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The Rawlings Revolution in Ghana: Pragmatism with Populist Rhetoric

by Donald Rothchild

When Flight-Lieutenant Jerry Rawlings seized power in Ghana for the second time on December 31, 1981, his inspirational personality and the new government's populist commitment raised a depressed nation's hopes. An elected but elite-dominated government was replaced by a regime that held out the promise of full public participation in decision making, a redistribution of wealth, a reduction of neocolonialist influence, and a crackdown on *kalabule* (hoarding, overpricing, smuggling, and other "corrupt" practices). "National reconstruction" would encompass new international alliances with other populist and radically-inclined states (including Libya and Upper Volta), a reduction in the size of the central bureaucracy, and "the creation of the material basis for ensuring a democratic and popular education as well as health schemes, housing, food, and transportation to ensure the physical, spiritual, moral, and cultural quality of life of our people." In brief, popular participation and equality were to be the foundation for economic opportunity and self-sufficiency, without any trade-off between these objectives.

This populist orientation initially attracted enthusiastic backing from both the disadvantaged and elements of the intelligentsia. Over time, however, as Rawlings accepted the necessity of more conventional economic policies, the heady expectations of the immediate post-coup period gave way to disappointment and cynicism.

Even though economic conditions have become somewhat less oppressive in 1984 and early 1985 (in the wake of rains that seemingly broke a severe multiyear drought and some successes in Ghana's trade/aid dealings with the West), Rawlings is still faced with the problem of resolving the contradictions between his regime's populist stance, at least in its vintage form, and the increasingly conservative decisions

taken in the economic sphere. The best that can be said is that the marginal improvement in the economic picture has given him some breathing room.

The Early Days

The first 18 months of the second Rawlings regime were indeed a time of strong commitment to populist change. In a January 5, 1982 radio broadcast to the nation, Rawlings dedicated his administration to making democracy "really work for the ordinary man, not just for a small group of people to exploit them and ride over their misery." "Let the world know," he affirmed, "that Ghanaians want a government with an agenda, not just a talking shop, and that this is a democratic revolution to assure for our people the basic conditions of their survival." In carrying forward this agenda, the Provisional National Defense Council (PNDC) set up People's Tribunals (from whose verdicts no appeals were permissible) to expedite the trials of individuals charged with a wide variety of criminal offenses, many of them involving some aspect of corruption or seditious behavior. Decrees reminiscent of the "housecleaning" exercise under the first Rawlings regime in 1979 resulted in a sharp fall in rents and transportation charges, and new monetary measures led to modest declines in commodity prices.

Other initiatives reflecting the populist tone of Rawlings II were the oft-repeated calls for decentralized administration; the establishment of People's Shops; the implementation of more effective procedures for tax collection (especially from self-employed members of the middle class); the institution of the "Akuafu cheque system" designed to ensure the direct deposit of a farmer's earnings into his personal bank account; the mobilization of a task force of university students to bring cocoa to the port of Tema from the rural areas for export to world markets; and the restoration of

friendly ties with Colonel Qaddafi's Libya that included negotiations for a six-month supply of crude oil at advantageous terms. In February 1982, tens of thousands of students, farmers, and workers demonstrated in downtown Accra, protesting alleged U.S., British, and French plans to "invade" Ghana in "close collaboration" with Nigeria, Togo, and Cameroon.

While this populist fervor became less strident over time, the change was a matter of degree only. The public demand for increased minimum wages and worker and peasant participation in the decision-making and "judicial" processes persisted, and the Rawlings government continued to invoke the language of populism and to enact legislation, such as the Wealth Tax Law, that indicated an ongoing commitment to transformationalist and egalitarian objectives.

International and Domestic Constraints

As the months wore on, however, the regime found itself compelled to adjust to a range of economic and political realities.

At the international level, the constraints of inherited structural linkages with the economies of the industrialized West remained as firmly in place as ever. Ghana had little choice but to continue to export its commodities through established channels, receiving in return a declining amount of manufactured goods and petroleum products as the world prices of many commodities tumbled in the recession-plagued 1980s. To make matters still worse, Rawlings returned to power at a time when North American and Western European commercial banks and corporations had already been gradually reducing their investments as Ghana's rating fell to that of a politically unstable and economically marginal country. At the very time when Rawlings and his supporters were chastising international capitalism as exploitive and responsible for the country's impoverishment, the companies themselves were pulling back from extensive engagement in Ghanaian banking, agricultural, and industrial activities. (Among the ironies was the decision of the Firestone Tire and Rubber Company, denounced over the years for its alleged-

ly one-sided master agreement with a previous government, to sell its rubber and tire manufacturing interests to a small, locally-owned concern.)

Meanwhile, Ghanaian hopes for an oil bonanza (see David C. Underwood, *West African Oil: Will It Matter?*, CSIS Significant Issues Series, 1983) have been largely frustrated by the unwillingness of foreign companies to make major commitments to the exploration or development of Ghana's potential. Ghana has only one producing field, off the coast near Saltpond. Operated since 1978 by Agri-Petco of Ghana (a consortium led by the U.S.-based Signal Oil Group), that field currently has a reported output of only 1,500 barrels a day.

In the domestic sphere, low productivity has constrained the regime's ability to achieve its transformationalist goals. Almost three decades after independence, Ghana remains a "soft" state—a term used to describe a government that lacks the capacity to regulate society and to implement its policies throughout the territory under its nominal authority. Key causes of this state softness, as in a number of other sub-Saharan African examples, include a scarcity of resources available to public authorities for recurrent and capital expenditures as well as the relative fragility and lack of perceived legitimacy of formal and informal political institutions. (Rawlings' reliance upon an elite praetorian guard, perceived to be dominated by his own ethnic constituents, is an indicator of his own recognition of the fragility of the state's control.) Administrative corruption, a telltale sign of public failure to accept the validity of formally sanctioned norms and values, is as pervasive as ever. Customs officials and soldiers manning barricades continue to look upon the *dash* as a perquisite of office, and the cross-border smuggling of food and export crops reportedly goes on as before. Coup attempts by dissatisfied factions or personalities within the army, another indicator of weak regime legitimacy, occur with regularity.

In sum, Ghana today is the victim of a vicious circle: the soft state is unable to gain legitimacy because it has limited resources to distribute; lacking

Ghana's Major Exports

	1975	1982
Cocoa Beans, tons	322,000	179,000
Cocoa Products, tons	19,000	15,700
Gold, grams	15,973	9,386
Timber, cubic meters	623,000	110,000
Diamonds, carats	2,372,000	688,000
Manganese, tons	373,000	97,000
Bauxite, tons	320,000	36,000

Sources: Kodwo Ewusi, *The Ghana Economy in 1981-82: Recent Trends and Prospects for the Future* (Legon: Institute of Statistical, Social, and Economic Research, 1982), p. 34; Republic of Ghana, *Quarterly Digest of Statistics*, 11, 2 (June 1984); *West Africa*, December 24/31, 1984, p. 2641.

The Governments of Ghana, 1957-1985

March 6, 1957. Ghana, an entity combining the former British colony known as the Gold Coast and the UN Trust Territory of (British) Togoland, becomes an independent state. Kwame Nkrumah, whose Convention People's Party (CPP) has won three successive pre-independence elections, is prime minister.

July 1, 1960. Following elections and a constitutional referendum in April, Nkrumah is inaugurated as president and Ghana changes from a British dominion to a republic.

January 1964. A constitutional amendment declaring Ghana a single-party state is approved in a public referendum.

February 24, 1966. While Nkrumah is away on a visit to China, the army and police seize power. The CPP is abolished and replaced by a National Liberation Council of police and military officers. The NLC undertakes to prepare the ground for a civilian "second republic" with constitutional safeguards intended to prevent a recurrence of Nkrumah-era excesses. Nkrumah spends the remainder of his life in exile in nearby Guinea, where he dies in 1972.

October 1, 1969. Following the lifting in May of a ban on party politics and subsequent (August 29) elections for a new National Assembly, Dr. Kofi Busia takes office as prime minister of Ghana's second civilian government.

January 13, 1972. As economic troubles and public dissatisfaction mount, the second republic is overthrown by a military junta headed by Colonel (later General) Ignatius K. Acheampong. The coup takes place while Busia is in London for medical treatment. Party politics is banned and a National Redemption Council composed of army and police personnel becomes the ruling body. The NRC initiates a drive toward Ghanaian economic self-sufficiency.

October 1975. Acheampong forces the retirement of three key NRC colleagues, and replaces the NRC's executive council with a seven-man Supreme Military Council (SMC), gaining more power in the process.

September 1976. Under pressure from a new round of economic problems, Acheampong proposes a "union government" (UNIGOV) that would reject party politics in

favor of a coalition of the armed forces, the police, and individual civilians. This concept is greeted with hostility by the middle class, which perceives it as a device for perpetuating military control.

March 30, 1978. Amid accusations of foul play, the SMC claims that a majority (25 percent of the total electorate) of those participating in a referendum endorsed the UNIGOV concept.

July 5, 1978. Acheampong is removed from office by his colleagues, and the SMC is reconstituted under the leadership of Lieutenant-General (later General) Frederick Akuffo. Akuffo focuses on ridding the military government of corrupt practices that have all but destroyed its public credibility.

January 1, 1979. Political parties are legalized, in preparation for elections scheduled for June 18 and a planned July 1 turnover of power to a new civilian government.

May 15, 1979. A group of junior officers and NCOs ostensibly led by 32-year-old Flight-Lieutenant Jerry Rawlings makes an unsuccessful coup attempt; Rawlings is imprisoned.

June 1979. Rawlings is freed from prison by junior officers who join him in seizing power in a popularly acclaimed coup on June 4. An Armed Forces Revolutionary Council (AFRC) is established to carry forward the return to civilian rule, and an energetic anticorruption drive marked by populist rhetoric is launched. Presidential and parliamentary elections are held (as previously scheduled by the Akuffo regime) on June 18. Acheampong and Akuffo are executed by month's end.

September 24, 1979. Dr. Hilla Limann of the People's National Party, the winner of a July 9 runoff election, is inaugurated as president of the "third republic."

December 31, 1981. Citing corruption and the country's continuing economic slide as justifications, Rawlings seizes power a second time. Limann is imprisoned. The constitution is abolished, parliament dissolved, and political parties banned. Rawlings becomes chairman of a ruling Provisional National Defense Council (PNDC) and head of state.

—J.C.K.

legitimacy, it becomes prey to further misuse of public office for private purposes and so finds itself even less capable of improving its economic situation.

The Historical Backdrop

The endogenous constraints discussed above originated long before the 1981 coup. The gross domestic product decreased by 15 percent between 1974 and 1981, while the population was increasing by an estimated 2.6 percent a year. As the table on page 2 indicates, total production of major exports fell significantly between 1975 and 1982—by some 44 percent in the case of the

critically important cocoa crop, 41 percent for gold, and a precipitous 82 percent for timber.

The effects of these production declines were cushioned to some extent by rising world gold and cocoa prices, but an absolute decrease in the cedi value of exports was recorded in the cases of timber, manganese, and bauxite. In addition, the domestic economy has been hurt by the unprofitability of many parastatal organizations (for example, only eight of the Ghana Industrial Holding Corporation's 16 divisions have consistently reported profits in recent years) and the plunge in food crop production that occurred in

1983. Rainfall was better than average in 1984, resulting in at least a temporary moderation in food prices and reduced expenditures on food imports.

While all past regimes have been subject to the vagaries of weather, international price fluctuations, regional migrations of people searching for employment opportunities, and other factors beyond their control, much of the blame for Ghana's current malaise must go to the irresponsible fiscal policies pursued by the regime of General I.K. Acheampong (see "The Governments of Ghana," page 3). The 1978-79 Budget Statement underscores the degree of mismanagement under Acheampong: a rate of inflation estimated at over 100 percent per annum; a downturn in the real GDP; a gross imbalance in the external accounts, with reserves "at a very low level"; a rise in net credit from the international banking system to finance budget deficits, from 17 million cedis in 1973 to 781 million cedis in 1977 (in 1977, \$1.00 = 1.15 cedis); a sharp increase in unplanned government expenditures during Acheampong's final years in power; a jump in the money supply from an average of 280.6 million cedis in 1971 to 1.761 billion cedis in 1977; an overall budget deficit that had "reached a level which has necessitated a serious review"; and an accumulation of short-term debt obligations estimated at 403.4 million cedis as of April 30, 1978.

This general fiscal disarray led to an upsurge in the cost of imported goods and services (which were already increasing in price because of worldwide inflation and the "oil shock") at a time of stagnating domestic industrial production and declining commodity exports. The grave hardships suffered by the Ghanaian people as a result of this economic crisis contributed to the loss of regime legitimacy that eventually led to Acheampong's undoing.

The reconstituted Supreme Military Council that assumed power in July 1978 under the leadership of Lieutenant-General F.W.K. Akuffo sought to restore public confidence by setting out a program of economic stabilization. Austerity measures were introduced immediately, aimed at reducing inflation and corruption. New policies, urged by the International Monetary Fund then present in Ghana, included a 59 percent devaluation, controls on the monetary supply, and a reduction in public expenditures.

Akuffo's stabilization program was never given a chance. In June 1979, a group of impatient junior officers, led by Rawlings, intervened and launched an alternative economic program of their own that emphasized price controls, increased domestic prices for certain agricultural commodities, and a frontal assault on *kalabule*. While well-intentioned, this reform package resulted in the selling off of the existing stock of consumer items by nervous traders anxious about price controls and the possibility of public humiliation at the hands of the soldiers for alleged acts of profiteering.

Rawlings' Armed Forces Revolutionary Council

voluntarily turned political authority over to a constitutionally-elected president, Dr. Hilla Limann, on September 24, 1979. Although the Limann government came to power through elections, and thus possessed a built-in legitimacy denied to its immediate predecessors, it could not overcome the economic legacy of the past. Consumer goods remained scarce, inflation stayed high, production and exports were low, and imports (especially manufactured goods and petroleum) increased steadily in price. Limann's program of inflation control, price inducements for farmers, subsidies for agricultural inputs, and incentives for foreign investment in Ghanaian industries was realistically geared to the country's restrictive economic environment, but it did not hold out any hope for major innovations, much less any type of structural transformation. Lacking an inspiring vision of the future, and as mired in corruption as its predecessors, this third try at civilian government since independence ended when Rawlings came from the wings on New Year's Eve 1981 to take back the reins of power.

"Popular Sense" vs. "Populist Nonsense"

Although Rawlings has continued to speak in the mid-1980s in terms of his revolutionary mission, he has in practice moved toward more conventional economic policies and international alliances. A broadcast to the nation on May 2, 1983 is illustrative of the new mix: a reemphasis of his future vision of democracy, social justice, and dignity combined with a focus on "productionist" goals. "Countrymen," he counselled, "the surest cure to our long-standing ailment as a nation is a set of policies that will stimulate production and at the same time discourage unproductive activity." To this end, he proposed to provide incentives, "particularly in the foreign exchange earning sector of the economy," to encourage those in productive enterprises to redouble their efforts. By August 28, 1983, the message had become more explicit: "... production and efficiency ... must be our watchwords. Populist nonsense must give way to popular sense."

In response to International Monetary Fund "advice," the regime took the politically risky step of devaluing the cedi—from 2.75 cedis to the dollar in 1981, to 30 cedis in 1983, to 50 cedis in 1984, and then to 53 cedis in April 1985. The black market rate has meanwhile risen to well over 100 cedis to the dollar. In an effort to curb inflationary tendencies, the regime has placed a tight rein on the supply of money. Taxes have been introduced on transactions utilizing foreign exchange and indirect taxes and customs duties have been increased. Steps taken to increase the government's ability to extract taxes from the self-employed sector resulted in a rise of receipts from 52.3 million cedis in 1980 to 307 million in 1982, and then another 20 percent in 1983. More consumer goods have become available, although permitted price increases for essential goods such as petrol, soap, and meat have restricted effective demand for consumable

items. The IMF and the World Bank have taken note of and been duly impressed by these anti-inflationary actions. The donor Consultative Group for Ghana, meeting at the World Bank's European headquarters in Paris in December 1984, declared that "skepticism about Ghana has gone" and gave substance to this conclusion by promptly pledging the \$450 million requested.

In addition to invoking cautious monetary policies, the Rawlings government has taken measures to stimulate agricultural and industrial production. Cocoa farmers, long the mainstay of the economy, have been given help in the form of available inputs and consumer goods, an improved process for banking their earnings, and assistance in replanting farms affected by bush fires. Although the producer price has been raised with each devaluation, the effect has been more nominal than real, and therefore cannot be considered a meaningful incentive to production.

The Rawlings II regime has also made notable efforts to revive the mining industry, renovating the gold mines at Dunkwa, Prestea, and Tarkwa and, with help from the United Nations Development Program, carrying out exploratory and prospecting work at the Konongo gold mine in Ashanti-Akim district. New attempts have been undertaken to negotiate petroleum exploration and producing agreements with a number of North American and Western European companies, and a grant of \$22 million has been secured from the Canadian International Assistance Corporation to enable Petro-Canada International to explore for oil and gas in the continental shelf off Tano Basin in the Half Assini area.

The recent initiative most critical from the standpoint of national development has been the new agreement signed in January 1985 with the Volta Aluminium Company Ltd. (VALCO). Displaying both skill and determination at the bargaining table, the Ghanaian negotiating team, led by Professor Akilagpa Sawyerr, secured terms that benefit Ghana and also satisfy VALCO's primary concerns. VALCO gained the right to continue its operations in the country, a slightly expanded privilege of holding foreign currency in an external account, and an undertaking from the government to refrain from expropriating its assets. PNDC Coordinating Secretary P.V. Obeng, speaking at the signing ceremony, cited some "significant gains" for Ghana: a 20 percent reduction in the amount of energy VALCO is entitled to take from the Akosombo plant, a jump in the base power rate from 5 to 17 U.S. mills/kwh, an increase in VALCO's income tax rate from 40 percent to 60 percent, and the right to tax dividends distributed to shareholders and interest paid to creditors.

What accounts for this "U-turn," as it is commonly referred to in Ghana? In his May 1983 speech, Rawlings gave notice that the economic crisis facing the country called for bitter medicine. Dismissing short-sighted policies that would allow the regime "cheap

popularity," Rawlings insisted that his regime "place[d] the interest and the very survival of the nation before its own interests" and had therefore opted for a set of policies aimed primarily at stimulating productivity. Whether or not one accepts these arguments at face value, they nonetheless deserve dispassionate analysis.

The Public Response

Ghanaians, weary of repeated regime changes and unfulfilled promises, varied from apathetic to negative in their response to the PNDC's turn toward pragmatism. Small farmers, poorly organized and characteristically low-keyed, did not react with alacrity to government offers to replant devastated cocoa farms, and instead continued to speak of replacing their aging cocoa trees with palm, maize, and other less risky crops. Urban workers, who were a major source of support for Rawlings' return to power, were inclined to view devaluation, the reduction of subsidies on consumer goods, other austerity measures, and the failure to establish an effective network of People's Shops as amounting to a betrayal of promises made at the time of the revolution. Although the government had responded to worker dissatisfaction by raising the daily minimum wage to 70 cedis, this adjustment had only a marginal effect. With a loaf of bread costing 90 cedis, an egg 11, and a pineapple 120, a day's wage is often insufficient in 1985 to feed a family, much less pay for clothes, rent, and medical and educational fees. The relenting of the drought and its accompanying shortages brought some relief in 1984; nevertheless, the aspirations of the working class remain unfulfilled and their mood is one of acquiescence to PNDC rule.

The middle class has been even more vocal and persistent in its expressions of disapproval. Resentment over Rawlings' populist style and their reduced status and perquisites remains widespread among this element of the body politic. But their most intense criticism is directed at abuses of civil liberties and the established legal system. A particularly frightening episode, the abduction and murder of three high court judges and a retired major in 1982, came to symbolize uncontrolled official lawlessness for many middle-class citizens. Although Rawlings has made a range of overtures in recent years to professionals and businessmen—appointing traditional leaders and establishment figures to high government posts and substituting rather amorphous Committees for the Defense of the Revolution for the much-feared People's and Workers' Defense Committees—there can be no doubt that Ghana's middle class continues to nurse its grievances and long for a return to civilian rule under its own auspices.

While the middle class generally feels threatened by the PNDC because of its populist rhetoric, a segment of the intelligentsia takes the opposite tack, criticizing the "conservative" trend in recent government policies and pressing for a reaffirmation in words and deeds of the revolution promised in 1981-82. Evidence of this

defection on the "left" surfaced prominently in January 1985 as mimeographed statements appeared on public buildings, describing devaluation as a device to suppress the working class and decrying Rawlings' "U-turn" as a "betrayal" of the revolution. One exceptionally bitter statement issued under the name of the United Revolutionary Front talked of Rawlings' "sell-out" and described this recent period as involving "the most dramatic, the most amazing and indeed the most shameless U-turn of any government not only in Ghana's history but in all post-independence African history."

Rawlings' Options

As the foregoing discussion suggests, the conditions of scarcity and state softness have persisted in Ghana across regimes. Unable to alter the basic structure of society, Rawlings has found himself with little apparent alternative but to adjust to the powerful forces of domestic and international capitalism. With his support among the disadvantaged weakened by his apparent retreat from his initial fiery populism, he has attempted to muddle through, relying on a combination of international backing, improved weather conditions, and an adequate level of state repressive capacity to maintain an even keel. His balancing act has been aided by the extensiveness of the Ghanaian informal sector, which continues to absorb the energies of much of the society. But any deterioration in international support or a return of drought would make a muddling-through strategy difficult to maintain for very long.

Rawlings has several options. He might attempt to build a formal coalition with key civilian spokesmen, bringing the leaders of various class and ethnic interests into a more representative government. Although his ministries are now manned by selected civilians, a move to involve the leaders of important social elements in the running of the state might have the effect of broadening his appeal—depending, of course, upon the extent to which major groups and their leaders perceived themselves to be adequately represented in the ruling coalition. It is significant in this regard that a commission chaired by Justice D. F. Annan has been asked to make recommendations on the establishment of a non-party constitutional system in Ghana, a proposal reminiscent of the earlier

Acheampong effort to establish "union government."

More difficult, but not beyond the realm of possibility, would be a second legitimacy-building option: the rejuvenation of the regime's populist image. This could entail the rebuilding of linkages with the urban working class, or, alternatively, a shift in emphasis to gain rural-based support. The latter approach could involve an altering of rural-urban terms of trade to the advantage of the rural majority (some 70 percent of the country's 12 million people), in conjunction with the encouragement of communal agriculture. Moreover, carrying out the promised decentralization program and promoting more active rural participation in the decision-making process might generate new support for the regime in the hinterland.

Without a populist dimension or a new support base, the regime's longevity is open to doubt. Rawlings' survival and the achievement of his revised objectives will require both dexterity and creativity. Rawlings realizes this. As he noted in his previously-cited August 1983 broadcast, "Unless . . . we break new ground . . . we will be adding to the already intolerable suffering of our people." But given the constraints under which any Ghanaian government labors in the latter half of the 1980s, matching the need for creativity with deeds is an enormous task.

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