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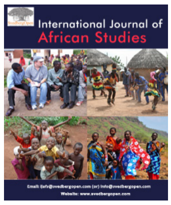

Research Paper **Open Access**

Introduction of Structural Adjustment Program in Ghana: A Dichotomy Between a Structured Economy and an Elected Polity

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Abstract

Ghana is viewed as one of top reformers among many African countries that have adopted SAP more out of compulsion in the form of threat for a cut off of external funds required to service the mounting debts. Implementation of SAP measures in Ghana exemplifies a dichotomy between a structured economy and an elected polity. The relative ease of introducing economic changes in the starting phase of SAP in Ghana, due to the authoritarian disposition of its ruling machinery, failed to persist when the country moved away from a military regime towards an elected form of governance.

Keywords: *SAP, Ghana, Africa, IFIs, Polity, Economy*

1. Introduction

Viewed as one of Africa's top reformers, Ghana went for Structural Adjustment Program (SAP) in 1983, while responding under a military rule to a chronic economic crisis that had impoverished the country and its people. There was relative ease of introducing economic changes in the starting phase of SAP in Ghana, attributing to the authoritarian character of its regime. The seeming success at initial stage was followed by failure of this program to take off Ghanaian economy at a decisive point when the country moved away from a military regime towards an elected form of governance.

Ghana is among many African countries that have adopted SAP more out of compulsion in the form of threat for a cut off of external funds required to service the mounting debts. The accelerating indebtedness in Africa has been a function of its colonial legacy of externally subservient production structure, entrenched deficit in financial surplus, post-independence top-down enforcement of import substitution industrialization, reversal of democratizing trend through authoritarian and military usurpation of political power and economic privileges. With the end of cold war, globally perceived inevitability of the capitalist economic model has ensured introduction of an export led growth program, called SAP, in Africa.

Most of the developing countries have experienced SAP in accordance with the level of its applicability. The genesis of SAP is deeply rooted in the exercise of International Financial Institutions (IFIs), specifically International Monetary (IMF) and World Bank, to reorient the development pattern of the world by integrating developing countries into the world trading system under the overarching influence of Neo-Liberal paradigm. It places the market at center stage, assigns the state a secondary role in development, and relies in the potential of unfettered individual initiative, creativity, and ingenuity.

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An attempt has been made in this research paper to respond to four fundamental questions that concern introduction of SAP in Ghana. First, what are the drivers of adoption of SAP as a new economic policy in countries of Africa? Second, how Ghana's economic policy has undergone a major change in terms of introducing SAP? Third, are structural changes in Ghanaian economy easy under a military regime? Fourth, what is the trajectory of economic restructuring in Ghana during a crucial shift in its governance from a military regime towards an elected polity?

2. Initiation of Africa into SAP

SAP follows the neoclassical model of economic thinking. Stein writes, "In the strict neoclassical model, there are no reasons for the existence of institutions. In the relaxed version, there is some need for a central authority to guarantee property rights and the stability of the money supply" (Stein, 1994). Reflecting on SAP, Stein further says, "Following the neoclassical model, structural adjustment focuses on removing state-sponsored impediments to the private sector-driven market economy. State institutions should also be limited to guarantors of the rights of private property and the money supply" (Stein, 1994). Indeed, SAP came from the World Bank and the IMF as a blanket solution to economic problems in all regions of the world. Hence, Kendie writes, "The World Banks and the IMF promote a market-oriented approach to economic management that rests on the assumption that economic 'rationality' is constant across all societies, regardless of the level of development" (Kendie, 1998).

Explaining the market-centric economic thinking of the two Bretton Woods institutions, Kendie says, "Controlling budget deficits and money supplies, and liberalizing the foreign exchange regime, which, in turn, would ensure that the market was given freedom to allocate resources within the economy, would rectify the distortions created by undue and inefficient state intervention in economic management" (Kendie, 1998). Some of the prescriptions of the World Bank and IMF are, therefore, identified by Kendie as follows: reduction in government bureaucracies, deregulated economy, elimination of government's economic roles, curtailment in social spending and subsidies of government, introduction of user fees in education and healthcare, increase in food prices, decrease in wages, privatization of state-owned enterprises, currency devaluation, removal of protection for the domestic market, restriction free operations of foreign investors, and so on (Kendie, 1998).

Contextualizing capital flow impact of SAP in the developing countries, a report of the United Nations estimated that while 85% of the value of finished products was kept in the West, only 15% of this capital returned to the country supplying the raw materials (Brown and Tiffin, 1992). Furthermore, deceleration of prices for primary commodities coincides with price acceleration of manufactured imports over time. Consequently, the terms of trade went in favor of the West at the cost of the developing world (UNCTAD, 1995). Offering a strong critique of the stated rationale behind SAP's application, Mbaku writes that although the Bretton Woods institutions tried to project themselves as "agents of social and economic transformation in the Third World, and of the elimination of global poverty, their critics claim that the primary function of these institutions during the last 50 years has been the integration of the elites and governments of the poor and relatively weak states of Africa, Asia, and Latin America into an international economy that is dominated and controlled by large transnational firms located in the industrial market economies" (Mbaku, 2004). In the similar line, Danaher writes that the World Bank and the IMF pursued, in the Global South, the objective to "integrate countries into the capitalist world economy" (Danaher, 1994).

Africa went for SAP in the mid-1980s after its leadership' failed experiments with Import Substitution Industrialization (ISI) ventures in their respective countries. Babatunde writes, "The failure of the ISI to launch Africa into industrialization, the success of the 'export-led' South- and East-Asian growth strategy, and the debt crisis of the early 1980s led to a new consensus on the importance of trade policy reform and exports in growth strategies. This new consensus was the main focus of the reforms recommended to African countries and the developing world in general from the early 1980s, within the framework of IMF engendered SAPs" (Babatunde, 2012). At first, SAP ensured liberalization of trade regimes in Africa. The process started in the mid-1980s, and it became wide spread in the 1990s when most African countries were asked to open up their trade establishments. It pushed for competitive reduction in trade barriers, more specifically imports restrictions, by many countries (Babatunde, 2012).

Initiation of Africa into SAP occurred through top-down methods of compulsion and co-option. Trajectory of inducting African countries into adjust program reminds of Nkrumah, first president of Ghana, who put forward his argument explaining reappearance of colonialism in a form of neo-colonialism. "The essence of neo-colonialism is that the State," argued Nkrumah, "which is subject to it's, in theory, independent and has all the trappings of international sovereignty. In reality its economic system and thus its political system is directed from outside" (Nkrumah, 1965).

As Mbaku states, many countries were literally forced to "adopt and implement programs designed in Washington, DC by the World Bank and the IMF in order to qualify for additional loans from the international lending community"

(Mbaku, 2004). A number of Africans perceive these programs, according to Mbaku, as "designed abroad without effective participation by [each country's] relevant stakeholders," since individual African countries in the prior negotiations were usually represented by "urban-based elites who lack both time-and-place information about economic and social conditions in the rural areas of their respective countries" (Mbaku, 2004). Mkandawire adds, "Many donors found it unnecessary to hold a dialogue with local economists, most of whom remained highly skeptical of adjustment packages. Instead, they appealed directly to the political leadership....Governments, in turn, also realized that it was much easier to make use of economists who were accepted (or even paid for) by donors.... Local economists may thus have been pushed in the direction of the IFIs' thinking by their own governments" (Mkandawire, 2014).

For generating economic growth in Africa, the World Bank in its Berg Report of 1981 clearly suggested to try and increase its income from the export of primary produce and also in its 1995 report confirmed the stipulation of SAPs for "putting exporters first" (World Bank, 1994). Conforming to this export-led growth approach retained the problems of trade content and unequal exchange, as Africa had to under sell its raw materials and buy back the manufactured form of the same at an overpriced rate. Mistry (1992), a former senior manager at the World Bank, observed, "To the extent that [Africa] continues to rely on primary commodities to generate further export earnings, it is cutting its own throat" (Brown and Tiffin, 1992). Reiterating the argument that these reforms intended to expose Africa to greater imports through lessened tariffs and non-tariff barriers, and make exports cheaper by introducing tax removal and incentive measures, Babatunde opines, "In brief, this was the US-engendered 'Washington Consensus' in practice. This was meant to open African markets so that the exportation of Western-manufactured commodities could be facilitated and the reciprocal export of raw material agricultural and mineral items at cheap prices to the Western countries" (Babatunde, 2012).

As it comes from many scholarly findings, production interlocking of Africa into capital accumulation interests of the Western powers persists due to intrusive advent of SAP. Amin says, "Dominant capital, as represented by the Transnational Corporations (TNCs) moved into the offensive, operating in Africa through the so called 'structural adjustment programs' enforced throughout the continent since the mid-1980s. I say 'so-called' because in fact those programs are more conjunctural than structural, their real and exclusive target being the subordination of the economies of Africa to the constraint of servicing their high external debt, which in its turn, is to a large extent the very product of the stagnation which started appearing in the LDCs along with the deepening crisis of the global system" (Amin, 2014).

Putting the record straight on economic and social costs of SAP in Africa, Amin writes, "The devastating results of these policies are known: economic regression, social disaster, growing instability and even sometimes total disruption of whole societies (as in Rwanda, Somalia, Liberia, Sierra Leone). During the whole 1990s Africa's rate of growth of GDP per capita has been negative (–0.2%). Africa has been alone in that case. As a result, Africa's share of global trade decreased. That fact is precisely what is being qualified as 'marginalization'. Instead one should speak here of a dramatic mal-integration in the global system." Amin further says, "Conventional neoliberal economists pretend that this is only a 'hard transition' towards a better future! But how could it be? The destruction of the social structures, growing poverty, the worsening of education and health standards cannot prepare a better future, and cannot help African producers to become 'more competitive' as requested from them" (Amin, 2014). Babatunde adds, "The SAP conditionalities imposed on debt-ridden African countries incurred great human costs on the population of the countries in question. The menu was always selling of as many public assets as possible and the severe conditions being placed on public welfare assets such as health services, education at all levels, and retrenchment of government-employed personnel" (Babatunde, 2012).

Gross failure of SAP to address basic problems of development in Africa is ascribed to neo-classical economic assumptions of World Bank and IMF. Stein says, "In the era of structural adjustment, African governments have been preoccupied with the ever-elusive goal of macro stabilization precisely because the economies have been structurally weak." He adds, "Unfortunately the theory underlying adjustment is incapable of understanding how to structurally transform these economies." He goes on saying, "Adjustment has focused on removing distortions to create a state that is optimal and in equilibrium. However, development is a dynamic process involving change over time. The adjustment policies in Africa have been preoccupied with macroeconomic stabilization, constraining government spending and money supply to maintain ever-elusive momentary macro stability. The tie between this static state and the dynamic world of development, which involves the transformation of the polity, economy and society, cannot be properly addressed using neo-classical micro foundations" (Stein, 2000).

3. Introduction of SAP in Ghana

Ghana experienced a severe macroeconomic crisis in the early 1980s and in response its government adopted SAP for bringing a positive turn to the economy. Aryeetey and Harrigan (2000) describe, "The economic and social infrastructure was near collapse, the majority of economic transactions took place in parallel markets, and there had been a massive hemorrhage of human capital. The economy was finally brought to its knees by a series of exogenous shocks, namely, the second oil price hike of 1979 and a combination of severe drought and forced repatriation of one million Ghanaian workers from Nigeria in 1983". Responding to this macroeconomic crisis, Ghanaian government came up to the World Bank and IMF looking for "a stabilization and structural adjustment package" which appeared as Economic Recovery Program (ERP) (Aryeetey and Harrigan, 2000).

Deterioration in the external economic environment with declining export prices and increasing oil prices brought to Ghanaian economy three distinct adverse features during the closing years of the 1990s. They were high macroeconomic instability, unsustainable external and internal debt, and high poverty levels (Hutchful, 2002). The pre-existing nexus between development deficit and commodity price depreciation further deepened in Ghana under SAP. Thomson writes, "Structural adjustment did little beyond stabilizing the economy. There was certainly no 'take-off' into sustained development. The country's economy was still dominated by cocoa, timber and minerals, and international commodity prices remained volatile. The price of cocoa, for example, fell during the SAP period, due to an increase in production and currency devaluations, not only in Ghana, but also in other adjusting countries around the world" (Thomson, 2010). Thus, implementation of SAP further increased structural vulnerabilities in Ghana's economy, since it faced steady decline in its commodity production earnings.

The urgency to contain the steady plunge in revenue generation prompted consecutive augmentation of annual level export commodity production at the cost of producing subsistence goods for domestic consumption. Thomson again writes, "Consequently, Ghana had to increase production each year merely to retain the same income. There were also concerns that this increase in primary produce for export was damaging the domestic food market. Should not farmers be concentrating on growing crops for home consumption? And, all the time, Ghana's debts grew. In 1998, Ghana's external public debt was the equivalent of 76% of its GDP, while the country ran a balance of payments deficit of US$806 mn" (Thomson, 2010). Hence, persisting indebtedness becomes a function of over production of under-priced export commodity and under production of subsistence goods in Ghana with its SAP initiatives.

Heading its military government that introduced SAP in Ghana, J.J. Rawlings played a decisive role in implementing the program. Hutchful accordingly writes, the "World Bank negotiators had learned that...all that was needed was Rawlings' personal commitment to ensure that a policy would be carried [out]" (Hutchful, 2002). Thus, Ghana's political sphere became subjected to intense external pressure, persuading Boadi and Jeffries to write, "External interests became major players in Ghanaian politics at this stage, as economic crisis and indebtedness increased dependence on such interests" (Boadi and Jeffries, 2000). As the process of implementing SAP moved ahead in Ghana, enormous economic concerns surfaced generating people's dissent and strain in government's legitimacy. Akinola writes, "The opposition considered it the highest level of insensitivity and economic hardship. The hikes were directive from the IMF in fulfilment of Ghana's three-year aid deal with the Bretton Woods institution, which aimed to address the recurrent power crisis and ensure fiscal discipline"(Akinola, 2018).

4. Structural Changes in Economy under Military Regime

As Ghana followed the path of SAP with the leadership of Rawlings since 1983, the process of bringing changes to its economic structures moved with relative ease under his military government. Tordoff says, "In Ghana Rawlings, behind a façade of populist radical policies, undertook a series of economic reforms with IMF and World Bank support. His was essentially an authoritarian regime that severely curtailed political party activity until 1992, when (having resigned from the air force) he was returned as civilian president in elections regarded as unfair by the opposition parties; they boycotted the ensuing parliamentary elections, thus giving an easy victory to the ruling NDC" (Tordoff, 2002). Defending his case for SAP, Rawlings noted, "Our measures must be seen as an integral part of the new wave of realism cutting across geographic and ideological boundaries the world over. The wave of realism has led to major economic policy reversals in both the West and the East, both in the North and the South. Both the USSR and China have had to review some of their fundamental economic policies. And so have France and the USA" (People's Daily Graphic, 1987).

In terms of economic principles, Rawlings did not have former commitments to market-centric approach. Gyakari writes, "Initially when Fit Lt. Rawlings came the second time he was bitterly against the IMF but eventually he was faced with the reality that without external funding, there was no way he could revamp the economy, consequently, he had no option but to 'dine with the IMF'...and this brought untold hardship to Ghanaians. It must be pointed out that no civilian government could have successfully implemented the IMF policy as the PNDC did and survive it in Ghana" (Gyakari, 2002). Putting Ghana's context into a broader analysis, Gyakari further says, "In most cases, the military cite the mismanagement of the economy as one of the reasons for overthrowing a civilian government. When they are in power therefore, the military usually undertake some economic reforms. More often than not however they tend to dine with the IMF" (Gyakari, 2002).

Thus, economic exigency time becomes a pretext for the military to usurp political power. Ajayi and Ibrahim observe, "Citing massive corruption and maladministration, Flight Lieutenant Jerry Rawlings staged his first coup in 1979, for which he was arrested and tried publicly. But while the trial was on, his collaborators, led by Captain Boakye Djan, staged the second coup, which led to the establishment of the Armed Forces Revolutionary Council (AFRC) under the chairmanship of Jerry Rawlings" (Ajayi and Ibrahim, 2018). Ajayi and Ibrahim go on saying, "It was apparent that Rawlings' emergence on the political scene was to cleanse the Augean stable left by the civilian political class, institute a new political culture founded on transparency and accountability, and thereafter hand over to a civilian regime. Thus his was a transitional arrangement devoid of the superfluous and widening social, economic and political programs characteristic of sit-tight rulers. But whether Rawlings succeeded in that task is a different issue" (Ajayi and Ibrahim, 2018).

When it comes to *modus operandi* for pushing through exigency driven SAP provisions in Ghana, Herbst writes, "The Rawlings government, not dependent on the electorate for gaining or retaining power, was uncomfortable with the prospect of actually developing real political support for the changes it had wrought" (Herbst, 1993). Hence, threat to use force characterized Rawlings initial strategy of bringing structural program into the ground. Herbst says, "There were also widespread protests by students and other urban dwellers who were severely affected by the government's policies. Despite the protests, the government was able to implement the system of bonuses and surcharges—in part, of course, because people knew that Rawlings was willing to use force to get his program through" (Herbst, 1993). Herbst goes on quoting one government official: "This government was prepared to take action. It also had a strong constituency among those who hold the gun. The population knows that if you complain, you will be silenced. If you did misbehave you would be taken care of." He further cites Professor Adu Boahen's courageous Danquah 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 Citizens' Vetting Committees (CVC) or National Investigations Committee (NIC) or being subjected to all sorts of molestation" (Herbst, 1993).

Announcement of massive reform program in Ghana of 1983 did not generate any huge popular unrest incited by organized or unorganized labor. In comparison to previous protests of 1970s, strikes occurred in limited scale. The PNDC made prior attempts at mobilizing the workers and failed in pre-empting immediate union protests against the devaluation and increases in prices as well as the concrete signal of impending hard hitting reforms. The workers unions were vocal in their public protests and some of them prevented a speech by Finance Secretary Kwesi Botchwey in Kumasi in May 1983 (People's Daily Graphic, 1983). In the post budget announcement period, however, the government managed to survive with lesser hindrances. Workers threatened, without coming to the streets. There was an upsurge in strikes in 1983, but its extent did not match previous labor activism in Ghana (Herbst, 1993). Indicatively, in this crucial phase, the PNDC was able to carry the strong backing of few workers. For instance, the Workers' Defence Committees (WDCs) put road blocks and stood in support of the regime, when it faced, as Hansen suggests, its most severe coup threat on June 19, 1983 (Hansen, 1987).

Dearth of substantial challenge by workers to the government's announcement of its economic reform package has some plausible reasons. The PNDC had abruptly replaced much of the unions' traditional leadership with compliable ones (Herbst, 1993). Rawlings anticipated obstacles from the existing trade union leadership and noted in his 1987 speech, "The traditional union movement, like other institutions . . . has had its own history of power being exercised by a few who do not always express the real interests of that constituency"(People's Daily Graphic, 1987). Persistent persecution of the previously elected Trade Union Congress (TUC) officials followed the last coup of Rawlings. Demonstratively, in January 1982, 16 general secretaries of various unions were "reported to have gone into hiding for fear of molestation by the workers, some of whom cursed and cried for their blood" (Echo, 1982). The new regime ousted the existing union leadership in April 1982, placing the TUC under the control of an appointed Interim Management Committee consisting of its ardent supporters (US Dept. of Labor, 1989).

As operating during 1982, the WDCs challenged the organized union structures supposedly representing workers' interests on the shop floor. Hansen writes, "The WDCs became the main centers for the expression of shop-floor militancy and struggle within the labor process, first, for the control of the labor movement and secondly, for the control of the labor process itself" (Hansen, 1987). The new ruling dispensation left behind the record of its preceding governments to co-opt the labor movement and tried to replace existing union organization on the shop floor. For instance, in February 1982, retaliatory workers' takeover of Ghana Textile Products Company followed its threat to remove half of factory workers due to the country's economic distress. The government intervened in support of the workers, condemning the police action and deported the expatriate manager, only when a WDC march came under the police attack in Tema in March 1983 (Kwakyi, 1988). The co-option strategy enabled the PNDC to mobilize unorganized workers in huge numbers, ensuring large workers participation in its frequent rallies during 1982. There was no core leader left to organize workers for a collective agitation against the regime (Herbst, 1993). In fact, the only leaders the workers had "appealed to workers to exercise utmost restraint whilst the leaders engage in consultation with the government in order not to jeopardize the long-term goals of the workers' struggles" (People's Daily Graphic, 1983).

The government's repression also played an obvious role in dodging the chance for workers unrest. The order issued by Rawlings for execution of three former heads of state and severe human rights violations during the first year of the PNDC provided a hint to the workers of the regime's wrath in case of their public opposition to the new reforms (Herbst, 1993, p.68). Indeed, Finance Secretary Botchwey immediately conveyed the intent to see criticism of the budget as a disloyal act: "The sudden alliance between certain negative elements in society and workers following the release of the 1983 budget is an attempt by such elements to hide behind legitimate workers' grievances and subvert an economic programme meant to put the economy right" (People's Daily Graphic, 1983). Likewise, just before the TUC going to elect a new leadership in 1988, Kojo Tsikata, the PNDC member in charge of security, warned:

> 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. (Owusu, 1990)

Evidently in 1982, the government directed violence against many members of society in an extremely decentralized style. The ordinary person's susceptibility to repression possibly deterred workers inadvertently from taking any anti-regime action. Thus, tyranny of the ruling machinery constrained the labor's access estimation about political space for its inside operation (Herbst, 1993).

The interim committee of the TUC was voted out in December 1983 and many pre takeover leaders of the congress returned to power. The new leadership persistently attacked the changing economic measures of the government (Herbst, 1993). Yankey, the new head of the TUC, said, "The plain truth is that the ordinary Ghanaian, the poor worker, is suffering. And the government must know that there is a limit to human endurance" (Pioneer, 1984). In continuation, the TUC executive board adopted a resolution in 1984, noting, "As a result of these IMF and World Bank conditions, the working people of Ghana now face unbearable conditions of life expressed in poor nutrition, high prices of goods and services, inadequate housing, continuing deterioration of social services and growing unemployment above all. . . We caution government that the above conditions pose serious implications for the sharpening of class conflict in the society" (Pioneer, 1984). Besides, infrequent worker protests put the regime in embarrassment. For instance, in January 1986, following a minimum wage announcement, workers in Tema protested on the streets and the local labor coordinator grieved that the increase in the minimum wage represented nothing more than "a slave-wage which is not our choice" (Pioneer, 1986).

Conversely, the functional legacy of the PNDC made union leaders, continuously involved in anti-reforms agitations, comprehend existing tolerance level of the government in dealing with real protests. For instance, when the TUC tried to protest the Cocoa Board's retrenchments and terminal benefits provision affairs, the PNDC's armored cars encircled the TUC headquarters (West Africa, 1986), compelling trade union leaders for their tactical adjustment. Herbst quotes one senior TUC functionary saying, "The TUC knows that if it had a militant policy with strikes it might end with the dissolution of the TUC. Then we would have the double task of trying to get reinstated and to help protect the workers' movement. We are working toward the survival of the workers' movement. Therefore, we use these methods [talks with government] rather than violence" (Herbst, 1993). Furthermore, the TUC lacked the analytic and organizational ability to develop an alternative to the government's programs. The prolonged economic decline and the PNDC engineered changes in its leadership had substantially damaged structural capacity of the labor movement (Herbst, 1993). Consequently, the government machinery managed to guarantee hindrance free implementation of its new economic program.

5. Economic Restructuring Trajectory with an Elected Polity

The relative ease of introducing economic changes in the starting phase of SAP in Ghana, due to the authoritarian disposition of its ruling class, failed to persist when the country moved away from a military regime towards an elected form of governance. Hutchful writes, "Ghana's real economic record under adjustment was mixed" (Hutchful, 2002), arguing further the idea of natural co-existence of “market” and “democracy” is a “hoary and a historical piece of revisionism” (Hutchful, 2002). Boadi and Jeffries write, “The alarming experience, whereby it took 10 years to stabilize Ghana’s macro economy followed by an almost immediate collapse in macroeconomic management in 1992, has raised questions as to whether Ghana really is the adjust paradigm of sub-Saharan Africa. Donors and government, after 14 years of investment in adjustment, are understandably reluctant to acknowledge such a possibility” (Boadi and Jeffries, 2000).

For further illustration, Boadi and Jeffries observe, “Private sector investment remains at 4.4% of GDP, exactly the same as in 1984, and real GDP growth in 1994 fell to 3.8%, much of it driven by donor-driven public expenditure. The economy has become aid-dependent with the debt to GNP ratio now at 101.5%, inflation has remained in double figures throughout the ERP, the money supply continues to grow at an average annual rate of 50%, narrow fiscal deficits have re-emerged, the value of the cedi has experienced a perceptious decline and a balance of payment surplus is largely the result of capital inflows in the form of grants and loans” (Boadi and Jeffries, 2000). They go on asking, “Whether concentrating on macro policy without adequately focusing on sectoral policies to overcome structural supply-side constraints has been the best option within the overall adjustment framework. Clearly, macro management, particularly control of the money supply, is essential, but this needs to be accompanied by strong efforts to boost food production, generate private sector investment, diversify the export base, and rejuvenate the industrial sector” (Boadi and Jeffries, 2000).

Trajectory of economic adjustment induced political reforms in Ghana under the leadership of Rawlings has a chequered account. Tordoff writes, “With the economy in reasonable shape, despite the sharp rise in the price of oil and the fall in the price of cocoa, he won again in 1996 in elections widely regarded this time as free and fair” (Tordoff, 2002). In contrast, Iroanya says, “In many cases, what is regarded as democratization is a transformation from military dictatorship to civilian despotism......In Ghana, Flight Lieutenant Jerry. Rawlings took over power in 1979, conducting an election and handing over power to a civilian administration the same year. However, in 1981 he ousted the elected government of President Hilla Limann in a second military coup. This time he installed himself in power and later transformed himself from a military dictator to an elected autocrat in1992” (Iroanya, 2018). In similar line, Okeke observes, “Some of the military heads of state only removed their military uniforms and put on civilian mufti and still retained their position in power by manipulating the electoral processes. For instance, in Ghana, Jerry Rawlings ‘civilianized himself’ and remained in power” (Okeke, 2018).

Looking at democratic experiments in Ghana in the broader context of African experiences, Iroanya notes, “African experience has shown that military-imposed democracy does not stand the test of time. Ghana’s first attempt at democratization in 1979 after the first military coup ended in 1981, merely two years later” (Iroanya, 2018). R.O. Iroanya further says, “What may be seen from the African democratization experience is that the military lack the capacity to address structural problems that cause political instability. It is also deducible that frequent termination of democratic governance by the military does not allow for a maturing democratic political culture. More so, the transformation of military dictators to civilian despots does not alter dictatorial patterns of governance but rather gives it a democratic name. Constitutional manipulations prolong the autocracy of leaders in “democratized” Africa but remain largely unhealthy for democratic consolidation” (Iroanya, 2018). In continuation, Ajayi and Ibrahim observe, “The 1990s witnessed the emergence of global merchants, as military rulers were not only economically parasitic but also plunged their nations into debilitating structural, economic and financial crises.”They add that these regimes in Africa “virtually surrendered the country to the International Monetary Fund (IMF) and World Bank in a most controversial SAP, with its attendant economic and political distortions and dislocations” (Ajayi and Ibrahim, 2018).

6. Conclusion

In essence, the World Bank and the IMF followed the neoclassical model of economic thinking and gave SAP as a blanket solution to economic problems in all regions of the world. Based on the market-centric economic logic, the two Bretton Woods institutions prescribed reduction in government bureaucracies, deregulated economy, elimination of government’s economic roles, curtailment in social spending and subsidies of government, introduction of user fees in education and healthcare, increase in food prices, decrease in wages, privatization of state-owned enterprises, currency devaluation, removal of protection for the domestic market, restriction free operations of foreign investors. The application of SAP in the developing countries deepened capital flow asymmetry between primary commodity supplier and finished product recipient regions, with an inversial price relation between raw materials and manufactured goods and attendant regional disparity in trade value.

For generating economic growth under the stipulation of SAPs, Africa was suggested to give primacy to export and increase its income from the export of primary produce. Conforming to an export-led growth approach retained the problems of trade content and unequal exchange for Africa under selling its raw materials and buying back the manufactured form of the same at an overpriced rate. This production interlocking of Africa into capital accumulation interests of the Western powers persists due to intrusive advent of SAP. Africa went for SAP in the mid-1980s through top-down methods of compulsion and co-option, after its leaderships' failed experiments with ISI ventures in their respective countries.

Ghana experienced a severe macroeconomic crisis in the early 1980s and in response its government adopted SAP for bringing a positive turn to the economy. The persisting indebtedness becomes a function of over-production of under-priced export commodity and under-production of subsistence goods in Ghana with its SAP initiatives. Heading its military government that introduced SAP in Ghana, Rawlings played a decisive role in implementing the program. IFIs negotiators had found Rawlings' personal commitment as essential to carry out the policy making Ghana's political sphere subjected to intense external pressure. Deterioration in the external economic environment with declining export prices and increasing oil prices brought macroeconomic instability, unsustainable external and internal debt, and high poverty levels to Ghanaian economy during the closing years of the 1990s. The pre-existing nexus between its development deficit and commodity price depreciation further deepened under SAP. As the process of implementing SAP moved ahead in Ghana, enormous economic concerns surfaced generating people's dissent and strain in government's legitimacy.

As Ghana followed the path of SAP with the leadership of Rawlings since 1983, the process of bringing changes to its economic structures moved with relative ease under his military government. While Rawlings did not have former commitments to market-centric approach in terms of economic principles, the government machinery managed to guarantee hindrance free implementation of his newly embraced economic program. Announcement of massive reform program did not generate any huge popular unrest incited by organized or unorganized labor, except limited scale of workers strikes. The dearth of substantial challenge by workers to the government's announcement of its economic reform package has some plausible reasons, including abrupt replacement of the unions' traditional leadership with compliable ones, decentralized style of repressing ordinary persons, indirect deterrence to workers through tyranny of the ruling machinery.

The relative ease of introducing economic changes in the starting phase of SAP in Ghana, because of the authoritarian disposition of its ruling class, failed to persist when the country moved away from a military regime towards an elected form of governance. Trajectory of economic adjustment induced political reforms in Ghana under the leadership of Rawlings has a chequered account, negating the idea of natural co-existence of 'market' and 'democracy.' The process of democratic experiments in Ghana can be understood in the broader context of African experiences, which suggest that constitutional manipulations prolong the autocracy of leaders in a 'democratized' Africa finding itself largely unhealthy for democratic consolidation. There have been economic and political distortions and dislocations in Africa, when its regimes went for IFIs-dictated SAP measures, creating space for transformation of an armed dictator to an 'elected autocrat' through 'civilianization' of the power wielding military.

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