1

**PM-1 3½"x4" PHOTOGRAPHIC MICROCOPY TARGET
NBS 1010a ANSI/ISO #2 EQUIVALENT**

PRECISIONSM RESOLUTION TARGETS

BRINGING THE DEVELOPMENTAL STATE BACK IN: GHANA, 1982-1994

by

Edward Osei-Kwadwo, B.A., M.A.

A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfilment of
the requirements for the degree of

Doctor of Philosophy

Department of Political Science

Carleton University
Ottawa, Ontario
March 18, 1996
© copyright
1996, Edward Osei-Kwadwo

National Library
of Canada

Acquisitions and
Bibliographic Services Branch

395 Wellington Street
Ottawa, Ontario
K1A 0N4

Bibliothèque nationale
du Canada

Direction des acquisitions et
des services bibliographiques

395, rue Wellington
Ottawa (Ontario)
K1A 0N4

Your file *Votre référence*

Our file *Notre référence*

The author has granted an irrevocable non-exclusive licence allowing the National Library of Canada to reproduce, loan, distribute or sell copies of his/her thesis by any means and in any form or format, making this thesis available to interested persons.

L'auteur a accordé une licence irrévocable et non exclusive permettant à la Bibliothèque nationale du Canada de reproduire, prêter, distribuer ou vendre des copies de sa thèse de quelque manière et sous quelque forme que ce soit pour mettre des exemplaires de cette thèse à la disposition des personnes intéressées.

The author retains ownership of the copyright in his/her thesis. Neither the thesis nor substantial extracts from it may be printed or otherwise reproduced without his/her permission.

L'auteur conserve la propriété du droit d'auteur qui protège sa thèse. Ni la thèse ni des extraits substantiels de celle-ci ne doivent être imprimés ou autrement reproduits sans son autorisation.

ISBN 0-612-13764-3

Canada

Name EDWARD OSEI-KWADWO

Dissertation Abstracts International is arranged by broad, general subject categories. Please select the one subject which most nearly describes the content of your dissertation. Enter the corresponding four-digit code in the spaces provided.

POLITICAL SCIENCE - GENERAL

0615

U·M·I

SUBJECT TERM

SUBJECT CODE

Subject Categories

THE HUMANITIES AND SOCIAL SCIENCES

COMMUNICATIONS AND THE ARTS

Architecture 0729
Art History 0377
Cinema 0900
Dances 0378
Fine Arts 0357
Information Sciences 0723
Journalism 0391
Library Science 0399
Mass Communications 0708
Music 0413
Speech Communication 0459
Theater 0465

EDUCATION

General 0515
Administration 0514
Adult and Continuing 0516
Agricultural 0517
Art 0273
Bilingual and Multicultural 0282
Business 0688
Community College 0275
Curriculum and Instruction 0727
Early Childhood 0518
Elementary 0524
Finance 0277
Guidance and Counseling 0519
Health 0680
Higher 0745
History of 0520
Home Economics 0278
Industrial 0521
Language and Literature 0279
Mathematics 0280
Music 0522
Philosophy of 0998
Physical 0523

Psychology 0525
Reading 0535
Religious 0527
Sciences 0714
Secondary 0533
Social Sciences 0534
Sociology of 0340
Special 0529
Teacher Training 0530
Technology 0710
Tests and Measurements 0288
Vocational 0747

LANGUAGE, LITERATURE AND LINGUISTICS

Language 0679
General 0289
Ancient 0290
Linguistics 0291
Modern 0401
Literature 0294
Classical 0295
Comparative 0297
Medieval 0298
Modern 0316
African 0591
American 0305
Asian 0352
Canadian (English) 0355
Canadian (French) 0593
English 0311
Germanic 0312
Latin American 0315
Middle Eastern 0313
Romance 0314
Slavic and East European

PHILOSOPHY, RELIGION AND THEOLOGY

Philosophy 0422
Religion 0318
General 0321
Biblical Studies 0319
Classics 0320
History of 0322
Philosophy of 0469
Theology

SOCIAL SCIENCES

American Studies 0323
Anthropology 0324
Archaeology 0326
Cultural 0327
Physical 0310
Business Administration 0272
General 0770
Accounting 0454
Banking 0338
Management 0385
Marketing 0501
Canadian Studies 0503
Economics 0505
General 0508
Agricultural 0509
Commerce-Business 0510
Finance 0511
History 0358
Labor 0366
Theory 0351
Folklore 0578
Geography 0366
Gerontology 0351
History 0578
General

Ancient 0579
Medieval 0581
Modern 0582
Black 0328
African 0331
Asia, Australia and Oceania 0332
Canadian 0334
European 0335
Latin American 0336
Middle Eastern 0333
United States 0337
History of Science 0585
Law 0398
Political Science 0615
General 0616
International Law and Relations 0617
Public Administration 0814
Recreation 0452
Social Work 0626
Sociology 0627
General 0938
Criminology and Penology 0631
Demography 0628
Ethnic and Racial Studies 0629
Individual and Family Studies 0630
Industrial and Labor Relations 0700
Public and Social Welfare 0344
Social Structure and Development 0709
Theory and Methods 0999
Transportation 0453
Urban and Regional Planning 0453
Women's Studies

THE SCIENCES AND ENGINEERING

BIOLOGICAL SCIENCES

Agriculture 0473
General 0285
Agronomy 0475
Animal Culture and Nutrition 0476
Animal Pathology 0359
Food Science and Technology 0478
Forestry and Wildlife 0479
Plant Culture 0480
Plant Pathology 0817
Plant Physiology 0777
Range Management 0746
Wood Technology 0306
Biology 0287
General 0308
Anatomy 0309
Bacteriology 0379
Cell 0329
Ecology 0353
Entomology 0369
Genetics 0793
Limnology 0410
Microbiology 0307
Molecular 0317
Neuroscience 0416
Oceanography 0433
Physiology 0821
Radiation 0778
Veterinary Science 0472
Zoology 0786
Biophysics 0760
General 0425
Medical 0996

EARTH SCIENCES

Biogeochemistry 0425
Geochemistry 0996

Geology 0370
Geology 0372
Geophysics 0373
Hydrology 0388
Mineralogy 0411
Paleobotany 0345
Paleogeology 0426
Paleontology 0418
Paleozoology 0985
Polynology 0427
Physical Geography 0368
Physical Oceanography 0415

HEALTH AND ENVIRONMENTAL SCIENCES

Environmental Sciences 0768
Health Sciences 0566
General 0300
Audiology 0992
Chemotherapy 0567
Dentistry 0350
Education 0769
Hospital Management 0758
Human Development 0982
Immunology 0564
Medicine and Surgery 0347
Mental Health 0569
Nursing 0570
Nutrition 0380
Obstetrics and Gynecology 0354
Occupational Health and Therapy 0381
Ophthalmology 0571
Pathology 0419
Pharmacology 0572
Pharmacy 0382
Physical Therapy 0573
Public Health 0574
Radiology 0575
Recreation

Speech Pathology 0460
Toxicology 0383
Home Economics 0386

PHYSICAL SCIENCES

Pure Sciences 0485
Chemistry 0749
General 0486
Agricultural 0487
Analytical 0488
Biochemistry 0738
Inorganic 0490
Nuclear 0491
Organic 0494
Pharmaceutical 0495
Physical 0754
Polymer 0475
Radiation 0605
Mathematics 0986
Physics 0606
General 0608
Acoustics 0748
Astronomy and Astrophysics 0607
Atmospheric Science 0798
Atomic 0759
Electronics and Electricity 0609
Elementary Particles and High Energy 0610
Fluid and Plasma 0752
Molecular 0756
Nuclear 0611
Optics 0463
Radiation 0346
Solid State 0984
Statistics 0984
Applied Sciences 0346
Applied Mechanics 0984
Computer Science

Engineering 0537
General 0538
Aerospace 0539
Agricultural 0540
Automotive 0541
Biomedical 0542
Chemical 0543
Civil 0544
Electronics and Electrical 0348
Heat and Thermodynamics 0545
Hydraulic 0546
Industrial 0547
Marine 0794
Materials Science 0548
Mechanical 0743
Metallurgy 0551
Mining 0552
Nuclear 0549
Packaging 0765
Petroleum 0554
Sanitary and Municipal 0790
System Science 0428
Geotechnology 0796
Operations Research 0795
Plastics Technology 0994
Textile Technology

PSYCHOLOGY

General 0621
Behavioral 0384
Clinical 0622
Developmental 0620
Experimental 0623
Industrial 0624
Personality 0625
Physiological 0989
Psychobiology 0349
Psychometrics 0632
Social 0451

The undersigned hereby recommend to
the Faculty of Graduate Studies and Research
acceptance of the thesis,

**BRINGING THE DEVELOPMENT STATE BACK IN:
GHANA, 1982-1994**

submitted by

Edward Osei-Kwadwo, B.A., M.A.

in partial fulfilment of the requirements
for the degree of Doctor of Philosophy

Chair, Department of Political Science

Thesis Supervisor

External Examiner

Carleton University
April 12, 1996

ABSTRACT

In the late 1970s and early 1980s, a shift in paradigms occurred in the development discourse. This new powerful theoretical paradigm, the neoclassical orthodoxy, contered around a critique of the statist strategy of development and the role of the state in development. Central to the neoclassical approach was the failure of the state: the crisis of development was seen as being rooted not merely in state policy, but in the state itself. Put simply, the overall thrust of the neoclassical orthodoxy was predicated on encouraging markets and a concomitant reduction in the direct role of the state in the economy: a 'retreat' or 'roll-back' of the state. The goal was a minimalist, as opposed to a maximalist state. The practical manifestation of this neoclassical theory has been the structural adjustment programmes which have been adopted by most Third World countries, Ghana included, under IMF and World Bank tutelage.

This thesis explores this issue of reducing the state in the process of structural adjustment. It is argued that to make adjustment work, one needs not so much a mere reduction of the state, but its reform or reconstruction. Reducing the role of the state in the economy per se will not lead to efficient operation of the market or the replacement of the market in those areas where state activity is curtailed. What is required is a reconstruction of the state to make it an effective facilitator of development. Far from being

diminished, the state needs to be strengthened to make it more effective and efficient. This, of course, is the paradox of neoclassical theory.

It is a strong state, defined as a state with autonomy (but which is embedded in society) and efficient and effective state institutions, combined with a strong commitment to economic growth, which forms the basis for successfully formulating and implementing orthodox, neoclassical programmes of adjustment. Equally important, however, are strong leadership with commitment to reform, skillful strategy of political coalition management as well as strong financial support from external sources.

This study justifies these claims by examining and analyzing the specific case of Ghana which is seen as the "model" of structural adjustment in Africa and the only programme that has been sustained for over a decade. This adherence to the programme is explained to draw lessons from the "Ghanaian model" for other countries in Sub-Saharan Africa.

ACKNOWLEDGEMENTS

Researching and writing this thesis has left me indebted to a number of people. My major intellectual debt is to my thesis committee. My supervisor, Prof. Piotr Dutkiewicz, agreed to take over supervision just last summer (August) and proceeded to work day and night to have the thesis completed well aware of my precarious financial situation. He received tremendous support from the other members of the committee: Profs. Jane Jenson, Laura Macdonald and Daniel Osabu-Kle. Thanks to the committee for the useful comments and suggestions and the invigorating exchange of views. Without their tremendous patience and support, it is doubtful whether this thesis would have been completed now.

I want to extend my profound thanks and affection to family and friends in Ghana who made my research visits in 1993 and 1994 both pleasant and productive. Particular mention must be made of Anthony Adom, Richard Oppong (alias Joe Sam), Kwabena Tuffour, Osei Kwadwo Anane-Binfoh, Osei Poku Prempeh, Anthony Osei Kwadwo Sr. (alias Osei Sakora), Naana Akua Afriyie, Afia Serwah Akoto and the family at Abuakwa. At the Department of Political Science, University of Ghana, I wish to extend my gratitude to Dr. A. Essuman-Johnson for sharing his office with me.

Many Ghanaians were helpful in offering insights and guidance during the two periods of fieldwork (August-September 1993 and May-October 1994) for this thesis. The interviews and

observations of different families provided the basis for this thesis. Officials in government offices, political parties, chiefs, journalists and others welcomed me into their homes and were indeed tolerant of my probing questions. To these people, I am thankful. As requested, I have maintained your anonymity.

The research and writing was aided especially by the financial assistance of the International Development Research Center (IDRC), Ottawa, and funds from the Faculty of Graduate Studies and Research at Carleton University. At the Faculty of Graduate Studies, I am indebted to Dr. John ApSimon, Dean of Graduate Studies and Research and Dr. Ken McGillivray, Associate Dean, Student and Academic Services. A special thank you to Prof. Vincent Seymour Wilson, Chair of the Department of Political Science for his strong backing and support. It is doubtful that this thesis would have come to fruition without his intervention, during the summer of 1995, to find a new supervisor. My thanks also to the administrative staff at the Department of Political Science: Valerie, June, Diane, Marlene, Norma, Jackie, Lorraine and Gail. Special thanks also to Ms. Margaret Third-Tsushima, Dr. Barbara Roberts and Dr. David Millar of Edmonton, Alberta, and Ms. Anne Paludan of Copenhagen, Denmark for their moral and financial support. Without you, life in Canada would have been difficult.

It is to my parents, especially my mother, Ms Elizabeth Oti (alias Obaapanin Kaakyire Anna Boakyewaa), that I owe the

deepest intellectual debt. In difficult times for the family, she stood by me and provided the financial and moral support required to ensure the completion of my education. She would have been very proud indeed of my accomplishments had death not taken her away from us on December 26, 1995. This thesis, and my education in general, to which she contributed on every level more than anyone, is dedicated to her. Obaapanin, Danirifa Duei! Rest in Peace. Needless to say, I take full responsibility for its shortcomings.

Finally, thanks to my family: my dear wife Anna who, not only had to put up with me, but also provided love, affection and motivation to sustain me in tough times; Eva, Gregory and Stephanie Osei Prempeh whose love and smiles inspired me through good and bad times.

Edward Osei-Kwadwo.

TABLE OF CONTENTS

Abstract	iii
Acknowledgements	v
Table of Contents	viii
List of Tables	x
List of Appendices	xi
Abbreviations	xii
Ghana: Chronology of Regimes and Significant Events Since Independence	xiv
 INTRODUCTION	 1
Methodology of the Research	9
Organization of the Thesis	15
 CHAPTER ONE - THEORETICAL DEBATES: THE STATE AND ECONOMIC DEVELOPMENT IN AFRICA	
Introduction	22
The State and Economic Development in Africa	26
The African State: A Theoretical Survey	29
Beyond Etatization and Personal Rule	66
Theoretical Framework	72
Extent of State Autonomy and State Capacity	75
The Degree to Which the State Can Build New Alliances or Broad-Based Coalitions in Support of the Reform Programme	82
The Role of External Agencies	86
Conclusion	87
 CHAPTER TWO - THE CRISIS OF THE GHANAIAN STATE AND ECONOMY	
Introduction	89
The Ghanaian Economy	92
The Political Origins of Failed Economic Policies	100
Conclusion	128
 CHAPTER THREE - BUILDING DEVELOPMENTAL CAPACITY	
Introduction	131
The Genesis of A Populist Authoritarian Regime	136
Transition From Populism - The U-Turn: Laying the Foundations of the Developmental State	149
The Debate Surrounding the So-Called U-Turn	154
Public Reaction to Practical Consequences of the Implementation of the ERP	163
Coalition Management and Reform of the State	176
External Support	197
Conclusion	200

CHAPTER FOUR - THE ECONOMIC AND SOCIAL IMPACT OF THE ADJUSTMENT PROGRAMMES	
Introduction	203
Constructing A New Economic Paradigm	211
Growth Performance Under the Economic Recovery Programme	213
Poverty and Equity Considerations Under the Adjustment Programme	253
The Growth-Equity Debate	254
Profile of Poverty in Ghana	263
Response to Social Impact of Adjustment	282
Conclusion	286
CHAPTER FIVE - FROM ECONOMIC REFORM TO POLITICAL REFORM: ISSUES OF DEMOCRACY AND GOVERNANCE	
Introduction	292
Governance, Democracy and the Adjustment Debate	299
Regime Transformation in Ghana	315
The Alternative Democracy Phase, 1987-1990:	
The Politics of Survival	318
The Move to the District Assemblies (DAs)	332
Transition to Democracy: The Fourth Republic	342
Conclusion	357
CONCLUSION - LESSONS FROM THE GHANAIAAN EXPERIENCE	
Introduction	360
The Failure and Persistence of the Statist/Etatist Model	362
Deconstructing the State: Conditions for Building Capacity	366
Ghana: Reconstructing the Paradigmatic Weak State	368
Bibliography	383
Appendix 1.0	402
Appendix 1.1	403
Appendix 2.0	404

LIST OF TABLES

Table 1	Origins of GDP (% of total)	218
Table 2	Cocoa Prices and Output	221
Table 3	Mining Output	233
Table 4	Gross Official Development Assistance (\$ mn)	242
Table 5	Balance of Payments (\$ mn)	245
Table 6	Ghana - Economic Structure	250
Table 7	Monthly Budget for Typical Family of Six	271

LIST OF APPENDICES

Appendix

1.0	Interviews - Chapter 3	402
1.1	Interviews - Chapter 5	403
2.0	Field research Notes	404

ABBREVIATIONS

ARPB	Association of Recognized Professional Bodies
BNI	Bureau of National Investigations
CDO	Civil Defence Organization
CDR	Committees for the Defence of the Revolution
CMB	Cocoa Marketing Board
COG	Commonwealth Observer Group
COCOBOD	Cocoa Marketing Board
CPP*	Convention Peoples Party (1957-66)
CVC	Citizens Vetting Committee
DAs	District Assemblies
EGLE	Every Ghanaian Living Everywhere Party
EIU	Economist Intelligence Unit
ERP	Economic Recovery Programme
GBA	Ghana Bar Association
GBC	Ghana Broadcasting Corporation
GLSS	Ghana Living Standards Survey
GNAT	Ghana National Association of Teachers
ICU	Industrial and Commercial Workers Union
IMF	International Monetary Fund
JFM	June Fourth Movement
KNRG	Kwame Nkrumah Revolutionary Guards
MFJ	Movement for Freedom and Justice
MONAS	Movement for National Affairs
NCD	National Commission for Democracy
NCP	National Convention Party
NDC*	National Democratic Congress (1993-Present)
NDC	National Defence Committee
NDM	New Democratic Movement
NEP	New Economic Policy
NIB	National Investment Bank
NIC	National Investigations Committee
NICS	Newly Industrializing Countries
NIP	National Independence Party
NLC*	National Liberation Council (1966-1969)
NPP	New Patriotic Party
NRC*	National Redemption Council (1972-76)
NUGS	National Union of Ghana Students
PAMSCAD	Programme of Action to Mitigate the Social Costs of Adjustment
PANYMO	Pan-African Youth Movement
PDC	Peoples Defence Committee
PFP	Popular Front Party
PHP	People's Heritage Party
PNDG*	Provisional National Defence Council (1981-1992)
PNC	People's National Convention
PNP*	Peoples National Party (1979-1981)
PP*	Progress party (1969-1972)
SAP	Structural Adjustment Programme
SDA	Social Dimensions of Adjustment

SMC* **Supreme Military Council (SMC 1 1976-78; SMC 2 1978-79)**
SOEs **State-Owned Enterprises**
SSA **Sub-Saharan Africa**
TUC **Trades Union Congress**
WDC **Workers Defence Committee**

***Governments and their dates.**

GHANA: CHRONOLOGY OF REGIMES AND SIGNIFICANT EVENTS SINCE INDEPENDENCE

March 6, 1957	Independence, Dr. Kwame Nkrumah as President.
July 1, 1960	Ghana becomes Republic and Nkrumah President.
1964	Single-party (CPP) Government.
February 24, 1966	Nkrumah government overthrown in military coup. National Liberation Council (NLC) headed by Lt. Gen. Joseph Ankrah is established.
1967	Devaluation of cedi from C0.71/US\$ to C1.02/US\$.
1969	NLC sponsors competitive elections (September). Elected civilian government led by Dr. Kofi Busia as Prime Minister takes office (October).
1971	Devaluation of cedi from C1.02/US\$ to C1.82/US\$ (December).
January 13, 1972	Busia regime overthrown in military coup led by Lt. Col. Ignatius K. Acheampong. National Redemption Council (NRC) established.
1976	Acheampong replaces NRC with all military Supreme Military Council 1 (SMC 1).
1977	Inflation exceeds 100% for first time.
July 5, 1978	Acheampong overthrown in a palace coup. SMC 2 under General Fred Akuffo established.
August 1978	Cedi devalued to C2.75/US\$; urban strikes and unrest (June 1978 - May 1979).
January 1, 1979	Ban on political parties lifted by Akuffo regime.
June 4, 1979	Mutiny of lower ranks. Armed Forces Revolutionary Council (AFRC) under Flt. Lt. Jerry John Rawlings replaces SMC 2; scheduled elections held (July), won by Dr. Hilla Limann and his Peoples National Party (PNP); campaign against corruption and black marketeering; Acheampong, Akuffo, Afrifa (all former heads of state) and five other senior military officers executed, allegedly for corruption (June-October).
September 24, 1979	Rawlings hands over power to Dr. Hilla Limann, the democratically elected President and his PNP.
December 31, 1981	Rawlings' second coming. Flt. Lt. Rawlings initiates coup. New Provisional National Defence Council (PNDC) is declared.

April 1983	Economic Recovery Programme (ERP) launched.
October 1983	Exchange rate devalued and unified at C30/US\$.
1986	Auction of foreign exchange.
November 1988- February 1989	District Assembly (DA) elections held on no-party basis.
February 1988	Foreign Exchange Bureaus established.
January 1989	PAMSCAD launched.
August 1, 1990	An umbrella pressure group called Movement for Freedom and Justice (MFJ) launched. Calls for political liberalization and democracy.
March 1991	National Commission for Democracy (NCD) recommends the adoption of a multi-party system.
1991	Special committee of Constitutional Experts, under the chairmanship of Dr. S.K.B. Asante, a former Solicitor-General, set up to formulate by the end of July 1991 specific constitutional proposals to be placed before a Consultative Assembly. Consultative Assembly set up with the task of preparing a draft constitution.
May 1991	Rawlings opens proceedings of Consultative Assembly.
August 26, 1991	Rawlings announces a schedule for transition to constitutional rule.
March 5, 1992	Referendum on constitutional provisions. 92% of those who voted were in favour of the adoption of the draft constitution.
April 28, 1992	Law 280 passed. Lifts 11-year ban on political parties.
May 18, 1992	Presidential elections. Rawlings, the candidate for the National Democratic Congress (NDC), wins over closest rival, Prof. Adu Boahen of the New Patriotic Party (NPP). Opposition alleges rigging by the government.
November 3, 1992	Parliamentary elections. Opposition boycotts.
December 1992	Ghana's Fourth Republic Inaugurated.
January 1993	Rawlings becomes President.
1996	Impending Presidential and Parliamentary elections.

Sources: Fellow, Deborah and Naomi Chazan. 1986. Ghana: Coping With Uncertainty. Boulder, CO: Westview Press; Herbst, Jeffrey. 1993. The Politics of Reform in Ghana, 1982-1991. Berkeley: University of California Press.

INTRODUCTION

In the late 1970s and early 1980s, with the left in retreat following a sustained assault and critique by a resurgent neo-liberalism, there appeared on the horizon a shift in paradigms in the development discourse. This new powerful theoretical wave and paradigm, the neoclassical orthodoxy, centered around a critique of the statist strategy of development. Central to the neoclassical approach was the failure of the state, which was seen as an obstacle, rather than a facilitator of development (Krueger, 1993; Lal, 1983). Put simply, the overall thrust of the neoclassical orthodoxy was predicated on encouraging markets and a concomitant reduction in the direct role of the state in the economy, in essence the dismantling of state economic intervention. This orthodoxy was celebrated as having global application.

For empirical evidence, the neoclassicals pointed to the phenomenal developmental successes of the South East Asian Newly Industrializing Countries (NICs). These theorists attributed the superior economic performance of the NICs, as opposed to countries in Latin America and sub-Saharan Africa (SSA), to their outward-oriented as well as market-oriented policies. The problem for the Latin American and SSA countries was that they had pursued inward-oriented policies and pervasive state intervention that have involved serious 'distortions' in the effective operation of the market. This interpretation attributed the NICs success

almost entirely to good policies and the ability of the people and "scarcely at all to favourable circumstances and a good start" (Little, 1981: 25). Another interpretation was the unconvincing and reductionist explanation in terms of purely subjective factors such as a lack of political will or "a lack of spine and discipline, a drift into taking the easy way out" (Harberger, 1988: 177-8).

The implication was that SSA and Latin America should follow the example of the NICs by liberalizing their economies and allowing the market to effectively and efficiently allocate values. This, it was argued, could be achieved by reducing the role of the state in the economy: what can be variously described as a 'retreat' or 'roll-back' of the state. This was to be done through privatization of state enterprise, dismantling of the civil service including massive retrenchment and the reduction of the degree of state intervention and control in the market. The goal was a minimalist, as opposed to a maximalist state. The practical manifestation of this neo-classical theory has been the structural adjustment programmes (SAPs) which have been adopted by most Third World countries, Ghana included, under International Monetary Fund (IMF) and World Bank tutelage.

Consistent with the neoclassical tenets, the central problem in the debate over structural adjustment has been the role of the state. The IMF and the Bank argued that the

primary objective of the policy was purely economic, allowing market forces to "get the prices right." As a result, structural adjustment policy measures and programmes were couched in narrow economic terms. Adjustment was initially presented as a purely economic issue detached from politics and the structure and purpose of the state. For the IMF and the Bank, economic variables cause economic outcomes. Their recipe for economic success based on the neoclassical view was that efficient allocation of resources takes place through natural market mechanisms thereby enhancing growth prospects. Insofar as politics was an issue worth considering, what was required was for governments to have the 'political will' or 'commitment' to implement what, in the neoclassical view, were sound economic policies. As the World Bank put it, "inadequate commitment has limited the seriousness of reforms, especially in sub-Saharan Africa, and the slow pace of reform has sometimes hurt sustainability. Changing political regimes and leadership often led to policy reversals" (World Bank, 1988: 36). The basic assumptions and underlying rationale either took politics for granted or took a simplistic approach to complex political dynamics.

Yet, economic policies shape the allocation of scarce resources within societies and will therefore have political and social consequences. Economic policy is about alternatives, choice and opportunity costs. Whatever choices

are made invariably produce gains or losses for different groups or classes in society. Economic reforms will generate new winners and losers. Therefore, economic decisions have political effects. They can stir up a political hornets' nest, to borrow Joan Nelson's words (Nelson, 1989, 1990). Cuts in public expenditure and subsidies adversely affect various groups which rely on them. A reduction in the size of the civil service threatens civil servants with unemployment. A retreat of the state from economic activities threatens the privileges as well as the power of state officials and the political leadership who have a vested interest in maintaining existing arrangements.

In short, adjustment threatens entrenched interests - both individual and institutional. The predatory states which preceded reforms created powerful political and economic interests which necessarily oppose change. The opposition of such groups to reform can be potentially fatal from a political point of view to regimes. Indeed, the sociopolitical discontent unleashed by the short term costs of adjustment may create political dynamics that may undermine regimes and can call into question the survival of the state. Herein lies a nagging dilemma for regimes: how do they adopt and implement politically difficult but economically "necessary" adjustment programmes especially since the benefits of reforms, in contrast to the costs, are uncertain and delayed? Under this scenario, economic

adjustment is threatened by the high social costs and the high political risks it engenders. The opposition coming from within and without the state may undermine policy reform. Politics, authors like Haggard (1990), Kaufman and Haggard (1989) and Renner (1986) argued, therefore assumes central importance and can help in forecasting the prospects of economic reform.

While in recent years the IMF, the Bank and other neoclassicals have appeared sensitive to the importance of politics and the state, with the Bank for instance, suggesting a "reappraisal of the respective roles of the market and the state" (World Bank, 1991: 1), their analysis is still predicated on the minimalist assumptions of reducing the state. Fundamentally, the neoclassical faith in the market and corresponding mistrust of politics and the state, remains as strong as ever. Similarly, the analysis of the politics of reform has also suffered from an overemphasis on the political obstacles to reform and on tactics to overcome such obstacles. There is still a chasm between the political and economic approaches to adjustment: what appears to be sound economics does not seem to be sound politics and vice versa.

This study seeks to resolve this paradox of 'sound economics -unsound politics' by offering a broader perspective. The need for economic reform and political strategies is accepted ipso facto. In trying to understand

how both goals can be met, this study argues that it is not only the adoption of 'sensible' policies based on sound neoclassical principles and a political will to implement them which is the issue. Rather, it is the effectiveness and capacity of the state and state institutions which make the crucial difference. To make adjustment work, one needs not so much a mere reduction of the state, but its reform or reconstruction. Reducing the role of the state in the economy per se will not lead to efficient operation of the market or the replacement of the market in those areas where state activity is curtailed. What is required is a reconstruction of the state to become an effective facilitator of development. Far from being diminished, the state needs to be strengthened to make it more effective and efficient.

The study locates the key constraint to effective formulation and implementation of economic reforms in the institutional capacity of the state: autonomy, rationality, and technocratic qualities which ensure that state personnel can pursue policies that transcend the particularistic interests of domestic groups. It is a strong state, defined as a state with autonomy and efficient and effective state institutions, combined with a strong commitment to economic growth, which forms the basis for successfully formulating, implementing and sustaining orthodox, neoclassical programmes of adjustment. Equally important, however, are

strong leadership with commitment to reform, skillful strategy of political coalition management as well as financial support from external sources.

To be successful, therefore, economic reform requires institutional reform and a restructuring of the state bureaucratic and technocratic apparatuses to make them autonomous, effective and efficient. It also requires states with a political capacity to formulate, implement and sustain effective policies. This raises a paradox. Contrary to neoclassical theory which posits a 'roll-back' of the state, the states which are capable of implementing these policies are strong states, whether under the leadership of an authoritarian or democratic regime, with the developmental capacity and commitment to market reform.

However, this autonomy of the state need not be overemphasized because the state needs the requisite anchorage to significant domestic groups to form a political coalition in support of economic reforms, what Evans (1992) has referred to as 'embedded autonomy.' An essential feature of a state enjoying developmental 'success' is a state which, according to Evans, has functional links to its society. The state is 'embedded' in society when it enjoys sufficient autonomy from domestic groups to pursue its own goals, but is also closely linked to collective societal interests. The developmental state is 'embedded' but manages to remain 'uncaptured.' This is what prevents the state from

becoming predatory and hence anti-developmental.

This study will justify these claims by examining and analyzing the specific case of Ghana, a country where a regime committed to populist reform abandoned this course and engaged in a process of economic liberalization under the auspices of the International Monetary Fund (IMF) and the World Bank. After more than a decade of implementing these reforms, Ghana is recognized as "the test case of what structural adjustment can achieve in overcoming economic stagnation and administrative deficiencies" (Rothchild, 1991: 3). Ghana is also significant in the debate because it is seen as the only "successful" case of structural adjustment in Africa, both in terms of macroeconomic growth rates as well as being the only programme that has been sustained for over a decade. This adherence to the programme needs to be explained to draw lessons from the "Ghanaian model" for other countries in SSA in terms of understanding the role of the state in the process of development and in formulating and implementing adjustment. While Ghana's experience cannot be generalized to other countries because of the diversity of the countries and of their political economies, it offers a useful indicator of the sort of constraints and opportunities faced by individual African states following the adoption of structural adjustment. Understanding Ghana's successes and/or shortcomings, therefore acquires significance for current debates

throughout the African continent.

In seeking to account for the state's role in formulating and implementing the Ghana programme, the following questions will inform the discussion. How successful has the regime been at reconstructing the state and imbuing it with a capacity to formulate, implement and sustain consistent and coherent operational programmes of economic reform? A related question is whether and how the state was able or unable to build this capacity. What factors have determined the capacity of the state to implement policy and how? What specific historical experiences may have contributed to the internal institutional restructuring of the state which has enabled or hindered the state's ability to effectively formulate and implement policy?

Methodology of the Research

The methodological implications of trying to investigate the general question "why states are successful or unsuccessful in formulating and implementing adjustment" is obvious. The focus shifts to questions about how and whether states are able to build the required capacity for implementing and politically sustaining the policy package. These questions are worth asking because there is no guarantee that the strong state with the necessary autonomy or effective institutional capacity will materialize.

Indeed, the import of this is precisely because the state in Africa has been a weak one with no effective capacity to formulate, let alone implement and sustain, economic reforms.

Implementation and political sustainability will depend on the initial policy choice, the state's as well as society's responses to the implementation of the policy, and the outcomes. These outcomes will, in turn, have an effect on the choice of policies and their viability, thus bolstering the prevailing policy or engendering change. In other words, the choice of economic policy is met by public responses to which the state reacts to in terms of modifications to the initial policy decisions. It is important that we grasp the logic of this interaction. The viability of the policy choice also depends on the existence of several favourable factors for the regime: the existence of a strong and autonomous state with a managerial, technical and institutional capacity, the existence of a broad-based support, and the support of the international donor community.

In order to understand the regime and state's ability to implement and politically sustain the policy, it is important and indeed required, to understand the historical context within which economic policy decisions are made. For while all the African countries adopted similar economic policies, the political contexts within which they operated

showed important differences in timing. So were the state's responses, in terms of mobilization and participation.

Rather than adopting a purely economic approach, I propose a political economy approach that is contingent and reflects on the political and institutional capacities of the state, the real and imaginary interests of societal forces as well as the operation of the market. What is important to stress is that there is a constant dialectic between state actors and various sectors and groups in society, and that this dialectic is dynamic.

The Ghanaian "success" is analyzed to show what policies, state responses and sociopolitical framework have made for that "success" and to see to what extent these are or can be replicated in sub-Saharan Africa. Adopting a policy-oriented focus, I attempt to identify key policy decisions which relate to the restructuring of economics, politics and society in Ghana. How do we explain these decisions? Who was involved in the decisions and why? What was unique about Ghana which allowed it to do this while other African countries failed?

The study is therefore a socioeconomic and political analysis which relies mainly on government documents and other related publications on SAPs as primary sources. The analysis is a synthesis of macropolitics at the national level and micropolitics at the local/regional level. I am concerned with the interactions and relationships between

national and local politics. The aim is to study the linkages between the local and national political systems, bearing in mind that these linkages may be initiated at either the national or the local level. In order to fulfil the research objectives I set out, I travelled to Ghana in the summer of 1993 to do preliminary research and to lay the groundwork for future research. This first trip provided an opportunity to have preliminary discussions with officials at the ministries in Accra, the national capital, as well as meetings in the Greater Accra and Ashanti Regions.

I returned to Ghana in May 1994. At this time I planned to select some urban centres (Accra-Tema and Kumasi) to examine the impact of the ERP measures on the poor. However, this stage of the project was reevaluated based on some findings from the initial research. Instead of just targeting the "poor" which would require an examination of only low-income households, it became obvious that most "high-income households," which include professionals and white collar workers, could be considered poor and vulnerable as well. In principle then, this required investigation of the impact of the Economic Recovery Programme (ERP) measures upon a) the incomes of low and high-income households in rural and urban areas; b) the price and availability of consumption items important to these families, especially food; and c) levels of government

expenditure, especially those in the social sectors, affecting these vulnerable groups.

This involved an indepth study of the socioeconomic effects of the ERP. The first part, June - July 1994, provided the baseline data on the economic and social situation of the chosen households. It also studied the socioeconomic conditions of 200 households selected on an opportunistic basis in the urban areas of Accra-Tema Area between August and September 1994. This stage of the research examined the status of the vulnerable groups, in specific terms of income, nutrition, access to health services and education, and levels of employment. Interviews were conducted, mostly informally, with all members of the households including men, women and children. The results are reported in chapter 3 (Table 7) and in the section on health care, street kids and educational expenses. A sample of the questions asked is in appendix 2.0.

The method of intensive fieldwork, using techniques of direct observation, participation and personal contact was used. This contrasts with studies relying heavily on quantitative data, which often tell us little about what is really going on. The use of informal interviewing, direct participation and observation, and personal rapport made it possible to acquire information denied to researchers relying on formal questionnaires and official figures.

The second phase of the research covered the political

implications of the ERP, especially the strategies adopted by the regime to sustain the programme. Included in this was an examination and analysis of the attempts at democratic consolidation in Ghana. The aim was to see what the perceptions and perspectives of various groups were with regards to the policy issues. In particular, political participation in decision-making at both the grassroots and the national levels was analyzed.

In purely methodological terms, this phase of the study was based on two methods of data collection. The first included attendance at political and administrative meetings in Accra, Tema, Kumasi and other selected rural areas where samples were drawn from the first phase of fieldwork. There were formal and informal interactions with bureaucrats, political officials, some members of the rural middle class and ordinary citizens of the cities, towns and villages.

Second, informal interviews were conducted with most of the important people in selected towns and villages: chiefs, farmers and educational and health care personnel. In the national capital, I consulted officials of the regime and well-placed representatives of the local elite in positions of influence and authority in the regime. Data was also collected from archives, official sources and interviews with businessmen and women, scholars, journalists, and political figures of all stripes as well as documentary research through primary materials.

Organisation of the Thesis

A number of theses about the dynamics of economic reform in Africa and Ghana have been delineated as a result of the background provided. The first is that the African state has been seen as a failure, a constraint on development. While accepting this, it is important to look at ways in which it can be reformed or reconstructed to play a genuinely developmental role. This argument will be developed in Chapter 1. To do this, there is a theoretical survey of the failure of the African state to promote economic development in the postcolonial era. As well, the chapter provides an alternative approach at analyzing the state and an appropriate theoretical and interpretative framework of analysis which can guide meaningful analysis of such a developmental state. It is argued that a strong, developmental state with the attributes of administrative and technocratic capacity, and the ability to build coalitions and attract strong donor support is a prerequisite for successfully formulating and implementing reform.

Chapter 2 places Ghana's experiences with statism within the broader African experience. The import of this is to offer Ghana as a paradigmatic example of the weak state in Africa. The chapter charts the specific Ghanaian experience with statism which, it is shown, has laid bare its anti-developmental thrust. The Ghana state is described

here as a predatory, anti-developmental state par excellence. This involves a discussion of the economic reforms adopted in April 1983 by the Provisional National Defence Council (PNDC), placing it in the proper context. Special emphasis is placed on a detailed analysis of the political economy of Ghana since independence, and especially between 1975 and 1981, when there was an uninterrupted decay.

This analysis is carried out not only to prove the failure of the state but also to set the stage for its possible reconstruction to sustain effective adjustment. The argument here is that if the Ghanaian state has been a failure in the past, how has it been reconstructed and imbued with the developmental capacity which successful management of adjustment entails. Setting out the framework of failure in the past allows for subsequent examination of attempts at reforming it so that it can exhibit the characteristics of a developmental state outlined in the introduction and reinforced in the alternative theoretical framework outlined in chapter 1. In other words, such an endeavour enables us to shift the focus of study in subsequent chapters to the question of reconstructing the state to overcome its developmental deficiencies. Seeking out the conditions for failure in the past helps in the search for solutions in the present and whether that was successful.

Further, this thesis argues that while the ERP in Ghana was clearly a response to the deterioration and stagnation of the Ghanaian economy, it was also given powerful impetus by the problems caused by years of political incompetence and the decay or paralysis of the Ghanaian state. In essence, the economic reforms entailed dual economic and political goals. In the political sphere, the rationale was to re-establish the hegemonic authority of the state and regime through the establishment of a state that could generate and sustain an effective independent capacity for implementing the ERP. Political factors, therefore, shaped the content, dynamics and effects of economic reform.

In the economic sense, a successful implementation of the ERP was meant to redress the stagnation of the economy by delivering improvements at both the micro and macro levels. It was felt that such accelerated economic growth and rapid improvements in the material welfare of Ghanaians would enhance state and regime legitimacy.

Chapter 3 focuses the investigation on the political dynamics of the reform process and attempts to identify ways in which state capacity has been rebuilt. I also seek to throw light on the patterns of politics - tracing the development of politics through the populist phase, the response from initial coalition partners to the so-called U-Turn, the new political alignments, the leadership capacity and commitment and the external interests that have either

contained or helped the state and regime as well as policy makers realize their goals. The chapter includes a discussion of the PNDC's attempts at forging a coalition with the Rural Middle Class (RMC).

In Chapter 4, I analyze the effects of the ERP at both the macro level and the micro level of the household. I argue that the Ghana programme has been partially, but not completely, successful because in spite of the macroeconomic gains, the issue of distribution remains a pressing concern. The point to note is that, even though economic success is unimpressive to those who believe that anything short of NICs style growth is unsatisfactory, success need not be defined in those terms, but in terms of a reversal of the previous economic stagnation and decline. Raising the issue of distribution is meant to raise concerns about whether these macroeconomic improvements or benefits are worth it in view of the social costs. It is also meant to highlight the need to address these distributional concerns in the medium to long term if the programme is to be politically sustained.

The final argument is also related to the important question of the relationship between the politics and economics of reform. The market-oriented reforms which Ghana adopted contain within them a basic contradiction: how to reconcile economic restructuring and liberalization with political immobility or closure of political spaces. I

believe that successful adjustment creates the basis for social and political changes which ultimately undermine the legitimacy and effectiveness of the previous authoritarian political system. In a seeming paradox, the relative success of the economic reforms lay the foundation for a political transformation.

At this point, the debate shifts from structural adjustment to issues of governance in an attempt to correct the perception that wide-ranging economic restructuring is moving ahead without significant political reform. These issues of governance are addressed in Chapter 5. I examine the political impact of economic reforms on the authoritarian ancien regime by analyzing the changes to the social structure and economic base which in the long term undermined the political status quo. This involves the questioning of the political closure or immobility, the move towards democratic governance and the prospects for democratic consolidation. The conclusion reiterates the major findings of the study.

Rejecting any claims to providing an all-encompassing study, I dwell extensively on domestic political processes while introducing the external dimension into the analysis where relevant. To be sure, the crisis Ghana faced had many dimensions: political and economic. The political crisis was a crisis in the legitimacy of the Ghanaian postcolonial state. The economic crisis had international as well as

domestic dimensions. On the international front, there was a considerable weakening of its position in the world market evident in declining terms of trade, high interest rates and the recession in the world economy. The internal problems were reflected in inadequate domestic policies epitomized by the failure of the state and structural problems of the statist development strategy.

While not minimizing the role of the external factors, this study stresses the internal problems if only because the structural adjustment programmes adopted by the PNDC are predicated on those internal policy failings. In other words, structural adjustment is a response primarily to the inefficiencies of the statist strategy. To that end, countries adopting these programmes have been required essentially to reorder state-society relations by adjusting the structure of internal economic and political relationships.

There is, however, another reason for focusing on domestic factors. By stressing the domestic dynamics, the intent is to highlight the shortcomings of the African states and their elites and to elaborate on the need for instituting political and economic reforms. This is done without losing sight of the fact that any such reforms will not necessarily overcome the structural constraints of the global economic and political order. The argument is that structural conditions have been, and remain, obstacles to

development, though not fully deterministic of developmental failure. In this situation, policy choices of state elites matter, for better or for worse. The rationale then is to pinpoint the importance of competent state leadership which can enable states to build the effective capacity required for successfully managing economic reforms.

CHAPTER ONE

THEORETICAL DEBATES: THE STATE AND ECONOMIC DEVELOPMENT IN AFRICA

Introduction

In the immediate post-independence period in Africa, an emerging theoretical strand in the study of political economy focused on the key role of states in promoting development - the statist model. The model saw the need for the state to play an active and central role in promoting rapid economic development and sociocultural change. Even back then, a caveat was added: the growing state role in the developing world engendered both opportunities and risks. In the event, the state has indeed played a pivotal role in the economic success stories of the Newly Industrializing Countries (NICs). However, the record of the state in sub-Saharan Africa has been catastrophic.

As a result, Africa's economic crisis since independence, and especially in the so-called lost decade of the 1980s, has led to a reevaluation of the role of the state in promoting rapid development. The growing consensus in the literature is that the state is clearly unable to fulfil the optimistic objectives that the statist model of development had attributed to it. In the current process of economic restructuring or structural adjustment, therefore, one central element stands out: the problem of state failure and a general critique of the role of the state. The crisis is seen as being rooted not merely in state policy, but in the state itself - its political and organizational substance and its

characteristic modes of operation. Politics is thus central to our understanding of economic restructuring in its causes, its conduct and its impact.

The economic crisis in Africa and the failure of the statist model has bred powerful new theoretical models. These models attribute the colossal failures of the African political economy to state policy, personal rule and a soft/weak state criss-crossed by patrimonialism and patron-client relations, bureaucratic incompetence, bureaucratic and political monopolization, corruption and inefficiency and an inability to implement policies. Emerging as innovative theoretical frameworks elucidating the causal links between political and economic failure, the models also offered powerful analytical and empirical grounds to challenge any assumed correlation between the state and economic development in Africa. The state is thus commonly seen as the problem. State intervention necessarily leads to failure because the logic of the state captured by the ruling group is to extract rents to ensure personal rule (Sandbrook, 1986; Dutkiewicz and Shenton, 1986; Dutkiewicz and Williams, 1987; Hyden, 1980, 1983; Bates, 1981).

The result has been several debates on the root causes of the crisis and the nature of the African state. However, the debates have taken place without the respective protagonists taking note, as Aiden Foster-Carter lamented with regard to the modes of production debates, that "each of these mini-

debates almost invariably takes as ceteris paribus matters which are themselves variables at issue in other debates" (Foster-Carter, 1978: 72). This review is undertaken with the view that there is a need for a broader theoretical synthesis that will help illuminate the processes underlying state failure in Africa.

The objectives of this chapter are therefore modest, offering a concise summary and critique of the existing bodies of theory about the sources and dynamics of state failure in Africa. In doing that, I would seek to extend the frontiers of existing theory to make my own contribution to the understanding and control of this crisis at the point at which I believe the present state of thought to be deficient. It is my intention to draw upon the contributions made to three mini-debates - statization (Dutkiewicz and Shenton, 1986; Bates, 1981); personal rule and bureaucratic failure (Sandbrook, 1986; Jackson and Rosberg, 1982; 1988) and soft/weak state (Hyden). By themselves, none is sufficient to illuminate the process of state failure in Africa. When taken together, however, they go a long way toward explaining the root causes of Africa's economic woes, which is attributed by all the authors to the failure of the state.

While drawing on these theoretical models, this thesis advances the argument for moving beyond these approaches by "bringing the 'developmental state' back in" to the development discourse in Africa. The point is that while these

models have provided solid empirical foundation for their claims, they are found to be inadequate. Existing theory is narrowly focused on the analysis of obstacles to state reform or reconstruction and is more able to explain why things are the way they are than to predict how and when they can be changed. I therefore reject the fatalism of the current critiques, a fatalism that wishes that the state would slide into irrelevancy or "wither away." In other words, this represents an attempt to challenge and debunk the tendency to "write-off the African state easily," to borrow Bjorn Beckman's phrase.

The thesis seeks to move beyond theories about failure and pessimism. I am concerned with ways of reforming the state to make it more development-oriented. How and under what conditions can the African state be transformed or reconstructed into a genuine "developmental state" with the political, technocratic and bureaucratic capacity to formulate and implement consistent and effective structural adjustment programmes?

Against this background, the chapter is designed to explore the theoretical and empirical polemics surrounding the prevailing critiques and to suggest analytical alternatives or building blocks to move beyond them. The first section presents an overview of the models. An attempt is then made to deconstruct them by delineating their limitations, pitfalls, and weaknesses. In doing this, I ask typical questions that

have been posed with regard to the failure of the state. Are the prevailing critiques of the post-colonial state useful? How can the weaknesses be addressed? Finally, recognizing the limitations of the prevailing models, the chapter suggests new directions for the study of the African political economy focusing on institutions, politics and strategic choice.

The State and Economic Development in Africa

While scholars disagree on many important points, there is a growing consensus that the role of the state is crucial for both theory and history in the development problematic. In the post-independence period the African state took on the challenge of managing economic development. However, two to three decades of active state intervention have proved the extent to which the state has mismanaged the economy through inappropriate formulae for development. The African political economy can be aptly described as characterized by instability and disintegration; economic stagnation and decline. The shortcomings of the statist approach to development have thus been laid bare.

This section reexamines the overall failure of the state-led African economic development effort by offering insights into the socio-economic and political forces limiting the state's attempt at development. The answer, paradoxically, lies with the African state itself, it requires that we examine the state's efforts at economic reconstruction and

consolidation and how and why they failed. The argument is that by and large this economic development effort by the state has led to a political crisis characterized by state fragility, stagnation and accelerated decay.

When the African state took on a 'modernizing' role in the quest for rapid economic growth, the economic development strategies pursued called for an active role for the state. In general, newly independent developing countries were impressed by economic growth rates in the Soviet Union and also in Latin America under import substituting industrialization (ISI) policies. State intervention in the economy through such avenues as pricing policies and the setting up of elaborate public services as employers of last resort were commonplace. These were supposed to deal with the problem of the inherent inadequacies of the market. While ambitious, the rationale for such a strategy was simple: the struggle for independence had been premised on a promise of accelerated economic development and increased economic welfare in general. Since the new leaders had taken over the colonial state machine, it was logical that this state be used to achieve the lofty economic goals and expectations.

As a result of the decaying economy, however, there has been a major academic and policy debate as to the proper extent of the state's role in development. While there is a general acceptance of the need for a significant role for the African state, it is the specific nature of this role that is

being questioned and reevaluated. Attention has shifted to the capacity and efficiency of the state for effectively accomplishing those tasks of development. The call by supporters of the new orthodoxy for states to muster the 'political will' to effectively implement the neoclassical policy prescriptions (Lal, 1983; World Bank, 1985) is thus a specific call for a specific form of intervention.

In all this, the argument is that states have to strengthen their capacity-building efforts if any successful attempts at implementation, management and sustainability of national development strategies is possible. This, while at the same time reducing state intervention in the economy and allowing market forces to operate without impediment. The point is that intervention per se is not the issue, but the nature and form of intervention, the specific interest groups or the socio-political coalitions associated with intervention, and their specific long term objectives. It is in this context that the socio-cultural and political environment in which African states operate becomes significant for the discussion.

In this respect, an observation by White and Wade (1984:3) is germane: "the effectiveness of state action does not rest solely on the net effects of any government's particular economic policies, but is rooted in the basic nature of the state itself and its overall relationship to society, notably its impact on social structure and

attitudes." In learning 'lessons', therefore, we may observe that the nature of the state in Africa, and the socio-political framework within which it operates, must be integrated into our analysis. For, as has been lucidly pointed out by White (1986), "economic crisis is fed by and feeds on political crisis in the developmental role of the African state...[the] inherent political nature of policy making and delivery, the fact that policies are shaped by flows of power and clashes of interest within the state itself and in society at large." The reordering of the state's role and the economic policy choices made have to be understood and placed in the context of the particular configurations of social, political and economic realities.

The African State: A Theoretical Survey

There is no denying the fact that in Africa's diverse experiences with economic policy in the post-independence era, major structural problems have been highlighted. Some authors attempt to explain the extent of Africa's crisis by pointing to externally-induced factors adversely affecting Africa, such as the lack of external resources, adverse terms of trade and protectionism. They are therefore critical of the IFIs failure to emphasize these factors. The IFIs, on the other hand, address the issues of where these countries went wrong in their policy making, and how they could have made themselves less vulnerable to outside influences. The emphasis is on the

reform of domestic economic policies; the argument is almost exclusively in terms of manifold past failings of policies in Africa. Based on this, the IFIs proceed to an analysis of the various components of policy which must be reformed, paying special attention to macroeconomic, exchange rate and trade policies.

Notwithstanding where one stands on this debate, however, there has been a uniform attribution of the cause of the economic crisis to the failure of the African state. The picture that is painted is one of excessive state intervention, bloated bureaucracies, corruption, mismanagement and waste - processes that have led to state incapacitation. This portrayal of the African state is in contrast with the 'developmental states' of the South East Asian NICs.

In the event, while the 1950s and 1960s witnessed the state in theoretical and policy considerations of the African predicament, with an emphasis on the need to strengthen further relevant institutions to overcome the legacy of underdevelopment, the 1970s, 1980s and 1990s are basically decades of disillusionment, especially given the record of the fragility as well as the non-performance of the African state. The new theoretical and policy shift is devoted to the requirements of state capacity-building to reorder state-society relations towards development.

What are the prevailing critiques of the African state? How do we explain the crisis of the African state? The aim of

this section is to present a critical overview of the major writings and contributions to the literature on the post-colonial state in Africa and to introduce an alternative framework. The rationale is to attempt both to summarize the development of relevant theory to date and also to provide a framework of issues and questions. Existing theory, it is noted, is preoccupied with reconciling widespread state intervention with its incompetence and inefficiency - i.e. the debate over state weakness or strength. Such a critical overview is important if only because the aim of adjustment was to debunk the statist development paradigm by not only delineating its drawbacks but also offering an alternative based on open and free markets and reductions in the state into a minimalist one.

Working from what they call an ideal-type, Weberian analytical construct, Dutkiewicz and Shenton (1986) and Dutkiewicz and Williams (1987) capture vividly the common observation in the literature about state decay. The model they formulate is based on the concept of estatization and the logic of diminished reproduction. The authors set out to demonstrate how the statist approach to development has led to the growing malaise in Africa. The broad contours of their approach are set under two main headings: explanations for the expansion and consolidation of the post-colonial state and interpretations of its growing malaise. Although the crisis differs from country to country, all African countries share

two defining characteristics. These are: "firstly, the centrality of state activity in attempting to direct and manage their diverse problems. Secondly, it lies in the widespread failure of state policies to implement their intended objectives, let alone to solve the problems faced by the people of the countries concerned" (Dutkiewicz and Williams, 1987: 39).

The problem of their "developmental state" is laid out in blunt terms. The authors argue that the political class of politicians, civil and military officials and their close associates use the state controlled access to resources to great advantage. Rents or surplus value appropriated from peasants are allocated to beneficiaries based on patron-client networks. The aim has been to maintain the privileged positions of the political class. However, this has led to crisis because the antidevelopmental thrust of their actions has prevented the state from fulfilling its public roles. The result has been a loss of legitimacy and authority:

Lacking the means to meet public expectations and to legitimise its authority throughout the whole society, the political class seeks to legitimate its authority by offers to different client groups, defined in regional and ethnic, and also in institutional, terms to protect their interests and to prevent others from excluding them from access to resources. This generates an atmosphere of factionalism and tribalism. Unable to translate their policies into practice, the state, and the political class, resort to corruption, extortion and protectionism to pursue their objectives. State authority depends more and more exclusively on control of the means of coercion, but the coercive capacity of the state may become privatized (Dutkiewicz and Williams, 1987: 41).

While stressing that the institutional fabric of the African state was largely shaped in the colonial period, the authors also make it clear that the stagnation and decay currently being witnessed is closely related to the specific regimes that have existed in the post-colonial period, especially:

the growing role of the state in the economy and the way in which the collective consciousness of those who have held political power has shaped and has been shaped by that political economy (Dutkiewicz and Shenton, 1986: 109).

The key to their analysis is two concepts: the ruling elite and the ruling group; the nature of these two together provide a central understanding of the state in Africa. Dutkiewicz and Shenton make the two concepts the central focus of their analysis. The authors undertake a painstaking exercise to distinguish between the ruling elite and the ruling group:

The quantitative expansion of the state sector, in and of itself, began to lead in the second decade of independence to a qualitatively different set of conditions within which the social reproduction of Africa's ruling elites was to take place. Although there can be no sharp and clear divide between the two periods, we will argue that the period where the state was dominated by what we call the 'ruling group' was significantly different from the earlier period of the 'ruling elite state.' Obviously, the origins of the ruling group in various African states lay in the ruling elites of the immediate post-independence period. However, the political positions and potential political resources which were most effectively used by the ruling group differed in emphasis from those which their predecessors exploited (Dutkiewicz and Shenton, 1986:110).

Once one gets beyond the trappings of semantics, for

Dutkiewicz and Shenton, those who have held political power can be identified with the state class or elite which uses state power to acquire capital and resources. The state is portrayed as the prime instrument of class formation, engendering the ascendancy of a political-administrative class whose own interests were tied to state expansion. This state class has tended to consolidate its dominance by acquiring a base of wealth both within and without the state, as a means to establish the bases for its own social reproduction. In their own words:

The expansion of the state sector subordinated other sectors of the economy to its own logic of development. At the same time, it provided an expanding base for the reproduction of the ruling group - one which permitted it to lead an increasingly autonomous existence from ethnic and regional political bases of support. In the process, the ruling group gradually became increasingly aware of its own collective interests regardless of ethnic or regional origin. The availability of state funds, manipulations of price structures, exchange rates and import and foreign exchange controls, and control over development programmes, increasingly came to mean an ever narrower ruling group controlling state property. In this sense, state property, and increasingly the state itself, became 'reprivatized' by the ruling group (Dutkiewicz and Shenton, 1986: 111).

Now, a critic might ask, are the interests of the ruling class tied to state expansion? The answer provided by the authors is deceptively simple, yet powerful:

Like corruption, inefficiency in establishing and managing state enterprises, financial institutions, import and exchange rate policies, and development projects, rather than preventing the social reproduction of this ruling group, was an absolute prerequisite for it. The ruling groups' social reproduction required an ever-expanding number of

parastatals to be created and development projects to be begun. The completion, or, in a rational capitalist sense, the efficient operation of such parastatals or development projects are antithetical to the social reproduction of the ruling group. This was true simply because the efficient operation of such firms and projects would have obviated the need to generate further plans and projects to achieve the ends which their predecessors failed to do. In this sense inefficiency was 'efficient,' efficient for the expanded reproduction of the ruling group. One result of this was the geometric expansion of a poorly skilled and corrupt lower level bureaucracy incapable of fulfilling even its few professional obligations...(Dutkiewicz and Shenton, 1986: 111).

It seems quite obvious that the broad outlines of this approach are valid in spite of the lack of clear empirical foundation for these claims. The state serves as a prime locus for personal aggrandizement and political power due to the weakness of the indigenous capitalist class in Africa. That access to this expanded state provided the ruling class with a base for its social reproduction and opportunities for profit making is also indisputable. However, to stretch this argument further to suggest a 'sinister ploy' to ensure the inefficient operation of state firms and projects on the grounds that such inefficiency is deemed 'efficient' for the expanded reproduction of the ruling group is a clear overstatement. Dutkiewicz and Shenton seem to be arguing that the expansion of the state is not simply an effect and purpose of failed state interventions. For this they can be criticized without losing sight of their major contribution about the role of the ruling class in the failure of the African state.

The outlines of this argument on the crises of state

policy are further explored in the analysis of the extraction of surplus from peasants to ensure the reproduction of the ruling class and their foreign and local associates. The state is portrayed as the prime site of corruption, and incompetence. Rents extracted from peasant production are used not only to enrich the ruling class but also to dispense favours and to build clienteles. The devastating impact of such rent-seeking behaviour becomes manifest when the goose that lays the golden egg is decapitated, demoralized and forced to use the "exit" option. This predatory activity eventually led to a crisis of "diminishing reproduction." As Dutkiewicz and Williams put it:

The primary contradictions in contemporary Africa arise from the complex of ways in which surplus value is appropriated from producers by the ruling classes and their foreign and local associates. The central and direct involvement of the state in the process of surplus appropriation leads to continuing expansion of the scope of state activity. However, this leads to the diminishing reproduction of the social resources on which the state depends for its own reproduction; and of its capacity to appropriate those resources and direct them to its own purposes. In turn this generates a series of further contradictions, among state institutions, among different groups and classes, and between the centre and localities as each pursues its ends to the detriment of one another. Cooperation is fragile and temporary; antagonism and exclusion are the dominant motifs of such a system (Dutkiewicz and Williams, 1987: 39).

In other words, the state takes on a predatory function because it is driven by the political logic of the ruling group which at this time predominated over long term economic considerations. The ruling group therefore benefitted from

etatization but in so doing its behaviour brought it "into ever greater conflict with the needs of capital accumulation in general." In that sense, the statist state was not developmental using the criterion of efficiency as the yardstick. For this reason, one should question the choice of a "developmental state," which is a misnomer, instead of an "antidevelopmental state" which is more appropriate in describing the activities of the ruling group and the state. For, as Dutkiewicz and Shenton argue, "the post-colonial states of Africa and the ruling groups which govern them...have come into direct and intensifying contradictions with the family/households [peasants] based units of agricultural production which provided the wherewithal to finance the activities of those states and ruling groups. In so doing, the ruling groups diminished the productive capacity of their own sources of social reproduction" (Dutkiewicz and Shenton, 1986: 114). In more ways than one, the state and the ruling group which governed them had killed the goose that laid the golden egg. This, in turn, threatens the continued social reproduction of the ruling group and is at the heart of the crisis of the African state.

It can be definitely argued that the theoretical models presented by Dutkiewicz and Shenton and Dutkiewicz and Williams provide useful critiques of the role of the post-colonial state in spite of the criticisms. Indeed, some of the criticism of the statist model is spurious. For example, James

Ferguson criticizes the authors for providing an argument that is "extremely general, and unashamedly short on specifics." Ferguson notes that "like any very general formulation, this one loses much of the complexity and specificity of particular cases, and opens itself up to charges of oversimplification. Certainly, it would be easy to find serious objections to the general model for any given specific case. And it is far from clear that "Africa," an entire continent with a gigantic range of different economic and political realities, is really a suitable object for such a general model" (Ferguson, 1990: 269).

Yet this statement is made without due reference to Dutkiewicz and Williams' admonition that there is no one common crisis across Africa and that the major problems of Mali are not the same as those in Nigeria:

What we outline in this paper is not a generalized description of contemporary Africa but an ideal-type, in Max Weber's sense,...an analytical construct which identifies and accentuates, from a one-sided viewpoint, aspects of the concrete phenomena which are more or less present and occasionally absent in the different African countries (Dutkiewicz and Williams, 1987: 40).

With this statement, Dutkiewicz and Williams respond to their critics.

The emergence of the estatization model was not only welcome, but well-timed as well. The formulation about the predatory activities of the state and ruling group, and the tendency for the state to appropriate surplus or rents for the ruling classes and their foreign and local counterparts holds

great promise. This is reflected in the crisis of the African state and the debilitating economic malaise, a process that can be attributed to the "diminishing reproduction" that Dutkiewicz and Shenton point to.

The major limitation is what James Ferguson refers to as "the way in which the 'etatization' thesis theorizes the state and the relation of state power to 'the ruling group.' In the picture sketched by Dutkiewicz, Shenton, and Williams, 'the state' and 'the ruling group' both appear as unitary entities. What is more, the relation between the two is seen as one of simple instrumentality" (Ferguson, 1990: 270).

Dutkiewicz, Shenton, and Williams take issue with what was considered one of the most forceful and seminal formulations on the African state and its failure to achieve development provided by Goran Hyden (1980, 1983). Indeed, in some respects the statist thesis can be seen as a response to Hyden's "absurdity of characterizing the behaviour of the inhabitants of an entire continent as irrational." For Dutkiewicz and Shenton, "this characterization of peasant household and family behaviour as 'pre-capitalist,' irrational or incomprehensible cannot be permitted to stand without challenge" (Dutkiewicz and Shenton, 1986: 113). But how absurd is Hyden's characterization and are there any similarities between his work and the etatization thesis? To do this it is important to explore Hyden's analysis.

Hyden explores the largely overlooked powers of the

'small' (the peasantry) in No Shortcuts To Progress: African Development Management in Perspective (1983) which revisits and revises some of the themes contained in his 1980 study by offering an explanation of why management by the African state has been so ineffective. While taking issue with Marxist interpretations which conclude that, in the wake of imperialism, Africa has been unconditionally subjugated by international capital, Hyden stresses that it is the 'peasant mode of production' and the 'economy of affection' based on kinship and 'clans' which order social and political life. The curse of this system is that it obstructs a truly secular bureaucratic state machinery, and it prevents accelerated capital accumulation leading to the emergence of an indigenous bourgeoisie. African states reflect socio-economic characteristics prevalent in pre-industrial Europe more than those of a 'periphery capitalist' society so popularized by some versions of Marxism.

Hyden's explanation of why management by the state has been inefficient and ineffective is a vicious circle created by the interference of the economy of affection in administrative implementation. This induces top officials to reduce opportunities for consultation, to refuse to delegate even minor tasks, and to insist on rigid planning procedures. Bureaucrats with double loyalties to kin groups and the state are able to exercise control over the public and private sectors, while harbouring an intense distaste for the market.

Contrary to the Marxist contention that this is a 'Bonapartist' state divorced from any class support, this portrayal is closer to the notion of a "weak state," a concept popularized by Gunnar Myrdal. This "weak state" is deregulated, corrupt, personalistic, and prone to sectarian pressures - the exact opposite of Max Weber's 'legal-rational' bureaucracy.

The thrust of Hyden's argument is that the African state is suspended above the economic foundations of its society, unable to lead the quest for rapid development. The state's lack of authority and legitimacy gives the peasantry economic autonomy from other social classes. Hyden therefore concludes that the capacity of the post-colonial African state is eroded, sapped of any real power to undertake development. Unable to take effective public action, "the state has been left suspended in mid-air without an indigenous bourgeois class diverse and strong enough to capture the state for its own ends" (1983: 195). Under these circumstances, the "exit" option is available to peasants, Hyden concludes. It is important to acknowledge here that Hyden is indebted to Albert Hirschman (1970) on the notion of "exit."

Furthermore, Hyden emphasizes that "the post-colonial state, in spite of a superficial structural resemblance with its colonial predecessor...[it] has created one of the most problematic paradoxes in contemporary Africa: the existence of a state with no structural roots in society which, as a

balloon suspended in mid-air, is being punctured by excessive demands and unable to function without an indiscriminate and wasteful consumption of scarce societal resources" (1983: 19). It is this paradox, which is clearly discernible throughout sub-Saharan Africa, Hyden contends, which "tends to paralyse society...How to resolve this paradox is perhaps the key problem facing African countries in the years to come" (p. 19). The state becomes overburdened by the weight of its own tasks, to the extent that it becomes immobile and irresponsible - "numb" as Hyden terms it. In essence, peasant autonomy is the primary cause of Africa's economic stagnation and political decay.

The policy alternative, in Hyden's view, is a strengthening of market forces at the expense of the incapacitated state bureaucracy, and on the emergence of more open and pluralistic politics. However, this reliance on the market has to be propelled by the evolution of a capitalist class with modern secular values totally divorced from the 'economy of affection,' the state has to "capture" the peasants. For Hyden, the capture and control of the peasantry is the solution. Herein lies the authoritarian flavour of Hyden.

There is obviously much to be gained from Hyden's insights. However, there are problems with his unflinching argument that the ascendancy of the bourgeoisie will be accelerated by the unleashing of market forces. As Barrington

Moore (1966) has demonstrated, the triumph of modern democratic capitalist society lay as much in the decimation of pre-capitalist agriculture and traditional elites as in the willingness of the bourgeoisie to adopt commercial agriculture. Set this against the cause of Africa's underdevelopment, which lies as much in the survival tactics of the peasantry and the tendency for the African middle class to invest continually outside agriculture, and it is obvious that Hyden's confidence is highly misplaced.

Hyden also minimizes the role of other factors, attributing Africa's underdevelopment solely to the existence of the peasant mode of production and the peasantry's resistance to modernization. By so doing, the author magnifies the role of the internal obstacle to development, relegating external impediments to a minor role. Indeed, Hyden opens himself to criticisms when he postulates that capitalism had nothing to do with African underdevelopment, thereby denying capitalism and imperialism any role in the matter and underestimating the impact of international capital.

Dutkiewicz, Shenton, and Williams take Hyden to task for arguing that the peasantry is the major impediment in the way of African development. This is because, according to Hyden the peasant mode of production, which is characterized by small farmers dependent mainly on family labour (Hyden, 1980: 12-14) gives rise to an "economy of affection" that provides opportunities for social action outside the framework of state

control. Through this mode, smallholders can evade social control because "they are capable of securing their own subsistence and reproduction without the assistance of other social classes" (Hyden, 1980: 29). Indeed, Hyden points out that "economic history is largely the story of how to capture the peasants...the road to modern society has been completed at the expense of the peasantry" (Hyden, 1980: 9). It is implicit, if not explicit, in Hyden's thinking that development can only be achieved through successful and effective subordination of the peasantry to the power of the state. In other words, the peasants must be dependent on the other social classes and "captured" by the state if there is to be social progress that benefits society as a totality.

Dutkiewicz, Shenton, and Williams disagree profoundly with this aspect of Hyden's analysis. While Hyden sees the peasantry as being "uncaptured," Dutkiewicz, Shenton, and Williams suggest that the power of the ruling class and the state apparatus have been used to subjugate the peasants and to beat them into submission. Peasants, contrary to Hyden's views, have felt the omnipresent and oppressive arm of the state at all times. "From the Second World War, the household/family based agricultural sector served as a milk cow for 'development.' It was expected to meet the needs of the post-war imperial economy and then to finance the expanding claims of their rulers. In this way, it created new economic opportunities outside the rural and agricultural

economy, on which those new sectors continued to depend for their reproduction. Agricultural production offered worse returns, and household heads commanded relatively fewer resources, than were available to their members elsewhere" (Dutkiewicz and Shenton, 1986: 114).

Despite the differences, there is again a close resemblance in the arguments of Hyden and the estatization thesis, albeit an uncomfortable one. What differentiates Hyden from estatization theorists is that the former views the "capture" and control of the peasantry as the solution. For the latter, the peasantry is suffocating under state control and needs to be liberated. As Ferguson has noted, though Dutkiewicz, Shenton, and Williams have "vigorously attacked Hyden...their interpretation of "estatization" as the process through which a "ruling group" uses the state to extract surplus value from its rural population does have similarities with Hyden's notion of "capture." However, Ferguson points out that:

There is...a crucial political difference; while Williams, Shenton and Dutkiewicz see the expanding power of the 'ruling group' and its state apparatus as debilitating and oppressive, Hyden sees the accumulation of ever more power by this ruling group as desirable...But in both cases, the state is seen as a tool "in the hands of" a unitary subject, and state interventions are interpreted as expressions of the project of a "ruling group" bent on controlling and appropriating peasant production. Both views agree on what the struggle is over (the control and appropriation of peasant production) and who the protagonists are ("the state" and "the peasantry"). Their difference, which is real enough, lies at another level: for Hyden the peasantry is "uncaptured," insufficiently

subordinated to the needs of a weak and ineffectual state, thus "development" is frustrated; for Dutkiewicz, Shenton and Williams, it is precisely the heavy hand of an overgrown state (e.g. through state marketing monopolies) that suffocates peasant production. These contrasting interpretations contain within them a puzzle: Is state power in these settings feeble and ineffectual (as Hyden would have it), or is it overgrown and crushing (as Dutkiewicz, Shenton, and Williams seem to suggest)? Does the African state have too much power, or too little? (Ferguson, 1990: 272).

Hyden's thesis has also come under severe criticism from other sources. Nelson Kasfir (1986) challenges some of the basic assumptions which underlay Hyden's thinking about the relationship between the state and peasants. Kasfir picks on a central insight in both of Hyden's books, 'small is powerful' - "that the peasants have avoided paying the costs of national development by withdrawing from the state and the market. They can do so because they are self-sufficient. Radical measures to destroy the peasant mode of production and the economy of affection are necessary if development is to occur." For Kasfir, Hyden's argument is thoroughly misconceived:

it overstates peasant self-sufficiency to the point where it blocks understanding of the complex relations, partly dependent and partly self-sufficient, that connects peasants to the larger political economy. Peasant involvement in capitalism is far more extensive than Hyden would have us believe. And the subordination of peasants to other classes and to the state makes a mockery of their self-sufficiency (1986: 339).

It is also important to ask to what extent 'exit' or the 'threat to exit' remain viable options that have and can be used by the peasantry to express their disapproval with the

excessive rent-seeking and predatory reach of the state. If we were to accept Hyden's characterization of an 'uncaptured peasantry' in Africa that is capable of withdrawing from the state and thereby neutralizing state policies, we will be on firmer ground on the viability and use of 'exit.' However, it would be a far more difficult proposition to support if it also implies 'exit' from the market as Hyden inadvertently seems to suggest when he distinguishes peasants from "those producers who are already absorbed by the market economy," or concludes that at independence "[the] market had really captured only small groups of people" (1980: 24, 80; 1983: 50, 71). In Kasfir's words, "withdrawal from the market..requires ...the far more difficult position that peasants are capable of breaking all their economic ties" (p. 339). For Kasfir, if peasants smuggle their produce, "they have exited from the state perhaps, but not the market." John Cleave (1974: 109) has also provided evidence to show that the proportion of land and labour devoted to marketed production frequently exceeded 50 percent in the 1950s and 1960s.

My own knowledge of the Ghanaian peasantry clearly indicates that the peasant economy has been well integrated since colonial times into the dominant market economy of the state system and that long-term production goals are based strictly on the price incentive. Thus, the observation that peasants in Ghana 'exited' the cocoa production arena as a result of excessive exploitation by the Ghanaian state, with

the resultant shrinking base of resource extraction, could be understood in this context. Food production offered better price incentives, thus the shift to ensure the maintenance of their standard of living. There generally is a positive supply response to increases in price for agricultural products. Economic incentives can enormously improve peasant productivity.

There is one final reservation about Hyden's thesis that 'capturing' the peasantry would necessarily overcome Africa's economic stagnation and lead to development. Where an anti-developmental political class appropriates peasant surplus for its own benefit, as has amply been demonstrated in Africa, peasants have demonstrated an ability to severely cut back on their unrewarded productivity and labour. This abuse of peasant labour has stifled African development. Instead of pinpointing the peasantry as the cause of Africa's stagnation, it is the anti-development political class which rather serves as an impediment to African development. Ability to 'capture' the peasantry and their surplus does not ipso facto mean that development will follow in practice. In fact, the evidence is contrary to that position. This is backed up by Dutkiewicz and Shenton (1986) and Dutkiewicz and Williams (1987).

We have outlined how [in Hyden's view] one of the more potent strategies of resistance effected by the peasantry has been the 'exit' option -withdrawal from the public realm. We have also indicated that there is generally a positive supply

response to increases in price for agricultural products - economic incentives can enormously improve peasant productivity. In other words, peasants, as commodity producers, respond with alacrity to price and opportunity incentives. These then offer a reference point to analyse the work of Robert Bates. Bates (1981) in his study seeks to explain Africa's underdevelopment by the "existence of widespread discrimination against peasant producers in Africa," a point which Dutkiewicz, Shenton and Williams stress as well.

As predominantly agricultural economies, the focus of the debate on Africa's crisis has centered on agricultural sector policies and especially on their effects on the rural-urban terms of trade. The intention has been to take a broad view of the effects of state policies on the agricultural sector, which holds the key to successful development in Africa. Bates' contribution is to be seen in this vein. His study deals with the big question - what role [if any] did the African state play in the degradation of the agricultural sector and what role may it play in any potential process of economic recovery? He explains the crisis by reference to policies and politics rather than to the Marxist emphasis on production and contradiction. Bates sets the stage by arguing that if the primary purpose of African governments is to increase agricultural production, then their behaviour in simultaneously taxing and subsidizing their farmers, when

paying them higher producer prices would almost certainly be a more effective strategy, does not make sense. While agreeing with Barrington Moore's view that "peasants will sooner or later become the victims of modernization," (1981: 7) he is quick to point out that the extraction of peasant surplus to be used in the modern sector has not worked in the African case. To find answers to this, Bates takes us to the pre-independence era.

For Bates, imperialist colonization engendered economies in Africa that were 'dualistic' in nature: a modern 'enclave' made up of plantations, large 'mixed' farms, and heavily mechanized mines; and a basically non-differentiated, non-monetized, 'traditional' sector. To bridge this economic dichotomy, various cash crops, including cocoa, tea, palm-oil, and coffee were introduced in the rural areas. The Marketing Boards in charge of purchasing, marketing, and at times processing these cash crops, were able to accumulate cash reserves which were largely used to offset price fluctuations in the international market. According to Bates, "in Nigeria, for example, 70 percent of the trading surplus was consigned to the price stabilization fund" (1981: 13). This policy was to change, however, in the post-independence period and the surpluses were simply diverted into capital investment funds.

This, and other misguided policies pursued by African governments, Bates is at pains to point out, led to the exploitation, alienation, and frustration of the peasantry.

Everywhere in Africa, Bates argues, fragile governments seek to entrench their power by offering benefits, such as rural water schemes, which are then financed by means of collective deprivations, such as low crop prices to producers. These deprivations involve interference with the market mechanism. His conclusion is that these governments clearly favour what he calls an 'urban development coalition' made up of politicians, industrialists, administrators, and even factory workers:

the governments have intervened in the market to transfer resources from the producers of cash crops to other sectors of society: the state itself; the new industrialists and manufacturers; and the bureaucracies (1981: 12).

Here again, one can point to similarities with Dutkiewicz and Williams when they argue *inter alia*:

State marketing monopolies, and regulations, create private and often localised oligopolies under state patronage. Some African states have sought to monopolize the marketing of local, and imported, food and of basic consumer items. The aim may be to reduce the cost of living, particularly for urban consumers. The results of these measures are to pass the costs of state marketing and private black markets on to consumers and producers. They discourage production for official markets, create scarcities and encourage speculative hoarding (Dutkiewicz and Williams, 1987: 42).

However, there are some differences in analysis. The major difference between Bates and Dutkiewicz and Williams is in the theoretical perspective that informs their works which then determines which factors, internal or external, are given prominence in explaining the causes of the crisis and of state failure. Bates belongs to the rational choice perspective

while Dutkiewicz and Williams' analysis owe much to the dependency perspective.

Bates theorizes that the ruling elites may have seriously underestimated the capacity of the peasantry to retaliate. In an exposition which echoes Hyden's, Bates points out that peasants do not really depend on governments for their livelihood. In addition to having a number of other options, they may reduce the marketed part of their production, they may avoid or bypass official channels and sell directly in local markets, or they may even smuggle their crops to neighbouring countries with strong currencies. This way, African governments have paid an enormous price in lost production, scarcity, inflation, by trying to extract a disproportionate surplus from the peasantry.

The strength of Bates' study is that it analyses some of the most insidious processes at work in the attempt to generate a surplus from the peasantry. An over-valued currency means that durable consumer goods, raw materials, equipment, spares, etc., can be imported cheaply; this, of course, benefits primarily the 'development coalition.' High rates of inflation hurt particularly the peasants who are unable to protect themselves as well as urban dwellers. The excessive protection of the manufacturing sector all but eliminates competition and thus creates 'noncompetitive' rents (1981: 103). As Ghana's Secretary of Finance and Economic Planning, Dr. Kwesi Botchway, puts it: "it makes no sense to maintain an

exchange rate that confers wealth on those who have access to it" (West Africa, October 1987).

While defending some aspects of Bates' approach, I also believe there are a number of weaknesses in his argument, and to these I now devote my attention. For example, Bates' remedy for the declining output and productivity 'syndrome' is to pay higher prices to farmers which, it is claimed, will lead to development or modernization. This is not a new prescription and is commonly supported by the I.M.F. and the World Bank. Neither is it completely effective because paying higher prices to rural producers is not enough to bring about development. It may also provide large benefits to large producers, who may be linked to the "development coalition." New industries in Africa, for example, fall very short of absorbing the large numbers of peasants displaced by modernization in the agricultural sector.

The assumption by Bates that development is a function of "the capacity for autonomous choice on the part of local actors, both public and private" (1981: 8) is stretching the power of local actors too far. 'Autonomous choice' is constrained and circumscribed by history and position in the world system. Bates, therefore, reinforces the national rather than the international level of analysis.

In his critical review of Bates, Bienefeld (1986: 9) laments this fundamental omission of the international dimension. According to Bienefeld:

this statement is sketched out as if those internal forces could be analysed and understood separately from external pressures; and as if the African state were an autonomous local institution dealing with, and being influenced by various external pressures...these external forces are not necessarily dominant, but they are important and their influence increases as the African economies become more acutely dependent on external credit for survival. If they are excluded, the resulting picture must be seriously distorted and policy recommendations made on such a basis could be sensible only by accident (1986:9).

Without revisiting this old debate we need to at least stress that the economic crisis that has necessitated the adoption of SAPs in Africa has had internal as well as external causes. To be sure, while the origins of this crisis have been the subject of fundamental dispute there is generally broad agreement on its results: increasing balance of payments and budgetary deficits, increasing debt burden and inappropriate domestic policies.

An obvious conclusion of the review thus far is the importance of the political dimension. The African state, because of its predatory activities which prevent it from meeting its public expectations, is seen as lacking in popular legitimacy. Unable to legitimize its authority, the state and the political class, according to Dutkiewicz and Williams, resort to offering rents to "different client groups, defined in regional, and ethnic, and also institutional, terms to protect their rents and to prevent others from excluding them from access to resources." Though the authors refrain from using the term, what they describe falls within the tendency

towards patrimonialization of the state apparatus of which Sandbrook (1986), Hyden (1983) and Jackson and Rosberg (1982) write. Patrimonialism is based on an intricate web of patron-client relations based for the most part on ethnic and familial loyalties. Such patron-client relationships indeed provide the main form of societal articulation and the primary form of linkage between state and society. This is no different from the set of relations outlined by Dutkiewicz and Williams.

Richard Sandbrook (1986) makes an attempt to further our understanding in this respect. The gist of his argument is that "politics, while only one strand in the explanation of Africa's massive economic problems, is nonetheless a significant factor" (p. 319). He emphasizes the need to answer a fundamental question: how conducive is the political and administrative apparatus to economic development irrespective of particular countries? Sandbrook locates the failure of the African state within its lack of "capacity to establish the crucial conditions for capital accumulation and, additionally, [that it] acts in economically irrational ways. This non-developmental or even antidevelopmental thrust is manifest in the mismanagement, inefficiency, and pervasive corruption of the public sector as well as political instability and the inability to prevent widespread evasion of laws and regulations" (1986: 321).

Sandbrook further argues that:

in the context of the legitimacy crisis of postcolonial Africa, the political requirements of regime and personal survival take precedence over and can contradict the economic policies and practices needed to promote sustained economic expansion...the transferred forms of the state had evolved in particular social and material conditions in Europe. But the environments into which they were transplanted were quite different. Unless these institutions were effectively insulated from their societal environment, they were bound to adapt...the provisional outcome is a form of neopatrimonialism best described as 'personal rule'" (1986: 321).

Personal rule, Sandbrook emphasizes, is the best adapted system of governance under conditions of unintegrated peasant societies and an absence of legitimate authority. Unable to depend on the willing compliance of business and citizens, rulers gravitate towards 'mercenary' incentives and force, based on a complex and varied system of patron-client linkages and factional alliances, including the loyalty of the armed forces:

Patrons at all levels build their followings by providing material benefits and prestigious posts to loyal clients. These mercenary linkages proliferate as the strongman, his lieutenants and, sometimes, competing national leaders recruit clients from among patrons and brokers at the regional or local level and in nominally modern organizations such as bureaucracies and trade unions...where autocracy reigns, only those who number among the politically important will share in the spoils: top bureaucrats, party officials, local notables, national and regional politicians, and perhaps top military officers. Spoils come in basically two forms: first, Big Men can provide their followers with access to the state's resources. 'Jobs for the boys' in the civil service and government boards and public corporations can be furnished by legal or illegal means...Second, strongmen and/or other Big Men reward their clients by granting preferential access to resources which, though outside the public sector, are subject to

governmental regulation or influence (1986: 324).

Personal rule, "a mode of governance that permits regime survival and the advancement of political insiders," has an economically destructive tendency that only enlightened political leadership and propitious world economic conditions can check. In other words, it is only as good as the persons involved. In most cases, balancing the forces that are needed to maintain personal rule tends to lead to a decline of political and bureaucratic institutions as domestic and foreign capital is used to maintain individual power. These political practices of personal rule are antithetical to the process of capital accumulation, leading to economic decay and the growth of a parallel, clandestine economy (kalabule in Ghana and Magendo in East Africa), that involves "economic transactions that escape enumeration and taxation and operate in contravention of governmental regulations" (1986: 329). For Sandbrook, "the economic effect of this mode of governance (and the social and economic conditions it reflects) is thus to waste public resources, discourage productive investment, and open opportunities for easy profits through manipulation. This is obviously a recipe for the stagnation of the formal capitalist sector."

Sandbrook sensitizes us to the political dimension of administrative failure by suggesting that "the deterioration of administrative capacity is also a phenomenon closely linked to neopatrimonialism" (1986: 325). Making reference to Weber's

reflection that only a bureaucracy could provide modern capitalism with all its required ingredients of efficient, specialized, rational administration, the author is at pains to note the extent to which this is not present under African conditions:

With independence, weakly institutionalized bureaucratic norms often quickly gave way in the face of political pressures...As patrons maneuvered, ethnic and/or factional affiliation tended to replace technical competence in hiring and promotion, and nepotism and corruption to replace impartiality in the exercise of authority...Nor is there a local business class with sufficient power and economic independence to force coherence and discipline upon the state apparatus. The incipient bourgeoisie is instead heavily dependent upon government for lucrative opportunities...Consequently, the administrative system adapts to the exigencies of neopatrimonial rule at the cost of its bureaucratic characteristics (1986: 325-326).

The ultimate result is an African state that fails to comply with the Weberian definition of a modern state, "a hierarchical system of authority relations ultimately maintained by a monopoly of legitimate coercion." Though there are variations in state capacity in Africa, with some more successful at creating the necessary conditions for capital accumulation, either capitalist or socialist, what we have are at the one extreme 'fictitious' states - to use Sandbrook's term - that exist only in the minimal sense of a regime's claim to territorial sovereignty, for example Chad, Uganda, Equatorial Guinea, or Zaire. At the other end of the spectrum in Africa are a handful of 'strong' states including the Cote d'Ivoire, Cameroon, Kenya, Malawi, and Senegal, "that are

capable of maintaining social order and devising and implementing diverse policies." But Sandbrook emphasizes the extent to which the designation 'strong' is relative in the African context. Even the supposedly 'strong' states are not immune to attributes of 'weakness' like bureaucratic inefficiencies\ineffectiveness, corruption, and inability to overcome resistance to "unpopular edicts by peripheral communities." For Sandbrook, the majority of African states fall somewhere between the two ends of this spectrum. "That is, they possess at least a limited capacity to create order, formulate, and implement policy, and manage public boards and corporations."

Personal rule as a mode of governance has been explained by Sandbrook as a response to the pre-eminent problem of how to rule unintegrated peasant societies. The same point is made in Robert H. Jackson and Carl G. Rosberg's description of how rule in Africa has become personalized in the ruler. According to Jackson and Rosberg (1982; 1984), in the face of a civil society relatively lacking in corporate structures, and a state apparatus whose institutional rationality (in the Weberian sense) has eroded, the exercise of power has become quintessentially personal.

The authors have provided analysts with a typology of personal rule derived from and based mainly on the classical approach to the study of the modern state and drawing on the writings of Weber, Machiavelli and Hobbes. They argue that

African politics are characterized by personal rule: a system of government dominated by a privileged and powerful few, with a large unmobilized and unorganized society unable to command their action and attention. Personal rule is defined by the authors as a "system of relations linking rulers not with the 'public' or even with the ruled...but with patrons, associates, clients, supporters, and rivals, who constitute the 'system'" (1982: 19). Furthermore, "the system favours the rulers, their allies and clients: its essential activity involves gaining access to a personal regime's patronage or displacing the ruler and perhaps his regime and installing another" (1984: 423-424).

The characteristics of personal rule are also succinctly elaborated upon: "Personal rule is inherently authoritarian ...characterized [in modern Africa] by the removal of constitutional rights and protections from political opponents, the elimination of institutional checks and balances, and the centralization and concentration of state power in presidential offices, as well as the termination of open party politics and the regulation of political participation - usually within the framework of a single ruling party" (1982: 23-24). In this situation where political institutions are virtually nonexistent or weak, obligations and attachments to friends or kin are more important. The pragmatic practices of personal rule include conspiracy, factional politics and clientelism, political corruption,

purges and rehabilitation, as well as succession manoeuvres (1984: 430-436).

The authors have presented us with a well-organized assessment of personal rule in Africa which sheds more light on the complexity and diversity of Africa's political relationships insofar as they relate to the use and abuse of power. The importance of the issues Jackson and Rosberg have chosen to address cannot be denied in light of similar contributions from others, especially Sandbrook (1986). One notable shortcoming of this framework of analysis is the neglect of the role of ideology or doctrine in shaping policy choices.

The characterization of the African state is that of an authoritarian state. If that is the case, and the argument has been made that authoritarian rule is functional to development and economic growth as exemplified in the the experiences of the NICs, then why has authoritarian rule not led to robust development in Africa as well? To understand this apparent 'contradiction,' we need to turn our attention to Jones and II-Sakong. In explaining the success of South Korea, Jones and II-Sakong (1980) have argued that the Korean state is a hard state. Yet the hard state in Africa has been unable to duplicate the success story of South Korea and the other NICs. Part of the explanation is that being hard per se does not equate with efficiency. When the hard state is an instrument of nepotism and incompetence, operating mainly on patron-

client relations, as it does in Africa, the state is unable to transform its power into effective and efficient socio-economic and political programmes. It is therefore unable to lead the movement for accelerated economic development as its rationale and logic is rooted more in the project to enrich the higher circles. The hallmark of such a hard state is political repression and authoritarian governance. Its power lacks institutionalization, and although it is authoritarian, it is also weak.

The picture that emerges is of an African state that is 'predatory.' Borrowing from John Ravenhill's (1987) metaphor of the rent-seeking state, I argue that the state in Africa has always sought to augment its wealth, status, and revenues without due regard for its devastating effect on society as a whole. Rent-seeking, in itself, as a strategy to extract surplus to finance genuine national development, is neither a novel idea nor is it necessarily detrimental. However, as a policy to maximize benefits to state officials and others with access to those resources, it serves to perpetuate not only inequality in society but also has dire consequences for welfare and economic efficiency. In Africa, rent-seeking has become an activity employed by the state to maximize the supremacy and hegemonic capacity of state officials and ruling groups, the so-called 'higher circles.'¹ The main objective is

¹ I owe this insight to William Domhoff. 1971. The Higher Circles: The Governing Class in America. New York: Vintage Books.

to maximize the rents accruing to this group irrespective of the consequences on welfare and economic efficiency.

While rejecting any class connotations, it is important to note for the purposes of our analysis that this group (that is, the higher circles) dominate and command the critical instruments of the state. The higher circles includes all those who staff the main agencies of the state. In this respect, it is important to point out how a small number of people, albeit politically powerful, has acted to enhance its wealth and status and its economic interests in general at the expense of the majority of society. My conception of the higher circles is the equivalent of what Irving Leonard Markovitz (1987: 8) terms the "'organizational bourgeoisie,' a combined ruling group consisting of the top political leaders and bureaucrats, the traditional rulers and their descendants, the leading members of the liberal professions, the rising business bourgeoisie, and the top members of the military and police forces."

At another level, we can argue that the history of the African state, as it has tried to play the vital role of leading the struggle for economic development, has been filled with minefields. One aspect of this struggle is the attempt at resolving the so-called 'penetration crisis.' As Joseph LaPalombara (1971: 207) has noted, the 'penetration crisis' is resolved when a political system is able to establish "effective presence of a central government throughout a

territory over which it pretends to exercise control." As soon as penetration has effectively taken place, one of the sine qua non for political development is present. Unable to penetrate society as well as popular social, political, and economic spaces to implement its preferences, however, the African state has been described as a "ballon standing in mid-air with no structural roots in society..." (Hyden, 1983: 19).

The African state's incapacity to penetrate society and its obvious lack of political authority and legitimacy to put into place effective political, economic, and social policies has opened it up to charges of being fragile and weak. Defining 'weakness' in this sense is apt. However, it is important to stress the inherent contradictions in the postcolonial African state: it is both weak and strong. The weak state has very little penetrative capacity while the strong state constitutes a dominant structure used to exploit and repress society in an authoritarian mold.

In concluding this review, it is important to point to the basic similarities between the authors surveyed. They all agree that the crisis is the result of the failure of the state - excessive state intervention, inefficiency, corruption and bureaucratic bottlenecks. Having been captured by the ruling class bent on maintaining personal rule, the state has become predatory, interested in appropriating surplus value from the peasantry. The rents so appropriated are not used to provide favourable conditions for rapid development but to

maintain the privileged position or personal rule of the ruling class.

This failure to create the conditions for sustained economic growth and development has eroded the authority and legitimacy of the state among the population. As a result, the state is unable to implement its preferences. Detached and unresponsive to societal demands, the state is weak, even in spite of the development of a powerful machinery to enforce control. There is also a growing disjuncture between the state and civil society, with growing disillusionment with the performance of the state resulting in a process of disengagement manifest in the growth of a parallel economy, withdrawal from the official markets, smuggling, capital flight, and migration (Azarya, 1988). The existing state is thus the problem, the main constraint on development.

The common denominator, however, that I seek to reject is the gloom or fatalism surrounding the state. In the above formulations, the reform or reconstruction of the state is dismissed with the hope that the state will either "wither away," disintegrate or slide into irrelevancy. This is where my own disagreement starts. Contrary to their arguments, the post-colonial state will not disintegrate or slide into irrelevancy and all the king's horses and all the king's men can in fact be put to work to put Humpty Dumpty together again. The state will continue to play an important role and be a part of the solution to the crisis if only because the

state and its administrative apparatuses continue to maintain sole responsibility for economic management. Thus, the over-emphasis on the negative aspects of the state and the tendency to "write-off" the state too easily has led to the neglect of the crucial question of how to provide the appropriate conditions for reforming the state.

If outstanding theories are still short of answers to salient questions about the reconstruction of the state, what alternative is then available? Instead of wishing that the state will slide into irrelevancy, I argue for "bringing the African state back in" on the basis that a strong "developmental state" of the kind existing in the NICs could promote successful, rapid development. A "developmental state" is a state whose political and bureaucratic elite has the genuine developmental determination and autonomous capacity to define, pursue and implement developmental goals. But why is a "developmental state" so crucial in the African situation? This will be elaborated upon in my alternative framework.

Beyond Statisation and Personal Rule

This review and analysis has been important because it has not only enlightened us to the incapacity of the African state to implement and sustain economic policy, but it has also enlightened us on the socio-political framework that inhibits the state from doing the same. If the argument can be made that the nature of the state and the socio-political

framework within which the economic policy operates is an important factor, as has been amply demonstrated in the African case, then we would need to revise and extend our thinking to show what state and socio-political framework would make for implementation and political sustainability of economic policy choice. In other words, this calls for a better understanding of the nature of the state and how it interacts with the economy and society.

In this regard, evidence points to a lot of issues; effort will be made to highlight some of the salient ones. Part of the evidence discussed earlier indicates that the African state has been the instrument of a particular political class that has used the state as its source of power, status, rents, and wealth. As Callaghy (1990: 258) puts it, "political rather than economic logics prevail and the dominant form of political economy has become a crony statism consisting of three interrelated characteristics: (1) clientelist networks used to build support through the extraction and distribution of rents, (2) expansion of state size, including the creation of an extensive parastatal sector, and (3) purchase of primarily urban support via state welfare services and subsidies...Patrimonial, rentier, and prebendal forms of politics and administration defines the political economy."

This means that the African state does not enjoy the measure or type of relative autonomy which might arguably be

congenial to national development. In addition, the African state has been described as a soft/weak state, unable to govern effectively or penetrate society to implement its preferences (Hyden, 1983: 8-29; Ergas, 1987: 5); a highly centralized hierarchical state which does not allow flexibility for decision-making, a predatory state that concentrates on maximizing rents accruing to the rulers (North, 1981: 22), and a vampire state (Frimpong-Ansah, 1991).

The central point in all of this is that from the political leadership through the officialdom to the business elite there is no national consensus that economic development is paramount beyond the interests of individuals or power groups. This then is what sets Korea and the NICs (whose success is often cited as the historical and empirical evidence of the superiority of the neoclassical position) apart from most states in Africa.

Following from this, we need to take a cue from Ravenhill's (1986: 27) point that "a key question for Africa's future economic prospects is how, or indeed whether, it will be possible to transform the current rent-seeking states into profit-generating ones." What stands in the way of transforming Africa's rent-seeking states? The key to this question rests in the absence of state autonomy. Most analysts argue that one of the prerequisites for success is the state's ability to become "strong" and in the process augment its economic, political, and social power. This will be determined

by the extent to which the state can achieve a modicum of autonomy so that the state can effectively insulate itself from the influence of societal forces and thereby be in a position to make independent decisions unencumbered by particularistic demands.

An autonomous state is free of dominant class interference and is powerful enough to impose its own solutions on an independently minded civil society. Empowered by its control over the creation and distribution of economic rents, the state is uniquely placed to devise and implement the sort of corrective and long term structural adjustment policies necessary to reverse the economic decay. Without this, when such adjustment measures are instituted, they tend to get abandoned before they can become effective. But what prospects are there for achieving state autonomy, while at the same time increasing the penetrative capabilities of the state, in the context of structural adjustment, especially in light of the enormous constraints and limitations from civil society?

For Eric Nordlinger, the state is autonomous "to the extent that it translates its preferences into authoritative actions," (Nordlinger, 1981: 19), independent of societal preferences. Nordlinger conceptualizes three types of autonomy. Type 1 refers to cases where state-society preferences are different and the state is not dissuaded from altering its course. Type 2 refers to situations where state

and societal preferences, while being divergent at first, are made to coincide as state officials successfully manage to shift the societal preferences to conform with their own. Type 3 refers to those situations where both sets coincide and, thus, the state can freely pursue its choices (Nordlinger, 1981: 28-29).

Writing on the same issue of state autonomy, Nora Hamilton shifts the emphasis from societal preferences (as in Nordlinger's formulation) to a perspective based on dominant classes. Accordingly, there are three distinct manifestations of state autonomy; 1) when the state pursues specific "state ends," 2) when its acts independently of dominant class interference, and 3) when the state acts "for ends opposed to the actual or perceived interests of the dominant class" (Hamilton, 1982: 12). Even though both Nordlinger and Hamilton view the state as an independent actor with its own interests, the latter's state is more constricted in that it is not considered autonomous if its interests do not diverge from those of the dominant classes. From both perspectives, the state, as an actor, has a stake in its own and in the regime's survival. Self-preservation, then, is a primary responsibility. According to Hamilton, an autonomous state "can transcend structural boundaries, eliminating old structures and creating new ones..."

To be sure, the state's interests are broadly common with that of dominant groups with a view to "keeping the

subordinate classes in place." However, as Theda Skocpol suggests, the new structures or conditions Hamilton refers to arise because in the final analysis the state perceives a duty to maintaining political order and peace. This fundamental interest may lead the state, "especially in periods of crisis - to enforce concessions to subordinate-class demands. These concessions may be at the expense of the interests of the dominant class, but not contrary to the state's own interests in controlling the population and collecting taxes and military recruits" (Skocpol, 1979: 30).

However, it is the recent outpouring of neo-institutionalist scholarship, as exemplified by Evans et al. Bringing the State Back In (1985), which informs my alternative approach. The neo-institutionalist approach assumes that the state, at least potentially, has a significant amount of autonomy and an independent impact on societal change. This recognition of the autonomy of the state shifts the debate to the issue of how to separate state officials and institutions from societal actors to prevent the formation of intractable state-society coalitions (of the type existing in Africa) that restrict the ability of political elites and economic managers to act independently (Skocpol, 1985: 9,11).

To emphasize the autonomy of the state and its managers from domestic social forces, however, is not to imply that they face no constraints, nor does it suggest an omnipotent

state acting in a vacuum. Skocpol, for example, argues that the state's insulation may be constrained by powerful domestic groups, foreign actors, the international economy and transnational institutions like the IMF and the World Bank. Socioeconomic relations influence and place limitations on state structures and activities. The state is both within and above society, "it is above society and struggling against society itself" (Callaghy, 1984). State autonomy and state capacity become important variables in assessing the impact of the state's ability to achieve economic development as well as sustain coherent and consistent economic policy. Herein lies the considerable promise of the neo-institutionalism of Evans et al. - the dialectical relationship between state and society, between state autonomy (and the constraints) and state capacity.

THEORETICAL FRAMEWORK

Since the African state is universally acknowledged as being a failure, effective structural adjustment measures have to be designed with the aim of moving beyond the statist paradigm toward a more developmental state. It is argued that the ability to design and implement structural adjustment programmes is largely a consequence of strong state leadership with the political commitment, capacity and skill as well as the administrative capacity to overcome the barriers and problems that led to failure in the past. Effective

adjustment, in this regard, requires a strong and autonomous developmental state, whether democratic or not.

To be effective in overcoming the failures of the African state, governments must be 'strong' and 'autonomous.' They must be strong in effectively making and implementing adjustment policies and autonomous in the sense of their ability to ignore societal pressures, freeing the state from intricate patron-client relations. Such a developmental state generally requires not only a powerful political leadership to implement policies but also a well-trained technocratic elite to develop such policies. Autonomy is therefore considered as the key to preventing the state from being beholden to powerful societal groups and interests (as is currently the case) who use it as a vehicle not only to consolidate their control over the politics and economy but also to extract massive rents.

Even though the assumption about the need for an autonomous state is logical, it contradicts the basic construct on the failure of the African state already sketched above. As has been shown, ruling groups and their allies who have captured the state have used their position to extract and accumulate rents which have been used to consolidate their personal rule rather than to promote development. The crucial question is why the autonomous state, with the strength and capacity so described, should choose a "developmental" rather than a "predatory" course of action?

Viewed in this abstract sense, it is probably impossible to answer. However, what can be fruitfully suggested is to examine the linkages between state and society in the political economy of any nation. Hence the need to examine coalition building and the strengthening of the governance realm based on reciprocal relations between state and society. In other words, developmental states have functional links to their societies. They are "embedded" in their societies, yet remain uncaptured (Evans, 1992). While state-society relations are vertical so that the state has legal authority and institutional capacity to dictate to civil society, this is complemented by horizontal ties formed through formal and informal networks. Vertical command and discipline is reinforced by horizontal consultation and consensus to produce harmonious relations between state and society. The concept of "embedded autonomy" overcomes the analytical dilemma of the insulation thesis. This is a much more sophisticated approach than any of the previous ones which refer to "strong," "hard" or "autonomous state."

Central to this developmental state framework, therefore, are a state structure with the attributes of executive dominance, bureaucratic unity, and the technical competence of bureaucrats; and the political capacity to insulate economic decision-making and implementation from contending political and social interests. These would, however, have to be complemented in the long term with harmonious relations

between state and society to enhance reciprocity so essential for economic performance. Based on this, I argue that the adoption, implementation and political sustainability of the economic adjustment programme can be conceptualized as the product of the interaction of these variables:

- i) the extent of state autonomy and state capacity;
- ii) the degree to which the state can build new alliances or broad-based coalitions in support of the reform programme;
- iii) the role of external agencies especially the IMF and the World Bank as well as donor governments.

The framework allows for the possibility that the content of autonomy and especially societal support that the state needs might change over time. It directs attention to the processes and transformations prior to and following economic change in their spatial and temporal aspects. It is important to emphasize that the three variables are interdependent. Each one influences and shapes the other; the main dialectic, however, is between them and SAP. Furthermore, I am not suggesting that these variables are the only political conditions determining the implementation and sustainability of SAPs or conversely that SAP has an impact on only these political variables, only that these are the most important for my analysis.

The Extent of State Autonomy and State Capacity

A prerequisite for effective implementation and sustainability of SAPs is the degree of autonomy of the state from societal groups that paralyze the state. This autonomy

enables the state to pursue goals that do not reflect the interests of these groups and may even override their short-term special interests in the national interest. This autonomy is crucial in determining the capacity of the state to implement policy.

Can the state loosen itself from class domination and enjoy a degree of autonomy from domestic forces? Can the state itself constitute or engender the creation of a new class? The crucial feature of the Korean experience is the extent to which the technical staff has been insulated from societal pressures. In the African situation, the key to whether the state can preserve itself and implement economic adjustment policies lies in its ability to make itself functionally autonomous from domestic societal forces. This autonomy of the state would ensure that the political and bureaucratic elite is not responsible to the economically dominant classes in society. Such autonomy from vested economic interests would allow the state to undertake the necessary (and sometimes unpopular) reform initiatives required for economic growth and development.

In a sense, state autonomy depends on the rise of a "managerial and political bourgeoisie" in control of the state, using the resources at its disposal - the military, the bureaucracy, the public sector, the intelligence network - to promote its own power and well-being as well as that of the state, remaking in the process the country's pattern of social

stratification. What we are now being urged to look at is the "capacity" of Third World states, and this requires that we know more about the relationship between technocrats and political elites, a key determinant of "state capacity." In the words of Thomas Callaghy (1989: 120), "the ability of Third World governments to engage in sustained economic adjustment - caught as they are between strong and often contradictory internal and external pressures and economic and political logics - depends in large part on the technocratic and bureaucratic capabilities of the state apparatus and the ability of leaders to use these capabilities effectively." The establishment of a modicum of autonomy requires the creation of a sufficiently cohesive state elite of bureaucrats with support from the political elite insulated from domestic social interests. What then are the constraints on adjustment posed by state capacity and how can they be resolved? Obviously, state autonomy needs to be buttressed by state capacity.

Effective implementation and sustainability of SAPs thus requires an internal restructuring of the state apparatus. To be specific, this requires the construction of an efficient, competent, cohesive, and insulated bureaucratic machinery. The importance of this restructuring is that it provides the state with the capacity to implement its economic strategy through the use of effective policy instrument. Combined with political determination and state autonomy, therefore, this

highly competent and insulated economic bureaucracy has authority in directing and managing the reforms. As Rueschemeyer and Evans (1985: 55) point out, "this requires a minimum of coherence and co-ordination within and among different state organizations, and that in turn presupposes a minimum of autonomy from forces in civil society." The ability to implement SAPs is thus a consequence of political commitment, capacity, and skill. However, it also involves technocratic and bureaucratic ability in terms of competence, efficiency and independence to formulate and implement adjustment policies.

This necessarily brings us to the crucial issue of institutional capacity and the nature of the regime in power, which itself relates to whether the state is "strong" or "weak." Given the failure of similar attempts to "adjust" under civilian governments, the assumption has been made that strong authoritarian regimes demonstrate a number of political characteristics that enhance their penetrative capabilities and hence their capacity to pursue coherent economic adjustment policies. The bureaucratic-authoritarian state, an alliance of economic technocrats and military elites, has been seen as the ideal type which is best able to insulate itself from societal demands to implement economic policy decisively. Such an "insulated" authoritarian regime develops formal and informal repressive means of social control to intimidate the opposition (O'Donnell, 1973: 79-87).

Since those who stood to lose from SAPs - primarily the urban groups (though not all of them) - are likely to oppose these policies, some authors appear to legitimize authoritarianism as a necessary condition for the emergence and consolidation of a developmental state committed to securing the policy reform process (Lal, 1983; World Bank, 1995). For these authors, there is an assumed correlation between authoritarianism and the ability to implement and sustain the policy reform process. Paradoxically, therefore, effective implementation was seen as requiring a "strong" (in the sense that they can formulate policy independent of special interests) autonomous state with the political will and determination, be it authoritarian or democratic. In fact, in the early 1980s the Bank and the Fund's predilection was to financially support authoritarian reform-minded governments, like Ghana's, to enable them overcome the short-term political opposition by the pro-urban coalition.

In recent years, the World Bank has turned against this view. In the World Development Report 1991 the Bank puts forth this statement:

It has often been argued that a democratic polity makes economic development more difficult to achieve...The claim is that only authoritarian governments can make the hard choices. This is patently false. The evidence from large samples of countries does not go so far as to show that individual freedoms by themselves spur economic growth, but it offers no support at all for the view that they hold growth back. Neither does it endorse the notion that authoritarian governments, on average show greater promise for achieving rapid growth (World Bank, 1991: 9).

The World Bank elaborates extensively on this point in another section of the report by offering a remedy:

Authoritarianism often has been seen as a useful, if regrettable, expedient for effective policymaking in the face of political instability. A strongly held view from the 1950s through the 1970s was that development policies took time to bear fruit, and that this was inconsistent with the politics of short-term electoral cycles ... Benevolent authoritarian regimes (led by philosopher-despots) were needed, it was argued, to push through unpopular reforms...During the 1980s, however, severe disenchantment with authoritarian regimes set in. Now it is better understood that such regimes are no less likely to yield to the interests of narrow constituencies ... Democracies, conversely, could make reform more feasible in several ways. Political checks and balances, a free press, and open debate on the costs of government policy could give a wider public a stake in reform. The need to produce good results in order to be reelected could help, rather than hinder, economic change: it increases governments' incentives to perform well and keeps predatory behaviour in check. Experience allows no hard and fast conclusion...On the whole, the evidence suggests that the democratic-authoritarian distinction itself fails to explain adequately whether or not countries initiate reform, implement it effectively, or survive its political fallout (1991: 132-134).

Notwithstanding these fine phrases from the Bank, it is incisive to point to the poignant declaration of Deepak Lal, a neoclassical faithful and World Bank official, that the policies enshrined in the current orthodoxy require for their implementation "a courageous, ruthless and probably undemocratic government" (1983: 43). From Dal's perspective there appears to be a systematic relationship between regime type and the ability to adopt, implement and politically sustain orthodox economic adjustment programmes, at least in

PM-1 3½"x4" PHOTOGRAPHIC MICROCOPY TARGET
NBS 1010a ANSI/ISO #2 EQUIVALENT

the short-term. John Teye (1992) and Bjorn Beckman (1992) both buttress this point by showing that the World Bank's approach in the early 1980s was to financially support authoritarian reform-minded governments to enable them to overcome the short-term domestic pressures expected from aggrieved "urban coalitions."

Indeed, the World Bank, in its annual report World Development Report 1995 also argues that "productivity growth, rising employment levels and higher real wages require market-based 'reforms' that include curtailing trade union rights and privileges." While pointing to the phenomenal success of the NICs between 1970 and 1990 when labour rights were severely restricted, the World Bank report acknowledges that "where unions are controlled by authoritarian governments, they cannot do much - though they have been sources of democratic change."

The crucial question, therefore, is whether authoritarian or democratic regimes are better suited to cope with economic crisis and the institution of reforms? Ought we make the argument that authoritarian regimes can provide the necessary institutional framework to overcome and deal with the protests and pressures from various groups and thus be able to implement and sustain the economic reforms? The point to note is that authoritarianism per se is not the issue, rather the nature and form of authoritarianism, the specific interest groups or the socio-political coalitions associated with

authoritarianism and their specific long term objectives. Further, while authoritarianism might enable the regime to overcome short to medium term opposition, it has to give way in the long term to more democratic forms of governance.

The Degree to Which the State Can Build New Alliances or Broad-Based Coalitions in Support of the Reform Programme

However, the autonomy of the state need not be overemphasized. For as even the World Bank points out, "all but the most repressive governments need to retain a measure of popular support for their actions" (1991: 10). The ruling apparatus must have some allies in the population at large, hence the need for coalition-building. Given that adjustment involves challenging entrenched interests and destabilizing the status quo by decoupling existing alliances, the state needs to build new coalitions with those whose interests are being promoted by the new economic strategy.

As John Waterbury (1989) argues "effective adjustment requires overcoming political opposition for which the key task is coalition management." States must put together new coalition partners through the use of political incentives. In essence, the urban coalition which includes the military/police, the public sector, organized labour, and urban, white-collar interests needs to be realigned in favour of one that comprised of farmers in the rural areas, private industrialists, the export sector, the technocratic elite/bureaucracy, and probably the military/police.

The ability to forge a strong state with a coalition of support groups that benefit from reform is an indispensable prerequisite for the sustainability of the economic adjustment programme. In other words, challenges to legitimacy require the building of a broad-based coalition as a basis for economic growth and development.

Theoretically, the major beneficiaries of the economic adjustment reform programme are the peasants since adjustment involves a reversal of the terms of trade in favour of the rural population especially export producers. However, all analyses of Africa have lamented the fragmented nature of the peasants and the difficulty in effectively mobilizing them in a strong and effective coalition (Gyimah-Boadi, 1989). While this study accepts the arguments of Gyimah-Boadi, it is important to pinpoint the critical importance of the rural middle class (RMC), the locally influential chiefs and notables. The RMC mediates between the political and bureaucratic elite and the peasants and thus performs a crucial integrative role. It also acts as a political counterweight to urban forces. The importance of the RMC in African society is its surprising ability to survive changes in the country's top leadership. Despite the changes in the control of the state apparatus at the center, not much seems to change in the local power and socioeconomic structures.

The reason behind the importance and strength of the RMC is the connection that exists between this class and the

military-bureaucratic apparatus of the state. The existing social structures so important in Africa are highly resilient to changes in regimes and also enable people to make choices from time to time about the level of government in which to participate. There is, however, an attachment to rural-based networks and linkages along tribal, kin, and familial lines.

This is because:

i) important segments of the urban educated middle class have more or less important economic, social and cultural links with members of their own families who are still members of the RMC;

ii) while the interests of the urban middle class are to be identified with their current largely bureaucratic functions, their cultural values are still importantly traditional or rather derived from the life experiences of the rural middle class;

iii) the urban middle class are most often people who have moved from the rural areas and continue to benefit from the social and emotional familial and kinship ties that characterize rural relationships. Familial and kinship obligations are retained, and exchange of relatives, goods and services, takes place between the urban and rural areas along affective networks;

iv) the RMC can be identified as the chiefs and other wealthy and well respected local notables; these families are usually able to provide an education for their children and in the process help them to become members of the urban, educated middle class thereby enhancing their eligibility for cooptation by the regime in power into positions of responsibility;

v) these highly respected members of the RMC usually dominate local political, social and economic affairs, a situation which invests them with real legitimacy and authority. In this respect, any attempt by the state in its quest for "state hardness" which involves a consolidation of the political penetration of local level political and social institutions as a means of effectively integrating the rural population into the formal politico-administrative framework into a new broad-based coalition would of necessity have to involve the cooptation of the RMC, their natural leaders.

The underpinnings of a framework for SAP implementation and political sustainability should therefore be a framework to evaluate the consequences of the state's ability to form a broad-based support that takes into account the role of the RMC in a consistent manner. This theoretical framework would enable analysis of economic adjustment reform policies/programmes, and point to a new dimension that may be followed profitably.

While these are necessary conditions for effective development, a strong state - whether authoritarian or democratic - is not a sufficient condition. State autonomy and effective coalition-building need to give way in the long-term to questions of how to create the necessary enabling environment for resolving the problem of legitimacy: the need for politically legitimate regimes with a relatively open and transparent democratic system to ensure accountability but which are also committed to the reform process. Hence, democratic accountability and good governance become necessary conditions for the effectiveness and sustainability of SAPs.

In other words, governmental legitimacy and accountability become fundamental to economic and political progress in Africa. The crisis of governance is a critical factor and a source of underdevelopment. Development is not only about creating an "enabling environment" for the efficient operation of the market; it is also about "building capacity" (improving the quality of governance).

The Role of External Agencies

The point has already been made that many insights can be gained from considering the state as an autonomous actor that interacts with both domestic and international economic and political forces and whose successive choices constrain, over time, its freedom of manoeuvre. As Skocpol rightly points out, the state's autonomy may be constrained by domestic groups, foreign actors, the international economy and transnational institutions. The World Bank (1989) in a report on Africa attempts to show that sub-Saharan African countries operating adjustment programmes have fared better than those which do not, in spite of adverse external conditions. However, it is important to stress that countries that adopt the Bank and Fund's stringent reform programmes appear to do better because of the access to credit through the programme, which inevitably has a significant, positive impact on short-term growth. There is therefore a direct relationship between the government's adjustment decisions and the receipt of external financial support both from the IFIs and the donor community. The adoption of bank and Fund high-conditionality agreements is generally reflected in the terms of financing - the amount of money the IFIs and the international donor community is prepared to provide, and the terms and conditions under which the loans would be made. Increased financial flows also serve as an incentive to government and states to stick with the programme over a long-term horizon.

Conclusion

The estatization and personal rule models have emerged as powerful critiques of the functioning of the African state. Careful examination, however, reveals some serious deficiencies such as the failure to capture the dynamics of state reform or reconstruction and hence an inability to construct causal relations involving institutional configuration, policy choice and implementation, and development performance. In order to capture the dynamics of a possible "new" African political economy, I argue for moving beyond the estatization and personal rule models. In so doing, I propose an alternative policy framework based on "bringing the 'developmental state' back in."

Drawing on the above theoretical and analytical perspectives, this study will examine Ghana's experience at pursuing estatist policies in the postcolonial era and the attempts at reforming the decayed estatist state. For like their counterparts in the rest of Africa, Ghana's state elites had pursued estatist economic policies which led to economic decline and ultimately undermined the state's legitimacy. Postcolonial policies were obstructive rather than accommodating to the generation of sustained economic development. As a result, Ghana before adjustment, was seen as a classic case of a paradigmatic weak state in Africa. However, consistent with the alternative policy framework, the rest of the study does not only capture the process of decay

or suggest writing off the Ghanaian state. It also examines in detail the efforts at overcoming state failure in Ghana through an examination of the dynamics of how the Ghanaian state has been reconstructed or reformed.

CHAPTER TWO

THE CRISIS OF THE GHANAIAN STATE AND ECONOMY

INTRODUCTION

As indicated in chapter 1, there was a steady growth in the role of the African postcolonial state in both the economic and political spheres. This growth, it was pointed out, represented an effort by the postcolonial political leaders to use the state apparatus as an instrument of economic development. In the event, what actually happened was the reverse: the state was unable to play that central role of promoting economic growth. Indeed, the state is increasingly seen not only as a failure, but as a constraint on development. This discontent has led to the rethinking of the state's role, especially in the period of structural adjustment. The trajectory of Ghana's postcolonial development fits into the general African pattern given the economic decline and paralysis of the state.

While the previous chapter provided a portrait of the African state and the possibilities for reforming the failed statist state, this chapter moves from the theoretical to the empirical to analyze state policies in Ghana and the implications and possibilities of reform under structural adjustment. I trace the failure of state development strategies: the general pattern of economic decay and state paralysis that led eventually to the adoption and implementation of the Economic Recovery Programme (ERP).

This chapter is meant to place Ghana's experience with

statism (the particular) within the African (the general). The point to be made here is that Ghana is a classic example of the paradigmatic weak state in Africa. The Chapter therefore charts the specific Ghanaian experience with statism which led to economic decline and state decay. Having shown that Ghana's state was a predatory and anti-developmental state par excellence, the remainder of the chapter looks at how the Provisional National Defence Council (PNDC) regime tackled the issues of restructuring the state and reversing the economic decline by imbuing the state with developmental capacity along the lines developed in chapter 1.

What policies were adopted by the Ghanaian state in the postcolonial era? What consequences have these policies had on Ghana's economic development and politics? Why were the policies continued in spite of their damaging effects? What corrective measures have been taken to ameliorate this? These are some of the central questions to be examined in this chapter. And as I will demonstrate, the nature of politics in Ghana has been shaped and conditioned by the statist economic policies.

I argue that the statist policies pursued were economically unsustainable, contributing eventually to economic stagnation. Economic stagnation engendered a crisis of political legitimacy and further undermined the capacity of the state apparatus. These policies also engendered patterns of politics based on rent-seeking or predatory activities,

patrimonialization and personal rule. In a sense, Ghana's economic crisis, like Africa's crisis analyzed in chapter 1, shares a common origin with Ghana's political crisis. It is in this respect that Ghana is described as a paradigmatic weak state. The impetus for reform, therefore, has roots in the midst of economic and political crisis.

Through its predatory activities, the Ghanaian state elite and political leaders ate the goose that laid the golden egg. Extracting surplus value to ensure their own reproduction led to diminishing reproduction (Dutkiewicz and Shenton, 1986), as peasants "exited" the formal economy and as terms of trade in the world economy moved against primary producers. Yet, even though the statist policies led to distortions in the market and eventual economic collapse, the state elites persisted with the failed policies. The reason was that the state elite was more interested in consumption than in accumulation. Their policies had also generated a political system based on a "privatization" of state institutions, corruption and clientelism and patronage politics. The state elite used state power to create rents which they used to build a political base and to ensure its own reproduction (Dutkiewicz and Williams, 1987). The end result was a loss of legitimacy by the state and successive regimes.

To pursue effective, consistent and coherent structural adjustment programme required restructuring the economy and politics. In this regard, the project involved not only the

pursuit of economic policies to correct the macro level imbalances or distortions. It was also an attempt to reconstruct the paradigmatic weak state into one imbued with an effective capacity to sustain the economic programme. The aim then was to reverse the economic atrophy, strengthen state capacity and reorder or restructure politics.

The first section examines the state economic policies adopted in the postcolonial era and their failure to achieve the declared objectives. Given the continuity of state policy in spite of the evidence of failure, the next section seeks answers on why state elites resisted or were unable or unwilling to implement reforms and the results. The final section analyzes the reasons for the PNDC's policy reversal, which lies in the regime's hope that ultimate economic success would generate political support and legitimacy for the state and regime.

THE GHANAIAN ECONOMY

Naomi Chazan (1983: 154-178) characterizes the story of Ghana's economy since independence as one of stagnation and decay. In fact, during the period 1975-1983, the country's economy underwent a process of accelerated decay. This section charts the history of Ghana's post independence economy and the reasons for the economic crisis. Such a review of the developments and features of the economy serves as useful background for a discussion of the adoption of the ERP in

1983.

Ghana has a mixed economy in which a public sector, which is the dominant employer of formal sector labour, coexists with an active private sector. In 1957, public sector participation in industry accounted for about 45 percent of the total number of industrial establishments and about 60 percent of industrial production (Republic of Ghana, 1987). The rationale for an active public sector bureaucracy, I must argue, was a simple one: the public sector has the primary responsibility for planning and financing the development of basic economic and social infrastructure such as roads, transport and communications, energy, water supply, health and education. Due to the overwhelming weight and responsibility of the public sector in the economy, the overall performance of the economy is dependent on its performance. Hence, when the public sector performs badly, the effects on the economy are very significant.

Agriculture, primarily cocoa, is the most important sector of the Ghanaian economy, accounting for about 55 percent of Gross Domestic Product (GDP) and more than 65 percent of export earnings. Industry in the broadest sense had a share of 15 percent of GDP and services 30 percent. Agriculture is thus the dominant sector of the economy and supposedly the main engine of growth, contributing 90 percent of the total merchandise exports of Ghana (World Bank, 1984: 10). Smallholder farmers, who use simple techniques of

production and the bush-fallow system of cultivation, are by far the most important source of production, contributing about 75 percent of Ghana's agricultural export earnings (Rimmer, 1992). These smallholder farmers showed signs of enduring strength in food and cash crop production in spite of the lack of effective support services, inadequate supply of inputs, transportation bottlenecks, problems of production technology and lack of credit. Price incentives to small scale farmers were also discouraged as government marketing boards set low producer prices for cash crops which bore no relationship to their world market prices. In this respect, the Cocoa Marketing Board (CMB) was the worst culprit.

Minerals and timber products together contribute about 25 percent of export earnings. Gold, diamond, bauxite, and manganese are the principal mineral exports. Early investment in manufacturing was directed mainly into import substituting activities with a heavy reliance on imported raw materials and machinery. Like other countries in the Third World, Ghana's import substituting industrialization (ISI) strategy ran into problems of capacity utilization as soon as there was a severe shortage of foreign exchange (Republic of Ghana, 1987).

The evolution of the Ghanaian economy could be viewed as taking place over four distinct phases: 1957-1974, 1975-1981, 1982-83, 1983 to the present. During the first phase, 1957-1974, economic growth was sustained at an impressive level. At independence in 1957 Ghana enjoyed about the largest per

capita income in sub-Saharan Africa. A dynamic agricultural export sector led by increased cocoa production provided the main impetus for growth in the Ghanaian economy up to the mid-1970s (World Bank, 1984: 58). The increasing and sustained agricultural growth was accompanied by rapid expansion of the mining and manufacturing sector. The increased external demand for agricultural exports and rapidly growing domestic demand for manufactured consumer products led to substantial expansion in the infrastructure, public utilities and construction sectors.

More fundamentally, the human resource infrastructure was well developed by African standards, with a small western-trained middle class. This well-trained middle class was seen as the engine for an efficient and professional bureaucratic apparatus. David Apter described Ghana in 1963 as:

Richer than most [African], carefully groomed for independence, with trained cadres exceeding those of far larger countries, without racial minority problems, having inherited a good and expanding educational system, Ghana is regarded as having the resources, manpower and moral and spiritual qualities to set the pace and tone of political development in all of Africa (Apter, 1972: 337).

However, it should be pointed out that the economic structure which had been created was extremely fragile. The economy of Ghana was characterized by two distinct economic structures, consisting of a large traditional rural sector and a small capital intensive modern, urbanized sector. The traditional sector was concerned essentially with the production of food and cash crops, of which cocoa was the most

important. The modern sector was concerned with manufacturing and service activities. The problem was that the linkage between these two economic structures was weak.

As a result, economic growth in the second phase (1975-1981) was negative. During this phase, Ghana faced serious economic deterioration, external debt crisis, financial fragility, and rising inflation. Before 1982, per capita income had fallen by 30 percent, import volume had fallen to one-third of its previous level, real wages had declined 80 percent and government revenue covered only 35 percent of total expenditures and the government deficit had risen from 0.4 percent to 14.6 percent of GDP (World Bank, 1984: xvi). Furthermore, between 1976 and 1982, real GDP per capita decreased by 3.4 percent a year, and prices increased at a yearly average of 66.8 percent (Chand and van Til, 1988: 33). The economic situation was gloomy and the ad hoc economic measures that were taken by successive governments to improve the situation were ineffective.

To be precise, the economy experienced an unprecedented crisis. The persistent economic crisis was characterized by an acute shortage of foreign exchange, unsustainable balance of payments deficits, continued large budget deficits, high rates of inflation, overvaluation of the cedi, a flourishing parallel or second market (or black market as it is sometimes called), smuggling, low and in some years negative rates of growth of output and declining levels of per capita incomes.

Furthermore, the country's social and physical infrastructure was deteriorating for want of essential repairs and maintenance.

The health care system, the transportation sector (both road and rail), the telecommunications sector and education were all in a state of disarray due to decreased levels of expenditure. Consequently, this affected the quality of health care delivery and education (Africa News, 3 November 1980: 16-17). As qualified doctors left the country in search of better opportunities elsewhere, hospitals could not function effectively. This problem was compounded by the lack of basic medicines and essential supplies like anesthetics and bandages (West Africa, 9 March 1981). The cumulative effect of all these developments was a drastic fall in the living standards and quality of life of Ghanaians. The euphoria that had greeted independence when Dr. Nkrumah proclaimed "seek ye first the political kingdom and all other things will be added unto you" had subsided as reality set in. According to World Bank statistics, between 1960 and 1977 per capita consumption declined from an index number of 94 (1970= 100) to one of 89, and during the same period the per capita caloric intake per day declined from 2,086 to 1,983 (World Bank, 1980/81: 420).

Indeed, the period 1975-1981 saw a significant decline in export performance in the agricultural, mining and industrial sectors of the economy, sectors which generate almost all of the country's foreign exchange earnings. For instance, during

the period under review agricultural production declined by an average of 2 percent per annum. Cocoa production, which rose to 425,000 tons in 1969/70, went down almost continuously to just over 200,000 tons in 1981/82, and to about 175,000 tons in 1982/83. In 1970, the cocoa sector contributed about 14.0 percent of total GDP. This contribution dropped to 3.5 percent in 1980 and to 2.6 percent in 1983 (Ghana Statistical Year Book, 1983).

The mining and timber sectors suffered a similar decline. Gold production fell from about 670,000 fine ounces in 1970 to about 230,000 fine ounces in 1982; diamonds from 1.3 million carats to just over 680,000 carats. The performance of manganese and bauxite was equally poor. Timber output, which as a percentage of GDP and export earnings was second to cocoa, also fell steadily from about 4.4 million cubic meters to about 470,000 cubic meters. In fact, the timber industry was moving gradually towards a state of disrepair and total collapse (Republic of Ghana, 1983).

The manufacturing sector, which averaged 11.4 percent of GDP in 1970-72, dropped sharply to an average of about 6.2 percent in 1980-82. The main cause of this decline was the heavy dependence of the sector on imported inputs, in the face of an acute shortage of foreign exchange. The protracted foreign exchange crisis, stemming from the poor performance of the export sectors and adverse terms of trade, reduced not only the country's capacity to import consumer goods, raw

materials and spares, but also the tax base of the government since external trade provides the bulk of government revenue.

The poor revenue outturn compelled successive governments to resort to excessive borrowings, largely from the banking system, to finance budget deficits. The economy thus experienced strong monetary expansion arising mainly from the rapid growth in domestic credit. This rate of expansion of domestic liquidity, in a situation of acute supply shortages, was excessive considering the very low, and sometimes negative, economic growth during the period. Inflationary pressures in the economy worsened and the rate of inflation accelerated to over 110 percent in 1983 from about 9 percent in 1970. The economy experienced severe hyper-inflation with the national consumer price index increasing by 12,358 percent with the index for 1977 at 100; it in effect rose from 19 in 1973 to 2,367 in 1983 (Republic of Ghana, 1983).

The rapid and continuous rise in the general price level not only led to dwindling public confidence in the currency but also resulted in an overvaluation of the cedi. In other words, the price of foreign exchange in terms of the cedi was low (e.g. US\$1.00=2.75 cedis before the exchange rate adjustments in 1983). This favoured speculative trading and importers who obtained imports cheaply but failed to pass on the low costs of the imports to the consumer: the consumer nearly always had to pay 'black market' prices for these imports. On the other hand, export industries became largely

unprofitable because export earnings in cedi terms could hardly cover the domestic costs of production, let alone leave some margin of profit. The upshot of all this was a rapid decline of the export sector, particularly the cocoa, timber, and mining industries with the attendant low levels of export earnings.

The maintenance of a grossly overvalued exchange rate discouraged official exports but served as an incentive to speculative import trade and the smuggling of exports and price-controlled imports to neighbouring countries (World Bank, 1984: xv, 2). Furthermore, the imposition of price controls at the manufacturing level served as a disincentive to increased production but gave abnormal profits to small-scale traders. In some respects, the administration of price controls was ineffectual since the underlying problem of shortages was not dealt with and no rationing system was instituted.

The Political Origins of Failed Economic Policies

It has been demonstrated that the statist policies adopted in the post-independence era failed in generating sustained development. Nevertheless, successive regimes persisted with the policies. The crucial question that needs to be asked is why the policies were continued in spite of their demonstrated inappropriateness. This section casts light on the reasons that explain this policy persistence and its

results. I argue that the reasons for this is political, lying specifically in the effects which the statist policies had on the structure, nature and strength of political interests in the country. Original policies created an array of interest groups which had vested interests in maintaining those policies, notwithstanding their debilitating effects. Regimes and state elites became addicted to these groups on which they relied for maintaining their power and could not or would not attack those interests. In the process, the elites lost their ability to alter policy no matter how detrimental they were. Merilee Grindle perhaps put it best when she offered this insight:

Relatively autonomous in their choice of policy at the outset, they [Ghanaian and African leaders] soon become captive of the beneficiaries of the policies they have introduced and lose their capacity to alter policy (Grindle, 1989: 38).

By persisting with failed policies, the state elite and the political leadership allowed the economic decline in Ghana to become directly connected to the political paralysis leading to a destruction of state capacity.

The statist policies pursued in the economic sphere had the effect of turning markets into political machines. Like the general African pattern, the form of politics took on a more personalistic trait in which, consistent with Sandbrook (1986) and Jackson and Rosberg's (1982) characterization, power holders or the political elite exchanged personal benefits for political loyalty. The state elite used the

state's extractive powers to extract surplus value from peasants, and through other distortionary practices in the economy, managed to establish a patron-client relationship. Through this patrimonialization, the state elite and political leaders in Ghana privatized public institutions and derived their incomes through rent seeking and other predatory activities. Rent-seeking is defined in this regard as:

The search for financial gain or profit from non-productive economic activities that are especially prevalent among those who depend on state privilege for access to credit, grants, licenses, contracts, and, often, monopoly markets (Harsch, 1993: 41).

This section will show how the Ghanaian state elite and their cohorts created a form of politics which led eventually to the crisis of the state. It is argued that the explanation for the persistence of failed economic policies lies in the primacy of politics. Economic power gave the state elite and political leaders resources which enabled them to buy support and manipulate opinion. The politicization of economic and administrative decisions affected efficiency as critical decisions were based on personal contacts, patronage and favours. A most illustrative portrait of this phenomena is provided by Robert M. Price:

The Ghanaian state has acted as a mechanism for the distribution of economic resources to the myriad of groups and individuals that could make effective political claims on it...Whatever the original development goals of Ghanaian state intervention, economic policy has been placed at the service of political ends. Consequently, economic resources have been transformed into largesse. The securing of political incumbency, not economic development, has been the operative goal of this mode of statist

economic strategy (Price, 1984: 188).

This de-legitimated the state and undermined its efficiency. The state's control and authority declined as a result.

Even though I am not dismissing the impact of colonialism and the attributes of the colonial state, the focus will be on the postcolonial state. What I set out to do is compose a portrait of the state, examining its decay before the advent of the ERP. Three questions will guide the discussion: Why did the statist policies persist and what were the consequences for state capacity? How did state deflation affect the ability of the state to manage the economy and control civil society? As the state has been unable to manage the economy and the political crisis, thereby leading to decay and deflation, what have been the particular responses from civil society?¹ This analysis of the Ghanaian state will help us make a comparison with general African patterns discussed in the previous chapter.

At independence, Ghana, like other African countries, adopted a state-centric economic development strategy aimed at improving welfare conditions. However, nearly two and a half decades of this state-centered development programme had laid

¹ I adopt a neutral definition of civil society which does not prejudice the nature of state-society relations. Civil society is thus seen, in Alfred Stephan's (1988: 3-4) terms, as an "arena where manifold social movements...and civic organizations from all classes ...attempt to constitute themselves in an ensemble of arrangements so that they can express themselves and advance their interests." Civil society is that sphere of group activity which exists between the state and the household.

bare the weakness in this approach as these strategies have generated their own momentum, based primarily on political and ideological considerations.

In the postcolonial era, the role of the Ghanaian state was rapidly expanded. The expansion of the state sector was accomplished, however, without any consideration of the socially optimal levels of state employment. In the initial period, statist policies were very popular, but they proved catastrophic over time. However, with increased revenues from rent-seeking activities that maximizes its revenues the state could afford, in the short run, to support the overbloated bureaucratic machinery.

An example will put this in perspective. At independence in 1957, Ghana had few parastatals. By 1966, when Dr. Kwame Nkrumah's Convention Peoples Party (CPP) was overthrown, there were 53 state enterprises, 12 joint public-private enterprises, and 23 public boards (Killick, 1978). By the 1980s, there had been a further increase in state employment. According to W. Adda (1989: 305), there were a total of 235 state enterprises of which the state had a majority holding in 181. These state-owned enterprises accounted for approximately 50 percent of the formal labour force compared to the African average of 19 percent (United Nations Development Programme (UNDP) and World Bank, 1989: 166). This expansion of the functional scope and size of the bureaucratic arm of the state sharply increased the unit cost of administering the public

sector.

As explained by Naomi Chazan, the civil service was "overestablished, but overbureaucratized" (Chazan, 1988: 129). The expansion of the state was evident in the increasing central control over national revenue, industry, produce marketing, etc. For Jonathan H. Frimpong-Ansah:

the organization of the public services was also weak. The development ambitions of the incoming politicians pointed to a situation in which a weak administration could be rapidly expanded and driven beyond its capabilities. Such an event would create a political/bureaucratic state that would exhibit predatory tendencies against the more successful economic sectors quite early on in the post-independence phase (Frimpong-Ansah, 1991: 44).

According to the World Bank, "the state was enormously expanded, while its staff was inexperienced, politicised, and inefficient. It was unable to cope with the political stresses of rapid modernization and the unstable external environment of the 1970s and 1980s" (World Bank, 1989: 30, 38). The World Bank also found that Ghana had the most distorted economy in a 1983 study of government intervention (World Bank, 1983: 62). Decades of experimentation with this statist model has shown the extent to which bureaucratic controls, public sector inefficiencies, have contributed to the crisis in Ghana (Jeffries, 1989: 76).

Why did state expansion occur and how do we explain the persistence of the statist policies? Even though there are other reasons for state expansion, for example, structural factors and economic nationalism, the persistence of Ghana's

statist strategy can not be divorced from the imperatives of the state elite's and subsequent regime's power strategy: building a political base required rewards for a wide range of actors. The bureaucracy became an avenue for patronage appointments, mostly at the expense of competence and efficiency. Thus, the bureaucracy lacked the characteristics of a Weberian rational-legal bureaucracy.

Ghanaian political leaders relied increasingly on patron-client networks to cement societal support. A major aspect of this process was employment in the bureaucracy. 'Jobs for the boys' became a familiar refrain. In the Nkrumah era, it was 'jobs for the verandah boys.' Intricate kin, ethnic, familial, and regional links and networks which obligated political leaders to satisfy constituents tended to replace technical competence in hiring and promotion within the civil service. The public sector became the neopatrimonial arm of the state (Rimmer, 1992: 71-72; Berg, 1971: 211). By distributing patronage to their communities, the bureaucrats and the political class built support among the public. These centrifugal pressures on elites, the predominance of patronage, and the neopatrimonial tendencies of the state help explain in part the enduring negative effects of the Ghanaian political economy. For Leith and Lofchie, the rationale for this can be found in the self interest and survival tactics of political leaders:

To gain a position within the elite and to remain in power, ideological solidarity was inadequate.

Individual leaders had to have structured relationships with important social constituencies that they could claim to represent, constituencies that could boost their candidacy for high office. This was, in fact, the basis of the well documented patron-client dimension of political power in Ghana (Leith and Lofchie, 1993: 247).

The state elite and the political leadership also had other motivations. Having come to the realization that only the state, through its taxing and revenue-creating powers, had control over the extraction of surplus, the elite took control of the state apparatus itself. The elite who controlled the state not only proceeded to curtail effective political opposition, they also controlled the only source for the attainment of wealth. To maintain their power and monopolization of the extractive capacity, state elites co-opted opponents as potential allies using a variety of patronage devices. Private appropriation of state resources by the elite combined with state patronage and clientelism. Some patronage devices were subsidies, import licenses, foreign exchange rationing, government contracts and tax exemptions. The rationale for all this was personal enrichment of the state elite and the development of patronage and clientelism to consolidate regimes. According to Leith and Lofchie,

Foreign exchange rationing, import licensing, and state-owned enterprises (including the CMB), all created resources for the political system to appropriate. Members of the political elite, first and foremost, were able to enrich themselves personally. In addition, they were able to provide jobs, subcontracts, import licenses, and foreign exchange licenses for political friends, clients, and supporters. It was, in effect, a system capable of generating massive transfers to the members and

supporters of the regime...The rents became the glue that held the political system together (Leith and Lofchie, 1993: 250).

Writing on the Nkrumah years, Maxwell Owusu (1970) argues that politics in the country had always been "instrumental," not less before and during colonial rule than after. Political power was regularly sought as means of accumulating personal wealth, which was desired not only for its own sake but also for the prestige it conferred in dealing with dependents and clients. Political support was given in the firm expectation of material recompense. Owusu suggests further that Nkrumah had recognition of and ability to satisfy these omnipresent materialist values, through "non-productive" public investments, expansion of wage employment and the creation of a personal patronage network.

Owusu presents a view of Ghanaian politics in which:

The exercise of power, chiefly, colonial, and party, was seen as a major means of achieving, protecting, and advancing individual, family, and state-class or group economic and other material advantages and interests. The struggle for power...was primarily a struggle in relation to the possession of wealth and its distribution and consumption to achieve high social status, prestige, and social privilege (Owusu, 1970: 325).

What is often forgotten or not realized is that the political development in Ghana, particularly between 1950 and 1966...was characterized by a political process in which individuals and groups in various local areas supported and voted for this or that group or political party in terms largely of instrumental values expressed by individual opportunism and careerism...(Owusu, 1970: 248).

Although he was writing about the Nkrumah period, Owusu's portrait applies to successive regimes as well. His major

contribution is the notion of an "economization" of political relations whereby political transactions are coloured and often dominated by economic interest.

As a result, the state became an arena for contending factions to seek control of its patronage network; the form of state was patrimonial, in which bureaucrats, the military and the higher circles maintained their access to state resources, which they then disbursed as rewards for political support through a network of patron-client relations.

A key characteristic of government behaviour is its degree of autonomy. Anne Krueger (1993) argues that the autonomous 'guardian' state is able to mediate between different interest groups by means of policies which are consistent with welfare enhancement. In contrast, the 'predatory' state, though also autonomous, seeks to realize narrower objectives, ranging from buying support for its rule to enriching merely a few favoured groups. Privileges and rents in the predatory Ghanaian state were indeed confined to a small minority.

Maximizing or guaranteeing public employment was an important mechanism of patronage and hence ensuring support. However, this growth of the state apparatus brought with it a number of problems. First, the need to equate levels of employment and wages with productivity was disregarded. Second, there were problems associated with bureaucratic inefficiency. For example, Monte Palmer has noted that "the

increasing pressure to use the state bureaucracy as an instrument for providing mass welfare and employment comes into direct conflict with criteria of efficient economic management" (Palmer, 1985: 270-295). In this way, the bureaucracy became different from the Weberian ideal of neutral administrators operating along rational-legal procedures. In a commentary on African bureaucracies which is equally applicable to Ghana, Sandbrook argues that "most African [Ghanaian] administrations diverge so widely from the model that the application of the term bureaucracy is quite misleading" (Sandbrook, 1986: 325).

This use of patronage by state officials to further their personal interests creates numerous problems. Again, Kasfir provides us with incisive insights:

since patronage depends on material rewards, the system must generate adequate and perhaps increasing economic benefits. But financing patrimonial state creates special problems because the political requirements of control and reward undercut the rational prerequisites of economic activity. Although the appropriation of office may support vigorous entrepreneurial activity, the state inevitably becomes less effective in generating public revenue and therefore less able to maintain the positions out of which patrimonial control can be sustained (1984: 15).

The end result is a weakening of the bureaucratic apparatus of the state. The hallmark of this large bureaucracy² partly propelled by neopatrimonialism is the

² The bureaucracy is defined in Weberian terms as consisting of neutral administrators operating along rational-legal procedures.

institutionalization of corruption. Indeed, corruption has been endemic within the Ghanaian public sector. Numerous commissions of inquiry set up following coups d' état in Ghana have unearthed massive corruption. Not surprisingly, especially given the pervasiveness of corruption, there is some toleration for corruption within the 'civic public.' Corruption is 'expected' and seen as the norm. Victor LeVine provides evidence to support this proposition. He attributes the "increased incidence and generalization of corruption" to "the outgrowth of state corporations, secretariats, commissions, authorities and the like which provided almost unlimited opportunities for the diversion of public goods to favourably placed entrepreneurs at all levels both within and without the formal polity" (LeVine, 1975: 17-18). For LeVine, what was observed was not merely corruption but an incipient "culture of political corruption accompanied by evolving structure of values that had the effect of rationalizing, if not legitimizing, corrupt behaviour."

Writing on the same issue, Naomi Chazan argues that "Ghana's descent into instability and ungovernability cannot be understood apart from the increasing privatization and plundering of state resources by successive regimes, both democratic and authoritarian" (Chazan, 1988). Corruption is still a problem, as this author can attest. From airport officials to civil servants at the ministries, the payment of bribes is expected and nothing gets done without a "tip."

Corruption had become institutionalized.

The Cocoa Marketing Board (CMB) was perhaps the classic example of overstaffing, corruption and inefficiency among parastatals. It was also a classic example of predatory and rent-seeking activities of the state, since surplus was extracted from peasants by the board to finance the patronage network linking politicians, the urban bureaucracy and nonagricultural activities.

This practice had begun in the colonial period. In 1946, statutory control of cocoa exports and revisions of the cocoa export duty had ensured the existence of a stabilization reserve of the CMB. The purpose was to allow the producer price to be held above the realized price, net of marketing costs. However, the stabilization fund was never used for that purpose.

In the event, the CMB failed to protect and advance the collective interests of the farmers. Instead, since the 1940s, the Cocoa Board has served as the milk cow for development, the centerpiece of state economic control over peasants. This is because from 1952/53, the stabilization reserve has been drawn upon by the government itself. In 1957, the government passed legislation freeing it from any obligation to use the accumulated funds of the CMB to serve only the sectional interests of farmers; these funds, it was argued, were in trust for all Ghanaians (Beckman, 1976: 199). Douglas Rimmer further points out that,

within a decade of the establishment of the marketing Board, no one could any longer believe it to be a body representative of the corporate interest of cocoa farmers, separate from and independent of the government of Ghana...There was therefore a shift in the grounds on which export-crop marketing boards were justified. Less and less was said about the boards' alleged powers of economic stabilization. They were commended instead for having lent themselves so conveniently to the switching of command over resources from farmers to governments, on the presumption that governments could and would use the resources more productively, especially through capital formation (Rimmer, 1992: 61).

While this strategy may sound irrational at a superficial level, it begins to make sense on closer scrutiny. One needs only remember Dutkiewicz and Shenton (1986) and Dutkiewicz and Williams' (1987) explanation: For the state elite and the political leadership, the statist approach to development enables them to extract surplus from the productive sectors to ensure their own reproduction. The state elite with access to contracts and subsidies benefit from the rents extracted through state power. Such practices or tendencies will continue until the predatory role of the state surpasses its limits in extracting surplus from the economy. Diminishing reproduction would have set in. This is exactly what occurred in Ghana.

Today, cocoa contributes about 50-60 percent of Ghana's export revenue, about 20 percent of government revenue and approximately 7 percent of Ghana's Gross National Product (GNP). Its multiplier effect can be seen in the number of jobs and the livelihood it provides for the approximately 265,000

cocoa farmers and their families. Yet this is the sector that has been neglected the most by successive governments, with dire consequences for the fiscal health of the state.

Research has shown that real producer prices for cocoa have declined. All governments from the mid-1950s to 1983 have contributed to the decline of the industry by means of excessive taxation. According to Frimpong-Ansah (1991: 141-142), "real producer prices began to fall in 1955. Prices fell below the maximum incentive level in 1959 and below the minimum incentive level in 1964. Accelerated decline began in 1974." Frimpong-Ansah, who has carefully analyzed the policies of successive governments with respect to cocoa, has come to this conclusion:

"short-run producer price distortion reached its peak in the period 1977 to 1980 and cost the industry between 33 percent and 40 percent of output per year. Long-run direct and indirect distortions were at their peak around the same period and cost the industry up to 51.5 percent of output. The very long-run adverse effects were even higher and at their peak in 1978 and 1983 cost the industry 62.6 percent in output. If very long-run incentives had been provided the industry would have reached a peak production of about 757,000 tons in 1983, compared with the actual output of 296,000 tons" (1991: 147).

The explanation for this can be sought in Bates' (1981: 132) analysis which shows that "a coalition of revenue-starved governments, price-conscious consumers, profit-seeking industries, and dependant farmers will continue to adhere to policy choices that are harmful to farmers and collectively deleterious as well." In a sense, rurally-generated economic

surplus was transferred to urban-based constituencies. Such rent-seeking activities, if selfishly pursued and devoid of developmental goals and which fail to maximize the welfare of the producers of the national wealth, as it did happen in Ghana, will lead eventually to a fiscal crisis of the state.

The explanation is simple. The state had excessively taxed the cocoa industry to finance and dispense patronage under the guise of development. Not only did this development strategy fail, it also destroyed the cocoa industry which is the goose that lays the golden egg and which would have provided savings for a more effective model of development. An overtaxed, overexploited peasantry³ must find ways to avoid the predatory tendencies of the state. Responses to the high levels of regulation and extraction in Ghana seemed to reinforce Bates' position on 'exit.' These responses took two forms: withdrawal from production for the cocoa market into subsistence production and other production based on the price incentive or withdrawal from agriculture altogether (Chazan, 1988: 127).

³ By peasantry, I mean that segment of society based on households which retain an independent base through access to land. Georgi Derluquian (1993) has argued that this peasantry is the "amorphous main subordinate class of colonial Africa,...the main class of colonial [and, I must add, postcolonial] society...Land cultivators acquire a class definition as a peasantry only in the process of the imposition of class society, with its divisions between exploiting and exploited classes, urban and rural, and its inventions of state and market...Every peasantry is permanently engaged in the process of "self-depeasantization", of trying to emancipate itself from the state, town, market, landlords, the entire "civilized" society - in a nutshell, everything that makes them peasants."

The institutional setup and incentive structure has, over time, discouraged peasants from increasing their cash crop production and has led to an increase in the incidence of smuggling across the border. Paul Nugent has shown that "whereas produce had been smuggled into Ghana as recently as the 1950s, twenty years later the pattern was reversed. Now cocoa, foodstuffs, minerals, and timber began to leave Ghana in substantial quantities for Cote d'Ivoire, Burkina Faso, and Togo. At a time when foreign exchange was desperately short, the cumulative effect of smuggling on the Ghanaian economy and the financial health of the state was profound" (Nugent, 1991: 72).

This decrease in the state's tax base seriously undermined the state's finances, causing persistent budget and balance of payments deficits. Such budgetary deficits were increasingly financed by borrowing from the banking system and through increased money supply, which in turn led to inflationary pressures. As state treasures have emptied, the state was unable to support the centrally-directed patronage policies of the past Rimmer, 1992: 80; Killick, 1978: 158-9). The irrationality of the state economy drove Ghanaians to seek refuge from the state outside the law. Taxes went unpaid, public servants resorted to taking bribes to ignore or bend rules. The cumulative effect was state incapacitation and loss of resources.

The ineffectiveness of the state apparatus and the lack

of effective administrative capacity engendered a situation where resistance and evasion of the state's regulations was rampant. The pervasiveness of the parallel or second economy is a reflection of the failure of state control and state decay. A striking feature of Ghana was the extent of this second economy, labelled kalabule, [the term probably derived from the Hausa expression Kere kabure (keep it quiet)], consisting of unmeasured and unrecorded economic transactions that escape taxation, operate in contravention of state regulations and deprive the state of revenue. Kalabule from the mid-1970s to 1980s was seen by participants as necessary to overcome the debilitating obstructions of a predatory and parasitic state apparatus. The result was the further decay of the state as well as the acceleration of the downward spiral of the economy. In an argument that can be transferred directly to Ghana, G. Prunier (1983: 53) provides a rationale for the existence of the second economy:

For an African...magendo [kalabule in Ghana] is nothing wrong. It is a perfectly permissible form of economic activity, which simply gets around regulations perceived as meddling, interfering and created by the state bourgeoisie to levy their tithes willy nilly...[it] represents, across the artificiality of official frontiers, a form of social solidarity...a valuable means of preserving threatened commercial exchange.

The second economy in Ghana has therefore been created not only in response to state failure, but also in response to the predatory and pillaging activities of the state and a deterioration of the formal economy and state capacity.

Douglas Rimmer's explanation of the emergence of kalabule in Ghana is persuasive:

Kalabule was the natural reaction of enterprising people to the opportunities presented by official pricing and by the limited ability or willingness of the authorities to stop the grasping of those opportunities. But kalabule was also a defensive strategem for many of those engaged in it, an attempt to moderate the impoverishment resulting from the rising prices and physical shortages of the goods that made up their standards of living (Rimmer, 1992: 212).

Kalabule has also provided a means for some senior bureaucrats and even political leaders to avoid total material and social collapse in an economic system that was beyond repair. As Chazan has noted, in Accra the national capital, 80 percent of the salaried workers also engaged in the informal sector by the early 1980s (Chazan, 1988: 127).

The response of the political leadership was a personalization of politics based on personal loyalty, patron-client linkages and state repression. With its legitimacy weakened, state leaders relied upon the threat or use of force as a method of survival. However, the authoritarian form of governance in Ghana was a weak one which, unlike those of the South East Asian NICs, had limited capacity to pursue coherent economic policies. In this respect one should be loathe to draw a simple and abstract causal relationship between authoritarianism and development as exemplified in the NICs, and thus between what happened in the NICs and whether they are applicable under Ghanaian socio-political and cultural conditions.

Authoritarianism can be functional to development if the state is insulated from societal pressures, but dysfunctional when the state is beholden to domestic groups and interests as was the case in Ghana. Robert Price (1984) has shown that the debilitating economic decay experienced prior to 1983 was not "primarily due to the collapse of the cocoa prices on the world markets, but to the state elites' inability to resist internal societal pressures which led to gross mismanagement and pervasive corruption." The Ghanaian state was permeated by domestic interest groups that captured the state and its economic making and bureaucratic apparatus. Lacking any autonomy vis-a-vis society, the state was weak in relation to the domestic society.

Authoritarian governance led to inefficient and unaccountable regimes and political institutions; in some respects the decay of the state itself. In its 1989 report, for example, the World Bank notes that politics had become personalized and the leadership has assumed broad discretionary authority and had therefore lost its legitimacy (World Bank, 1989: 60-61; Chazan et al., 1988: 143). The need to find refuge from the state strengthened the role of voluntary groups and networks. Informal associational life flourished. Primary associations based on households, villages, local development societies; occupational groups (traders, farmers); youth and women's organizations; and religious groups were organized as alternative frameworks for

local communal identification. These social networks were distinctive, based as they were, on friendship and personal ties. These associational or voluntary groups should be seen as organizational expressions of unsatisfied needs, to borrow Samir Amin words.

That Ghana's associational groups would take on this role is consistent with the operation of civil society groups in Africa. As Ekeh (1992) has stressed, unlike the West where civil society organizations arose to check the totalitarianism of the state, those in Africa historically evolved as 'shadow states' performing for the individual and the group functions mainly of a social welfare nature which the state was unable or unwilling to perform. In Ekeh's terms, civil society in Africa, which I define in the broad sense of a bevy of institutions for protecting collective interests, performs a crucial role:

Civil society in Africa is largely indifferent to the affairs of the civic public realm over which the state presides [being] content to look after the affairs of other segments of the public realm over which the state shows little concern (Ekeh, 1992: 197).

As a result, loyalty shifted from the level of the state to local level community groups, ethnic associations, and kinship groups. Several traditional rulers interviewed during this study confirmed this scenario. These chiefs explained that as custodians and spiritual leaders, people naturally turned to them. The loss of legitimacy at the centre therefore enhanced the appeal of traditional institutions and even

enhanced the power of incumbent traditional rulers (Interview with Chiefs, June-July 1994).

There is, however, another explanation for this. Large areas of Ghana never experienced effective penetration by the state, and rural folk especially, moved their allegiance to traditional institutions such as clan, age, ethnic, and affective ties of blood in protest (Interview with People in Rural Areas, Greater Accra, Asante and Brong Ahafo Regions, August 1994). Autonomous and voluntary associational groups therefore took root within civil society far from the reach of the state. According to Naomi Chazan,

The overall picture that has emerged...is one of the dispersion of social, economic, and political life away from the state and towards more enclosed, self-reliant local and horizontal entities. The concomitant processes of diminution of state power and enhancement of local socioeconomic and political arrangements furnish the processual context within which political choices are made for Ghana and for Ghanaians (Chazan, 1983: 332).

Instead of a strengthening of the state, there was a weakening and deflation.

As Ghanaian society became increasingly alienated from the activities of the state and began questioning state officials and their allegiance to the state itself, there was a massive deflation of state authority and power, a loss of legitimacy and a corresponding decay of the state's institutional structure. If by 1975 the attempts at state consolidation had begun to unravel, from 1975 onwards, according to Jeffries, Ghanaians experienced a self-

reinforcing downward spiral of political decay and economic deterioration (Jeffries, 1989: 77). However, this decomposition of the institutional facade passed on after independence, had begun in the period immediately following independence.

By the end of 1981 the political and economic processes in the decayed parasitic 'vampire' state was far-fetching: the Ghanaian postcolonial state was in crisis, a crisis which affected all aspects of state-society interaction and whose other major symptom was economic. A period of state decline, indeed decay set in, epitomized by the state's declining capacity to authoritatively allocate values, to exercise hegemony and rule. The productive infrastructure had thoroughly eroded and the remaining limited economic activity had withdrawn beyond the reach of state authority and state taxation. The crisis afflicting the state was not a temporary hiatus. The process of decline was more far-reaching than could be imagined. There was a sense of moral and economic decline well captured in this statement by Richard Jeffries:

It is important for an understanding of subsequent development that one appreciates just how seedy and sordid Ghana's "commanding heights of the economy" became during this period as "top officials issued chits to young women who paraded the corridors of power offering themselves for libidinal pleasures in return for favours." Ghanaians were under no Weberian illusions as to the steady historical development of rational-legal bureaucracy and authority. There were many of them nevertheless quite genuinely shocked by the blatant disregard of official rules and popular sensitivities... (Jeffries, 1989: 78).

By December 1981, when the PNDC came to power, disposable resource available for imports stood at US\$33 million while outstanding short-term commitments on debts were US\$348 million. Credit lines with international banks were totally blocked (Republic of Ghana, 1987). Whereas in September 1979 President Hilla Limann in his inaugural address had described the country's external financial position as being 'abysmal,' it was now 'perilously close to bankruptcy' and the state of the entire economy could be described simply as fragile. This is the type of economy which the PNDC government inherited.

The PNDC took a number of urgent actions in an attempt to arrest the disastrous course of the economy and reverse its decline. Mobilizing students (including the author) and other progressive groups, the government launched a crash programme to evacuate cocoa locked up in the hinterland, in some instances, for three years. The highest currency denomination (then 50 cedis) was demonetized in a bid to reduce excess liquidity. A budget review was undertaken to curb fraud and waste in the public sector and better expenditure controls were instituted. These policies, mainly of a populist nature, proved to be inadequate policy responses to the continuing external and internal shocks.

The populist economic policies, however, failed to resuscitate the ailing economy; indeed, the steady deterioration in the economy continued. This was partly because the populist approach, including calls for

nationalization, clearly reflected the statist rationales adopted by successive governments which had undermined socioeconomic progress. The first years of the PNDC in fact saw a systematic weakening of state capacity. The Ghanaian state lost the capability and capacity for policy initiation, let alone implementation. By Joshua Forrest's (1988) criteria, by the beginning of 1983 the Ghanaian state had become effectively delegitimated and incapacitated.

The nadir was reached in the early parts of 1983 when a severe drought and accompanying bush fires destroyed agricultural production throughout the country. To add insult to injury, over one million Ghanaians were expelled from Nigeria. The state and economy were at a breaking point. The crisis of the economy was bound to exert a decisive impact on state capacity and vice versa. While the state had diminished in capacity to maintain its traditional co-optive and clientelist mechanisms of political management, its principal and decisive difficulty was compounded by the economic and fiscal crisis.

Hence, the issue was no longer that of a 'pathology of decay' (Young, 1984); henceforth what we had was a haemorrhaging of the Ghanaian state. This analysis of the economic crisis, therefore, raised several issues: not least among which was the political and economic consequences of the weakening of the postcolonial state. In the midst of these crises, the postcolonial state could not exercise control and

establish its authority.

This is the state that Naomi Chazan (1983: 334-335) writes about:

By the early 1980s it was apparent that Ghana had forfeited its elementary ability to maintain internal or external order and to hold sway over its population. Although its existence as a de jure political entity on the international scene was unquestionable, these outward manifestations did raise doubts as to its de facto viability. The Ghanaian state thus seemed to be on the brink of becoming less distinctive and relevant. Indeed, some kind of disengagement from the state was taking place. This withdrawal was only minimally directed at physical removal from the Ghanaian context. Much more rampant was an emotional, social, and political detachment from the state element. In the face of state deflation, there was a resurgent vitality to Ghanaian civil society which revalidated old institutions and created new associations to fill, in a fragmented way, the growing void created by state decay.

In the Weberian sense of a state as a "compulsory association which organizes domination," the state was nonexistent. It was a lame Leviathan - to use Callaghy's term. It lacked institutional and administrative capacity.

The central feature of decay was the shrinkage in the competence, credibility, and probity of the state. Crawford Young (1984: 80-81) sums up the characteristics of these features of decay thus:

the decline of competence refers to the growing inability of the state to relate material means to policy ends. State agencies become involuted mechanisms, solely preoccupied with their own reproduction. Their formal activity becomes symbolic and ritualistic...The deflation in credibility brings a loss of belief of the citizenry in the capacity of the state to perform its accustomed functions...A mood of utter cynicism regarding the state pervades the populace...it [the

state] becomes an irrelevancy...The third vector of decay is the systemization of corruption. From petty survival venality at the lower echelons to kleptocracy at the summit, corruption is presumed in transactions with the state; its absence in a given exchange is a pleasant surprise...Without any public morality in the exercise of state power, it is impossible to sustain the minimum of legitimacy necessary for its routine functioning."

These, indeed, fit the pathological symptom of the deflated and decaying Ghanaian state by 1981. For Richard Hodder-Williams, by the early 1980s, "to some extent, Ghana[was] a state only because the outside world assert[ed] that there [was] a Ghanaian state" (Hodder-Williams, 1984: 233).

By this time, the economic system had worsened to such an extent that there was no alternative to the adoption of radical orthodox economic policies, inspired by the IMF and the World Bank, to solve the country's economic problems. The state haemorrhage and the crisis of the economy had torn apart the logic of the postcolonial development model. Clearly there was a need to deal with the twin crises of economic production and governance. It was against this background of a deepening economic crisis and a disintegration or decay of the state that the PNDC initiated wide ranging policy reforms in April 1983 under the Economic Recovery Programme (ERP). These reforms revolved around dealing with two interrelated problems: the economic crisis, and a political problem dealing with the design of an appropriate framework for political interaction through a restructuring of the state and government.

The policy reform measures embodied in the ERP seemed (to the PNDC and the IFIs at least) to have the potential of reversing the decline in the country's productive capacity and living standards and to set the stage for renewed growth.

On the political side, the reforms also had to deal with the statist rationales that had developed and been institutionalized in the immediate post-independence period which had the cumulative effect of undermining socioeconomic progress and promoting immeasurable turmoil and widespread misery (Chazan, 1991:23). This called for a retreat in the function of the Ghanaian state on "efficiency" grounds; "shrinking of the state," as a strategy for liberating civil society and empowering the people; and good governance seen in terms of better management and good institutional setup. Since the state had lost the capability and capacity for policy initiation, let alone implementation, it was crucial that adjustment also resolve this problem. The key was to reform or reconstruct the state and its apparatus to imbue it with an effective capacity to adopt, implement, and sustain economic reform. The thrust of all these political strategies was to redress problems of state incapacitation and lack of autonomy.

Perhaps it is fitting in summing up this section to quote Chazan (1991: 22-23):

...Ghana was in the midst of a multifaceted crisis of political enfeeblement, social fragmentation, and economic decline. The retrogressive cycle launched at the beginning of independence resulted in the consistent loss of autonomy by the state, which had been penetrated by increasingly

particularistic and personal interests ... Problems of state autonomy were consequently compounded by state incapacitation. Since many individuals and social groups no longer viewed the state as an important source of benefits, they devised means to avoid its extractive reach.

Given this state of disrepair and despair, Ghanaian political leaders, including Rawlings, would argue that there was no viable alternative to the adoption of the ERP. For Rawlings, it was "the only viable option open to us" (Rawlings, 1983: 2). The "statist" model had come to be identified with the rent-seeking state, a model whose consequences had been economic decline, corruption and state paralysis. The time had come to adopt a new alternative and the structural adjustment programme was seen as that alternative.

Conclusion

It has been argued that the economic decay and political paralysis of the Ghanaian state, like other African states, has roots in the statist policies of the postcolonial period which failed to achieve their declared objectives. Instead, estatization in Ghana led to bureaucratic inefficiency, predatory and rent seeking activities, corruption, personalism and patrimonialization of state power. Moreover, it favoured consumption instead of capital accumulation. Indeed, one can argue that the statist policies which were designed ostensibly to enhance state control led eventually to the privatization of state resources. This created a situation where productive segments of the economy "exited," leading to diminishing

reproduction, economic decline and state decay.

Unable to deliver public programmes or maintain government services, signaling the loss of the distributive capacity of the state, state elites and political leaders lost popular legitimacy. Ghanaians retreated from the ambit and reach of the state, ceasing to regard the state as their own. This resulted in "disengagement" from the state attested to by the smuggling of produce to neighbouring countries, official corruption, rise of associational groups and the like. In this way, the crisis came full cycle as economic decline undermined popular legitimacy which in turn reduced further the already fragile capacity of the state to perform its fundamental task of ensuring development.

Under successive regimes, the Ghanaian state had been captured by the state and political elites who embarked on an statist mode of development. However, in the process the state elite harnessed the economy to its political objectives and eventually found the state buffeted by constraints which narrowed its autonomy and capacity. Instead of being developmental, therefore, Ghana's state failed to establish the preconditions for, let alone generate, sustained economic growth. The Ghanaian state became an epitome of economic irrationality and political decay which ultimately undermined legitimacy and led to state paralysis. The state had functioned to ensure its "own morbidity" (Newbury, 1984: 114) or to promote "anti-development" (Price, 1984: 190).

The title of a "developmental" state became a mere label, a misnomer: "developmentalist" rhetoric glossed over what was actually a series of kleptocratic regimes and a state with no interests beyond self-enrichment, personal rule and patrimonialization of a narrow political and state elite. Policy reforms in April 1983 and thereafter were undertaken with the aim of reforming or reconstructing and redefining the state into a new type of Ghanaian state with a genuine developmental determination and autonomous capacity to define, pursue, and implement developmental goals. It was felt that economic growth, if delivered, would ultimately lead to a re-legitimization of the state and that this demanded the adoption of structural adjustment policies. This, it was hoped, would transform not only the economy but the state itself and the relationship between state and economy. The next two chapters look at these two issues in detail.

CHAPTER THREE

BUILDING DEVELOPMENTAL CAPACITY

Introduction

As was shown in chapter 2, to be effective at formulating and implementing consistent and coherent structural adjustment policies required the reform or reconstruction of the decayed, weak and paralyzed Ghanaian state into a strong, autonomous, but embedded, state with a political, technocratic and bureaucratic capacity. The critical importance of building this developmental capacity is due to the fact that readjusting the Ghanaian economy that had showed signs of serious deterioration and stagnation, and economic structures that had been allowed to atrophy was a daunting undertaking.

The difficulties encountered by the state leadership and regime in devising and implementing the orthodox economic reform to confront this challenge of economic deterioration has called into question the methods employed by the state to sustain them. This is because the short term contractionary nature and the adverse social costs of such programmes of economic reform generate popular discontent. Notwithstanding this widespread social discontent, the Ghanaian state has been able not only to sustain the programme, but also institutionalize the changes introduced since the Economic Recovery Programme (ERP) was instituted.

That such popular discontent can be harmful to the tenure of regimes cannot be disputed and indeed offers an important reason why some states have been unable to implement these

same measures, or if they have, have been unable to sustain them over the long term. An important question then, given the inability of other African states to implement SAPs, is why the PNDC government adopted these same policies and has not only sustained them, but also achieved partial success (in macroeconomic terms), albeit with social costs, while incurring lower political costs at least in the short term. To answer this requires a study of such dimensions of policymaking as the role of the state, leadership, and the bureaucratic and technocratic elite. How do we describe the institutional features wrought by the ERP and how did these features come about?

The chapter therefore examines the attempts by the regime in Ghana to build that effective developmental capacity which was delineated in chapter 1 as being essential for successful formulation, implementation and sustainability of consistent and coherent structural adjustment. How did the regime set out to build the necessary conditions for sustaining the programme? How successful was the attempt at reconstructing the weak and decayed state into a strong one? What specific historical experiences and international circumstances have contributed to these attempts at building state capacity? How has the crucial questions of political coalition management been dealt with and how successful has this been?

Policy was a political operation designed to strengthen the authoritarian regime's foundations. The different

political strategies of survival illustrate the dilemma faced by populist authoritarian regimes in their quest to achieve economic and political success. The key for the PNDC was to reform the populist authoritarian regime and a state that was replete with clientelism, an intricate web of patron-client relationships between the state and the social groups that constituted its backbone and base of support. The state and society had to be reformed to imbue them with developmental capacity. As one government official indicated in an interview in Accra:

"the most difficult thing was this perception that we were turning our backs on those groups that had provided us with support from December 31, 1981. Yet, we had inherited a patronage system and our actions and non-actions had reinforced this system on a new basis. That patronage network had to be dismantled. Something had to give" (Interview, Government Official, Accra: August 1994).

Research by Stephan Haggard (1986); Robert Jackson and Carl Rosberg (1982) and Thomas Callaghy (1984, 1990) to mention just a few, suggest that state patronage is a source of political authority and legitimation and governments are as a result weakly institutionalized and unable to implement the market-oriented policies of the type involved in orthodox adjustment programmes. As a result, reform of clientelist networks is crucial.

The reforms that were instituted by the Ghanaian regime proved sufficient to regain the state's autonomy and to create a new broad-based coalition of interests that benefitted from the institution of the economic reform programme. Thus, the

ERP can be seen as the state elite's attempt to broaden their base of support with the realization that the state itself had not only failed, but could not resume its traditional role as the prime agent of economic development.

In this respect, the chapter looks at the relationship between regime type and differences in state responses and ability to sustain structural adjustment programmes. I analyze the political and social forces that shape the state's responses to economic crises and political decay by examining a range of domestic and external factors: state capacity and autonomy, coalition building, leadership and external support. By so doing, this chapter explains the institutional set-up underlying policy making in Ghana as well as analyzing how this ties in with other factors to explain the partial success, both in economic and political terms, of the ERP.

The point to be made is that the improvements in macroeconomic indicators point to some modest success, especially in light of the serious economic deterioration and stagnation prior to the implementation of the ERP. These improvements have been highlighted in describing Ghana as a "success" story. However, the key determinant to this "success" lies in the political strategies used to sustain the programme as well as strong donor support. These have included strong institutional structures more in terms of state capacity and autonomy which has led to a strong state, astute coalition building, leadership and strong external support. It

is political engineering - involving careful managing of economic reform as a political process - in effect pursuing the political and economic dimensions of reform at the same time, that has enabled the PNDC to succeed where others have failed in pursuing and sustaining the ERP.

In the process, it is argued, Rawlings and the PNDC have employed superior, but not necessarily above board, political craftsmanship to successfully build a strong state with autonomy (from domestic groups but not the IFIs) and effective state institutions - a bureaucratic and technocratic elite with a strong commitment to economic growth. This, combined with a strong leadership with a commitment to economic reform to achieve economic growth, a skillful strategy of political coalition management and significant financial inflows from the international community, has enabled the PNDC to stay the course of adjustment. An important note on the issue of autonomy is warranted here: though the state achieved autonomy from domestic groups it has been captured by the IFIs in the process. Also, while attempts at state reconstruction have been undertaken under authoritarian auspices, the point to note is that authoritarianism per se is not the issue, but the nature and form of authoritarianism, the specific interest groups or the socio-political coalitions associated with authoritarianism and their specific long term objectives. It is in this context that the Ghanaian experience becomes significant.

To capture this Ghanaian experience, the chapter looks at the origins of the populist regime and the attempts at reconstructing the decayed and weak paradigmatic state. Research for this chapter was undertaken between August and September 1993 and again between May and October 1994. During this period, I had the opportunity to interview in depth as well as interact formally and informally, with bureaucrats, political officials, chiefs, farmers and ordinary citizens of the cities, towns and villages. Data was also collected from archives, official sources, scholars, journalists and political figures of all stripes. I participated in the general life of the towns and villages, attending public and private events, taking part in daily existence and leisure activities and gathering information through observation and casual conversation.

The Genesis of A Populist Authoritarian Regime

Fellow citizens of Ghana, as you would have noticed we are not playing the National Anthem. In other words this is not a coup. I ask for nothing less than a revolution, something that would transform the social and economic order of this country. The military is not in to take over. We simply want to be part of the decision-making process in this country.

We are asking for nothing more than to organize this country in such a way that nothing will be done from the Council, whether by God or Devil, without the consent and authority of the people...

There is no justice in this society and so long as there is no justice, I would dare say let there be no peace.

(J.J. Rawlings. Radio and TV Broadcast, December 31, 1981)

As indicated earlier, the People's National Party (PNP) government led by Dr. Hilla Limann was overthrown in a coup d'état on December 31, 1981 by Flt. Lt. Jerry John Rawlings after barely two and a half years in power. The Provisional National Defence Council (PNDC) which was set up on December 31 assumed the reins of an economy that was perilously close to bankruptcy and a political system tottering towards collapse. The political uncertainty amid the continuing economic crisis attested to the general state of decadence and the loss of state capacity. As Naomi Chazan (1991: 22-23) has observed:

Ghana was in the midst of a multifaceted crisis of political enfeeblement, social fragmentation, and economic decline. The retrogressive cycle launched at the beginning of independence resulted in the consistent loss of autonomy by the state, which had been penetrated by increasingly particularistic and personal interests. At the same time, state agencies had been misused by a series of weak and capricious leaders, by an overbloated bureaucracy, and by avaricious and contentious patrons. Problems of state autonomy were consequently compounded by state incapacitation. Since many individuals and social groups no longer viewed the state as an important source of benefits, they devised means to avoid its extractive reach. State-society relations were in almost total disrepair, and the country was impoverished.

There was a sense of deep disenchantment and frustration with an economy suffering under the heavy weight of unbalanced growth and unrealized expectations. The coup can therefore be seen as a response to the worsening economic and concomitant political crises.

Patron-clientelism was the dominant feature of this

economic and political system. The core of this relation was the exchange of economic and social favours [i.e. economic rents] from the state to patrons and then to clients in return for support. One former patron described the system in these terms "holding on to political office ensured our access to state resources which we could then distribute to clients. Losing that office would have condemned us to political oblivion" (Interview, Accra: July 1994). This network integrated a diverse network of national, regional, local, ethnic and class interests into a loose coalition of allies seeking to control the state and convert it into a source of patronage and material benefits for individuals. Clearly, the political and economic logics were incompatible under these circumstances.

The coup must therefore be seen as a response to the breakdown of the economic and political system due to excess demands for particularistic benefits that had overloaded the capacity of the system and a combination of rivalries for patronage. At a more fundamental level, the patronage system had failed because its operation required a buoyant growth economy capable of providing a surplus for patronage distribution. Declines in export income and downward fluctuations in economic trends set the stage for internal crises in the patronage system. As a former member of the PNP states,

at this point, the patronage system failed to yield the rents which could be used to supplement our

incomes and build on our social and political status. The whole system was on the brink of collapse. In classic economic terms, diminishing returns had set in. To be sure, we could have continued but the outcome would have been catastrophic, as if December 31 itself was not (Interview, Former Member of People's National Party (PNP), Accra: July 1994).

Notwithstanding the use of the word "Provisional" the PNDC had no desire to hand over power to an elected civilian regime in the near future, at least not until after a complete revolutionary overhaul and a radical restructuring of Ghanaian society. Indeed, this revolution by junior officers of the Ghana Armed Forces suggested a rebellion against the corrupt practices of Ghana's postcolonial political elite; a "revolution to end all revolutions" according to the Chairman of the PNDC, J.J. Rawlings. It was also a sign of the emergence of an anti-establishment regime and elite. Support for the regime came initially from a primarily urban coalition of junior officers and lower ranks, poor urban workers and the rank and file of the Trades Union Congress (TUC), the National Union of Ghana Students (NUGS) and radical intelligentsia. Allied with this group were the June Fourth Movement (JFM), the New Democratic Movement (NDM), the Kwame Nkrumah Revolutionary Guards (KNRG), the People's Revolutionary League of Ghana (PRLG), the African Youth Command (AYC), the Pan-African Youth Movement (PANYMO) and the Movement for National Affairs (MONAS). Of these groups the JFM and NDM had the most clout. The ideological orientation of these groups was Neo-Marxist. This support base of urban workers, students and

radical intellectuals served as a source of regime legitimacy and the backbone of the "revolution." However, it is important to note that such generalizations fail to capture the differences especially within NUGS where there were crucial differences between right and left wing elements. For a former NUGs executive, "The attempt by the leadership to provide a united front masked differences in opinion. For some of us, the coup was uncalled for. We always felt that it was the work of a power hungry group. Subsequent developments have proven us right" (Interview, Accra: July 1994).

From the outset the populist character of the PNDC was never in doubt. This can be gleaned from a reading of the guidelines of the National Defence Committee (NDC) which contains declarations stating the character of the December 31 revolution. Paragraphs 2 and 3 of the preamble provide some insights in this respect:

the historical roots of our present state of underdevelopment, stem from colonialism which bequeathed a set pattern of economic development, social structures, attitudes and an oppressive and parasitic state machinery. The retention of the structures of colonialism has assured the continued domination of our economy by foreign financial interests and their local agents, with the attendant losses of the country's resources and hard earned wealth in a new phase of colonialism, which has been aptly described as neo-colonialism.

The 31st. December Revolution stands determined to break the monotony of underdevelopment and neo-colonialist status. The Revolution stands for economic self-sufficiency, self-dependency and freedom and justice for all. In short, 31st December stands for a National Democratic Revolution (National Defence Committee Guidelines, 1982: 3).

The new economic approach carried with it a strong nationalist message. The government imposed wage, rent, transport and price controls while implementing a strategy to build up the domestic market through self-reliance. There were also calls for nationalization of foreign firms. Other hallmarks of this period were the increasing levels of volunteerism coupled with acts of compulsion as part of a populist mobilization drive at economic development. These increasingly nationalistic and inward-looking attributes are well suited to populist leaders and enabled the PNDC to construct a coalition against old establishment interests - both domestic and external.

The populist orientation was also visible in the political sphere and expressed again in both rhetorical and practical terms. The coup was described as a 'people's revolution' to give power back to the people, a 'coup with a revolutionary import.' For Emmanuel Hansen, the coup "was revolutionary in aspirational terms. This means the capture of state power would initiate a process of change leading to the unfolding of a revolutionary transformation of Ghanaian society" (Hansen, 1991: 16).

Essential ingredients were mass democracy defined as participatory democracy and popular participation, popular justice and social responsibility. This populist content was clear from the Chairman's broadcast on December 31, 1981. By adopting this populist stance, the regime had availed itself

of the opportunity to secure a solution to the political crisis by remobilizing the people to confront the "enemies of society" in a manner that had never been tried before. Again, the NDC Guidelines provide a clear signal on the direction of the regime. Paragraph 4 states inter alia that "the denial of the opportunity to participate in the making of the decisions which govern our lives has stifled the creativity and dignity of the mass of our people. This calls for a democratic struggle to enable the people to take their rightful place in the decision-making process" (1982: 3-4). By embracing these policies and programmes, the populist leaders of Ghana constructed a urban working class coalition which then became crucial to the regime's success.

Perhaps the strongest expression of its commitment to the vision of people's power was the establishment of People's Defence Committees (PDCs) and Workers Defence Committees (WDCs) in 1982-83. Formed in response to a call by Chairman Rawlings as organs of popular power or people's power, the PDCs were designed to promote the objectives of the revolution in the communities - rural and urban - while the WDCs were to work at factories and other workplaces. They were both referred to as "watchdogs" of the process and as the bedrock of the revolution. Supporting these were a network of quasi-judicial bodies such as the National Investigations Committee (NIC), the Citizens Vetting Committees (CVCs) and the Public Tribunals. These extra-judicial institutions operated along

populist lines handing out what activists of the PNDC termed "simple, straightforward justice rather than the confusing 'I put it to you' rubbish of the regular courts" (Rothchild and Gyimah-Boadi, 1989: 224). That these new instruments of popular justice would hand down longer sentences was never in doubt.

The contributions of these organs of the revolution were immense. Take the case of the WDCs. Their main function was to involve the ordinary worker in the day to day running of the workplace, be it a factory, a government department, a mine (state-owned or foreign) or an educational institution. The principle here was that decisions taken by management and other persons in authority have a direct effect upon the life of the worker in terms of the general conditions of work. Thus the issue of accountability becomes paramount. This is because the vigilant worker is better placed to take measures to check the misappropriation of funds, embezzlement, under-invoicing and over-invoicing and other such malpractices. "By involving militant workers in decision-making through the WDCs they were given the chance of influencing the way the workplace was run. They also acquired certain experience in management and administration. They were further infused with the spirit of responsibility and patriotism through their obligations to pursue the stated objectives of the revolution" (Interview, Former PDC Member, Tema: August 1994).

The involvement of workers in management and in decision-

making yielded some good results in that numerous cases of the misappropriation and misapplication of funds were exposed by the defence committees. Several cases of irregular use of foreign exchange and the improper conduct of certain expatriates were also exposed, thanks to vigilant workers. Through the activities of these defence committees at workplaces the nation saved several millions of cedis which would otherwise have found their way into private pockets. The PDCs also helped in community initiatives. Indeed, Chairman Rawlings in July 1982 had commended the work of the defence committees in these terms:

We would not be exaggerating if we said that since the introduction of the People's Defence Committees and Workers Defence Committees, notable contributions have been made to our national progress. In the first place these institutions have provided for the first time a mechanism by which the man in the street can take a meaningful part in the political process...The introduction of these institutions has arrested the cynical apathy which had gripped this nation (Quoted in Hansen, 1991:38).

However, all was not well with the WDCs. There were many cases of collusion with corrupt management as well as cases of misplaced exhuberance sometimes resulting in wrongful and unfair treatment of some top management personnel. Consequently, as Kwame A. Ninsin (1991: 53) rightly points out, "public opinion was turned against the alleged excesses - including acts committed against chiefs and managers in state enterprises; against market women, some of whom had been flogged in public; and against legitimately acquired wealth -

and destabilizing activities of the defence committees... Hence Chairman Rawlings could openly castigate the defence committees and their leaders for indulging in acts "calculated to alienate support for his government."

Yet again, such indications of a falling out between the government and the PDCs/WDCs is provided by none other than the Chairman in his July 1982 statement:

...let us have the courage to state that in certain cases, these organizations have not always acted in ways which we can be proud of. In certain areas they have reportedly assumed police powers, made rash allegations against management personnel, and have had problems with local trade unions. Some have been infiltrated by agents provocateurs and counter-revolutionaries and in certain areas they have constituted themselves as political witch-hunting committees (Quoted in Hansen, 1991: 39).

Indeed, the NDC, the coordinating body with responsibility for directing and supervising the defence committees was accused of running a parallel government. The extent of the fallout between the regime and the NDC is captured in this statement by a top NDC member now in exile in London: "at the beginning of the revolution, we were the standard bearers. Then, all of a sudden, we became the enemy. Coincidentally, this occurred around the same time that talks were taking place with the IMF and the World Bank. We had opposed those talks. It was as if they [Rawlings and his top advisers] were being directed to bring us under control" (Interview, Former NDC Member, London: October 1994).

These excesses of coercion, intimidation and reign of terror created a backlash in the wider public but especially

so among establishment groups which were the main targets. As Donald Rothchild and E. Gyimah-Boadi (1989: 224) argue:

various establishment groups (the professionals, mercantile and management classes, and so forth) and institutions (the churches, especially with foreign links, the judiciary, the bar and other professional associations, and traditional authorities) came under increasing attack. They were denigrated as neocolonial and regressive social forces [exploiters] that had to be eliminated. These traditionally dominant classes came to perceive themselves as the main targets of the purges and investigations of the postrevolutionary period. They resented the populist transformation for its severe penalties, its confiscations of property and other assets, its austerity and its criticism of their privileges and external ties.

A sign of the tensions between the government and the establishment circles was the increasing schism with the influential Roman Catholic Church which radical pro-PNDC elements denounced as an agent of imperialism and exploitation. Baffour Agyeman-Duah (1987: 623-624) observes:

The worst military brutalities of 1982-83 had been condemned by Catholic bishops, who had even called on the PNDC to hand over power to an interim regime in order to prepare for democratic elections. In an attempt to silence these critics the Catholic weekly The Standard was denied an import licence for newsprint in 1982, and had to go out of publication for over a year. Poor state-church relations came to a head during 1985, when two expatriate missionaries who were fans of the "revolution" had their pastoral permits withdrawn by their bishop for reneging on their ecclesiastical obligations. This action was attacked as 'anti-revolutionary', by, for example, the June Fourth Movement, and Rawlings threw his weight behind the ensuing anti-church protests by condemning and threatening the bishop in embarrassingly obscene language during a ceremony to commission new radio transmitters.

In many ways, the populist regime planted the seeds of

its own decline because the period 1982 to 1983 saw an increase in the demands on the state with a concomitant increase in state size but also a decrease in autonomy, legitimacy, power, and efficiency of governmental apparatuses. Two events can be attributed for this development: (1) the undermining of, and further incapacitation of, existing state institutions and the inability and weakness of new institutions created as agents of revolutionary change, and (2) the departure of competent, skilled professionals and administrators fleeing from the persistent acts of terror against them. In the words of Naomi Chazan, "the Ghanaian state lost almost all capacity to design, let alone implement, its programmes" (1991: 25). The state was enfeebled:

By opening up the bureaucracy and the parastatal sector to popular participation, Rawlings and his associates not only exposed the state as an institution to a broad spectrum of demands, but they also provided some of the tools for the realization of these demands. The populist notion of the desirability of the people capturing the state and transforming it was effectively disproven as wholesale and unregulated access effectively stripped the state of any semblance of structural independence. By the beginning of 1983, the Ghanaian state had become effectively delegitimated and incapacitated (Chazan, 1991: 25).

The crises faced by the Ghanaian state were triggered not only by the economic problems discussed in the previous chapter, but also by the heightened political expectations as well as tensions engendered by the populist policies. Populism seemed to have exhausted itself. The euphoria that had greeted the early stages of the regime was replaced by the sudden

realization of limits and policies gone awry. This realization's political ramifications were manifested in new divisions in the regime, acrimonious and bitter debates about future courses of action, the polarization of views and, ultimately, a paralysis of the state decision-making structures. According to a former PNDC official, "at this point, the debate between the left and right resonated within the regime. Each group was manoeuvring to control and shape policy. However, neither was strong enough to prevail. A sense of desperation, powerlessness, and even fatigue had set in with bitter disputes, charges and counter charges of subversion. The ship was rudderless" (Interview, Former PNDC Official, Accra: August 1994).

This point is reinforced by Chazan,

In these circumstances, a power vacuum emerged at the state core. The limited amount of power that existed before the launching of the populist experiment had been reduced, and what remained was dispersed to other locations. The decay of the structures of the statist system and the social and economic recession had rendered the postcolonial logic meaningless. The extent of the crisis, and the depth of the trough in Ghana were a reflection of the severity of the shredding of the fabric of social and political life in the country (1991: 28).

The resulting stalemate was broken by the adoption of the Economic Recovery Programme (ERP), a programme of economic and political restructuring.

Transition From Populism - The U-Turn: Laying The Foundations of the Developmental State

In the latter part of 1982, and especially in early 1983, the PNDC adopted a new course in response to the political and economic decay facing the country. That the regime had jettisoned its populist orientation is evident, but there is sharp disagreement among observers - specifically the Left and Right - about this new course, how to evaluate it, how to describe Ghana's 'new road' and how to discern its destination. This section gives consideration to what the PNDC leadership describes as 'pragmatic reforms.' The argument is that Ghana's road to development under the PNDC has followed two phases, phases that are marked in terms of the priority given to economic and political goals. The populist phase (1982-1983), when the radicals were in control, saw economic development and progress towards socialism as inseparable and mutually reinforcing. In the second phase (1983-present), under the direction of moderates in the PNDC, priority was given to economic growth, and the implementation of socialist values was made a long-range objective. This period also saw the building of the developmental state.

According to Rothchild and Gyimah-Boadi (1989: 241) in 1983 it had become "increasingly apparent to Rawlings and some of his entourage that populist structures and processes could not prevent chaos in political, economic and social life. Consequently, Ghana's leaders shifted from radical populism, altering structures of government, recruiting moderate

personnel, and adopting conservative economic policies, in part to avert state collapse." Indeed, it was already apparent in late 1982 that a change of course in Ghana was in the making, only the sharpness of the turn was still in doubt. The question then was posed in stark terms: would the change be seen as a 'right turn,' a corrective measure from the radical and excessive character of the populist phase? Or would it go much further and become a U-turn - not just a correction of course, but a reversal?

Evidence of things to come were clearly there for those willing to see and read between the lines. In a series of speeches Chairman Rawlings bemoaned the activities of the PDCs/WDCs while at the same time moving to minimize their political roles. The Peoples Daily Graphic of October 14, 1982, for instance, quotes Rawlings calling for "peaceful co-existence between traditional councils and PDCs for the orderly development of the country." There were also statements attributed to other leading members of the regime to the effect that the defence committees were on probation and their activities would in future be reappraised (Peoples Daily Graphic, October 1, 1982: 1). Indeed, while the sustained assault on the defence committees began in the latter part of 1982, there had been earlier attempts. Rawlings in April 1982 while commending the committees had also cautioned them to tone down their militancy. A former member of the NDC recalls how "the Chief of Defence Staff General

Joseph Nunoo-Mensah reminded members that the defence committees were to take part in the decision-making but not to become the decision-makers themselves. They were not expected to take over from management" (Interview, Accra: July 1994).

The way was also paved for the introduction of the far-reaching economic and political reform embodied in the ERP by the purging of the radical elements within the PNDC, especially Chris Bukari Atim and Sgt. Alolga Akata-Pore. The regime found the perfect opportunity to do this following the coup attempts of October 28 and 29, and November 23, 1982. Members of the radical left were arrested and jailed. By December 10, 1982, Chris Atim had resigned his membership of the PNDC as well as the NDC, bitter over the compromises to the ideals of the revolution, and eventually fled the country. So did others who were sympathetic to the left's cause. The regime was thereafter effectively reorganized and by late 1983, Rawlings was the only remaining member of the original PNDC. Not only had Chairman Rawlings reasserted his power and authority, this was the clearest sign yet that the populist phase of the regime had come to an end. As Hansen (1991: 127) emphasizes, "by the end of the third week of December 1982 the Left movement had been effectively suppressed and the entire Left was on the defensive." The regime was in a good position to make the transition from its radical populist phase to adopt the ERP, its programme of recovery in 1983.

The transition should not, however, be seen solely in

terms of political struggles because by now the economic deterioration knew no bounds and called for urgent remedial action. A senior Finance Ministry official with orthodox economic credentials indicated that the severity of the economic crisis put enormous pressures on the regime to act if it was to meet its populist aspirations. "The pervasive long-term decline had to be stopped. Whether one was a supporter or opponent of the regime, the economic difficulties at the time was enough to test your survival skills. To continue on this path of economic atrophy was politically suicidal" (Interview, Finance Ministry Official, Accra: August 1994).

The final steps in the reorientation of the defence committees from a political to a primarily economic role occurred in December 1984 when they were redesignated as Committees for the Defence of the Revolution (CDRs). The government's position on the CDRs was that they should be more production-oriented and avoid unnecessary confrontations with management. They were to strive towards raising productivity. This seemed to many, and rightfully so, to be a direct result of the demands the ERP was making on the PNDC government. Thus there seemed to be a deemphasizing of the political character of the defence committees. This point is buttressed by Yao Graham, one of the leftists purged by the PNDC:

"the move to the CDRs reflected the loss of political preeminence the defence committee movement once had. Henceforth, there was to be a decline in the political functions of the defence committee movement. This was however one, albeit important, feature of the changes in the political

landscape over the years of rule of the PNDC, and the relationship between the government and the different social classes in Ghana. The principal watershed was the August 1983 national reconstruction speech in which Chairman Rawlings reached out to chiefs, establishment churches and various social groups and institutions that had hitherto been treated with great suspicion by the PNDC and its supporters" (West Africa, October 1987).

Indeed, even the new motto of the CDRs, "Mobilize, Defend, Produce" was evidence that they had been shorn of any political orientation. The government view could be gleaned from the words of the new Political Counsellor for the Economic Development of the CDRs. "The main reason for the re-designation was the desire of the revolutionary leadership to bring about a qualitative change in the operations of the defence committees. This is not to say that the conceptual framework i.e. the basic idea behind the creation of the defence committees has been abandoned or compromised. The era of the CDRs can be seen as a qualitative advancement of the defence committee concept...There has been a definite shift in the centre of gravity to economic considerations. That is not to negate the political work we are involved in but rather to lay emphasis on a pressing problem" (Interview, Former NDC Official, Accra: July 1994).

Support for this view also came from Rawlings when he decried the "populist nonsense." From now on, according to Chairman Rawlings:

...production and efficiency must be our watchwords. Populist nonsense must give way to popular sense. Many of us spent too much time

worrying about who owns what, but there can be no ownership without production first (Peoples Daily Graphic, December 1984: 1).

It seemed that a populist regime committed to a revolutionary transformation had abandoned this project and engaged in a process of economic liberalization whose most immediate result was to reinforce the power of the traditional elites at which it had initially struck. How do we explain this change in strategy? Is it a betrayal of the ideals of the revolution or a 'right turn,' a correction of an ultra left approach? It is to this debate surrounding the so-called U-turn that we now turn our attention.

The Debate Surrounding the So-Called U-Turn

Given the avowedly populist nature of the PNDC, critics have argued that the adoption of the ERP was a betrayal of the 'progressive forces.' Some have argued that the early populist stance of the government was designed merely to win support of the 'progressive forces of the left,' support that was clearly needed in order to overthrow the Peoples National Party (PNP) government of Dr. Hilla Limann. Others like Donald Ray (1986) have indicated that the policy reversal was a tactical move designed to gain access to badly needed foreign funds in order to create an economic base for the eventual transition to a socialist state. This section surveys this debate on the so-called U-Turn.

This debate on the U-turn is relevant precisely because

it hits at the heart of the whole process of reform and at the evolution of the PNDC. It not only emphasizes the definitive turn away from populism and the sense of betrayal felt by progressive forces, it also places in context the responses from labour, professional associations and civil servants and the repressive and authoritarian responses from the regime. Outlining the details of this debate therefore helps in explaining the practical reaction to the ERP measures.

Kwame A. Ninsin (1982) analyzes the political history of Ghana and argues that since 1966 the petit-bourgeois has been in crisis. He argues that when the military has intervened it has been to try to solve the crisis of the petit-bourgeois state, but that this petit-bourgeois experiment has been a failure. It is precisely because it has failed that the 'December 31 Revolution' was initiated. To Ninsin, the December 31 process "seems to mark the beginning of this exit," that is, the exit of the petit-bourgeois from the Ghanaian political scene. Ninsin then sees the military regime of December 31 as a revolutionary one.

If the revolutionary credentials of the PNDC can be established, then Ninsin's analysis implies that there has indeed been a U-Turn. Hence the assertion by Zaya Yeebo (1985) that

the coup of December 31 1981 gave some indication of a revolutionary transformation in Ghana representing a victory for 'progressive forces' and heralding a new dawn in which the workers and peasants would play a vanguard role in the process...The subsequent outcome [however] has seen

one of the most dramatic U-Turns. The PNDC has turned its back on its origins, initial objectives and social base and invalidated all the possibilities of a genuine revolutionary transformation...It may be a specific mode of adaptation of a neocolonial state to the logic of international capital.

Emmanuel Hansen (1982) discusses the Armed Forces Revolutionary Council (AFRC) and the June 4 intervention and asserts that

the June 4 uprising was essentially a rebellion of the men and ranks first against their officers and then against comparable classes in civil society. It was in a way a class conflict in the armed forces. It represented a constellation of feelings of anger, resentment, fear...and also of hope on the part of the men and women of the ranks and junior officers who supported them...It was a class action on the part of the lower classes to assert themselves.

The same radical class forces in the army which had initiated the intervention in 1979 were behind Rawlings' second intervention. The December 31 intervention is "a coup with a revolutionary import. It is the unfolding of the revolution which is now firmly on the agenda." In a later contribution, Hansen (1991: 105) adds that "it took a regime generally regarded by this time as politically most radical to put into practice an economic programme regarded as the most reactionary." To analysts like Hansen, then, the ERP indicates a Rawlings U-Turn, the problem is how to explain it.

According to Donald Ray (1986), the basis of the PNDC's policies can be seen in the ideology of the New Democratic Movement (NDM). He argues that the June Fourth Movement (JFM) and the NDM were the most influential in directing the course

of the revolution. However, whilst the JFM advocated a "Bolshevik style" revolution, breaking all ties with imperialism and so on, the NDM favoured a more pragmatic approach that socialism would be possible only after a considerable time. During this time, Mao's strategy of New Democracy would be adopted before a fuller version of socialism.

Ray argues that it was the NDM with its Maoist orientation which later gained ascendancy. He emphasizes that the revolutionary strategy that was adopted by the end of 1982 was a blend of Lenin's New Economic Policy (NEP) and Mao's New Democracy. "It had a double thrust. Economically, the goal was to stop the decay, stabilize the economy and eventually induce positive economic growth. Politically, the goal was to create structures that would facilitate the participation of the people in the exercise of power..." He argues that Lenin's NEP promoted a limited and controlled restoration of capitalism in certain sectors to provide the funds needed for a take-off, which could then provide a basis for building socialism. Ray asserts "certainly prominent Marxists in the government have argued that this was really the case. They reasoned that, given Ghana's ravaged economy and the fact that the revolution was in its national democratic phase, the first priority was to restore production, and the only available capital was to be found with the IMF and the World Bank."

It would seem, however, that Ray's contentions are not

water-tight. To what extent, one may ask, was it possible to adopt a socialist course, after the massive funds had been obtained from the IMF and the World Bank and production had substantially improved? Was this feasible? What would be the response of the donor countries and multilateral agencies? Is it not possible that these western donors had taken all these contingencies into account and would have protected themselves against such an eventuality?

Moreover, Lenin's NEP involved just encouraging capitalist production, that is, profit-oriented production in certain sectors, but did not also embrace monetarist policies like those that Ghana has adopted under the auspices of the IMF and the World Bank? Even granted the fact that the IMF gives loans on short term basis, the World Bank on the contrary adopts a long term approach to its projects. The point then is this: given the long term nature of World Bank project aid, is it not possible that at a certain point in time the capitalist system of production would have so entrenched itself that it would be impossible to shift to socialism as Ray wants us to believe?

Obviously, Ray has either misread the facts or has refused to believe them. He later makes a feeble or last minute attempt to assess the implications of the ERP. "...By adopting an economic recovery programme that contains, among other things, elements of Lenin's NEP and Mao's National Democratic phase of the revolution, the PNDC has been able to

mobilize the enormous sums of foreign capital needed to get the economy going again...the issue of IMF loans is not whether they are acceptable to socialist governments...but rather at what costs." Ray only ends at this. He makes no attempt to assess the costs, probably for fear of contradicting himself.

It would seem that a better explanation is that there really was a U-Turn and that it was a pragmatic response to the reality of the time especially in light of economic decline and lack of alternative sources of funding. Ray argues that Chris Atim, a member of the PNDC, led a delegation to socialist countries to seek funds but these were not available for various reasons. According to Ray, the last resort was to turn elsewhere. In the light of the above criticisms, it would seem a little far fetched to argue, as was being done in government circles, that the IMF did not impose its conditionalities, but Ghana drew up her own proposals which found favour in the IMF's eyes. It is clear that the IMF would have rejected any proposals which did not fall within its laid down conditionalities. How adequate then is the theory of an NEP followed by a socialist path in the light of this?

A final point is worth consideration. Is there any evidence from Rawlings' rhetoric to suggest that there had indeed been a U-Turn? In an interview in West Africa (February 9, 1987: 259) Rawlings emphasizes that, though there had been significant changes since he took over power in 1981,

"one emphasis that has not changed is on the reconstruction of the national economy through the concerted efforts of the people. We have taken new initiatives again on this recently...to make more effective our determination to reach our objectives, but not by way of changes in our emphasis...Of course we are responding everyday to concrete realities and designing methods that will match the needs of the actual situation at any particular time."

In response to accusations that he had spurned the original stance of the revolution and moved consistently to the right, and on the appropriateness of the phrase U-Turn, Rawlings offers this insight:

I don't think if I had been unaware of political and economic realities, it would have been possible to have matured under the impact of these realities...As for your left/right categorizations, I find them remarkably simplistic. We are determined to create a more just society in which the interests of the majority are not repressed in favour of a tiny minority. We labour under historical constraints which do not allow us the elbow-room we want, but we see enhancing the productivity of our people as the best guarantee of our future. Is that right, is that left? What is certain is that we are moving forward, and not by U-Turns...I don't think my political views have shifted at all, in terms of principles and aims. It is more a question of learning to assess what can be attained at a particular point in time, with the resources available and taking all internal and external factors into consideration (West Africa, February 9, 1987: 259).

Rawlings reinforces these points in an earlier interview with the Editor-in Chief of Africa Magazine, Ralph Uwechue:

Our objectives have never changed. There are those who talk about deviations and U-Turns, but they are the impractical theorists, the impatient

ideologists who expect to attain their goals overnight, but who are unable to contribute to the practical day to day drudgery of working towards these goals...We want each step forward to be built on a solid foundation. We do not want to rush ahead only to fall headlong. We began in 1982 with debts, empty coffers, broken down infrastructure and a demoralized people...It was only with a large injection of foreign funds that we could rehabilitate our economy and at the same time pay for essential imports..Our main aim is not to democratize poverty. It is to build a self-sustaining economy which will not depend on aid and we believe it can be done...Without these loans, we would have virtually no export earnings. It is not easy to make people visualize what would have been the situation if we had not taken any loans. It is like a man who has to dig a well in order to get water for survival. He has no tools. He has the choice either to dig with his bare hands (and quite likely to die of thirst before he reaches the water) or to borrow money to buy a pick and shovel, and then to use some of the water from the well to grow vegetables to pay off his debt (Africa, March 1986: 16-17).

The answers of the Chairman of the PNDC, if taken at face value, indicate that no U-Turns have taken place and that the PNDC's approach has been pragmatic throughout; that perhaps what seemed to be a leftist tendency at the beginning of the regime's rule was just a strategy to cope with the situation of the times. The answers also indicate a practical approach to economic problems. The question that arises is why the revolutionary stance at the beginning? In the context of the debate just undertaken, it would seem appropriate to suggest that the adoption of the ERP was a practical response to the dire economic situation and decay of the state apparatus.

Irrespective of one's position regarding the validity of the U-Turn argument, the fact that the ERP measures

represented radical departures from the previous policies in the populist phase cannot be easily dismissed. In the same vein, the sense of betrayal felt by the progressive forces cannot be ignored. Nevertheless, the new policies must be seen as a peculiar response to the economic and political problems facing the country. Indeed, the tenuous position in which the country was placed affected not only the populist regime's capacity to fulfil its fiscal responsibilities of equitable growth - welfare and health care programmes, subsidized food for urban supporters, etc. - but also brought into question its legitimacy. Any persistence of the prevailing crisis could have undermined the regime and increased its vulnerability. Add to this the turbulent external environment of falling prices for exports, increased protectionism in the North, rising prices for manufactured inputs and oil, and so on, and all indications point to an economy in deep crisis and a political system in need of radical surgery. It is in this context that the pressures for economic reform and the response (i.e. the ERP) have to be understood and analyzed. For a populist regime like the PNDC in Ghana that had staked its right to legitimacy on a commitment to equity and redistributive logic, reversing the economic decline was a sine qua non. In effect, its legitimacy was predicated on its capacity to fulfil its populist goals.

When this is analyzed in light of the failed attempt to secure assistance from the Eastern bloc, then the regime's

acceptance of the ERP seems to make sense. According to Onyema Ogochukwu (1985: 146-147):

The Russians had pointed to their own problems which they said made it difficult for them to offer much help, and had advised Ghana to go to the IMF but try at the same time to hold on to the revolution. It was empirical advice. The government had had to compromise its ideology in order to get help.

Public Reaction to Practical Consequences of the Implementation of the ERP

The response to the ERP from organized labour, students, radicals and other urban dwelling opponents of the regime was immediate. In a statement issued in connection with May Day celebrations in 1983, the Interim Management Committee (IMC) of the Trade Union Congress (TUC) stated that "in recent times, the government has been wooing the enemies of the people and making pronouncements that appeased the rich and reactionaries while they demoralized the masses of the people" (Ghanaian Times, May 3, 1983). It noted that the PNDC had not developed the practice of giving the people enough information, it had not also encouraged regular consultations and dialogue between its officials and representatives of the mass organizations so that collective and democratic ways of dealing with the critical problems facing the nation could be found. On the 1983 budget the statement noted that, though workers did not expect a paradise, certain aspects of the budget would exact too much sacrifice from the working people. The statement said that the burden of increases in the prices

of petroleum products and other basic items like machetes and meat, as well as adjustment of salaries, which suggested a wage freeze, would break the already bent back of the workers.

Addressing a three hour rally held by workers to mark May Day, the national chairman of the Industrial and Commercial Workers Union, Mr. Frank Adjabeng, said the 1983 budget should be critically reviewed to enable workers to make ends meet. Earlier the workers had demonstrated with empty pans, and had refused to sing their traditional convocational song, "we shall unite as workers still" (Peoples Daily Graphic, May 5, 1983). In an interview carried in the next day's edition of the Peoples Daily Graphic, Mr. Adjabeng regretted that the government was misrepresenting the discontent of workers as being politically inspired. "The truth is that, it does not need even a year old child to be told to react when he/she is hungry, how much more mature workers" (May 6, 1983).

The General Transport and Chemical Workers Union described the budget as "anti-people, a killer, callous and inhuman." Their detailed response to the budget was reflective of the general mood at the time:

Before December 31...the working people were living in untold deprivation, price of goods were high, kalabule had a nourishing foundation and workers were looking for divine intervention. With the advent of the coup, the working people thought the hour of salvation had come...As we moved on, our confidence began to shake. Prices of goods started soaring and kalabule refused to obey the gun (Peoples Daily Graphic, April 24, 1983).

The budget also received a hostile reception in Kumasi,

the capital of the Asante region. A seminar to discuss the budget scheduled for the Ghana National Cultural Center nearly did not take place because of an all day massive workers' demonstration against the government. Demonstrators maintained roadblocks and besieged the Center in an attempt to prevent the vehicles conveying the PNDC Secretaries billed to speak from entering the grounds. They hooted at various speakers and rained insults on them. The police had to use tear gas to disperse the angry demonstrators. Dr. Kwesi Botchway, the PNDC Secretary for Finance and Economic Planning, in a speech blamed old politicians for trying to make political capital out of the budget and asserted that "if you carry the fight to us, we shall fight back squarely" (Peoples Daily Graphic, May 13, 1983).

The Ghana National Association of Teachers (GNAT) asked the government to take a second look at the budget before its implementation, because it would raise the already high cost of living such that the "minimal increases in salaries and wages proposed are not in any way related to the astronomical increases in the prices of goods and services as contained in the budget proposals. The budget therefore seems to overlook the human aspects of our economic development...despite the need for sacrifice, there is a limit to which the people, especially the workers and farmers, can sacrifice since at all material times the people must eat, clothe themselves, and have shelter" (Ghanaian Times, May 14, 1983). It asked the

government to take the view of the people seriously because "no matter how good a budget is, it cannot implement itself, neither can the government alone implement the budget."

In the above statement, there was a veiled threat of a possible industrial action if the government did not take the views of the people seriously. However, the GNAT had grossly underestimated the capability of the government. Little did it realize that the government alone could indeed implement the budget.

The government's reaction to the prevailing discontent was varied. One method was to use some measure of strongarm tactics. On May 17, 1983, the TUC lodged a protest against attempts by certain groups of people to manhandle the leadership of the Congress. In a protest note sent to the PNDC following a siege and attack on the Hall of Trade Unions by organizers of a demonstration on May 9, 1983, who styled themselves as 'Progressive Militant Workers of Ghana' the TUC stated that the Union would resist and avoid any confrontation which only served to divide the ranks of the workers. The TUC appealed to the PNDC to direct its political organs not to act contrary to the noble objectives of the 'December 31 revolution' (Peoples Daily Graphic, May 18, 1983). Though true that it borders on speculation to assert that the attack on the leadership of the TUC was instigated by the government, in light of the events which preceded the attack, to wit, the criticisms of the budget proposals by the leadership, such

speculation would seem justified. In any case, it was to become clear later that the ranks of the workers had been divided.

Divide and rule was another strategy. In May 1983, eleven branches of the TUC in the Upper West Region expressed unflinching support for the PNDC's 1983 budget (Ghanaian Times, May 13, 1983). The Local Government Workers union also made it clear that it would not allow itself to be used by what it called "budget politicians" to cause confusion in the country. The General Secretary of the Union, Mr. S.K. Owusu, reiterated that "we shall not allow ourselves to be manipulated by a few selfish individuals" (Ghanaian Times, May 19, 1983).

The GNAT was also divided. The Greater Accra Teachers Defence Committee and Central Defence Committee of Departments under the Ministry of Education, opposed the GNAT leadership. These groups stated that "the Committees would endeavour to expose the manoeuvres of the GNAT leadership to discredit the revolution." They stressed that the machinations of the GNAT leadership had serious political origins and that at the appropriate time "all these would be exposed" (Ghanaian Times, May 17, 1983).

The truth in these statements of support for the 1983 budget as reported in the state-owned news media is not easily ascertained. One thing is clear, they succeeded in breaking down the united front of opposition to the 1983 budget. To the

extent that they were reported at all, they show the role of control over the news media in enabling the PNDC to cope with the situation.

Far more troubling for the government was the impending confrontation with the powerful student movement. The new leadership of the National Union of Ghana Students (NUGS) signalled its intention to take on the government towards the end of April 1983. Hence, student resentment against the austerity measures contained in the ERP came to a head in May 1983. The government responded to a massive student demonstration in May, sending supporters to the University of Ghana to chase out students for questioning the budget. Thereafter, the three universities were closed down and the entire school year nullified.

While this unrest had began as an economic protest against the ERP, it quickly turned into a broader political challenge to the government. Tensions in the country remained high, leading to perhaps the most serious disruption to civil order, the almost successful overthrow of the PNDC on June 13, 1983 by elements within the armed forces. These challenges to regime legitimacy inherent in the responses to the 1983 budget were the beginning of a period of assertiveness by critics of the government's policies. As Yeebo (1991: 26) rightly argues: "the PNDC's determination to implement the IMF programme, and its increasing use of severe repressive methods meant that it had set itself on a collision course with organized labour and

the mass movement. The issues that came to the forefront were no longer solely economic, but encompassed wider problems about the nature of military rule, the PNDC's authoritarian methods, the question of political power and military brutality against the civilian population."

In spite of the attacks, organized labour was increasing its pressure on the government. By late 1985, the Pioneer, an independent newspaper printed in the hotbed of anti-PNDC politics, Kumasi, quoted the General Secretary of the TUC, A.K. Yankey, as saying that "workers out of frustration would be forced by their human instinct of survival to rise up against the government since it cannot ensure their survival" (Pioneer, 25 November 1985).

As the state proceeded to impose more austerity measures, the labour movement became increasingly militant and uncompromising in its opposition to the government. Thus, for instance, the incidence of strikes rose and sharply assumed a violent character. The state responded with a greater measure of repression. The intimidation, attacks, and imprisonment of critics of the ERP silenced, somewhat, opposition to the regime. However, in a sign of the new era, the IFIs and western donors continued to praise the government for its political will.

For example, despite an increase of 60 per cent in the minimum wage announced in the 1984\85 budget, constant devaluations and continued inflation had wiped out these gains

such that the TUC was demanding a daily minimum wage of 300 cedis. Chairman Rawlings dismissed this demand as unrealistic, nonsensical and ignorant, notwithstanding the Central Bureau of Statistics' projection of a daily minimum wage of 228 cedis. Thereafter, the pro-government Ghanaian Chronicle castigated the leadership of the TUC, inferring that "the 300 cedis minimum wage requested by the TUC was a ploy to incur displeasure for the government and therefore punch a hole into workers solidarity and support for the government" (Ghanaian Chronicle, No. 50, March 1985: 1).

Worker agitation also targeted the increasing gap between the rich and the poor claiming government austerity measures were bidding farewell to welfarism. Thus the Legon workers in a demonstration in March 1986 questioned the policies on salaries and wages in this light:

rather than narrow the gap between the poor and the rich as Rawlings had previously promised, the government's economic policy tended to widen the gap...Whereas workers received increases of about 600 cedis per month, heads of organizations received increases ranging between 7,000 and 10,000 cedis per month, apart from fringe benefits (Revolutionary Banner, 1986).

Faced with this sustained economic pressure, workers stepped up their agitation against the regime. There were more strikes between 1984 and 1988 with no less than 20 recorded strikes in 1988 alone. Such worker agitation and the rising wave of workers' unrest so alarmed the regime that in 1988 the Army Commander, Major General Arnold Quainoo, warned that the army would crush any resistance to government policies.

Previously in 1985, union leaders had been warned about the perils of continued criticism of the regime. Obviously the regime's confidence and stability were visibly strained and its only immediate resort was to cope with the situation through increased political repression.

These actions prompted the TUC in a protest letter dated November 22, 1985 and titled 'Protest - Arrest, Detention and Intimidation' to question the PNDC's attempts to "intimidate workers and their leaders in order to cow and prevent us from giving expression to our legitimate rights and interests...The use of police methods is a far departure from the development of genuine democracy and throw into question... the PNDC repeated proclamation about contribution to the evolution of true and functional democracy." In the words of Yeebo, "every single labour dispute, every workers demonstration was met with jet fighters, tanks and other paraphernalia of war" (1991: 228). Student protests in May 1987 and June-July 1988 were met with similar force.

Concomitantly, the 'heavy hand' of the state was used to silence other critics of the government and its policies in an increasingly authoritarian mold. There were sharp restrictions of public contestation and the use of the coercive apparatus of the state to depoliticize and demobilize organized labour and enasculate the political opposition. Through the use of such acts as PNDC Law 91, critics of the PNDC were silenced and the intensity of political repression increased markedly.

The use of repression came to be seen as a way for forcing acceptance of the ERP measures.

Critics of the ERP, like Akoto Ampaw (General-Secretary of the New Democratic Movement - NDM), Kwame Karikari and Akwasi Adu Amankwah (head of the Political department of the TUC) were arrested and detained without being charged in 1987 after a period of student unrest (Amnesty International Report, 1988: 42). That the regime was intent on having its way can also be gleaned from the arrest of Kwesi Pratt, a journalist and Secretary of the KNRG. Pratt had asked the Secretary for Finance and Economic Planning Dr. Kwesi Botchwey at a news conference in January 1986 to explain what the budget meant for the ordinary Ghanaian in these terms:

It is strange that at this time when sick people are running away from our hospitals instead of going into the hospital; it is strange that at this time when the majority of our people are dropping out of schools because of the imposition of not 'cut-throat' but 'crush-head' school fees, we are talking of economic recovery in this society of ours.

We are talking as if everything has improved, but the real condition on the ground is that people are dying, people are starving...because of the senseless policy of devaluation, retrenchment of labour, etc.

I would like the Secretary to react to this situation on the ground. The suffering of the ordinary people in the streets. I am not talking of the profits of the big companies...I am not talking of the praises which come from the imperialist controlled IMF and the World Bank (West Africa, January 1986: 67).

Kwesi Pratt was later arrested and detained for three months.

The attacks on the state's critics by agents of the

regime and highly derogatory remarks in editorials of the state-owned newspapers were incessant. Opponents were described as 'infantile leftists' with nothing to offer the country. The irony of all this was not lost on these erstwhile supporters turned opponents of the regime. One of them put this irony in stark terms: "Since December 31, 1981, we had been the moral crusaders and the backbone of the "revolution." Now we were described as being intellectually bankrupt, "infantile leftists" with nothing to offer. How did we go from saviours to do nothings in such a short time? Only God knows!" (Interview with Former PNDC Official, Accra: August 1994).

In the face of these attacks, many critics either went into exile, were detained or withdrew from commenting on national affairs. A state of apathy had set in within the larger population to an extent that the Chairman himself had occasion, in a speech in Sunyani in April 1987, to bemoan what he termed the "culture of silence." Hence, the Executive Secretary of the National Commission for Democracy (NCD), Mr. E.A. Haizel admitted that "the culture of silence has so trapped the people that there is now a lot of murmuring and passivism around instead of a positive declaration of opinion" (Peoples Daily Graphic, 1987).

However, the origins of the "culture of silence" was never in doubt. Indeed, as Albert Adu Boahen (1989: 51-52) rightly points out in his J.B. Danquah Memorial Lectures:

We have not protested or staged riots not because we trust the PNDC but because we fear the PNDC! We

are afraid of being detained, liquidated or dragged before the CVC or NIC or being subjected to all sorts of molestation.

And in a dramatic sort of way, Boahen adds:

And in any case, have Ghanaians not been protesting at all as the Head of State thinks? They have been but in a very subtle and quiet way - hence the culture of silence (1989: 52).

These violations of trade union rights, the increasing controls and use of the coercive instruments of the state carried on to the early 1990s. That the PNDC adopted these tactics was a reflection of its belief that if international capital was to be attracted to invest in Ghana then a conducive atmosphere must be provided. This required that those segments of society that had been politically activated by the exuberant phase of populism must be depoliticized and curbed. The regime thus saw its role as providing political and economic stability by availing itself of the coercive instruments of the state.

It is important to stress that this is by no means an attempt to rejuvenate the view that authoritarian systems of governance are better suited institutionally in managing and sustaining orthodox economic reforms. However, it is argued that the ability of authoritarian regimes to sustain these reforms in the short to medium term, may be enhanced by the nature of such regimes. Specifically, this depends on the state's responses to economic crises and whether the authoritarian regime is able to strengthen its foundations. In Ghana, the political and technocratic elite transformed a

weakly-institutionalized populist authoritarian state based on patron-client networks between the state and "progressive forces" that provided its backbone, into a new strongly-institutionalized authoritarian state with greater autonomy and supported by a new broad-based coalition of interests. This enabled the regime to implement the orthodox economic reform policies in the short to medium term. In the words of a senior official, "our resiliency lies in our ability to adapt and reinvent our approach to economic and political reform" (Interview, Tema: August 1994).

The Ghanaian experience shows the extent to which an authoritarian regime can, under some conditions, successfully manage and sustain orthodox economic reforms. By so doing, an explanation is also offered as to why the pursuit of such orthodox economic reforms can strengthen, rather than threaten, the political survival of these regimes. Like Skidmore (1977), it is important to stress that this is in no way an attempt to pronounce any "historical law" or any personal preference about the affinity between authoritarianism and orthodox economic reform. It is rather a conclusion that is borne out by an examination of the Ghanaian record which has been clearly demonstrated.

While the use of repressive measures have contributed in many ways and enabled the regime to stay the course with the ERP, there are other factors that need to be considered. In other words, to say that an authoritarian regime is associated

with the ability to sustain orthodox SAPs really just begs the question: what determines the strength of authoritarian rule? Why do authoritarian regimes fail to sustain these programmes in some states but not in others? Several factors come into play, but the most basic is the degree of autonomy and the ability to forge new alliances\coalitions in support of the programme. It is to these twin goals that we now turn our attention.

Coalition Management and Reform of the State

The second plank of Chairman Rawlings' development strategy was the establishment of an economic core and coalition making. This plank was based on the awareness that there were inherent risks and costs associated with relying exclusively on the capacity to use the means of coercion to silence opposition to the ERP measures. While the regime was clearly taken aback by the sudden and sustained opposition to its programmes, it responded rather effectively to anticipate future political obstacles and designed responses to cope with such obstacles. The remark of the senior official about the resiliency of the regime in adapting and reinventing their approach to economic and political reform referred to earlier is worth recalling at this point.

The decline of the state and the exhaustion of the previous economic models had been the result of a complex and dynamic political process which both fed upon and accentuated

the overall decay of the Ghanaian state. For one Finance Ministry official, "at the heart of this was the fact that the state found itself trapped among the many societal pressures vying for resources, a fact which undermined its autonomy. As a result, it was unable to adjust its economic policies. The state and political elite persisted with failed economic policies because those policies were driven by the political logic of maintaining and sustaining political support. The economic and political basis of policy had to be reinvented" (Interview, Finance Ministry Official, Accra: August 1994).

Having failed to implement its preferences for political reasons, the state's success at implementing and sustaining the ERP rested more on its ability to ensure that the shift to its new austerity policies would be politically feasible. That this is important is borne out of the fact that this shift cannot be justified as economically "rational" and therefore commanding automatic universal support. Involving a shift in the direction of the rural-urban terms of trade, it leads to a redistribution of resources from former beneficiaries and, as such, will encounter resistance from them. Success, therefore, is a reflection of the strength of state autonomy. Such autonomy from vested economic interests would allow the state to undertake the necessary (but admittedly unpopular) reforms necessary for the success of the ERP.

Having grasped this logic, the state proceeded to create an atmosphere in which it could pursue the austerity measures

3

PM-1 3½"x4" PHOTOGRAPHIC MICROCOPY TARGET
NBS 1010a ANSI/ISO #2 EQUIVALENT

PRECISIONSM RESOLUTION TARGETS

without interference from vested interests. As Joel S. Migdal has indicated, "through state autonomy from domestic and outside forces, state officials have sought to act upon their own preferences, making decisions that reshape, ignore, or circumvent the preferences of even the strongest social actors" (Migdal, 1988: 18-19). For those who point to Ghana as a model of success, it is precisely this ability by the state and the regime to push through the reform measures that is hailed as the triumph of a strong state which managed to overcome "irrational" particularistic interests. Standing above all partisan and sectional interests, the Ghanaian state claims to have acted in the best interests of society as a whole, in the collective or common interest: "One of the most enduring hallmarks of this period is the dismantling of the old patronage network. This enabled us to pursue policies which were deemed economically rational. We were building an important aspect of our planned developmental state, by any means possible" (Interview, Finance Ministry Official, Accra: August 1994).

How was autonomy achieved? To answer this, one has to examine the base of regime support from December 31, 1981. From the outset, the basis of support had been limited to the urban areas, and composed of left wing elements in the labour union and other progressive organizations. However, the left itself had a narrow organizational base. As one noted leftist indicated, "we were counting on our new found power to build

up our base of support. This was, however, not to be as Rawlings showed his true colours" (Interview, Former NDC Official, Tema: July 1994).

This narrow base of support was to prove advantageous in the quest for autonomy. As Callaghy has argued, "a key characteristic of the Rawlings regime was its relatively narrow organizational base. What might appear at first to be a handicap for a regime undertaking major economic reform turned out, in fact, to be one of its fragile strengths. Insulation from important sociopolitical veto groups, themselves weakened by the shredding of the previous fifteen years, allowed the PNDC to do more than other more constrained regimes...The Rawlings regime has maintained some social and political distance, some autonomy" (Callaghy, 1990: 277-278).

Indeed, more autonomy for state leaders has greatly enhanced their ability to enforce orthodox adjustment policies that do not always reflect the interests of particularistic societal interests. "Despite the opposition to the measures the PNDC stayed the course, implementing its programme. Such diligent pursuance of the programme and the resurgence of a strong state provided a guarantee of political and economic stability, prerequisites for ensuring investor confidence" (Interview, Bank of Ghana Official, Accra: July 1994). This way, the regime had demonstrated its commitment to stay on the course of building a genuine developmental state. The international community and the IFIs subsequently responded by

injecting capital into the economy.

Managing an economic reform programme, however, is not a simple endeavour. It requires substantial administrative skills and capacity. Considerable administrative skills are a sine qua non for handling technical and other details. In this respect, it is worthwhile recalling the insights of a top bureaucrat with close connections to the regime: "not only did we indicate our commitment to adopt SAPs, we realized the need for an administrative and bureaucratic capacity to administer the programme. An essential aspect of the Ghana model has been the development of such capacity (Interview, Finance Ministry Official, Accra: July 1994).

In 1982, the PNDC initiated moves to put together a small, cohesive and technocratic economic group working as the Economic Policy Review Committee (EPRC) to review the economy and formulate plans. This team, made up of bureaucrats, reform-minded intellectuals and neo-classical economists was to work later with the IMF to design the Ghana programme. Members of this team included Dr. Kwesi Botchwey, Dr. Joe Abbey, P.V. Obeng, Kojo Tsikata as well as officials from the Central Bank, the Bank of Ghana and key ministries, especially Finance and Economic Planning (John Toye, 1989; Ray, 1986).

This small and cohesive technocracy was insulated from societal pressures and given considerable leeway to work with the IMF and the World Bank. The stability of the team, exemplified in its never changing composition, attested to the

cordial relationship between the technocratic arm and the top leadership of the PNDC, especially Jerry Rawlings. While Rawlings at times lamented the adverse effects of the external environment, his own confidence in, and support for, the economic team was unflinching and never in doubt. Botchwey, for instance, remained Finance and Economic Planning Secretary from 1982 until his resignation in July 1995. Top Finance Ministry and Bank of Ghana officials attribute the sustainability of the programme to this well-knit and politically insulated group of economic advisors. As one official put it:

Our ability to stay the course of economic reform can be attributed to the well-knit core of economic advisors. We have operated at arms length from political pressures with the backing of Chairman Rawlings. The coherence and continuity of this group has ensured the existence of an effective and capable administrative machinery. We have therefore proceeded to implement policies with only one consideration in mind, that is, whether the policies were the "right" ones for economic recovery (Discussions, Officials from Ministry of Finance and the Bank of Ghana, Accra: July 1994).

These insights are buttressed by Naomi Chazan when she suggests that:

The emphasis in the ERP on technocratic skills and the premium placed on attracting qualified human resources led to the beginning of the creation of a new and fairly cohesive state elite. The size of this group was small...and its bureaucratic code was still amorphous. But since access to these state administrators was blocked, they did succeed in maintaining a greater degree of independence than many of their predecessors (Chazan, 1991: 32).

This small, cohesive group of economic technocrats was committed to economic orthodoxy and well versed in

articulating the long term economic and political benefits of the ERP.

The overall thrust of the policies adopted by the regime was also meant to reshape state institutions by restructuring the Ghanaian state. Weakened and lacking in administrative capacity, the Ghanaian state could hardly perform its bureaucratic functions. The regime thus proceeded to develop the necessary administrative capabilities. The pivotal importance of such capabilities is captured in this statement by a University professor who is an opponent of the regime:

Let us give the devil its due. Before this time, the Ghanaian bureaucracy lacked capacity. During the period of the ERP, this capacity has been rebuilt around this new technocratic and bureaucratic elite. Not only has capacity been rebuilt, but the leadership has proceeded to effectively harness those capabilities effectively. This has been the single most important achievement of this regime (Interview, University Professor, Kumasi: July 1994).

Such administrative capacity, combined with the bureaucracy's compliance and commitment to government policies, is an important prerequisite for success at implementation. Without this the cohesion of policy will be undermined. Chazan also underlines the success of the PNDC in creating the technocratic and bureaucratic capacity and commitment of the state apparatus:

During this time the various institutions at the center were more clearly demarcated, and the spheres of influence of the political, administrative, military, and judicial branches spelled out with greater precision. The foundations were thus laid for a more effective administration. The internal restructuring in the state apparatus

not only imposed a degree of order in the heretofore unwieldy public sector, but also augmented the capacity of state institutions (1991: 32).

Finally, the regime devised a strategy for coalition management. Despite suggestions to the contrary (See Herbst, 1993: 56), the PNDC tried to develop political support for the changes. These attempts at cultivating support would seem to support the view that the importance of state autonomy should not be overemphasized. The ruling apparatus must have some allies in society, hence the need for coalition-building, especially involving the beneficiaries of adjustment. Such a coalition must be broad-based, cutting across regional, ethnic and class lines. The ability of the regime to fashion out such a strong, broad-based state would seem to be an indispensable prerequisite for the political order to find strength and stability and for the ERP to create the prosperity that the regime believed it would in the long term. This would also have the effect of enhancing overall regime legitimacy. The apparent change of course, the U-Turn, of the regime from its populist orientation had caused its hitherto support base of workers, radical intellectuals, and students to crumble. Faced with a loss of legitimacy, the regime had to devote considerable resources to the issue of coalition management.

As indicated earlier, employees of the state have witnessed a precipitous decline in their disposable income to inflation and to the withdrawal of state subsidies. The minimum daily wage has always hovered around the equivalent of

US\$1 (with slight variations), university professors and senior bureaucrats earn about US\$150 per month. As a result, broad popular dissatisfaction with the ERP measures especially in the urban centers, but not necessarily limited to these areas, has been widespread and sustained. The sources of such dissatisfaction are not difficult to identify: persistent inflation, elimination of subsidies, and the growing gap between public and private sector salaries. These, as well as the perception that the regime was abandoning its stated populist goals, generated serious concern among the now politically activated initial coalition partners. Their protests caused the PNDC to devise strategies for coalition management.

The major problem associated with the attempt at coalition management was how the regime could balance the interests of some of its old coalition partners with the beneficiaries of adjustment. The strategy unfolded at two levels. First, the regime tried to persuade some of its old coalition partners to support the ERP by reassuring them that to do otherwise would entail many costs. For example, in late 1988 Rawlings made the point that "living conditions are still tough for our people. I am not happy. But they could have been worse" (Africa Report, November - December 1987: 49).

Second, attempts were made to include the beneficiaries of reform. In this respect, the PNDC cultivated two distinct, but potentially contradictory coalitions, one that operates on

the logic of economic orthodoxy, the other political and populist. In this way, the regime tried to retain some of its old populist orientation while at the same time persuading the private sector and the new coalition partners of its commitment to reform. By this clear declaratory posture, the regime clearly put its loyalties on the side of the private sector, reassuring them of its commitment to forge ahead with the orthodox programme without which they would abstain from investing. It also reassured coalition partners that they could receive incentives and benefits, while at the same time reminding them that they should bear the leading responsibility for Ghana's future economic prosperity.

A government official maps out the outlines of the regime's approach as follows:

We responded to the social impact of the reforms by attempting to encourage the growth of, and develop political collaboration with, the new forces which had come to prominence in the reforms. In the urban sector, for example, our policies have sought to reinforce the power of managers in relation to their workforces and encourage the activity of entrepreneurs (Interview, Government Official, Accra: August 1994).

However, it is important to note here that this strategy has proven politically problematic because these groups have not necessarily supported the regime.

In spite of the realignment with the private sector, populism is still alive in Ghanaian politics, with the regime taking every opportunity to tout its populist credentials. This has, to some extent, masked the orthodox orientation of

economic reform. Some people still take Rawlings at his word when he argues that economic reforms will eventually provide a better future for ordinary Ghanaians even in spite of the hardships and the continued harassment of critics of reform. In the event, as Rothchild and Gyimah-Boadi point out, "nevertheless, under the PNDC regime populism is alive and well, particularly at the rhetorical level. Rawlings continues to urge popular participation, people's power and administrative decentralization, even while top down decisions are made and popular forces (for example, NUGS, and the TUC and individuals in the JFM, the NDM and the KNRG) are being repressed" (Rothchild and Gyimah-Boadi, 1989: 242).

At the same time, efforts were made at "national reconciliation" with more evidence of conciliatory attitudes towards establishment groups. Thus the Chairman, in his New Year's speech of 1990, had this to say:

We need not condemn or resent all people merely for their affluence. We must acknowledge the fact that a great many people have taken full advantage of the economic conditions which the government has deliberately created to encourage individual initiative (Peoples Daily Graphic, January 2, 1990).

Private-sector business people were still wary of the PNDC because of their earlier identification as a significant threat not only to the revolution but also to the economic and political control of the regime. Business people interviewed in Accra, Kumasi and other urban areas were united in their suspicions of the PNDC, with a majority expressing support for

opposition groups (Interviews, 10 Business People in Accra, Kumasi, Tema and Sunyani: June-August 1994). However, others in the business community took advantage of the new enabling climate and became important components of the regime's new coalition.

The reconciliation process was further pursued through the appointment of a chief, Na Polkuu Konkoo Chiri IV, the Nandom Na, as a member of the PNDC. Other elements of the middle class were brought on board. These included the appointment of Justice Daniel F. Annan to membership of the PNDC as well as the chairmanship of the National Commission for Democracy, a body mandated with the task of drawing up a new constitution aimed at a return to democratic rule and representation. In the Asante Region, the hotbed of opposition to the PNDC, Chairman Rawlings made peace with the paramount chief, the Asantehene Otumfuo Opoku Ware II. Some prominent chiefs explained how the Asantehene, who had been accused in the early days of the "revolution" of plotting with the United States Ambassador to overthrow the regime, was coopted into the regime in return for favours. In return the Chief became an advisor to Rawlings (Interview with Chiefs in the Asante Region: May-June, 1994). The basis of coopting the RMC was being put in place.

At the same time ex-Nkrumah, old guard politician and lawyer, F.A. Juantuah, was appointed, on the advice of the Asantehene, as Asante Regional Secretary. Jantuah's major

mandate was to deal with military and human rights violations. Henceforth, the "Asantehene and other paramount chiefs (including several senior ex-military officers) publicly pledged cooperation with the government in 1984-85. Catholic and Protestant church leaders, who had been prominent critics of military violence and harassment, were mollified by the strong measures to restore discipline in the military. Regional consultative committees of professionals, chiefs, and businessmen were established in 1984 to advise the regime" (Jon Kraus, 1987: 207).

On the labour front, the regime employed the age-old tactic of divide and rule. The PNDC co-opted the leadership of the TUC by influencing the election of officials at the national, regional and local levels. Moderates in the labour movement developed close alliances with the regime which reciprocated by financing their election campaigns against radicals like Akwasi Adu Amankwah and L.G.K. Ocloo. Where challenges were mounted against its allies in the TUC, the PNDC mounted its own campaign of intimidation and harassment against such challengers. As an example, take the case of the 1988 elections of the TUC held during its national congress in Kumasi. Bent on securing a victory for A.K. Yankey, a moderate pro-PNDC candidate, the chief of security, ex-Captain Kojo Tsikata warned activists in no uncertain terms against voting for those he labelled 'super-revolutionaries' and 'infantile leftists.' A former TUC official recalls his interpretation of

Tsikata's warning in what was a clearly threatening environment:

The trade union movement is like a ship...If we permit these infantile leftists, these super-revolutionaries, these people who want to be more Catholic than the Pope to seize control of this ship...well, for those of you who can swim, "good luck," but for those of you who cannot swim, you better say your last prayers (Interview, Former Official of TUC, Tema: July 1994).

Yankey proceeded to win the vote as the Secretary-General of the TUC and was rewarded with membership of the National Commission for Democracy.

Perhaps the greatest catch, yet the most daunting of all for the PNDC, would be the cultivation of the support of the rural producers. Since the ERP was meant to alter the terms of trade in favour of the rural producers it was obvious that any attempt at coalition building would have to include these beneficiaries. It was assumed that rural farmers would be the main beneficiaries because of increases in the producer prices of cocoa and other commodities. Kodwo Ewusi (1987: 56) has demonstrated that the nominal price of cocoa rose considerably, and a reversal in the rural-urban terms of trade in favour of the rural population had indeed occurred, albeit less substantially: 116.5 percent in 1983; 114.5 percent in 1984; 110.8 percent in 1985; and 104.9 percent in 1986 [1970=100] (World Bank, 1989: 167).

How the regime attempted to tap and institutionalize support among the rural population is an important consideration worth analyzing because of the need, in Herbst's

view, to "develop a system whereby the rural population has a political voice significant enough to be a viable constituency for the economic reform policies now being adopted" (1991: 76). For Herbst, "the question of a peasant constituency is important to the long-term sustainability of economic reform."

Here again the PNDC and Chairman Rawlings tried to pit urbanites against the rural population. Rawlings indicated that the removal of price controls was an anti-urban move. In his speeches after the launch of the ERP, the Chairman tried to underscore the point that urban workers' antagonism against the PNDC was fueled by the fact that the recovery programme was more beneficial to the rural poor. In one such speech, Rawlings defended the increases in the price of kerosene on the grounds that the majority of the fuel was not marketed in the rural areas (J.J. Rawlings, 1983a: 8). In doing so the PNDC set itself as being on the side of the rural people and the opponents of the programme as their exploiters.

The point that needs to be reiterated is that before the adoption of the ERP, politics in Ghana typically represented an alliance between the urban political and economic elite and their transnational partners. State institutions were largely used to advance the interests of these groups at the expense of the rural population. With the adoption of the ERP, the PNDC signalled its intention to redirect resources to the rural areas. Rawlings indicated the regime's commitment to reversing the urban bias and exploitation of the previous era,

by this statement in 1983:

Cocoa and forest products make up about 75 percent of all our export receipts and yet the benefits you get from the system [are] small in comparison with what you put in. It is with your agricultural products that we buy the cars, lorries, petrol, kerosene, matches, soap, sugar, etc. and yet how many of you have access to these things? We intend to reverse this trend and bring back the wealth of the country to where it belongs, in the rural areas (J.J. Rawlings, 1983b: 4).

However, notwithstanding some gains, the rural populace remained aloof from the regime. This was, according to Baffour Agyeman-Duah, because "they had been alienated as early as 1982, when the PNDC attempted to impose controls on the sale and price of food, their main source of income" (1987: 623). Coupled with this, the limited gains from the ERP were offset by the effects of the cuts on the education, health and social welfare budgets and the increases in prices of petrol, kerosene and other commodities as a result of the removal of subsidies. These had imposed additional financial obligations on the rural farmers. For Ninsin (1991:58), "these factors would suggest that the government could not be confident of securing appreciable support from the rural classes, because for them also the material payoffs from the ERP were not substantial."

Even more difficult for the regime was the fact that for those rural farmers who saw improvements in their material conditions and were inclined to be drawn to Rawlings' identification with the "exploited rural producers," there was a problem of organization. Their loose organization meant that

they would be hard to mobilize politically. Indeed, E. Gyimah-Boadi (1989) has argued rather persuasively that the rural population is fragmented, politically and economically, and that this serves as a hindrance to mobilizing this critical segment of the population in support of adjustment in Africa.

While important, this perspective is overly static. After 1983, the regime devised new ways of mobilizing the 'fragmented' support of the rural population by cultivating the rural middle class (RMC), the locally influential chiefs and notables. What is witnessed in Ghana is the state's success at building a coalition, including the rural population, in support of the ERP. Rural support was cultivated through the cooptation of the RMC which mediates between the political and bureaucratic elite and the peasants and thus performs a crucial integrative role. The RMC has acted as a political counterweight to urban forces. The importance of the RMC in Ghanaian society is its surprising ability to survive changes in the country's top leadership. Despite the changes in the control of the state apparatus at the center, not much seems to change in the local power and socioeconomic structures.

The Ghanaian RMC derives its importance and strength from the connection that exists between this class and the military-bureaucratic apparatus of the state. Interviews of select chiefs in the Asante Region for this study indicated that this strength is partly the result of "the attachment of

urban elites and bureaucrats to rural-based networks and linkages along tribal, kin, and familial lines" (Interview, Chiefs in the Asante Region: May-June 1994).

The cooptation of the chiefs and other rural notables was therefore crucial since their social as well as spiritual influence over the rural people is a source of power which invests them with real legitimacy and authority. Indeed, the nature of the Ghanaian ancien regime reinforced local power structures. Consideration should also be given here to Ninsin's point that their [rural population] "generally low level of political organization and consciousness made them vulnerable to political manipulation" (1991: 58). For the PNDC and the state apparatus which it managed, therefore, the support of the RMC was required in an attempt to find a solution to the legitimation crisis which it faced. Both the PNDC and the chiefs needed each other: The PNDC, to make up for the lack of popular support in the urban areas and beyond; the chiefs, to expand their resource base and possibly as a source of protection for their status as patrons.

The litmus test for the success of this cooptation would therefore depend on the profitability of the alliance which would be measured by the provision of economic and political incentives not just for the RMC but that which would also lead to rapid rural development. In a sense, success depended on whether economic benefits or state-controlled resources would be shifted from the urban centres to the rural centres.

Peasant support as well as rural middle class support for the PNDC and its economic programme would be maintained so long as specific government policies were targeted to support the agricultural sector. Support could also be maintained provided incentives were made available to the lower stratum of the urban middle class which for all intents and purposes was aligned with the rural folks. All these would have to be done at the expense of rents that had hitherto flowed to the urbanites. Success at this would have the effect of bringing the RMC and the rural population into the national consensus. Whether this represents a new non rent-seeking approach is still open to question. Indeed, it is entirely possible that PNDC attempts at co-optation of the RMC is just a new version of the old rent-seeking method of the past. The only difference now is the make-up of the rent-seeking coalition.

Specific attempts at this policy included the recruitment of powerful and well respected chiefs into the government. Chiefs like E.G. Tannor, Nana Akuoko Sarpong (Agogohene), Nana Oduro Numapau (Essumejahene), and E.N. Arkaah played prominent roles. For example, Nana Akuoko Sarpong was appointed Secretary for Health and later of Interior and presently is in charge of the Chieftiancy Secretariat. Nana Numapau was a member of the Electoral Commission that oversaw the elections to democratic government in 1992 and Arkaah is presently the Vice-President. All these positions were the reward for supporting the regime. Many of the chiefs interviewed

explained in detail how they and their colleagues were courted by a regime which, in the words of one:

"had described us as reactionaries. It never ceased to amaze me how we were parachuted from "enemies" to friends of the revolution. We are not naive. We realized our support was needed as a counterweight to urban forces. Not only could we help cultivate support for the regime in the rural areas where we had support, we could also help bridge the gap and settle differences between the regime and urban opponents" (Interview, Chief, Kumasi: June 1994).

That the RMC can play the role of arbiter between the regime and urban opponents is explained by the fact that segments of the urban educated middle class have economic, social and cultural links with members of their own families who are still members of the RMC. In Ghana, traditions die hard and people in the urban areas routinely transmit funds to members of the extended family in the rural areas. Urban elements have important rural roots and continue to benefit from the social and emotional familial and kinship ties that characterize rural relationships. Links with the rural "folks" is therefore a cherished aspect of Ghanaian tradition. So is the attachment to the institution of Chieftancy.

The rapprochement with the Asantehene and the cultivation of other chiefs, coupled with the appointment of Na Polkuu Chiri as member of the PNDC, signaled the readiness of the regime to give chiefs a voice in the regime, all with an eye to cultivating the support of the rural population. The regime also undertook to bring good drinking water and electricity supply to the rural areas. This was meant to

signal to the rural folks that the PNDC was really on their side. Even though this is a contested issue, it is fair to say that this has translated into support for the regime as the results of the 1987/88 district council elections and the 1992 election portray. PNDC support was concentrated in the rural areas. A chief explained that "the base of support that the regime has in the Asante Region, the hotbed of opposition to Rawlings, is due in part to this alliance between some prominent chiefs and Rawlings" (Interview, Chief, Kumasi: June 1994).

A note of caution is appropriate here. In themselves, these successes at cultivating rural support through the RMC are not in any way to be construed to mean that the interests of the rural population are being represented. Further, these changes are not enough to produce unqualified support for the regime among households and villages. While this strategy was essential, there are inherent dangers as well. First, this new consensus could have the effect of replacing the old patronage, urban clientelist politics with a new rural-based system in conjunction with a so-called new breed urban military-bureaucratic elite. It is also possible that this new patronage politics and the policy interventions of the PNDC would only be for the benefit of a few rural middle class elites to the detriment of the rural population as a whole.

In spite of the autonomy attained by the state and the success at coalition-building there is a demonstrated need for

leadership and a 'political will.' The point is that without such leadership the strengths of the state and its institutions cannot be exploited. There is also a temptation for the state leaders to succumb to societal pressures and opposition to austerity measures by jettisoning the programme. In fact, Joan Nelson notes that:

A basic minimum of political support for the chief executive is an important determining factor in deciding the timing of structural adjustment decisions. However, strength in a chief executive is no guarantee of quick decision, but acute weakness and inability to command support from party and/or legislature or other key support groups virtually guarantees delay or paralysis (1990: 335).

Rawlings and the leadership of the PNDC have demonstrated a capacity for exploiting the strengths provided by the autonomy of the state and its institutions. The backing of such forceful and persistent leadership provided an important shot in the arm for the reform process. Rawlings' own continued popularity among the poor as well as his crucial leadership skills of persistence and forcefulness were enough to provide the 'political will' needed to stay the course of reform. In the periods when he needed it most, his leadership skills did not abandon him. A retired bureaucrat with experience in economic management indeed attributes the sustainability of economic reforms to Rawlings' leadership skills:

"his charisma and his ability to ride roughshod over any opposition. I do not like his politics, but he has provided effective economic leadership. And this for a guy with little economic background.

People seem to genuinely like him and they do their best to follow him even in spite of all his excesses" (Interview, Retired Civil Servant, Kumasi: July 1994).

Indeed, some former government officials also made mention of his charisma, while others are clearly unimpressed and speak of his dictatorial tendencies (Interview, Former Government Officials, Accra and Kumasi: July-August 1994).

The regime was also willing, with external donor support, to initiate a Programme of Action to Mitigate the Social Costs of Adjustment (PAMSCAD) to deal with the social costs of the ERP. Though PAMSCAD has been hailed as a path breaking effort, it is appropriate to see it more as part of the political strategy to gain support and consolidate the regime and the economic reforms which it had sponsored. However, its impact domestically has been minimal as many saw it as a cosmetic exercise designed to achieve maximum political gain.

External Support

All of these efforts convinced the IFIs and the donor community of Ghana's commitment to the reforms. In response, the international community provided financial support and aid commitments. Between 1983 and 1992 Ghana received about US\$ 1.64 billion from the IMF, some US\$ 0.7b from the World Bank, and over US\$ 3b from the 'Paris Club' of bilateral lenders. Some estimates suggest that annual aid commitments rose from US\$ 426m in 1984 to US\$ 971 in 1989. Total commitments for the period totalled some US\$ 3.5b, including over US\$ 1b from the

International Development Association (IDA), with Ghana ranking number three as an aid recipient of the IDA after India and China (Financial Times, March 2 and July 11, 1989). Between 1983 and 1986, Ghana received about US\$ 1b in additional funding over the average inflows of pre-programme years (Loxley, 1987). This new capital inflow financed the rehabilitation and repair of key infrastructure.

In their attempt to showcase Ghana as a "success story" and a model for adjustment, the IFIs as well as the Paris and London Clubs of lenders have worked to ensure capital inflow into the country. A few examples will suffice here. At the Paris Consultative Group Meeting on Ghana in 1987, Ghana received \$818m in commitments even though the government had requested US\$ 575m (Nii K. Bentsi-Enchill, 1987: 1044). Also in May 1991, lenders gave the Ghana programme a vote of confidence by pledging a total of US\$ 970m as against the World Bank's recommendation of US\$ 850m. In 1993, the Paris Club pledged US\$ 2.1b in aid, about half a billion more than Ghana had requested (West Africa, 11-17 October, 1993: 1802). Additional support was also provided for PAMSCAD, the action programme to deal with the social costs of adjustment. In February 1988, donors pledged US\$ 85.7m for the implementation of PAMSCAD at a conference in Geneva.

Finally, external support came in the form of technical and administrative advice from the IFIs. The IMF and the World Bank worked in tandem with the small and cohesive technocratic

group. In the words of Dr. J.L.S. Abbey, a member of the technocratic group, "a critical element that facilitated the success of the adjustment programme was the very close and fruitful, even at times acrimonious, dialogue that was established with successive [IMF] missions" (1989: 11). In a sense, then, external donors provided the resources necessary to grease the wheels of this new coalition.

Conclusion

The chapter has demonstrated that Ghana's partial success at implementing adjustment can be largely attributed to an autonomous state apparatus strong enough to effectively remedy the pervasive economic and political decay, albeit partially. The authoritarian state achieved this domestic autonomy, in part, by suppressing distributional struggles and popular demands. Throughout the implementation of the ERP the regime's repressive apparatus was used almost at will to suppress political pressures from those groups whose interests were adversely affected by the austerity measures. Rather than trying to please all its constituents and the numerous particularistic interests, an empowered state rejected those demands, opting instead to implement the ERP firmly in the belief that it held the key to breaking the political and economic stranglehold. Equally important, a conscious effort was made to limit the influence and potential challenge from beneficiaries of the programme.

Ghana's ERP therefore did much to influence the policy making process. The structure of the process, the existence of capable technocrats, and the pragmatic but iron-fisted rule of Jerry Rawlings have all been important in ensuring that economic policy remained largely insulated from outside pressures. Armed with this newly gained autonomy, the state has attempted, with some success, to eliminate the basic contradictions of the previous clientelist system and its economic order. Under such conditions the state could nurture new groups to support the programme. Though highlighting the building of developmental capacity, this should not be seen as an attempt to argue that the necessary political space for effective reciprocal relations between ruler and ruled had been created. Quite the contrary and this would in the long term lead to demands for political transformation.

The important point to note here is that the key developmental attributes of administrative and bureaucratic capacity and the ability to build new political alliances had been partially achieved. It is these - the insulation of the technocratic arm of the state from societal demands, careful coalition management, strong persistent and iron-fisted leadership and external support - that have enabled the PNDC to politically sustain the programme for more than a decade. Herein lies the major attributes that have enabled Ghana to successfully formulate and implement orthodox economic reforms, attributes that other African states that hope to

emulate Ghana's partial success need to cultivate. The question is what economic policies and strategies have been formulated, implemented and sustained as a result of this partial enhanced state capacity? The next chapter addresses those issues.

CHAPTER FOUR

THE ECONOMIC AND SOCIAL IMPACT OF THE ADJUSTMENT PROGRAMMES

Introduction

As has been demonstrated in the previous chapters, since independence in 1957, successive regimes in Ghana have pursued statist policies ostensibly as a means of generating sustained economic growth. Yet, instead of providing the impetus for growth and welfare development, estatization served to constrain both. The state had become an epitome of economic irrationality and political decay which eventually undermined its legitimacy and led to state paralysis. This process of economic and political decay that Ghana experienced had affected not only economic progress but also the administrative institutions and their relationship with society.

Under the statist model, the spheres of politics, economics and administration were intermeshed in practice: the state apparatus dominated the economy. Politicization of the state bureaucracy impeded the emergence of a core of professionals committed to more Weberian rational-legal principles of administration. Further, excessive state intervention in the economy had stifled the initiative of productive enterprises and proven economically destructive. Reconstructing the state, therefore, required a new paradigm that would set out to separate out the institutional spheres of economics, politics and bureaucracy: the regime's intent

was to define the respective functions of these three spheres more precisely and to redefine the relationships between them.

The preceeding chapter charted the course of building developmental capacity by the state in Ghana. It was shown that the Ghanaian state had been reconstructed and was clearly imbued with the necessary characteristics for formulating and implementing consistent and coherent adjustment policies. Led by a leadership and a cohesive core of technocrats with a commitment to economic growth and the necessary autonomy, the state proceeded to implement the austerity measures in its structural adjustment programmes, called the Economic Recovery Programme (ERP) in spite of protestations from various groups.

The present chapter looks at the attempts to depoliticize economic decision-making and to remove economic irrationalities of the previous statist model. In view of the urgent priority given to economic growth as an objective, this chapter will consider the policies which the enhanced capacity of the state has enabled the PNDC to implement and the outcomes. It is argued that enhanced state capacity has enabled Ghana to sustain reforms that have been partially successful, in terms of reversing years of economic decline.

In spite of the macroeconomic gains, the issue of distribution remains a concern. Nevertheless, though economic success is less than satisfactory to those who believe that anything short of NICs style growth with distribution is unacceptable, success need not be defined in those terms, but

and decline. Raising the issue of distribution is meant to temper the neoclassical source of triumph because questions have been raised about whether these macroeconomic improvements or benefits are worth it in view of the social costs. This is also meant to highlight the need to address these distributional concerns in the medium to long term.

The inquiry is organized around two sets of questions: First, what policies have the enhanced capacity of the state enabled the regime to formulate and implement and what are the main theoretical and policy elements of the economic reforms? How did the regime and state set out to correct the macroeconomic imbalances of the postindependence period? Second, what have been the socioeconomic impact of the reforms? These are some of the central questions to be addressed in this chapter.

As I will demonstrate, any analysis of recent changes in Ghana must attribute the need for reform to problems inherent in the previous state-directed economic system. The statist policies had proved incompatible with economic growth. Driven by political logics, Ghana's state elites had failed to maintain stable macroeconomic policies, opting instead to use access to state resources to support patronage and clientelistic networks. Since the legitimacy of incumbent regimes and the state was tied to the performance of the economy, the macro level imbalances that had bedevilled Ghana's economy undermined state and regime legitimacy.

Economic decline had undermined political stability.

My argument is that statist policies had become economically destructive because the rents that were generated were used to buy political support for incumbent regimes. Surplus value extracted from peasants and productive sectors of the Ghanaian economy were used to build grand coalitions through a patron-client network. Without these rents, it seemed, these coalitions would falter, with dire implications for the state and political elite. However, as the surplus declined to the point of exhaustion, the very basis of the patronage and clientelistic system was in danger. So was the state and regime. The glue (i.e. rents) that held the political and economic system together in the statist period was weakening. No longer could the existing policies provide an effective framework for building political support. Structural adjustment, when it was adopted in April 1983 and pursued diligently thereafter, therefore, was aimed at creating a new type of state, a state imbued with developmental capacity.

Since the underlying reason for state paralysis and decay had been traced by the regime to policy making and the destructive effects such policies had on economic growth and equity, building economic capacity was seen as a prerequisite for ensuring the vitality of the new state. The period 1983 to the present has therefore seen a new version of economic system reform via-IMF/World Bank SAPs. This was to lay the

basis for Ghana's economic future by rolling back the state, that is, disengaging the state from direct economic involvement and increasing the role and autonomy of the market and private enterprise.

The rationale for this was simple: the statist model of direct and pervasive state intervention had become a developmental liability. As one official succinctly put it: "the political logics of statism led to bureaucratic rigidity, inefficiency and incompetence, the persistence of failed economic policies and the stifling of initiative of economic actors, especially the peasants and private investors, both local and foreign" (Interview with Government Official, June 1994). From this perspective, the state had to be reconstructed to generate economic progress through the achievement of its economic goals via structural adjustment. The overall goal was to rid the state of its liabilities while engineering a change towards a genuine developmental state. Building economic capacity constituted one, albeit parallel, step in the effort at reforming the Ghanaian state. This step in the redefinition of the developmental state set the context for a programme of market reforms which are orthodox in type and to which I now turn my attention.

The first section investigates the macroeconomic (growth) performance of the Ghanaian economy and the policy framework associated with it. How did the Ghanaian economy change? What were the economic successes and shortcomings of the period

under investigation? The second section then considers the social implications of the ERP. What is the record on the incidence of poverty and household income distribution in Ghana since the ERP? A principal objective of the section is to shed more light on issues related to growth and equity. The final segment is used to evaluate the so-called Programme of Action to Mitigate the Social Costs of Adjustment (PAMSCAD).

The analysis is carried out at two levels: on the one hand, it seeks to draw conclusions on the application of structural adjustment policies in Ghana in the face of crisis; on the other, it attempts to analyze the effects in a historical context and with a short- and long-term outlook. This is because the effects and consequences should be understood in the perspective of earlier trends. This is particularly important in terms of the analysis of the effects of the type of adjustment policies pursued and whether the cost of the adjustment was equitably distributed.

In order to assess the impact of the economic reforms, I studied the socioeconomic conditions of 200 households selected on an opportunity basis in the urban areas, both low- and high-income, between June and September 1994. Research was carried out in two phases. The first phase, June - July 1994, provided the baseline data on the economic and social situation of the chosen households. This provided, on a preliminary basis, the socioeconomic conditions of the 200 opportunity selected households.

The second stage of the project (August - September 1994), the impact of the ERP measures on the poor, was reevaluated based on some findings from the initial research. Instead of just targeting the "poor" which would require an examination of only low-income households, it became obvious that most "high-income households" which include professionals and white collar workers could be considered poor and vulnerable as well. This stage of the research examined the status of the vulnerable groups, in specific terms of income, nutrition, access to health services and education, and levels of employment.

The analysis that follows is therefore based on my personal and independent research based on the method of intensive fieldwork - direct observation, participation and personal contact. The findings that are reported in the subsequent pages diverge from the prevailing Ghana government, World Bank/IMF and Western donor portrayals of milk and honey flowing in the new promised land.

The conclusion reached is that in the face of the economic crisis that Ghana faced, there was no alternative to adjustment. In macroeconomic terms, the pace of economic performance has been impressive when compared with the pre-1983 period or even with other African countries. This rekindling of macroeconomic growth in Ghana provides the most important verification for the regime and the IFIs that their policy-based lending is achieving its stated purpose. This

growth is also regarded as the foundation for the alleviation of poverty and for improvements in the standard of living.

However, such macroeconomic indicators of growth performance conceal basic problems of equity and social welfare. The type of policies adopted have done little to minimize the cost and have also put the burden on to the least privileged groups of the population. The macroeconomic picture is not also good especially when debt and inflation are taken into account.

Before proceeding, however, it is important to state clearly what this chapter discusses as well as what it does not. I am concerned here with the macro and micro (household) impact of adjustment. Although an attempt is made to examine the rationale behind and responses to the policies implemented thus far, there are significant issues that are not adequately addressed. Perhaps the most important issue examined in this chapter is the political responses and reaction of various groups to the economic reforms. These and other aspects of state reconstruction - adopting a new political logic and building up its administrative and technocratic capacity - are addressed in chapter 3.

Constructing A New Economic Paradigm

We need time to reduce our need of the IMF by seeking alternative ways of production. Small is good at least for us.

(Flt.-Lt. Jerry John Rawlings, February 1983).

The yardstick by which our success or failure as a nation and people should ultimately be judged is by the condition of the human being himself. We must ultimately judge our progress by the quality of the individual Ghanaian, by his knowledge, his skills, his behaviour as a member of society, the standard of life he is able to enjoy and more importantly, by the degree of cooperation, harmony and brotherliness in our community life as a nation.

(Flt.-Lt. Jerry John Rawlings, December 1988).

The adjustment programme was embarked on in an effort to correct macroeconomic imbalances, reflected in external current account deficits and high inflation. The rationale was to institute measures aimed at short-term stabilization and long-term structural reform. The ERP assigned high priority to the re-establishment of external equilibrium, understood as the reduction of the deficit on current account to a level compatible with the real possibilities of access to external finance. The approach sought to redirect expenditure and achieve a reallocation of resources from the production of non-tradeable to tradeable goods and services. In other words, achieving domestic and external financial stability was seen as an important ingredient for a sustainable rate of economic growth.

The programmes that have been designed and implemented during 1983-1994 have thus been characterized by a comprehensive range of policies involving structural measures to increase productivity and promote capital formation by reducing distortions and physical bottlenecks, macroeconomic policies to align aggregate demand with available resources, mobilize savings and release resources to the private sector. Structural reforms have concentrated on liberalization of commodity prices, interest rates, and the exchange rate; financial and fiscal reform; privatizing or streamlining state-owned enterprises; and liberalizing foreign trade and payments. These measures were seen as a necessary step towards sustainable, poverty-reducing growth. In short, the policy reform measures instituted since the inception of the ERP in 1983 have stressed the importance of sound growth-oriented and outward-looking policies designed to encourage investment and promote desirable structural change.

After twelve years of this economic adjustment and reform, Ghana is enjoying its best economic prospects in years in macroeconomic terms: there have been increases in Gross Domestic Product (GDP) during the period 1983-1994 at an average of 5 per cent. These results are remarkable if the factors that adversely affected performance in the past are taken into account. However, it is argued that despite this resurgence in growth that has taken place during the adjustment period, most of the rural and urban poor have

enjoyed few, if any, benefits. Indeed, despite statistics from the IFIs to the contrary, real incomes for the poor have declined. As a result, the economic growth rates attained thus far, are still not enough to reduce the incidence of poverty. In some respects, the economic recovery is still fragile and economic growth rates unsustainable. The country's economic growth is extremely fragile since it is dependent on foreign capital, international markets, and weather.

As a World Bank study (1993:24) clearly indicates, Ghana's adjustment programme is one of the most successful in sub-Saharan Africa, yielding broad budget balance, strong export growth, a reasonable external position, and substantial structural reforms:

even so, real growth has remained at only about 5 per cent a year. And although per capita income rose at about 2 per cent a year to end the 1980s at \$390 (and \$450 in 1992), Ghana is still among the world's poorest countries. At this growth rate, the average poor Ghanaian would not cross the poverty line for another 50 years.

Growth Performance Under The Economic Recovery Programme

The impact of the adjustment policies on performance can be judged from the standpoint of:

1. economic growth, the structure of production, and efficiency and equity consideration;
2. the effects of the policy on the rural economy and rural producers;
3. fiscal and monetary equilibrium; and,
4. external equilibrium, especially the balance of payments.

Together, the stabilization policies initiated in 1983 under the ERP I combined with the institutional and sectoral reforms supported under a sequence of SAPs form the crux of what has become known as the Structural Adjustment Programme (SAP). The major theme has been the strengthening of macroeconomic and sectoral development policies and improvement in the efficiency of public sector expenditures. Reform measures aimed at economic stabilization and concentrated on addressing weaknesses that were prevalent in the management of fiscal and monetary policy together with various measures in the trade, exchange regime and payments reforms, streamlining of the cocoa sector, reform of the state-owned enterprises and improving public sector management. Efforts were made to relieve pressures on the budget by following a supposedly simple IFI recipe: reduce expenditures and increase revenue to establish an appropriate macroeconomic framework.

The next stage involved a movement towards implementing a broad range of sectoral and financial measures to effect the much needed structural reforms in the economy. Priority was placed on accelerated growth with agriculture playing a critical role in this respect. Thus the Budget Statement for 1987 pointed to the stimulation of "agricultural production as a key element of Government's development policy" (Republic of Ghana, 1987: 2).

Further measures have included structural reforms in 1992

in the privatization of banks and liberalization of the internal marketing of cocoa, selling of Government shares of selected companies to the private sector, the removal of administrative controls to private investment, a consistent and transparent legal framework for business activity and the Investment Code, 1985 (PNDCL 116), amended in 1992 all in an effort to create an "enabling environment" for private investment (Republic of Ghana, June 1993: iii).

Macroeconomic performance in response to these measures has been encouraging. Gross Domestic Product (GDP) in real terms increased by 8.6 per cent in 1984 and over 5 per cent in 1985 and 1986, the first three years of consecutive growth in over two decades (UNICEF, 1987: 27). However, economic and financial performance declined markedly in 1990 especially when compared with the robust growth in the period 1984-1989 with real GDP estimated to have grown by only 3.1 per cent compared to the average annual growth rate of 5 per cent in the previous period. Growth in 1991 was 5.3 per cent, 3.9 per cent in 1992 and 3.8 per cent in 1994 compared with a target of 5 per cent. Nevertheless, some analysts have argued that a growth rate of 5 per cent sounds good but in fact does not amount to much for a country like Ghana. "Ghana needs 3 per cent growth rate just to deal with population growth, 1 per cent to deal with expansion of imports...1 per cent required to increase national savings...Ghana needs growth of 8-9 per cent in order to be able to meet rising consumption needs,

growing exports, as well as higher levels of national savings and also cope with very rapid population growth" (Jon Offei-Ansah, 1993: 1808).

However, Ghana's growth rate is impressive compared with the sub-Saharan African average of 2.1 per cent GDP growth over the same period. This performance is especially impressive since the reversal of the previous decline occurred when Ghana's terms of trade were deteriorating. As an example, despite increased cocoa production from 216,000 tons in 1986 to 230,000 tons in 1987, the value of cocoa exports actually fell as a result of a sharp fall in the world price of cocoa. As Jerry John Rawlings said in his nation-wide radio and television broadcast on January 2, 1990,

it is not only the low-level of these commodity prices; it is also the wild fluctuations which make budgeting and planning become a game of chance rather than a logical and rational exercise. The world market price of cocoa went down from an average price of almost three thousand pounds sterling in 1977 to less than one thousand five hundred in 1987. Since 1987, the price has continued to fall to the point where this year it reached a low-level of about six hundred pounds sterling. Meanwhile, the prices of their products have continued to rise...Last year we lost around \$200 million because of an arbitrary drop in the world cocoa price. This year, we may lose even more. Our farmers have struggled to increase cocoa production, but the money Ghana earns is just about the same! This is because as our production has gone up, the world price of our product has gone down" (People's Daily Graphic, January 4, 1990: 5, 7).

According to IMF estimates, the sharp weakening since 1986 in the world price of cocoa has contributed to a cumulative deterioration in the terms of trade of 37 per cent

during the four-year period to 1990 and a concomitant widening in the current account deficit (IMF, 1991: 4). These terms of trade losses, particularly as a result of falling cocoa prices, continued in 1992 and the first half of 1993. This reflects the general dilemma of primary commodity exporting countries. The Ghanaian experience teaches at least one cautionary lesson: SAPs emphasizing export-led growth in primary commodities may produce rapid growth at first but are prone to eventual stagnation without changes in the international environment. In other words, an export-led strategy is not feasible unless Ghana can add value to her exports, a goal which is becoming far-fetched as a result of the continually declining prices of primary products.

The record on structural change and economic growth is even more telling. The structural changes that have occurred have been insignificant in altering the basic structure of employment and income. Agriculture still remains the economy's crucial sector in 1995, just as it was in 1983, with its share of GDP at 46% in 1992 as compared with 48% in 1975 (World Bank, 1994: x) and 45% in 1994 (EIU, 1995: 3). For example, the composition of GDP in 1990 was 51.5%, 14.3% and 41% for the agricultural, industrial and service sectors respectively as compared with 48% for agriculture, 21% for industry and 31% for services in 1975 (SEE TABLE 1).

Table 1**Origins of GDP (% of total)**

	1986/87	1988	1990	1992
Agriculture of which: Cocoa	41.3 -	49.3 8.7	44.7 6.8	46.0 -
Mining & Industry	18.0	16.2	14.3	18.3
Services	40.7	34.5	41.0	35.7
GDP at Factor Cost	100	100	100	100

Source: The EIU, 1995.

Cocoa earnings alone accounted for 60 per cent of total export earnings in 1983, 60 per cent in 1987, 51 per cent in 1988, 40 per cent in 1991 and was projected to fall, by World Bank estimates, to substantially below the 50 per cent mark by 1995. According to the World Bank (1989: 65), "this is a reflection of both the impact of poor prospects for cocoa prices and the structural adjustment of the economy which would lower Ghana's dependence on this commodity in spite of the recovery in output." This, while at the same time increasing output to between 280,000 or 300,000 tons.

Despite the decline in cocoa earnings, agriculture still remains dominant in the economy. It is therefore inconceivable that Ghana can achieve its target of accelerated growth without an expanding agricultural sector fuelling this growth or without significant export diversification especially in industry and services. Compared with an average annual economic growth rate between 1985 and 1991 of 4.9 per cent, the agricultural sector grew at only 2.1 per cent per annum while

the rest of the economy enjoyed a robust 7.5 per cent growth rate (Republic of Ghana, 1993: 13). Diversification would entail what Tony Killick (1966) describes as "at a minimum...a reduction in the share of cocoa revenue to the total," or "more ambitiously...a declining share in total exports of primary products, implying the processing of raw materials before export and creating entirely new levels of manufactured exports." Yet, instead of diversification into industry, the IFIs advice has been oriented towards enhancing Ghana's current comparative advantage. No thought has been given to dynamic comparative advantage and modalities for diversification.

Policies pursued to date in the agricultural sector have been directed at the cash crop sub-sector which produces exports of cocoa and the non-traditional exports (pineapples, kolanuts, fruit and vegetables). Exchange rate liberalization and the elimination of export taxes have increased the producers share in the world price. In 1987 cocoa farmers received about 41 per cent of the world market price, up from only 22 per cent in 1983. The government's long term objective was to increase this share to 60 per cent of the world market price. The nominal producer price has been increased progressively from 16,667 cedis/ton in 1983 to 152,500 in 1988 and 700,000 cedis/ton in June 1994.

The price of C700,000/ton was the equivalent of about \$750/ton at the exchange rates prevailing at that time (but

has depreciated at today's exchange rate) and doubled farmers receipts in nominal terms. However, as the Economist Intelligence Unit (EIU) rightly indicates:

"in real, forex bureau equivalent terms, the rise is less significant...with the cedi having lost 30 per cent of its value in dollar terms over the past year and consumer prices having increased by around 20 per cent, the benefits to farmers in terms of increased purchasing power will already have been significantly eroded...Furthermore, in the context of world market prices, the farmer's share of cocoa earnings, at approximately 50 per cent of world market prices, is less than in previous years" (1994: 15).

These considerations notwithstanding, cocoa production has increased from its low of 159,000 tons in the 1983/84 crop year to 305,000 tons in 1988/89 to 245,000 tons in 1993/94 and about 290,000 tons in 1994/95. Yet these increases in volume of cocoa exports must be placed in historical perspective (SEE TABLE 2).

TABLE 2

Cocoa Prices and Output*

	1983-1984	1984-1985	1985-1986	1986-1987	1987-1988	1988-1989	1989-1990	1990-1991	1991-1992	1992-1993	1993-1994	1994-1995
Produce Price C per Ton	20,000	30,000	56,600	85,000	140,000	165,000	174,359	224,000	251,200	258,000	308,000	700,000
Output (Per '000 tons)	158	175	219	228	188	301	295	293	240	305	230	290

*Sources: Cocoa Marketing Board; Statistical Service, Quarterly Digest of Statistics; International Cocoa Organization (ICCO), Quarterly Bulletin of Cocoa Statistics; International Monetary Fund, International Financial Statistics, 1995.

When this is done, it becomes obvious that the average annual production of around 275,000 tons over the ERP period, 1983-1994/95, falls short of the 420,000 tons in the early 1960s and the projections that were made for output of 600,000 tons by the end of that decade (Douglas Rimmer, 1992: 189). In the event, Ghana's share of total world output for cocoa rose from about 10 per cent to 12.5 per cent. While these increases have been helped by the better weather, especially after the devastating bushfires of 1982/83, there is no denying the fact that the improved incentive structure as a result of the economic and financial reform of the ERP has greatly contributed to the overall performance.

Transformation of the economy to make it compatible with continuing socioeconomic growth involved the systematic dismantling or downsizing of the government bureaucracy and parastatals. A case in point was the dismantling of the Ghana Cocoa Marketing Board (GCMB) parastatal in 1984 as a result of the Archer Committee report of September 1979. This decision was meant to increase efficiency and competition in marketing and to put the parastatal on a commercial footing. The GCMB was subsequently renamed Ghana Cocoa Board (COCOBOD) with a new legal basis. The resulting institutional reform has led to the lay-off of about 45 per cent of the workforce so far. On January 19, 1995, COCOBOD announced another downsizing by dismissing 5,000 workers as part of its rationalization programme. The continuing retrenchment, which began in 1985,

has downsized the board's workforce from 100,000 to 55,000.

As discussed in chapter 2, the cocoa industry had become the milk cow to support the patronage and rent seeking activities of state and political elites. Analyzing the CMB therefore provides an insight into how economic resources were used to coopt important patrons and clients. Instead of serving farmers interests, the CMB played a central role in their exploitation, and had become the hub for inefficiency and an instrument of patronage. In writing of the CMB's pillaging activities, Leith and Lofchie argue that:

it [the CMB] absorbed a large proportion of the value of the cocoa crop merely to sustain highly inflated levels of bureaucratic employment and remuneration scales that were utterly disproportionate to the level of development of the country. The CMB was not, as originally intended, a modality for price stabilization but an instrument of patronage, nepotism, and corruption for the country's leading politicians (Leith and Lofchie, 1993: 241).

By targeting the CMB, the regime and state had set Ghana on a course to correct the mistakes of the past whereby surplus was generated from rural agricultural commodity producers by paying them low prices. Henceforth, policies would be tailored to farmers' desire to boost their income and bring the promise of development closer. The economic foundation of Ghana rested on revenues produced from cocoa farmers. Increasing farmers' incomes to boost production would therefore not only stop the erosion, but also improve, the fiscal base of the state. To do this required trimming COCOBOD staff and making it a farmer-friendly operation. The peasants

who had disengaged themselves from the state had to be re-engaged.

Politically, protecting inefficient parastatals and overbloated bureaucracies have potentially destabilizing consequences especially with the state's shrinking fiscal base. The exhaustion of the extractive capacity of the local economy undermines the state and regime's ability to reproduce its system of rule. The need for rationalization was more pressing. Failure to do so would have led to a collapse of the state and the regime's political enterprise.

While these moves have been rationalized in efficiency terms, the critics are not impressed and there has been a war of words with the Government over the moves. It is the perception that the process is externally driven that led one columnist to ask whether "COCOBOD management, before they accept World Bank recommendations argue with the Bank about the disastrous effect their recommendations for a huge labour cut would have on the economy and politics of Ghana or they accepted the recommendations in docile humility because the World Bank promised to finance the retirement benefits of the sacked workers without a 'fight,' and they thought that was good enough for the industry" (R.A. Quansah, 1994: 6). According to Quansah, the Bank's recommendation makes a fetish of the private enterprise as the invisible hand that would guide all productive factors to earn optimum results in terms of more income for the industry (Ibid.).

That the attempt at rolling back the patronage-spawned CMB will be resisted ferociously by employees and other clienteles of the old regime who constitute a vocal and organized group is no surprise. After all, these are the groups that had hitherto benefited from prior policies. Accustomed to the privileges of the statist model, these state employees and their erstwhile political patrons resist these attempts at rationalizing economic decision-making because they threaten their favoured and privileged status as patrons and clients. As a result of their superior organization, the discontent and opposition to these austerity measures by these groups posed a pressing dilemma for the regime and state. Further elaboration of this problem is discussed in the next chapter.

Furthermore, there are no specific policy initiatives addressed to the food crops sub-sector. As a result, this sector (which together with the livestock sector accounts for 35 per cent of agricultural production) has performed poorly, especially in 1987, 1990, 1992 and 1994. Food crops are grown for domestic consumption with a portion marketed at prices determined under the present trade regime by domestic demand and supply. In 1994, ethnic disturbances between the Kokombas and Nanumbas in the Northern Region during February and March, late rains and an outbreak of plaintain disease affected food production, leading to shortages of staple foods like yam, plaintain and maize. This resulted in an increase in the

average food prices by about 2.7 per cent in July 1994 compared with a fall of 0.4 per cent in the same month the previous year. The most binding constraints on food production are the dependence on the vagaries of the weather, inadequate extension services, outdated technology and lack of marketing and credit facilities. The decline in food production reinforces John Loxley's argument that:

a major undesirable effect of these massive, persistent increases in the price of cocoa was a severe erosion of the incentive to produce food, with the index of the relative prices of food to cocoa (1977=100) falling from 184 in 1983 to only 42 in 1987. A similar but less extreme fall occurred in the food/non-food relative price index, from 138 to 55. These price trends were accompanied by a failure of the reform programme to address, directly, the non-price aspects of African food supply problems...The structure of price incentives and the absence of a coherent food policy meant that export crops were more likely to benefit from these than food crops. The result was that between 1984 and 1986 the per capita output of each of the major food staples in Ghana fell by between 10 and 30 per cent...The food production [under Fund/Bank programmes] is treated as a virtual 'residual' in the programmes of most countries producing agricultural crops for export (1991: 14-15).

The major strides made in cocoa production and the incremental changes in agricultural producer prices of cocoa have been touted by advocates as proof of the generally positive effects of structural adjustment. Based on this interpretation, these advocates have argued that one of the criteria set out for judging the impact of adjustment policies - the effects of the policy on the rural economy and rural producers - has been met. In a sense this is interpreted as a vindication of one of the primary objectives of adjustment,

which is to reverse the terms of trade from the urban to the rural sectors, thus ending the systematic exploitation of rural producers by rent-seeking urban interests.

Again, the issue here is the attack on the irrationalities of the statist model. Instead of being used to support effective development, state resources had been used to support a system of state patronage and clientelism. Rents extracted from rural producers had been used to support an elaborate bureaucracy and provide subsidies for urban interests with the aim of enhancing political control and governance of the state and political elite. This extraction of peasant surplus to finance elaborate subsidy systems for the urban-based residents had been instituted to deal with the potential for instability since urban interests were deemed better organized and thus served as potential and more serious opposition to regimes. In effect, urban residents were being subsidized on the backs of peasants. These policies, however, had detrimental consequences for rural economies and accentuated the rural-urban inequality.

The goal of structural adjustment was to reverse the "exit" of peasants who, disillusioned with the prevailing system, had resorted to black marketing and smuggling outside state control. Reversing the rural-urban terms of trade in favour of the rural areas was, therefore, an attempt to stem the tide of continued sacrifice of rural development to sustain the patrimonial and clientelist state. In a more

dramatic fashion, the regime was saying goodbye to policies and programmes targetted towards attracting support from politically salient vested interests in the urban areas. No longer would state programmes be used to undergird the economic fortunes of privileged urban interests to the detriment of rural farmers who produced the bulk of the country's exports.

While this approach sounded appropriate, it attacked the prevailing political logic of past policies. For urban residents, such policies as deregulation, removal of subsidies and retrenchment, were attacks on their very well being and continued ability to appropriate surplus for private gain. It also hit hard at the continued maintenance of their social status. Since they had more political skills than their rural counterparts, these groups would organize to confront the regime and state on the erosion of their "privileged status."

There was more to the issue, though, than this simplistic analysis can capture. The socioeconomic impact of adjustment was borne by these urban based groups who saw declines in their real wages. Price increases resulting from deregulation of food prices and removal of subsidies have been devastating. As the next section will show, even senior civil servants and members of the middle class in general have suffered untold hardships. The scope and intensity of their opposition to the reforms shook the regime and may have further undermined its legitimacy.

At this point, the optimism about a reversal of the rural-urban terms of trade in favour of the rural areas was key to building support and persisting with the programme. Closer reading does not, however, appear to support this optimism. To be sure, the experience to date is one of increasing real producer prices for cash crop exports - both traditional and nontraditional - from the abysmally low levels of the early 1980s. Before touting this as proof of the success of the programme it is important to ask to what extent these price increases and the income associated with it have been equally distributed. On this score, the evidence is disappointing as the benefits to rural households have been unequally distributed and highly skewed in favour of the 18 per cent of the farming households that grow cocoa in Ghana (Oti Boateng et al., 1988).

Against a background of what appears to be a trend to declining real incomes for the more subsistence-oriented rural farming households, it is safe to conclude that the main beneficiaries of structural adjustment in Ghana have been those 18 per cent of farming households with access to cocoa-producing land. Putative losers include food farmers, whose output prices have not risen as fast as cocoa farmers. Furthermore, a 1987 survey by the Overseas Development Institute and the University of Ghana based on four representative villages in the Ashanti region showed that 32 per cent of cocoa farmers received 94 per cent of gross cocoa

income, with the remaining 68 per cent receiving just 6 per cent of the income. This does not portend well for the 82 per cent of Ghanaian farming households that do not cultivate cocoa, as their real per capita incomes stagnated. In fact, for the period 1984-1986, the per capita output of the major food staples has fallen by between 10 and 30 per cent.

According to Reginald Green (1987), official figures overestimate the real value of producer price increases, as incomes derived by many farmers, especially in the Northern parts of Ghana, declined. This is in part due to the fact that imported inputs and transport make up a relatively large proportion of agricultural production costs and these have risen as a result of the removal of subsidies on agricultural inputs and petroleum products; partly because of high labour costs. Overall, it is also possible, especially given the continued relevance of subsistence agriculture in Ghana, that a majority of farming households have probably experienced a net adverse effect because of the reform measures associated with the adjustment programme.

The industrial sector continues to register positive growth, though not enough to supplant agriculture as the leading sector. This high growth potential of industry was partly due to the liberalization of exchange rate policies. This significantly improved access to foreign exchange for the purchase of inputs in the rehabilitation phase, which subsequently improved capacity utilization. The average

capacity utilization for all firms which at its peak in 1970/72 stood at 52 per cent, fell to 21 per cent in 1982 and 19 per cent in 1983, before rising to 32 per cent in 1988 (West Africa, 6-12 March 1989:348) and 37 per cent in 1990. The industrial sector grew at an estimated 4.3 per cent in 1993 as compared with 2.5 per cent growth rate in agriculture. The sector still remained small, however, contributing around 14.6 per cent and 15 per cent in 1993 and 1994 respectively to real GDP as compared to 21 per cent in 1975. This growth was unevenly distributed, with the mining and quarrying sector estimated to have achieved a 9.1 per cent growth whilst the manufacturing sub-sector grew by 2.2 per cent (Republic of Ghana, 1994: 5).

The high growth rates in the mining sector can be attributed to its success in attracting significant infusions of private foreign investment. This is, however, not so much because of the ERP (though it has not hurt), but the mining sector's own ability to attract foreign private capital. As a result, gold production has more than tripled between 1986 and 1994 and has surpassed earnings from cocoa exports, thus becoming the leading foreign exchange earner. Earnings from cocoa products and gold were \$280 million as against \$416 million in 1993, \$378 million against \$536 million for 1994 and forecast for \$450 million as against \$630 million in 1995. Indeed, Ashanti Goldfields Corporation (AGC) which had its shares floated in 1994, is reported to be within reach of a 1

million oz. gold production target in 1994/95. AGC's annual report for 1994 puts production in 1993/94 at 822, 954 oz., a 6.8 per cent increase over the 1992/93 financial year production. According to the Ghana National Chamber of Mines (GNCM), the mining industry contributed \$420 million into the Ghanaian domestic economy through wages, taxes and spending on electricity and other supplies (EIU, 1995: 16-17). British, Canadian, Dutch, Australian and South African companies, 108 in all, have obtained prospecting licenses with 17 holding valid operating permits. As important for the Government as expanding agricultural production has been its determination to rapidly exploit the country's vast mineral and timber resources as the leading source of foreign exchange. These sectors have become "the three pillars" of Ghana's economic development.

Value-added in the industrial sector is dominated by a few manufacturing units in food processing, beverages, tobacco, textiles and wood processing. Together, they account for an estimated 80 per cent of total value-added in manufacturing (Republic of Ghana, 1994: 35). Output in the manufacturing sector rose to C727 million in 1990 from its lowest level in 1984 of C445 million. However, this apparently remarkable turnaround in 1990 was still below the 1980 level.

TABLE 3**Mining Output**

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Gold ('000 oz)	281	289	299	287	327	372	430	539	843	1004
Diamonds ('000 carats)	339	346	636	559	442	216	171	636	688	694
Manganese ('000 tons)	173	287	316	259	245	245	284	247	320	279
Bauxite ('000 tons)	70	49	170	204	196	284	381	369	324	399

Source: Mining Journal, Mining Annual Review, 1994.

Industrial capacity underutilization continues to be high, more so in the small-scale sector. Manufacturing activities appear concentrated mainly in the Greater Accra, Western and Ashanti regions with Greater Accra accounting for over 50 per cent of employment and about 60 per cent of value-added. The respective figures for Western and Ashanti for employment and value-added are 14 per cent and 20 per cent and 15 per cent and 10 per cent. Employment in manufacturing as a whole grew rapidly over the 1970-1977 period, increasing by some 50 per cent. According to the African Development Bank (1994: 61), "total employment in manufacturing reached a peak of 89,000; fell to its lowest level of 22,600 in 1981; rose to a subsequent high of 78,700 in 1987; and has fallen off to 28,000. The fall in employment since 1988 is due to the significant retrenchment in the public sector, the poor performance of the private sector and the retrenchment of

redundant labour in all sectors."

In the event, unemployment has become one of the most worrisome issues under the ERP. In some respects, this trend is a direct corollary of the process of resource allocation that has taken place following the state's retreat from engaging in direct economic activity. The privatization and restructuring of the state-owned enterprises (SOEs) as well as the retrenchment in the civil service has led to high levels of unemployment, a fact which creates an obstacle to further restructuring.

Retrenchments in the civil service totalled 17,200 by the end of 1987 (Kwesi Jonah, 1989: 143) and plans were in place to cut a further 12,000 to 15,000 a year for the period 1988 to 1991 (Rimmer, 1992: 194). About 55,000 workers had been laid off by 1992, these cuts being mainly in the civil service and parastatals. The cuts in the civil service, as well as others at COCOBOD, Ghana National Trading Corporation and Black Star Line, among others, continue to this day. According to Economist Intelligence Unit (EIU), in 1990 "15 of the remaining state-owned enterprises are recorded as having shed some 13,000 employees from their payrolls, and no figures are available for losses resulting from the 22 state enterprises which were liquidated in the same year" (EIU, 1992/93: 16). In a regime of no welfare benefits, such retrenchments create untold social hardships. A more economically optimal way might have been a balance between privatization and public ownership

with a gradual shift in favour of the private sector if it demonstrates a comparative advantage.

Yet, here again, the regime was attacking an important source of patronage - the public sector. The large public sector had been built up precisely because of their employment generating potential for patrons and clients who could then be counted upon to provide political support. It was this patronage-based elaboration of the state that was being attacked. This trend, it is obvious, hit at the heart of the patronage and clientelist politics of the statist period. By confronting and challenging this system, and moving to dismantle or downsize, the regime was sending a clear signal that political clout and access to state resources would no longer be the medium for providing jobs or favours to various groups and interests in Ghanaian society and that the bureaucracy and parastatals would, henceforth, operate along efficiency lines. A top Finance Ministry official perhaps put it best:

the bureaucracy had to be streamlined to get rid of the square pegs in round holes. We could no longer afford to sustain an overbloated, inefficient administration. Our ability to carry forward as a nation committed to providing a decent living for our citizens depended on it. the patronage system had to be attacked (Interview at Ministry of Finance, August 1994).

However, this trend does not portend well for the reform process: the political and economic costs associated with rising and high unemployment have discredited the government. As a result, the rate of growth of unemployment has become a

major concern for the government.

Unemployment has primarily been driven by reductions in employment in the state sector. The conventional wisdom was that the private sector would create jobs to absorb the unemployed. However, the result has been contrary to this opinion. The growth of jobs in the private sector has not compensated for the job losses in the state sector. While the private sector has generally grown significantly this has not translated into growth in output and employment. In fact, the private sector has not been able to create employment on a scale required for robust economic growth. This situation tends to threaten the political viability of reform. One reason for this is that the level of foreign investment has not improved dramatically and has centered primarily in the mining sector, particularly gold mining.

This last point is important because, according to the neoclassical argument, rapid growth with equity (of the type achieved by the NICs) can be achieved through "increased savings and investment with a combination of fundamental and interventionist policies" (World Bank, 1993: 16). On investments, the Bank argues that the high-performing East Asian Economies encouraged investment by several means: "First, they created infrastructure that was complementary to private investment ...Second, they created an investment-friendly environment through a combination of tax policies favouring investment and of policies that kept the relative

prices of capital goods low, largely by avoiding high tariffs on imported capital goods. These fundamental policies had an important impact on private investment" (1993: 16-18).

However, notwithstanding the positive efforts in this direction, the private sector response to investment in Ghana has been anything but impressive. This, even though the Government of Ghana has set foreign investment as a pillar of its strategy of economic reform seeing the private sector as a net contributor, not simply a burden. Mobilizing the private sector has become a more explicit element of the state's policies since 1983 particularly in areas that have shown high probability of generating foreign exchange and expanding exports.

Over the past decade the Government has altered, in a meaningful way, the macroeconomic and legal frameworks of the economy by implementing a portfolio of economic, political and legal measures with the aim of creating an attractive, transparent framework for foreign investment in the spirit of liberal economic principles. These policies, in such forms as the laws on restitution and large privatization, are now in effect. It comes as no surprise, therefore, that the government reiterated its stated objective as follows:

a consistent and transparent legal framework for business activity is an important component of an enabling environment for private investment. This explains the revision of laws that were enacted in the then controlled economic climate. The provisions that allowed regulatory interventions by Government have been removed and conflicting ones have been harmonized to reflect the continuing

liberalization of the economy. For example, the manufacturing Industries Act, 1971 (Act 356) and the Wealth Tax, 1984 (PNDCL 93) have been repealed. To enable the market determine prices the Price Control Decree, 1974 (NRCD 30) as amended by SMCD 146 and the Prices and Incomes regulation 1973 (LI 805) have also been repealed. The Investment Code, 1985, (PNDCL 116) which was amended in 1992, among others, to reduce the areas reserved for Ghanaians from twenty to four is to be replaced by a new Act (Republic of Ghana, June 1993: iii).

For the PNDC, these changes represented a complete reversal of earlier populist tendencies that regarded foreign investment as evil. The new Act therefore represented the Government's:

commitment to the development of the private sector, and seeks not only to consolidate recent amendments made to PNDCL 116 but to lay the basis for increased private sector investments as an important segment of the strategy for accelerated economic growth. A major distinguishing feature of the Act is that it abolishes discretionary powers exercisable by agencies of Government...Finally, the Act...provides for the active participation of the private sector in the administration of investments in the country (ibid.).

Despite increased inflows of foreign capital, the level of investment is relatively low and could be an obstacle to restoring sustained growth unless there are efficiency gains in these investments to compensate for the low levels. By 1990, investment had risen to 15 per cent of GDP. While the private sector has gradually responded to the improved economic environment, the evidence so far is still not reassuring. According to the Human Development Report 1993, between 1984 and 1990, private investment increased from 4 per cent of GDP to 8 per cent (1993: 58). This compares favourably with other countries in sub-Saharan Africa undergoing

adjustment. However, this lukewarm response and lack of investment confidence is a reflection of the ambivalent attitude of the Ghanaian Government, especially in the earlier populist phase, 1981-1983. The Human Development Report liberalization study on Ghana puts the problem/issue in stark terms:

"Entrepreneurs do not yet have much confidence in the government's economic management. Much of investment is seeking short-term profits, and many people are holding their savings in foreign currencies or outside the banking system. A 1989 survey of enterprises found that 38 per cent considered economic uncertainty a problem, and most (particularly the larger ones) considered the regulatory framework still overly restrictive and cumbersome" (1993: 58).

Indeed matters have not been helped by Jerry Rawlings' occasional castigation of local private investors with appeals to Ghanaians to boycott their products because of their ties with opposition parties.

Given low domestic savings, the financing of investment is dependent on foreign capital inflows, largely in the form of foreign aid, because of the failure of foreign investment to enter Ghana despite SAPs. The World Bank (1991), citing data from other sources, suggests that actual private household savings may amount to as much as 25 per cent of total income. However, there is a reluctance on the part of the public to keep savings in the formal financial sector. For the Bank, what is required is an improvement in public savings, which will involve controlling government expenditures and allocating it to the maintenance and

improvement of the physical and social infrastructure. The budget surplus of 1994 and the projection of another for 1995 appears to be crucial and critical starting points in this drive to raise the savings rate.

Much of the recovery has thus depended on external financial support and aid commitments. On aggregate, Ghana has received about \$1.64 billion from the IMF, some \$0.7 billion from the World Bank and over \$3 billion from the 'Paris Club' of bilateral lenders between 1983 and 1992. Indeed, some estimates suggest that annual aid commitments rose from \$426 million in 1984 to \$971 million in 1989. Total commitments for the period totalled some \$3.5 billion, including over \$1 billion from the International Development Association (IDA, the Bank's soft loan affiliate) with Ghana ranking number three as an aid recipient of the IDA after India and China (Financial Times, March 2 and July 11 1989). The high aid disbursements raise doubts about whether Ghana's growth in macroeconomic terms is not aid-driven rather than export-led. Certainly aid has helped, even though it might not fully account for the reversal of economic decline in Ghana since the ERP in 1983.

The service sector, which includes transport and communications, finance and government and trading activity, has been more vibrant, experiencing consistent and increasing real growth. The service sector growth for 1993 was projected at 7.2 per cent, leading all sectors. This reflects state

investments, since 1983, in rehabilitating trunk roads, railways, etc.

The government budget deficit continues to be a major policy problem that may undermine the economic reform programme. Recurrent revenues are not adequate to finance recurrent expenditures; and government expenditures are heavily dependent on external financing (SEE TABLE 4).

Overall fiscal performance improved significantly after 1983 in response to a combination of revenue-enhancing and expenditure-reducing measures. Improvements in tax administration and in the financial position of public enterprises, together with a tightening of expenditures, resulted in a considerable decline in the overall fiscal deficit.

Efforts were made to reduce losses and improve productivity and new regulations and sanctions were introduced to expand the state's control over the informal sector and to capture the gains from informal sector economic activities. As part of this process, the Customs and Excise and Central Revenue departments were reorganized. The increased revenue generated has helped the government in reducing the overall central government deficit. The deficit decreased from 6.3 per cent of GDP in 1982 to 2.7 per cent in 1983 to 1.2 per cent in the 1991 budget eventually leading to a surplus of C112 billion (against estimates of C43 billion or \$40 million at current rates). The projection in the 1995 budget is a surplus

Table 4
Gross Official Development Assistance*
(\$ mn)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Bilateral	88.7	75.2	108.4	113.8	148.5	152.2	278.4	372.8	578.1	656.0
of which:										
UK	12.2	10.1	5.1	15.0	28.5	32.3	-	-	-	-
Germany	32.4	25.4	16.0	21.7	28.9	27.5	35.0	47.2	297.8	170.3
USA	-	-	-	-	-	-	15.0	28.0	45.0	434.8
Japan	5.2	7.4	12.7	24.0	29.4	20.8	63.2	97.0	71.9	116.1
Canada	8.6	6.2	37.0	18.4	17.5	19.1	20.9	39.8	94.9	39.9
Multilateral	73.6	55.2	126.6	115.1	250.6	250.7	344.4	379.3	306.9	434.8
of which:										
IDA	14.4	16.9	49.5	63.8	170.4	191.0	166.0	147.0	186.0	198.0
IMF	-	-	-	-	-	-	116.0	176.6	65.1	159.4
EC	39.5	13.8	46.5	11.5	39.5	11.8	20.4	19.6	20.1	28.4
Total	162.3	130.4	235.0	228.8	399.1	402.9	622.8	752.0	885.0	1090.9
of which:										
grants	64.5	75.5	131.2	105.2	172.4	146.4	230.6	267.7	510.8	552.0

SOURCE: OECD Development Assistance Committee, Geographical Distribution of Financial Flows to Developing Countries, 1995.

of C81 billion.

Concomittantly, the government embarked on what is intended as a far-reaching parastatal enterprise reform with the aim of improving efficiency through privatization. In the words of E. Gyimah-Boadi (1991: 193), "divestiture has also been presented as a budgetary and managerial necessity in view of the manifest failures of SOEs. In addition, it is seen as a major means of promoting private local and foreign investment or, at least, demonstrating a retreat from statism and socialism." From 1987 to late 1992, 80 parastatals were disposed of through partial or total privatization or liquidation. The divestiture programme has, however, not been a financial success, and privatization has not yet adequately stimulated the local capital market or attracted the interest of domestic and foreign investors to the extent expected. For Gyimah-Boadi, the explanation for this can be sought in the "countervailing forces in the Ghanaian political economy (especially political and administrative ones)," in spite of the relatively favourable enabling environment created by the ERP measures.

One of the principal objectives of the ERP was to attain a sustainable balance of payments position; however, the current account deficit is still a major concern. According to an IMF study (1991: 4), "overall the current account deficit, excluding official transfers, increased from the equivalent of less than 1 per cent of GDP in 1983 to over 8 per cent in

1990." The current account has continued to remain a big worry after 1990, having yielded deficits of \$228 million in 1990, \$253 million in 1991, \$378 million in 1992, \$572 million in 1993 and a provisional figure of \$201 million in 1994. Balance of payments arrears on debt servicing continues to persist (SEE TABLE 3).

The external debt has risen from \$1.3 billion in 1982 to \$3.151 billion in 1989, \$3.498 billion in 1990, and \$4.312 billion in 1992. The World Bank's World Debt Tables 1994-1995 shows Ghana's debt in 1993 at \$4.590 billion, a 4 per cent increase over 1992. Given insufficient domestic savings and lack of foreign commercial credits, loans from the IFIs are helping to bridge the financial gap and, what is equally important, are attracting funds from other official sources, thus improving Ghana's creditworthiness from the point of view of foreign private capital.

An important question is the extent to which such high debt levels are sustainable for a country like Ghana whose foreign exchange earnings are subject to fluctuating commodity terms of trade. So while the size of the debt itself might not be a problem, the country's ability to repay the debt and sustain its so-called successes without large costs is. More worrisome is the debt service ratio. Debt service was 9.1 per cent in 1982 (before the ERP was launched), 62 per cent of

Table 5

Balance of Payments (\$m)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Merchandise Exports fob	607	439	566	632	773	827	881	807	891	998	986
Merchandise Imports fob	-589	500	-533	-669	-713	-952	-993	-1002	-1199	-1319	-1457
Trade balance	18	-61	33	-36	61	-125	-112	-195	-308	-321	-470
Exports of services and IPD	107	38	46	44	45	79	78	82	93	110	129
Imports of services	-316	-224	-280	-284	-344	-376	-400	-408	-429	-463	-505
Net private transfers	-1	-2	21	33	72	202	172	202	202	220	255
Net official transfers	84	74	141	110	123	123	196	220	214	201	214
Balance on current account	-109	-174	-39	-134	-43	-97	-66	-99	-228	-253	-378
Direct Investment	16	2	2	6	4	5	5	15	15	20	22
Other capital	107	116	204	79	59	251	204	199	310	318	299
Balance on capital account	123	118	206	85	63	256	209	214	325	338	321
Net Errors and omissions	-33	-126	-133	63	-81	-19	38	41	9	24	-4
Use of Fund credit and loans	-	-	-	116	6	-37	-59	-9	-54	84	-63
Exceptional financing	17	-75	-102	54	42	-62	-73	-94	-34	28	-46
Change in reserves	-21	249	12	-183	13	-42	-49	-52	-18	-220	169

Source: IMF, International Financial Statistics, 1995.

exports in 1985 and 47 per cent in 1986. This has fallen consistently and stands at 27 per cent in 1992 and 23 per cent for 1993 (EIU, 1995: 18). When IMF repayments are added to debt and interest charges, the debt service ratio begins to look formidable. In 1987, as much as 27 per cent of export earnings went to service the debt to the IMF.

Perhaps more significant, in political terms, was the turn toward more sweeping reductions in subsidies for consumer goods. The price increases that resulted from the removal of price controls were substantial. Fuel prices were particularly affected. Petrol prices rose from C235 a gallon in 1988 to C275 in 1989 and C360 in 1990. The corresponding increases for kerosene were C170 in 1988, C190 in 1989 and C270 in 1990; diesel was C225/gallon in 1988, C250 in 1989 and C330 in 1990. The price of petrol rose to C1,600 in 1993, C1,900 in 1994 and C2,350 in 1995. A gallon of kerosene in 1995 costs C1,500 as against C1,240 in 1994. One of the reasons for this tax on consumption of petroleum products is that it provides a sure source of revenue. This seemed to be in line with removing explicit subsidies which directs resources to areas where there is no comparative advantage.

The importance of petroleum taxation in Ghana, however, raises a number of interrelated questions. How can this heavy reliance on taxing petroleum products be justified given the significance of petroleum in the economy's production processes and can the projected revenue raising targets be

met? In regards to the first question, it is important to note that heavy reliance on petroleum taxation can be economically inefficient, to the extent that it raises the cost of an input essential to the production process. Further, collection shortfalls can defeat the revenue raising rationale, thus throwing budgetary targets off the mark as was painfully observed in Ghana. In the 1993 budget year shortfalls in petroleum taxes as a result of the failure to raise petroleum taxes to levels assumed in the budget amounted to C60 billion. The budget had priced petrol at C1800 a gallon for 1993 while petrol actually sold for C1600 (Republic of Ghana, 1994: 6).

In line with the commitment to stabilize the exchange rate and keep it at a realistic level, the cedi was successively devalued from its level of \$1=2.75 and by 1986 stood at C90=\$1 and an average of C154 per US dollar in 1987. After September 1986 there existed a two-tier system: a rate of C90 to the dollar was retained for vital imports like crude oil and drugs, and for government debt service payments, with all other exchange transactions channelled through a "second window" where the exchange rate was determined by a weekly auction. In 1987, the Bank of Ghana terminated the foreign exchange auction system and, instead, set up a unified inter-bank market for foreign exchange. By March 1988 the government had moved to legalize the parallel "black" market through the licensing of forex bureaus. Since then the divergence between rates has been virtually eliminated. The cedi has fallen

sharply to about C1,150 at present. Since Ghana adopted the IFIs reform measures the cedi's foreign purchasing power has fallen by about 41,818 per cent. Its collapse can be compared only to that of the German mark after the First World War.

The government has consistently failed to meet its inflation targets. After the increase in inflation following the oil price increases of 1979, the inflation rate reached a hyperinflationary level of 123 per cent in 1983. This upsurge in inflation can, however, be seen in a larger context: that is, the result of an economy deteriorating under the burden of high budget deficits and balance of payments crises. A high inflation can contribute to the size of budget deficits by eroding tax receipts. In response, the government resorted to printing money, which further worsened the balance of payments deficits. The hyperinflationary situation in 1983 is a clear manifestation of the failure on the part of successive Ghanaian leaders to combat inflationary tendencies. The ERP measures attempted to remedy the twin and integral problems of inflation and balance of payments. The measures have proven somewhat successful. The inflation rate fell from 123 per cent in 1983 to 40 per cent in 1984, 31.4 per cent in 1988 to 25 per cent in 1989, 34.5 per cent in 1990, 17.3 per cent in 1991, 10.9 per cent in 1992. Nevertheless, inflation still remains a problem even though it has not reached the hyperinflationary levels of past years. The government appears vulnerable to inflation and has consistently failed to meet

its targets. For instance the 1993 budget statement had set an inflation target of 8.5 per cent, but actual inflation came in at 24 per cent. For fiscal year 1994 the target was 15 per cent but all indications by mid-1994 pointed to a yearly rate of 25 per cent (SEE TABLE 6).

Whilst the government, the IFIs and the donor community appear impressed with the gains so far made, others are less impressed. To be sure, many of the deprivations of the recent past have disappeared - petrol queues, shortages of such basics as milk, sugar, toothpaste and canned food. But where in the past people had money but could find nothing to buy, today they lack the money to buy the goods in the shops.

In spite of all this, the IFIs argue the government must press on. The economy is still held back by unsound policies in some areas, and by the consequences of years of low growth, inadequate investment, neglect and a foreign exchange shortage that has restricted necessary imports. Instead of questioning how appropriate the adjustment policies are to Ghana's circumstances and the country's capacity to sustain them, the IFIs question the government's commitment and the weakness of the implementing institutions. An IMF study supports this contention with the following conclusion:

Table 6

GHANA - ECONOMIC STRUCTURE

Latest Available Figures

Macro Economic Indicators	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
GDP at Market Prices Cbn	343.5	511	746	1,058	1,417	2,032	2,575	3,009	n/a	n/a
Real GDP Growth %	5.2	5.2	48	6.2	5.1	3.3	5.3	3.9	4.8	3.8
Consumer Price Inflation %	10.4	24.6	39.8	31.3	25.2	37.2	17.3	10.9	24.9	18.5
Population	12.61	13.05	13.39	14.13	14.57	15.20	15.48	15.96	16.45	n/a
Exports fob \$m	610	863	958	1,016	807	891	998	986	1,051	1,219
Imports fob \$m	732	783	971	917	1,002	1,199	1,319	1,457	1,650	1,630
Current Account \$m	-134	-43	-97	-66	-99	-228	-253	-378	-572	-201
Reserves excl gold \$m	478.5	513.0	195.1	221.3	347.3	218.8	550.2	319.9	410.0	569.5
Total External Debt \$m	2,174	2,657	3,133	3,113	3,296	3,799	4,209	4,312	4,590	n/a
Ex. Debt Service Ratio %	32.2	28.5	46.6	62.8	50.6	35.9	26.5	26.8	22.8	n/a
Cocoa Production ,000 tons	219	228	190	301	295	293	240	395	255	290
Gold Production ,000 tons	-	298	318	362	413	543	846	1,004	1,200	1,400
Exchange Rate (av) C per \$	54.4	89.2	153.7	202.4	270.0	326.3	367.8	437.1	649.1	970.0

January 27, 1996 Cl,510: US\$1

Source: The Economist Intelligence Unit, 1995.

overall, Ghana has made significant progress in establishing the underlying conditions for a sustained expansion in output and employment in the years ahead and in smoothing the path of long-term economic development. However, as this is a protracted process that depends critically on the maintenance of confidence in the direction of policies, the adjustment efforts would need to be sustained for several years to come; in particular, policies will need to focus even more closely on the removal of the remaining structural, institutional, and financial impediments to growth, combined with the constant challenge of maintaining stable macroeconomic conditions (1991: 58).

In concluding this section it is important to note that while Ghana has been successful in restoring macroeconomic stability and spurring economic growth, these positive effects have not "trickled down" to the average Ghanaian. In other words, the ERP successes have not reflected in improvements to economic well-being. Also much of the so-called success in terms of the availability of goods hitherto absent from shops is fragile since it is spurred by business people engaged in distribution rather than production for export. This raises doubts about the sustainability of that success.

This is in no way an attempt to play down the achievements to date. Nevertheless, increased poverty and inequality are raising troubling questions about the extent and efficacy of the policy reform efforts. These concerns are indeed more poignant if one considers the World Bank's assertions referred to earlier that, in Ghana, the country that is held as a model for adjustment in Africa, the poor "will not cross the poverty line for another 50 years" and that for Africa "the level of per capita growth, even among

the countries that have adjusted the most, is still below what is need for rapid poverty reduction" (World Bank, 1994: xi).

If Ghana, in World Bank terms, has not been able to achieve a sound macroeconomic policy, then how justifiable are these policies? How operable are they in their present formulation? For the Bank, the solution is more of the bitter medicine:

More progress will be required in macroeconomic reform to provide a stable environment in which economic activity can flourish...Adjustment alone will not put countries on a sustained, poverty-reducing growth path. That is the challenge of long-term development which requires better economic policies and more investment in human capital, infrastructure, and institution-building, along with better governance (1994: 2).

The next section looks at the poverty and equity dimensions of Ghana's economic reform programme.

Poverty and Equity Considerations Under the Adjustment Programmes

...adjustment does not have to lower basic human standards...the more adjustment efforts give proper weight to social realities...especially the implications for the poorest...the more successful they are likely to be.

(Michel Camdessus, IMF Managing Director)

An important general priority is the design of programmes to address long-term poverty issues..., programmes which expand the opportunities for employment and the availability of services for the poor. Our approach to poverty alleviation has three main elements: first, to restore growth which is essential to raising incomes of the poor; second, to design our sector interventions in education, health and other human resource development in ways which benefit the poor; third, where appropriate, to design specifically-targeted programmes to address the needs of the poor.

(W.Thalwitz, Senior Vice-President, The World Bank, Presentation to the Directors, January 11, 1989).

This section analyzes the social costs of Ghana's adjustment programmes, basing our analysis at the micro level of the household. It is argued that, despite some commendable success in reversing the economic decline, and the growth in the economy in macroeconomic terms, several groups of people have seen their standards of living decline and poverty remains a significant problem. The record thus far could be summed up as one of economic growth without equity. Overemphasis on macroeconomic indicators has not led to significant reductions in income inequality across individuals, districts and regions. Equity, it would appear, is being sacrificed for some growth.

The Ghanaian experience is a remarkable example of the growth-equity trade-off. In coming to terms with the

deterioration in the economy, reflected in low and negative growth rates for output and increasing economic efficiency, the adjustment programmes swung the balance in favour of growth, and away from equity. Macro level successes have been achieved at the expense of the micro level, symbolized in the highly negative impact on social life. For the majority of Ghanaians, the result has been extreme hardship and a fall in the standards of living. In all respects, the macroeconomic reforms undertaken to restructure the Ghanaian economy have threatened to, and indeed have, aggravated the plight of the existing poor and, possibly, created new poor.

To put the discussion in perspective, the first part of this section analyses the growth-equity debate. This is followed by an analysis of the costs of Ghana's adjustment programmes at the household level, especially its impact on poverty reduction. Again this discussion is carried out from a historical perspective, thus taking due cognizance of the pre- and post- 1983 conditions. The last part looks at the policy responses to the social costs of adjustment, specifically the so-called Programme of Action to Mitigate the Social Costs of Adjustment (PAMSCAD).

The Growth-Equity Debate

The central questions for most developing countries concern the management of the rapid structural changes that are required both to sustain growth and to improve its

distribution (Chenery, 1979: 1). This same challenge confronted Ghana when the ERP was adopted. However, the programme the PNDC adopted, centering around structural and institutional reform, aimed at macroeconomic stabilization and market-oriented structural reform. This need to achieve macroeconomic stability (through allocative efficiency) while at the same time pressing forward with the reform of deep-seated structural distortions, has led to conflicts between macroeconomic stability (defined as providing a stable macroeconomic environment and a reliable legal framework to promote domestic and international competition) and the provision of social services and public goods. This is a conflict between what the IMF sees as short-term and long-term reform agendas.

An important question to be considered, and one that has engaged the attention of scholars in the development field, is whether governments can modify adjustment policies to produce a more equitable distribution of the benefits of economic growth. Or must they initiate more drastic structural changes? For the World Bank (1994: 2) what is required is more progress in macroeconomic, trade and agricultural reforms, as well as a "strong political resolve to tackle money-losing public enterprises and bloated bureaucracies - to free up the resources needed to improve basic health and education services for the poor." The question about equity is posed because field studies, including this research, have shown

that the rich tend to benefit more than the poor from rises in national income, at least during the early phases of economic growth.

The point is that, in the structural adjustment period, the main social problem has been a concern with growth. The short-term effects and aims have been seen almost exclusively in terms of growth. The basic assumption has been quite simple: grow now, redistribute later. However, there is increasing skepticism, in the face of data, of what the long term is and whether it will ever come. The question has been, how is equity to be regained after growth has been achieved? An implicit, if not explicit, connotation in this question is that welfarism and growth are distinct and not complementary. I reject this supposed relationship between equity and growth and thus pose the question differently: to what extent can equity accompany growth from the beginning in order not to constrain the debate to the achievement of one objective at the expense of the other? In other words, to what extent are growth and equity/welfarism complementary and not in conflict?

Simon Kuznets (1955; 1963), W.A. Lewis (1956; 1967), and Irma Adelman and Cynthia Taft Morris (1973) represent some of the main proponents of the tradeoff pessimism. Their argument is that increases in the growth rate will necessarily lead first to a worsening of the distribution of income. In the later stages distribution stabilizes, then tends to be less uneven. According to these authors, distribution becomes less

even in the early stages because acceleration of the rate of growth creates acute shortages of those factors of production which play the greatest part in bringing about growth. The argument is presented in simplistic terms: if income is redistributed, growth may be jeopardized because the savings ratio of the economy depends on the distribution of income.

Lewis (1956: 9) emphasizes the growth dimension by pointing out that "first, it should be noted that our subject matter is growth and not distribution...Second, our concern is not primarily with consumption but with output," and "an equal distribution of income is not compatible with economic growth" (1967: 96). Lewis is indeed adamant about the need for economic growth, seeing such growth, achieved through allocative efficiency, as the only way in which developing countries may alleviate poverty as well as improve the distribution of income.

The critics of this 'growth-oriented approach' have questioned the rationale of this strategy. Paul Streeten takes issue with those in the trade-off camp who have argued that an emphasis on equity or distribution "sacrifices savings, productive investment, and incentives to work for the sake of current consumption and welfare" (Streeten et al., 1981: 96). Arguing that there is no inherent tradeoff between distribution and growth, Streeten points out that:

there is no evidence that a basic needs approach necessarily reduces the productivity of whatever investment is done...high rates of economic growth are neither necessary nor sufficient to generate

improvements in basic needs...it is possible to combine public expenditure on basic needs with respectable growth...it may be concluded that good performance in meeting basic needs accelerates, or at least does not retard, growth (Streeten et al., 1981: 97-101).

Similarly, Jean Dreze and Amartya Sen have noted that:

high growth is often accompanied by increased inequality in the distribution of incomes, so that people in greatest need of capability enhancement may end up benefiting least (if at all) from the general process of economic expansion...the potential opportunity for expanded public provisioning may not be typically seized by a growth-oriented government, because of its preoccupation with the expansion of material opulence rather than with the basic quality of human life. It is the slowness or absence of the so-called 'trickle-down' (in itself not an electrifying prospect) that makes growth an unreliable means of general advance of a community (Dreze and Sen, 1989: 183).

As an alternative to the tradeoff argument, these critics argue that the poor cannot wait for growth to uplift their economic well-being and the improvement in income distribution.

However, it is important to say that these economists do agree that growth is a necessary condition for poverty eradication. Thus Streeten et al. (1981:15) point out that sometimes economic growth reinforces and entrenches inequalities in the distribution of income, assets and power. When growth begins with an unequal distribution of assets and power, it is more difficult to redistribute income and to eradicate poverty. This view finds support in evidence that an increase in per capita GNP to \$450 in 1992 in Ghana has not resulted in employment for a growing labour force or widely

spread benefits of growth to the lower income groups. Furthermore, the exclusive reliance on growth to "trickle down" may involve an unacceptable, and difficult to predict, long term. At the same time, gains in welfare can be achieved with little or no loss of growth depending on a judicious choice of the nature and level of public intervention (Dreze and Sen, 1989).

However, the IFIs recommendations to Ghana and other African countries are based on the tradeoff theory. The IFIs place emphasis on the market as a crucial mechanism for efficiently allocating resources. This market fetishism is predicated on the assumption that the market is the best instrument for allocating resources, thus satisfying not only welfare but also the demand for efficiency. Welfare is thus defined in terms of the satisfaction of effective demand. In this regard, any public policy that allocates resources to target welfare enhancement is seen as a distortion of the market mechanism and undesirable. In other words, attempts at improving welfare are equated with attempts to reduce market distortions. A key rationale of this is that restoring macroeconomic balance would in the long-run benefit the poor. But how long is the long-run? On this vital question there is no clearcut answer.

Instead, what we are provided with is a repeat of the basic principles of the new orthodoxy. The belief in growth being prior to poverty reduction and income distribution is

reflected in this statement with regard to Latin America:

With the acceleration of economic growth, governments in Latin America and the Caribbean will be able to turn their attention to the grave problems of poverty and income inequality...Macroeconomic stability has been achieved and GDP is growing as a result of deep reforms. During the next phase of the reform process, governments should seek ways to accelerate economic growth and reduce poverty (Burki and Edwards, 1995: 8-9).

By the mid to late 1980s, there were some shifts in IFI policy on issues associated with a greater concern about the impact of adjustment on the poor. There was not only an acknowledgement that certain groups of the poor could be hurt by adjustment in the short run, but that efforts must be made to mitigate these adverse effects (World Bank, 1986). Even here, it was argued that the well-being of most of the poor would have to be closely linked to improvements in their production and economic activity (World Bank, 1990a: 16). The World Development Report 1990 on poverty reiterates this point by emphasizing that, historically, social progress has been achieved only when there is a satisfactory combination of substantial economic growth and an appropriate pattern of growth. However, in terms of sequencing, economic recovery is seen as the first condition of success for any poverty alleviation strategy. The second condition is an adequate pattern of growth from the viewpoint both of the efficiency of the growth process and of the distribution of the benefits of economic growth. It is obvious that growth, in this framework, is prior to poverty alleviation and equity issues.

Echoes of this refrain are also found in the Fund's analysis of adjustment programmes. Thus the Fund proceeded to admit in the 1988 report that the poor become poorer in the short-term under adjustment. The report concludes that during Fund-supported adjustment programmes, some groups of the poor gain, while others become worse off. "How to improve the efficiency of design of Fund-supported adjustment programmes and to minimize the economic and human cost of adjustment are important issues that have always confronted the Fund, but about which public concern is now particularly acute," the authors point out in the introduction (I.M.F., 1988).

In a later publication on Policy Analysis and Assessment, the IMF delineates its role as providing "support for adjustment programmes that make economic growth sustainable and to mitigate the adverse effects that essential adjustment measures may have on the poor in the short run" (Boris Bernstein and James Boughton, 1993: 1-2).

All of this has been in response to, and an acknowledgement of, their critics. The following statements from the World Bank and the IMF are incisive in this respect:

"When I look at the many operations--one could say rescue operations--on behalf of countries in difficulties...I can say that the essential missing element--despite the admirable efforts of the United Nations and its specialized agencies--is a sufficient regard for the short-term human costs involved during adjustment or transition to a market economy." (Michel Camdessus, 1992)

We did not think that the human costs of these structural adjustment programmes could be so great, and economic gains so slow in coming.
(World Bank Chief Economist for Africa, 1990)

Notwithstanding these supposedly learning experiences, the advice from the Bank and Fund has changed little as a result of the past mistakes. Such concerns about poverty alleviation are tempered by admonitions to deepen and accelerate the completion of comprehensive structural reform: "the road ahead for adjustment is clear: continue with the macroeconomic reforms, complete the trade and agricultural sector reforms, restructure public finances, and provide an environment conducive to private production and provision of goods and services" (World Bank, 1994: 219). The question is, if adjustment policies of the past have failed to yield substantial growth, then what are the prospects for poverty alleviation? On this score, the Bank's assessment is that there is little prospect for a reduction in poverty because current growth rates are still too low to reduce poverty much in the next two or three decades! (ibid.: 161).

While accepting the social costs of the adjustment programmes and the need to ease this cost, World Bank President Lewis Preston is quoted in the Globe and Mail, December 2, 1993 as saying:

But it's a terrible issue, because the people who suffer the most from hyperinflation are the poor...it's a little bit, I'm sorry to say, like cancer. Chemotherapy is painful.

The solution, he argues, involves "adjustment through macroeconomic policies."

Further, the World Bank in its 1994 report on Africa rejects the claim that adjustment programmes have hurt the poor. "Adjustment has contributed to faster GDP per capita growth in half the adjusting countries, and there is every reason to think that it has helped the poor, based on the strong linkage between growth and poverty reduction elsewhere in the world" (1994:163). This point is, however, made in complete disregard of the complex socioeconomic and political frameworks in different regional and national settings. In an important sense, therefore, the point being made by the critics is missed.

For the World Bank (1990b: 7-8), the key ingredient is to "assist poor and vulnerable groups without distorting economic mechanisms since such distortions would hurt both economic recovery and the poor." Despite all the reassessments, therefore, distributive equity is still regarded as a case of "trickle down" with economic growth.

Profile of Poverty in Ghana

Who are the poor in Ghana? Before analyzing the incidence of poverty after the adoption of the adjustment programmes, it is necessary to explore the dimensions of poverty prior to the programme. Since independence in 1957, successive governments have placed much emphasis on social development to foster

greater equality and increase wealth. The implementation of welfare policies through a national public health network, a comprehensive education and training system, and the introduction of direct and implicit subsidies in a wide range of economic and social sectors were meant to contribute to marked improvements in standards of living and welfare enjoyed by the bulk of the Ghanaian population.

Yet the two studies on poverty before 1983, the National Household Budget Surveys conducted in 1962 and 1974/75, paint a bleak picture. Adopting a poverty line of \$100, Kodwo Ewusi (1984) indicated that 75 per cent of the Ghanaian population in the survey of 1974/75 lived in poverty. Over time, and in the period prior to 1983 poverty deepened with an increase in the ranks of the poor. Other studies indicate a high and probably increasing incidence of poverty. Clearly, the welfare system built over the previous decades failed to serve as an adequate safety net to protect the most vulnerable groups in the population.

Another aspect of the Ghanaian story is the fact that the country's immense material, natural and human resources are unevenly distributed between people and regions. The structural aspects of poverty are indeed clearcut. For instance, there is an unequal distribution between urban and rural areas, between the formal modern wage sector and the informal traditional subsistence sector and between the North and South.

As part of the Social Dimensions of Adjustment (SDA) project of the World Bank, the Government of Ghana carried out a national household survey as an integral part of the SAP. This survey was born out of the concern about the distributional consequences of the adjustment policies. The concerns incorporated two elements: first, that the poor may not benefit from policy-induced increases in economic growth and, second, that the poor may be especially hard hit by transitional costs associated with changing macroeconomic policies. In this respect, the objective of the Ghana Living Standards Survey (GLSS) was "to improve knowledge of the nature and concentration of poverty in the country and therefore provide the 'scientific' [emphasis mine] basis for delineating the vulnerable groups in the country" (Paul Glewe and Kwaku Twum-Baah, 1991: 9).

Based on the first year results (September 1987 - October 1988), the GLSS outlines its major findings on the poverty profile in Ghana in the following statement:

We find that around 36 per cent of all Ghanaians were below the higher poverty line of C32,981 per person per annum at 1987-88 Accra prices. Correspondingly, around 7 per cent of all Ghanaians were below the hard core poverty line of C16,491 per person per annum at 1987-88 Accra prices....Poverty in Ghana is overwhelmingly a rural phenomenon. The incidence of poverty in rural areas is more than eleven times the incidence of poverty in Accra, and around 80 per cent of the national incidence of poverty is accounted for by the rural incidence of poverty. Moreover, this disparity becomes even more marked as we move to poverty measures that emphasize the depth of poverty (Cti Boateng et al. 1990: 1).

These findings find support in the response of the Secretary for Finance and Economic Planning, Dr. Kwesi Botchwey, to an interviewer's question about the ERP's ineffectiveness in eradicating and even exacerbating poverty:

when we talk about the impact of the programme on the poor, we should be as scientific as possible. We did a living standards survey which looked at income and expenditure levels. This showed that the poor are not worse off. The programme has led to a redistribution of resources to farmers. We have no evidence that the programme has created new classes of poor people. This is not to say that we have eradicated poverty. But I have no doubt that without the programme, the poor would have been worse off (Africa Report, March-April 1995: 40).

A 1992 report on Ghana also argues that the programme has contributed significantly to a reversal of the falling living standards suffered by many socio-economic groups in the economy.

That these claims can be made about the GLSS in spite of the methodological and data limitations begs reason. The need to recognize and address the poverty issue in the context of structural adjustment programmes is indeed an important point. However, definitions of poverty tend to be arbitrary or political rather than scientific. The definition of "poverty" and "poverty line" in the GLSS, while being arbitrary, followed the World Bank analytical frameworks which define the poverty line as the level of income which cuts off the lower 30-40 per cent of income distribution. However, this conceptual issue cannot be ignored as it affects the analytical approach followed in the study. The best welfare

indicator to draw a poverty line must, of necessity, examine the ability to earn a living wage. For example, the public sector minimum wage of C170 a day (55 US cents) in 1990 was woefully inadequate to cover everyday needs. As one worker sarcastically remarked "going by the new price increases, C500 a day won't even be sufficient." The daily expenditure for a family of four was over eight times the daily minimum wage of C218 in 1990 and about ten times the minimum wage of C490 in June 1994. The C1,200 (approx. US\$1) minimum wage a day announced in the 1995 budget is woefully inadequate especially since prices of food and other essential services have risen as well. In that respect, the poverty line of 32,981 delineated by the GLSS is clearly unrealistic.

The GLSS focused on relative poverty instead of absolute poverty. Relative poverty refers to the situation of the lowest income groups in relation to the national income while absolute poverty corresponds to the situation of households whose level of income or expenditure is insufficient to ensure a minimum level of welfare. It is important to point out that relative poverty, which exists irrespective of the level of wealth in a given economy, is a useful concept to analyze inequality in any type of society, but it is not as meaningful for an assessment of the plight of the most vulnerable groups in times of economic adjustment. A different and more instructive pattern is discernible when the absolute poverty framework is used.

Indeed, the household survey done for this study, which focuses on absolute poverty, yielded different conclusions. The survey covered an indepth study of the socioeconomic effects of the ERP on 200 households selected on an opportunity basis by examining the nutrition, income, access to health services and education and levels of employment status. Heavy reliance was placed on total urban income for both middle class and low ranked workers in the urban areas of Accra-Tema Metropolitan area. The study is therefore concerned with urban areas to the exclusion of the rural areas and hence important rural-urban inequalities fall outside our purview. This failure to consider the rural areas was necessitated by lack of funding to cover the final phase of field research. The data for the survey was supplied by the households surveyed and by accountants at some ministries. The areas surveyed had cases of rich, poor and middle-income units. On the whole, however, the data is representative essentially of the conditions in which the majority of the people live in the middle and upper-middle regions of urban Ghana. Average household size was 6 persons. Between them, formal work and informal sector work accounted for just over 90% of urban income. Formal work alone accounts for over 80%. The survey looked at the expenditure patterns of the households over a two month period. Table 7 summarizes the responses obtained as averages.

Though it is difficult to separate out the effects of the

ERP measures from other influences on the economy, there is sufficient evidence to indicate that at 1994 prices, the higher poverty line could be as high as C200,000 and C100,000 for hard core poverty line based on a household of 6 (husband, wife and four children) residing in Accra-Tema Metropolitan area. For the purpose of this study, poverty is defined as insufficient income to meet minimal life-sustenance needs including adequate nutrition and non-nutrition needs, decent shelter, etc. When this approach is taken, the ranks of the poor swell to include not only low-income households, but also most "high-income households" including professionals and white collar workers. In principle, then, this requires that we investigate the impact of the ERP measures upon a) the incomes of low and high income households in rural and urban areas; b) the price and availability of consumption items important to these families, especially food; and c) levels of government expenditure, especially those in the social sectors, affecting these vulnerable groups.

The results of the survey are indeed astounding. For workers on minimum wage, or the low scale of the salary structure, surviving on their wages is a constant and never ending balancing act. Even more telling, especially in light of the claims by the GLSS and the Secretary for Finance and Economic Planning, is the fact that highly paid urban workers are hard pressed to survive, leading to the creation of a new poor. This new poor includes senior civil servants, university

professors and others in the middle class. If, according to Rimmer (1992: 4), "in 1983 the aforementioned groups wore 'Rawlings necklaces': their collar-bones protruding in their underfed bodies," by 1994 their situation had worsened. Take the case of a senior civil servant working in one of the ministries, earning an average of just over C100,000 basic salary per month. This places him/her in the category of a highly privileged worker as compared with lower civil servants earning the daily minimum wage, which is equivalent to approximately C30,000 per month. His/her monthly expenditure for a household of 6 is about 2 times his basic salary, and this does not include the children's tuition, and school supplies, or medical care. Below is the average monthly budget for a typical family of six with one income (SEE TABLE 7).

TABLE 7

Monthly Budget For Typical Family of Six: Husband, Wife and 4 Children (Averages).

(in Ghanaian cedis)

NB: As with most families (70%) there is a sole income earner.

	<u>Daily</u>	<u>Monthly</u>
<u>Breakfast</u>		
Bread	500	15,000
Milk	470	14,100
Sugar	200/week	800
Beverage	1,000/month	1,000
TOTAL		30,900
<u>Lunch</u>		
Children	500	15,000
Father	200	6,000
Mother	200	6,000
TOTAL		27,000
<u>Supper (Fufu)</u>		
Meat	1,500	
Plaintain	500	
Cassava	400	
Tomatoes	200	
Pepper	100	
Garden Eggs	200	
Beans	100	
Onions	100	
TOTAL	3,100	93,000
<u>Other Expenditure</u>		
Rent		32,000
Electricity		3,900
Gas (for cooker)		4,000
Transportation (to work)		14,520
TOTAL		54,420
TOTAL MONTHLY EXPENDITURE		205,320

The empirical evidence does not, therefore, seem to lend credence to the IFIs and the Government's optimism. To be sure, wages of senior civil servants and unskilled workers have increased over the years. However, urban wages and salaries have been squeezed in spite of the large increases. As Loxley (1991:21) rightly points out, "it is a measure of

the seriousness of the crisis in Ghana that even after these increases, real wages of senior staff were only 36 per cent and those of junior staff only 56 per cent of their 1977 level. Reversing the trend in differentials and further increases in overall real wages will be more difficult to achieve as real GDP growth slows, as food prices begin to rise and as increased producer prices for cocoa are felt. Conflicts over income shares, which have so far been minimal, may yet become a major political issue for the government." Also these real wage rates have to be put in perspective; for along with this have come the retrenchments and rising unemployment which will in turn serve to reduce family income.

Indeed, it has been well-established by Tabatabai (1986) that virtually all urban wage and salary earners would be considered 'poor' if they relied on their pay cheques. In the words of one university professor, "the only way we survive is if we are lucky to attend conferences. The dollars we bring back home supplement our monthly earnings. Another way to survive is to turn our private cars into taxis at night" (Interview with university professor, June 1994). This buttresses the observation often made that the solution to the problem of inadequate pay is the simultaneous pursuit of several occupations. Income data is difficult to interpret, according to a UNICEF survey, because "no household can survive on one minimum wage and virtually none maintain even moderately acceptable living standards on any public or most

private sector salaries. Most low-income, [and, I must add, middle- and high-income] households who have a member working in formal employment, also participate in informal sector activities. Second occupations - ranging from farming and sheep raising through breadbaking and artisanry to a variety of illicit activities - are common and necessary [emphasis mine]" (UNICEF, 1987: 8).

The crucial question is why absolute poverty is not chosen to analyze the welfare of these households. The simple response is that adopting this absolute poverty focus is inconsistent with the World Bank's poverty reduction strategy, as is admitted by Marco Ferroni and Ravi Kanbur (1990): "it's obvious that if everybody, or a vast majority of the population were classified as being poor (it is sometimes suggested in Africa that this be done), our conclusion regarding the poverty focus of public expenditures would not hold." Thus, the Bank appears to adopt dubious methodological and conceptual frameworks on poverty to justify a predetermined position.

The doctoring of the survey and the spin put on the GLSS, coupled with Dr. Kwesi Botchwey's confidence in its "scientific" approach, also fly in the face of statements made by Jerry Rawlings and Vice-President K.N. Arkaah that the so-called "achievements" of the ERP have not been translated into the day-to-day living experiences of Ghanaians. The following statements by the Chairman and the Vice-President reflect the

concern with this aspect of the programmes:

the gains from the economic recovery and structural adjustment programme, though substantial, have not been adequate to the extent that Government would have liked, particularly in terms of their impact on real disposable personal incomes for the alleviation of poverty and the reduction of the high level of joblessness in the country. (Vice-President Mr. K.N. Arkaah, 1994).

I should be the first to admit that the ERP has not provided ALL the answers to our national problems. In spite of all the international acclaim it has received, the effects of its gains remain to be felt in most households and pockets. Many families continue to experience severe constraints on their household budgets. Notwithstanding the vast improvements in the supply of goods and services in the markets today, there are many who have found it difficult during the past holiday season to manage a modest celebration with a chicken for a meal or a new dress for a child or a bottle of schnapps for the folks back home. Meanwhile we are now thinking of how to meet our rent, the next month's school fees, and other routine expenses. These everyday difficulties which ordinary Ghanaians have to face make it hard for us to appreciate the significant gains we have made under the ERP. We may sense that inflation has been reduced, food is more readily available, we can see the good roads, electricity, clean water and other benefits are being provided where they did not exist before. But we also know what a struggle it still is to make ends meet. (Chairman Jerry Rawlings, January 2, 1990).

These facts are also supported by data from a UNICEF household sample survey in a major low income area in the capital, Accra. This survey of Nima-Maamobi in 1985 showed monthly expenditure per person of C1,230 on food and C1,350 overall - C7,250 for a five person household. The survey indicates that "even using 85 per cent of its expenditure on food and (for a household of five) spending eight times the minimum wage, the food purchased was only C4.75 per day or

4

PM-1 3 1/2" x 4" PHOTOGRAPHIC MICROCOPY TARGET
NBS 1010a ANSI/ISO #2 EQUIVALENT

PRECISIONSM RESOLUTION TARGETS

under 30 per cent of the World Bank estimates of the cost of an acceptable diet" (UNICEF, 1987: 8).

Following the usual IFI analysis, the GLSS classifies poverty in Ghana, as in the rest of Africa, as primarily a rural phenomenon. Thus, an Organization for Economic Cooperation and Development (OECD) sponsored report on Ghana concludes that the analysis based on the GLSS survey data "confirms that there is a strong rural bias in Ghana's poverty" (Alan Roe and Hartmut Schneider, 1992: 18).

However, it is important to note that the poor found in rural areas may not be those poor who are most seriously affected by the ERP. The urban poor face a greater "shock" from structural adjustment than do their rural counterparts. As an example, take the structural adjustment policies that have the largest effect on household consumption patterns: increases in the price of food as a result of the removal of subsidies. The negative effects of rising food prices, research has showed, are offset to a large extent by the fact that many poor households in the rural areas are food producers. The urban poor, on the other hand, are more vulnerable because they do not produce much of the food they consume. The urban poor, therefore, have suffered declines in their standards of living as a result of food price increases. In this sense, then, urban poverty in Ghana is acute. Indeed, the expenditure patterns of the urban poor, including the new poor (the middle class), suggests conclusively that these

households have borne the brunt of the adverse effects of the ERP. This is largely a reflection of the fact that urban households find themselves more at the mercy of the market than rural households, although they have more opportunity to trade and diversify income sources.

One immediate aspect of the acute character of urban poverty, not observable in the rural areas, is the increase in the incidence of child labour. As the UNICEF study indicates "child labour - in the sense of domestic household chores, and agricultural work,...-is traditional in Ghana . When moderate in amount it need not be inconsistent with child welfare...But as households have become poorer, child labour has become more crucial to making ends meet and has, therefore, intensified. It has contributed to the high drop out rates - especially among girls - as well as to irregular attendance and children too tired to benefit from classes" (1987: 18).

Child labour, especially street trading, is particularly intense in urban centers such as Accra and Kumasi. While available statistics are difficult to come by to indicate the prevalence of children's trading at the regional or national levels, the extent of street trading by children can be gauged by the growing number of children found hawking goods ranging from newspapers, dog chains and ice cream to apples on the streets during and after school hours. In Accra, children line the streets around Kwame Nkrumah circle, Thomas Sankara circle to the ministries and at car parks, stations and other

transport termini. The situation is the same in Kumasi around Kejetia, the hub of the city. The effects of such work, which involves running after moving vehicles, is unmistakably energy sapping but prompted by poverty. Many of these children forced to work full time are condemned to life-long illiteracy because they cannot attend school. Some kinds of morally or legally questionable works, such as prostitution or trafficking in drugs which have increased, have led to social delinquency.

Interviews conducted as part of this research of child street traders in Kumasi and Tema over the period May-June 1994 showed a correlation between hawking and poor academic achievement. The study found that children who had to hawk afterschool hours performed significantly poorer than did those children who did not or who assisted their parents solely by performing household chores, thus lending credence to the UNICEF report findings alluded to earlier on. That this should occur is quite obvious: any activity that involves as much time, and is as energy sapping as this, is bound to have serious adverse effects on the ability of these children not only to concentrate during classes but also to carry out their homework assignments. One child put it in blunt terms: "when I am in class I keep thinking of my trading activities. I am always having to check the clock anxious for classes to be over. When I get home from hawking, I am too tired to think of my books. Most of the time, I am emotionally and physically

drained. But without my hawking activities, my family cannot make ends meet" (Interview with Street Kid, Kumasi, June 18, 1994). Urban poverty is therefore the most important determinant of child labour and any attempt to play down this aspect of poverty will have detrimental effects for urban households.

A further criticism of the GLSS, which finds echoes in World Bank literature, is the downplaying of the problem of inequality. This is justified because it is "easier to reach consensus on poverty alleviation as an objective as opposed to inequality reduction" (Ferroni and Kanbur, 1990: 5). The argument that finds currency in the World Bank literature in explaining the rural-urban gap is that policy and price distortions reflect the power of a self-interested "urban coalition." Issues and problems of equity are indeed important. As John Loxley (1991: 21) argues, the effect of Ghana's ERP had been to worsen overall income differentials, even though the rural-urban income differentials have narrowed.

The effect of the adjustment programme on the social sectors is not easy to fathom due to data limitations. However, it is obvious that the increasing pressures from government wage payments has led to a corresponding pressure on the budget for infrastructural and social purposes. Based on calculations done for this study, in spite of the increases in these expenditures, the provision in these areas actually

declined in real terms. In 1983, the resources allocated to the main social sectors of health, education and social welfare rose significantly. These expenditures accounted for 30 per cent of total recurrent expenditures. This figure had risen to about 48 per cent of a much larger absolute total in 1989. Yet, the most striking feature linked to the impact of these budgetary increases on the social sectors is the growing share of salaries in total spending to the detriment of other categories of expenditures. The direct implication of this imbalance is that the social sector ministries are underfunded to purchase essential supplies needed for the normal operation and maintenance of existing infrastructure.

The example of health expenditures, while reflecting a disturbing trend, puts this into perspective. Since 1983, my calculations based on data from the Health Ministry indicate that health expenditures have been rising both as percentages of GDP and of the total government budget. However, personal emoluments took about 45 per cent of the health ministry's recurrent expenditure, drugs and dressings about 20 per cent and maintenance repairs and renewals less than 2 per cent. A clear paradox of spending presents itself. While most of its budget is spent on salaries at the expense of indispensable supplies and other non-wage expenditures, the health ministry is still unable to offer a level of remuneration sufficient to motivate the health personnel.

This trend has different implications for the various

social sectors. For the health sector, shortages of supplies have become so acute at government hospitals that it is not uncommon for patients admitted to surgery to be asked to furnish bandages, bedsheets or even to pay the doctor's fee before the surgery is performed. Those who can afford to pay for these services have priority over those who cannot, thus making the spectre of a two-tier system, with significant differences in terms of availability and quality of care, a reality. An example here will illustrate this disturbing trend. During my preliminary trip to Ghana in August/September 1993, my father was admitted to the Komfo Anokye Teaching Hospital (KATH), a public hospital in Kumasi, for surgery. The supplies for the surgery as well as the doctor's fee amounted to C280,000, paid for before the successful surgery. A patient in the same ward could not afford to pay for the same surgery and was left to die. For the average person, therefore, the cost of health services has gone beyond their reach as a result of the introduction of cost-recovery and cost saving schemes in an attempt to offset budgetary problems and improve hospital management. A good indicator of the inadequacy of Ghana's "cash and carry" health care system under adjustment is the growing public dissatisfaction.

Already concern has been expressed about the privatization of certain departments within government hospitals. According to the Ashanti Independent, a private newspaper in Ghana, plans seem to be advanced to privatize

dispensaries within government hospitals, resulting in the slashing of government subsidies on drugs purchased from state-owned hospitals. For the head of the KATH Pharmacy department, Mr. Rexford Sarfo Mensah, "when this happens, the proprietors of these private dispensaries would only be interested in maximizing profits but not to seek the welfare of patients. They would squeeze every pesewa [the lowest common denomination in the Ghanaian currency] from the poor patient and those who cannot afford to pay might not be given medicine" (The Ashanti Independent, 21 February- February 28, 1994: 1).

In the education sector, fees have been instituted at all levels to compensate for the decline in budgetary allocations for supplies and non-wage expenditures. However, this decision has potentially adverse effects. The introduction of cost-cutting and recovery measures in higher education, which is in line with a view first articulated by the World Bank in 1987, called for a de-emphasizing of higher education on equity grounds. Thus at the University of Ghana (my alma mater) students now take loans to cover the cost of their tuition and upkeep, which used to be free. The evidence points to increasing and prohibitive cost of education for parents in low and middle-income families and the dropout rates in these groups are on the rise as a direct consequence.

In addition to compulsory fees, which range from C2,500 to C5,000 per child per term in primary education at a public

school, to C4,000 per term in private schools, the Ministry of Education has tacitly institutionalized the practice of extra classes in both private and public schools. A disturbing aspect of the practice of extra classes is the extra cost to parents and guardians. A survey of some schools in Accra revealed significant variations in the fees charged. These ranged from C1,500 to C3,500 in public schools to C6,000 to C8,000 in private schools. Care must be taken not to make education accessible only to the rich in society as there are already signs indicating that some students cannot attend school because their parents cannot afford the extra fees.

Response To Social Impact of Adjustment

The previous section discussed the social welfare costs of the ERP. Research for this study, like a similar UNICEF study, conclude that the rising cost of living jeopardized the health and nutritional status of many Ghanaians. These studies illuminate the serious underestimation of the social costs of the adjustment. The regime had to deal with the alarming phenomenon that had emerged with adjustment fatigue setting in. The potential for social unrest had been building up as families found it increasingly difficult to cope with the adverse effects of adjustment. Popular dissatisfaction with increasing inequalities, particularly in the urban areas, even as the regime and its international allies touted the success of the programme, posed a difficult dilemma for the regime.

It was in an attempt to ride the storm out of this storm of social discontent that the government, in collaboration with UNICEF and others, and supported by the World Bank, designed and funded the first anti-poverty intervention in Africa called The Programme of Action to Mitigate the Social Costs of Adjustment (PAMSCAD) in late 1987. The first of its kind in Africa, the PAMSCAD initiative proposes the appropriate responses to improve the situation of the vulnerable groups, a response to the "poverty-sensitivity of other adjustment programmes" (Republic of Ghana, 1987) to counteract the negative social effect of structural adjustment. So positive was the response to the proposals that the government received pledges of more than \$85 million as opposed to \$83.9 million requested.

Many analysts see the adoption of PAMSCAD as a grudging but formal acknowledgement by the government that the level of poverty and poverty-related symptoms was likely to rise during the transitional stages of the implementation of the adjustment measures. A number of initiatives were thus taken to alleviate the poverty of vulnerable groups concentrating on three main areas of activity: employment generation, community initiative projects and the satisfaction of primary needs. However, the statement by Dr. Botchwey that there is no evidence that the programmes have created new classes of the poor, seems to contradict this thrust of PAMSCAD.

Indeed the overwhelming consideration in the PAMSCAD

scheme was political. The government was more concerned with the opposition to adjustment policies by various groups that appeared to bear the brunt of the policies. For example, the middle class, the left, and the student and labour movements began to adamantly oppose the programme. The challenge posed for the government by these groups was to provide "safety nets" that reduce their opposition to adjustment policies while at the same time allowing needed adjustments to take place. This is the issue foremost in the minds of many government policymakers because it lies at the heart of the political sustainability of adjustment policies. It is in this light that the adoption of PAMSCAD should be understood.

Notwithstanding the fact that Ghana recognized the need to mitigate some of the untold costs of adjustment on the poorest and vulnerable groups, the welfare policies in PAMSCAD contradict the main policy objectives of Fund/Bank-directed adjustment. Why is this so? In other words, why is the orthodox package inconsistent with adjustment with a human face? Much has been said already about the growth-equity tradeoff in Bank/Fund analysis. It will suffice to add here that such welfare interventions are regarded as distortions of the market that invariably reduce both efficiency and welfare. Two different lines of argument are typically advanced to support this. The first is the short-run tradeoff argument, based on the premise that whatever may be gained by welfare intervention measures, it could be possible in the short-run

to gain more just by reallocating resources towards growth. The second argument , the long-run tradeoff argument, claims that whatever may be gained in the short-run, would seriously undermine long-term growth prospects. In the long-run, then, according to neo-conservative arguments, the impact of welfare interventions on living standards may well be adverse.

As a palliative after the event, PAMSCAD implies that the social dimensions of adjustment were not originally considered to be important in the reform process, a useful, albeit belated attempt to address the social dimensions of adjustment. A statement by Loxley (1990:21) is germane in this regard: "it is a sad reflection on Fund/Bank thinking that such considerations were not, and generally, still are not, built directly into adjustment programmes. PAMSCAD was tacked onto the end of the body of the reform programme as reluctant afterthought, under pressure from UNICEF and concerned bilateral donors."

Although the scheme represented a useful initiative and drew attention to social spending in adjustment programmes, the instrument that has been used - action programmes - constitute short-term compensatory measures only and are not adequate substitutes for the fundamental restructuring of social spending. In other words, the compensatory programmes are short-term and palliative rather than reconstructive in their effects. In the event, as Peter Gibbon (1992: 203) points out, "what PAMSCAD did not represent was a coherent

anti-poverty initiative...Instead it was a shopping list of projects, most of them with no clear relation to assisting the chronically poor."

Finally, one can even express doubt as to the commitment of the government to PAMSCAD. A statement by a senior aid official in Accra is illuminating in this respect:

The Ghana Government put huge amounts of hardwork into designing the PAMSCAD package, and the response from the donor community was tremendous. Now the funds are there, there are signs that active, high-level Government support for the programme is waning. Ghana's concern for its poor must remain genuine and not become a matter of simple political expediency. Avoiding that trap is now PAMSCAD's greatest challenge" (Financial Times, June 6, 1988).

This statement implies that poverty reduction remains peripheral to the objectives of the policy despite official pronouncements of welfare maximization.

Conclusion

It has been argued that the statist policies could not be continued because they had been a failure. They had failed in their stated goal of achieving sustained economic development. Even in purely political terms, the status quo was not an alternative. As peasants "exited" and other individuals disengaged from the state into the informal sector beyond the reach of the state, the rents that accrued from the extraction of surplus dwindled as well. This not only meant a decline in rents, but also the possibility of complete exhaustion. Under this scenario, the regime could not have persisted with the

statist policies even for political reasons. Its political and economic interests did not support the continued pursuit of these economically destructive policies. It had to seek other alternatives - a new economic paradigm (SAP) which would generate the greatest net benefit to the real productive sectors and thereby enhance regime and state legitimacy.

As the analysis in this chapter has shown, the picture of Ghana's economic performance during the past twelve years is that of a country that is still struggling to overcome the severe setbacks that it experienced in the mid-1970s to the early 1980s. While gains have been made in certain key macroeconomic aggregates, the country has yet to enter a period of sustained and accelerated growth. Whatever growth has been achieved has been influenced by substantial external resource flows.

In its preoccupation with an overwhelming fixation on growth, the programme stressed the need to renew economic growth at the expense of equity concerns. This has led to conflicts between macroeconomic stability, defined as providing a stable macroeconomic environment and a reliable legal framework to promote domestic and international competition, and social welfare considerations. Thus, while there have been improvements in macroeconomic indicators, the benefits of that success have not "trickled down" to the poor, with the result that the programmes have contributed to the incidence and prevalence of poverty in Ghana. The rural and

urban poor have seen their standards of living fall. The consequences of social sector cuts, and the introduction of cost recovery and cost cutting schemes, have been the worsening of the social well-being of the poor and vulnerable. In the words of Loxley (1988), "these measures are reflected in deteriorating social well-being, in terms of shortened lives, a less healthy existence, loss of educational opportunities, enhanced daily pressures and apprehensions, and generalized deprivation."

A major implication of these trends for the adjustment programme, therefore, is the need to address two distinct, albeit interwoven goals: to correct macroeconomic imbalances/disequilibria and achieve social welfare enhancement. However, because the burden of adjustment to date has increasingly fallen on cutbacks/controls of government expenditure, the social welfare goals have been subjugated to the imperatives of macroeconomic stabilization. This chapter has argued that, in order not to imperil the reform process, and in order to build and maintain broad-based support for the programme, it is necessary, indeed required, that the state develops measures to shield the poor from the initial adverse effects of adjustment. In short, the state faces a daunting task: how does it deal with the imperatives of macroeconomic stability and the need to preserve the social welfare system, that is, between the need to contain the macroeconomic imbalance and the need to pursue and strengthen

the social safety net.

At this juncture we need to stress the importance of alleviating poverty and income inequality by emphasizing the effect of income inequality on social unrest. As is quite obvious a large group of impoverished citizens, facing a small and very rich group of well-to-do individuals, is likely to become dissatisfied with the socioeconomic status quo and demand radical changes not unlike those demanded by the young junior officer Jerry Rawlings in 1979. Countries with more unequal income distribution are more prone to political instability. In turn, any signs of sociopolitical instability have adverse effects on growth. In other words, income inequality and poverty serve as obstacles to growth. Achieving growth with equity is a prerequisite to managing social and political tensions that are engendered under such conditions. Failure to resolve this conflict tends to threaten the political viability of reform. The challenge is to manage these severe socioeconomic side effects to prevent any destabilizing consequences for the political sustainability of reform.

Notwithstanding these adverse effects, it is fair to conclude that Ghana's economic reforms have been partially successful especially in terms of reversing years of economic decline and stagnation. Economic reforms have had enormous consequences: the growth of new small and medium-sized businesses, a new urban middle class (educated but denied

access to political power) and a disenchanted working class still smarting under the adverse effects of the ERP. The growth of the middle class and the private sector has created new sources of economic power outside of the regime's control. Social and associational groups have proliferated. With time, these independent sources of power and the new forces begun to assert themselves and mobilized to press for changes in the existing political system.

Though these new sources of power were not as entrenched, especially with the regime's careful control of lucrative channels of access for business, there still emerged groups and leaders less vulnerable to the PNDC's political and economic manipulation. This, in turn, led to a gain in the independence of possible sources of opposition to the PNDC. The powerful new social and political forces unleashed by partial economic success pressurized the regime, ultimately undermined the authoritarian status quo and hastened the process of democratization.

In other words, the partial successes of the Ghana programme has served to undermine the political status quo. Partial success has brought changes in social structure, the rise of new autonomous associational groups and the growth of political opposition which have served to provide a boost to political liberalization and democratization. As these groups and others within the middle class, as well as the old politicians, have progressively gained autonomy from

interaction in the new economic activity generated by economic reforms, they begun to question the apparent contradiction of economic liberalization without political liberalization.

Along with this has come popular consciousness over such matters as human rights, the increasing social costs of adjustment, rising housing costs, growing economic inequalities, pollution and equality of women. These have gradually assumed the form of social protests and strong calls for political and institutional reforms.

That these social and associational groups and the middle and working class forces would emerge and pressure the regime to establish a new political and institutional order calls for an examination of these agents of political change and the reasons behind their calls for a move towards democracy. To the extent that these new political forces which have mobilized to make claims on the regime and to resist state domination are the products of partial success and the socioeconomic changes it has engendered, suggests intricate links between economic and political reform. The practical manifestations of these links in the Ghana case form the basis of the discussion in the next chapter.

CHAPTER FIVE

FROM ECONOMIC REFORM TO POLITICAL REFORM: ISSUES OF DEMOCRACY AND GOVERNANCE

Introduction

As indicated in the previous chapters, enhanced developmental capacity has enabled Ghana to formulate, implement and sustain consistent and coherent economic reforms that have been partially successful in terms of reversing the economic decline of the previous years. However, this partial success of the programmes, which has led to growth in the economy, has created new sources of power independent of government control. Associational groups and civic organizations with autonomy from the state have increased. These groups, combined with the middle class and with support from private business, began to assert themselves by questioning the contradictory processes of economic liberalization without political liberalization, making demands for more autonomy from the iron rule and authoritarian tendencies of the PNDC and pushing for movement in a democratic direction. These pressures and demands amounted to a rejection of the authoritarian status quo and sought to transform the power relations between state, regime and society. Paradoxically, therefore, the very success of the economic reforms had unintended consequences: it undermined the authoritarian ancien regime and set the stage for political liberalization and democratization.

The impetus for such pressures for political change can

be located in the regime's approach to reform which emphasized a separation between the developmental (building capacity) and economic aspects on one hand, and the political, on the other. For the PNDC, the goal of reform had been to reconstruct the state to imbue it with the capacity to formulate and implement far-reaching economic reforms. This approach precluded any such changes in the political aspects of the state. Economic reforms and liberalization were being carried out while at the same time retaining authoritarian political ideas and institutions. The rationale was that economic reform was a priority and that success would strengthen the regime's legitimacy and prolong its rule. In this respect, the approach emphasized both change and continuity, the former unfolding in the economic realm and the latter in the political.

However, the new economic and political interests, products of the partial economic success and the socioeconomic changes which it engendered, have mobilized to make claims on the regime by challenging its authoritarian rule and resisting state domination. For these social and associational groups and middle class and private sector forces with new independent sources of economic power outside of government control, there seemed to be a major contradiction or tension between the regime's approach of pursuing far-reaching economic reforms in the midst of political closure. As a journalist with one of the

independent newspapers rightly argued,

there was indeed a continuous dilemma with implementing a process of economic liberalization without political liberalization. The regime was well aware of that. At the same time, there was a feeling that political liberalization would impinge on the consolidation of economic reform. How to resolve this tension became a pressing concern (Interview, Journalist, Kumasi: May 1994).

The new economic and political interests and the demands they articulated can therefore be understood in the context of this apparent contradiction fed by the sense of political immobility in the face of what clearly amounted to radical economic transformation. It is this apparent tension between economic and political change that lie at the root of the political transition to democratic governance in Ghana. For even though reforms were restricted primarily to the economic sphere, they had inherent political consequences. This reinforces the link between political and economic reform. It also reflects the fact that the state, while autonomous, was not embedded enough especially when it came to the critical urban population. Partial economic success and the accompanying pressures on the authoritarian regime to liberalize the political system helped force the regime to move towards democratization. The specific forces behind this transition are issues to be addressed in this chapter.

The move to the 1988/89 District Assembly (DA) elections, and ultimately the 1992 elections, were part of efforts by the PNDC to respond to these calls for political

liberalization and democracy. While the DA elections were a piecemeal attempt by the regime to offer substantive, but limited, democratic reforms in return for popular support, the move to the 1992 elections was a response to the criticism from groups, both within and without, that the PNDC was pursuing far-reaching economic reforms without securing a political base for them. In other words, the critics were quick to point out that economic reform was being undertaken without any real avenues for people to question its content or direction and without political liberalization.

This chapter looks at the linkages between economic and political reform. The aim is to chart, and evaluate, moves towards democratic reform in Ghana and the factors that led to this transition. In Ghana, economic liberalization under authoritarian military rule, and the social and economic effects, created a potential for social upheaval and political unrest. It also released new social groups with autonomy from the state who have demanded that the state face new social issues such as income distribution, environmental quality, increased crime wave and equality for women, instead of the exclusive focus on political stability and economic growth. This situation unleashed political forces which have ushered in a transition to democracy. However, while the ERP has helped to establish a process of political liberalization, the specific linkage is not as the

neo-liberals would argue. It is the resistance to economic reform, rather than the inherent logic of the reforms themselves, that have led to attempts at democratization. This leads to concerns about how economic reforms can be sustained. In particular, it calls into question the viability of authoritarian regimes in sustaining reforms in the long term. By extension, it also calls into question whether democracy can sustain or consolidate the economic reforms.

The chapter discusses how the issue of governance came to be seen as a requirement of adjustment. Attention is given to how governance became a major operational concept of the I.M.F. and the World Bank. This issue is worth exploring because the concept is in part a response to the practical and theoretical failures of early attempts at adjustment discussed earlier. It also marks a major departure from the IMF/World Bank preference for authoritarian regimes discussed in chapters 1 and 3. How did the World Bank, for instance, attribute the African economic crisis to a "crisis of governance?" And why did the Bank define governance in primarily administrative and managerial terms? Why did Western donor governments, on the other hand, see governance in terms of democratization?

The discussion then moves to the subsequent attempts by the PNDC to galvanize support for economic reforms through political liberalization and democracy. The focus will be on

the issue of 'governance' and the initial attempts to secure political change through the DAs, the likely success or failure of reforming the authoritarian system into a political regime generating and sustaining genuine participation, and the prospects and possible contributions of the ERP in fostering political change.

The central argument is that the introduction, form and nature of political reform in Ghana under the PNDC have been influenced by the structural adjustment programme and the tactics and strategy of regime survival. The two major factors have yielded both enhanced political freedoms but also political controls. In spite of the pressures from below, the process of political reform has been one of democracy from above, a process of controlled authoritarian liberalization. Even though there have been societal pressures for democratization, the process of political change in Ghana has been state-induced, and the state retains a considerable degree of management over the process. Following a relaxation of the political sphere including freedom of the press and legalization of political parties, the regime proceeded to retain control through legal and administrative means.

The transition to democracy in Ghana has thus been the result of a controlled transformation of the authoritarian regime by the leaders themselves partly in response to popular pressure, but mostly through external intervention.

In this respect, it was different from transitions in other countries like Benin or Zambia where popular forces and opposition elites forced the regime to rupture. The democratization process has been given impetus by two forces: first, major opposition groups and external forces clamoured for a restoration of democratic politics, but second, in a show of adept strategy, the Rawlings regime responded to these pressures and in a way not only managed to co-opt the entire process, but maintained substantial control over it as well. As a result, the direction and timing of the whole process was largely set by the PNDC. As soon as the regime committed itself to political change, it also proceeded to set limits on the range of tolerable debate.

The most appropriate view of the transition is therefore one that focuses on the strategic interaction between the regime and external and internal pressures yet is careful to remember that the external and the tactics and strategy of regime survival drove the process more than protests from civil society. To be sure, the opposition was not without its own ability to influence the agenda and to force the pace of change. However, Rawlings used democratization to preempt further pressures and to debunk an image domestically that the PNDC was unwilling to open up arenas for political action. Yet, it is argued, Rawlings' instinct was that a commitment to some form of political

change would have the advantage of enhancing regime legitimacy, preempting opposition demands and avoiding social conflict.

More importantly, however, for a regime that prided itself on its international image, a democratic breakthrough, albeit a managed one, offered the advantage of projecting a favourable image with the international community thereby boosting foreign investor confidence. Before examining the intricacies of Ghana's transition, it is appropriate to look at the whole debate over the relationship between governance, democracy and economic development. Such an exercise is necessary, indeed required, not least because of the clear shift away from the earlier IMF/World Bank apparent preference for authoritarian regimes discussed in chapters 1 and 3.

Governance, Democracy and the Adjustment Debate

The debate over the relationship between governance, democracy and economic development has assumed renewed and critical importance especially in light of the transitions to democracy in Eastern Europe, Latin America and sub-Saharan Africa in the 1980s and 1990s. Obviously, this debate is not new, having its roots in the modernization theory of the late 1950s and 1960s. Current developments are predicated on a reinvigoration of politics, if not a democratic renaissance. But what are the origins of this

new-found attention to governance and democracy in the Third World?

There exists major conceptual and definitional differences regarding governance. As a result, the boundaries of the concept have remained soft. The first attempts in contemporary times to grapple with the issue of governance came from the World Bank. In trying to explain the major source of the African economic crisis during the so-called 'lost decade' of the 1980s, the Bank points to the 'crisis of governance' (World Bank, 1989). The second usage of governance can be attributed to the demands of the Western donor governments and communities for democratization and improvements of human rights.

The two interpretations are distinct, though interrelated. The World Bank presents a more restrictive understanding of governance, it is narrower in scope and technical in manifestation. In this restrictive sense, governance is seen primarily in administrative and managerial terms. Western governments, on the other hand, adopt a more embracing, wider interpretation incorporating governance and democracy. This conception identifies governance with democratic processes and institutions including the rule of law, multi-party liberal democracy, the free press and judiciary.

However, neither of these interpretations by itself, it is argued, is adequate as a conceptual tool. A more fruitful

way is a blend of the political and apolitical variables. Governance, I argue, is not simply a function of institution or capacity building, it is also about creating an enabling environment and political spaces for political contestation. If administrative or institutional capacity is to be effective or reformed, some agency is required and that agency can be located in the politics of the state. The politics of the state is therefore crucial in sustaining institutions and failing to take that into consideration is not only reductionist, but also presents a distorted picture. Governance is thus the result of the management of political relations and the building of effective capacity to sustain economic reform with a view to legitimizing the state.

The thrust of the Bank's views on governance can be gleaned from a statement in the influential World Bank report on Africa, Sub-Saharan Africa: From Crisis to Sustainable Growth (1989). In this report the Bank argues that "underlying the litany of Africa's development problems is a crisis of governance." The Bank points out that:

Africa needs not just less government but better government - government that concentrates its efforts less on direct interventions and more on enabling others to be productive...Ultimately, better governance requires political renewal. This means a concerted attack on corruption from the highest to the lowest levels. This can be done by setting a good example, by strengthening accountability, by encouraging public debate, and by nurturing a free press (1989:5-6).

While this statement, and others like "the widespread

perception in many countries is that the appropriation of the machinery of government by the elite to serve their own interests is at the root of this crisis of governance" (1989: 192), carry an implicit, if not explicit, recognition of the importance of the political roots of the 'crisis of governance,' there is a preference on the Bank's part to give more weight to the apolitical issues, namely, the managerial and administrative requirements for ensuring 'good governance.' Insofar as it recognizes the importance of politics, albeit in a limited sense, the statement represents a shift away from purely economic concerns of earlier strategies.

The Bank's more limited political requirements on 'good governance' revolve around openness, less corruption and accountability in government. For the most part, however, "the root cause of weak economic performance in the past has been the failure of public institutions" (1989: 59). By so doing the Bank adopts a purely technocratic and ahistorical view, failing to analyse the social-political processes that link economic change with political behaviour.

Indeed, the Bank's bias in favour of the technical aspects of governance is borne by its incessant recommendations for capacity building, for "moving from words to action requires favourable institutional context" (1989: 193). This view of governance was further elaborated in the World Development Report 1991:

Reform must look at institutions. The establishment of a well-functioning legal system and judiciary, and of secure property rights, is an essential complement to economic reforms. Reform of the public sector is a priority in many countries. That includes civil service reform, rationalizing public expenditures, reforming state-owned enterprises, and privatization. Related economic reforms include better delivery of public goods, supervision of banks, and legislation for financial development. Strengthening these institutions will increase the quality of governance [emphasis mine] and the capacity of the state to implement development policy and enable society to establish checks and balances (World Bank, 1991: 10).

Effective adjustment is contingent on the institutional quality of a government (Israel, 1990). For the World Bank, the institutional, legal and political conditions listed are seen as the functional and institutional prerequisites for development. This technical and administrative approach is reinforced in a latter publication on Governance and Development (1992) in which the Bank sees 'good governance' as "synonymous with sound development management" (1992: 1).

It is this preoccupation with the purely technical strategy of improving governance that has led Adrian Leftwich (1994: 368) to criticize what she terms the technicist fallacy- "that the effective administration or 'management' of development is essentially a technical or practical matter." In a particularly scathing attack, Leftwich argues that "the current preoccupation with good governance is naive and simplistic,"

It is part of the technicist illusion,...which holds that there is always an administrative or managerial 'fix' in the normally difficult affairs

of human societies and organizations...This is especially noticeable in the World Bank's approach which presents governance almost as if it were an autonomous administrative capacity, detached from the turbulent world of politics and the structure and purpose of the state...An effective public capacity for promoting development is not a function of good governance, as currently understood, but of the kind of politics and state that can alone generate, sustain and protect it (1994: 364-365).

Consistent with its approach to the question of governance, the World Bank's understanding came to reflect the view that though political obstacles to sustained economic adjustment were indeed real, the way to deal with this was to look at issues related to the adequate institutional design for structural adjustment. Economic reforms are jeopardized, in the Bank's view, as a result of lack of effective implementation. This was because "the fundamental weakness in these programmes is the lack of local capacity, both private and public, in their design and execution" (1989: 62).

Despite some references to the political, the Bank established that its conception of governance was not to be associated with specific attributes of democratic political regimes. Claiming that its approach was a more neutral position, the World Bank argues that governance means "the manner in which power is exercised in the management of a country's economic and social resources for development" (1992: 2). Aligning themselves with the Bank's position, Pierre Landell-Mills and Ismael Serageldin offer this

insight: "Governance is the use of political authority and exercise of control over a society and the management of its resources for social and economic development...it encompasses the nature of functioning of the state's institutional and structural arrangements, decision-making processes, policy formulation, implementation capacity, information flow, effectiveness of leadership, and the nature of the relationship between rulers and ruled" (1991: 3).

This conception of governance locates the key constraint to effective implementation of structural adjustment in the institutional capacity of governments. Governance capacity is located in the state apparatus or the bureaucratic machinery and is identified with considerations of rationality or efficiency in this state machinery and bureaucracy. The corollary of this conception is the Bank's bias in favour of the technical aspects of governance with the emphasis on institution building and development, as well as the incessant recommendations for capacity building.

The Bank's interpretation of governance, though limited, should not obscure some of its merits. The approach casts light on some of the problems constraining adjustment and this thesis has already addressed the importance of administrative and technical capacity as prerequisites or necessary conditions for economic adjustment. In addressing the issue of state capabilities, mention was made of the

technocratic and bureaucratic ability to formulate and implement adjustment policies. The need for sound administration is nothing new, having its origin in Weberian notions of effective bureaucracy (Weber, 1964: 329-341).

Yet, an exclusive focus on institution building in the guise of providing a more rigorous treatment of governance, as the World Bank claims, is not only naive, but misguided and inherently reductionist. The approach fails to answer the crucial question of what conditions will enable states to develop this institutional capacity. By failing to locate the idea of governance in the state's mode of operating in society, opting instead for an institution-oriented approach (i.e. locating the idea of governance in the structure of the state) the Bank presents a somewhat distorted account. The politics of the state will be crucial in sustaining institutions and failing to take that into consideration misses the whole point. 'Good governance' is not simply a function of institution building or capacity building as the World Bank claims.

The second conception of governance is more political. Even though it acknowledges the need for the managerial and technical competence espoused in the World Bank's analysis, this approach adds more political issues to the mix by insisting on the need for democracy and the protection of human rights as essential ingredients for development. This view is more associated with, but not limited to, Western

governments who indicated in the early 1990s that political reform would be a necessary condition for future aid to African countries. This new political conditionality to aid as an integral component to the policy of Western countries, is contingent on attempts to promote democracy. At the heart of this new orthodoxy is the argument that good governance and democracy are desirable and essential prerequisites for development. The basis of the argument is that democracy and development are mutually reinforcing. Before looking at the supposed linkages between democracy and development, let us first examine the new approach in detail.

The early outlines of this approach, which was also given impetus by the end of the Cold War and the impact of Western policies especially the swing towards neo-liberalism, were laid out clearly at the La Baule Francophone African Summit in 1990, when French President Francois Mitterrand made a clear link between future assistance and democratic reforms. In a dramatic policy change, termed "Paristroika" in some quarters, Mitterrand argued that further aid contributions "will [be] linked to efforts designed to lead to greater liberty and democracy...[because] only liberty can lead to development and vice versa" (The Independent, June 21, 1990).

Britain was soon to follow the French example with its own "Hurd Doctrine" after Foreign Secretary Douglas Hurd's views on aid conditionality in May 1990. Hurd placed the

onus on African governments to democratize in return for continued British aid. In his view, "economic success depends to a large degree on effective and honest government, political pluralism and observance of the rule of law, as well as freer, more open economies. Of course, this is a choice for Africans themselves to make. But donors can help...They should consider potential recipients for aid in the light of certain criteria. Countries tending towards pluralism, public accountability, respect for the rule of law, human rights and market principles should be encouraged. Governments who persist with repressive policies, with corrupt management, or with wasteful and discredited economic systems should not expect us to support their folly with scarce aid resources which could be better used elsewhere" (Douglas Hurd, 1990:364).

This line was further elaborated upon by Lynda Chalker, the United Kingdom's Overseas Aid Minister, in a speech titled "Good Government and the Aid Programme" in June 1991. Speaking to a joint Overseas Development Institute/Chatham House meeting, Chalker tied future assistance to what she termed "good government": pluralism and democracy, respect for human rights, rule of law, accountability. In elaborating on her preferred notion of governance, Chalker emphasizes these attributes:

A major new thrust of our policy is to promote pluralistic systems which work for and respond to individuals in society...

A respect for human rights and the rule of law. Individuals will not be able to play a full role in development unless their rights are fully respected and they are allowed to operate in an open and fair legal system. Britain has always stood up for human rights globally (The Sunday Times, August 18, 1991).

The Foreign Secretary also put Britain's weight behind attempts at the European Community (EC) to link aid to human rights and democracy. In August 1991, Hurd made his strongest move yet on this issue intimating in a letter to the EC that aid should be suspended to Third World governments that consistently violate human rights and resist demands for a return to democratic governance (The Independent, August 19, 1991; The Guardian, August 19, 1991; The Sunday Times, August 18, 1991). As a result, the EC signed a charter in November 1991 linking future aid to greater respect for human rights, less corruption, democratic politics and a free press in recipient states (The Independent, November 29, 1991).

A year earlier, the Ford Foundation (1990) had also come down squarely in favour of this new governance approach which sought to enhance the effectiveness of democratic institutions. Its programme was anchored in the belief that "effective government depends on the legitimacy derived from broad-based participation, fairness, and accountability" (1990: 68-69). Underlying all these contributions was the idea of political legitimacy, the relations between rulers and ruled and pertinent questions about whether the exercise

of state authority is a reflection of the will of the people.

Through the Carter Center's African Governance programme, the link between governance and democracy has also been established. In this regard, mention should be made of the contributions of Richard Joseph who is associated with the center. Joseph argues powerfully that "the most decisive way in which [political] accountability can be achieved is through the requirement that a government's continuation in office depends on the active approval of the people as expressed in competitive elections" (1990: 202).

This political view of governance is given theoretical basis and rigour in the works of Goran Hyden (1988; 1990; 1992). Placing more emphasis on political variables, rather than apolitical ones as the World Bank does, Hyden argues that:

Governance...is the conscious management of regime structures with a view to enhancing the legitimacy of the public realm...Legitimacy is the dependent variable produced by effective governance (Hyden, 1992: 7).

Governance encompasses the structures of political, and economic relationships and rules by which the productive and distributive life of a society is governed. Governance, in this broad systemic sense, refers to the existence of a regime, a system of political and socioeconomic relations. Hyden and Michael Bratton align themselves with this

position when they refer to governance as "the management of regime relations...The rules that set the framework for the conduct of politics" (1992: x).

This implies that the establishment of such regime relations would imbue the state with both legitimacy and authority. By associating governance with democracy, this viewpoint makes a strong case that such legitimacy and authority can only be derived from a strong democratic mandate from the people. In other words, a regime with these attributes of governance must be built on a transparent relationship between government, state and civil society in a mutually reinforcing exchange of representation, accountability and acceptability. An effective governance realm which can ensure for the state legitimacy and authority requires certain characteristics: a state-society relation bounded by political relationships of reciprocity, authority, trust, and accountability.

According to Hyden, "...the more regime management is characterized by the qualities associated with the governance realm, the more it generates legitimacy for the political system and the more, therefore, people will participate in the public realm with enthusiasm" (Hyden, 1992:12). Hyden makes this further claim:

The four variables may be seen as prerequisites for effective governance, as measured in terms of legitimacy generated for the regime. The more of them that are present, the stronger the probability of effective governance; the less of them, the stronger the possibility of regime

collapse (1992: 14).

Good governance then implies a state that enjoys legitimacy, authority, trust and reciprocity, underpinned by a democratic mandate from the people. The position of Western donor governments is akin to this conception of governance which links governance and democracy.

In an earlier piece, Hyden touts the utilitarian goals of governance, a framework of reciprocal interaction between state and civil society. In his words, "by 'governance' we mean here the use of political authority to promote and enhance societal values-economic as well as non-economic-that are sought by individuals and groups. It refers to the processes whereby values in society, at different levels, are being realized" (Hyden, 1990: 246). Naomi Chazan (1992) takes this utilitarian message a step further:

Governance, consequently, is concerned with uncovering viable regime forms as well as degrees of stateness-the capacity to entrench the authority of the central state and to regularize its relations with society. Stateness is not akin to statism. The former accentuates the authority of the state, the latter its hegemony. Stateness presumes the existence of a modicum of reciprocity and trust, whereas statism emphasizes centralization and domination...Stateness, it is generally conceded, is essential to governance, because it links the authority of official institutions to the legitimacy and consent of civil society (1992: 122).

While there is much to gain from the conception of governance that places more emphasis on political variables, there are inherent drawbacks that need to be pointed out. The major critique of this approach is the insistence on

imputing utilitarian values to governance relations. It is one thing to say that legitimacy and political authority enhance governance. However, to associate this with the "promotion and enhancement of societal values" or by implication a Rousseauian general will or collective good, as Hyden argues, is to make far too much of a claim for the governance paradigm.

Thus, it is important to note that an all-encompassing view of governance provides a better research agenda in the ongoing debate. Governance is seen as involving not only administrative/managerial attributes, but also political management. Political management in this regard involves building the networks of reciprocity, authority, trust and accountability required to enhance control and legitimacy and to overcome the chism between state and society. The issue here becomes whether such administrative/managerial attributes and the political management aspects of building networks of reciprocity, authority, trust and accountability can enhance control and legitimacy. Further, it is important to ask whether democratization, which is a particular set of governance relationships, can sustain orthodox economic reforms. This then serves as the reference point and guidepost for my analysis.

It is in this light that the next section analyzes the political liberalization and democracy phase of the PNDC regime and the claim made in some circles (Chazan, 1992)

that Ghana is a model of a country governed by the characteristics of governance attested to earlier, that is, reciprocity, authority, trust, and accountability. The move towards democratization is explained with specific reference to the political processes, to the interaction between emergent opposition forces and the state, to the processes by which those emergent opposition, and presumably democratic forces, emerge, grow and pressure the regime to establish a new institutional framework.

Whether a wider conception of democratic good governance can provide the appropriate political and institutional framework for sustained economic development becomes the most crucial question for which no answers are readily provided. The question that seems appropriate while examining Ghana's turn to democracy is to ask whether democratization in its present form can sustain the Economic Recovery Programme (ERP). This question receives added importance because the empirical evidence to date shows that the successful developmental states of South East Asia, the NICs, achieved their remarkable success under auspiciously authoritarian regimes. While it is true that some of the NICs have moved in a democratic direction, for example, South Korea, Taiwan, and Thailand, it is important to ask whether democracy can be sustained or consolidated in Ghana under the prevailing socio-political and economic conditions. The next section is devoted to the examination

of the second meaning of governance and how it has been translated into the Ghanaian political space.

Regime Transformation in Ghana

Those who cite Ghana as a successful case of structural adjustment in Africa point to the fact that this has been possible because it is a state where decision-making and state activities have strengthened the governance realm (Chazan, 1992). For authors like Chazan, Ghana is thus a perfect example of a state governed by a concern with the attributes of governance: reciprocity, accountability, trust and authority. In other words, by possessing these attributes of governance, the state and the regime have a reciprocal relationship with society based on a two-way exchange of representation and acceptability. This being the case, the authority of the state has been regularized with state institutions being imbued with legitimacy provided through the support of civil society.

The validity of the claim that Ghana has succeeded in gaining the attributes of governance is examined and questioned by analyzing changes in the kinds of legitimacy and authority claimed by the state and regime from the outset of the "revolution" through the District Assembly (DA) elections to the 1992 elections. This section thus looks at the establishment of the governance realm in Ghana. The question to be answered is whether there has been a

significant expansion of democratic space in Ghana to justify the widespread view that the governance realm has been enhanced. In particular, emphasis is placed on tracing the evolution, construction and expansion of autonomous democratic spaces for political contestation. Has the power of the hegemonic Ghanaian state been disaggregated and then reconstructed from below in a qualitatively new form, as Chazan (1992:278) claims? To do this, the remainder of this chapter focuses on Rawlings' attempts to negotiate political change between the PNDC and different social groups through the DAs, the likely success or failure of reforming the authoritarian system into a political regime generating and sustaining genuine democratic and popular participation, and the prospects and possible contribution of Ghana's economic adjustment programme in fostering and consolidating political change.

The central argument is that Rawlings' attempts at political liberalization and democracy have embodied a number of contradictions that have so far not been adequately resolved. Most important among these is the dilemma that in restoring autonomous political space for genuine political participation he risks losing control not only of the economic reform as popular discontent grows, but also eventually losing political control, a position he obviously does not want to be in. It is this latter prospect which has shaped the process of political liberalization and

democracy in Ghana, a democratization engineered "from above."

This challenges the view expressed by some authors (e.g. Chazan, 1992) that the "democratized state" had been reconstructed from below in a qualitatively new form. The democratic transition in Ghana was advanced at the behest and whim of the regime which set the agenda, used extralegal methods, shifted bargaining arenas, and established new rules of the game. As a university professor pointed out:

Some authors have argued that Ghana is a classic example of a country where the governance realm has been reconstituted from below. Say that to the common person who does not feel a part of the process. Either these authors are biased or they are writing about a different country. Governance in Ghana is classic rule from above (Interview, University Professor: June 1994).

How did the regime in Ghana set out to create political spaces or how did those spaces for contestation emerge? To discern this requires an examination of the evolution of the PNDC from an authoritarian regime to a democratic polity. Democratic revival in Ghana has been a product of several developments. Since 1987, democratic pressures have grown, both within and without Ghanaian society partly as a result of the tensions created by economic reforms. The political changes that have occurred on the Ghanaian political scene since December 31, 1981 can be delineated into a series of piecemeal attempts at political restructuring over two broad phases: the alternative democracy phase, 1987-1990 and the democratic phase, 1990-present.

The Alternative Democracy Phase, 1987-1990: The Politics of Survival

This section looks at the first phase of political restructuring in Ghana, a period which culminated in the move towards the District Assembly (DA) elections of 1988/89. It is argued that the regime's claims to evolving a more participatory democratic system were largely rhetorical and that evidence points to a consolidation of more power in the PNDC and its Chairman Jerry Rawlings. Power to the people was a mirage and an illusion.

The pattern of politics in Ghana during this phase cannot be understood without reference to the earlier populist phase. The importance of this is lent credence by the fact that Rawlings had justified the ouster of the democratically-elected government of the Peoples National Party (PNP) by pointing to the perceived failure of the liberal democratic system. A clear understanding of this political logic which informed the PNDC's actions on December 31, 1981, is therefore crucial in trying to come to terms with the evolution of the revolution and the regime transformation that has occurred.

In the populist phase, the Chairman had set the broad parameters when he declared on December 31, 1981 that the "revolution" was first and foremost a political undertaking, "an opening for real democracy for all Ghanaians." In his coup speech, Rawlings set the broad agenda for the PNDC which was to be the rearrangement of the foundations of

Ghanaian politics. The pronouncements of the Chairman and other elements within the regime showed a certain inclination toward a reordering of Ghanaian society, with a strong populist thrust and emphasizing genuine democracy. Seeking to legitimize the "revolution," Rawlings attempted to gather the support of the lower classes by including them in a new state structure. This was to be accomplished through the transformation of the relationship between rulers and ruled, between the rich and the poor, and between state and society. In effect, the "creation of a new social order and a just political system" (Jeffries, 1982).

On December 31, 1981, Rawlings had announced that all he was asking for was for the people to be involved in the decision-making process. He indicated that:

Fellow citizens, it is now left to you to decide how this country is going to go from today.

We are asking for nothing more than to organize this country in such a way that nothing will be done from the Council, whether by God or the Devil, without the consent and authority of the people. In other words, the people, the farmers, the police, the soldiers, the workers-you, the guardians-rich or poor, should be a part of the decision-making process of this country (J.J. Rawlings, December 31, 1981).

This populist brand of politics advocated a more inclusionary politics with popular participation in public affairs. Rawlings and the PNDC regime had raised the stakes for mass involvement in the politics of Ghana with a call for a people's democracy through the establishment of people's and workers' defence committees.

Rawlings elaborated on his understanding of the people's democracy or true democracy in a latter broadcast on radio and television on January 2, 1982. He set out in more detail his understanding of real democracy in these terms:

To many of us, if not all of us, democracy does not just mean paper guarantees of abstract liberties. It involves, above all, food, clothing and shelter, in the absence of which life is not worth living.

Fellow countrymen [and countrywomen], the time has now come for us to restructure this society in a real meaningful democratic manner so as to ensure the involvement and active participation of the people in the decision-making process.

In more ways than one, this oft-repeated phrase about ensuring the active participation of the people in the decision-making process would become the yardstick by which the "revolution" would be assessed or appraised.

Calls for a more participatory form of politics through direct democracy and social justice were to inform discussions in the political sphere. In writing about Rawlings' vision at this stage, Deborah Pellow and Naomi Chazan offer these insights:

He [Rawlings] saw the transformation of the country into a participatory democracy as the driving force for change. People's power, in the PNDC worldview, translated into popular involvement in overseeing the affairs of state (1986: 78).

By convincing the people of their ownership of the revolution, Rawlings and the PNDC set out to build support to legitimize their rule. The response to this was

overwhelming. Kevin Shillington (1992: 150) has drawn our attention to the fact that "through the PDCs and WDCs of 1982 and 1983 many ordinary Ghanaians who had never previously participated in any decision-making process outside their immediate family did indeed assume some degree of local power in the workplace and in the residential community." Yet, according to a former member of the government, "though Rawlings has always been quick to express the regime's commitment to principles of social justice and participatory democracy, after a decade in office, people are still waiting to be genuinely involved in the decision-making. The Chairman seeks to evangelize, but his words do not match his deeds" (Interview, Former Government Official, Accra: June 1994).

A critical note is therefore important here. Despite the claims about grassroots democracy and accountability, there were no convincing yardsticks of success. Whether the institution of such measures would lead to more say for the people in national affairs or make the leaders more accountable is called into question. As Bayart has observed: "the viability [of direct political participation]...is yet to be demonstrated...Ghana's [People's] Defence Committees have displayed neither democracy nor efficiency" (1986: 110).

Another aspect of this populism needs to be recalled here for it was to assume added importance in the transition

to democracy in the 1990s. The PNDC, and Rawlings in particular, rejected multi-party liberal democracy as alien, neocolonialist and unsuited to Ghanaian conditions. There were, however, no attempts made to articulate an alternative blueprint for the realization of this direct, participatory democracy and no concrete steps had been taken to build a political base for moving the regime in a revolutionary direction.

The effect of all this was indeed profound because it had a ripple effect in the wider fabric of Ghanaian society. Having been promised a stake in national affairs, there was indeed a heightened sense or feeling of empowerment amongst the masses especially. Heretofore, it was envisioned, there was to be more reciprocal relations between rulers and the ruled. To add to this, Rawlings stressed accountability and trust as essential elements of the new political order. At the rhetorical level, if not in reality, therefore, the attributes of governance were in vogue. The governance realm was being strengthened, thereby enhancing regime legitimacy.

Yet, even in this early phase, there were protestations from various establishment groups. For instance, The Echo (June 21, 1982) had warned that the defence committees were instruments of what it termed "mobocracy" and not democracy. Thereafter, the Association of Recognized Professional Bodies (ARPB) issued a statement on July 28, 1982, calling on the PNDC to hand over power to a national government to

complete the term of the ousted PNP of Dr. Hilla Limann and then to proceed to hold democratic elections for a new and popular government. Rawlings' response, which was typical of the prevailing wisdom within the PNDC of "handing over to whom," was as follows:

Certain persons and organizations are asking us to hand over power. From what I have said so far and from the nature of their demands, it would appear that what they really want to do is to take power away from the people and hand it over to them.

These persons and organizations are not interested in participating in collective decision-making. What they want is to monopolize power and decision-making. If they are really interested in democratic processes and in the sovereignty of the people, I would advise them to join the people of this country and participate within the framework of the structures we are creating to ensure democratic rule and sovereignty of the people (J.J. Rawlings, Radio and TV Broadcast, July 29, 1982).

Proceeding further, Rawlings admitted that there was "still [a] need to develop these political structures [PDCs/WDCs] further...There are plans for the calling of a National Conference which will establish a National Front for all identifiable groups of patriotic and democratic minded individuals and organizations in the country. This will constitute the main political movement for this transitional period."

In a powerful restatement of the overall political orientation of the PNDC, Mr. Yaw Akrasi-Sarpong, the Secretary of the defence committees, expressed the regime's desire not to compromise on the democratic ideals of the

revolution:

The ordinary people, persons who were deprived of a say in political affairs, who hitherto were inactive [in politics]...ought to be drawn to the forefront of political activity. Here, one is talking about democracy. We want a society which is based on social justice, a society in which though there are people in authority, though there is a stratified society, those at the bottom are brought together in a way that those who are supposed to originally take decisions for and on behalf of the people are given a clue as to what the mass of other people have to say as part of the decision-making process (Peoples Daily Graphic, October 23, 1983).

Notwithstanding these clear remarks establishing the democratic credentials of the PNDC, some critics were not impressed. One such critic argued that "the promises of participatory democracy made by Rawlings on December 31, 1981, was becoming an illusion. Power had not been given to the people. It had been taken away from them. The democratic credentials of the regime was tarnished" (Interview, Chief, Kumasi: October 1994).

At the same time, as we have seen, there were economic considerations and problems that confronted the regime with new intensity in the latter part of 1982 and early 1983. At this point, Rawlings came to believe that a solution to the economic problems was indeed paramount as the country was in dire economic straits. The "revolution", it was felt, would ultimately succeed or fail depending on the regime's handling of the economic crisis. The emphasis or the center of gravity shifted towards economic concerns as Ghana's problems were increasingly being presented as more economic

than political.

This was, however, not to be done by abandoning the political aims of the revolution. In a dramatic reversal of Dr. Kwame Nkrumah's famous dictum "seek ye first the political kingdom and all others will be added unto thee," Rawlings and the PNDC seemed to be saying "seek ye first the economic kingdom and all others will be added unto thee." Advocates of this new approach explained it in terms of building an economic base for democracy. Thus, Mr. Tsatsu Tsikata, a leading member of the PNDC would argue that "democracy is not just a question of political participation, but one of active participation in economic recovery and reconstruction" leading ultimately to "a democracy of national dignity rooted in creativity and productivity" (Ben Ephson, 1986: 2212).

The stage was thus set for the introduction of the Economic Recovery Programme (ERP) launched through the tough austerity budget in April 1983 involving a set of conditionalities imposed by the IMF and the World Bank. With the announcement of the budget, Ghana committed itself to the adoption of the rigorous programme of stabilization and structural adjustment measures based on free market principles which have been discussed in detail in chapter two.

Since 1983, the ERP has been a dominant factor in Ghana. Presented as the foundation for a viable and self-

sustaining economy, the ERP has defined the government's room for economic manoeuvre according to agreed conditionalities and performance criteria, as well as set the parameters of national politics. But despite the liberal market policies of the post-1983 era, the situation in Ghana, apart from some macroeconomic successes which failed to be translated into the daily lives of Ghanaians, was no better. What was obvious was the increasingly difficult socioeconomic and political conditions of the working people. This cost the regime the political support of various groups which had supported it when it took power in 1981. The strained relations between the government and its supporters led the PNDC to consider those groups to be the most dangerous source of internal opposition and consequently to suppress them (Kwesi Jonah, 1987).

However, in spite of the turn to neo-orthodox economic policies under the tutelage of the IMF and the World Bank and the oppressive political measures, the PNDC set out to convince people that the "revolution" was still on course. That, contrary to the critics' argument, the regime was not beating a political retreat from earlier promises. One must remember that the emphasis on economic as against political concerns at this stage can best be understood as a reasonable strategic response to prevailing conditions.

To remove any doubts about its commitment to the establishment of a true democracy, the PNDC also

established, as a second plank of its overall programme, the National Commission on Democracy (NCD) to oversee the collection of views on an appropriate redesign of the political structure of the country. Headed by eminent jurist, Justice Daniel F. Annan, the NCD's major task was to formulate the framework for a "true democracy based on Ghanaian tradition, history and culture" (Republic of Ghana, 1983).

The shredding of the fabric of Ghanaian society coupled with the widespread economic decay necessitated strong and urgent remedial action. That is an issue that will not illicit strong, opposing opinions. What was, however, contradictory was the fact that this regime which had prided itself on its grassroots base would then proceed to implement these policies without any consultation. The contradiction was obvious: having launched a "revolution" for the people, a revolution to involve the people in the decision-making process, how could the PNDC then fail to consult the people on such a critical issue as economic policy, and then when criticized, proceed to incarcerate the critics and employ the security apparatus in a clear authoritarian manner?

In other words, Rawlings' reformulated emphasis in favour of the economic was not the issue, the real problem was the use of the coercive instruments of the state to silence critics of the ERP. The regime's authoritarian

characteristics became evident. It was this apparent contradiction which led the Trade Union Congress (TUC) to intone that there was a sense of betrayal and despondency on the part of organized labour due to the "absence of any proper and consistent channel of participation in decision-making by the mass of the people." The TUC noted:

At the beginning of the 31 December process, a lot of promises were made by leading government officials about the crucial role of the working class in social transformation...However, in reality, government has never found it necessary to discuss with the trade union movement the problems that face the nation...The trade union movement has thus not been part of the process of arriving at important decisions. Our only experience as far as participation is concerned is that on a few occasions in the last three years, labour officials have been summoned at short notice to offer views on policies which seemed to have already been decided upon...Our involvement in national decision making has been superficial. Any assertion to the contrary is grossly misleading (Trade Union Congress, February 18, 1985).

Thus, there existed contradictions between the authoritarian tendencies of the regime in pursuing structural adjustment and the closure, instead of a widening, of the scope for political and economic discourse. The authoritarian system came under strong pressure from the people demanding the creation of political spaces for real participatory democracy. To the people, the basic contradiction was the pursuit of economic reform under authoritarian rule without any avenue for them to be involved in the decision making process.

On a higher plane, especially given the reasons the

Chairman provided for initiating the revolution, the political situation was a far cry from the promises of a "true democracy." Indeed, the unfolding events were exactly the opposite of what the regime had promised when it came to power. In this respect, it had opened itself to the charge that it was ignoring popular sentiments. There was no attempt to honour the promise made on July 29, 1982, to call a "National Conference which would establish a national front of all identifiable patriotic groups and individuals." Neither was there a representative body that could be regularly consulted on national affairs or anything concrete about setting up a permanent political framework for the country.

However, a pro-Government activist was quick to point out that "economic development was paramount under Ghana's circumstances. The experience of the NICs which have demonstrated spectacular economic development suggests that authoritarian regimes are better placed to engineer the development of the type of developmental state to which we aspired" (Interview, Pro-Government Activist, Accra: June 1994).

The promise and claims of grassroots democracy and accountability became a mirage as there existed no real avenues for people to question the content or direction of Ghana's economic, and for that matter, political policies. To Jeffrey Haynes (1991: 410) "no legitimate avenues for

protest existed in a situation in which the PNDC claimed the right to rule without discussion or protest. The Rawlings government treated individuals and groups which opposed it [and especially its economic policies] as subversives whose aim was to destabilize the state." Under such constant attacks and intimidation, Ghanaians came to believe, and rightly so, that the government was absolutely unwilling or unable to listen to even constructive criticisms of its policies and that it had sold out to the IMF and the World Bank on the direction of the Ghanaian economy.

This turn of events, for a regime that prided itself on its identification with the people, did not bode well for the PNDC and the reordering of Ghanaian society in general. The ambivalence of the PNDC to the political issue can be gleaned from Justice Annan's assertion that the return to constitutional rule would "be determined by the speed with which Ghanaians come to realize the meaning of democracy" (Ben Ephson, October 27, 1986: 2255).

At this stage the regime relied more on the influence and charisma of Rawlings who, despite all the hardships most Ghanaians felt, was perceived as a genuinely caring person and incorruptible. Supporters of the ERP also argued that once the reforms took hold and the hemorrhaging of the economy stopped, economic growth would ensue, to the benefit of all Ghanaians. The problem, and what was perceived as the missing link, was that the PNDC had not created any

political framework, especially involving its more articulate opponents, to see Ghana through this arduous and protracted period. In the absence of a political framework that could sustain public support particularly among the more politically charged urban population, the regime proceeded to initiate piecemeal political reforms to accommodate some of the critics while at the same time using its control over the security apparatus to ride roughshod over any remnants of opposition to economic reform. The implication is that the economic and political strategies designed to counter urban bias inevitably run into problems. Merely coopting the Rural Middle Class (RMC) did not solve the problems of legitimacy of the regime especially when these politicized urban groups were suffering from the impact of the SAPs.

With the people questioning the legitimacy of the authoritarian PNDC, the regime faced a potential crisis which it moved quickly to resolve. Despite its authoritarian nature, the PNDC of early 1982 had prided itself on being an inclusionary one that recruited a relatively broad range of participants. Now the charge was being made that the dictates of economic reform had moved the regime towards more exclusionary politics.

The response to this questioning of legitimacy was to initiate political reforms culminating in the DA elections. This move was intended to ensure a level of political

liberalization in the absence of competitive democracy. That the regime would be forced by the burdens of economic reform to resolve this contradiction in the long term was something it felt had to be postponed. The next section looks into the dynamics of the move towards the DA elections.

The Move to the District Assemblies (DAs)

With the public questioning its legitimacy, and the initial enthusiasm for the regime waning, the PNDC then moved on to a second and more ambitious stage: an attempt to create a political framework in support of adjustment, representing a return to the populist politics of the early "revolutionary" period. Rawlings argued for a renewed cultural identity, for democracy (of the participatory variety), and for a redefinition of the role of society and of economic development in the country's political and economic life. The challenge facing the regime was twofold: to move toward greater political pluralism that would not only prevent, but also contain, further confrontation with civil society, while at the same time staying the course with the country's structural adjustment programme.

The argument to be made here is that this attempt to create a political framework in support of adjustment was really meant to neutralize the critics of the PNDC. It was therefore a political strategy to secure democracy by bypassing competitive politics. The whole process was

intended to ensure regime survival, an attempt to pre-empt any pent up pressures for wider ranging political reforms or to avoid watering down the economic reforms to respond to mass pressures. As attempts to find legitimacy in a piecemeal approach to political reform, the process did not fully ensure that legitimacy. As a result, the creation of the necessary political space for effective reciprocal relations between rulers and ruled did not materialize.

Realizing then that there was also a political problem-relating to how to maintain a viable political base for economic reform, the PNDC came up, through the NCD headed by Justice Annan, with a blueprint for Ghana's political future in July 1987. The answer lay in the district assembly elections planned for the last part of 1988. Consistent with the careful management of political reform, these reforms of the country's political system were innovative and daring, even if as usual most of the reforms were imposed on society rather than negotiated with it and only a few members of the PNDC and Rawlings' immediate advisors were involved in the decisions. Writing on this aspect of the reforms, Africa Confidential intimated that:

Despite all the rhetoric on people's power and grassroots democracy, the people were not consulted, nor have they been consulted on the economic questions on which the PNDC has staked its reputation (Africa Confidential, September 2, 1987: 42).

The outlines of the new political reordering was enunciated on July 1, 1987. The so-called "Blue Book" on

local government authority called for a new phase of "real" democracy to replace the "true" democracy of the earlier period. The DA elections was presented as an attempt at grassroots democracy, to "democratize state power and advance participatory democracy and collective decision-making at the grassroots" (Republic of Ghana, 1987: 1-2), or "as the lowest building block towards democracy in Ghana" (Ayee, 1988). Further, the DAs supposedly "constituted a fulfillment of the commitment made by the PNDC to involve the ordinary people in the process of taking decisions that affect their daily lives" (National Commission for Democracy, 1991: 12). Yet, the debate over the DAs was constrained because alternative voices were not heard even while the PNDC and its activists travelled around the country to espouse the benefits of the proposed district assemblies. At the same time, the regime continued with its repression and stifling of dissenting views.

The district assembly elections were held in three phases- December 6, 1988, January 26 and February 28, 1989 on a no-party basis, with candidates having no party affiliation. Turnout was 58.9 per cent (Kojo T-Vieta, 1989: 510) but a clear pattern was discernible. There was a higher turnout in rural areas than the urban, an indication that the regime was building a solid base of support in the rural areas, while the urban people were increasingly becoming alienated. As an example, turnout at Legon was 11.5 per cent

while it was 100 per cent of registered voters at Gbierung area of Nadwu District. Also of particular interest was the relative success of women candidates. A comparison here would put things in perspective. In the 1978 district elections, only 37 (2.1 per cent) of the 1,687 candidates were women. In 1988-89, 400 women were candidates (3.0 per cent) and 100 were elected. The Ashanti region recorded the highest number of women candidates , 66 in all of whom 26 were elected.

Far from advancing democracy, however, these parallel cosmetic changes initiated at the political level through the DA elections were meant to neutralize the critics of the PNDC. The limited changes were intended to pacify advocates of political reform while at the same time denying the traditional elite the space required to organize and mobilize to undermine the ruling elite's hegemony. By touting the democratic credentials of the DAs, the PNDC tried to secure the legitimacy and organized support flowing from a democratization of economic reform. By bypassing the traditional elite this approach minimized the constraints that are inherent in competitive politics.

For all intents and purposes, the DAs elections were seen as an attempt by the PNDC to organize subnational political contestation. Yet, for opposition groups denied a stake in politics, this supposedly ingenious design was evidence of the PNDC's lack of commitment to democracy. In

the event, the DAs elections, as an exercise in subnational democracy, failed to win the approval of disgruntled ex-politicians or a disenchanted middle class. It is fair to conclude that the DAs were meant as a political safety valve, a mechanism for the PNDC to co-opt local elites especially in the rural areas who could then become allies of the regime. On this score, at least, the DAs contributed to a participatory political culture which provided a forum for the airing of local grievances.

In essence, then, the whole process can be seen as a strategy to ensure regime survival, an attempt to deal with and contain any pent up pressures for wide-ranging political reforms. The strategy was to offer limited political reforms to attract support from some erstwhile opponents and the middle classes without granting them sufficient political space in which to mobilize against the regime and to preempt any tensions that might threaten the regime's survival.

One opposition leader intimated that "the regime has consistently sought to undermine the support of the opposition and to exclude us from future electoral politics. This strategy has been obvious from the inception of the "revolution" to the DA elections and the Consultative Assembly procedure" (Interview, Opposition Leader, Koforidua: June 1994). It was this rationale that provided impetus for the PNDC's decision to hold the DA elections along non-party lines. The PNDC also mobilized groups

against democratic activists. This strategy was to be given full expression during the debate on the NCDs formula for a new constitutional order when various groups, aligned with the government, denounced calls for a return to multi-party democracy.

By all indications, the district assembly elections provided a useful diversion of political energies. The reforms relieved some of the pressure on the government and garnered some support among broad sectors of society, especially at the grassroots level and in the rural areas. Membership of the DAs included an unusual blend of traders, youth, farmers, chiefs, entrepreneurs, professionals, retired civil servants and CDR activists among others. Gwendolyn Mikell's account of the level of participation is worth mentioning here:

The one-third popularly elected assemblypersons are primarily literate large-scale farmers, schoolteachers, civil and public servants, or local businesspeople, but not the illiterate large-scale farmers, the small-scale peasants, or local queen-mothers. The elected chiefs or chiefly representatives were either from the larger or politically stronger areas or those who best represented traditional legitimacy in the area. Despite urban cynicism about peasant participation, the strongest electoral participation came from regions that were most heavily rural (Mikell, 1991: 92).

In a veiled criticism of the DAs, Mikell points to the fact that "the new District Councils and the government make the decisions, but rural folk question the viewpoints and loyalties of assemblypersons in these councils" (1991: 93).

In a bit of irony though, "farmers were left wondering whose notions of development will be reflected in these assemblies."

As Chris Brown and I have argued elsewhere, the "DAs lacked autonomy, making them little better than local level extensions of the PNDC" (E. Osei-Kwadwo and C. Brown, 1992: 27). Two provisions of the Local Government Law, PNDC Law 207 are worth noting in this regard. Part 1, section 2(1) empowered the Secretary for Local Government:

With the prior approval of the Council by legislative instrument (to) establish a District Assembly for each district, which Assembly shall constitute the highest political authority in the District (Republic of Ghana, 1989: 6).

Furthermore, section 6, subsection 6(a) stated, inter alia:

Without prejudice to subsection (5) of this section, a District Assembly shall, in the discharge of its functions be subject to the general guidance and direction of the Council on matters of national policy (Republic of Ghana, 1989: 8).

These provisions effectively stripped the DAs of any local democratic autonomy thereby reducing them to mere appendages of the PNDC.

As a result, while the political pressures on the regime were relieved in the short term, these efforts failed to stem the opposition's increasing calls for democracy. For example, the Kwame Nkrumah Revolutionary Guards (KNRG) rejected the DAs, declaring that "the state of Ghana was born out of the ballot box and any search for political alternatives which does not recognize the indispensable role

of the ballot box as the most rational democratic process, is to our mind an exercise in futility" (The Path, June 1989).

There were calls to carry through the political reforms at the local level to its logical conclusion with elections to regional and national assemblies. This was indeed a reflection of the fact that "democratic traditions have deep roots in Ghana. In spite of the culture of silence which stifled freedom of speech, Ghanaians were still clamouring for greater political pluralism or democracy. This points to the surprising resilience of a democratic ethos underneath the authoritarian PNDC rule" (Interview, Opposition Leader, Kumasi: May 1994).

Another contradiction, again borne out of the regime's piecemeal approach to political reform, had emerged. This related to what was perceived as Rawlings' and the PNDC's attempts at power consolidation and monopolization as well as the contradiction of elected representatives of grassroots democracy at the local level being controlled by an unelected body at the national level. Rawlings again seized on the initiative to announce on March 6, 1989 that regional and national assemblies were to be set up in the near future. But the crucial question of when the near future was was a matter left for speculation. For Nii K. Bentsi-Enchill, "beneath the PNDCs close and sometimes brutal surveillance, people are waiting for the big scandals

to burst, for the serious strikes to break out. They are also waiting for populist spectacles to be replaced with the structures and substance of democracy" (1989: 953).

At the same time, a new and reinvigorated civil society was beginning to emerge which would serve as one of the main agents of political change in Ghana. Led by middle class intellectuals with backing from business, this group coalesced around the negative impact of adjustment, notably on the urban sector. Members of this political opposition, though responding to their own status as outsiders within the authoritarian system of the PNDC, wrapped itself in the flag and signalled that its cause was one of patriotism. With time, these new advocates of democracy coalesced with the old politicians to demand that the political order be reshaped. Equipped with significant organizational skills, this new coalition questioned the political deficiencies of the regime.

In response, the PNDC proceeded to consolidate its rule by increasing the role of local elites and by deepening its rural links. As we have seen in the previous chapter, elements within the rural middle class (RMC) were recruited into the PNDC in key government positions in what amounted to a classic strategy of co-optation. These changes did not constitute, by any means, a genuine political opening. The increase in development projects - specifically water and electricity - to the rural areas was meant to consolidate

PNDC popularity in these areas. And the strategy of co-optation of the RMC and local elites in some ways did blunt the edge of the opposition. For the opposition, the attempt at subnational democracy through the DAs was, however, exposed for what it actually was: a process of consolidation, not transformation, of the PNDC. With the process discredited in the eyes of the opposition, it became more aggressive in its demands for political change. It is these demands that are responsible in part for leading to the eventual democratization of Ghana.

In concluding this section it is important to stress that while the most enduring legacy of PNDC rule in this phase was the attempt to find legitimacy in a piecemeal approach to political reform, the process did not fully ensure that legitimacy. Ultimately, neither attempts at "true" nor "real" democracy were a sufficient basis for the legitimacy of the regime and may have created "political space" for new challenges to the regime. The creation or construction of the necessary political space for effective reciprocal relations between rulers and ruled had not materialized. As a result, and because of the increasing demands of the opposition and aid donors, political reordering entered another phase, one that most Ghanaians hoped would provide a new kind of political architecture with enhanced political spaces for effective political contestation. It is the unfolding of this new phase which

constitutes the final part of this chapter.

Transition to Democracy: The Fourth Republic

Even God has allowed opposition by allowing Satan to live among his people! - Popular argument in Tanzania in favour of multi-party democracy (Bulletin of Tanzania Affairs, May-June 1991: 11-12)

As pointed out earlier, the process of transition from authoritarian forms of rule has received considerable theoretical analysis from scholars from various persuasions. The scholarly debate provides a general sense that transitions can be viewed as the result of some combination of three underlying processes: intra-elite factionalism creating weakness at the 'top' of the authoritarian regime, growing pressures from below - from civil society - and external pressures (Przeworski, 1991; O'Donnell and Schmitter, 1986).

Similarly, the transition to democracy in Ghana can be explained as being the product of several developments, internal and external. Externally, the regime tried to bolster its legitimacy with the IFIs and donor governments who were demanding political changes as a condition for further aid. Internally, pressure mounted from opposition forces in Ghana for a return to constitutional rule, which they defined as multi-party democracy. While not minimizing the impact of the pro-democracy forces, it is important to stress that events in Ghana were largely dictated by reforms

in other African countries, the wave of democratization in the Communist world and at the behest of aid donors and creditors.

It is therefore argued that Ghana's transition to democracy was engineered from above by a reluctant but wily elite rather than forced upon the regime by broad popular pressures. This statement finds support in the fact that there was comparatively little open confrontation between the PNDC and the opposition. There is also the issue of the broad continuity and management of the process by institutions and personnel with ties to the regime.

Support for this view is also provided by the comments of Vincent Assiseh, the public relations officer for the National Democratic Congress (NDC) during a Ghana Broadcasting Corporation (GBC) TV 'Talking Point' programme in January 1993. Commenting on the return to multi-party democracy in 1992, Mr. Assiseh emphasized that the heavy dependence on the rich North for economic and financial support caused the change in the political direction of the Rawlings revolution and Ghana as well:

We had to respond and conform to the new world order, and I think this was perhaps the most pressing factor that may have led to our having to go democratic because we had to comply with Western-style democracy (Ghana Broadcasting Corporation TV, January 1993).

Assiseh's perception of events surrounding Ghana's return to constitutional rule is confirmed by interviews with some pro-democracy and NDC activists. One activist had

this to say:

To be fair, the transition to democracy had strong internal impetus. Pro-democracy forces had demanded a return to constitutional rule. Yet, one cannot but include in the equation the strong pressures from external forces who, though would have preferred the authoritarian status quo, were forced by international developments to demand change as well. In the event, both internal and external factors combined to undermine the persistence of authoritarian rule and paved the way to political liberalization in Ghana. Without the external pressures, however, it is fair to say that the democratic dream would have remained just that. The internal opposition, by themselves, did not have enough political clout to force a change in direction. We could have resisted or deflected the demands of the primarily urban-based pro-democracy forces (Interview, NDC Activist, Tema: May 1994).

Another activist indicated that "the prevailing sentiment is that Rawlings bowed to the external demands and the new wind of change in the international arena which placed a premium on greater respect for human rights, freedom of press and association and democracy in the broad sense" (Interview, NDC Activist, Kumasi: May 1994).

Not wanting to be swept off its feet by the ensuing agitation by pro-democracy forces, the PNDC devised mechanisms to ensure that it could still manage the entire process of democratic opening. By co-opting and embracing the process, the regime had virtually / snatched victory from a no-win situation and could claim that this was a reflection of the long-standing democratic ideals and farsightedness of the PNDC leadership.

These claims were made notwithstanding the fact that

the regime had previously (in 1982) condemned multi-party democracy as alien. One government insider claimed that the regime had taken that stand because it did not want a return to the politics of old. She also argued that "Rawlings had run for President once he had agreed to make the transition because of his desire to prevent the reinvigoration of the neopatrimonial system of politics which his administration was bent on uprooting from the Ghanaian fabric" (Interview, Government Supporter, Tema: June 1994).

Indeed, when the NCD organized seminars in each of the country's ten regions in March 1991 to debate the future national and local political direction, almost all participants in the carefully orchestrated exercise had called for a continuation of the ban on Western-style liberal democracy. The NCD's stated preference was for a so-called "traditional form of democracy devoid of political parties." And Chairman Rawlings who in 1982 had blamed multi-party democracy for the political crisis in Ghana, had expressed similar views as late as 1988. In an interview, Rawlings dismissed multi-party politics claiming it was the source of acrimony:

The operation of a multi-party system, which is to us a foreign system introduced by the colonial powers, had the effect of causing deep divisions in our nation, even within families. Some of the negative effects are still with us (New African, December 1988).

Then, in lending his support to the calls for a "traditional form of democracy," Rawlings continued:

Traditionally, decision-making in Africa is done by consensus. The Chiefs and elders create a forum, at which every member of the community can make his or her voice heard...We are more comfortable with this process, which is part of our culture (New African, December 1988).

A former university professor indicated that "this call for a 'traditional form of demo' devoid of political parties was in line with the concept of one-party rule and had more in common with Leopold Senghor's idea of a palaver - a dialogue, or rather a discussion, where everyone speaks taking his/her turn, expressing his/her opinion. However, in Ghana's case, the palaver was reserved for the PNDC. All of us were to follow them" (Interview, Former University Professor, Accra: May 1994).

Yet, events in the external environment coupled with internal pressures had forced Rawlings to do a volte face. The source of internal discontent was enormous. As indicated earlier, the DA elections, while buying the regime time, did not resolve the question of legitimacy completely. Opposition critics had denounced the DAs as being undemocratic, viewing them as an attempt by the PNDC to perpetuate itself in power. A pro-democracy activist added that in this respect "the calls for traditional form of democracy were nothing but an attempt by the PNDC to perpetuate its rule" (Interview, Pro-Democracy Activist, Kumasi: May 1994).

This phase of opposition pressures and the final stage in the transition to democracy in Ghana can be dated to 1990

and 1991. Rejecting the DAs as limited political reforms engineered from above by the PNDC, various opposition groups seized on the opportunity offered by the debate initiated by the NCD to renew their calls for wider and far-reaching political reform. To exploit the political opening, the opposition adopted innovative strategies. Though without a formal organizational structure, the opposition was nevertheless united in elaborating a common platform and a commitment to constitutional politics. By deftly managing street protests and a campaign for support overseas, the opposition captured the initiative and succeeded in transforming their informal groupings into a quasi party organization - the Movement for Freedom and Justice (MFJ).

Led by the MFJ, the opposition tapped into the sense of disillusionment created by the adverse effects of the ERP. The social costs of the ERP, in spite of the implementation of PAMSCAD, added urgency to the need for political reform. The MFJ put forward specific demands for democracy. It demanded that the PNDC draw up a timetable for a return to constitutional rule, the lifting of the ban on politics, release of all political prisoners and the granting of an unconditional amnesty to all exiles (Movement for Freedom and Justice, April 5, 1991).

What explains this resurgence of the opposition which led to the democratic breakthrough of 1991/92? One source is the continued growth of the Ghanaian middle class. A decade

of economic reform had brought about social change and the emergence of small and medium-sized businesses that supported the middle class opposition. Though the middle class itself was smarting under the social costs of the adjustment programmes, funds were provided by these businesses in support of the opposition. With this support, the middle class, in alliance with old politicians, fueled the democratic movement. Many of them supported the opposition movement, as either an expression of their dissatisfaction with the PNDC, its closure of political spaces and positions for them and their continued marginalization in Ghanaian politics, or as a protest of their declining material well-being due to the negative impact of adjustment.

The rapid decay of the postcolonial Ghanaian state which has been analyzed in detail in previous chapters also led to the rise of autonomous groups removed from the reach of the state. Under adjustment, there has been a further proliferation of these associations. While the PNDC adopted a corporatist model through which the regime maintained organic ties with some of these associations, most of these groups maintained their independence. Indeed, many of these autonomous associations and their leaders derive their income and resources from the private sector, which though not as vibrant, is still a potent force in Ghana. This way, these groups and their leaders have succeeded in

circumventing the regime without relying on its patronage network, thereby reducing the latter's leverage over them.

Thus, the growth of the urban middle class and the private sector has created new sources of economic power outside of the regime's control. Though these new sources of power are not as entrenched, especially given the regime's careful control of lucrative channels of access for business, what emerged were limited number of groups and leaders less vulnerable to the PNDC's political and economic manipulation. This, in turn, has led to a gain in the independence of possible sources of opposition to the PNDC. The role of SAPs in this cannot be denied: they have defused and deconstructed the state and its traditional clientelist policies in the urban areas.

The proliferation of these voluntary associations and the growth of political opposition led to a situation where people began questioning the regime's approach not only to political, but also economic, reform. A large middle class supported by associational groups with autonomy from the PNDC combined to mobilize and protest for political and institutional reforms. A new era of opposition politics was dawning.

There was therefore a sense on the part of the opposition that the PNDC lacked legitimacy. Commenting on the reasons behind the demands for democratic, constitutional rule, a leading opposition member in the

Asante Region pointed to this lack of legitimacy. Their reasoning was this: "if Rawlings feels he is really popular among the people, then what better way to gauge this support than through a free and fair election. We were just asking him to win his position through the ballot box" (Interview, Opposition Member, Kumasi: August 1994).

At the same time, the social and economic effects of the ERP created a potential for social upheaval and political unrest. The regime faced a stark choice at this critical juncture: it could open up the political system or use further escalating repressive measures. It chose to defuse or pre-empt the potential social and political unrest by liberalizing politically.

At this time, the opposition sought to establish its legitimacy as a credible alternative to the PNDC. With added pressure from external agents, the PNDC found it increasingly difficult to define the terms of political participation on a unilateral basis as it had done in the past. Domestic and external pressures were crucial factors shaping the transition. However, these pressures were increasingly shaped and conditioned by the tactics and strategy of the PNDC itself.

In the face of unrelenting demands from the opposition as well as prodding from the IFIs and Western governments, especially Germany and Britain, and with the regime clearly on the defensive, Rawlings the master strategist went to

work again by seizing on the initiative. First, he took one last shot at multi-party politics, in his New Year speech in 1991 arguing that "democracy is not about forming parties and contesting elections." Also in line with his own preference, he referred to "our unique way of doing things as black African Ghanaians," implying that multi-party politics was alien to the African way, and lamented the "conventional theories of democracy to which we have become so much attached" (People's Daily Graphic, January 2, 1991: 9-10).

However, shortly thereafter a clear shift in policy occurred with the announcement of the establishment of a 26-member Consultative Assembly to draft a constitution for the country and a 9-member Committee of Experts to elaborate on the government's constitutional proposals for the Consultative Assembly. Then on March 5, 1992, Rawlings announced a precise timetable for the transition to constitutional rule. A national referendum on the constitution on April 28, 1992 was to be followed by Presidential and Parliamentary elections on November 3 1992 and December 8, 1992 respectively. The inauguration of the Fourth Republic was scheduled for January 7, 1993. The PNDC had now set Ghana firmly on the route to constitutional rule but it had done so with no good grace and its actions and non-actions in implementing the process of democracy were latter to raise serious questions not only about the

genuineness, but also the commitment, of the regime to the entire process. Furthermore, the regime took the credit claiming that the process was part of its "own, long-planned, agenda for political liberalization and democracy" (Interview, NDC Official, Accra, September 1994).

Though the regime proceeded to relax restrictions in the political sphere including the legalization of political parties, greater freedom of press and the release of some political prisoners, it also retained considerable control over the whole process through legal and administrative means. The PNDC refused demands for a Constituent Assembly or other demands made on it to hand over power to an interim national government especially if Rawlings intended to run. The regime maintained considerable degree of management over the process and also maintained sole control over the structuring the 'regime' that governed the democratic game, even though it was a contesting party in its own right.

Richard Jeffries and Clare Thomas support this assessment:

The PNDC appeared to dictate the process, largely because it refused to talk to opposition leaders and was determined not to seem to be caving in to them, but it did so in recognition of opposition and of the state of popular opinion more generally. The timetable was nonetheless clearly manipulated so as to enhance Rawlings' electoral prospects (1993: 339).

It also became apparently clear at this time that patronage and clientelist relationships were still alive in Rawlings' Ghana in spite of all the promises about

accountability, probity and trust. There were allegations made that the NDC offered its most lucrative opportunities to allies of the regime, while denying contracts to opposition businesspeople. In the period before the elections, some prominent state employees who supported the opposition were dismissed from their jobs. Such was the case of Mr. Osafo Marfo, the former Managing Director of the National Investment Bank (NIB) who was dismissed for his membership of the opposition New Patriotic Party (NPP). There were also allegations that certain chiefs and other notables were bought off by the NDC (Interview with Chiefs, Asante Region, June 1994). There is indeed a certain irony in all this if only because this is the same Rawlings who on numerous occasions had lashed out at such practices in the past.

One Nkrumahist politician stressed the irony of this situation in the following words:

Rawlings always complained about old politicians and old style politics. Yet, before and after the campaign began, he was at work playing by the same old rules which he had complained about. In particular, I was amazed at how well he divided the Nkrumahist camp. All of a sudden, he was an Nkrumahist. I bet you Nkrumah must have turned in his grave (Interview, Nkrumahist Politician, Kumasi: May 1994).

In the event, the Presidential elections were held as scheduled on November 3, 1992, a contest between 5 candidates: Jerry John Rawlings for the National Democratic Congress (NDC) which had merged with the National Convention

Party (NCP) and the EGLE Party-(Every Ghanaian Living Everywhere Party); Professor Albert Adu Boahen of the New Patriotic Party (NPP); Dr. Hilla Limann of the People's National Convention (PNC); Mr. Kwabena Darko of the National Independence Party (NIP); and, Lt. Gen. (rtd.) E.A. Erskine of the People's Heritage Party (PHP). The election was, however, to turn into a two-way contest between Rawlings and Adu Boahen. The official results gave Rawlings 58.3 per cent of the vote to Boahen's 30.4 per cent.

Almost immediately after the results were announced, the opposition parties cried foul insisting that the elections had been rigged, "pre-programmed to ensure victory for Rawlings and the NDC" (The Stolen Verdict, April 7, 1993). Contrary to these claims, the Commonwealth Observer Group (COG) indicated that apart from a few technical imperfections, the presidential elections were "free and fair, and free from fear" (Commonwealth Observer Group, November 4, 1992: 1). The Carter Center, though far more critical than the COG, agreed that "despite the occurrence of serious irregularities in the election process, what we have observed does not lead us to question the validity of the results" (Carter Center, November 6, 1992). With all the clouds hanging over the election, it was Ghanaian journalist Cameron Duodu who summed up the mood:

An election that is perceived by half the population to be an exercise in cheating is worse than no election at all (The Observer, November 29, 1992).

The opposition then boycotted the parliamentary elections over the alleged rigging of the presidential elections with the effect that Ghana's Fourth Republic parliament is a de facto one party parliament dominated by the NDC and its partners in the Progressive Alliance as well as a few independents. Ghana's exercise in democracy had apparently gone terribly wrong. "The boycott of the opposition parties has created a de-facto one party parliament. This has also called into question the labelling of the Fourth Republic as a democracy. One could argue that what we have is a modified authoritarian system" (Interview, University Students, University of Science and Technology, Kumasi: June 1994).

It is not at all clear that the alleged rigging of the presidential elections was the only reason for the opposition's decision to boycott the elections. An opposition NPP politician's analysis was that the opposition was too over-confident: "it is obvious we underestimated Jerry Rawlings" (Interview, NPP Politician, Tema: June 1994). Without effective grass-roots support, the opposition had an incentive to boycott the elections rather than losing the contest that in its view, erroneously or not, was meant to bless the P(NDC)'s hegemony. Indeed, some opposition elements agreed that "the parties needed to present a united front if they were to have a chance of defeating Rawlings. We also need to broaden our base of support" (Interview,

Opposition Elements, Tema: October 1994).

Against this background, opposition parties stepped up their attacks on the legitimacy of the Parliament and the NDC. In the period after the "aborted" elections, opposition lawyers succeeded in compelling the courts to strike down the regime's attempts to celebrate June 4 and December 31 anniversaries. Soon, the opposition parties were also embroiled in a dispute over election procedure with the NDC. The opposition was adamant in its insistence that a new election law be enacted to provide legal and administrative safeguards for a free and fair election in 1996.

Lacking access to parliament following its boycott of the parliamentary elections to protest the alleged rigging of the presidential elections, the opposition parties were obliged to speak to the regime through surrogate political institutions such as the increasing network of social groups and the assertive and emboldened independent press. Through these channels, the opposition mounted attacks on the government, thereby exercising indirect influence over the operations of government to compensate for its lack of a formal representation in Parliament. For its part, the government tried to accommodate the opposition by tolerating the dissent even though it has been willing when need be to use the formal coercive instruments of state as well as the remnants of its populist legacy - the Civil Defence Organization (CDO) and the CDRs - to intimidate critics. The

debate on both sides have, however, smacked of demagoguery at times, with various attacks on the President and the regime and counterattacks on the opposition and the independent press.

In concluding this section, it must be pointed out that the reciprocity requirements of governance have not been met in the political contestation for the Fourth republic. Constructing a democratic space involves mutual understanding, a 'social contract' that rules apply equally to all parties, something that was clearly missing in the Ghanaian elections. As Bjorn Beckman and Attahiru Jega persuasively argue, "the contract rests on the balance of forces. The dominant force...[the state], will respect the new contractual legality only as long as its non-application can be forcibly contested from below" (1995: 168). Based on this assessment, it is argued that in spite of the significant advances in the transition to democratic electoral politics in Ghana, these have had limited impact in terms of democratizing the state.

Conclusion

In conclusion, Ghana's economic reforms have generated the seeds for political change. An increasingly disenchanted middle class with strong financial support from private sector sources has emerged to demand political and institutional reforms. Further, the rise of associational

groups and leaders autonomous of the regime has reduced the dependence on the regime and its patronage reach. These autonomous sources of economic power have been channeled into opposition political activities. No longer were these groups susceptible to the PNDCs manipulations.

Rawlings and the PNDC preempted the rising tide of opposition by taking steps to accommodate the growing pressures for political reforms. Yet, while these domestic demands helped set the stage for pursuing democratization, it has been argued that Ghana's recent political reforms was a concerted effort more as a strategy and tactic of regime survival. It was also, above all, a response to external pressures, an attempt to preserve the regime's international image.

Clearly the Ghana experience in political and economic reform is in its incipient stages and still unfolding. As a result, it is not appropriate to pass judgement on its success or otherwise. What is obvious is that the new political order needs to be extended and consolidated to create an environment in which successful economic liberalization can be sustained. One wonders whether, and how, democratic reform and orthodox economic adjustment can reinforce each other. Both are needed but whether they can co-exist under present Ghanaian conditions is a question to which no one can provide a definitive response. Juggling the demands of both is likely to remain difficult. In the final

analysis, unless economic reforms can lead to growth with equity, it has the potential to lead to socio-political discontent which could eventually undermine the recovery programme itself. The real test is whether democracy can sustain orthodox economic reforms.

The only way to do that is through a genuine consensus politics aimed at consolidating and extending the gains of economic reform as well as that of civil society. In this regard, it is indeed poignant to recall the words of one of the leftists purged in the period leading up to the adoption of the ERP that "this democratic experiment has been top heavy, a process of top-down, instead of bottom-up, political reform. Ghana's potential for sustaining democracy will be determined by the grassroots organization of the people seeking comprehensive reform" (Interview, Former NDC Activist, Accra: June 1994). That there might be risks to the established political order dominated by the NDC through this consensual politics need not be overemphasized. However, this perceived or real threat must not, and need not, work against the achievement of that goal.

CONCLUSION

LESSONS FROM THE GHANAIAN EXPERIENCE

Introduction

For most developing countries faced with debt and balance of payments crises, the search for growth-oriented policies remains a major national concern. The international financial institutions especially the International Monetary Fund (I.M.F.) and the World Bank which are actively involved in this search have promoted a research agenda and policy prescriptions formulated on the principles of the new orthodoxy. This new orthodoxy synthesizes neo-classical economic growth theories and the free market on the one hand with political order theory on the other. The neo-classical approach manifests itself in attempts by the I.M.F and the World Bank to promote the adoption of structural adjustment programmes (SAPs) that are formulated on free market principles as well as a reduction of the role of the state in the process of development.

Much of the debate over adjustment has been predicated on the demonstrated failures of the state. In this sense, these theoretical debates have been stimulating and have presented us with powerful critiques of the statist models of development. A broad range of writers who examined the record of the African state judged it to be a failure and a developmental liability. Consistent with the diagnosis, these theorists have argued for a reduction in the role of the state in the economy, in short, a 'retreat' or 'roll-back' of the

state. The goal was a minimalist, as opposed to, a maximalist state.

In this dissertation, I have attempted to present a more nuanced role of the state in the process of adjustment based on the experience of Ghana. I have argued that careful examination of the critiques and prescriptions of the academic literature on the state reveals serious deficiencies such as the failure to capture the dynamics of state reform or reconstruction and hence an inability to construct causal relations involving institutional configuration, policy formulation and implementation, and development performance. Despite the support of contemporary neoclassical theory for a minimal state, the successful implementation of SAPs requires an effective state: a strong, autonomous, developmental state. The key to an understanding of the successful pursuit of consistent and effective SAPs is located in a strong state.

It is argued that the state's commitment to economic growth and its capacity to formulate and implement consistent and effective economic policies is the primary reason for success. In the event, particular emphasis is placed on the institutional basis for effective state economic policy formulation and implementation, and the political basis for a strong developmental state. In order to capture the dynamics of a possible "new" African political economy, an alternative research direction based on "bringing the 'developmental state' back in" has been proposed. This concluding chapter

presents an integrative summary of the findings of this study. The arguments are organized around a "developmental capacity" model of state reconstruction which, it is noted, presents a more useful and nuanced understanding of Ghana's developmental trajectory under structural adjustment.

The Failure and Persistence of the Statist/Etatist Model

Like other African countries, Ghana adopted a statist approach to development which was seen as the surest way to economic and sociocultural change. As indicated in chapter 2 however, statist policies failed to achieve their desired objectives. Instead, etatization in Ghana led to bureaucratic inefficiency, predatory and rent seeking activities, corruption, personalism and patrimonialization of state power. Etatization had the reverse effect: the state was unable to play that central role of promoting economic growth. It favoured consumption instead of capital accumulation. Indeed, the evidence points to state failure and a perverse pattern of economic decline and state paralysis. The state was increasingly seen not only as a failure, but as a constraint on development. It is this discontent with the state's perceived developmental liabilities that has led to a rethinking of the state's role, especially in the period of structural adjustment. Ghana's state elite had pursued policies which led to economic decline and ultimately undermined the state's legitimacy. Postcolonial policies have

been obstructive rather than accommodating to the generation of sustained economic development. The state had become an epitome of economic irrationality and political decay. The state had functioned to ensure its "own morbidity" (Newbury, 1984: 114) or to promote "anti-development" (Price, 1984: 190).

Through its predatory activities, the state elite and political leaders had eaten the goose that laid the golden egg. Extracting surplus value for personal gain led to diminishing reproduction (Dutkiewicz and Shenton, 1986). Yet, even though statist policies led to distortions in the market culminating in eventual economic collapse and political decay, the state elites persisted with the failed policies. The reason was that the state elite was interested in consumption rather than accumulation. The policies had also generated a political system based on a privatization of state institutions, corruption and clientelism and patronage politics. The state elite had used state power to create rents which they used to build a political base to ensure their own reproduction (Dutkiewicz and Williams, 1987). The end result was a loss of legitimacy by the state and successive regimes. The state elite harnessed the economy to their political requisites and it eventually found itself buffeted by constraints which narrowed its autonomy and capacity.

It is this discontent with the state that led to a rethinking of the state's role, especially in the period of

structural adjustment. Given its failures in the past, the call was for a 'retreat' or 'roll-back' of the state. Since the state was a failure in the past, it was seen as an entity to be avoided in the process of economic reform. The state was not to be trusted. As a result, there was a tendency in the literature to write the state off or wish that it would slide into irrelevancy.

However, while the literature on the state outlines succinctly its past failures, it is unable to explain success stories. It is more preoccupied with explaining failure than with how and if the state has been reconstructed or reformed to imbue it with developmental capacity. It is for this reason that there is an urgent need to move beyond estatization by "bringing the 'developmental state' back in." The point to note here is that it is the effectiveness and capacity of the state and state institutions which make the crucial difference. To make adjustment work, one needs not so much a mere reduction of the state, but its reform or reconstruction. Reducing the role of the state in the economy per se will not lead to efficient operation of the market or the replacement of the market in those areas where state activity is curtailed. What is required is a reconstruction of the state to become an effective facilitator of development. Far from being diminished, the state needs to be strengthened to make it more effective, efficient and legitimate. It is the state that has to create and monitor the rules of the market and to

atone for possible market failures so characteristic of the market itself.

The Ghanaian experience provides a partial picture of such state reform. In Ghana, the Provisional National Defence Council (PNDC) regime set out to reconstruct a decayed state to make it an effective facilitator of development. While the role of the state in the economy has been reduced, conscious efforts have been made to build the key developmental attributes of administrative and technocratic capacity and to build new political alliances. In the process, the decayed state has been partially reconstructed into a strong, autonomous, but embedded, developmental state imbued with a capacity and commitment to economic reform. These attributes, together with strong financial support from the international community, explain the sustainability and partial economic success of reforms in Ghana. A note of caution is appropriate here. This is by no means an attempt to present the post-1983 Ghanaian state as a developmental state par excellence. While major strides have been made in that direction, much still needs to be done if Ghana is to become the NICs-style "model" that the IFIs make it out to be. Indeed, it is fair to suggest that the partial reconstruction of the Ghana state has been IFI engineered and that the state has been captured by the IFIs.

Reconstructing the State: Conditions for Building Capacity

The demonstrated failure of etatism called for an urgent need to reconstruct the state into a developmental one - the antithesis of the previous clientelist state - a state with a capacity and commitment to economic reform.

Closer scrutiny reveals that the key constraint to effective formulation and implementation of SAPs is located in the institutional capacity of the state: autonomy, rationality, and technocratic qualities which ensure that state personnel can pursue policies that transcend the particularistic interests of domestic groups. It is a strong state, defined as a state with autonomy and efficient and effective state institutions, combined with a strong commitment to economic growth, which forms the basis for successfully formulating, implementing and sustaining orthodox, neoclassical programmes of adjustment. Equally important, however, are strong leadership with commitment to reform, skillful strategy of political coalition management as well as financial support from external sources.

To be successful, therefore, economic reform requires institutional reform and a restructuring of the state bureaucratic and technocratic apparatus to make them autonomous, effective and efficient. It also requires states with the political capacity to formulate, implement and sustain effective policies. This raises a paradox. Contrary to neoclassical theory which posits a 'roll-back' or 'retreat' of

the state, the type of state capable of implementing its policies is a strong state, whether under the leadership of an authoritarian or democratic regime, with the developmental capacity and commitment to market reform.

However, the autonomy of the state needs to be reinforced by the requisite anchorage to significant domestic groups to form a political coalition in support of economic reforms. In other words, autonomy needs to be bounded or 'embedded' as Evans (1992) calls it. An essential feature of a state enjoying developmental 'success' is one which has functional links to its society. The 'embedded' state is one which enjoys sufficient autonomy from domestic groups to pursue its own preferences, but is also closely linked to collective societal interests. The developmental state is 'embedded' but manages to remain 'uncaptured.' This is what prevents the state from becoming predatory and hence anti-developmental.

From this perspective, states most likely to formulate and implement SAPs are those that exhibit the following characteristics:

- . a strong state, that is, a state with functional links with society but which eludes capture by societal interests;
- . a state in which economic development is the top priority;
- . bureaucratic and technocratic autonomy;
- . a political leadership committed to economic development that guarantees the autonomy of the technocratic economic bureaucracy;
- . better coalition management;
- . favourable external financial support.

Ghana: Reconstructing the Paradigmatic Weak State

When the PNDC, faced with economic atrophy and state paralysis, decided to adopt SAPs on the advice of the I.M.F. and World Bank, its ability to successfully sustain the programme depended on its ability to reform what was essentially a state with no interests beyond self-enrichment, personal rule and patrimonialization of a narrow political and state elite. Removing the worst vestiges of this statist pattern of development became a prerequisite for success. The state had to be reformed or reconstructed into a new type of state with a genuine developmental determination and autonomous capacity to define, pursue and implement developmental goals. The elites' view was that economic growth, if delivered, would ultimately lead to a re-legitimization of the state and the regime and that this demanded the adoption of the structural adjustment policies. While the elites were right in hoping for a legitimization of the state if growth was restored, their reasoning on regime legitimization is not shared by this analysis. However, it is important to report these views in part as an explanation for why Ghanaian elites acted as they did.

The point to note is that the Ghanaian state elites realized that the statist policies could not be continued because they had been a failure. They had failed in their stated goal of achieving sustained economic development. Even in purely political terms, the status quo was not an

alternative. As peasants "exited" and other individuals disengaged from the state into the informal sector beyond the reach of the state, the rents that accrued from the extraction of surplus dwindled as well. This not only meant a decline in rents, but also, in the extreme case, an exhaustion altogether. Under this scenario, the regime could not have persisted with the statist policies even for political reasons. Its political and economic interests did not support the continued pursuit of these economically destructive policies. It had to seek other alternatives. Given the new influence of the I.M.F. and the World Bank, it is not surprising it turned to relatively orthodox structural adjustment policies which would supposedly generate the greatest net benefit to the real productive sectors and thereby enhance regime and state legitimacy.

This entailed confronting and dismantling the patronage systems that had secured political support and a social status for a socioeconomic, state and political elite. From a political standpoint, therefore, the significance of the changes implemented should not be underestimated. They unravelled the very basis of the previous statist system and even the regime itself. The import of this point is fully grasped when one notes that the PNDC had built its support during the pre-ERP, populist phase on an urban coalition of interests.

That these urban interest groups would organize to oppose

the reform process was a given. After all, the policies of adjustment threatened their vital interests. Hence, there has been significant political opposition to the economic reforms. With their positions and benefits looking increasingly insecure, these urban interests, accustomed to the privileges of the statist model, have resisted the attempts at rationalizing economic decision-making. Rationalization threatened their favoured and privileged status as patrons and clients. This was compounded by the fact that the costs of adjustment have been immediate and the benefits largely deferred or seen as merely a mirage. To overcome these protests and political discontent arising from the negative effects of adjustment, the state had to be reconstructed by building administrative and technocratic capacity, guided by a commitment to pursue the reforms for an expected future benefit.

In considering the evolution of policy in Ghana since 1983, the study indicates serious attempts at state-building. Closer inspection reveals that the period has witnessed partial improvement and modernization of certain aspects of the state apparatus. Since 1983, steps have been taken to strengthen the Ghanaian state as a more viable actor in the country's development. It is the regime's partial success at building such institutional and political capacity that has enabled it to successfully formulate and implement the reforms. Ghana therefore has certain lessons for other African

states implementing adjustment. To successfully formulate and implement the same policies, these states would have to reconstruct the state to imbue it with the developmental capacity that Ghana has set out to attain with both successes and failures. What explains the Ghanaian regime's partial success at this task and what lessons does Ghana provide for other African states? In learning lessons it is important to note that Ghana's efforts at state reform are still unfolding, incomplete, long term and possibly even uncertain.

Building effective developmental capacity presupposed a degree of autonomy from particularistic interest groups to enable elites and politically insulated technocrats to formulate coherent and consistent economic strategies. The analysis in chapter 3 showed that the source of the Ghana state's autonomy is to be found in the domestic context of the early authoritarian populist phase. The evidence supports the view that the political weakness of the bourgeoisie and the middle class enhanced state autonomy and strength. In Ghana, field research showed that the political discrediting of corrupt politicians, civil servants and elements of the middle class following the overthrow of the Peoples National Party government, along with the dependent status of businesses on government for import licenses, placed them in a subordinate position. As a result, the state was able, virtually at will, to disregard the opposition of these groups to the economic reform measures.

5 of/de 5

PM-1 3½"x4" PHOTOGRAPHIC MICROCOPY TARGET
NBS 1010a ANSI/ISO #2 EQUIVALENT

PRECISIONSM RESOLUTION TARGETS

Equally important, groups in the leftist movement were very weak. Peasants were not politically organized and the labour movement under the Trade Union Congress (TUC) tried, but failed, to challenge state authority. Armed with this autonomy from domestic interests and with significant external support from donors, the state was unencumbered in its pursuit of reform based largely on technical and economic criteria.

This autonomy of the state provided it with the space to restructure its relationships with labour, business and the rural population. As the alternative theoretical framework developed in chapter 1 indicated, a sine qua non for effective formulation and implementation of economic reform was a state with autonomy from vested interests in society. Such autonomy, it was argued, would provide the state with the necessary space to pursue policies that did not reflect particularistic interests. In Ghana, domestic political opponents of reform were denied a voice in economic decision-making, thereby enabling the state to effect a consistent, coherent and effective strategy that overrode particularistic short term interests for long term strategic goals. In other words, reform was initiated at a time when the state was strong vis-a-vis civil society. Economic reform has therefore resulted from a reassertion of autonomy and some strength by the state. Whether this autonomy and strength support the evolution of a new approach to politics and economics which transcend the old patronage-based ones of the previous period will be the key

problematic in efforts at sustaining and consolidating what is at the moment a partial success.

To emulate Ghana's example, the state in other African countries would have to exhibit this much autonomy. Such lack of autonomy would prevent these states from pursuing similar policies as Ghana's. To achieve this autonomy, these states have to pursue strategies to depoliticize economic decision-making. The state has to assume a dominant posture vis-a-vis civil society. The states have to shed any considerable influence that powerful private interests have over them. They also have to restructure their relationships with labour, business, the middle class, and the rural population. The reasons for the Ghanaian state's autonomy rests more on its specific historical experiences and international circumstances, specifically IFIs support, both financial and technocratic. For this reason, the historical experiences and international circumstances of other African states becomes relevant in the debate. Ghana's experience elucidates the potential pitfalls of such a strategy: possible increased domestic autonomy but potential state capture by IFIs.

Furthermore, Ghana had a core of highly capable corps of technocrats. Economic decision-making was centralized and confined to this small core of technocrats. This group, which had the backing of a strong leader in the person of Jerry Rawlings, was insulated as much as possible, but not entirely, from the vagaries of populist politics. This insulation

provided the bureaucratic and technocratic elite with operational space in formulating and implementing coherent, consistent and effective policies. In other words, such operational space insulated technocratic economic planning from the vagaries of unsound economic practices for short term political interests. It also excluded other groups from the actual process of policy formulation and implementation. Further, this core group was linked with a few powerful state agencies and ministries especially the Ministry of Finance and Economic Planning, the Internal Revenue Service, the Customs, Excise and Preventive Service, the Security Services and the Central Bank, the Bank of Ghana to reinforce the institutional link in the developmental state model. These institutions have provided essential functions of policy implementation and control.

Ghana's technocracy has been largely effective in terms of influencing key policy outcomes and the general direction of reform. Its cohesiveness, insulation from societal pressures, operation under a tightly regulated civil society and support from a leadership that saw economic reform as a top priority, has ensured a continuity which has helped deliver partial results. The point to note here is that the technocrats who formulated the policies were insulated from societal pressures of a patrimonial variety. They also developed a high degree of organizational loyalty. These economic technocrats also adopted political strategies. Their

public pronouncements tended to underscore a nationalist, populist tone and its association with national interests or goals. However, the technocrats also received strong technocratic support from the IMF and the World Bank, hence reinforcing the argument that the state had been captured by the IFIs.

Here again, Ghana offers important lessons for other African states. To be development-oriented, economic decision-making in these states has to be centralized. There has to exist a core of technocrats with responsibility for management of economic policy as is found in Ghana. In chapter 3, reference was made to the fact that various ministries in Ghana were involved in formulating and implementing economic policy. A lack of centralized economic decision-making in other African countries will breed a fragmentation which would lead to frustration and conflict. When one adds into this mix the politicization of the African bureaucracy attested to in chapter 1, what will happen is inconsistent reforms which are pursued more on an ad hoc basis. Such ad hocery is in most cases absent in Ghana.

The Ghanaian leadership under Rawlings has also demonstrated a commitment to reform. It was Rawlings' political calculation that such a commitment to economic development could be an effective way of legitimizing his rule. His strategy, then, was built around a strong executive rule and a coercive capacity to suppress political opposition,

thereby securing a stable political environment. With this strategy, the regime felt the time had come to give priority to economic issues over political ones.

The authoritarian state achieved its autonomy simply by suppressing distributional struggles and popular demands. Throughout the ERP period, the regime's repressive apparatus had been used almost at will to suppress political pressures from those groups whose interests were adversely affected by the austerity measures. Rather than trying to please all its constituents and the numerous particularistic interests, an empowered state rejected those demands, opting instead to implement the ERP firmly in the belief that it held the key to breaking the political and economic stranglehold. Equally important, a conscious effort was made to limit the influence and potential challenge from beneficiaries of the programme. However, though partial developmental success in Ghana has been undertaken under authoritarian auspices, the issue of autonomy is important and far more significant in understanding the reasons for success in economic adjustment than whether a regime is authoritarian. In other words, while regime type is worth considering, it is the nature and capacity of the state that one must pay attention to.

The autonomy of the Ghanaian state should not, however, be overstated because there cannot be such thing as a purely autonomous state. The state has embedded itself in the society by forming alliances with the Rural Middle Class (RMC) in

order to cultivate rural support. The Ghanaian state is therefore closely linked to productive civil society though whether this ensures its insulation from particularistic interests is another issue altogether. In the event, the state has built a relatively strong coalition of interests around policy. It is important to note that this coalition has been forged by the state, thus supporting my argument about autonomy.

In this respect, it should be pointed out that the idea of 'embedded' autonomy (Evans, 1992: 164) is the sine qua non for developmental success. 'Embedded autonomy' refers to a situation where the state is insulated from underlying social forces to pursue its own preferences, yet has restrictions placed on this autonomy insofar as it retains functional links to society. Such functional links have ensured that the Ghanaian state does not pursue goals that have no relation to collective interests. It also removes any pretensions for the state to use its autonomy to resume its predatory and rent-seeking activities of the past.

While internal autonomy is relatively high, external autonomy has declined. This is because Ghana has received strong financial support from the donor community, with its attached conditionalities, through the Paris Donor Conferences as well as limited foreign investment. This can be attributed to the trust that foreign lenders and investors have in Ghana as a result of its adherence to orthodox economic reforms. The

continued financial support is also based on the donors' desire to see a success story emerge in Africa and to hold that up as a model worth emulating. With this as a motivating factor, Ghana has received substantial amounts of aid from donor countries. Such high levels of aid have called into question the partial success of the programme which has been described as aid induced. The point that has been made is that donor aid has sustained the Ghana economy.

It is these domestic and international bases of state reconstruction that have enabled Ghana to sustain the programme while other African states have failed to do the same. This has been translated into an average growth of 5% over the ERP period. Yet, these macroeconomic advances have been achieved at the expense of equity concerns. While gains have been made in certain key macroeconomic aggregates, the country has yet to enter a period of sustained and accelerated growth. This has led to conflicts between macroeconomic stability, defined as providing a stable macroeconomic environment and a reliable legal framework to promote domestic and international competition, and social welfare considerations. Thus, while there have been improvements in macroeconomic indicators, the benefits of that success have not yet "trickled down" to the poor. Long term success of adjustment may therefore be undermined. If real benefits are not passed along to the RMC, their supporters and others in the urban areas, eventually attempts at cooptation will be

unsuccessful. Under such circumstances, just embedding the state in rural areas will not be politically viable or morally defensible. This is the reason why addressing equity concerns ought to be a priority for the regime.

In conclusion, it has been shown that the structure of the process, the existence of capable technocrats - both internal and external -, and the pragmatic but iron-fisted rule of Jerry Rawlings have all been important in ensuring that economic policy remained largely insulated from outside pressures. Armed with this newly gained domestic autonomy (at the expense of external capture), the state was able to proceed in its quest to eliminate the basic contradictions of the previous clientelist system and its economic order. Under such conditions the state has nurtured new groups to support the programme. It is these factors - the insulation of the technocratic arm of the state from societal demands, careful coalition management, strong persistent leadership and external support - that have enabled the PNDC to politically sustain the programme for more than a decade. The key developmental attributes of administrative and bureaucratic capacity and the ability to build new political alliances had been partially achieved. Herein lies the major attributes that have enabled Ghana to formulate and implement orthodox economic reforms. For African states wishing to emulate Ghana "success," the lessons are indeed obvious: to be successful, the key developmental attributes have to be built. However, as

the Ghanaian experience shows, this may only be possible through a form of trusteeship by the IFIs and Western donors.

Ghana's experience therefore reinforces or supports the major thesis of this study that the prerequisite for successful economic reform via SAPs is a strong, developmental state: a state imbued with a capacity and commitment to reform and strong financial support from donors. Whether Ghana has a fully fledged developmental state is an issue on which disagreements exist. In that sense the jury is still out. The only claim to be made here is that there is a major attempt underway in Ghana to develop such a state and that while only partially successful, it is a process that is still ongoing.

While the developmental attributes of the state have been delineated it is also imperative to ask another crucial question especially given the partial success of the economic reforms in Ghana. The economic reforms have, by their very nature, been a revolution, fundamentally changing the major outlines of the country's economic system. The growth that has occurred has set in train social changes and emerging class forces that have questioned the contradiction between economic liberalization and political closure. The most significant effect of growth has been the transformation of the relationship between state and civil society. The transformation of this relationship and the attendant changes in the class structure have carried with it increasing tensions between the state and autonomous sources of economic

power.

In the long run, the economic power of these classes has resulted in greater pressures on the state to liberalize the political system. Business leaders, opposition leaders and the emergent middle class have used their economic power to demand proportionate political openings and power. This is in line with the argument that economic power of a social class cannot fail to affect its political power, especially in the long run. Interestingly, therefore, the very success of economic reforms creates avenues for greater political space for political contestation.

While it could be argued that analysis of such changes lie beyond the scope of this study, it is important to point out that there are intricate links between economic and political liberalization. For this reason, it is imperative that the analysis shift to issues of democracy in Ghana. The intricate links between the developmental goals of the state and democracy is not unique to Ghana as the exemplars of the developmental state, the NICs, have all undergone such transitions after periods of sustained economic growth. The evidence suggests that sheer autonomy does not apparently make for the success of SAPs in the long run and making states truly embedded may undermine the SAP policies. The question that needs to be answered is how subsequent economic reforms affected domestic social groups and how they responded to the contradictions of building developmental capacity in the

context of political immobility? This question has important connections to the developmental state project.

In Ghana, partial economic success unleashed social groups and forces who have questioned the regime's failure or unwillingness to share political power. Following sustained external and domestic pressures, the regime moved to liberalize the political system culminating in the 1992 parliamentary and presidential elections. One wonders whether, and how, democratic reform and economic adjustment can reinforce each other. In the final analysis, unless economic reforms can lead to a marked improvement in the socio-political and economic conditions which prevail in Ghana, there is reason to believe that the socio-political discontent unleashed would engender political turbulence and eventually undermine the recovery programme itself. The real test is whether democratic politics would sustain the partial administrative and technocratic capacity that has been built and whether the old, patronage-oriented politics can be banished.

BIBLIOGRAPHY

- Abbey, J.L.S. 1989. On Promoting Successful Adjustment: Some Lessons From Ghana. Washington, D.C.: Per Jacobsson Foundation.
- Adda, W. 1989. "Ghana." in V.V. Ramanadham. ed. Privatization in Developing Countries. London: Routledge.
- Adelman, Irma and Cynthia Taft Morris. 1973. Economic Growth and Social Equity in Developing Countries. Stanford, Calif.: Stanford University Press.
- Adu-Boahen, Albert. 1989. The Ghanaian Sphinx: Reflections on the Contemporary History of Ghana, 1972-1987. Accra: Presbyterian Press.
- Africa Confidential. 1987. "Ghana: Balancing the Books." September 2.
- Africa Report. 1987. November-December. Vol. 32. No. 1.
- African Development Bank. 1994. African Development Bank Report 1994. Abidjan, Cote d'Ivoire: The African Development Bank.
- Agyeman-Duah, Baffour. 1987. "Ghana, 1982-86: The Politics of the PNDC." Journal of Modern African Studies. 25. 4: 613-642.
- Ajay, Chhibber and Chad Leechor. 1993. "Ghana: 2000 and Beyond." Finance and Development. September: 24-27.
- Amnesty International. 1988. Country Report. London: AI.
- Apter, David E. 1972. Ghana in Transition. Princeton: Princeton University Press.
- Association of Recognized Professional Bodies. 1982. Statement. July 28.
- Austin, Dennis. 1972. "Ghana and the Return to Civilian Rule: 1." West Africa. 2851. February 4.
- Ayee, Joseph R.A. 1988. "The Provisional National Defence Council's 'Blue Book' on District Political Authority and the Future of Local Government in Ghana." The Journal of Management Studies. 4: 25-39.
- Azarya, Victor. 1988. "Reordering State-Society Relations: Incorporation and Disengagement." in Donald Rothchild and Naomi Chazan. eds. The Precarious Balance: State and Society in Africa. Boulder and London: Westview Press.

- Bates, Robert H. 1981. Markets and States in Tropical Africa: The Political Basis of Agricultural Policies. Berkeley: University of California Press.
- Bayart, J-F. 1986. "Civil Society in Africa." in Patrick Chabal. ed. Political Domination in Africa: Reflections on the Limits of Power. Cambridge: Cambridge University Press.
- Beckman, Bjorn. 1976. Organizing the Farmers: Cocoa Politics and National Development in Ghana. Uppsala: Scandinavian Institute of African Affairs.
- _____. 1988. "The Post-Colonial State: Crisis and Reconstruction." IDS Bulletin. Vol. 19. No. 4: 26-34.
- _____. 1992. "Empowerment or Repression? The World Bank and the Politics of African Adjustment." in Peter Gibbon et al. Authoritarianism, Democracy and Adjustment: The Politics of Economic Reform in Africa. Uppsala: Bohunlaningens.
- Beckman, Bjorn and Attahiru Jega. 1995. "Scholars and Democratic Politics in Nigeria." Review of African Political Economy. Vol. 22. No. 64: 167-181.
- Bentsi-Enchill, Nii K. 1989. "The Storm of June 4." West Africa. June 12-18: 952-953.
- Berg, Elliot J. 1971. 'Structural Transformation Versus Gradualism: Recent Economic Development in Ghana and the Ivory Coast.' in P.J. Foster and A.R. Zolberg. eds. Ghana and the Ivory Coast: Perspectives on Modernization. Chicago: University of Chicago Press.
- Bernstein, Boris and James M. Boughton. March 1993. Adjustment to Development: The IMF and the Poor. IMF Paper on Policy Analysis and Assessment. IPAA/93/4. Washington, D.C.: The IMF.
- Bhagwati, J. 1966. The Economics of Underdeveloped Countries. London: Weidenfeld and Nicholson.
- Bienefeld, Manfred. 1986. "Analyzing the Politics of African State Policy: Some Thoughts on Robert Bates' Work." IDS Bulletin. Vol. 17. No. 1: 5-11.
- _____. 1988. "The Significance of the Newly Industrializing Countries for the Development Debate." Studies in Political Economy. Vol. 25. No. 2: 7-39.

- _____. 1995. "Structural Adjustment and the Prospects for Democracy in Southern Africa." in David Moore and Gerald Schmitz. eds. Debating Development Discourse: Institutional and Popular Perspectives. London: MacMillan.
- Boateng, E. Oti. et al. 1990. A Poverty Profile of Ghana, 1987-88. SDA Working Paper. No. 5. Washington, D.C.: The World Bank.
- Burki, Shadid Javed and Sebastian Edwards. 1995. "Consolidating Economic Reforms in Latin America and the Caribbean." Finance and Development. March: 6-9.
- Bulletin of Tanzanian Affairs. 1991. May-June. No. 39.
- Callaghy, Thomas. 1984. The State-Society Struggle: Zaire in Comparative Perspective. New York: Columbia University Press.
- _____. 1989. "Toward State Capability and Embedded Liberalism in the Third World." in Joan M. Nelson. ed. Fragile Coalitions: The Politics of Economic Adjustment. New Brunswick, N.J.: Transaction Books.
- _____. 1990. "Lost Between State and Market: The Politics of Economic Adjustment in Ghana, Zambia and Nigeria." in Joan M. Nelson. ed. Economic Crisis and Policy Choice: The Politics of Adjustment in the Third World. Princeton: Princeton University Press.
- Carter Center. 1992. Ghana Election Mission Report. November 6.
- Chalker, Lynda. 1991. "Giving Aid to the Third World, With Strings Attached." The Sunday Times. August 18.
- _____. 1991. Good Governance and the Aid Programme. London: Overseas Development Administration.
- Chand, Sheetal K. and Reinhold van Til. 1988. "Ghana: Toward Successful Stabilization and Recovery." Finance and Development. Vol. 25. No. 1: 32-35.
- Chazan, Naomi. 1983. An Anatomy of Ghanaian Politics: Managing Political Recession, 1969-1982. Boulder and London: Westview Press.
- _____. 1988a. "Ghana: Problems of Governance and the Emergence of Civil Society." in Larry Diamond et al. Democracy in Developing Countries: Africa. Boulder, Co.: Westview Press.

- _____. 1988b. "Patterns of State-Society Incorporation and Disengagement in Africa." in Donald Rothchild and Naomi Chazan. eds. The Precarious Balance: State and Society in Africa. Boulder, Co. and London: Westview Press.
- _____. 1991. "The Political Transformation of Ghana Under the PNDC." in Donald Rothchild. ed. Ghana: The Political Economy of Recovery. Boulder, Co. and London: Lynne Rienner Publishers, Inc.
- _____. 1992. "Liberalization, Governance and Political Space in Ghana." in Goran Hyden and Michael Bratton. eds. Governance and Politics in Africa. Boulder, Co.: Lynne Rienner Publishers, Inc.
- Chazan, Naomi et al. 1988. Politics and Society in Contemporary Africa. Boulder, Co.: Lynne Rienner Publishers, Inc.
- Chenery, H.B. 1974. Redistribution with Growth. London: Oxford University Press.
- Chenery, H.B. et al. 1979. Structural Change and Development Policy. New York: Oxford University Press.
- Cleave, John. 1974. Africa's Farmers: Labour in the Development of Small-Holders Agriculture. New York: Praeger.
- Commonwealth Observer Group. 1992. Interim Report on the Presidential Elections in Ghana, 3 November 1992. November 4.
- Cotton, J. 1989. "From Authoritarianism to Democracy in South Korea." Political Studies. XXXVII: 244-259.
- Diamond, Larry et al. 1990. Politics in Developing Countries: Comparing Experiences with Democracy. Boulder and London: Lynne Rienner Publishers, Inc.
- Dreze, Jean and Amartya Sen. 1989. Hunger and Public Action. WIDER Studies in Development Economics. Oxford: Clarendon Press.
- Domhoff, William. 1971. The Higher Circles: The Governing Class in America. New York: Vintage Books.
- Dutkiewicz, Piotr and Robert Shenton. 1986. "Etatization and the Logic of Diminished Reproduction." Review of African Political Economy. 37 (December): 108-115.

- Dutkiewicz, Piotr and Gavin Williams. 1987. "All the King's Horses and All the King's Men Couldn't Put Humpty Dumpty Together Again." IDS Bulletin. Vol. 18. No. 3: 39-44.
- Ekeh, P.P. 1992. "The Constitution of Civil Society in African History and Politics." in B. Caron, A. Gboyega and E. Osaghae. eds. Democratic Transitions in Africa. Ibadan: CREU.
- Ephson, Ben. 1986. "Ghana: Thoughts on Democracy - 1." West Africa. October 20.
- _____. 1986. "Ghana: Thoughts on Democracy - 2." West Africa. October 27.
- Ergas, Zaki. ed. 1987. The African State in Transition. New York: St Martin's Press.
- Ewusi, Kodwo. 1984. "The Dimensions and Characteristics of Rural Poverty in Ghana." ISSER Technical Publication. No. 43. April.
- _____. 1987. Structural Adjustment and Stabilization Policies in Developing Countries: A Case Study of Ghana's Experience in 1983-1987. Legon, Accra, Ghana: Institute of Statistical, Social and Economic Research.
- Evans, Peter, D. Rueschemeyer and Theda Skocpol. eds. 1985. Bringing the State Back In. Cambridge: Cambridge University Press.
- Evans, Peter. 1992. "The State as Problem and Solution: Predation, Embedded Autonomy and Structural Change." in Stephan Haggard and Robert Kaufman. eds. The Politics of Economic Adjustment. Princeton: Princeton University Press.
- Ferguson, James. 1990. The Anti-Politics Machine: "Development," Depoliticization, and Bureaucratic Power in Lesotho. Cambridge and New York: Cambridge University Press.
- Ferroni, Marco and Ravi Kanbur. 1990. Poverty-Conscious Restructuring of Public Expenditure. SDA Working Paper. No. 9. Washington, D.C.: The World Bank.
- Financial Times. 1989. 2 March and 11 July.
- Ford Foundation. 1990. Annual Report 1989. New York: The Ford Foundation.
- Forrest, Joshua. 1988. "The Quest for State 'Hardness' in

- Africa." Comparative Politics. Vol. 22. No. 4: 423-442.
- Friedman, M. and K. Friedman. 1980. Free to Choose. Harmondsworth: Penguin.
- Frimpong-Ansah, Jonathan H. 1991. The Vampire State in Africa: The Political Economy of Decline in Ghana. London: James Curry Limited.
- Ghanaian Chronicle. 1985. No. 50. March.
- Ghanaian Times. 1983. May 3.
- _____. 1983. May 13.
- _____. 1983. May 14.
- _____. 1983. May 17.
- _____. 1983. May 19.
- _____. 1983. May 28.
- Gibbon, Peter. 1992. "The World Bank and African Poverty." The Journal of Modern African Studies. 30. 2: 193-220.
- Glewe, Paul and Kwaku Twum-Baah. 1991. Distribution of Welfare in Ghana, 1987-88. World Bank Living Standards Measurement Study Working Paper. No. 75. Washington, D.C.: The World Bank.
- Globe and Mail. 1993. December 3.
- Green, Reginald H. 1988. "Ghana: Progress, Problematics, and Limitations of the Success Story." IDS Bulletin. Vol. 19: 7-15.
- Grindle, Merilee S. 1989. "The New Political Economy: Positive Economics and Negative Politics." Harvard Institute for International Development. Discussion Paper. No. 311. (August).
- Gwendolyn, Mikell. 1991. "Equity Issues in Ghana's Rural Development." in Donald Rothchild. ed. Ghana: The Political Economy of Recovery. Boulder, Co.: Lynne Rienner Publishers, Inc.
- Gyimah-Boadi, E. 1989. "Economic Recovery and Politics in the PNDC's Ghana." Paper presented at a Workshop on the Politics of Economic Adjustment. Institute of Development Studies, Sussex University. 31 March- 1 April.

- _____. 1991. "State Enterprises Divestiture: Recent Ghanaian Experiences." in Donald Rothchild. ed. Ghana: The Political Economy of Recovery. Boulder, Co.: Lynne Rienner Publishers, Inc.
- Haggard, Stephan. 1986. "The Politics of Adjustment: Lessons from the IMF's Extended Fund Facility." in Miles Kahler. ed. The Politics of International Debt. Ithaca and London: Cornell University Press.
- _____. 1990. Pathways from the Periphery: The Politics of Growth in the Newly Industrializing Countries. Ithaca, N.J.: Cornell University Press.
- Haggard, Stephan and Robert R. Kaufman. 1989. "Economic Adjustment in New Democracies." in Joan M. Nelson. ed. Fragile Coalitions: The Politics of Economic Adjustment. New Brunswick, N.J.: Transaction Books.
- Hamilton, Clive. 1984. "Class, State and Industrialization in Korea." IDS Bulletin. Vol. 15. No. 2: 38-43.
- Hamilton, Nora. 1982. The Limits of State Autonomy. Princeton: Princeton University Press.
- Hansen, Emmanuel. 1991. Ghana under Rawlings: The Early Years. Lagos, Nigeria: Malthouse Press Limited.
- Harberger, A. 1988. "Growth, Industrialization and Economic Structure: Latin America and East Asia Compared." in H. Hughes. ed. Achieving Industrialization in East Asia. Cambridge: Cambridge University Press.
- Harsch, Ernest. 1993. "Accumulators and Democrats: Challenging State Corruption in Africa." The Journal of Modern African Studies. 31. 1 (March): 31-48.
- Haynes, Jeffrey. 1991. "Human Rights and Democracy in Ghana: The Record of the Rawlings Regime." African Affairs. 90: 407-425.
- Herbst, Jeffrey. 1993. The Politics of Reform in Ghana, 1982-1991. Berkeley and Los Angeles: University of California Press.
- Hirschman, Albert O. 1970. Exit, Voice, and Loyalty. Cambridge: Harvard University Press.
- Hodder-Williams, Richard. 1984. An Introduction to the Politics of Tropical Africa. London: George Allen and Unwin.

- Huntington, Samuel. 1991. The Third Wave: Democracy in the Late Twentieth Century. Norman, Oklahoma: University of Oklahoma Press.
- Hutchful Eboe. 1979. "A Tale of Two Regimes: Imperialism, the Military and Class in Ghana." Review of African Political Economy. Vol. 14. No. 2: 36-55.
- Hurd, Douglas. 1990. "Promoting Good Governance." Crossbow. Autumn.
- _____. 1990. "Aid Policy." Speech given at Conference Organized by Overseas Development Institute on Prospects for Africa in the 1990s. Quoted in Development Policy Review. Vol. 8. No. 4: 363-364.
- Hyden, Goran. 1980. Beyond Ujamaa in Tanzania: Underdevelopment and an Uncaptured Peasantry. London: Heinemann.
- _____. 1983. No Shortcuts to Progress: African Development Management in Perspective. Berkeley and Los Angeles: University of California Press.
- _____. 1988. "Governance: A New Approach to Comparative Politics." Paper presented at the Annual Meeting of the African Studies Association. Chicago. October 28-31.
- _____. 1990. "Reciprocity and Governance in Africa." in Wunsch, James S. and Dele Oluwu. eds. The Failure of the Centralized State: Institutions and Self Governance in Africa. Boulder, Co.: Westview Press.
- _____. 1992. "Governance and the Study of Politics." in Goran Hyden and Michael Bratton. eds. Governance and Politics in Africa. Boulder, Co.: Lynne Rienner Publishers, Inc.
- Hyden, Goran and Michael Bratton. 1992. "Preface." in Goran Hyden and Michael Bratton. eds. Governance and Politics in Africa. Boulder, Co.: Lynne Rienner Publishers, Inc.
- International Monetary Fund. 1988. The Implications of Fund-Supported Adjustment Programmes on Poverty. Washington, D.C.: The IMF.
- _____. 1991. Ghana: Adjustment and Growth, 1983-1991. September. Washington, D.C.: The IMF.
- Israel, A. 1990. The Changing Role of the State: Institutional Dimensions. PPR Working Papers. WPS 495. Washington, D.C.: The World Bank.

- Jackson, Robert H. and Carl G. Rosberg. 1982. Personal Rule in Black Africa: Prince, Autocrat, Prophet, Tyrant. Berkeley and Los Angeles: University of California Press.
- _____. 1984. "Personal Rule: Theory and Practice in Africa." Comparative Politics. Vol. 16. No. 4: 421-442.
- Jeffries, Richard. 1989. "Ghana: The Political Economy of Personal Rule." in Donald B. Cruise O'Brien et al. Contemporary West African States. Cambridge: Cambridge University Press.
- Jeffries, Richard and Clare Thomas. 1993. "The Ghanaian Elections of 1992." African Affairs. Vol. 92: 331-366.
- Jonah, Kwesi. 1987. "The IMF in Ghana's Political Economy." Paper Presented at the Conference on the Post-Colonial State and National Development. University of Ghana. April.
- _____. 1989. "The Social Impact of Ghana's Adjustment Programme, 1983-1986." in Bade Onimode. ed. The IMF, the World Bank and the African Debt: The Social and Political Impact. London and New York: Zed Books Ltd.
- Jones, L.P. and Sakong II. 1980. Government, Business and Entrepreneurship in Economic Development: The Case of Korea. Cambridge: Harvard University Press.
- Joseph, Richard. 1990. "Political Renewal in Sub-Saharan Africa: The Challenge of the 1990s." in Carter Center. African Governance in the 1990s. Atlanta: Carter Center.
- Kahler, Miles. 1986. ed. The Politics of International Debt. Ithaca: Cornell University Press.
- Karl, Terry Lynn. 1991. "Dilemmas of Democratization in Latin America." in D. Rustow and K.P. Erikson. eds. Comparative Political Dynamics: Global Research Perspectives. New York: Harper Collins.
- Kasfir, Nelson. 1984. "Relating Class to State in Africa." and "State, Magendo and Class Formation in Uganda." in ed. State and Class in Africa: 1-20; 84-103. London: Frank Cass.
- _____. 1986. "Are African Peasants Self-Sufficient?" Development and Change. Vol. 17. No. 2: 335-357.
- Kaufman, Robert R. 1986. "Democratic and Authoritarian Responses to the Debt Issue: Argentina, Brazil and Mexico." in Miles Kahler. ed. The Politics of International Debt. Ithaca: Cornell University Press.

- Kaufman, Robert and Stephan Haggard. 1989. "Economic Adjustment in New Democracies." in Joan M. Nelson. ed. Fragile Coalitions: The Politics of Economic Adjustment. Washington, D.C.: Overseas Development Council.
- Killick, Tony. 1966. "External Trade." in Walter B. Birmingham. ed. A Study of Contemporary Ghana. Evanston, Ill: Northwestern University Press.
- _____. 1978. Development Economics in Action: A Study of Economic Policies in Ghana. New York: St. Martin's Press.
- Kraus, Jon. 1987. "Ghana's Shift from Radical Populism." Current History. 86.
- Krueger, Anne. 1993. A Political Economy of Policy Reform. Developing Countries. Cambridge, Mass.: The MIT Press.
- Kuznets, Simon. 1955. "Economic Growth and Income Inequality." American Economic Review. Vol. 45. No. 1: 1-28.
- _____. 1963. "Quantitative Aspects of Economic Growth of Nations: VIII, Distribution of Income By Size." Economic Development and Cultural Change. Vol. 11. No. 2: 1-80.
- Lal, Deepak. 1983. The Poverty of Development Economics. Cambridge: Harvard University Press.
- LaPlombara, Joseph. 1971. "Penetration: A Crisis of Government Capacity." in Leonard Binder. et al. Crises and Sequences in Political Development. Princeton: Princeton university Press.
- Leftwich, Adrian. 1993. "Governance, Democracy and Development in the Third World." Third World Quarterly. Vol. 14. No. 3: 605-624.
- _____. 1994. "Governance, the State and the Politics of Development." Development and Change. Vol. 25. No. 2: 363-385.
- Leith, Clark J. and Michael F. Loftchie. 1993. "The Political Economy of Structural Adjustment in Ghana." in Robert Bates and Anne O. Krueger. eds. Political and Economic Interactions in Economic Policy Reform: Evidence from Eight Countries. Oxford, UK and Cambridge, Mass.: Blackwell Publishers.
- LeVine, Victor. 1975. Political Corruption in Ghana. Stanford: Stanford University Press.

- Lewis, W. A. 1956. The Theory of Economic Growth. London: George Allen and Unwin.
- _____. 1967. Development Planning: The Essentials of Economic Policy. London: George Allen and Unwin.
- Little, Ian. 1981. "The Experience and Causes of Rapid Labour-Intensive Development in Korea, Taiwan Province, Hong Kong and Singapore and the Possibilities of Emulation." in E. Lee. ed. Export-Led Industrialization and Development. Geneva: ILO.
- Lipset, Martin Seymour. 1981. Political Man. expanded ed. Baltimore, MD: John Hopkins University Press.
- Loxley, John. 1988. Ghana: Economic Crisis and the Long Road to Recovery. Ottawa, Canada: The North-South Institute.
- _____. 1991. "Structural Adjustment in Africa: Reflections from Ghana and Zambia." Review of African Political Economy. 1: 9-27.
- Luedde-Neurath, R. 1985. "State Intervention and Export-Led Development in South Korea." in Gordon White and Robert Wade. eds. Developmental States in East Asia. IDS Research Report No. 16. Brighton: Institute of Development Studies: 62-125.
- Markovitz, Leonard Irving. ed. 1987. Studies in Power and Class in Africa. New York: Oxford University Press.
- Michell, Tory. 1984. "Administrative Tradition and Economic Decision-Making in South Korea." IDS Bulletin. Vol. 15. No. 2: 32-43.
- Migdal, Joel S. 1988. Strong States and Weak Societies: State-Society Relations and State Capabilities in the Third World. Princeton: Princeton University Press.
- Moore, Barrington. 1966. Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World. Boston.
- Morna, Colleen Lowe. 1995. "Interview with Kwesi Botchwey, Ghana's Finance Minister." Africa Report. (March-April): 38-40.
- Movement for Freedom and Justice. 1991. "Statement on the Current Political Situation and the PNDC's 'Evolving Democratic Process.'" mimeo. Accra. April 5.

- National Commission for Democracy. 1991. Toward a true Democracy: Summary of NCD's Work towards the Establishment of a New Democratic Order. Tema: Ghana Publishing Corporation.
- National Defence Committee. 1982. Guidelines for the Formation and Functioning of the People's Defence Committee. Accra, Ghana: Nsamankow Press.
- Nelson, Joan M. 1984. "The Politics of Stabilization." in Richard Feinberg E. and Valeriana Kallab. eds. Adjustment Crisis in the Third World. New Brunswick, N.J.: Transaction Books.
- _____. ed. 1989. Fragile Coalitions: The Politics of Economic Adjustment. Washington, D.C.: Overseas Development Council.
- _____. ed. 1990. Economic Crisis and Policy Choice: The Politics of Adjustment in the Third World. Princeton: Princeton University Press.
- New African. 1988. "Jerry Rawlings: My Mission." December.
- New Patriotic Party. 1993. The Stolen Verdict. Accra. April 7.
- Newbury, Catherine. 1984. "Dead or Just Buried Underground? The Privatization of the State in Zaire." Canadian Journal of African Studies. Vol. 18. No. 1: 112-115.
- Ninsin, Kwame A. 1982. "The Failure of the Petty-Bourgeois Experiment in Ghana." African Development Vol. 12. No. 3.
- _____. 1991. "The PNDC and the Problem of Legitimacy." in Donald Rothchild. ed. Ghana: The Political Economy of Recovery. Boulder, Co. and London: Lynne Rienner Publishers, Inc.
- _____. 1992. "NGOs and Democracy in Ghana." Paper prepared for the International Conference on Democracy in Africa. Organized by the Friedrich Ebert Foundation, Bonn. June 1-3.
- Nordlinger, Eric. 1981. On the Autonomy of the Democratic State. Cambridge, Mass.: Harvard University Press.
- North, Douglas C. 1981. Structure and Change in Economic History. New York: W.W. Norton.

- Nugent, Paul. 1991. "Educating Rawlings: The Evolution of Government Strategy Toward Smuggling." in Donald Rothchild. ed. Ghana: The Political Economy of Recovery. Boulder, Co. and London: Lynne Rienner Publishers, Inc.
- O'Donnell, Guillermo. 1973. Modernization and Bureaucratic-Authoritarianism: Studies in South American Politics. Institute of International Studies: University of California.
- O'Donnell, Guillermo and Phillippe C. Schmitter. 1986. Transitions From Authoritarian Rule: Tentative Conclusions from Uncertain Democracies. Baltimore, MD: John Hopkins University Press.
- Offei-Ansah, Jon. 1993. "Success or Failure?" West Africa. 11-17 October.
- Ogochukwu, Onyema. 1983. "Ghana: A Lost Revolution." West Africa. 25 February: 146-147.
- Olson, Mancur. 1983. The Rise and Decline of Nations. New Haven: Yale University Press.
- Osei-Kwadwo, Edward and Chris Brown. 1992. "Planned Democratization in Ghana: Will it Succeed or Fail?" Paper presented at the Canadian Political Science Association Conference, Prince Edward Island. June.
- Owusu, Maxwell. 1970. Uses and Abuses of Political Power: A Case Study of Continuity and Change in the Politics of Ghana. Chicago: University of Chicago Press.
- Palmer, Monte. 1985. Dilemmas of Political Development. 3ed ed. Itasca: F.E. Peacock.
- Pellow, Deborah and Naomi Chazan. 1986. Ghana: Coping With Uncertainty. Boulder, Co.: Westview Press.
- People's Daily Graphic. 1982. October 1.
- _____. 1982. October 14.
- _____. 1983. April 24.
- _____. 1983. April 30.
- _____. 1983. October 23.
- _____. 1984. December 8.
- _____. 1987. April 23.

_____. 1990. January 4.

_____. 1991. January 2.

Pioneer. 1985. November 25.

Price, Robert M. 1984. "Neo Colonialism and Ghana's Economic Decline: A Critical Assessment." Canadian Journal of African Studies. Vol. 18. No. 1: 163-193.

Prunier, G. 1983. "Le Magendo: essai sur quelques aspects marginaux des échanges commerciaux en Afrique Orientale." Politique Africaine.

Przeworski, Adam. 1991. Democracy and the Market: Political and Economic Reforms in East Europe and Latin America. New York: Cambridge University Press.

Pye, Lucian. 1985. Asian Power and Politics. Cambridge, Mass.: The Belknap Press of harvard University Press.

_____. 1990. "Political Science and the Crisis of Authoritarianism." American Political Science Review. Vol. 84. No. 1: 3-21.

Quansah, R.A. 1994. "Reject Their Advice if it Affects Your People." The Independent. [Accra]. 4-10 May.

Rawlings, Jerry John. 1983a. Ghana's Moment of Truth. Accra: Information Services Department.

_____. 1983b. "Boosting the Morale of Farmers." in Forging Ahead. Tema: Ghana Publishing Corporation.

Ravenhill, John. ed. 1986. Africa in Economic Crisis. New York: Columbia University Press.

Ray, Donald I. 1986. Ghana: Politics, Economics and Society. London: Lynne Rienner Publishers, Inc.

Remmer, Karen. 1986. "The Politics of Economic Stabilization: The IMF Standby Programs in Latin America, 1954-1984." Comparative Politics. Vol. 19. No. 1 (October): 1-24.

Republic of Ghana. 1983a. Quarterly Digest of Statistics. Accra: Government Printers.

_____. 1983b. The Search for True Democracy in Ghana. Accra: Information Services Department.

_____. 1987a. National Programme for Economic Development. Accra: Ministry of Information.

- _____. 1987b. District Political Authority and Modalities for District Level Elections. July. Accra: Ghana Publishing Corporation.
- _____. 1987c. The PNDC Budget Statement and Economic Policy for 1987. Tema, Ghana: Ghana Publishing Corporation.
- _____. 1987d. Programme of Action to Mitigate the Social Costs of Adjustment. Accra, Ghana: Ghana Publishing Corporation.
- _____. 1989. Local Government Law, 1988: PNDC Law 207. Accra: Ghana Publishing Corporation.
- _____. 1993a. The PNDC Budget Statement and Economic Policy for 1993. Tema, Ghana: Ghana Publishing Corporation.
- _____. 1993b. From Economic Recovery to Accelerated Growth. June. Tema, Ghana: Ghana Publishing Corporation.
- _____. 1994. The Budget Statement and Economic Policy of the Government of Ghana for the Financial Year 1994. Tema, Ghana: Ghana Publishing Corporation.
- Revolutionary Banner. 1986. Vol. 2. No. 2. February.
- Rimmer, Douglas. 1992. Staying Poor: Ghana's Political Economy, 1950-1990. Oxford, England: Pergamon Press.
- Roe, Alan and Hartmut Scheider. 1992. Adjustment and Equity in Ghana. Paris: OECD.
- Rothchild, Donald and E. Gyimah-Boadi. 1989. "Populism in Ghana and Burkina Faso." Current History. 88 (May).
- Rothchild, Donald. ed. 1991. Ghana: The Political Economy of Recovery. Boulder, Co.: Lynne Rienner Publishers, Inc.
- Rueschemeyer, D. and Peter Evans. 1985. "The State and Economic Transformation: Toward An Analysis of the Conditions Underlying Effective Intervention." in Peter Evans, D. Rueschemeyer and Theda Skocpol. eds. Bringing the State Back In. Cambridge: Cambridge University Press.
- Sandbrook, Richard. 1985. The Politics of Africa's Economic Stagnation. London: Cambridge University Press.
- _____. 1986. "The State and Economic Stagnation in Tropical Africa." World Development. Vol. 14. No. 3: 319-332.

Shillington, Kevin. 1992. Ghana and the Rawlings Factor. London: Basingstoke: MacMillan Press Ltd.

Skidmore, Thomas. 1977. "The Politics of Stabilization in Postwar Latin America." in James Malloy. ed. Authoritarianism and Corporatism in Latin America. Pittsburgh: University of Pittsburgh Press.

Skocpol, Theda. 1979. States and Social Revolutions. New York: Cambridge University Press.

Stephan, Alfred. 1988. Rethinking Military Politics: Brazil and the Southern Cone. Princeton, N.J.: Princeton University Press.

Streeten, P. et al. 1981. First things First: Meeting Basic Needs in Developing Countries. Cambridge, Mass.: The MIT Press.

Tabatabai, H. 1986. Economic Decline, Access to Food and Structural Adjustment in Ghana. WEP Working paper. Geneva: ILO.

Taylor, L. et al. 1980. Models of Growth and Distribution for Brazil. New York: Oxford University Press.

The Ashanti Independent. 1994. "Komfo Anokye Hospital for Sale." 21-28 February.

The Echo. 1982. June 21.

The Guardian. 1991. August 19.

The Independent. [Accra]. 1994. April 27-3 May: 6-7.

The Independent. [London]. 1990. June 21.

_____. 1991. August 19.

_____. 1991. November 29.

The Observer. 1992. November 29.

The Path. 1989. Newsletter of the Kwame Nkrumah Revolutionary Guards. June.

The Sunday Times. 1991. August 18.

Toye, John. 1989. Ghana's Economic Reforms and World Bank Policy-Conditioned Lending, 1983-1988. mimeo. Brighton: University of Sussex, IDS.

- _____. 1992. "Interest Group Politics and the Implementation of Adjustment Policies in Sub-Saharan Africa." in Peter Gibbon et al. Authoritarianism, Democracy and Adjustment: The Politics of Economic Reform in Africa. Uppsala, Sweden: Bohuslaningens Boktryckers, AB.
- Trades Union Congress. 1985. Position Paper. February 18.
- T-Vieta, Kojo. 1989. "Mixed Results." West Africa. March 27-April 2.
- United Nations Development Programme and World Bank. 1989. An Economic and Financial Data. Washington, D.C.: The World Bank.
- United Nations Development Programme. 1993. Human development Report 1993. New York: Oxford University Press.
- UNICEF. 1987. Ghana: Adjustment Policies and Programmes to Protect Children and Other Vulnerable Groups. Accra, Ghana: UNICEF.
- Wade, Robert. 1984. "Dirigisme Taiwan Style." IDS Bulletin. Vol. 15. No. 2: 68-69.
- _____. 1990. Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization. Princeton: Princeton University Press.
- Waterbury, John. 1989. "The political Management of Economic Adjustment and Reform." in Joan M. Nelson. ed. Fragile Coalitions: The Politics of Economic Adjustment. New Brunswick, N.J.: Transaction Books.
- Weber, Max. 1964. The Theory of Social and Economic Organization. Talcott parson. ed. New York: The Free Press.
- West Africa. 1981. March 9.
- _____. 1985. "Ghana: Interview with Dr. Kwesi Botchwey." January 18.
- _____. 1986. January 7.
- _____. 1986. October 27.
- _____. 1989. March 6-12.
- White, Gordon. 1986. "Developmental States and African Agriculture." IDS Bulletin. Vol. 17. No. 1: 1-4.

White, Gordon and Robert Wade. 1984. 'Developmental States in East Asia: Editorial Introduction." IDS Bulletin. Vol. 15. No. 2: 1-3.

World Bank. 1981. Commodity Trade and Price Trends. Baltimore: John Hopkins University Press.

_____. 1983. World Development Report 1983. Washington, D.C.: The World Bank.

_____. 1984. Ghana: Policies and Program of Adjustment. Washington, D.C.: The World Bank.

_____. 1985. World Development Report 1985. Washington, D.C.: The World Bank.

_____. 1986. Financing Adjustment with Growth in Sub-Saharan Africa, 1986-1990. Washington, D.C.: The World Bank.

_____. 1988. Adjustment Lending: An Evaluation of Ten Years Experience. Washington, D.C.: The World Bank.

_____. 1989a. Ghana: Structural Adjustment for Growth. Report No. 7515-GH. Washington, D.C.: The World Bank.

_____. 1989b. Africa's Adjustment and Growth in the 1980s. Washington, D.C.: The World Bank.

_____. 1989c. Sub-Saharan Africa, From Crisis to Sustainable Growth: A Long Term Perspective. Washington, D.C.: The World Bank.

_____. 1990a. The Social Dimensions of Adjustment in Africa: A Policy Agenda. Washington, D.C.: The World Bank.

_____. 1990b. Structural Adjustment and Poverty: A Conceptual, Empirical and Policy Framework. Washington, D.C.: The World Bank.

_____. 1991a. World Development Report 1991: The Challenge of Development. Washington, D.C.: The World Bank.

_____. 1991b. Ghana Financial Sector Review: Bringing Savings and Investors Together. Washington, D.C.: The World Bank.

_____. 1992. Governance and Development. Washington, D.C.: The World Bank.

- _____. 1993. The East Asian Miracle: Economic Growth and Public Policy. New York: Oxford university Press.
- _____. 1994a. Social Indicators of Development 1994. Baltimore: The World Bank and John Hopkins University Press.
- _____. 1994b. Adjustment in Africa: Reforms, Results and the Road Ahead. New York: Oxford University Press.
- _____. 1994c. Higher Education: The Lessons of Experience. Washington, D.C.: The World Bank.
- _____. 1994d. World Debt Tables 1994-95. Washington, D.C.: The World Bank.
- Yeebo, Zaya. 1985. "Ghana: Defence Committees and the Class Struggle." Review of African Political Economy. No. 32 (April): 64-72.
- _____. 1991. Ghana: The Struggle for Popular Power. London: New Beacon Books.
- Young, Crawford. 1984. "Zaire: Is There a State?" Canadian Journal of African Studies. Vol. 18. No. 1: 80-82.

APPENDIX 1.0
INTERVIEWS - CHAPTER 3

Bank of Ghana Official. 1994. Accra (July).

Business People. 1994. Accra, Kumasi, Tema and Sunyani (June-August).

Chiefs. 1994. Asante Region (May-June).

Chief. 1994. Kumasi (June).

Former Convention Peoples Party Official. 1994. Kumasi (June).

Civil Servant. 1994. Accra (July).

Former Government Officials. 1994. Accra and Kumasi (July-August).

Ministry of Finance Official. 1994. Accra (July).

Former Member of People's National Party. 1994. Accra (July).

Former NUGS Executive. 1994. Accra (July).

Former NDC Member. 1994. Accra (July).

Former NDC Official. 1994. Tema (July).

Former Official of Trade Union Congress. 1994. Tema (July).

Former Patron. 1994. Accra (July).

Retired Civil Servant. 1994. Kumasi (July).

University Professor. 1994. Kumasi (July).

Ministry of Finance Official. 1994. Accra (August).

Former PDC Member. 1994. Tema (August).

Former PNDC Official. 1994. Accra (August).

Government Official. 1994. Accra (August).

Senior official. 1994. Tema (August).

Former NDC Member. 1994. London, England (October).

APPENDIX 1.1
INTERVIEWS - CHAPTER 5

Former University Professor. 1994. Accra (May).
Journalist. 1994. Kumasi (May).
NDC Activist. 1994. Kumasi (May).
NDC Activist. 1994. Tema (May).
Nkrumahist Politician. 1994. Kumasi (May).
Opposition Leader. 1994. Kumasi (May).
Pro-Democracy Activist. 1994. Kumasi (May).
Chiefs. 1994. Asante Region (June).
Former Government Official. 1994. Accra (June).
Former NDC Activist. 1994. Accra (June).
Government Supporter. 1994. Tema (June).
NPP Politician. 1994. Tema (June).
Opposition Leader. 1994. Koforidua (June).
Pro-Government Activist. 1994. Accra (June).
University Students. 1994. U.S.T., Kumasi (June).
Opposition Member. 1994. Kumasi (August).
Senior Civil Servant. 1994. Accra (August).
Chief. 1994. Kumasi (October).
Opposition Elements. 1994. Tema (October).

APPENDIX 2.0
FIELD RESEARCH NOTES
SAMPLE QUESTIONS FOR HOUSEHOLDS SELECTED ON OPPORTUNITY
BASIS

1. Are both parents working?
2. What is your occupation?
3. If only one parent is working, are there other sources of income?
4. What is your monthly income?
5. How many children do you have?
6. What is your monthly expenditure?
7. Could you provide a breakdown of your monthly expenditure?
i.e. expenditure on food, clothing, transport, kids education,
health care costs, rent, misc.
8. Is your monthly family income more or less than your
monthly expenditure?
9. If less, how do you survive?
10. What was your situation like before the Economic Recovery
Programme (ERP)?
11. Are things better or worse in terms of nutrition,
education, health, transport and housing costs?
12. Could the situation have been better or worse without the
ERP?

QUESTIONS FOR SCHOOL GOING CHILDREN

13. Do you do extra work to earn extra income for the family?
If yes, why; if no, why not?
14. If you do extra work does that adversely affect your
school work? How?
15. If it affects your school work, why don't you stop?

END

1 9 - 1 1 - 9 6

FIN