 1971 completed a process which brought about a drastic reduction in the living standard of the Ghanaian elite especially the military. Dr Busia's government had effectively created the condition for 'an officers' amenities' coup even if that was not exactly what it turned out to be"¹¹⁹ .

The regime announced at 6 am on the News the reasons for taking over power as due to economic mismanagement, betrayal of the Ghanaian sovereignty, interference in the economy by foreign and western financial institutions, corruption and other malpractices.¹²⁰ There was a sharp approval by the Ghanaian folk of the big cities like Accra and the regional capitals where workers and the market women of Accra organised mass rallies to append their approval and support of the new government.¹²¹ The new military regime officially named its government as the National Redemption Council (NRC) and at a later date it changed its name to Supreme Military Council (SMC).¹²²

Supreme Military Council (II):

The SMC (II) was born after a palace coup ousted the leadership of General I.K. Acheampong and was replaced by his deputy Lt. General Fred Akuffo for various reasons on 5 July 1978. General Akuffo explained that the country was not properly managed by his predecessor

¹¹⁷ Libby R.L. 1976, 'External Cooptation of a Less Developed Country's Policy Making : The Case of Ghana 1969-1972'. *World Politics* 1:10 pp86

¹¹⁸ Ibid pp86

¹¹⁹ Gutteridge W. F.(1975) *Military Regimes in Africa*. Great Britain, Methuen & Co Ltd, pp 83

¹²⁰ Bennett V.P.(1975) Epilogue:*Malcontents in Uniform-The 1972 Coup D'Etat. Politicians and Soldiers in Ghana* pp 307-308

¹²¹ Hettne B. 'Soldiers and Politics: The Case of Ghana'. *Journal of Peace Research*, Vol. 17, No. 2, Special Issue on Imperialism and Militarization (1980) pp181

¹²² Ibid pp183

General Acheampong. There was also public outcry that the country should return to civilian rule. Lt General Akuffo was prepared to transfer power to civilian rule as there was a lift on the ban of political party formation on 1st January 1979¹²³

The Armed Forces Revolutionary Council:

On the 4th June 1979 a group of junior officers in the military rescued Flight-Lt Jerry John Rawlings who had been convicted for staging an unsuccessful military coup on 15th May 1979 from prison cells. Flight Lt Rawlings then led the junior officers to overthrow the military government of the SMC (II) the same day.¹²⁴ Its main reason for overthrowing the government of the SMC (II) was that the government has failed the country and the economy was no better with comparisons to the NRC/SMC government. They accused the previous military governments of corruption and explained that they had defiled the military with their selfish ambitions and behaviour. The new government called itself The Armed Forces Revolutionary Council (AFRC) and assured Ghanaians that it had come to power to return the country into civilian rule and also to embark on a “house cleaning exercise” beginning with the military especially the officers’ rank. As such top military officers who had assumed political power through previous military coups were executed together with their associates mostly in the military. Citizens and foreigners had to explain to an interim committee as to how they had acquired their wealth. After just four months in power they returned the country to civilian rule through election which was won by the Limann government and on the 24th of September 1979 power was transferred to the Limann government with its Peoples National Party (PNP).¹²⁵

Provisional National Defence Council:

Merely after 27 months of handing over power to a democratically elected government, the Limann government was ousted from office by the same Flight Lt Jerry John Rawlings together with a different group of military soldiers and some civilians on the 31st December 1981.¹²⁶ Why should the military with the same leadership of the AFRC who had trust and respect for civilian rule and has thus transferred power to a democratically elected civilian government stage another coup ousting the same civilian government it had transferred power to? Why should the military under the same leadership of Flight Lt. Rawlings oust one of

¹²³ Ibid pp184

¹²⁴ Ibid pp 184

¹²⁵ Ibid pp184-185

¹²⁶ Ahiakpor J.C.W. ‘ The Success and Failure of Dependency Theory : The Experience of Ghana’, *International Organisation* 39, 3. Summer 1985, pp 535-552

Ghana's most democratic governments (Limann government) which are attributed as a government with a legislature that for the first time in the history of Ghana had rejected the national budget in parliament?

4:2.Economic Policies under Military Rule 1972-1985

Economic policies under military regimes that came to power between the above years will be grouped and explained categorically into two main time frames or two main phases. That is 'Immediate Economic Policies' and 'Latter Economic Policies'. The immediate economic policies are the policies which were enacted and implemented immediately after military regimes assumed power from civilian governments. These are mainly policies enacted by the military upon assuming believed were the solutions to Ghana's economic stagnation problems. They are mainly their manifestoes and reasons for coming to power illegally. The latter economic policies were the policies which were initiated and implemented by the military regimes when their reign in power was coming to a dead end.

4:2:1.Immediate Economic Policies

The entry of the military into political power sought to pursue policies that were contrary to the previous civilian policies. According to Colonel Acheampong when he assumed power, he said;

“The political frame of reference which has guided...actions and.... Advice in the past two years must be cast into rubbish heap of history. This means a departure from the laissez-faire so called free market economy and the institution of effective planning in the allocation and utilization of resources”¹²⁷.

It was obvious that this new military regime had policies that will be contrary to the previous civilian government. In one of its radio broadcast, the Acheampong regime (NLC) “accused Busia of permitting excessive international influence and the failure to take more radical actions to suspend payment on the much publicised external debt”¹²⁸ That notwithstanding,

¹²⁷Bennett V.P.(1975) Epilogue:*Malcontents in Uniform-The 1972 Coup D'Etat. Politicians and Soldiers in Ghana* pp 309

¹²⁸Boafo-Arthur, K. 'Ghana's Politics of International Economic Relations under the PNDC, 1982-1992', *African Study Monographs*, 20(2): June 1999, pp78 in Frimpong –Ansah, J (1991) *Vampire State in Africa*, James Currey Ltd. London. p 108

when we consider the statement made by Flight Lt. Rawlings when he also assumed power the second time under the PNDC era these were his words;

“I was slightly naïve (between June 4 and the handover in 1979), in the sense that it never struck me that some kind of supportive system, maybe new institutions would have to be organized to ensure that the people of this country held on to their newly-won freedom, to ensure that they dictate the terms of survival.....now I know better”¹²⁹

These statements makes one come to a conclusion and to know the line of economic policies he was about to tow. In his further commentary statements he made his position clearer by saying that:

“The historical roots of our present state of underdevelopment stem from British colonialism which bequeathed a set pattern of economic development, social structures, attitudes and a parasitic state machinery. The retention of the structures of colonialism had assured the continued domination of our economy by foreign financial interest, with the attendant losses of the country’s resources and hard earned wealth in the new phase of colonialism, which has been aptly described as neo-colonialism”¹³⁰.

Thus the PNDC likewise the NLC/SMC took necessary guiding steps to;

“the termination of the control of the local economy by foreign multinational companies; changes in the structure of the control of the state; the creation of political forms which would make the interests of the broad masses of the people predominant and realisable; and a programme which would initiate a process of improving the material conditions of the mass of the people”¹³¹

These quotes as explained were commentaries by two military regimes that had ousted civilian government to pursue their policies that it deemed right to making the economy a success. These statements outline their guiding principles in its economic policy formulation which are detailed below.

¹²⁹ Ahiakpor J.C.W. ‘The Success and Failure of Dependency Theory : The Experience of Ghana’, *International Organisation* 39, 3. Summer 1985, pp 541

¹³⁰ Ibid pp541-542

¹³¹ Bofo- Arthur K. ‘Ghana’s Politics of International Economic Relations Under the PNDC, 1982-1992’. *African Study Monographs* 20(2):June 1999. pp 81

Nationalization Policies:

Most state assets and companies that had been privatized under the previous civilian government were either nationalized, seized or the government re-wrote the contract of leasing to make the government the highest share holder. For example the Acheampong regime (NRC/SMC) cancelled contract with four British companies because the regime believed that the credits to finance these contracts were not favourable to the Ghanaian economy¹³². The Rawlings regime (PNDC) with its threats also made practical measures against foreign companies in the country. For example contracts made between previous civilian Limann government and companies like Volta Aluminium Company (VALCO) a subsidiary of Kaiser & Chemical Corporation and Reynolds Metals Co, American firms, United African Company (UAC), British mining subsidiaries and French subsidiary companies etc were either renegotiated, nationalized or confiscated with much emphasis on the interest of the country reigning supreme.¹³³ The regime also went ahead to strictly allocate the importation of goods into the country the sole responsibility of the State owned companies and agencies which included Ghana National Trading Corporation (GNTC) and the National Procurement Agency, thus excluding foreign owned commercial companies. That notwithstanding the PNDC regime also went ahead to amend the Banking Act of 1970 to stop Banks that had foreign ownership from retail banking to begin specialist banking. The regime also made efforts to raise the states share holdings in foreign owned banks like Barclays Bank, Standard Chartered Bank and insurance companies from 40% to 80%.¹³⁴ Acheampong's (NRC/SMC) decreed an 'Investment Policy Decree' (NRCD 329) which gave it the necessary legal backing to pursue its economic nationalisation policies. As such Acheampong regime was able to renegotiate its equity shares in foreign firms like mining and timber companies to height of 55%, breweries to 50% as well as a 40% in banking and insurance investments¹³⁵

National Self Reliance Policies:

In its pursuit for economic nationalism the country under the leadership of the NRC/SMC and PNDC respectively followed the path of economic independence. The NRC/SMC regime with

¹³² Gutteridge W. F.(1975) *Military Regimes in Africa*. Great Britain, Methuen & Co Ltd, pp 84

¹³³ Ahiakpor J.C.W. 'The Success and Failure of Dependency Theory : The Experience of Ghana', *International Organisation* 39, 3. Summer 1985, pp 543

¹³⁴ Ibid pp543

¹³⁵ Bofo-Arthur, K. 'Ghana's Politics of International Economic Relations under the PNDC, 1982-1992', *African Study Monographs*, 20(2): June 1999 pp 79

its investment policy decree shifted the economy to encourage Ghanaians to take the opportunity of the commanding heights of the economy from foreign domination. This enabled ordinary Ghanaian entrepreneurs, workers etc to access infinite avenues to purchase shares in foreign companies¹³⁶. These measures taken by the NRC/SMC led the country to increase in its share holdings;

“The state could acquire directly 13,189,471 shares... in twenty four foreign companies. It could acquire could acquire extra shares indirectly through parastatal organisations. In contrast, foreign companies lost to the state, Ghanaian entrepreneurs and individual share holders 62,181,004 worth of shares... the state sector expanded again....Ghanaian private participation in the economy expanded considerably”¹³⁷

This was also evident in NRC’s agricultural development programme which was the main economic drive of the country. Thus it instituted the ‘Operation Feed Yourself’ programme to encourage individual Ghanaians to take to subsistence farming and farming that will contribute to increase in foodstuffs and food production on the market at a cheaper price since they are locally produced and sold locally. As such inputs were given to Ghanaians especially rice farming in Ghana was highly sponsored by the government of the NRC regime to reduce its high importation quantities.¹³⁸ Cocoa which is the country main foreign earner as well timber both boomed coincidentally in world price during the Acheampong era. The world price of cocoa rose from 260 pounds per ton in early 1972 to 900 pounds per ton in 1973, timber production also increased from 325,000 tons in 1971 to 478,608 tons in 1972 for export which increasingly brought the NRC regime enormous foreign reserves.¹³⁹ (See appendix 2 for the NLC/SMC detailed Charter for National Self Reliance).

The PNDC’s pursuit for national self reliance was exhibited mainly through social labour mobilization. Students from the Universities and higher institutions, Peoples Defence Committee, Labour Brigades, Workers Defence Committee and other organisations in the

¹³⁶ Boafo-Arthur K. (1989) Trends in Ghana’s Foreign Policy after Nkrumah. In (E. Hansen and K.A. Ninsin eds) *In State, Development and Politics in Ghana*. CODESRIA; Dakar pp 148

¹³⁷ Jonah K. (1989) The IMF and the Government of Ghana in (E Hansin and K. A. Ninsin eds). *State, Development and Politics in Ghana*. CODESRIA Dakar pp 108 in Boafo-Arthur, K. ‘Ghana’s Politics of International Economic Relations under the PNDC, 1982-1992’, *African Study Monographs*, 20(2): June 1999 pp 79

¹³⁸ Ernest Aryeetey, Jane Harrigan and Machiko Nissanke (eds), *Economic Reforms in Ghana: the miracle and the mirage*. Oxford: James Currey (Accra: Woeli Publishing; Trenton NJ: Africa World Press), 2000 in Antoine A. (1984) *The Politics of Rice Farming in Ghana 1972-1979*. PhD Thesis. University of London

¹³⁹Boafo-Arthur K. (1989) Trends in Ghana’s Foreign Policy after Nkrumah. In (E. Hansen and K.A. Ninsin eds) *In State, Development and Politics in Ghana*. CODESRIA; Dakar pp148

country took to task force workers to assist in evacuating mass cash crops and cocoa that had locked up in the rural and food producing areas. These groups also took to themselves the task of agricultural production and harvesting. These included harvesting of sugarcane in a town called Dahwenya¹⁴⁰. To curtail the influence of foreign culture in the life style of Ghanaians the PNDC government established the Citizens Vetting Committee (CVC) to investigate lifestyles and financial spending that was beyond the limits of average Ghanaians. The regime advised that lifestyles of Ghanaians should not be like the western countries where there is much gap between the rich and the poor as preached by liberalist/capitalist theorists. As such there should be some form of equality in the system between citizens in terms of finances.¹⁴¹

Revaluation of currency and Restoration of Budgetary Expenditure

Currency revaluation was one of the first economic policies the NRC/SMC regime introduced when it assumed power. Actually it was one of the propelling factors that the military under the leadership of colonel Acheampong staged their coup to oust the PP government of Prime Minister Dr. Busia. The regime unilaterally proceeded to a 21.4% revaluation of the currency which in effect made consumer imported goods which was mostly consumed by urban folk less expensive.¹⁴² The regime also with its unilateral decision making strength proceeded on the ‘Yentua Policy’. This was the regimes unilateral cancellation of most debts that it deemed not fit to be paid. Apart from that, the debts that it thought was reasonable to pay were only paid according to the terms and conditions it preferred to use in terms of payment. Thus the regime which had inherited debt from previous governments, (see Table 1 for the external debts the regime inherited from the Busia government) decided to repay the medium term debts based on it own terms.¹⁴³

Table 1: Ghana External Debts as of 1972

Long Term Debts	\$230 Million
Medium Term Debts	\$370 Million
Short Term Debts	\$286 Million
Un-matured 180-day credits	\$139 Million

¹⁴⁰ Ernest Aryeetey, Jane Harrigan and Machiko Nissanke (eds), *Economic Reforms in Ghana: the miracle and the mirage*. Oxford: James Currey (Accra: Woeli Publishing; Trenton NJ: Africa World Press), 2000 in Owusu M. ‘Customs and Coups: A Judicial Interpretation of Civil Order and Disorder in Ghana’, *The Journal of Modern African Studies*, Vol. 24, No 1. (Mar., 1986) pp 69-99

¹⁴¹ Ahiakpor J.C.W. ‘The Success and Failure of Dependency Theory : The Experience of Ghana’, *International Organisation* 39, 3. Summer 1985, pp 544 in West Africa 15th February 1982 pp 482

¹⁴² Libby R.L. 1976, ‘External Cooptation of a Less Developed Country’s Policy Making : The Case of Ghana 1969-1972’. *World Politics* 1:10 pp86

¹⁴³ Libby R.L. 1976, ‘External Cooptation of a Less Developed Country’s Policy Making : The Case of Ghana 1969-1972’. *World Politics* 1:10 pp86-87

Arrears on Service Payments	\$80 Million
Arrears on Import Payments	\$67 Million

Source: Libby R.L. 1976, 'External Cooptation of a Less Developed Country's Policy Making: The Case of Ghana 1969-1972'. *World Politics* 1:10 pp86 in *West Africa*, November 13 1972, pp 1528-29; *Ghanaian Times*, April 26, 1974, *Africa Report*, April 1972 pp22

First it decided to repay the debts over a 50 year interest free period which the western creditors refused to accept but after deliberation went on the western creditors gave the NRC/SMC regime the best ever terms of repayment a debtor country had ever achieved. It allowed the debts to be repaid over a 28 year period with just a little interest of 2.5% per annum with a 10 year grace period. Exactly a month after its currency revaluation policy was enacted the regime was able to pay about 90 million of the nations debt owed to British companies.¹⁴⁴ The regime also went ahead to introduced a mini-budget in February 1972 to restore cuts in the budget which was advocated by the IMF and World Bank to the Busia government. Especially the defence expenditure in the national budget which was cut by 10% was restored immediately.¹⁴⁵ It was no wonder the Busia's government referred to coup as an 'Officers Amenities Coup'¹⁴⁶.

To capture the hearts and minds of the citizenry the NRC/SMC regime also restored the austerity measures which the Busia government had cancelled. Thus the NRC/SMC restored the legal privileges enjoyed by the trade unions and maintained a close relationship with the Trade Union Congress (TUC), the regime also increased public sector employment, it also restored grants which the university students had enjoyed before the Busia government had changed it into loans which were to be repaid after graduation. Senior civil servants had their housing allowances restored etc¹⁴⁷. Although the early years of the PNDC had nothing to do with revaluation policies as that of the NRC/SMC, rather the PNDC pursued a unique trend of economic ambition. First it sought to refuse any form of devaluation or any condition that was attached to granting of loans from the International Financial Institutions (IFI). The regime's finance Secretary Dr Kwasi Botchway expressed when he visited the United States to apply for loans. Though Ghana needed foreign exchange and funds to run its programs it was not in any way going to succumb to loans that were attached with conditions of currency

¹⁴⁴ Ibid pp87

¹⁴⁵ Bennett V.P.(1975) Epilogue:*Malcontents in Uniform-The 1972 Coup D'Etat. Politicians and Soldiers in Ghana* pp 309

¹⁴⁶ Gutteridge W. F (1975) *Military Regimes in Africa*. Great Britain, Methuen & Co Ltd, pp 83

¹⁴⁷ Hanson, E and Collins P. (1980). 'The Army, the State and the Rawlings Revolution'. *African Affairs* 79 pp 7-8

devaluation as well as a reduction in state expenditure. That notwithstanding the regime's Foreign Secretary Dr Obed Asamoah during a conference in Addis Ababa and the United Nations for the Group of 77 advised third world countries to fight/press against the conditions that were attached to credit facilities from world credit agencies.¹⁴⁸ It was obvious that such pressing rights from borrowing developing countries would not be accepted by the international financial community so the PNDC decided to take action against the determinants of free market economy. There was full interference of the state in the market economy. The regime arrested private market and business operators especially women and burnt down market places that it believed operated due to greediness and wickedness. Thus it anticipated that these business women were selling goods and services way above the control price popularly called 'Kallabule'. The PNDC regime threatened the market forces that prices were high for consumers and as such has to be reduced voluntarily or else force and revolutionary methods will be used to crack down on them¹⁴⁹.

This threat and fear run down to accommodation and real estate owners who had to reduce their rents and mortgage voluntarily, it also affected the credit market interest rates which the regime believed it was being exploitative of lazy businessmen and women who had deposited money in the banks for high interest rates. As such by April 1983 there was drastic reduction in credit interest rates from 22.5% to 14% on bank loans as well 18% to 9% in savings deposits. Cocoa farmers were forced to accept less than the producer price of cocoa of 720 cedi per head-load to 360 per head-load¹⁵⁰ These draconian revolutionary measures were believed by the PNDC regime to make the country more appropriate for all citizenry to have equal access to goods and products at a cheaper cost and not only reserved for the rich in the society. Apart from that, strict tax and revenue collection procedures, coupled with death by firing squad for people found smuggling cocoa to neighbouring countries like Togo and Cote D'Ivoire enabled the regime to increase the state coffers.¹⁵¹

4:2:2.Latter Economic Policies

The second phase of economic policies that were pursued by the military can be realised at the dying part of their reign. It was surprising to see that the latter part of the military reign in

¹⁴⁸ Ahiakpor J.C.W. 'The Success and Failure of Dependency Theory : The Experience of Ghana', *International Organisation* 39, 3, Summer 1985, pp 543

¹⁴⁹ Ibid pp544-5 *Ghana News*, June 1982 p10

¹⁵⁰ Ahiakpor J.C.W. 'The Success and Failure of Dependency Theory : The Experience of Ghana', *International Organisation* 39, 3, Summer 1985, pp 545 in *West Africa* 19th July 1982 pp1911

¹⁵¹ Ahiakpor J.C.W. 'The Success and Failure of Dependency Theory : The Experience of Ghana', *International Organisation* 39, 3, Summer 1985, pp 545

Ghana saw a dynamic change in the type of policies it pursued when they first assumed power with all the noise to make the country a better one. The SMC (II) which had ousted its leader Gen. Acheampong through a palace coup changed their economic policies drastically and begun to implement policies that were in line with the IMF and World Bank wishes and advice. Though much of the policies were not implemented because it spent merely 12 months in power, it clearly showed that it had regretted the previous policies it had pursued and quickly aligned it-self to capitalist ideas which were contrary to the anti- capitalist policies pursued by themselves and their compatriot Gen Acheampong in pursuit to revive the economy. Similar scenario can be seen by the PNDC regime when it made a 'U TURN'. This was a term depicting the regime going contrary to its ideology, guiding principles and policies which had guided them through out their entire presence before and during their early years in power. Thus the Finance Secretary of the PNDC Dr Kwasi Botchwey who had criticised capitalists' nations and multinational companies for exploiting Ghana resulting in its economic stagnation made these comments in 1984;

"Ghana will actively encourage direct foreign investment and ensure that while safeguarding the interest of the economy and honour of the people, investors will not be frustrated when the time comes to transfer their profits and dividends to their shareholders overseas"¹⁵².

The Finance Secretary concluded by actually pinpointing the various sectors it urgently needed foreign investors due to its poor management facilities and as such investment in those areas will be welcomed;

"Investors would be particularly welcome in such priority areas as petroleum exploration and production, mining and mineral processing, timber, logging and wood processing, quarrying, deep sea fishing, food processing and local resource-based manufacturing industries"¹⁵³.

By the time this statement was made the PNDC regime had made secret meetings and arrangement with the IMF and the World Bank to assist in advising how the Ghanaian economy could be revived. As such by the end of April 1983 the PNDC regime had reached an agreement with the IMF and the World Bank and had drawn Economic Recovery

¹⁵² Bofo-Arthur, K. 'Ghana's Politics of International Economic Relations under the PNDC, 1982-1992', *African Study Monographs*, 20(2): June 1999 pp 84 in *West Africa* 4 June 1984:1155

¹⁵³ Ahiakpor J.C.W. 'The Success and Failure of Dependency Theory : The Experience of Ghana', *International Organisation* 39, 3. Summer 1985, pp549 in *West Africa* 4 June 1984: 1155

Programme (ERP) for Ghana to follow in order to stabilise the economy¹⁵⁴. It was quite obvious to realise that the political and economic climate was changing towards a friendlier and pro western alignment and ideology. As expressed by the leader of the PNDC regime Flt. Lt. Rawlings in 1983; “we can no longer postpone the time for halting populist nonsense.....we must not get into the way of thinking that revolutionary activities are substitutes for productive work”¹⁵⁵. For the western capital, multinational companies and western governments to see how serious the Ghanaian government was the ERP was launched in April 1983 to help facilitate funds and capital flow for economic development of the country.¹⁵⁶

As such these military governments that had taken power on the assumption to stop foreign influence on the country’s economy had now gone contrary to their perception. As such they were now prone to the very policies that they had criticised. The SMC (II) which was formerly NRC/SMC and had assumed power through the overthrow of a civilian pro western government of Prime Minister Dr. Busia begun to implement policies similar to the Busia government policies. These policies included the famous devaluation of the currency. The SMC (II) with its previous leader Gen Acheampong under house arrest after a palace coup organised by his own comrades and Gen Akuffo his deputy taking charge and upon assuming office welcomed the Bretton Woods institution to assist the country again. Gen Akuffo condemned their previous perceptions as well as Gen Acheampong acts, ideology and policies and was prepared to make change in policy orientation and made several commentaries about his boss Gen Acheampong running the country in a ‘one man show’ and misleading the country into economic crises¹⁵⁷. It was very obvious that Gen Akuffo had plans of reversing the policies he and his previous boss had all shared and implemented. This is because Gen. Akuffo and his new SMC (II) regime accepted the terms and agreement of the IMF and started implementing them. Thus there was a 58% devaluation of the country currency, the regime also heeded to the advice of the IMF to reduce budgetary deficits and also repay its external debts which was unilaterally refused by his previous boss Gen Acheampong to repay. The IMF also advised the regime to increase the producer price of cocoa which was not reflecting

¹⁵⁴ Bofo-Arthur, K. ‘Ghana’s Politics of International Economic Relations under the PNDC, 1982-1992’, *African Study Monographs*, 20(2): June 1999 pp 84

¹⁵⁵ Bofo-Arthur, (1989) K. Trends in Ghana’s Foreign Policy after Nkrumah. In (E. Hansen and K. A. Ninsin eds.) *In State, Development and Politics in Ghana*. CODESRIA Dakar pp 153

¹⁵⁶ *Ibid* pp 152

¹⁵⁷ Ernest Aryeetey, Jane Harrigan and Machiko Nissanke (eds), *Economic Reforms in Ghana: the miracle and the mirage*. Oxford: James Currey (Accra: Woeli Publishing; Trenton NJ: Africa World Press), 2000 in Chazan Naomi (1983) *An Anatomy of Ghanaian Politics: Managing Political Recession 1969-1982* Boulder, CO: Western view Press pp 275

the world price of cocoa and had witnessed a consequence of low production and smuggling to the neighbouring countries for better prices. With such commitment from the regime, the IMF immediately granted the regime a stand-by credit of SDR 53.0 million which was to be accessed over a one year period.¹⁵⁸ Unfortunately the regime's short lived reign in the high office could not allow them to witness how fruitful the implementation of its new found headway policies would have had on the economy of Ghana.

Similarly the PNDC with its launching of the Economic Recovery Programme (ERP) devalued the Ghanaian currency by 9.91% and by the late 80's it had been devalued to 5,780 % with the foreign exchange climbing from 30 cedi to 1 US dollar unto a new exchange rate of 175 cedi to 1 US dollar respectively¹⁵⁹. The PNDC unlike the SMC (II) which stayed in government for a longer period made and a lot of policy changes during its '*U TURN*' era. Liberalization of the economy was another economic policy it pursued. The Finance and Economic Planning Minister Dr. Kwesi Botchwey visited the United States to organise a conference to persuade foreign oil companies with Ghana's geological data of oil deposits and appealed to them to the welcoming arms of Ghana for investors and their high level of security been assured as well. The PNDC with its new rhetoric of neo- liberalism ideological stance coupled with assistance from the IMF/World Bank went on a full scale program implementation process, all with the guidance of the Bretton Woods Institutions and its affiliates.¹⁶⁰ For liberalization of the economy to be more effective the PNDC regime suspended price control regulation on majority of goods and services leaving just a few out which included sugar, textiles baby food, drugs etc. To make the price regulations more transparent the regime allowed the regulation of these prices to be administered jointly by Statutory Prices and Income Board, Producers and Traders with guidance and supervision from a tripartite committee of the government, employers and trade unions. The regime in its quest to also liberalize imports and exports proceeded to the abolition of import licensing and instituted a new form which was import declaration. The tariff system and rates were reduced as well as minimal protection regulations. That notwithstanding there was also export liberalization and tax concession coupled with retention of some part of the foreign exchange

¹⁵⁸ Bofo-Arthur, K. 'Ghana's Politics of International Economic Relations under the PNDC, 1982-1992', *African Study Monographs*, 20(2): June 1999 pp 79

¹⁵⁹ Bofo-Arthur, K. (1989) Trends in Ghana's Foreign Policy after Nkrumah. In (E. Hansen and K. A. Ninsin eds.) *In State, Development and Politics in Ghana*. CODESRIA, Dakar pp 151-2

¹⁶⁰ *Ibid* pp152

earned by exporters of non-traditional commodities/crafts which included timber and the like.¹⁶¹

As part of the stabilising policies advised by the Bretton Woods Institutions the regime had to cut its national budgetary expenditure. As such the latter part of 1984 witnessed the country drive towards a shifting interest to divestiture programmes of State Owned Enterprises (SOE). Thus the regime requested the collection of relevant data from 100 SOEs by the Ghana Institute of Management and Public Administration (GIMPA) and the Management Development and Productivity Institute (MDPI). The World Bank and the United Nations Development Programme (UNDP) in 1985 also aided and sponsored a Dutch company by name Borenschot-Moret-Bosboom (BMB) to also undertake research and restructuring of the SOEs into the following categories;¹⁶²

“(i) SOEs to remain wholly state owned; (ii) wholly state-owned enterprises to be turned into joint ventures; (iii) wholly state-owned enterprises to be sold; (iv) wholly state-owned enterprises to be liquidated; (v) joint ventures to remain joint; (vi) joint ventures to be divested of state participation; and (vii) mergers”¹⁶³

Subsequent to that, funding from the World Bank on credit basis was released to manage the divestiture programme which was put under the management Divestiture Implementation Committee (DIC) which comprised of staff from the Industries and Technology Ministry, Trade Union Congress (TUC), Bank of Ghana, State Enterprise Commission (SEC), The Private Sector, The Attorney General’s Department, local consultants and foreign consultants from Price Waterhouse.¹⁶⁴ The DIC was given the following responsibility to tow the following;

“(i) plan, monitor, coordinate and evaluate all divestitures; (ii) effectively communicate and/or arrange for the effective communication of government policies and objectives for any divestiture; (iii)

¹⁶¹Ernest Aryeetey, Jane Harrigan and Machiko Nissanke (eds), *Economic Reforms in Ghana: the miracle and the mirage*. Oxford: James Currey (Accra: Woeli Publishing; Trenton NJ: Africa World Press), 2000 in Gyimah-Boadi, E.(1991) ‘*State Enterprise Divestiture: Recent Ghanaian Experiences*’ in Donald Rothchild (ed), *Ghana: The Political Economy of Recovery*. Boulder, CO: Lynne Rienner Publishers

¹⁶²Aryee J.R.A. (1998) ‘Divestiture Programme in Ghana: Experiences and Lessons’. *Ghana Economic Outlook* (March) vol. 3 no.1 pp 92. in Gyimah-Boadi, E.(1991) ‘*State Enterprise Divestiture: Recent Ghanaian Experiences*’ in Donald Rothchild (ed), *Ghana: The Political Economy of Recovery*. Boulder, CO: Lynne Rienner Publishers

¹⁶³ Aryee J.R.A. (1998) ‘Divestiture Programme in Ghana: Experiences and Lessons’. *Ghana Economic Outlook* (March) vol. 3 no. 1 pp 92.

¹⁶⁴ Ibid pp 92

develop criteria for the selection of enterprises to be divested and assume responsibility for preparing such enterprises for divestiture; (iv) make appropriate consultations for successful processing of all divestiture programmes; and (v) ensure consistency in procedures for divestiture, in particular with regard to valuation, invitation to bids, negotiation of sales and settlement of accounts”¹⁶⁵.

Although the divestiture program started in the late 1984 it was fully fledged from the early 1990s. (See Table 2). Implementation of stabilising measures and policies inclusive in the economic recovery programmes, the country qualified to the next stage which was Structural Adjustment Programmes (SAP) funded by the IMF and the World Bank on credit based loans with some conditionality attached to them during the PNDC era. Funds, aid and loans from these Bretton Woods Institutions increased consistently consequently making Ghana one of the highest recipient of financial assistance in Africa.¹⁶⁶

Table 2: Divestiture of State-Owned Enterprises, 1991-1996

Mode	To 1991	1992	1993	1994	1995	1996	Total
Sale of Assets	16	4	3	30	19	18	90
Sale of Shares	11	5	2	2	6	1	27
Joint Venture	6	3	1	4	0	4	18
Lease	3	1	0	1	0	0	5
Liquidation	24	2	5	5	6	0	42
Total	60	15	11	42	31	23	182

Source: C.K. Dordunoo, *Management Development in African Countries with Privatization Programmes: The case of Ghana, Tanzania and Uganda*, Geneva, ILO, 1997, p 9. in Aryee J.R.A. (1998) ‘Divestiture Programme in Ghana: Experiences and Lessons’. Ghana Economic Outlook (March) vol. 3 no. 1 pp 93

Thus as explained by Professor Kwame Boafo-Arthur in his article about Ghana’s international economic relations, he wrote;

“Under the PNDC Ghana became the largest per Capita aid recipient in Africa. In 1985 alone, total foreign exchange resources including export earnings, inflows of private and official loans and transfers, and IMF drawings amounted to \$1.3 billion. This was a 19 per cent increase on 1984s \$1.1 billion (ACR, 1985/86: B42)”¹⁶⁷.

¹⁶⁵ Ibid pp 92

¹⁶⁶ Boafo-Arthur, K. ‘Ghana’s Politics of International Economic Relations under the PNDC, 1982-1992’, *African Study Monographs*, 20(2): June 1999 pp 87

¹⁶⁷ Ibid pp 87

It was not surprising that the increase in financial aid in terms of huge scale of hard currency in supporting all sectors of the economy of Ghana moved the PNDC to change its ideological stance and also under go further programmes for economic survival.¹⁶⁸ The US Department of State also confirmed this by its reports on Ghana that the World Bank had maintained its position as the highest donor to Ghana annually at a tune of \$300million for programmes in structural adjustment and sectoral funds.¹⁶⁹ Others like the former government statistician Nana Wereko Ampem II and Appiah-Opoku stated that Ghana had received external finance for its economic survival since the 80's of about \$500-600 million per year¹⁷⁰ and about \$8 billion after the PNDC changed its ideological stance to tailor that of the neo-liberal forms¹⁷¹ (see appendix 3.) As a result and consequence Ghana's external debt rose dramatically to a height of about \$2.270 billion and continued to increase in proceeding years when the country changed its political status to a democratic civilian government¹⁷². (See appendix 4 and 5)

4:3.The Ghanaian Economy and its Performance under Military Regimes1972-1985

The two military regimes 'NRC/SMC and PNDC' that took over power from civilian government between the year 1972 and 1985 had similar pattern and turn out in terms of how the economy performed during their term of office. Mostly during the beginning of their ascension to power, the economy is popularly seen by the masses as good economic progress indicators but this does not last for long as the masses would perceive. The reason is basically due to the economic programmes and policies they pursue when they ascend political power. Economic indicators shown during the early months to the first year of the NRC/SMC regime was a commendable effort because for the first time in the history of the country since independence there was an increase in export trade figures of about 40% as a result of the high price of cocoa on the world market as well as export of timber, gold and diamonds

¹⁶⁸Boafo-Arthur, K. 'Ghana's Politics of International Economic Relations under the PNDC, 1982-1992', *African Study Monographs*, 20(2): June 1999 pp 87in Legum, C. 1985. 'The Rawlings Revolution Changes Direction'. *Africa Contemporary Record*, vol. xvii

¹⁶⁹Boafo-Arthur, K. 'Ghana's Politics of International Economic Relations under the PNDC, 1982-1992', *African Study Monographs*, 20(2): June 1999 pp 88 in Boafo-Arthur K. 1999b. 'Ghana: Structural Adjustment, Democratization and the Politics of continuity'. *African Studies Review*, 42(2)

¹⁷⁰Boafo-Arthur, K. 'Ghana's Politics of International Economic Relations under the PNDC, 1982-1992', *African Study Monographs*, 20(2): June 1999 pp 88 in Ampem II, N. W. 1994. *Ghana's Economic Progress: The Dreams, the Realities and the Prospects*. Accra Academy, Accra

¹⁷¹Boafo-Arthur, K. 'Ghana's Politics of International Economic Relations under the PNDC, 1982-1992', *African Study Monographs*, 20(2): June 1999 pp 88 in Appiah -Opoku, S. 1998. *The World Bank's Structural Adjustment Programs in Africa: The case of Ghana. Notes* (Cornell University): 6-10

¹⁷²Boafo-Arthur, K. 'Ghana's Politics of International Economic Relations under the PNDC, 1982-1992', *African Study Monographs*, 20(2): June 1999 pp 88

although imports were still on the low due to import controls from the state¹⁷³. The unilateral determination and cancellation of debt payment by the NRC/SMC regime also in a way helped it to secure and reserve its finances as well as make good use of the country's GDP into project and programmes to help improve the economy. This is because the stance of the regime to unilaterally decide the terms of payment of its debts was welcomed by its debtors on a silent tone and enabled the regime to secure one of the best payment agreements in the history of any developing state of that time to get from western debtors.¹⁷⁴ Though the state of the economy was improving it could not survive the test of time.

Similarly the PNDC regime was into massive re-distribution of wealth. The rich were forced to share their acquired wealth with the poor. Innocent people and companies who had acquired massive wealth were drawn to court by the state and were asked to account for their money and most of them lost their finances to the state or their accounts were frozen and the state took control of them. The regime also confiscated a lot of properties and imports at harbours and people who had evaded tax were severely punished and asked to repay in double fold. People who had taken loans from the state were traced and asked to repay with high interest. Business men who were selling goods and services way ahead of the price were arrested and lashed in public places. A public market place which was known to be the centre of overpricing (*kalabule*) of goods and services called 'Markola' was burnt to ashes by the military regime. This obviously put fear in the citizenry and all detractors, tax evaders began to sit up¹⁷⁵. The state revenue began to shoot up but this did not last for long as well.

As discussed in the early part of chapter 4:2 the policies they pursued always turned back on them in a negative way after a while. This is because a state with a government manipulated market hardly survives. The NRC/SMC regime for example determined the pricing of Ghana's main export cash crop (cocoa). In 1974 for instance the world market prices and producer price of cocoa had increased but the regime did not allow it to reflect in the Ghanaian local producer's pocket. Also while the real producer price of cocoa in Ghana was about 41% in 1977-78 that of London spot price was double of the 41% but the regime refused to let it reflect on the producer price. This consequently brought the official general production and export of cocoa very low and leading to low revenue and export taxes generation to record

¹⁷³ Gutteridge W. F. (1975) *Military Regimes in Africa*. Great Britain, Methuen & Co Ltd, pp 85-86

¹⁷⁴ Libby R.L. 1976, 'External Cooptation of a Less Developed Country's Policy Making : The Case of Ghana 1969-1972.' *World Politics* 1:10 pp87

¹⁷⁵ Ahiakpor J.C.W. 'The Success and Failure of Dependency Theory : The Experience of Ghana', *International Organisation* 39, 3, Summer 1985, pp544-45

low. Consequently most Ghanaian farmers smuggled them to neighbouring countries like Togo and Cote Ivoire who purchased them about four to five times the price of that of Ghana.¹⁷⁶ Also drought and other natural catastrophe hit the country which resulted in low food production from the food producing rural areas.¹⁷⁷ This was the same case during the PNDC era when they assumed power. After a year of price control and compulsory reduction of prices for consumer goods by the PNDC regime, it consequently opened a wave of smuggling into neighbouring countries for better prices even though this offence was punishable by death people risked to undertake it. There was also a catastrophic bush fires and drought which swept across the farming communities in Ghana in the early years of 82-83 which also accounted for shortages in food production in the country and the level of imports had also declined to as low as 36% in 1982 from the previous year which was about 78.9%. This consequently led to long queuing for purchase of consumer products and food stuffs¹⁷⁸.

Another compelling factor that was straining the Ghanaian economy was that, the subsequent import controls and the policies of enforcing and compelling foreign companies to manufacture and produce their raw materials domestically rather than importing them resulted in reductions in production and high layoffs in foreign firms because these import allocation policies affected these foreign firms considerably in a negative way. As such in order to reduce finances and cut expenditure several foreign firms like VALCO, UAC, Cadbury-Schweppes, CFAO, Afro media, Union Carbide, Allied Foods and other firms totalling about 14 in all took these steps in reduction in production and lay off.¹⁷⁹ This increased unemployment and low productivity in the economy. There were spontaneous demonstrations, protest and call for renewal in the regimes policies and practices.

Another compelling factor for the decline in economy was corruption. This has been part and parcel of most military regimes in Africa. In contrast this was one of the differentiating factors between the NRC/SMC regime on one hand as corrupt and PNDC on the other as being an honest regime that hoped and wished for economic survival. According to Austin Gareth, the NRC/SMC regime lived a lifestyle full of corruption. Gen. Acheampong himself

¹⁷⁶Ernest Aryeetey, Jane Harrigan and Machiko Nissanke (eds), *Economic Reforms in Ghana: the miracle and the mirage*. Oxford: James Currey (Accra: Woeli Publishing; Trenton NJ: Africa World Press), 2000 in Austin G. (1996) 'National Poverty and the Vampire State in Ghana' *Journal of International Development* Vol. 8 No. 4

¹⁷⁷Hettne B. 'Soldiers and Politics: The Case of Ghana'. *Journal of Peace Research*, Vol. 17, No. 2, Special Issue on Imperialism and Militarization (1980) pp 182

¹⁷⁸Ahiakpor J.C.W. 'The Success and Failure of Dependency Theory : The Experience of Ghana', *International Organisation* 39, 3. Summer 1985, pp547 and pp548

¹⁷⁹Ibid pp 548 in *West Africa* 7 November 1983 pp 2552

was known for his corrupt lifestyle. As explained by Gareth the government had a full development in what he calls 'kleptocracy' meaning corruption, embezzlement right from the high places to the low places of the market women¹⁸⁰. Gen. Acheampong could request the central bank to print more currency into the State to relieve the economy of its deficit in low revenue thus increasing inflation in the country to a height of 116% in 1977. This procedure of printing and injecting money into the system was dubious and massive corruption and embezzlement is believed to have taken place.¹⁸¹No wonder the decline of the economy was so disastrous that revival meant a lot of sacrifice by governments that followed suit who had good intentions for the country.

Apart from these processes mentioned above these military regimes were not getting assistance from the west all because they had denounced them as exploiters so there was no aid to the national budget. Trade relations and economic relations with the west was in bad shape and the regimes had to purchase products on 'spot cash basis' as to previously credit long term based. Increases in oil prices also accounted for the further problems for the regimes to solve since purchasing price of crude oil from oil producing countries soared to sky rocketing heights making it difficult for Ghana to purchase them on spot price cash. Foreign companies had also folded up and left the country due to insecurity, instability and collapse of the market forces in the country.¹⁸²

This sudden fall in the economy of the country brought about criticism from masses and demonstrations and protest campaigns were all over the country. The bad shape of the economy introduced the two extreme actions as explained above; First the NRC/SMC with its leader Gen Acheampong was overthrown in a palace coup by his peers and colleagues in government and his deputy was installed as the incumbent leader with a new official name SMC(II). This regime started to invite the IMF/World Bank for assistance and advice and began implementing some advice from them as well as putting plans in place to return the country into civilian rule but much was not sent of its regime since it spent just a year in

¹⁸⁰Ernest Aryeetey, Jane Harrigan and Machiko Nissanke (eds), *Economic Reforms in Ghana: the miracle and the mirage*. Oxford: James Currey (Accra: Woeli Publishing; Trenton NJ: Africa World Press), 2000 in Austin, G.(1996) 'National Poverty and the Vampire State in Ghana', *Journal of International Development* Vol. 8, No 4

¹⁸¹Hettne B. 'Soldiers and Politics: The Case of Ghana'. *Journal of Peace Research*, Vol. 17, No. 2, Special Issue on Imperialism and Militarization (1980) pp 183

¹⁸²Boafo-Arthur, K. (1989) Trends in Ghana's Foreign Policy after Nkrumah. In (E. Hansen and K. A. Ninsin eds.) In *State, Development and Politics in Ghana*. pp 150-51

power¹⁸³. The PNDC unlike the NRC/SMC which was ousted by a palace coup made a significant ‘U-Turn’ in its policy strategy by going back to the institutions and countries of the west it had once criticised as exploiters for assistance and advice to help revive the economy. It underwent the ERP successfully and started SAP which showed considerable improvement in economic growth figures although the country’s debt was still soaring to unbelievable heights (see appendix 4 and 5)¹⁸⁴. The PNDC’s long stay in power lived to see the success of the Ghanaian economy after its change in policy orientation unlike the SMC (II) which had short lived stay in office.

The economy under the assistance and advice from the Bretton Woods institutions had been very remarkable and commendable. Just after a year of implementing the ERP in the country there was considerable indicators that the economy was on an offshoot to some success. It was revealed at the 1984 Paris donors meetings that the country had an increase in growth rate from 0.7% to 5.5% which was a good indicator and a record for a sub-Saharan country to achieve and also set a model for other developing countries to follow suit. As economic growth indication was evident there was subsequent increase in GDP by 5.3 %, per capita by 2.6%, agricultural output by 4.6% and a fall of inflation from 122% in 1983 to 40% in 1984 and also to 10% by 1985.¹⁸⁵

Increase in export of traditional and non-traditional export products through assistance from foreign financial resources, pushed the country into high export gains and earnings and remarkable foreign exchange. By 1983 there was about 100% increase in traditional exports from \$460million to about \$912million in the later years of the eighties. Non-traditional exports also had its share of about \$5.5million in 1983 to almost \$42.4 million in the late eighties.¹⁸⁶ Local production of the countries main export products also increased and gold took over from cocoa as the main foreign exchange export earner. This was due to divestiture, trade and economic liberalisation programme the government had undergone giving more room for private firms’ participation to operate in the country. As a result by the late eighties

¹⁸³ Ernest Aryeetey, Jane Harrigan and Machiko Nissanke (eds), *Economic Reforms in Ghana: the miracle and the mirage*. Oxford: James Currey (Accra: Woeli Publishing; Trenton NJ: Africa World Press), 2000 in Chazan Naomi (1983) *An Anatomy of Ghanaian Politics: Managing Political Recession 1969-1982* Boulder, CO: Western view Press pp274-275 in

¹⁸⁴ Bofo-Arthur, K. ‘Ghana’s Politics of International Economic Relations under the PNDC, 1982-1992’, *African Study Monographs*, 20(2): June 1999 pp 85-89

¹⁸⁵ Ibid pp 89

¹⁸⁶ Bofo-Arthur, K. ‘Ghana’s Politics of International Economic Relations under the PNDC, 1982-1992’, *African Study Monographs*, 20(2): June 1999 pp89 in Anyemadu, K. 1993. *The Economic Policies of the PNDC*. In (E. Gyimah-Boadi ed) *Ghana under PNDC Rule*, pp 13-47. CODESRIA, Dakar

and early nineties gold production had increased to about 1,261,000 ounces.¹⁸⁷ It was so obvious that the advice of the Bretton Woods institution has brought daylight to the darkness of the Ghanaian economy.

Although the ERP and SAP programme that were adopted by the PNDC government were successful there were also some problems associated with it which were curtailed in one way or the other. One of such was that the programme did not seem to benefit the basic economic life and needs of the general citizenry. There was no ‘trickle down’ effect as should be witnessed by the above mentioned programmes. Due to that the government implemented a policy called Programme of Action to Mitigate the Social effects of Adjustment (PAMSCAD) to reduce the problems faced by poor in deprived areas as a result of the negative effect some external policies has brought on the local and infant industries, wages and salary of the people, high living cost, retrenchment of labour, the imposition of user fees in hospitals, university etc in the country.¹⁸⁸

4:4. Military Rule in Some African, Latin American and Developing Countries.

Military coups in Africa and the developing world has been a legacy or birth mark. Most if not all African countries and several developing countries have witnessed military coup in one way or the other. A few of the economic policies has been discussed below together with how the policies performed on their various economies.

Though not word by word in terms of economic policy formulation and pursuance most military governments have pursued similar patterns of economic policy to reach economic independence. Nationalization and confiscation of foreign assets either in partial or full have been very familiar and common in most African and developing countries in Latin America. One such instance is that of Libya. Upon assuming office through a revolution in September 1969 Colonel Muammar Qadhafi took steps to achieve what he calls “True Economic Independence”¹⁸⁹. As such his regime nationalised foreign owned oil companies, insurance firms and banks in what was popularly called “Libyanization”. He proclaimed that there was

¹⁸⁷Boafo-Arthur, K. ‘Ghana’s Politics of International Economic Relations under the PNDC, 1982-1992’, *African Study Monographs*, 20(2): June 1999 pp89

¹⁸⁸ Ibid pp90

¹⁸⁹ U.S. Library of Congress, 1994, *Role of the Government*; <http://countrystudies.us/libya/59.htm> 23.04.08

the need to promote equity in the system and for a country like Libya to achieve that, the state needs to take holds of the economy¹⁹⁰. State intervention was witnessed in the sectors such as commerce and industry and also went further to the expulsion of Italian and Jewish nationals who had investment in the country. That notwithstanding his ideology of anti-privatisation and mistrust of its profit gains also saw the formulation of policies to give more state control of private enterprises in both retail and wholesale where public committees were set up to run these private enterprises. Libyan nationalisation policies were so strong and stringent that it covered all sectors of the economy which included real estate private housing, retail and wholesale commodities, highways, communications, imports and exports etc.¹⁹¹

Similar trends can be seen under the rule of Lt Col. Gamal Abdul Nasser of Egypt. After staging a revolution in 1952, decrees were passed to nationalise most private firms to what was described as “Arab Socialism”¹⁹². Shipping companies, cotton companies, banks, insurance firms, the Suez Canal, exporting companies, glass factories, pharmaceutical companies etc were all nationalised¹⁹³. It is documented that almost “7 billion Egyptian pounds in shared and private assets were transferred to public ownership”¹⁹⁴ during his term in power. Private sector was under firm regulations and was discouraged by the state and over 300 private firms and enterprises owned by foreigners and Egyptians were nationalized.¹⁹⁵

Somalia an eastern African country also witnessed similar trends to achieving economic freedom when the military took over power in a revolution led by Mahammad Siad Barre in 1969. His regime sought to justify its coup by what it referred to as “National Economic Malaise”¹⁹⁶. In his words during first year in office he commented;

“In our Revolution we believe that we have broken the chain of a consumer economy based on imports and we are free to decide our destiny. And in order to realize the interest of Somali people, their achievement of a better life the full development of their potentialities and the fulfilment of their aspirations, we solemnly declare Somalia to be a socialist state”¹⁹⁷

¹⁹⁰ Ibid 23.04.08

¹⁹¹ Ibid 23.04.08

¹⁹² U.S. Library of Congress, 1994, *Nasser and Arab Socialism*; <http://countrystudies.us/egypt/34.htm> 23.04.08

¹⁹³ Ibid 23.04.08

¹⁹⁴ Ibid 23.04.08

¹⁹⁵ Ibid 23.04.08

¹⁹⁶ U.S. Library of Congress, 1994, *Scientific Socialism, 1970-75*; <http://countrystudies.us/somalia/59.htm> 23.04.08

¹⁹⁷ Ibid 23.04.08

The beliefs and aspiration of Siad Barre of Somalia which was to reach a total economic independence and exploitation of the capitalist world was welcomed by his regime. He thus undertook a three year plan to totally eradicate capitalist exploitation and nationalized several private firms and got much of the economy under the control of the state. Similar trends of nationalising petroleum companies, banks, sugar refining factories, insurance companies, foreign owned banks was perpetrated all to the aim of bringing economic freedom and economic independence of Somalia from the grip of the international capitalist world¹⁹⁸.

Departing from Africa to the continent of Latin America that has also been characterised with developing countries, diverse military regimes and economic policies, a brief survey of some policies in among these military regimes has also followed similar trends as that of Africa. In Argentina, Colonel Juan Domingo Peron took office in 1943 after a military coup ousted a constitutional government and through some chequered elections which were manipulated by his military colleagues made him win power though constitutionally but manipulated¹⁹⁹. His military ideological background together with his strong sentiments in dependency rhetoric established massive institutionalisation of dependency polices like import substitution and growth of nationalized industries in a 5 year plan order to limit its economic dependency of his country with special emphasis on trade policies.²⁰⁰

The economy of the above mentioned countries have also had darkness in the pursuance of national self reliance and economic freedom. This is because the process in which these countries undertook these measures strained their ties with most western countries and global financial and multinational institutions. Making them witness a very stagnant economy. It is quite obvious that the relations between countries who nationalise multinational companies and that of the mother country of the multinational company will be cold. That notwithstanding, countries that have capitalist and free market economy ideological stance and practice will also tend to see countries with close socialist inclined economy as a threat. As such relations with these countries who have already had wounds in their economy cannot sustain their self sufficiency as such giving room for economic failure. All the above mentioned countries faced serious economic stagnation when they drifted their ideological stance to liberate their economy from the grip of capitalism. These were witnessed in the wave of economic sanctions, trade embargoes, unaccepted and unrecognized governments

¹⁹⁸ Ibid 23.04.08

¹⁹⁹ Global Security.org: *Military*; <http://www.globalsecurity.org/military/world/argentina/intro.htm> 23.04.08

²⁰⁰ Ibid 23.04.08

and regimes. In extreme circumstances these capitalist states stage counter coups to take these socialist cohorts out of office. All these laid much foundation for the economies of these countries to dwindle within time.

After facing economic hardship, plans were made to avert their socialist inclinations following trends in Ghana. Somalia for instance undertook a full programme based on the advice of the IMF and IDA to stabilise the economy. As such the Barre military regime signed a macroeconomic policy and a letter of Intent worth US\$183 million in the early 80s with the IMF, the IDA and the mid 80s with Paris Club to seed assistance to alleviate Somalia from the trenches of foreign debt. The response was the implementation of national development strategy and programmes such as ERP and SAP to help revitalize the economy.²⁰¹ The socialist policies and policies towards national self reliance were aborted and reforms were made towards the establishment of privatization, devaluation of the shilling and liberalization of the economy bringing into force a free market economy.²⁰²

Libya faced US embargo and later by international economic sanctions for their refusals to release the alleged perpetrators of the Lockerbie Airline bombings and sponsoring international terrorism²⁰³. Due to their vast oil reserves their economy was able hold itself unlike most of the economy of the above mentioned regimes. Revenue generated from oil exports were channelled into other sectors of the economy hoping to bring equity in wealth distribution and 'Libyanization' of the economy and employment sectors. Unfortunately due to huge public expenditure of the state coupled with the sharp decline in oil revenue in the early 80s brought great burden on the Qadhafi's government making it impossible to finance most of his socialist policies in the employment and development sectors²⁰⁴. Public stores could not supply the basic consumer products and goods as required. As such the Qadhafi government took extreme steps to deport unskilled foreign workers in public sectors to relieve the government of financial burden. All this coupled with public sectors not able to meet the demands of the people gave in to private sector participation of the economy to help alleviate the burden on the government²⁰⁵. The early signals in a crushing economy made the

²⁰¹ U.S. Library of Congress, 1994, *From Scientific Socialism to "IMF-ism," 1981-90*.
<http://countrystudies.us/somalia/61.htm>. 24.04.08

²⁰² Ibid 24.04.08

²⁰³ BBC news, *Libyan Guilty of Lockerbie Bombing*; <http://news.bbc.co.uk/2/hi/1144893.stm> 24.04.08

²⁰⁴ U.S. Library of Congress, 1994, *Role of the Government*; <http://countrystudies.us/libya/59.htm> 24.04.08

²⁰⁵ Ibid 24.04.08

government start a new programme to reduce full public sector participation in the economy. GDP fell by 14 % from the previous height of 57% in the mid 80s giving the government very limited options as of 1987 but to still encourage foreign companies and private participation in the oil exploitation, marketing and management to ease its financial burden of the economy and as such total economic independence could not be achieved as the Qadhafi government wished it to be²⁰⁶

Argentina is currently known to be one of the democratic and capitalist developing countries in the world with a free market economy opened for competition by diverse businesses²⁰⁷. This signals that socialism and the independent economy that was professed by the Peron government was not achieved. Though he gradually transformed his official status from military and became a civilian government through elections he still pursued policies towards economic freedom like forming a powerful General Confederation of Labour etc. He was finally rejected by his own people on several occasions where his government was either overthrown, refused to contest elections or was in exile for security reasons. Though he died in office for his wife to continue the mantle the economy of import substitution, nationalization of foreign firms and his economic independence programmes could not alleviate the Argentine economy from facing disaster. In fact it his policies that made the Argentine economy so weak that it opened more avenues for further riots, revolts and military seizures in which Argentina recognizes that era in history as the 'Dirty Wars'²⁰⁸

Gamal Abdul Nasser's Egypt got the country into a tight economic situation after its war against Israel in June 1965. The economic though had mass wealth of oil still encountered economic stagnation. The great loses in the war and the economic policies practiced under the Nasser regime got it self in a very acute situation. The war had huge financial loses and the socialist policies were beginning to fade out. Economic growth rate was dwindling and it is noted that the latter years of Nasser was witnessed by falling GDP rates.²⁰⁹ It is believed that the fall of oil prices, the war against, the policies on economic freedom which effectively drove out private economic participation, lack of foreign investment all contributed in a way to Egypt slow down in economic growth. At the latter years of Nasser, shift in economic policies begun which was to introduce a free market economy. It is not surprising that the

²⁰⁶ Ibid 24.04.08

²⁰⁷ Global Security.org: *Military*; <http://www.globalsecurity.org/military/world/argentina/intro.htm> 24.04.08

²⁰⁸ Ibid 24.04.08

²⁰⁹ U.S. Library of Congress, 1994, *Structure, Growth and Development of the Economy*; <http://countrystudies.us/egypt/74.htm> 24.04.08

successor of Nasser, Anwar as Sadat begun a new policy of what Egyptians refer to as the 'Infitah' meaning- opening or open door. This policy had the same tenets of a free market economy as such bringing foreign investment and private sector participation and the government minimizing its control of the economy²¹⁰.

Chapter 5: Analysis

5:1. From the Perspective of Dependency theory

Taking the theoretical analysis in the case of Ghana's military intervention from the period in context of this thesis (1969-1985), the two civilian governments (Busia and Limann) suffered a military coup with some form dependency theory in the actions and principles of the 'coupist'. Likewise several military coups in developing countries like Libya, Somalia, Egypt and Argentina have witness similar patterns. Why do I say this? Dependency theory which is used explain impoverishment of developing countries in Latin America and most third world country outlines the link between the two set of states (the north and the south). Where by the north continually maintained the exploitation of the south to keep their economies in high standards and good shape at the expense of the south.²¹¹ Ghana's case under the Busia and Limann civilian government's had similar patterns in the sense that, foreign financial institutions all though they are known to be profit making institutions as well as western creditor countries including Ghana's former colony played a role in determining the economic policy making and formulation of the country, As such there was a form of economic dependence in the spheres of finance, investment, trade and programmes that were initiated in the country and controlled directly or indirectly by the north (including its creditor agencies). It is much and logically accepted that government of Ghana opted voluntarily to enter such a network of intergovernmental economic relations²¹² as explained by Ronald Libby but what were the outcomes? It was a clear cut economic dependency Ghana opted into making the country re-enter a new form of colonialism which was not political but economic. As such the military with much interest than one will think capitalised on the basis of lack of economic sovereignty in country and staged their coups toppling democratically elected governments. Such has been the case for most developing countries. Lack of economic independence has

²¹⁰ Ibid 24.04.08

²¹¹ SGO2500: *Dependency Theory*: Kandidat, November 19, 2004;
<http://folk.uio.no/johannwi/homework/SGO/SGO2500/SGO2500.pdf> 10.03.08

²¹² Libby R. T. 1976, 'External Co-optation of a Less Developed Country's Policy Making: The Case of Ghana, 1969-1972'. *World Politics* 1:10 p67

given the military a green light to undertake several military coups in developing countries with the guidance of dependency theory as their theoretical tool. These have been confirmed by the early commentaries and statements they made on the radio and broadcastings as well as rallies they organised in the few hours and days after their coups. To justify their claims policies initiated in the country under immediate economic policies as explained in Chapter 4:1:1 and 4:3 were used to prove their seriousness to defy external co-optation of economic polices and also to free them from economic dependency and control. Some military regimes like the Acheampong regime, the Nasser regime and the Qadhafi regime invented label names like the Charter of Self Reliance (see appendix 2), Arab Socialism and Libyanization for their countries as explained in Chapter 4:4.

It is also clear in the above research work that after the continual practice of dependency theory as the guiding theoretical principle of the two military regimes that is NRC/SMC of the Acheampong regime and PNDC of the Rawlings regime that ousted their respective elected government and the few cited developing countries was witnessed by the type of economic policies and principles that were implemented or practiced. As time elapsed, these military regimes in someway changed their guiding theoretical ideology either by themselves or by another regime or government. Dependency theory could not fell well with Ghana's economy or that of most developing countries that practiced it. Dependency theory also failed to solve the puzzles which pertained in developing economies which were ruled by the military at that time and as such they begun to go contrary to their ideological beliefs. Dependency theory according Ahiakpor had failed these military rulers in achieving their economic goal even though there was some form of success in the early years of practice. So they had to search for alternative theoretical means to help make the economy better²¹³. That was why in their latter economic policies as explained in the above work, took a different trend bringing about a change in economic policies outlook. These policies implemented in the latter part of their rule tells more about the nature of military rulers when they are pushed into the corner and have no alternative remedy to economic justification, they turn to accept responsibility and search for remedies to economic wellbeing as in the case of Ghana between 1969-1985. Thus dependency theory tends to explain just the propelling factors and policies that are enacted in the early years in power of the NRC/SMC and PNDC and upon failing to survive the test of time the theory is abandoned for the search of alternative theories. Dependency theory as such

²¹³ Ahiakpor J.C.W. 'The Success and Failure of Dependency Theory: The Experience of Ghana', *International Organisation* 39, 3, Summer 1985, pp535-552

cannot be reckoning force and theory for the justification of economic wellbeing in Ghana under the years it was practiced.

5:2.From the Perspective of Military Centrality Theory

The question I ask my self is if the economy of Ghana or any developing country fails to grow, or fails to do well or is stagnating, why is it the military that intervene and not the masses or the ordinary citizens? This is when military centrality theory explains it. According to the theory the manner in which the military in Africa and the developing countries was trained by it colonial masters, their exposure, their duties as well as how the citizenry perceive the military puts them in a position as a watch dog over the affairs of civilian or even military rulers.²¹⁴ Also the theory extends it self by explaining that the military in Africa and developing countries unlike the west is seen as a modernizing elitist group and recognizes that it national security is dependent on social and economic development as such if the civilian government is seen as not performing, corrupt and encountering economic stagnation, the military which is a cohesive group and professional elites intervene to relieve the economy from crushing.²¹⁵ As somehow the king makers of African and Latin American politics, it is suicidal for a civilian government to interfere in the affairs of the military especially in areas of its budget, finances and resource allocation.²¹⁶ Most civilian governments have never survived in power after engaging the military in financial affairs. That was why Gutteridge explained that the Busia government created an atmosphere for an '*Officers Amenities Coup*' to take place led by General Acheampong and his NRC/SMC leadership based on the policies that the Busia government implemented which affected the resource and financial interest of the military in Ghana at that time²¹⁷. Other explanation about the military centrality is that the military in Africa is regarded as an institution which uses its monopoly on legitimate violence to intervene political power at its own opportune time especially when the civilian government is weak.²¹⁸ Thus Ghana and most African and developing countries witnessed these interventions under civilian governments which had weak institutions in place to keep the military under control. Argentina, Somalia, Egypt with the exception of Libya which had a monarchical system governments. It popularly known in Ghana that both the Busia and

²¹⁴ Jenkins J.C. and Kposowa A.J. 'Political Origins of African Military Coups: Ethnic Competition, Military Centrality and the Struggle over Post Colonial State.' *International Studies Quarterly*, Vol 36, No.3 (Sep 1992)pp 273

²¹⁵ Ibid pp273

²¹⁶ Ibid pp274

²¹⁷ Gutteridge W. F.(1975) *Military Regimes in Africa*. Great Britain, Methuen & Co Ltd, pp 83

²¹⁸ Jenkins J.C. and Kposowa A.J. 'Political Origins of African Military Coups: Ethnic Competition, Military Centrality and the Struggle over Post Colonial State'. *International Studies Quarterly*, Vol 36, No.3 (Sep 1992) pp 274

Limann governments had a very weak civil society because the civil society was detached from the government with the interest of the government and the state in preference than that of the civil society. As such after a few months in power policies were geared towards state interest with less regard for civil interest. That was why the two interventions were supported by the mass citizenry.

In Ghana cuts in national expenditure which was hugely affected by military and police expenditure and resources like the 10% reduction in military expenditure during the Busia years, as well as other interferences like compulsory retirement of military and cops who had passed the legal retiring age but were still in office and the transfer of military officers who were seen as a threat of the civilian regime to less influential military bases or command stations, made the military perceive the civilian government as unfriendly and enemy of progress for the military²¹⁹. These were all expressed in one of the statement made by Colonel Acheampong on radio the day after the coup

“The first people which Busia put his eye on were the armed forces and police. Some army and police officers were dismissed under the pretext of retirement. Some officers were put in certain positions to suit the whims of Busia and his colleagues. Then he started taking from us the few amenities and facilities which we in the armed forces and the police enjoyed even under the Nkrumah regime. Having lowered morale in the armed forces and the police to the extent that officers could not exert any meaningful influence over their men, so that by this strategy coming together to overthrow his government was to him impossible, he turned his eyes on the civilians”²²⁰

These statements makes one have it in hindsight that the military upon assuming power had much than one thought of making the economy better at the expense of their interest. The military does not only intervene for the good of the country but also has it personal motives and interest at stake to regain. It's no wonder that the intervention of the military were both witnessed during the rule of the two civilian governments between the years 1969-1985 which had either reduced their expenditure or had interfered in their resources. Other military interventions in developing countries have witnessed a huge investment in the military whenever they assume office. Libya's Qadhafi and Egypt's Nasser all invested hugely in their military forces armaments, finances and services which made it possible to for them to undertake various international wars. Though apart from Egypt who suffered heavily in its

²¹⁹Bennett V.P (1975) Epilogue:*Malcontents in Uniform-The 1972 Coup D'Etat. Politicians and Soldiers in Ghana* pp 308

²²⁰Ibid in *West Africa* January 1972

war against Israel, Libya also faced some casualties in their military with their mini bombardment and gunfire exchanges with the United States. Thus Military centrality theory explains why it is obvious that the military in developing countries being recognized as elitist group, unofficial king makers and untouchables in the society, have always perceived themselves to have the green light of legitimacy to erupt violence when it suits them. They have thus used this illegal legitimacy to also satisfy their personal gains and interest in country. It is quite understandable that the military will continually be a watch dog over African or Latin America and developing countries politics if the political institutions are not well institutionalised and improved to be able to counter check the actions of the military.

5:3.From the Perspective of Political Development Theory

The theory explains that social mobilization occurs when governments of developing countries are not able to meet growing demands of the society. This is because these developing countries have borrowed forms of governments which are new and unfamiliar to their native or traditional types of governments or political Institutions which they have practiced over centuries ago to some stage of perfection. Adding salt to injury these developing countries are hoping to achieving success in practicing these forms of governments which were transferred to them from their colonial masters²²¹ or are to be followed as prerequisites for financial support. On the contrary developed countries and most colonial masters have practiced these forms of government for more than a century at least and are now bearing fruits and successes. How can developing countries reap success when they want to use a short cut of the few years of practice to achieve success? As such the governments fail to perform bringing about chaos and social mobilization of the communities in demand for their basic necessities.²²² Analysing from this theory Ghana between the years 1969-1981 also encountered such problems with the practice of such borrowed forms of governments under the two civilian rulers (Busia and Limann). The practice of democracy and its antecedents and conditionality subsequently brought about strikes and demonstrations in the Busia and Limann years in power. Cuts in state expenditure, reduction in government employees, the liberalization of the economy which gradually eroded infant and local industries in the economy resulted in massive social unrest and mobilization. As the theory explains, citizens in the developing countries especially those in the urban areas turn to be

²²¹ Deustch K.W. 'Social Mobilization and Political Development', *The American Political Science Review*, Vol. 55, No.3. (Sep., 1961), pp 498

²²² Ibid pp 498

politically active with the education they have about how western countries practicing these government system turn to benefit it citizens. This political awareness makes them agitate for better policies for their interest through political legitimate actions which they have learnt like strikes, demonstration etc. The theory also makes it clear that as former colonies most of these states have very weak political and civil institutional systems making them vulnerable and not able to control and regulate such social unrest.²²³ These unrest and social mobilization calls for the military due to the ‘overload’ and spill over effect as the theory explains and the military capitalise on these unrest to also achieve its demands it had anticipated since they are also affected by policies of civilian governments in someway.²²⁴

Developing countries in these years explained above, had much weak political institutions and a high social unrest and participation turnout. These are confirmed by the public sensation in the aftermath of military coups which is welcomed by the masses and society hoping to get their demands solved. Ghana and most developing countries like Somalia and Egypt have not practiced western forms of governments of democracy and its related policies for long to be able to decipher how to encounter associated problems as the theory explains. These countries begun to practiced democracy in just the recent past 1950s to 60s. Due to the inexperience developing countries will continue to face Social Mobilization and unrest till much experience are learnt from it, in order to make its political institutions and system well established and strong enough to face the difficulties and challenges when they set in. As a result the theory explains social unrest and military intervention as an inevitable event in developing countries politics till much experience is gained. Like wise Western countries have not had it a field day during the early years of the practice of their contemporary forms of governments and its well established strong political institutions²²⁵. It is a gradual and a learning process which every former colony hoping to achieve success will have to endeavour to have political development and institutional development to be able to fight the challenges before enjoying its fruits of labour.

²²³ Jenkins J.C. and Kposowa A.J. ‘Political Origins of African Military Coups: Ethnic Competition, Military Centrality and the Struggle over Post Colonial State’. *International Studies Quarterly*, Vol 36, No.3 (Sep 1992) pp 273

²²⁴ Ibid pp 273

²²⁵ Ibid pp 273-4

Chapter 6. Final Sum Up

6:1. Results

The question regarding the genesis of this work comes to mind once again “**MILITARY COUPS IN GHANA (1969-1985), A BY-PRODUCT OF GLOBAL ECONOMIC INJUSTICES?**” Taking a critical look at the various economic policies, statements, commentaries and actions in pursuit for economic freedom, it is clear that some form of similarities in the policies and actions of the Ghana, Egypt, Somalia, Libya and Argentina. It can be generally accepted that in some form there is definitely a link between military interventions and global economic injustices in the above mentioned countries and analytically accepted that similar scenarios have led to military interventions most developing countries. But this assertion understandably is not the only explanation for military intervention. The debate is still opened for other schools of thought to generate other explanation for military intervention. What makes it unjustifiable is that the economic policies perceived by these ‘coupist’ as economic justice (economic dependency policies) tend to collapse the economy and on the contrary what the ‘coupist’ refer to as economic injustice (free market economy, capitalist policies) rather help or make room for economic revival and economic growth. Why do I say this? The economy of Ghana under the two military regimes at the early years in power seemed to be heading towards economic recovery as a result of the interim policies that were implemented. There was some improvement in the economy as stated in chapter 4:3 but most of their action in pursuit of these policies contravened international human rights laws, contravened business code of conduct or worsened relationship with their international or western creditors which gradually dug their own death graves. After a short period of time the economy gave them up due to short lived policies they implemented. This ushered in an urgent pursuit for theories, policies and programmes that will help legitimize their reason of assuming and staying in power. Going contrary to their previous commitments was the only way out for them. The outcome as we can see in the latter part of chapter 4:3 was economic boost. Such is the case and scenario for most military interventions that used global economic injustice as the basis for their coups. All the five countries mentioned in this thesis including Ghana the case study underwent changes in economic policies after the failure of their policies

This then creates a puzzle; if the economy was not justified by the reasons and theories guiding the two military take over in Ghana and that of the other developing countries (Argentina, Libya, Somalia, and Egypt) then what does this inform us and the academia? Justifying the claims to coming to power with global economic injustice cannot be accepted since the economy does not benefit from their policies. Their policies failed, their administration drove the economy into fiasco and are always relieved at the latter part of their reign when they to make (*U-Turn*), that is ‘going back to their vomit’.

The Ghanaian economy has improved as compared to the days of dependency theory policies and is still improving due to the ‘*U-Turn*’ made under the last military regime (PNDC). Ever since then there has not been any military coup in the country since the last one in 1981 which ushered in the PNDC regime. Democracy has been on the increase in government practices and the country seem to be flowing smoothly although there are sometimes hitches here and there it can be justifiably said that the continual economic pattern which was started by the PNDC regime in the ‘*U turn*’ era has been very fruitful to the country. It can be boldly said that the country is reaping the seeds that were sown by the ‘*U-turn*’ and has brought at least some form of peace in the political arena and democratic practices are also taking firm roots in the politico-socio-economy of the country. Appendix 3 for instance shows the growth in the country’s economy, growth in GDP had dramatic increase from 1983 upwards when Ghana opted fully for assistance from the IMF, World Bank in implementing programmes which proved successful. Although these programmes brought high external debts on the whole it can be conclusively accepted that at least the economy has improved and a continual improvement can actually help boost reserves to pay off these debts gradually. Even currently speaking IMF and World Bank programmes such as Highly Indebted Poor Countries (HIPC), Multilateral Debt Relief Initiative (MDRI) debt cancellation programmes have been implemented in Ghana which has gradually reduced majority of the foreign debts Ghana incurred during the usurpation of ERP and SAP in the eighties.²²⁶ Similarly the assistance of the EU, and western creditor institutions and the west has helped several developing countries economy to keep to its feet even though it is generally accepted and also known that west do also benefit from assisting developing countries. That is why ‘there is no free lunch’ but at least it is better and helps the economy. The ERP, SAP, HIPC, MDRI, and other programmes administered in developing countries by the EU, IMF, World Bank have helped a lot of the

²²⁶IMF; *Ghana Debt Relief (HIPC)*, <http://www.imf.org/External/NP/SEC/PR/2002/pr0211.htm> 24. 03 08

developing world even though there are some shortcomings but majority of these policies and programmes have survived the test of time in its search for economic success as compared to the economic independent policies administered by the military leaders.

So then if dependency theory does not have strong basis for military interventions in Ghana and most developing countries, then which of the remaining theories thus have strong basis in the theoretical explanations of this phenomenon? Taking a critical look at theoretical Analysis from chapter 6:1 it realisable that military centrality theory has strong basis and theoretical explanations for the various military interventions in the five countries studied (Ghana, Libya, Egypt, Somalia and Argentina). One can analyse from the above study that the military in Africa and the developing world has a different outlook and institutional beliefs compared to that of western countries. As explained they are known to be the most cohesive elite group, with nationalistic/patriotic sentiments at heart which makes it difficult and scary for any incumbent civilian government to take their privileges, allowances or rights from them²²⁷. That is why any time their corporate interest is tempered with there is always an uprising. No wonder most civilian governments that were ejected from power by the military have always attributed the coup which ousted them from office to an 'officer's amenities coup'. This assertion can be confirmed by critically looking at some of their speech and sentiments made (like the quote below) when the took office;

"The first people which Busia put his eye on were the armed forces and police. Some army and police officers were dismissed under the pretext of retirement. Some officers were put in certain positions to suit the whims of Busia and his colleagues. Then he started taking from us the few amenities and facilities which we in the armed forces and the police enjoyed even under the Nkrumah regime. Having lowered morale in the armed forces and the police to the extent that officers could not exert any meaningful influence over their men, so that by this strategy coming together to overthrow his government was to him impossible, he turned his eyes on the civilians²²⁸

Military centrality explains that it is suicidal to temper the interest of the military in third world politics. The military's role in the internal politics and its strongly resourced institution which out weighs all institutions (civil and political institutions) makes them the most influential institutions possessing powerful resources and institutional coherence. No wonder

²²⁷ Jenkins J. C. and Kposowa A. J. 'Explaining Military Coup D'Etat: Black Africa, 1957-1984'. *American Sociological Review*, Vol 55, No. 6 (Dec. 1990) pp 862

²²⁸ Bennett V.P (1975) Epilogue: *Malcontents in Uniform-The 1972 Coup D'Etat. Politicians and Soldiers in Ghana* pp 308 in *West Africa* January 1972

they are able to make effective seizures any time they deem it right to do so.²²⁹ As being the most organized institution and seen by the citizenry as the modernized elite group in African and developing world politics gives them a certain authority which is derived from its legitimate violence to undertake unwarranted seizures in the polities of these countries²³⁰. Thus military centrality theory can be seen as firmly rooted in the theoretical connotations and explanations for coups in Ghana, Africa and most developing countries.

6:2. Conclusion

First it is clear from the main text that global economy had been involved in shaping what is the outcome or the current economy situation of Ghana today and that of the developing world. It is also clear in the main text that major players in the global economy have also had some if not much influence and control on the Ghanaian economy especially in the time frame of this thesis(1969-85). This influence and some sort of control of the Ghanaian economy and other developing economies has been used as some of the reasons for military interventions in the country as such a presumption by the military to liberate the country from global economic exploiters mainly global financial institutions, western countries, colonial masters and international governmental organisations who according to the ‘coupists’ have contributed to making the economy of developing countries rather worse. For this reason they pursued dependency theory policies which eventually broke the economic relations and ties between their country and major players in the global economy who have contrary economic theories like the neo-classical theories of capitalism, free market economy etc. The economic pattern of Ghana and some developing countries under the military have had strong basis for dependency theory antecedents. From the first day they assumed office all plans which were formulated prior to the overthrow were put into implementation. Some of the military leaders like General Acheampong, Rawlings, Nasser, Barre, Peron and Qadhafi even went as far as introducing policies to strain their relations with these western economic giants. There was a total break away from the policies and external economic relations of previous civilian government’s that were ousted from power. This thesis research has made us understand that, this assertion of staging a military coup to alleviate developing countries from economic colonialism and consequently introducing economic dependency theories and policies with

²²⁹ Jenkins J.C. and Kposowa A.J. ‘Political Origins of African Military Coups: Ethnic Competition, Military Centrality and the Struggle over Post Colonial State’. *International Studies Quarterly*, Vol 36, No.3 (Sep 1992)pp 273-4

²³⁰ Ibid pp273-4

the hope of bringing economic prosperity is a white elephant and cannot be accepted in contemporary global politics.

Rather the shape, weakness and incoherence of civil institutions, governmental institutions and political institutions and strong institutional coherence of the military have caused majority coups in Ghana, and the developing world at large. As such these weak civil institutions need to be coherent, strengthened, more organized, efficient and up to their maximum performance and duty so to bring order, control and legality in the political system. Institutional roles need to be accomplished remarkably and especially the actual institutional role of the military should be followed not otherwise (coups) and the ideological sentiments of the military in the Third World as discussed need to be reshaped, renewed and re-enforced. It is my hope and belief that the military in Ghana, Africa and developing countries politics should be a thing of past and must never be encouraged in politics and its decision making cycles at all cost.

APPENDIX

Appendix 1: Governments and Regimes in Ghana from 1969-1991

Government/Regime	Leadership	Type of Government	Years in Power
P.P	Dr K.A Busia	Civilian Government	1969-1972
NRC/SMC(I)	Gen. I. K. Acheampong	Military Regime	1972-1978
SMC(II)	Gen. F. Akuffo	Military Regime	1978-1979
AFRC	FL. LT J. J. Rawlings	Military Regime	1979-1979
PNP	Dr H. Limann	Civilian Government	1979-1981
PNDC	FL. LT J.J. Rawlings	Military Regime	1981-1991

Source: Tabulated from La Verle Berry, ed. *Ghana: A Country Study*. Washington: GPO for the Library of Congress, 1994. <http://countrystudies.us/ghana/> 25.10.07

Appendix 2

Charter of Self Reliance

About self-reliance the charter reads: 'Our national regeneration depends on our own efforts. We must stand for self-reliance. We must want and strive to solve our own problems. Help from external sources may be forthcoming because Ghana has friends. Indeed, all the countries and all men of goodwill opposed to colonialism, imperialism and neo-colonialism are our friends. But we cannot depend on foreign aid for victory in our economic war.

WE MUST THEREFORE

(a) have SELF-RELIANCE as our watchword;

(b) recognise that it is only through honest and hard work on the part of every citizen that Ghana can develop and prosper;

(c) cease to rely on foreign aid and good luck to solve our problems;

(d) realise that the wealth of a society is created by its own people themselves;

(e) protect the wealth of the nation by using state power to capture the commanding heights of the

economy for the people;
(f) support the Government concern for participation in foreign-controlled industries in the country;
(g) be ready to engage in voluntary work and encourage others to do so;
(h) require the universities, schools and colleges, student organisations, youth movements, workers' unions, co-operatives, professional associations as well as religious bodies to engage actively in the war of national redemption;
(i) become an inventive and resourceful nation.'

Source Hettne B. 'Soldiers and Politics: The Case of Ghana'. *Journal of Peace Research*, Vol. 17, No. 2, Special Issue on Imperialism and Militarization (1980) pp 191-92

Appendix 3: Some Financial Indicators

Year	Current GDP	Money Supply	Demand Deposit	Savings Deposit	Currency out of Banks	Currency Ratio	Interest Rates	CPI
1960	956	134	47	26	87	0.65	0.040	21.5
1961	1022	147	60	27	87	0.59	0.045	22.8
1962	1084	165	69	35	96	0.58	0.045	24.9
1963	1208	173	75	42	98	0.57	0.045	26.0
1964	1357	241	107	54	134	0.56	0.045	29.2
1965	1587	240	122	60	118	0.49	0.045	36.9
1966	1681	248	131	67	117	0.47	0.070	41.7
1967	1647	241	121	78	120	0.50	0.060	38.5
1968	1878	259	133	93	126	0.49	0.055	41.6
1969	2117	290	138	99	152	0.52	0.055	44.6
1970	2289	306	151	121	155	0.51	0.055	45.9
1971	2500	321	159	154	162	0.50	0.080	50.3
1972	2815	463	220	205	243	0.52	0.080	55.4
1973	3501	564	291	230	273	0.48	0.060	65.2
1974	4660	697	320	308	377	0.54	0.060	77.0
1975	5283	1009	495	378	514	0.51	0.080	100.0
1976	6526	1429	679	474	750	0.52	0.080	156.0
1977	11163	2393	1119	651	1274	0.53	0.080	337.8
1978	20986	4126	1787	1005	2339	0.57	0.135	584.8
1979	26230	4680	1873	1262	2807	0.60	0.135	903.0
1980	42832	6085	2090	1860	3995	0.66	0.135	1355.4
1981	72626	9413	3310	2620	6103	0.65	0.195	2934.4
1982	86450	11203	4048	3630	7155	0.64	0.105	3589.1
1983	184038	16717	5477	4090	11240	0.67	0.145	7998.2
1984	270560	26849	8778	5110	18071	0.67	0.180	11169.9
1985	334180	38308	13240	8410	25068	0.65	0.185	12321.9
1986		55156	17736	13960	37420	0.68	0.205	15348.6

Note: All values are in millions of cedis except the rates and ratios.

Source: IMF International Financial Statistics *Yearbook*. 1987 in Bofo-Arthur K. (1989) Trends in Ghana's Foreign Policy after Nkrumah. In (E. Hansen and K.A. Ninsin eds) *In State, Development and Politics in Ghana*. Pp 137-164. CODESRIA; Dakar pp 136

Appendix 4: Long Term Debt* (US millions)

	1983	1984	1985	1986	1987	1988
Total	1,177	1,144	1,290	1,686	2,158	2,270
of which:						
public & publicly						
Guaranteed	1,156	1,112	1,250	1,648	2,128	2,238
of which:						
multilateral creditors	372	402	539	795	1,152	1,318
bilateral creditors	642	584	552	621	708	692
Private creditors	142	127	159	232	269	228
Total debt service	146	143	218	237	452	577
as % of export of goods & services						
goods and services	30.5	23.3	32.2	28.9	49.9	62.8
Net transfers	309	193	93	166	33	-8

*Debt with maturity of one year or over, outstanding and disturbed.

Source: *EIU Country Report, Ghana*, No. 1, 1990 p21 in Boafa-Arthur, K. 'Ghana's Politics of International Economic Relations under the PNDC, 1982-1992', *African Study Monographs*, 20(2): June 1999 pp 88

Appendix 5: Paris donor conference financial pledges to Ghana

Year	Amount Expected US\$ millions	Actual Pledge US\$ millions
1983	-	415
1984	-	450*
1985	535	517
1986	-	608
1987	575	818
1989	-	930**
1991	850	970

*In addition to the \$450m in pledges, \$75m in export credit was given. However, the bilateral component of the pledges was reduced from \$150m in 1983 to \$115m. The World Bank contributed slightly more than the 1983 figure of \$93m.

**Of this amount, \$500m and \$430m were pledged by bilateral and multilateral sources respectively.

Sources: Compiled from *Africa Contemporary Record*, *EIU Country Report on Ghana and West Africa*: various years in Boafa-Arthur, K. 'Ghana's Politics of International Economic Relations under the PNDC, 1982-1992', *African Study Monographs*, 20(2): June 1999 pp 88

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