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Ghana after Rawlings



Country Report No. 1



The South African
Institute of
International Affairs

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Ghana After Rawlings

Greg Mills with Antoinette Handley

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THE SOUTH AFRICAN INSTITUTE OF INTERNATIONAL AFFAIRS

ISBN: 1-919810-26-9

SAIIA Country Report No.1

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Ghana after Rawlings

Greg Mills with Antoinette Handley¹

We are trying to get the public to take up its responsibility about its own government ... the armed forces is not a time-bomb behind a civilian government ... We want to show you that you have been in bondage, we broke your chains for you, now we leave you to go where you want to. That is why I am taking a moral stand ... we still believe in the majority having a say and deciding their lives.

Flight-Lieutenant JJ Rawlings, 1979²

Once you have touched the magic wand of power, never dream that you can go back to your village, the barracks or wherever you were before.

Colonel Ignatius Acheampong
Military Ruler of Ghana, 1972-78³

Introduction and summary

On the wall in Accra's 'Champs Bar' is a poster with the words: 'Joost do it'. The waiters and waitresses wear Ghana's national football shirts emblazoned with the moniker 'Staff'. But is Ghana's economic recovery programme working? Will political change in 2000 bring both recovery and delivery? and Will South African firms have a look in?

Between the time of Ghana's independence on 6 March 1957 and the period following the second military coup staged by Flight-Lieutenant Jerry John (JJ) Rawlings on New Year's Eve in 1981, the country witnessed no less than eight

¹ DR GREG MILLS and ANTOINETTE HANDLEY are respectively the national director and research associate at the South African Institute of International Affairs based in Johannesburg, South Africa. This report was written following two research visits to Ghana in October and December 2000 during which more than 30 interviews with businesspeople, soldiers, academics, diplomats, politicians and civil servants were conducted. Most of these interviews were given on a non-attributable basis, however.

² *West Africa*, 9 July 1979, p.1199.

³ Cited in *West Africa*, 10 December 1979.

successive governments — five military and three civilian — five of which had been overthrown by violence and not through the ballot box.

In contrast, following the military–civilian transition in the 1990s, Ghana is frequently cited as a model of how to transform from a military regime to democratic rule. During the decade, it was regarded also as one of Africa’s steadily performing and reforming states, this status being recognised by the commitment and attachment of both international financial institutions (IFIs) and Western governments. For example, Ghana was the first stop on President Bill Clinton’s 12-day African tour in March 1998.

Ghana is today, however, at an important international, regional and domestic crossroads. The outcome of its journey could affect wider perceptions of the continent generally, and South African business interests specifically. Domestically, Rawlings has brought stability to Ghana through 20 years of populist, sometimes authoritarian though pragmatic rule. He was the man who always ‘said the wrong thing, but did the right thing’, particularly in recognising that Ghana needed the International Monetary Fund (IMF) and World Bank to bail it out of trouble. Since 1983, the World Bank has given an estimated US\$2 billion in assistance.

Rawlings saw the democratic writing on the wall, launching a multiparty system in 1992. He also adhered to the constitutional tenet of a two-term presidency, stepping down in 2000. His brand of democratic populism and economic pragmatism, coupled with his military background, also kept the armed forces in the barracks. Today Ghana’s armed forces are regarded as among the most professional and stable in West Africa. They are also regular contributors to United Nations (UN) peacekeeping missions.

But Vice-President John Atta Mills of the ruling National Democratic Congress (NDC), Rawlings’ anointed successor, lost the first round of elections on 7 December 2000 to John Kufuor of the New Patriotic Party (NPP) by 44.54% to 48.17%. The parliamentary contest was also won by the NPP, gaining 99 seats to the NDC’s 92, the remainder in the 200-seat parliament going to independents (4), the Convention People’s Party (1) and the People’s National Convention (3), with one seat undecided.

A second round presidential run-off was held 21 days later, and Kufuor once more scooped victory by a margin of 57% to Mills’ 43% in a poll marred by

intimidation and violence.

Much more than Ghana's titular leadership could hinge on the outcome of the election, however. There are still immense economic challenges facing Ghana. While it might be the shining success of West Africa, this is all relative. The overriding dependency on commodity products (agriculture accounts for 40% of revenue) and the combination of low gold and cocoa prices and high oil costs have crippled the economy. The cedi devalued by more than 70% during 2000. Some difficult economic choices, avoided by Rawlings in the run-up to the election, will have to be made by his successor, including raising the petrol price to realistic levels. In December 2000, it sat at just 50% of its estimated production cost.

Business is feeling the pinch in this environment, with many smaller traders unable to plan effectively because of foreign exchange shortages, and high inflation (around 40%) and the sliding value of the cedi eating up profits. But the government will have to ensure that it maintains a monetary regime that is able to react to (in the words of the World Bank country representative) 'distinctive change in supply and demand of foreign exchange'. In the longer term, it will also have to reduce its export dependency on what the World Bank has termed 'inelastic commodity earnings', notably cocoa and gold.

Regionally there is chaos. Robert Kaplan, the US author, was roundly criticised a few years back for condemning West Africa as 'the symbol of worldwide demographic, environmental and societal stress', where 'political maps are ... deceptive.' But this picture is, unfortunately, becoming a realistic assessment rather than the product of a post-modernist imagination.

Bordered to the west by Côte d'Ivoire, which is currently in the throes of a post-junta electoral crisis, and to the north and east by Burkina Faso and Togo, Ghanaians and foreign officials alike are extremely concerned about the role played by Charles Taylor's Liberia, which is seen to be creating a revolutionary climate in the sub-region, with Libyan support. Poverty-stricken domestic conditions in its neighbours are seen as 'fodder' for the rise of radical Islam and tribal tensions: a factor to which 'the highly ethnically, religiously and income differentiated' regional giant Nigeria could itself fall victim, with wide and potentially dramatic consequences. There also remain ethnic tensions in Ghana, with the NDC being viewed by some as an Ewe party, with Kufuor's NPP seen as largely Ashanti.

Whatever the economic challenges and military/NDC/ethnic grumblings about an NPP victory, it is unlikely that Ghana's military will see fit to intervene in politics once more, even if many owe their appointments to Rawlings and the NDC. This would seem to run contrary to both the internationalist and democratic tradition that Rawlings has overseen. But the military's future role will to a great extent be determined by the economic environment and whether pressing domestic challenges can be met through reform and regional threats defused diplomatically.

Historical Background

As the first European colony to achieve independence in 1957, Ghana's post-independence history has been marred by political instability and economic decline.

Economic reform and limited growth

At the time of independence, Ghana had the highest per capita income in sub-Saharan Africa. However, following the adoption of unsuccessful statist economic policies by Kwame Nkrumah and later the collapse in the world cocoa price, the growth rate crumbled and the early promise evaporated. By 1980:⁴

The economy had been largely devastated. Signs of collapse were everywhere ... Roads acutely needed repair, much of the railways had ceased to function, and the ports were only in slightly better condition. Power supply and telephone connections had broken down ... lack of imported spare parts had crippled much of the transport fleet and prevented repair of the infrastructure.

Rawlings' inheritance was worsened by the expulsion of more than one million Ghanaians and a severe, prolonged drought. Contrary to the impression given by his populist rhetoric, his radical 'house-clearing' of the military (which included the summary execution of three former military rulers, Akwasi Afrifa, Ignatius Acheampong, and Fred Akuffo on the beach at the military firing range at Teshi just outside Accra), and the profile of his foreign relations with countries such as Libya, Rawlings adopted an extraordinarily pragmatic response. An aggressive programme of economic stabilisation known as the Economic Recovery Programme (ERP) was launched in 1983, with support from the World Bank and the IMF. This relationship continues today, with

⁴ Cited in *Ghana and the World Bank*, November 1999, Accra.

Ghana the 'largest portfolio' in the Africa region of the World Bank, with US\$1.1 billion provided by the Bank for 'adjustment support for policy reform' between 1983 and 1998, and US\$3.5 billion loaned mostly from the International Development Association (IDA).

Since the launch of the ERP, real GDP has fluctuated—from 3.3% in 1990 to 5.3% in 1991. After 1996, GDP growth has been steady: 4.2% in 1997, 4.7% in 1998, and 4.5% in 1999, though this is expected to dip to just 1% in 2000.

These reforms have not always gone smoothly. The 'lively' debates with the World Bank and international donors have been mirrored by more violent protest outside the corridors of power. In February 1995, there were riots in Accra over the attempted introduction of a Value Added Tax (VAT), which led to the withdrawal of the tax for the time being. However, VAT was introduced in December 1998, at first set at 10%, and today at 12.5%.

The economy remains heavily dependent on commodity earnings. Agriculture accounted for 36% of GDP in 1999, down from 56.2% in 1977. It also employs the majority of Ghanaians. Cocoa, the principal crop, accounts for 30–40% of export earnings. Côte d'Ivoire and Ghana produce 60% of global cocoa output.

Efforts are currently being made to boost cocoa production from 400,000 tonnes annually to 500,000 tonnes by 2004 and 700,000 tonnes in 2009. (At independence production was around 560,000 tonnes.) This improvement is planned through rehabilitating farms, reducing government taxes, improving road access, and increasing the price paid to producers. Most cocoa is produced by around 1.6 million peasant farmers. However, cocoa prices have fallen from a mid-1980s peak of US\$1/lb to US\$38.3 cents/lb in January 2000, a 27-year low.

The mining sector is dominated by gold, though the diamond, manganese and bauxite sectors have shown some recovery after substantial decline in the 1970s. Gold is the largest export earner. Ashanti Goldfields has been the country's largest producer, though its share of the sector has fallen from 90% to 50% due to an expansion of investment by other parties. Kufuor has made it clear, however, that he has no intention of selling off the government's remaining 20% stake in Ashanti, which he considers the 'flagship of Ghana ... what remains is looked upon as a national heirloom that must not be trifled

with. We support all moves to retain it.⁵

The manufacturing side industrial sector is considered diverse for a country of Ghana's size, and includes aluminium smelting, timber and agricultural processing, cement manufacture, the (loss-making) Tema Oil Refinery, textiles and pharmaceuticals. Industrials overall contribute 25% of GDP, up from 15.8% in 1977, with manufacturing at a roughly constant 10% of GDP.

The services sector contributed a constant 28% of GDP between 1977 and 1998. In this regard, tourism is arguably the area where the greatest potential lies for Ghana. Although malaria remains a deterrent for many Western visitors, the combination of unspoilt beaches, friendly and good service and cheap accommodation should be attractive to most visitors. In particular, the Rawlings government targeted the African-American tourist market, organising special 'heritage tours', and including visits to the string of coastal forts used originally as bases for trade in gold, spices, ivory and slaves. Three of these forts—those at Elmina ('the mine'), Cape Coast and Fort St Jago—have been declared as UNESCO World Heritage sites. Tourism is already the third largest foreign exchange earner. International tourist numbers grew from 265,000 in 1993 to 348,000 in 1998, with the Rawlings government setting a target of a million visitors by 2010.

Finally, in 1996, the government launched its economic *2020 Vision*. This vision lays out a strategy by which Ghana hopes to achieve, by 2020,

a balanced economy and a middle-income country status and standard of living, with a level of development close to the present level in Singapore. This will be realised by creating an open and liberal market economy, founded on competition, initiative and creativity, that employs science and technology in deriving maximum productivity from the use of all our human and natural resources and in optimising the rate of economic and social development, with due regard to the protection of the environment and to equity in the distribution of the benefits of development.

⁵ See the special report on Ghana in *The Courier: The Magazine of ACP-EU Development Co-operation*, 180, April/May 2000, p.34.

Civilian and Military Rule in Ghana: A Brief Chronology	
1951	Convention People's Party's (CPP) first election victory (still under colonial rule).
1957	6 March, independence. Ghana governed by the CPP under the leadership of Kwame Nkrumah.
1964	Declaration of one party state.
1966	24 February 1966. 'Operation Cold Chop': military coup under the leadership of Generals Ankrah and Afrifa. Ruled under National Liberation Council (NLC).
1969	Elections. Civilian government led by Dr Kofi Busia and the Progress Party (PP).
1972	13 January: military coup led by Colonel Ignatius Acheampong. Ruled with Supreme Military Council (SMC I).
1978	5 July: palace coup under leadership of General FWK (Fred) Akuffo. SMC II established.
1979	15 May: Failed coup attempt by Flt.-Lt. JJ Rawlings. 4 June: Rawlings' breakout from prison; installed as interim head of state with Armed Forces Revolutionary Council (AFRC). Execution of senior military officers. 15 June: Presidential elections proceeded as planned. Election of Dr Hilla Limann of the People's National Party (PNP) as the new President of the Third Republic and inauguration of elected civilian regime.
1981	31 December: Second military coup led by Rawlings; governed with Provisional National Defence Council (PNDC).
1983	Economic Recovery Programme (ERP) launched.
1992	PNDC reformed as a political party, the NDC. Multiparty elections for president: fairness disputed by some observers; opposition boycott of legislature elections that followed. Rawlings won the presidential election by 58.3% to 38.4% over his closest contender, the New Patriotic Party's Professor Albert Adu Boahen.
1996	Second set of multiparty elections; widely regarded as free and fair and won by Rawlings' NDC from the NPP's John Kufuor by 57.5% to 39.5%.
2000	Third set of multiparty elections scheduled for early December. Rawlings forbidden by the constitution from seeking a third consecutive term of office. NDC's election bid led by Vice-President John Evans Atta Mills; the opposition NPP by John Kufuor. Kufuor won first round with 4% majority, but not the requisite 50% + 1. Elections went to a second round on 28 December 2000, again won by Kufuor.

Political liberalisation

With global and regional change in the early 1990s, Rawlings launched a rapid programme of political liberalisation to complement his advances in the economic realm. In November 1992, the ruling Provisional National Defence Council became the NDC and staged Ghana's first multiparty elections for more than a decade. Rawlings won the presidential contest over Professor Albert Adu Boahen of the New Patriotic Party, 58.3% to 30.4%. Amidst claims of fraud, the opposition boycotted the December parliamentary election.

For the 1996 election, the New Patriotic Party and the Nkrumahist CPP formed an alliance, fielding John Kufuor, once a Deputy Foreign Minister under Busia, as the presidential candidate. The result was much closer than the 1992 election, Rawlings winning by 57.5% to Kufuor's 39.5% and the NDC scooping 133 to the NPP's 61 seats in parliament.

Whatever the nature of the reforms, few observers are under any illusions about the authoritarian nature of the Rawlings regime. Moreover, many in the military owed their careers to Rawlings – and indeed, continue to do so.

There is little doubt, however, that many Ghanaians continued to see the NDC as little more than the military in democrats' clothing. With the departure of Rawlings from the presidency in 2000, they were apparently less fearful of retaliation against opposition to his rule; hence the strong support for Kufuor in the December 2000 election.

Ghana: The status quo

The political environment

The parliamentary and presidential victory by the NPP in the December 2000 elections could thus be taken to represent a fundamental consolidation of Ghana's democracy.

Some additional, albeit tentative pointers can be drawn from this event.

- First, to some extent the new government represents the de-personalisation of Ghanaian politics with the removal of Rawlings and his party from the political centre stage. Professor Atta Mills' prospects were seen to have suffered rather than improved from his close ties to Rawlings.

- Second, the election of the centre-right NPP is seen by many as confirmation of the need for ongoing economic reforms and a further move away from the abuse of civil liberties which characterised the military regimes. Kufuor will, however, face immediate difficult political choices in making these economic reforms, particularly in the removal of petrol subsidies (see below).
- Third, there was never any question of military interference, and in any case the military were unlikely to intervene unless the results were contested and widespread political and social unrest emerged. However, questions remain about Rawlings' role, especially given the poor showing of Atta Mills. Rawlings remains a relatively young man (54), and is unlikely to step out of the public limelight altogether after 20 years in politics, especially as he remains the life chairman of the NDC. The response of the NPP to his conspicuous public displays of consumption and the possibility of legal challenges arising from human rights abuses allegedly committed during his rule may be important determinants of Rawlings' future career—and also of the reaction of the military. There remains the possibility of Rawlings and others in the military being held accountable for the deaths of four judges following the 4 June 1979 coup. However, political figures have argued that this could destabilise the fragile compact in Ghana. Although he has said that 'Ghana is fed up with coups and this is a remote possibility', the NDC Deputy Defence Minister, Tony Aidoo, warned of the effects of the NPP government pursuing an investigation against President Rawlings and his family, 'which would ruffle people's feathers—not only in the military, but in a sizeable portion of the civilian population.' He added that 'creating a South African-type [Truth and Reconciliation] solution here is not going to work for Ghana, but rather it will open a Pandora's box which will be very difficult for us to close.'⁶
- Fourth, some commentators have highlighted the class-based nature of the NPP/NDC divide, and ask whether the election result might create a populist backlash, as well as an increase in Ashanti/Ewe NPP/NDC tensions. During the first-round election (in which more than 60% of the 10.6 million registered electorate voted), 75.5% of the Ashanti region voted for Kufuor.⁷
- Fifth, the role of parliamentary (and civil society) institutions might receive

⁶ Interview, Accra, 15 December 2000.

⁷ See *The Accra Mail*, 14 December 2000.

a boost from the election's outcome, particularly given the role of the Inter-Party Action Committee (IPAC) in institutionalising the common interests of all political parties in the electoral process and acting as a conflict resolution mechanism. This process involved all of the parties in rule-making, strengthening the role of civil society initiatives which characterised at least the latter stages of the Rawlings era.

The economic realm

As has been intimated above, Ghana faces an environment characterised not only by political change but increasingly by economic uncertainty and difficulty. This may impact on the ability of state agencies to deliver political stability, and the future role of the military.

Rate of Annual Real Economic Growth, %, 1975-97	-0.2
Rate of Real Economic Growth, %, 1999	4.2
Real Per Capita GDP, 1997 US\$	437
GDP (US\$ billion), 1997	6.9
Average Annual Rate of Inflation, %, 1985-96	31.3
Inflation, %, 2000	23
External Debt as % of GDP (total in parenthesis in US\$ billion), 1985 & 1997	51 (2,3) 88.6 (6.0)
Population, 1975 & 1997	9.8 & 18.7
Average Annual Population Growth, %, 1975-97	3
Estimated Adult HIV prevalence, %, 1999	3.6
Adult Literacy, %, 1997	66.4
UN Human Development Index ranking of 174 states, 1999	133

See UNDP, *Human Development Report, 1999*. London: OUP/UN, 1999; World Bank, *World Development Indicators, 1999*, CD-Rom version; *Military Balance, 1999/2000*. London: OUP/IISS, 1998. For details on the prevalence of HIV-Aids and the related social impact, see http://www.unaids.org/twac/20020/wad00/files/AIDS_in_Africa.htm

Ghana: Socio-Economic Indicators (continued)	
Military Spending, % of GDP, 1996 (1988 in parenthesis)	0.6 (0.4)
Military Forces	7,000 (Army 5,000; Navy 1,000; Air Force 1,000)
Police Forces	Est. 5,000

As noted above, the results from more than 15 years of Structural Adjustment Programmes have been, at best, mixed.

Gold and cocoa continue to contribute nearly 70% of export income and the agricultural sector 36% of economic activity overall, while the high cost of oil imports has created a US\$1 billion trade deficit. Although there is the prospect of oil from the offshore Western Tano contract area near the Ivorian maritime border, Ghana remains completely dependent on oil imports to power its economy. In this environment, and with comparatively unconstrained domestic spending, the cedi devalued by 70% during 2000.

In summary, the government's economic challenges are essentially seven-fold.⁹

- First, the quicker elimination of state subsidies (particularly on oil, which is priced at around half the current cost), which have been balanced against the need to secure political support. There is currently an 8.5% fiscal deficit.
- Second, the need for continued (and tighter) control over monetary supply without freezing the economy.
- Third, a more aggressive privatisation strategy, where just 25% (by value) of state enterprises have, by December 2000, been sold off.
- Fourth, the need for consensus with Bretton Woods institutions in the management of these challenges. The IFIs blame the government for reflexive populism, and the government sector in turn accuses the IFIs of not listening, but instead continuing to offer prescriptions. There is an immediate short-term imperative to achieve consensus to raise 'incremental

⁹ For a summary of these challenges, see Goldman A, 'Star pupil, mixed report', *Business Day*, 8 December 2000; 'Ghana', *Financial Times Survey*, 29 November 2000; and 'Sustaining the vision', *Business in Africa*, October 2000, especially pp.20-31 and the interview with John Atta Mills on pp.28-31.

assistance to cushion the burden.¹⁰

- Fifth, the imperative to maintain investor and donor confidence, particularly in the light of the scandal around investment impropriety in the mining sector, which has served to undermine the previously attractive Mining and Minerals Law passed in 1986.¹¹
- Sixth, the need to reduce dependency on inelastic commodity earnings, which requires the diversification and promotion of non-traditional exports.
- Seventh, provision for the high expectations of a young population, especially following the NPP victory. Some 45% of Ghana's population are under the age of 14. Today an estimated 60-65% of Ghanaians are employed in the informal economy. It should be added that currently an estimated 3.6% of adult Ghanaians are HIV+, compared to the overall West African average of 2% and the sub-Saharan figure of some 4%.

Most commentators agree that the current economic difficulties are not the fault of the government: the combination of low oil and gold prices and high oil costs is beyond the ability of the state to remedy. However, scepticism as to government's ability to deliver will, in the opinion of most, result in difficulties at the polls in 2004 rather than a military response.

The Ghanaian military and security forces

Given the historical role of the military in Ghanaian politics, two questions arise in this regard:

- First, what is the overall security environment within the country and the abilities of the security forces to meet these challenges?
- Second, what is the likelihood, given Ghana's history, of another military *coup d'etat*?

¹⁰ Interview, World Bank, Accra, December 2000.

¹¹ This relates to the preferential access apparently granted by the government to union interests in the transfer of mining rights in Prestia Mine, an act which, in the words of one mining executive, has 'significantly changed the investment climate to the negative'.

The domestic security environment

Anecdotal evidence points to a rise in crime and social unrest in some areas, though apparently much of the latter had to do with tensions in the run-up to the election. Statistics on crime and policing are not available, if they exist at all. Crime, for the most part, is not violent. However, there has been a rise in white-collar crime which is documented by various diplomatic missions.

The Ghanaian police forces could be seen as a useful indicator of the closeness of the relationship between the military and the state, and of the security situation. The police forces remain under the tight control of the central government. They are under-resourced and are seen as corrupt and inefficient. As one reporter termed them, 'underfunded, ill-educated, ill-trained, bush guys in blue uniforms.' The relationship between President Rawlings and the Inspector-General of Police (IGOP) was apparently one of close scrutiny and control.

Policing remains, as in colonial times, an issue largely of state control and suppression rather than community delivery and safety. The use of the military to deal with public order and maintain internal security is both a measure of political control and political immaturity, but illustrates the extent to which the police are trusted; they are sidelined in the military-civil process.

In the Rawlings government, however, the military and police, along with officials from the prisons, customs and excise, immigration, finance, foreign affairs and justice sectors, sat on the National Security Council (NSC) headed by the president. This constitutionally-created body met at least once per month, and was convened more frequently at regional and district levels to prepare a security agenda and to communicate issues between the government and its arms. It was serviced by a 1,000-strong Secretariat headed by a National Security Co-ordinator.

Officials have contended that the police require an additional 16,000 members to 'make them more effective.' Currently it does not have the numbers 'sufficient to police Accra alone'. Such expansion is not possible, however, in an environment where there is 'strong pressure on recurrent expenditure', so the Rawlings government took the step of collapsing 'the strict categorisation between the police, defence force, immigration, prisons and customs into one security force as required.'

Despite rhetorical claims, there is no evidence that the police are in a phase of structural reform. Instead, the recent rise in crime has also resulted in a rise in the number of private security forces, which is also a reflection of the state of confidence in the police:

The state of the armed forces

As well as adopting the Economic Recovery Programme, the Rawlings government attempted to restructure the army and restore the harm done by the coup and its aftermath. Many agree that this attempt has been largely successful. One of the key mechanisms in this regard has been the extensive involvement of the Ghanaian military in international and multilateral peacekeeping operations.

Although doubts exist about its war-fighting capabilities (mainly due to a lack of equipment and training), the Ghanaian military has developed a sound reputation for its participation in international peacekeeping operations. Unlike some other African participants in peacekeeping, the Ghanaian troops are regarded as well-trained and disciplined, with a reputation for following orders, and the chain of command appears to function. Currently, around 2,000 (of 7,000) Ghanaian troops are abroad on UN peacekeeping missions. Ghana is reckoned to be the fourth largest contributing nation worldwide. It is estimated that regular soldiers will participate in at least two peacekeeping 'tours' during their stint in the military.

Participation in such programmes has garnered significant resources for the military. It has won international and domestic prestige, and troops and officers have been exposed to international levels of training. Crucially, it has also provided an injection of hard cash into the military budget and the household budgets of individual soldiers. Soldiers use the funds to supplement their meagre salaries and to make investments, often in taxis or corn-mills.¹²

Without access to these resources, the military might have found its withdrawal from politics a great deal more fraught. Inevitably there has been some corruption and politicking internal to the military in determining the

¹² On UN peacekeeping missions each soldier receives US\$32.00 daily allowance, of which he is allowed to keep half. This compares well with the monthly salary of a corporal, estimated at less than US\$100 per month. Ghanaians are deployed on six-monthly rotations.

assignment of battalions to UN peacekeeping operations. However, the military currently are not regarded as excessively corrupt (certainly not on the scale of the police force).

Involvement in UN missions is cited as a reflection of the strong internationalist tradition in Ghanaian society, of which UN Secretary-General Kofi Annan is also seen as part. There is, too, an awareness that this role (and the benefits that accrue from it) would all but disappear should the military choose to re-involve itself in politics.

The Ghanaian military's involvement in peacekeeping and its importance within a regional context has, as noted, resulted in international technical, financial and training support from principally two sources, the United States—through, *inter alia*, the African Crisis Response Initiative (ACRI) and the African Centre for Strategic Studies (ACSS)—and the UK—through the British Military Advisory Training Team (BMATT).

From July 1997 the US government has provided training assistance through the ACRI.¹³ By the end of FY1999, some 137 Ghanaian soldiers had received training under this scheme. In addition, 29 Ghanaians have attended military education programmes funded through the US International Military Education and Training (IMET), and four personnel through the ACSS. The latter is intended to enhance civil-military relations. ACRI has received mixed reviews, however. While it has supplied much-needed equipment such as radios, tents and clothing, the training is seen 'as a necessary evil so as to get the kit', and 'a way of ensuring that not a single American is placed in danger in Africa.'¹⁴

BMATT has been in Ghana since 1976, originally as the Commonwealth Advisory and Training Team and, following the departure of the Canadian contingent in 1984, BMATT. Comprising four transferred staff, BMATT's role is essentially twofold. First, to assist in the running of the staff college; and second, to create a 'centre of excellence' for peacekeeping studies. Attendance

¹³ Beneficiaries of the ACRI scheme are Benin, Côte d'Ivoire, Ghana, Malawi, Mali, Senegal and Uganda. Training for Côte d'Ivoire and Uganda was suspended due to the December 1999 coup and involvement in the DRC war respectively.

¹⁴ Interview, Accra, December 2000.

at the 46-week senior staff college course has a regional component, with 10 non-Ghanaian Africans attending the 2000 course from a total of 38 students. Between courses, BMATT runs a three-week peacekeeping seminar involving imported (British and foreign) as well as Ghanaian instructors.

The impact of these and other initiatives on wider, civil-military issues is more difficult to discern and assess. For example, in spite of these programmes and greater awareness of issues concerning civilian control over the military, in the Rawlings government the parliamentary committee on defence and the interior was seen as being not particularly active, and existing more as a rubber stamp rather than as a check on the military. Little support was forthcoming for this committee, as has generally been the case with non-government (civil society) institutions involved in security issues. There are but a handful of academics and institutions involved in the subject (African Security Dialogue and Research; Centre for Conflict Resolution; Foundation for Security and Development in Africa; and the Institute for Economic Affairs), while the media have reportedly often been prevented from delving too deeply into such matters. Although attitudes have been slowly changing, under Rawlings security was seen by many as a 'state-centric, no-go area' for non-government agencies and individuals.

The extent of international exposure is critical, however, in evaluating the prospect of another military coup. In spite of the obvious commitment of Ghana's armed forces to standards of professionalism, more than any other factor the loss of international acceptance (and funding) that would follow a military coup would deter such an intervention. However, Kufuor will have to expend energy (and resources) in keeping the armed forces happy. It might be expected that one of his first moves will be to reorganise the presidential guard unit, 64 Battalion, currently better-equipped than the regular forces and composed of a heterogeneous mix of East European-, Cuban- and North Korean-trained troops. This step might serve to endear the new president to the regular units.

The regional environment

Deputy Defence Minister Tony Aidoo has said that Ghanaian defence policy is based on an ideology of 'positive neutrality', of which the 'most important output is to create conditions of economic growth to deliver to the people and dissuade attempts at the destabilisation of constitutional government as we have seen before.' It has to be a force, he noted, capable of 'detering potential aggressors both from neighbouring countries and from within.'¹⁵

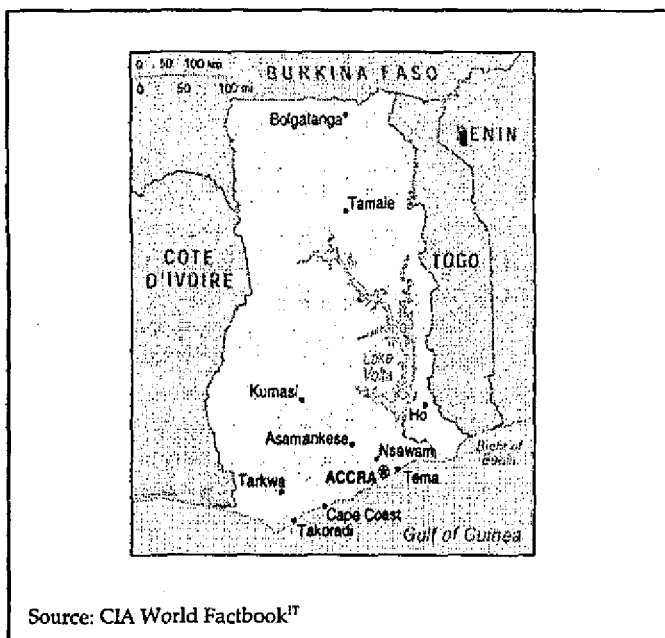
As noted in the introduction, Robert Kaplan's article on 'The Coming Anarchy',¹⁶ has described the challenges facing the West African region, noting:

West Africa is becoming the symbol of worldwide demographic, environmental, and societal stress, in which criminal anarchy emerges as the real 'strategic' danger. Disease, overpopulation, unprovoked crime, scarcity of resources, refugee migrations, the increasing erosion of nation-states and international borders, and the empowerment of private armies, security firms, and international drug cartels are now most tellingly demonstrated through a West African prism. West Africa provides an appropriate introduction to the issues, often extremely unpleasant to discuss, that will soon confront our civilisation ... There is no other place on the planet where political maps are so deceptive—where, in fact, they tell such lies—as in West Africa.

While Kaplan's analysis has arguably attracted more controversy than credit, West Africa in general and Ghana's neighbours in particular illustrate both of the region's challenges: Ghana's relative political and economic isolation, and the sustained application required for solutions. Ghana's neighbour to the west, Côte d'Ivoire, has been beset by ongoing civil-military tensions following the coup in December 1999 and the subsequent controversy over the refusal of President Laurent Gbagbo to allow the main opposition leader, Alassane Ouattara, to participate in the December 2000 election.

¹⁵ Interview, Accra, 15 December 2000.

¹⁶ See Kaplan R, 'The coming anarchy', *The Atlantic Monthly*, February 1994 on <http://www.theatlantic.com/politics/foreign/anarcf.htm>



To the north and east, Burkina Faso and Togo are seen as conduits for the illegal shipment of diamonds from Sierra Leone and, even further afield, Angola. Indeed some commentators see Ghana as the 'odd one out' in an alliance 'of outcasts' that has developed between Charles Taylor in Liberia, Gnassingbe Eyadéma in Togo, Mathieu Kérékou in Benin and, to the south, Jonas Savimbi's UNITA movement in Angola. Muammar Gaddafi of Libya is reputedly at the centre of this relationship, intent on building a strong African constituency. Among other concerns, analysts must give priority to the influence of Islam and its external supporters within the region.

Through the eyes of Ghana-based analysts, Nigeria poses a potentially greater and more intractable problem, with the potential for violent secession apparently omnipresent, given the tensions that exist between the Muslim Hausa north, largely Muslim Yoruba south, and the Christian Ibo east. Though many see him as the best (and possibly only) person for the job, Olusegun Obasanjo is in a position made difficult by the scale of the challenge and his personal status as a Christian Yoruba, and his dependency on the Hausa-

dominated military for support. Yet the active participation of Nigeria in the region through the Economic Community of West African States (Ecowas) and specifically in regional peacekeeping through the Ecowas Ceasefire Monitoring Group (Ecomog), is central to maintaining some form of control.

Along with Nigeria, Ghana is widely considered to be one of the two prime movers in the 16-nation Ecowas, which has the broad aims of establishing in stages a customs union and common market for the free movement of goods and people within the region.¹⁷ In 2000, leaders agreed to speed up integration through plans to remove highway checkpoints and move towards a common passport. A common external tariff is due to come into effect on 1 January 2001, and a single Ecowas monetary zone is planned for implementation in 2004. If effective, this will create a US\$73 billion market (roughly half the size of the South African economy), serving 220 million people, though there is little sign thus far of Ecowas living up to any of its promise or promises.

The crises elsewhere in West Africa have given rise to a concern that the maintenance of democracy and conditions of good governance in Ghana has wider implications: that 'if it plays by the rules and remains clean, this will send positive signals worldwide including down south in Africa'.

Indeed, according to the US Department of Defence, 'Ghana exerts a positive influence in the region through its progress in building democratic institutions and economic development.'¹⁸ As noted above, the military's relationship and interoperability with the region has improved through BMATT and ACRI programmes. Yet there are doubts, particularly about the ability of Nigeria's armed forces to intervene regionally in the future, in the face of its own domestic challenges. In this environment there is thus a concomitant international need felt to bolster Ghana's economy and democratic institutions.

¹⁷ Ecowas was established in 1975 by 15 West African countries: Benin, Burkina Faso, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo. Cape Verde joined in 1977.

¹⁸ *Foreign Military Training and DoD Engagement Activities of Interest, Volume 1*. Joint Report to [US] Congress, 1 March 2000.

Ecowas		
	Population (million)	GNP (1997; US\$m)
Benin	5.7	2,227
Burkina Faso	10.5	2,579
Cape Verde	0.4	436
Côte d'Ivoire	14.2	10,152
The Gambia	1.2	407
Ghana	18	6,982
Guinea	6.9	3,830
Guinea-Bissau	1.1	264
Liberia	2.9	-
Mali	10.3	2,656
Mauritania	2.5	1,093
Niger	9.8	1962
Nigeria	118.0	33,393
Senegal	8.8	4,777
Sierra Leone	4.7	762
Togo	4.3	1,485
TOTAL	219.3	73,005

While Rawlings remained rhetorically committed to Ecowas and the concept of regional co-operation and integration, partly for military-security reasons, some believe it will be difficult for the new government to maintain this adherence in the face of such challenges. There are also doubts about the NPP's regional foreign policy philosophy, for example whether it will pursue the goals of regional economic integration as actively as Rawlings. These speculations have been quashed by Kufuor, who foresees an increased role for Ghana in the region under his leadership.¹⁹

¹⁹ Interview, Accra, 14 December 2000.

South African links

Those who feel any doubt about South Africa's African future should travel to Ghana. Your hotel—even one of the more basic variety—will probably have M-Net beaming into the rooms. Your Coke or Sprite is probably bottled by a South African company. Indeed, a large number of South African firms have an established presence and include: Stanbic, advertisers CorpCom and Group Africa, the retailers Barnetts/Supreme Furnishers (with no fewer than eight stores, and four in neighbouring Côte d'Ivoire, with the first one in Nigeria opening in 2000) and Pep Stores, Gold Fields, Steers, and SA Breweries which has, since 1998, had a 69% controlling stake in Accra Brewery. Others such as Nandos are expected to arrive in 2001. Pretoria has also reportedly recently broken into the defence market, both in terms of sharing peacekeeping expertise and supplying equipment.

In 1999, South African firms exported R560 million worth of goods, and imported just R25 million. The trade volume has risen by 20% annually since 1997.

Ghana-SA Trade Flows (R-million)		
	1996	1997
SA Imports	15.9	16.8
SA Exports	260	390.2

South Africa was, by 1998, the eighth most important supplier of Ghanaian imports, behind, *inter alia*, the Nigeria (14%), the UK (12%), Italy (9%), US (7%) and Spain (6%). Principal export markets were, in the same year, the UK (12%), Togo (12%), Italy (11%), Netherlands (8%) and US (7%).²⁰

By December 2000, 24 South African companies had invested in Ghana, the largest being Gold Fields, with a stake of US\$200 million in the Tarkwa Mine. Gold Fields has been in Ghana since 1993, the mine today supplying 10% of the company's gold production and 17% of profits. By 2000, within just two years, South Africa had jumped seven places to become the 16th largest investor in

²⁰ See 'Ghana', *Economist Intelligence Unit Country Profile 2000*. London: EIU, 2000, p.32.

Ghana.²¹

South African experience in doing business in Ghana has generally been positive. Businesspeople frequently cite the following:

The Upsides ...

- Political and economic stability, particularly when considering Ghana in a regional context. It should be added, in this regard, that some diplomats believe that South Africa would have done better to establish a binational commission with Ghana than with Nigeria, though clearly the population size and continental political weight of the latter (rather than its economic and political stability) was the primary consideration in this decision.
- Related to the above point, the ease of operation in an English-speaking environment. Ghana is seen as providing a suitable jump-off point into the more populous West African region. As one executive noted, 'the object from Ghana has to be to get into Nigeria'.
- The regular air connections with South Africa. SAA flies three times per week, and Ghana Airways once, though the latter's timekeeping and service leave something to be desired.
- The Ghanaian people, who are 'most willing, articulate and intelligent', and who have a 'strong, yet positive culture of engagement and debate with management'.
- The good reception of South Africans in general. South Africa is accorded, in the eyes of foreign diplomats, the 'profile normally reserved for Nigeria'. The official visit by South African President Thabo Mbeki to Ghana from 4-7 October 2000 is seen to confirm the importance attached to the bilateral relationship, even though it is understood that Presidents Mbeki and Rawlings did not hit it off. Two agreements were signed (on the promotion of trade and investment; and a memorandum of understanding on defence issues), and the Ghana-SA Chamber of Business launched.
- Continued international multilateral and bilateral financial support for Ghana's economy.

²¹ See 'Investment in Ghana rises significantly', *Business Day*, 14 September 2000.

... *and the Downsides*

- The extent of political interference. Fears concerning the rule of law have been heightened by the furore surrounding the sale in 2000 of the Prestia Mine concession, not to the proposed buyer, Bogoso Gold, but to union interests after ministerial intervention.
- The issue of corruption, particularly amongst the higher officials. Although there is 'nothing on the scale of Nigeria', expectations of 'dash' might be increasing. This makes it difficult to clear goods through the ports, for example. However, surveys by diplomatic missions show that there has been a substantial increase in white collar crime, particularly in the judiciary and in the state Social Security and National Insurance (SSNIT) department. Generally, businesses regard corruption as 'a pain, not a real problem'.
- The relatively small economic and population size, which inhibits the scale of operations. The Ghana beer market, for example, amounts to approximately 800,000 hectalitres per year—about 10% of what is sold in Cameroon.
- Extreme poverty, which exacerbates the small market size, and increases the likelihood of petty thievery, though crime generally remains low.
- The 'cumbersome' though 'rational' nature of labour relations.
- The strict foreign exchange regulations, which could prove problematic unless the exact repatriation rules are established clearly prior to the investment being made. The foreign currency and luxury import regulations introduced in April 2000 in an attempt to stem the decline in the value of the cedi would appear to run contrary to the overall liberalisation strategy, though relaxation on this can be expected only when there has been at least a part removal of subsidies from the fuel price.
- A reported degree of unhappiness with South African traders, particularly from the Lebanese and Indian trading community, apparently squeezed by the South African presence. As one businessperson noted, there are 'Lebanese businessmen who would just as soon as put a premium on South African scalps.'
- The omnipresent risk of disease, especially malaria.
- The uneasy compromise between tribal and national law in terms of land claims, to which some South Africans have reportedly fallen victim.
- Doubts felt by some businesspeople about the contribution made by the South African High Commission in Accra, who 'do not interfere', but 'don't provide any visible benefit.' Some felt that the High Commission had simply

abrogated responsibility on trade and investment issues to the newly-established Ghana-SA Business Chamber. The arrival of a new trade secretary at the High Commission in December 2000 should go some way towards remedying this situation.

A Future Prognosis: Three Scenarios

At first glance, Ghana has come full circle.

At independence in March 1957, it was regarded as the jewel in Africa's (British) colonial crown. Its political status was enhanced by the continental activist role played by President Kwame Nkrumah, though this was dramatically offset by his (failed) economic policies and by subsequent political and economic events. In 1957, Ghana had a higher GNP per capita than South Korea: today the average income of Koreans is 30 times that of Ghanaians, which is, in turn, below the average (US\$510) for sub-Saharan Africa.

Rawlings' *coups d'état* appeared initially to signal yet another cycle in Ghana's continued economic and political deterioration. However, his pragmatic economic policies, coupled with external and domestic political developments, including, importantly, the 1992 multiparty constitution and the 1996 democratic presidential election, led Ghana towards economic recovery and political stability. It also kept the military under control. The December 2000 election and the parliamentary and presidential regime change is a critical step forward in this process.

Thus *three broad scenarios emerge* for Ghana after Rawlings, ranging from the most to least likely:

- **First**, the smooth political transfer of power to NPP, but continued economic challenges worsened by an ongoing deterioration in the regional environment. The NDC regroup to mount a strong challenge in 2004 election. In an optimistic version of this scenario, the estimated two million Ghanaian diaspora in Europe and North America ploughs back funding into the homeland, buoyed by the advent of a liberal/free-market NPP government, helping to offset the worsening balance of payments deficit on the current account—sitting currently at -10%.
- **Second**, swift economic recovery occurs under the NPP. Ghana's regional role is enhanced by a strong partnership with Nigeria through a revitalised Ecomog/Comog.

- **Third, there is continued and worsening economic and political instability. The military finally intervene to establish law and order. Donors depart, and international isolation ensues. The country swiftly falls into the regional anarchical stereotype, with coastal areas relatively calm and the interior braved only by 'missionaries and mining engineers'.**

Ghana's leadership is apparently too sophisticated to allow the third scenario to develop unwittingly, and without considerable effort to avert it and instead to ensure success. However, the difficulties in maintaining its position as the regional bulwark against anarchy and poverty, in which the international community has a clear stake, are considerable. The global community is therefore likely to 'queue at the door of Kufuor to provide assistance and to create a smooth reform path', in the words of one diplomat.

In an exclusive interview in the preparation of this report in December 2000, Kufuor said that he would hope that relations with South Africa would 'zoom' in the future under his leadership. Kufuor admitted that, while he would not form a 'government of national unity', he would seek participation from individuals from rival parties and others, on the basis of their expertise rather than their political participation. This would certainly assist in creating a consensual national rather than party-political and ethnic response to economic difficulties. He said that as a 'liberal, free-market party', he saw the need for economic reform and would maintain a close relationship with the IMF and World Bank, a connection, however, to be characterised by dialogue rather than prescription. He also stressed the need for a 'professional, well-trained and well-funded military' and highlighted the importance of Ghana's role in the West Africa sub-region.

As one South African executive has noted, 'unless Ghana starts exporting to *Ecowas*, the country is doomed to failure.' Indeed, business in Ghana sees the principal challenges resting in the economic rather than political domain, in the need to expand the manufacturing base of the economy and build a regional market.

Following the 28 December election, Rawlings wished Kufuor well. Kufuor's opponent, Atta Mills, said: 'As an outgoing government, we pledge to make his

transition into office as smooth as possible.²² Indeed, President Kufuor's principal challenge will not be from the military or from domestic political opponents, but from the nature of the socio-economic difficulties facing Ghana.

Rawlings' personality, not to mention his authoritarian streak, was powerful enough to keep things under control during difficult times in Ghana. The urbane Kufuor might not have the same advantages and policy leeway, especially in the face of the high expectations that surround his accession to power. Indeed, with the need for liberal price controls, his honeymoon in office might prove to be something of a one-right stand as he confronts the harsh political reality of economic reform.

²² 'Rawlings wishes new president well', *Business Day*, 3 January 2001.

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Select Glossary of Terms

ACRI	African Crisis Response Initiative
ACSS	African Centre for Strategic Studies
AFRC	Armed Forces Revolutionary Council
BMATT	British Military Advisory Training Team
CFP	Convention People's Party
ESAP	Enhanced Structural Adjustment Programme
IMET	International Military Education and Training
NDC	National Democratic Congress
NPP	New Patriotic Party
PNDC	Provisional National Defence Council
PPF	Popular Front Party
PNP	People's National Party
SMC	Supreme Military Council

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