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Global Incorporation, Ideology, Foreign and Domestic Economic Policy of Ghana

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Global Incorporation, Ideology, Foreign and Domestic Economic Policy of Ghana

Christopher Appiah-Thompson

Abstract- It is not simply that most of the countries which were then colonies and protectorates are now independent. It is, rather, that they have asserted their 'Africanness'. Looking ahead in 1950 Professor MacInnes wrote 'Colonial peoples are ceasing to be the docile acceptors of external rule they once were'. Before them, he believed, lay two possible lines of development—the way of the Communist world and the way of the Western powers. During the past quarter of a century the newly independent African states for the most part have striven to show that there was a third way, their own.[11]

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---Adebayo Adediji Former executive secretary
U.N. Economic Commission for Africa (ECA)

Over the years, foreign economic policy actions of Ghanaian governments had basically been the by-product of formal political interactions of Ghana with the international system. Specifically, foreign economic relations that center on trade, foreign aid and investment played second fiddle to traditional foreign policy concerns with its known political bias. Ghana, under the Provisional National Defence Council (PNDC) which came to power through a military coup on December 31 1981, was no exception to this norm; until the mid-1980s, the regime professed to be a socialist and pro-East government in its orientation and attitudes towards both public and foreign policy issues. This article argues that the radical transformation of Ghana's foreign policy from a socialist orientation professed by the leaders of the first (PNDC I) regime to the second (PNDC II) regime in April 1983, led to the pursuit of an overly aggressive foreign economic policy, as well as the gradual liberalization of the political space. The research puzzle that needs to be resolved in this context is that; what theoretical constructs best explain the regime's behavior domestically and externally, with specific reference to the international economic or political relations? Invoking the theoretical explanations of Stephen Krasner, K. J. Holsti, Joseph Nye, Jnr., and Grindle and Thomas (1991) this article aims to explore these perspectives empirically in the African context and Ghana, in particular, as well as drawing some valid theoretical and empirical conclusions from them and its implications for contemporary and future foreign and domestic economic policy design and implementation.

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Keywords: foreign policy, national interest, economic relations, cold war, structural adjustment programme.

I. Introduction

Foreign policy is simply about how states relate to each other (Tandon, 1974: 191). The relations are conditioned by certain objective factors, which it is possible to identify in a careful study of the relations between two or more states (ibid). Specifically, states have interacted among themselves, politically, economically, culturally, socially, religiously, and other levels for the well-being of their countries, since the Treaty of Westphalia in 1648. These interactions can be influenced by the ideological convictions of the leaders of the states, in question, that is, whether political realism or idealism in their international relations. The driving force behind a country's foreign policy formulation is what is popularly known as the "national interest" in International Relations scholarship, irrespective of the ideological persuasions of the dominant actors involved. The concept of "national interest" simply refers to the guiding principles in foreign policy orientation. The latter, refers to the general policies, strategies and obligations of a state in its relations with other states. According to Joseph Nye, Jnr., the national interest is the fundamental building blocks in a country's foreign policy. The national interest is mostly, a set of priorities regarding relations with the rest of the world. A country's national interest should therefore be broader than its strategic interests. In his influential book, "Defending the National Interest," Stephen Krasner, argued that the "national interest" is simply the goals set for the state by its leaders, in his view for country's goals to rise to the level of national interest, it must meet six basic standards: first, these goals must be related to the general societal goals; second these goals are most frequently related to the self-preservation of the political unit; third, that the foreign policy should ensure the sovereignty and independence of the whole territory and should perpetuate, a particular political, social and economic system, based on that purpose; fourth, it should also aim at the promotion of private business interests abroad whether or not this relates to the broad societal needs; fifth it should aim at increasing the prestige of the country in the international system; six, it should be motivated by the desire to support friends and allies; and finally, it may be geared towards the promotion of

[1] Quoted from the Preface to the Proceedings of the Twentyfifth Symposium of the Colston Research Society, on Foreign Relations of African States, held in the University of Bristol, on April 4th to 7th, 1973. Edited by K. Ingham, Butterworths: London, March 1974.

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Human-rights in other countries. The parameters set here by K. Holsti, may guide us in our understanding and appreciation of what what Ghana's national interest should be, certainly Ghana's national interest should include both the united feelings of the over 22 million people of the country, and also the set of public demands presented by some of the active or passive civil society groups (such groups may be defined in either ethnic, regional, religious or class interests) and individuals within the state and that either oppose or less enthusiastically supported by others.

The objective of this paper is to reflect on certain observed actions and its ideological underpinnings indicated in the domestic and foreign policies of former leader of the (Provisional National Defence Council, hereafter PNDC), Flt. Lt. Rawlings from (1982—1992) in Ghana. Specifically, this paper will critically discuss and explain Rawlings' actions (or inactions) and its pro-east ideological justifications before his change of gear to strong attachment to neo-liberal style of economic governance (i.e. accepting the bitter pill of the Structural Adjustment Programme and its effects on domestic actors and socio-economic policy) as advocated by the West through a combination of economic and political conditionalities. This article argues that the radical transformation of Ghana's foreign policy from a socialist orientation professed by the leaders of the first (PNDC I) regime to the second (PNDC II) regime in April 1983, led to the pursuit of an overly aggressive foreign economic policy, as well as the gradual liberalization of the political space.

a) Theoretical Framework for Explaining Ghana's Foreign and Domestic Policy: A Brief Overview

The conceptual analyses explicated above are important not only for understanding Africa's relationship with the world, but also for understanding and appreciation some of the most significant political and economic diplomatic relations on the continent and beyond. According to one school of thought in International politics, the determinants of foreign policy can be broadly divided into three categories: (1) Internal factors, (2) External factors, and (3) Policy making factors. The internal factors can be further subdivided into the following components: (a) Geography, (b) Historical traditions, (c) National capacity, (d) Public opinion, and (e) Ideology.

I will briefly, explicate these internal components in turn: first, Geography includes the location, size, topography, state boundaries, population, climate, etc of a state. Scholars of International Politics have pointed out the important role of geography in the formulation of foreign policy. For instance, they espouse the view that "pacts may be broken, treaties unilaterally denounced, but geography holds its victim fast." That is the presumption that a nation can avoid anything but not the constraints of geography. For example, the foreign policy of Britain was based on the principles of balance of power, supremacy on the seas and the expansion of the Empire. These features of the British foreign policy were the natural off- shoots of its strategic location (i.e an island) helped her to rule over the waves in terms of both trade and naval supremacy for centuries. However, scholars have pointed out that, the effect of geography is rather of an intricate nature. Specifically, they posit that it has lost much of its importance in contemporary times, due to the recent advancement in science and technology. These developments have succeeded in relegating the geographical factor to the background. Of course, the great progress being done in the areas of aerial navigation and technological sophistication of warfare have subsequently led to an immense depreciation of geopolitics, but many of the advantages and disadvantages remain operative in all states, in this nuclear age. Second, the historical traditions and national ethos, is also an important determinant of foreign policy of states. As scholars have aptly indicated, it is from a nation's unique historical trajectory that a state adopts a particular style and culture, which in turn influence the course of action or its orientation in its external relations. For instance, India's policy of non-alignment is a logical culmination of its freedom movement and the principles of Panch Steel, which is also rooted in its Budhist past. The third internal variable, which is the national capacity, refers to the military strength, technological advancement and economic development. It is imperative here that a foreign policy should compromise with these national attributes, in order to succeed. For instance, the British foreign policy had to reconcile with its medium power status after the Second World War. Similarly, the revolution in the US foreign policy in the post- 1945 period can be explained only in terms of super-power status resulting from the War. In the same way, the abandonment of the super-power role by the Soviet Union since 1989 was the result of recognition by Mikhail Gorbachev of the declining capacity of the Soviet Union. Fourth, public opinion is another determining variable among the internal factors. Scholars of International Politics have amply emphasized the assumption that no country can easily ignore or go against the pressure of public opinion for a long time. For example, America had to withdraw from Vietnam (after 1968), under the pressure of public opinion. However, the role public opinion also have certain significant limitations, for instance public opinion is not often well organized or articulated, and whatever role it plays is largely restricted to democratic states only. The policy makers in authoritarian or totalitarian states are immune to the public feelings and demands. Finally, the ideological predispositions of leaders or policy elites are very important determinants in this theoretical framework. This is because the foreign or domestic policy of a state is conceived in the minds of

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men who subscribe to certain fundamental beliefs relating to the distribution of power in society, the proper function of government and a particular way of life. For instance, ideological commitments such as those to African socialism, democratic socialism, or law and order tend to be enduring predispositions that color or influence the perceptions of particular foreign policy orientation of a state towards its external relations.

The second main categories of variables consist of the external factors. The elements form what is known as the external influences on a state. They are: (1) World organisation, which includes international law, the United Nations Organisation and other international financial, military, economic, social and cultural institutions, aimed at maintaining the existing world order. For instance, according to Grindle and Thomas (1991:39), closely linked to the historical context of the developing world is the great importance of each country's relationship to international economic and political conditions. They argue further that developing countries continue to be dependent upon and vulnerable to economic conditions such as the prices of the basic commodities they produce, the foreign exchange value of the goods they export and import, and interest rates at which they borrow capital abroad and repay debts. As these factors have created complex relationships with a large variety of multilateral and bilateral institutions, many of whom have major interests in altering existing policy and organizational practice within developing countries.

In sum, the above scholars indicate that these external factors are so important that they often play a very large role in setting the agenda for both foreign and domestic policy initiatives, a situation particularly true of the 1980s and even in today's Africa's diplomatic relations. Apart from this economic determinant, international relations scholars have strongly pointed out that, generally, the explanations for Ghana's foreign policy in the post-colonial era vary in terms of internal and external, but others have also indicated that Ghana's foreign policy, as well as that of most African states around this period were largely shaped by the dynamics of the Cold War politics in the post-colonial era. The Cold War here refers to the situation in the recent past, whereby the superpowers that emerged from the Second World War (i.e. the United States and the former United Socialist Soviet Republic (USSR) or the Soviet Union were engaged in an intractable conflict, that was punctuated by crises, and haunted by virtual nuclear war, but they managed to prevent direct combat (Spiegel, 1999). This is because as most of the African states emerged from European colonial rule in the late 1950s and 1960s, the wave of African political independence interacted with the development of the Cold War, on both a global and local stage. Both superpowers (i.e. the United States and the Soviet Union) officially supported decolonization, but the United States was sometimes persuaded by its European allies that African determination might open the door to communist influence on the African continent. The Soviet Union's vocal support for African liberation was only occasionally matched by a willingness to provide logistical and military backing to such efforts. Many African political actors sought to remain neutral and "non-aligned" in the Cold War, but others deliberately portrayed local conflicts in Cold War terms, so as to persuade reluctant superpowers to intervene in African contexts which they barely understood and which were usually not a high priority in Washington or Moscow. The ending of the Cold War brought some African conflicts to a close, but the continuation of others suggested the limited relevance of global ideological affiliations to wars that resulted from a complex interaction of global, national and local factors. More importantly, Thad Dunning indicates that during the cold war, 'donor's geopolitical objectives diminished the credibility of treats to condition aid on the adoption of democratic reforms. To a large extent this position of the creditors changed, due to the collapse of the Soviet Union and the end of the Cold War consolidated the ideological stance of the Western donors (particularly the United States) which subsequently led to the strong positive effect of foreign aid on democracy in sub-Saharan African countries.

Furthermore, in Africa, with the advent of the decolonization of African states in the late 50s and early 60s, major European powers (such as Britain, France, Portugal, Belgium and to lesser extent US with respect to Liberia) were noted to have lost their influence on African states, as many of them achieved political independence, paving the way for new geopolitical actors such as the United States and the former Soviet Union. Thus, the period between `1950 and 1990, were marked by the political and economic ideological struggles between these new bipolar superpowers for supremacy and influence in the international political landscape in general and Africa in particular. In this power struggle, the United States and its Western allies tried to keep the former African colonial states under the Western influence with its ideological trappings, whilst the former Soviet Union and its allies also stretch forth its hands to reach some of the new promising African states, of strong anti-imperialist orientation. The fact that the two new super powers, sought to gain alliances in newly independent African states, also exported the Cold War to Africa, as well. This phenomenon actually turned African states into "battleground" for fighting "proxy" wars (Steven Spiegel, 1999).

The final major determinant of foreign and domestic policy is the role of the political leader or policy maker. As scholars have pointed out a policy or decision making process consists of an inter-action between those making the decision and their environment. Thus, from the above discussions, we are

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able to strongly assert that leaders and policy elites can have particular goals for the activities of the state. These goals are formed by the shared ideology or approach to problem solving that can be derived from the embedded orientation of the state, from the historical development of state activities and the way in which the state's role has been defined, from particular positions in government, and from personal values and ideological predispositions (Grindle and Thomas 1991: 41). In addition to the latter, the timing and content of any policy implementation depends on the circumstances surrounding the foreign or domestic policy issue in question at a particular point in time and place (ibid). For instance, Grindle and Thomas (1991) strongly argue that the characteristics of a given foreign or domestic policy can be classified as either "crises-ridden" or "politics-as-usual." Policies which are characterized as "crises- ridden", for example, are likely to be assessed first and foremost in terms of their expected macro political impact. Whereas, policies perceived as "politics-as-usual", in contrast, are considered primarily in terms of how they will affect micro political relationships within the bureaucracy or with narrow clienteles. This provides a framework for assessing systematic relationship between how issues get on the decision agenda and the way policy and institutional changes are analyzed by leaders or policy elites (ibid).

Table 1: A Chronology of Ghanaian Leaders Foreign Policy Orientations (1951-81)

Type of Gov't/ Date	President/Prime Minister/Head of State	Ideological Orientation
Civilian	Dr. Kwame Nkrumah (Prime Minister/President) Convention People'sParty(CPP)	Pro—East/African-Centred(1957—66)
Military (1966—69)	Lt GeneralJ.A.Ankrah(Headof state)and Laterby LtGeneral Africa (Head of state)	Pro—WestNationalLiberation Council(NLC)
Civilian	Dr.Kofi Abrefa Busia (PrimeMinister)	Pro—West(1972—79) ProgressParty(PP)
Military	Colonell. Acheampong (Headof State) National Redemption Council (NRC), Later	Nationalistic/Pro-EastInclinations(1972-79)
Transformed in to the Supreme Military Council(SMC1) and Supreme Military Council(SMCII) Led byGeneralF.W.K Akuffo		
Military (June1979— Sept.1979)	FltLtJerryJohn Rawlings (Head of State) Forces Revolutionary Council (AFRC)	Revolutionary/Anti-Capiatalist IdeasArmed
Civilian	Dr Hilla Limann (President) People'sNationalParty(PNC)	Pro-WestInclinations(1979—81)

Source: Felix Kumah-Abiwu, (2016). Leadership Traits and Ghana's Foreign Policy: The Case of Jerry Rawlings Foreign Policy of the 1980s. The Commonwealth Journal of International Affairs, UK. pp. 300.

However, it is also important to note here that leaders or policy elites are not absolutely autonomous they are constrained by contextual factors such as the structure of class and interest group mobilization in the society, historical experiences and conditions, international economic and political relationships, domestic economic conditions, the administrative capacity of the state, among others (ibid: 37). Grindle and Thomas (1991:37), argue further that these contextual factors are important because they often act at the intersection of state and society to set the agenda for leaders or policy elites, shape their perceptions of what is desirable and feasible in efforts to positively project their national interests in the international system. In the nutshell, both the (internal and external) variables or contextual factors, together with the perceptions of policy elites, create the broad parameters of policy space for any given external relation situation at any given time and place.

From the above theoretical reflections on the determinants of both foreign and domestic policy of any state at any particular time and its place in the international system, we can now strongly posit that in this study the foreign policy of post-colonial Ghana and Africa in general, is a combination of three main variables. The first is a set of complex inter-relationship of three domestic variables. It is the assumption of this article that apart from external factors, the apparent pandemic corruption, economic mismanagement and the ideological inclinations of leaders of the past three decades before 1982, when critically analyzed, will turn out to be the main causes of a society that was unable to fully realized its economic, cultural, social and political interests in the international system. As the Ghana case

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and elsewhere in Africa (for instance in contrast to Uganda) explicitly demonstrates, the increase in Western pressure on the Rawlings regime to liberalize the economy in order to effectively incorporate it into the global economy before the end of the cold war was mediated by domestic forces that determined the degree of change in the tactics, ideological inclinations and beliefs of the leaders at that time. The second is external, that is, the decades of colonial rule and neo-colonialism of African states which resulted in an extreme dependency relationship with the West as well as certain internal socio-economic policy mal-adjustment (Tandon, 1974: 191). It is also instructive to also note here that, even though the recent wave of democratization (with the huge financial and electoral assistance from the West) across most African states after the end of the cold war played an important part in driving this political reforms, it was the domestic forces that determined how the transition to multiparty politics was realized, as the case of Ghana aptly demonstrate. The third main factor is the role of the leader or policy maker. This refers to the attitudes, ideologies and beliefs of policy makers. Here following Grindle and Thomas (1991), we assume that while the stakes in decision-making situations usually involve the power of individual leaders, bureaucratic organizations, and the state more generally, decision- makers are also influenced by ideological predispositions, the professional expertise and training, as well as their memories of similar prior policy situations. With these domestic, international and the role of policy makers postulated as underpinning Ghana's colonial and post-colonial foreign and public policy in mind, we can now turn to briefly sketch the country's actual foreign policy orientation, before the coming into office of the PNDC regime in 31st December, 1981 and beyond.

b) The Case of the Rawlings Regime, 1981—1992

The Early Period, 1981-82: As explicated above, the foreign policy of Ghana cannot be understood without reference to the political history of Ghana's immediate past. For instance, certain structural and institutional regimes of both political and economic in nature were solidly constituted under British colonial rule, which no matter who rules in Ghana today; still provide the basic underpinnings of Ghana's most recent history. These developments and their social and economic consequences must be fully understood in order to analyze Ghana's foreign and public policy. Over the years, foreign economic policy actions of Ghanaian governments had basically been the by-product of formal political interactions of Ghana with the international system (Boafo-Arthur, 1999). It is popular historical foreign policy knowledge that Ghana and many Western countries, especially Britain and the United States, are kept together by neo-colonial economic, education, social, religious, historical and cultural institutions that bind them together, thus determining the parameters of the policy space for the actions (and inactions) of leaders or policy elites within their external and domestic contexts. There are also racial and psychological bonds that keep Ghanaians permanently united with Africans in the United States and Europe, Asian, as well as in other parts of the world together.

c) The Diverging Paths, 1982-1992

However, in a mimeo issued by the Ghanaian Diasporas living in the United States and Canada, popularly known as the Ghana Congress of U.S.A. and Canada in their assessment of some of the foreign policy issues of Rawlings Regime, during this time reported that:

As if oblivious of the above the facts, the Rawlings revolution has persistently antagonised our traditional our traditional friends in the West. For instance, in 1982 the Security Advisor Kodjo Tsikata caused great consternation in diplomatic circles when he published a fictitious German-language document in the Ghanaian papers detailing a US mercenary plan to overthrow the PNDC. Later, following protests from the US and German governments, he conceded that the whole exercise was a hoax, and the government of Ghana apologized.

They indicated further that, now traditional neutrality seems to have been blown to pieces as Rawlings moves more closely to the USSR and Bulgaria, Libya, Cuba and Nigaragua, East Germany, and North Korea than any previous government in Ghana has done. Since, the 1980s due to a combination of colonial exclusionary economic policies, and the nationalist promises of the leaders before and after political independence resulted in limitless expectations of government, both to intervene in the economy to redistribute entitlements and to provide jobs, loans, contracts and favours through political patronage. According to Morris Szeftel, these complex inter-relationships of three factors were of particular importance: economic underdevelopment, the nature of the inherited state, and the pattern of political mobilization in post-colonial Africa. According to the eminent Ghanaian Political Scientist, Boafo-Arthur (1999: 82):

The confusion as to the root cause (s) of the nation's economic problems reflected the differing ideological persuasions within the PNDC. The leftist elements felt the problem was with the capitalist world order whilst the moderates and conservative elements felt the leadership had to pay equal attention to domestic constraints to development. With the dominant position of the left in the ruling junta and also the core support base, the choice of international friends and policy measures initially followed socialist prescriptions.

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Similarly, Thomas M. Callaghy noted that, Dr Kwesi Botchwey, Ghana's long time finance minister, explicated these ideological difficulties vividly in these terms:

We were faced with two options, which we debated very fiercely before we finally chose this path. I know because I participated very actively in these debates. Two choices: we had to maneuver our way around the naiveties of leftish, which has a sort of disdain for any talk of financial discipline, which seeks refuge in some vague concept of structuralism in which everything doable is possible … Moreover, (we had to find a way between) this naivete and the crudities and rigidities and dogma of monetarism, which behaves as if once you set the monetary incentives everybody will do the right thing and the market will be perfect.

In reality, according to Boafo-Arthur the change in orientation of the PNDC came as a result of the failure of the regime to obtain the needed economic support from the East (Boafo-Arthur, 1999: 82). He argues further that, this effectively undermined the influence and role of the radical left in the government. Those with leftish or Marxist-leaning had two options: Either to "commit ideological suicide" or resign from the government. Key personalities in the government who had acquired reputation whilst teaching at the University of Ghana as Marxist socialists such as Kwesi Botchwey, the long serving Finance Minister of the PNDC, and Tsatsu Tsikata, a key Rawlings adviser, took the first option. Young Marxist freedom fighters such as Zaya Yeebo the first PNDC Secretary in charge of Youth and Sport, Chris Atim a member of the PNDC, Akwasi Adu, Taata Ofosu and many others fled into exile (ibid).

In sum, from the outset Rawlings and his PNDC regime placed themselves in a rigid ideological leftish corner and had no other choice than to restructure its political and economic relations or orientations in the international system, along Marxist-Socialist lines. This seeming intractable position was made more compelling by the key advisers of the PNDC regime as well as the main support base. Thus, the change of ideological orientation or the political values from radical socialist views to a more neo-liberal classical economic policies at the instigation of the International Financial Institutions (i.e. the IMF and the World Bank) in April 1983, led to the pursuit of overly aggressive foreign and domestic economic policies. The question that logically arises from these ideological struggles between the African political and bureaucratic elites, the international financial institutions and the major domestic actors, within these structural economic and political contexts is that, what theoretical framework, ideological justifications or approaches best explain this crucial "turning point" or in the words of Grindle and Thomas (1991) in this "crises" situation with respect to the regime's change of behaviour, domestically and externally with specific reference to the international economic and political relations.

II. The Transformational Experience

Conventionally, foreign economic relations that center on trade, foreign aid and investment played second fiddle to traditional foreign policy concerns with its known political bias. Ghana, under the Provisional National Defence Council (PNDC) which came to power through a military coup on December 31 1981, was no exception to this norm; until the mid-1980s, the regime professed to be a socialist and pro-East government in its orientation and attitudes towards both public and foreign policy issues. In other words, before 1982 Ghana's foreign policy of President Hilla Limann (1979—1981) was more or less non-aligned (i.e. not involved in the Cold-War disputations between the West and East) but with some pro- Western ideological inclinations. When Rawlings took office through a military coup in 31 December 1981, he accused the Limann Administration of corruption, economic mismanagement, and more seriously, mortgaging of Ghana's resources to Western International Financial Institutions such as International Monetary Fund (IMF) and the World Bank. As Gyimah-Boadi (1993:1) indicated, in its initial stages, Rawlings regime attracted considerable attention with left-leaning, revolutionary and radical postures, and consulted with similar regimes in Libya, Nicaragua and Ethiopia—provoking deep loathing from Ronald Reagan's Administration and other Western governments. This was initially the case before mid-1983, as the Rawlings's PNDC regime had gone along with the sentiments and ideological inclinations of the radical Marxist-Socialist against Western investment, devaluation and trade liberalization and in favour of rather self-reliance through import substitution economic policies and popular mobilization. However, in 1993 powerful domestic and external factors such as drought and bush fires, famine, dwindling foreign exchange receipts, the Nigerian oil embargo and the expulsion of over one million Ghanaians from Nigeria, as well as the failure of the Eastern-bloc allies, towards the end of the cold war to help meet Ghana's foreign exchange needs, prompted Rawlings regime to embrace the IMF and the World Bank's neo-orthodox structural adjustment programme in April 1983.

a) Implications for Domestic Economic Policy Formulation and Implementation

This section we will attempt to critically examine some aspects of the ideological justifications and theoretical underpinnings of the structural adjustment programmes and the policy measures that are typical of the stabilization/structural adjustment programme, which were designed by the World Bank and the International Monetary Fund (IMF) and implemented by African leaders and policy elites in almost every Sub-

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Saharan African country. The analyses of these economic ideological struggles between Africa, and Ghana in particular, on one hand; and the West is very important for an appreciation and understanding the economic crises which was at stake at that time of the introduction and rigorous implementation of the SAP policies and its discontents, because for example according Nic Cheeseman (2016: 14) notes that:

The debate about the design and impact of foreign loans and economic advice is closely associated with the literature on aid and governance. In both cases, scholars have argued that the ability of African leaders to secure international assistance from foreign partners has encouraged them to ignore the needs of their own populations, with whom they not they do not need to engage in order to raise revenue.

In addition, with the end of colonial rule in the late 50s and early 60s, the leaders and policy elites of most of the political independent African states at that time were very hopeful that a change in political, economic and social governance will propel significant socio-economic development. But, by the end of the over four decades of self-governance, has resulted in rather chronic manifestations of underdevelopment (in the social, cultural, economic, security and political realms. The question that arises is that how can we explain and better understand the imposition of the Western directed SAPs and democratic governance in Africa, in the early 1980s and 1990s? As Nic Cheeseman, puts it, in the 1980s, the IMF and World Bank came to the firm belief that the main problem with African economies was African politics. He argues further that it was believed that the state, was corrupt and inefficient, and hence was undermining economic growth. As a result, the World Bank loans were made conditional upon the structural adjustment of African economies (2016: 15).

In order to test the potency of these competing theories, the study employs the classic Ghanaian structural adjustment experience as it is deemed as the most successful among the "adjusting" Sub-Saharan African countries. It is our hope that this "deviant" case study will help to illuminate the limitations of Ghana's foreign economic policy design (with regards to the Structural Adjustment Programmes (SAPs) or diplomatic economic negotiations and its implications for domestic political-economy in Ghana and Africa in general and derive some recommendations, among others for a critical look at the consideration of some of the policy suggestions from the Economic Commission for Africa (ECA) for the future re-modelling of the current adjustment package as a minimum effort to correct the current economic crisis facing most African states, since political independence between the mid-1950s and late 60s (Hekpo, 1992:25). To achieve these objectives, this section will first, re-examine and define the theoretical concept "structural adjustment", thereby sharpening and clarifying the content of the concept, with the view to understand the nature of the disagreements surrounding it. Second, it will present the arguments for and against the rationale for the design and implementation of SAPs in Africa. Third, we will test the empirical validity of these two opposing theoretical points of views from the two schools of thoughts. Finally, it will attempt to draw some lessons and make recommendations based on the empirical case.

b) What is Structural Adjustment?

According to Engberg-Pedersen et al (1996:3), the term "Structural adjustment" is normally used in one of the two closely linked senses. First, it implies a shift in economic policies from an interventionist stance, which permits and sometimes encourages state intervention in the economy, towards a neo-liberal position which aims to minimize it, letting the market allocate resources wherever possible (ibid). Second, it also stands for the mechanisms which have been used since about 1980 to persuade Third World Countries often very reluctantly, to follow such policy prescriptions (ibid).

c) What is 'Structural' about Structural Adjustment?

From, the above conceptual analysis, "Structural Adjustment" specifically consists of reforms aimed at 'stabilizing developing countries' external and internal balances and promoting their growth by devaluation, producer price increases, trade liberalization, privatization and supporting institutional changes' (ibid). Its adoption has usually (but not always) occurred in a context of economic crisis and on the basis of promises of resources from donors, led by the two foremost International financial institutions, the International Monetary Fund and the World Bank (ibid: ix). The latter are also largely responsible for the design of adjustment programmes (ibid). Now, the question is: What is 'Structural' about this? The point is worth pursuing is that, since the notions of "Structure" as used by the IFIs and their critics are almost diametrically opposed (ibid). To show this simply, one can outline how each side perceive as major 'Structural' problems (ibid). In the words of Svendsen (1996:402), "structural adjustment followed a grand design, inevitably generating disagreement. To understand the policy process over the years it is useful to look first at the broad features of these disagreements and then to review the more specific disputes."

d) The Theoretical Position of International Financial Institutions

According to Engberg-Pedersen et al (1996:4), for the IFIs, first their main conceptual definition of - or only - "structural" problem is "the market distortion," usually as a result of state intervention in the economy. In the African case this means assuming that the root cause of Africa's current ills lies not in its history of colonialism and its form of integration into the world

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economy, but in the policies which have aimed to offset these imbalances, with their untended effects in the form of excessive state intervention in the economy and especially parastatal monopolies. Svendsen (1996:403) points out further that, "the Second disagreement centres on the appropriate role of the state in economic development in Sub-Saharan Africa. Most are ready to accept that 'the state' was in crisis…while some adjustment was needed there is not agreement on how far the pendulum should swing in the other direction." Hence, for the IFIs there is strong call for the reduction of state intervention in the economy and an acceptance of the dominance of the private sector to lead in the development process.

The Economic Formulations from the Economic Commission for Africa (ECA) and African Governments: In the view of Engberg-Pedersen et al (1996:3), for this school of thought the cause(s) of Africa's economic underdevelopment and its subsequent effects of corruption and poverty is result of lack clear, logical and coherent effort in the definition and the formulation of the so-called "Structural" problems, and the effects of these external influences, tend to cause the economic and social imbalances perceived to obstruct development. They explain further that, the theoretical position explicates basically that the export bias of colonial economies and its distortion of transport networks could be seen as the major cause or the lack of transformational policies which have kept some areas undeveloped sources of outmigration. Development is seen, at least in part, as a matter of overcoming these structural imbalances. Since their effects include distorting markets, state intervention is suggested to improve structure and to provide the optimal conditions for private sector participation" (Engberg-Pedersen et al (1996:3-4). In other words, Engberg-Pedersen et al, explains further that "the 'development' process has probably been more extensively and heavily state-controlled in Africa than in most other parts of the Third World, though this says as much about the small size of the private business sector as about the size of the state (ibid). Even though, this development strategy has led to a "massive increase in foreign debt and the proportion of exports needed for debt-service, implying a vicious cycle of increasing dependency on external donor funding" (ibid: 4-5).

Thus, according to this school of thought, the external environment for African leaders and policy elites were not conducive enough for the kind of "structural adjustment" in their international economic and political relations with the Western powers due to the interrelationship of three main variables in the recent history of Africa's political-economy. These include: first, the authoritarian character of the inherited colonial state; second, the nature of its global incorporation into the international political and economic system; and the mode of political mobilization by the ruling elites in Africa and its associated problem of neo-patrimonialism. These theories were the major underpinning building blocks in the ideological postulations of this school of thought as being the underpinning causes of the challenges faced by African leaders or policy elites in their determination to reduce or eliminate the political, economic and social ills of the African states. First, the African ruling elites inherited an authoritarian colonial state, plagued with oppression; brutality and economic exploitation governed by divide and rule tactics within the society. Since, colonial rule by the Europeans was imposed on the African public, it was also characterized by brutal force and oppression rather than being consultative and participatory. Thus, the new African leaders and policy elites lack the necessary political culture and a well-established rational political system governed by the rule of law and separation of powers. Under these unfavourable conditions, the new ruling African elites lacked the managerial values to effectively manage the natural rich resources which were logically placed in their hands. More importantly, their inability to transform the colonial state they inherited from the European powers resulted in making the state irrelevant to the welfare of their people, as well as employing it to promote their national interest but rather they helped to deepen the exploitation of the resources of the state for the benefit of external powers.

Furthermore, the nature of the colonial system were characterized by what scholars of African Politics have termed the "duality" of competing powers, in the sense that two different contradictory systems of political rule were created to co-exist with each other, resulting in the problems of nation-building and place of ethnic groups in this new artificial political superstructure known as the "weberian" state. This simply implies that, first on one hand, at the rural level, the people were left in the hands of native authorities through the system of indirect rule, whilst at the urban area, were the colonial governor with the support of the Executive and Legislative Councils that were established; were effectively employed to discriminate against the "African elites" in the decision-making process of their own country. The result of this "divide" and "rule" political strategy was the deepening of the incidence of "ethnicity" at the local level, which in turn impeded the formation of a strong middle class in most African states and its negative patrimonial effects on economic governance and the recent surge of democratization in most African states, since the 1990s. Thus, the failure of the nation-building project resulted in the use of patron-client relationships as a political strategy and tool to redistribute public goods for regime support. Moreover, the lack of strong private-sector in most African countries meant that the state or the public sector continued to be the only source of achieving the economic well-being by citizens. This motivated the mismanagement of the state resources for private use,

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in the context of the winner takes all political system by the minority ruling elites to the detriment of the numerous powerless African citizens. For instance, using Nigeria as a classic case, scholars have hereby indicated that in Nigeria "corruption is the order of the day" and this pertains to most other African states as well. Moreover, the effects of economic and social inequalities among the population, and the manipulation of ethnic identities by the ruling elites to their own political advantage like the experience in Kenya and Zambia amply demonstates, in the 1960s and 1970s, led to economic mismanagement and corruption, leading to the justification for the radical imposition of SAPs on most African states in the 1980s, until now.

Finally, related to the first point of colonialism is also the inheritance of loop-sided nature of the colonial economy. This involves the process whereby the state is allowed only the production of one agricultural produce; for example, Kenya specialized in the growth and export of tea and coffee, with Ivory Coast and Ghana producing cocoa, whilst the Gambia specialize in the export of groundnuts, and so on for the international political-economy as their major source of foreign exchange, instead of equally focusing on the rapid industrialization of the economy. The implications of this "colonizing structure" of the global economy on Africa's weak political-economy is that over time, most African states become effectively dependent and marginalised in terms of participating on an equal basis in the global economy. As a result, African economies began to respond either negatively or positively to the "shocks" of contraction and expansion of the international commodity markets. In this regards, in times of global economic decline, also negatively affects most African economies as it suffers from serious draw-backs, leading to deficits in the balance of payments and debts to foreign rich industrialized countries, which controls the International Financial Institutions such as the IMF and the World Bank, by giving generous loans to African governments to help them to off-set some of their internal and external debts as well as balancing the national budget accordingly, in order to enhance the welfare of their citizens. The latter in conjunction with other problems economic mismanagement and bad governance resulted in the imposition of the Structural Adjustment Programmes by Western powers on African states. For them, as explicated elsewhere they defined the problems of the African states not in terms of external factors but in terms of internal economic and political governance issues within most African states.

Hence, from the above discussions we can discern from the theoretical literature at least two main fundamental disagreements that exist between the IFIs, on one hand and the African governments and ECA, on the other. The first relates to the distinction between internal and external causes of the socio-economic crisis facing Sub-Saharan African Countries. Whiles, the second disagreement focuses on the appropriate role of the state in the economic development in Sub-Saharan Africa (ibid). With these conceptual and theoretical foundations to guide our analysis, we now turn to our empirical cases (i.e. the country specific cases selected to test these rival theories)

e) The Debates on the Justification and the Success of SAPs

In Ghana, Gyimah- Boadi (1993:1) pointed out that the Rawlings regime has ruled Ghana continuously since 31 December 1981, making it the longest serving government in the country's turbulent political history. In its initial stages, the regime attracted considerable attention with left-leaning, revolutionary and radical postures, and consorted with similar regimes in Libya, Nicaragua and Ethiopia- provoking deep loathing from Ronald Reagan's Washington DC and other Western governments. Gyimah- Boadi, notes further that later on, Rawlings became widely perceived as the 'blue-eyed-boy' of the World Bank and the International Monetary Fund. His government's Economic Recovery and Structural Adjustment Programme were judged as one of the most thoroughgoing and consistent in the world (ibid). In other words, since April 1983, the PNDC[2] [2]regime led by Flt. Lt. Jerry Rawlings carried out a programme of far-reaching economic reforms intended to reverse the decline in the Ghanaian economy which began in the 1970s and reached crisis proportions in the early 1980s (Anyemedu, 1993:13). Against this background, following the analytical approach of Anyemedu, this section will attempts an evaluation of the policies the PNDC employed from 1983 to 1992, in order to reverse the economic crisis that faced the country, during the stipulated period in question. These include a brief analysis of the economic situation which existed at the inception of the ERP and the policies and measures adopted to resolve the problems. These policies are finally reviewed in terms of the criteria of justification, and success or failure (ibid).

f) The Nature of the Pre-ERP Economic Crisis and the Framework for Analysis

In general, Henko observed that "the countries of West Africa continue to experience underdevelopment despite growth of the early and late sixties. The sustained crises, evidenced in low productivity, high rates of inflation, high rates of unemployment, deterioration in standards of living, huge external debts, social and political costs, etc" (1992:25). In particular, the economy of Ghana underwent a comprehensive and pervasive decline in the 1970s. Real GDP stagnated and per capita incomes declined at the average annual rate of about 3%. Inflation averaged over 50% during the period and reached triple digits in some

[2] Provisional National Defence Council.

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years Anyemedu, 1993:13). This prompted the Ghanaian government to implement, in one form or another, the typical IMF and World Bank adjustment programmes (ibid). The framework for analysing the performance employed is the 'classical' view of economic development defined as the increases in per capita gross domestic product (GDP) or gross national product (GNP) sustained over a considerable time period (Hekpo, 1992:26). Moreover, the following measures of performance are also examined: the rates of inflation, and unemployment, the changes in external trade and the debt service ratios; in addition to the political and social costs of adjustments in general (ibid).

After the Implementation of the Neo-Orthodox Adjustment Programs: In measuring how the ERPs fared in terms of its impact on the Ghanaian economy, social and political structures on its impact the following findings were recorded against the objectives of the programme which were: basically the stabilization of prices through balanced budgets, achieving an average annual real GDP growth of at least 5 percent, reducing the size and cost of the civil service, reducing the average inflation from 37 percent in 1990 to 5 percent in 1993; and generating an overall balance of payments surplus of at least $90 million a year (World Bank, 1995; Anyinam, 1996:451; quoted in Konadu-Agyemang and Takyi, 2001:24).

First, with the ability of the government to manage important aspects of macro- economic management, such as combating inflation, controlling the wage-bill and managing the budget were generally positive as a result of the reform measures. As reported in the evaluation report on the SAPs by the Pricewaters Coopers (2003), by the early 1990s, the results of the ERP was clearly visible. First, the GoG had been able to transform its financial position, moving from a fiscal deficit of 4% in 1983 to a surplus of 2% in 1991. In this regard, Ghana "registered smaller deficits…than the rest of the continent. Second, by 1992 inflation was at an all time low of 9.5% (compared to 77% in 1981). Finally, by early 1990s, GoG's wage bill had dropped to 4.5% of GDP following a reduction of central government employment by 40, 000 to 260,000 (Pricewaters Coopers, 2003:9).

However, these successes were rapidly reversed for a number of reasons. Increased pressure in the late eighties to deepen the democratization process, led the Ghanaian government to promulgate a new constitution and hold multi- party elections in 1992. Specifically, these changes gave Parliament more powers to veto proposed policy, previously largely driven by a group of technocrats who enjoyed military protection. Moreover, the democratization process is perceived to have given voice to influences which, overall was not supportive of macro-economic reforms; and lobbying on behalf of particular interest groups (e.g. With respect to employee welfare) in return for regime support affected the sustainability of the reform measures. For example, prior to the 1992 general elections, an 80% pay-hike for civil servants raised the wage bill to 8% of GDP. Moreover, the government lost control of recruitment and by the mid-nineties, central government employment had grown to 330, 000. These factors triggered the suspensions of financial support of the World Bank and IMF. The increased wage bill contributed to fiscal instability and macroeconomic failure (Koranteng, 2002; Arthur, 1999; quoted in PricewaterhouseCoopers, 2002:9-10).

Moreover, in the area of poverty reduction, according to a report by the Ghana Living Standards Survey, in 1987/88, about 36 percent of the Ghanaian population lived below the poverty line. Even though rural poverty was higher than urban poverty, 26 per cent of the urban population lived below the poverty line of C36000 expenditure per annum. The results of the second report of the Ghana Living Standards Survey suggest a worsening of poverty between 1987/88 and 1990 (Jebuni and Oduro, 1998:38).

III. Debates on the Success of the SAPs in Ghana

The view of the IMF and World Bank: In the view of Anyemedu (1993:13), the implementation of the Economic Recovery Programme (ERP) in Ghana was praised by the International financial Institutions and the donor community in general for its impressive achievements. Ghana in this case has been noted in recent years as an example of successful development in Africa. Gyimah- Boadi (1993:9) also agrees on the fact that "there is no doubt that the ten years of PNDC rule brought about a significant measure of macro-economic improvements. There was a reversal of economic decline and a resumption of economic growth. There also appeared to be abatement in Ghana's chronic fiscal crisis, which in turn made possible a partial but significant rehabilitation of the country's long- decaying social and economic infrastructure and a restoration of the organisational capacity of the state".

The View of the African governments and the ECA: However the PNDC regime's economic reconstruction was not without its limitations. In the words of Anyemedu (1993:24), "there were, of course, dissenters to the new orthodoxy. In addition to the misgivings on individual policies, the dissenters emph-asised the inappropriateness of applying any single policy programme as a universal remedy in the developing world. In the African context, the foremost dissenter was the Economic Commission for Africa (ECA)". According to Ekpo (1992), the ECA's document, African Alternative Framework to Structural Adjustment Programmes for Socioeconomic Recovery and

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Transformation (AAF-SAP), completely rejects the IMF and World Bank adjustment programmes (ECA AAF-SAP, 1989:25, quoted in Ekpo, 1992:28). It states categorically that:

It should have become abundantly clear by now that, both on theoretical and empirical grounds, the conventional SAPs are inadequate in addressing the real causes of economic, financial and social problems facing African countries which are of a structural nature. There is, therefore, an urgent need for an alternative to the current stabilization and adjustment programmes in Africa. Such an alternative will have to take into consideration, among other things, the structure of production and consumption and the people who are the main actors in the development process.

Ekpo (1992) summarizes the debates indicating that the main contention of the ECA as due to the nature of the IMF recovery package in terms of "its classical and neoclassical assumptions of clearing markets and insignificant roles for the state in economic activities, does not address the "structure" of Africa's political economy". Ekpo, explain further more concretely that "the main problems of mass poverty, food shortages, low productivity, weak productive base and backward technology that confront Africa are essential constraints that arise from the structures of production, consumption, technology, employment and socio-political organisation" (ECA AAF-SAP, 1989:1, quoted in Ekpo, 1992:29). Specifically, the above observation seems to have been confirmed in relation to the effects of the Ghanaian SAP implementation, as Gyimah-Boadi (1993:9), explicates this that there was no reduction in the country's structural dependency (a problem dramatised by the steady decline in the world market prices for most of Ghana's leading export commodities in the late 1980s and early 1990s) external debt grew and infrastructural rehabilitation and restoration of the organisational capacity of the state remained inadequate. Gyimah-Boadi, notes further that the 'the economic growth and other ERP/SAP improvements did not necessarily translate into direct benefits for the general public. The contraction of the state meant immediate job losses and a reduction in employment opportunities in the state sector. The withdrawal of subsidies caused a decrease in social wages and cost recovery, the introduction of user fees and a steep devaluation of the currency led to increases in the cost of basic social services and consumer items' (ibid).

IV. Concluding Remarks

This paper opened by reviewing some of the definitions by scholars with regards to key concepts in the analysis of any foreign policy of a state, specifically the notion of the "national interest." Secondly, the question of what is actually meant by the idea of a state's orientation towards foreign actors and states (i.e. the idea of "us" and "them")? Thirdly, the general theoretical framework for explaining the foreign policy of Ghana is then concisely presented. Afterwards, the ideological debates and contests between the International Financial Institutions (i.e. the IMF and the World Bank), on one hand and the ECA and reluctant African governments, on the other, concerning negotiations on international and domestic economic policy is also reviewed here, using Ghana's experience, as classic case study. It should be noted here in the final analysis the IMF and the World Bank won because they had the best economic ideas or policies, rather they won because of the "neo-colonizing structure" of the post-colonial African states (particularly Ghana), which still depends on the global economic order which was constituted by the Western powers for its foreign exchange through the sale of cocoa and other natural resources. For instance, the ECA's African Alternative Framework to Structural Adjustment Programmes (SAPs) is holistic in nature and captures the realities of the African economy (Ekpo, 1992:38). Its major strength is in the emphasizes on the human dimension rather than on technocratic approaches of the International Financial Institutions. In other words, the inclusion of transformation in the adjustment process, as well as the ingredient for eventual self-reliance, makes the ECA-SAP a qualitative improvement over the IMF and the World Bank adjustment package. Hence, the implementation of the ECA's alternative programme stands as a necessary condition in attempting to address the economic crisis of Ghana and Africa in general (ibid). In the final analysis, this study of Ghana's international and domestic economic policy was undertaken partly for what it has to say about Ghana, but partly for what lesson it has for us in the study of the foreign policy of African states.

Moreover, what the Ghana demonstrates best of all, concurs with the findings from similar studies, on the study "analysis of the foreign policy of Uganda" by Tandon, is the invalidity of the proposition often made with respect to the foreign policies of small states that these are conditioned mostly by domestic factors, that it is the big states that which react to each other and have interests that so beyond their boundaries in proportion to their size so that a United Kingdom would have significant regional and cross-regional interests and a United States would have interests all over the globe. But for small states, they neither have the capabilities nor interests that go much beyond their national geographic confines (Tandon, 1974: 207). In other words, this study validates the proposition that for those African states that had acquired formal political independence from colonial from the European powers, their internal development is still largely a reflection of their colonial past, and most important determinant in their foreign policies was their dependent relationship upon the foreign colonial powers for foreign aid and

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technical assistance in their political and economic governance institutions. In consequence, much of what happened internally is still in response to externally imposed conditions through a political system of unfair international diplomatic relationships and negotiations on the global economic order with regards to their own interests.

As explicated elsewhere, at the outset the belief held by the key political and policy elites in the Rawling's PNDC regime was that Ghana's domestic economic problems were as the result of the negative nature of the nation's incorporation into the international political-economy, as postulated by the consultants at the Economic Commission for Africa (ECA) above. Thus, the immediate concern was the initiation of populist structural economic and social reforms, including placing the management of the state enterprises and corporations in the hands of committees for the Defence of the Revolution (CDRs). However, apart from the rhetorical attacks on imperialism and western capitalism, no serious measures were aimed at restructuring the economic base of the country for lack of enough foreign exchange reserves. Nevertheless, the change in ideological orientation of Rawling's PNDC regime came about as a result of mainly the failure of the regime to successfully secure the needed economic support from the Eastern bloc, especially the Soviet Union. The Ghanaian high powered diplomatic delegation to the Soviet Union came backed empty-handed, rather they were directed to go the IMF and try at the same time to hold on to the revolution. The negative outcome of the Russian trip had a strong sobering effect on the radical left within the PNDC and among its key supporters. It greatly undermined the leftish influence on international and domestic economic policy making and implementation and paved the way for the realignment of relations between the regime and the Western powers. Moreover, the fragile domestic economic conditions were compounded by the populist economic policies being implemented at the time in question. These policies included the confiscation of the assets of traders, imposition of price controls, and the imposition of heavy fines on alleged hoarded goods, among others. These policies failed to improve the economic situation of the country and furthermore, severely reduced the incentives for production, savings, domestic and foreign investments, which obstructed increased economic productivity in the polity.

Hence, in 1983 a combination of powerful domestic and external factors such as drought and bush fires, famines, dwindling foreign exchange receipts, the Nigerian oil embargo and the expulsion of over one million Ghanaians as well as the failure of the Eastern Bloc allies to help meet Ghana's foreign exchange needs, prompted the PNDC regime to embrace the IMF and the World Bank's neo-orthodox Structural Adjustment Programmmes (SAPs), in April 1983. This wide-ranging economic reform packages especially its austerity and ideological implications caused considerable political problems for the PNDC regime. Several features of the reforms caused great bitterness among the working class: labour retrenchment; trade liberalisation (symbolized by the demise of the people's shops); devaluation (which induced high prices of consumer goods); user fees and subsidy redrawal (which rendered basic services like health and education unaffordable to the average worker). Indeed, the introduction of the Programme of Action to Mitigate the Social Effects of Adjustment (PAMSCAD), with the objective of lessening the burden on the poor as a result of the religious implementation of externally imposed economic policies without any local input, undermined the high praises which was heaped on the PNDC regime in the corridors of the International Financial Institutions and Western governments. In January, 1990 Rawlings, himself declared that "I should be the first to admit that the SAPs has not provided all the answers to our national economic problems." Since, the successful transition to multi-party, constitutional rule in 1992, the parameters of the Ghana's interactions with the international system have been clearly stipulated in Article 40 of the 1992 Four Republican constitution, which is reinforced by Articles 74 and 75 and to some extent by the Directive Principles of State Policy of the same constitution. Since, the end of the Cold-War true to the unipolar system of the international system, both the two administrations of the dominant political parties in Ghana (i.e. the National Democratic Congress (NDC) and the New Patriotic Party (NPP) have pursued foreign policies characterized by neo-liberal economic diplomacy and the promotion of international peace and democracy in the West-African sub-region.

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