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Brief Report No. 37

## G H A N A

On New Year's Eve 1982, a military coup overthrew the constitutionally elected government of Ghana - the spiritual home of African independence. This latest overthrow is the fifth in Ghana's post-independence history. This brief report, prepared by the Research staff at Jan Smuts House, focusses on :-

1. Statistics and Background Information;
2. Some Recent Political Developments;
3. Some Recent Economic Developments and,
4. The Recent Coup and Prospects.

### 1. STATISTICS AND BACKGROUND INFORMATION

Political Status: Gained independence from Britain in 1957 under the leadership of Dr Kwame Nkrumah - the first African state to be granted independence; a post-colonial government based on the Westminster model.

Present Ruling Body: The Provisional National Defence Council (PNDC) headed by Flight Lt Jerry Rawlings.

Population: 12 million (1981)

Languages: English (official) and 50 tribal languages of which the most important are: Twi, Forte, Ga, Ewe, Dagbenu, Hausa and Nzima.

Currency: 100 pesewas = 1 new Cedi.  
Exchange rates (April 1981) £1 sterling = 6.16 Cedi,  
\$1 = 2.75 Cedi.

## ECONOMY

Value of imports: Approximately \$430 million, (1977)

Value of exports: Approximately \$402 million, (1977)

Estimated real growth: -3%

Main exports: Cocoa beans, coconuts, coffee and tobacco.

Main Imports: Oil, food, industrial raw materials, machinery and transport equipment.

## 2. RECENT POLITICAL DEVELOPMENTS

After two years of civilian rule, President Hilla Limann made the claim that his major achievement was to "survive". In 1979, Flight Lt Rawlings staged a successful coup and the military held power for four months. During this period, the so-called Armed Forces Revolutionary Council (AFRC) executed eight Generals and three former heads of state, and sentenced almost 300 officers, businessmen and civil servants to prison terms of up to 80 years each. Political tension ran high during this period and extremist elements in the AFRC continually threatened Rawlings' promise that the military takeover would only be temporary. However, Lt Rawlings and his senior associates resisted these pressures and handed power over to the elected government.

The immediate problem of the Limann government and his People's National Party (PNP) was to create stable conditions which would enable democratic government to take root, and to re-establish the country's economy, particularly its international trade. Limann faced a near impossible task. Ghana had experienced frequent changes of government, most of these governments were probably corrupt, and the country's social and economic infrastructure was in tatters. In-addition, Ghanaians were openly distrustful of their leaders, and many were in exile.

In retrospect, observers have suggested that the Limann government was unable to comprehend the magnitude of the economic problems. An initial, and ultimately costly, error was that the government undertook the distribution of all manufactured commodities. However, their facilities were hopelessly inadequate for this task and, after two years, the situation remained unaltered. In contrast, such goods were to be found on the black market at 300 times their authorised value.

Limann's pre-occupation appeared to be to reconcile the factions in his Party and to secure democracy in the country. But, as observers have pointed out, while legislation was forthcoming, it could not be, or was not implemented.

Thus after twelve months in office, Limann faced a problem of credibility. As the tide of events mounted, the framework of democracy, so assiduously cultivated after the first Rawlings coup, was not sufficient to guarantee the survival of democracy itself.

Confirming the truism that social or economic ills will impinge on other areas of society, the Limann government was, by late 1981, isolated from the populace and unable to fulfill any earlier undertakings.

Given the long history of coups and the inability of the Limann government to control popular support for Rawlings, the step to another coup was but a short one.

### 3. RECENT ECONOMIC DEVELOPMENTS

The Limann government increased the minimum wage from 4 to 12 Cedis a day, but this bore no relationship to the average cost of commodities. For example, a loaf of bread cost 25 Cedis, a yam (a staple diet) 20 Cedis, an egg 3 Cedis, and a bottle of beer, 10.5 Cedis.

At the beginning of the government's term of office, national productivity was down to less than a quarter of capacity. Export earnings from cash crops, particularly cocoa, which accounted for 65 to 70%, had plummeted owing to depressed international markets. Though the Limann government attempted to stem the flood, many peasant farmers destroyed their trees to produce more rewarding products and Ghana consequently lost its position as the world's leading exporter of cocoa.

Whilst Ghana was, in the late Sixties and early Seventies, a major international producer of gold, gold production even in the face of high prices all but collapsed.

These specific problems were exacerbated by an almost total collapse of social and economic infrastructure. Hospitals lacked drugs and in some cases, running water. Schools in most centres closed owing to a shortage of funds. Roads were impassable and the railway system was operating at a quarter of its capacity. Export products were all but brought to a standstill because the national shipping line was not able to function in foreign ports for fear of impounding to offset debts. A lack of foreign currency incapacitated the industrial sector.

With inflation in the country running at 150%, the Limann government did not attempt control measures, but instead, boosted spending by increasing deficit expenditure by more than 300%. The effect on inflation was obvious.

The Limann government's only major economic initiative was the introduction of the "Investment Code Bill". This sought to attract foreign companies by including investment incentives in all sectors of the economy. Quite clearly, the Code may have had long-term results, but in the short-term foreign companies were inhibited by the fear of further political instability.

### 4. THE RECENT COUP AND PROSPECTS

In executing the New Year's Eve coup, Rawlings was making good promises he had made in 1979 when the Limann government was first elected to power. At that time, he made it clear that if the politicians failed, the military would take power again.

As the political and economic situation drifted toward the end of 1981, the charismatic figure of Rawlings became increasingly seen as an alternative to the impotent government of Limann's deeply divided PNP. In a real sense, the coup was the manifestation of the unfinished coup of 1979.

Little more than a month after the New Year's Eve coup, Rawlings and the PNDC appear to be firmly in control. Rawlings himself drew attention to the unfulfilled promises of the democratic experiment and has displayed, as he did in 1979, a determination to rid the country of corruption and save it from ruin.

In a departure from the style of the first coup, Rawlings has called for a "total revolution" and the substance of this call has been the dissolution of Parliament and the banning of political parties.

Of considerable interest is the new Libyan link with the Rawlings regime in Accra. Libya immediately recognised the Rawlings government and airlifted 15 tons of food to Ghana. This has led to speculation that Libyan leader Muammar Gaddafi, was privy to the Rawlings plan and that Ghana would become a satellite of Libya.

On the other hand, the Ghanaians are an independently minded people, who may resist an outside power interfering with their independence. For his part, Rawlings must realise the limitations of his position and the significant problems in the path of national restructuring.

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