

## II. Economic Reform in a Situation of Political and Economic Uncertainty: The Political Economy of Ghana Since 1981 Comments

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シリーズタイトル(英)	Africa Research Series
シリーズ番号	5
journal or publication title	African Political Economy in Transition
page range	39-42
year	1992
章番号	II
URL	<a href="http://hdl.handle.net/2344/00016686">http://hdl.handle.net/2344/00016686</a>

## C O M M E N T

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Since Ghana launched the structural adjustment programme (SAP) in 1983, much has been written on its economic spheres. The emphasis of recent literature on SAP, however, tends to shift away from purely economic analysis toward wider perspective including the political nature of economic reforms. This trend is observed not only among academics but also among Western donors and international financial institutions, who increasingly link their official aid to the political reforms of recipient countries or emphasize the necessity of the vague word 'good governance' for the efficient implementation of economic policies.

Folson's paper makes a distinct contribution to the growing number of literature on the political economy of SAP in Ghana, with its considerable depth and details. Because his analysis ranges over many aspects of Ghanaian political economy since 1981, I restrict my comment on two important topics: the political nature of Rawlings' regime in relation to SAP, and factors that accelerated the process of democratisation.

The contrast between Rawlings' strong neocolonialist rhetoric with his emphasis on 'revolution' on the one hand, and the strong commitment to stabilisation and SAP assisted by IMF and the World Bank (which are often accused by the left as neocolonialists) on the other, created a complication in the recent history of Ghana.<sup>(1)</sup> To explain this, some argue that the 'revolution' of Ghana was betrayed when Rawlings decided to seek aid from the West, and others maintain that he patiently accepted Western aid in order to

complete the 'revolution' in a longer-term perspective.

Folson solves this puzzle by arguing that Rawlings was not, from the very beginning, a revolutionalist but a reformist. Rawlings displayed a fundamental divergence from the Neo-Marxist perspective in which the economic decline of Ghana is ascribed to the world capitalist systems. Unlike the socialist progressives, according to Folson, Rawlings "attributed the economic woes of Ghana to a failure of domestic production, ... a view that was rather close to that of the Berg Report" (p.6). This is an important observation because it provides a political explanation why Ghana accepted the IMF/Bank-assisted SAP, which is in some countries ideologically and politically sensitive.

When the PNDC revealed the budget of 1983, it became clear that Rawlings decided, despite his continuing neocolonialist rhetoric, to accept the economic prescription of IMF/Bank-led stabilisation and structural adjustment. The "economic thinking of the regime became too stark to be mistaken" as 'revolutionary' (p.6). At this point, Rawlings lost one important section of his initial support base: the radical left and socialist progressives.

Other salient political support bases of the early Rawlings' regime were university students and lower-rank urban workers. As the PNDC rigorously implemented stabilisation and structural adjustment, however, it soon became clear that the consequence of economic policy measures under SAP were most harmful to them. The removal of subsidies on education and health, the increase of public utility charges, and the large scale retrenchment of lower-rank public employees resulted in the growing discontent among the students and workers. This opposition to economic policy measures was often associated with the criticism of prolonged illegitimate

rule of the PNDC.

Under such internal pressures, the PNDC faced the difficult task of taking steps toward democracy and, at the same time, reconstructing its political base and ensuring its unilaterally imposed structural adjustment.<sup>(2)</sup> Thus, an important factor that accelerated the process of democratisation in 1986-88 (at the time of District Assembly election) was the changing political base of Rawlings' regime, which was partly generated by SAP.

After the District election was completed in 1988, as Folson writes, the PNDC seemed to have no intention to take further steps for the election at the national level "until the pressure, both internal and external, had piled up" (p.24). The internal pressure is an ever increasing demand for the multi-party systems and national election among the population. This is originated in both the internal political processes discussed above and the external political circumstances, that is, dramatic (often brutal) transition to multi-party systems observed outside Ghana, especially in East Europe and other African countries.

At the time of writing this comment, however, another external pressure is becoming dominant. It is the political conditionality imposed by bilateral donor countries, and the World Bank's increasing concern of the 'governance' of recipient countries. Although donors do not usually state any concrete political conditionality such as multi-party systems, it seems that there are some cases in which recipient countries, at least implicitly, take into account of political concessions in order to receive more aid. Whether the government of Ghana made this kind of political concessions is unclear.

NOTES

- (1) Toye, John "Ghana", p. 155.  
in Mosley, P., Harrigan, J., and Toye, J. (eds) Aid and Power: The World Bank & Policy-Based Lending, Volume 2, Routledge, London, 1991.
- (2) Haynes, Jeff "The PNDC and Political Decentralisation in Ghana, 1981-91", p.301-2, Journal of Commonwealth & Comparative Politics, 29 (3), 1991.