

## An Overview of Political and Economic Development in Ghana from 1957-2008

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### Abstract

This paper examines the overview of the political and economic development in Ghana from 1957 to the year 2008. The past five decade has witnessed morass in the political and the economic landscape of Ghana. Governments, both civilian and military all came to power with the promise of a better Ghana for Ghanaians. However, for over fifty years after independence, the country has not experienced a major economic take-off, even though there has been some level of stability in the political terrain. The study adopted both primary and secondary sources of data to examine the political and the economic development of Ghana from 1957 to 2008. Out of 68 respondents, 52% asserted that Ghana, like most developing countries, lacks the capital needed to enhance economic growth and development. Hence, donor assistance has played a significant role in the development of the country. As a result of the continuous flow of assistance from the developed world to aid the development of the country, Ghana has become aid dependent. Seventy two percent (72%) of Ghanaians are of the view that Ghana is donor dependent. The inability of the country to internally generate revenue for budget funding makes it impossible for the country to wean itself off donor assistance. This study therefore concludes that political stability is very relevant in the search for sustainable economic growth and development in the search for sustainable economic growth and development in Ghana.

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**Keywords:** overview, political, economic, development, Ghana

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### INTRODUCTION

Ghana, formerly known as the Gold Coast, is a country located in West Africa and bordered in the North by Burkina Faso, in the West by La Cote d' Ivoire, in the East by Togo and in the South by the Gulf of Guinea. Ghana, the first country in Sub Saharan Africa (SSA) to attain independence, was formed as a consequence of the integration of two British colonies- the Gold Coast and the Togoland Trust Territory<sup>1</sup> (Nyumuyo, 2009: 15).

Ghana took off as a beacon of hope for Africa's development. With vibrant economic growth and development underpinned by resources such as cocoa, gold, timber and diamond, Ghana could only be compared to countries such as South Korea, Malaysia and Singapore and none to any of the Sub-Saharan Africa countries (Killick, 2010). In an effort to modernize the country, major infrastructure works such as the construction of the hydroelectric dam on the Volta River at Akosombo, the establishment of the Tema Industrial Township, the construction of the Accra-Tema Motorway and the construction of the Tema Harbour amongst others were carried out (Woode, 2012). However, the success of post-colonial

Ghana was short-lived because the substantial increase in government expenditure to transform the country from an agrarian based into an industrial hub in Africa depleted the country's foreign reserves. By 1961, Ghana had begun experiencing a sharp decline in economic growth and development. Gross Domestic Product (GDP) per income decreased from \$ 300 to \$282.716. The decline in economic growth development was aggravated by the forceful removal of Nkrumah, the first president of the country from office in a coup d'état in 1966. Post- Nkrumah Ghana was marred by near economic collapse and political instability. The purpose of this study is to explore the political and economic development in Ghana from 1957 to 2008.

### STATEMENT OF THE PROBLEM

Since 1966, when the first president of Ghana, was forcefully removed from office, the country has gone through unstable political climate until the year 2000, when a democratically elected government peacefully handed over power to another democratically elected leader. Successive leaders after another promised a better Ghana for all which never materialised.

The political instability significantly affected economic development in the country. In the light of the frequent change of government between 1966 and the year 2000, it has

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<sup>1</sup> A former German protectorate which became part of Ghana at independence in 1957

become crucial to carefully look at the political and the economic development in Ghana within this turbulent years. Even though political and economic development in Ghana has attracted significant research in recent times, very few studies have considered the role of political stability on the Ghanaian economy. The focus of this study is to fill this scholarship vacuum. The main problem of concern in this study is to analyse the role of political development on the economic growth and development Ghana.

## REVIEW OF LITERATURE

Ghana's political and economic development from 1957 to 2008 can be divided into four phases. This study refers to the phases as follows: the *Black Star Era* (1957-1965), the *Dark Days* (1966-1981), the *Era of Reforms* (1982- 1992) and the *Era of Hope* (1992- 2008).

### The Black Star Era (1957-1966)

The period between 1957 and 1965 is referred to as the Black Star Era. A period when the hope of Africa radiated from Ghana. An era when Ghana epitomised the hope that awaited the liberated African; within the African continent and those in the Diaspora. This aspiration was rekindled by Nkrumah in his famous speech in which he declared that "the independence of Ghana is meaningless, unless it's linked to the entire liberation of the African continent" (Essuman, 2010: 1).

Nkrumah and his party, the Convention Peoples' Party (CPP) took over the leadership of Ghana to the British colonial administration with the passion of modernizing the country from primary commodity producer into an industrialised economy, capable of transforming the bountiful raw materials in the country into finished products. Nkrumah's development policies were influenced by the modernization discus which was dominating the 1950s and the 1960s. With the help of the United Nations, Nkrumah secured the services of Arthur Lewis as the economic advisor on the Ghanaian economy. Lewis, an ardent modernist acknowledged the idea of industrialization in Ghana as the best way of promoting sustainable development in Ghana. Consequently, between 1957 and 1966, Nkrumah had embarked upon extensive industrial projects which included but not limited to 22,000 acre rubber plantation and a palm oil plantation in the Western Region of Ghana; sugar cane plantation at Asutuare in the Eastern Region; poultry farm at Odorkor the Greater Accra Region; 1000 acres cotton farm at Zongo Macheri on the West Coast and Cattle farms in the Volta Region of Ghana and about twenty two (22) import substitution industries in major cities and towns in the country which sought to rely extensively on local raw materials in producing goods for the local market and markets abroad (Anin, 2003:20;

Woode, 2012: 13-14). This development drive was encapsulated in both the 10-Year Development Plan which commenced in 1951 and ended in 1961 and the 7-Year Development Plan came into effect in 1964 and was scheduled to end in 1970 (Fosu&Aryeetey, 2008: 49).

Nkrumah relied extensively on Internally Generated Funds (IGF) to carry out most of the industrialization projects immediately after independence. At independence, Ghana had over £500 million in foreign exchange reserves with a GDP per capita income of about \$300, equivalent to the per capita income of South Korea and higher than Malaysia, with a per capita income of \$270 (Fosu&Aryeetey, 2008: 48). Besides the £200 million which the country inherited from the colonial masters, Ghana also derived substantial revenues from the agricultural sector especially from cocoa production which commanded favourable prices in the early part of the 1950s. Apart from the contribution from the agricultural sector, the country also benefited from the revenue from the rich mineral depots such as gold, diamond and bauxite as well as from other natural resources such as timber, salt and the Atlantic sea (Buah, 1998: 168). However, by mid-1960s Ghana was challenged by falling commodity prices which forced the Ghana government to turn to the West, especially the US and the UK governments for import loans to enable the government continue with its industrialization projects. The import loan arrangement was short-lived when Nkrumah refused to accept the terms and conditions attached to a loan facility the country tried to secure from the World Bank and the IMF in 1965. As a result, the CPP government resorted to borrowing from abroad under "supplier's credit" (Ayittey, 2009: 163-164). With the Supplier's Credit (SC) approach, a service provider was supposed to obtain credit from private banks and have it guaranteed by his own country's governmental export credit insurance organization. The SC scheme left in its wake corruption, fraud and shady deals. The Apaloo Commission (1967) reported that Parkinson-Howard, who built Accra-Tema Motorway, the Tema Harbour extension, and the dry docks and steelworks, paid a total of \$680, 000 bribes between 1958 and 1963 in three installments to certain ministers (Vondee, 2011: 6).

In an attempt to confront the economic challenges facing the country, the government actively generated employment by expanding the public sector, which resulted in a 250% increase of publicly paid employees between 1957 and 1966. However, the solution put up by Nkrumah was short-lived because world cocoa prices, the main source of revenue for the government, collapsed in the second half of 1964 and all attempts by Nkrumah to salvage the economy proved futile and this eventually undermined his support in the country and eventually led to his

removal from office in a military coup in February 1966 (Ajei 2007:3).

### **The Dark Days (1966-1981)**

The second phase which this study refers to as the *Dark Days* in the economic history of Ghana, can be described as the most turbulent era in the development of the country. This phase was characterized by political instability; seven changes in the political leadership of which five were military leaderships and inconsistent policy choices (Killick, 2010: 398).

On 24<sup>th</sup> February 1966 when Nkrumah was out of the country on a peace mission in Hanoi, the Far East, the Ghana armed forces, with the assistance of members of the Ghana police service, announced the overthrow of the government and a new regime, the National Liberation Council (NLC), was constituted under the chairmanship of Lt. General J.A. Ankrah, a retired head of the Ghana armed forces (Buah, 1999: 194). The NLC sought to continue with the modernization agenda of the predecessor, the CPP government, but based on the market approach. A two-year Development Plan (1968/69-1969/70) which was sub-titled "From Stabilization to Development" was introduced with the anticipation of reversing the economic woes which were inherited from Nkrumah and his CPP administration (Killick, 2010: 156). The NLC overturned the socialist policies of Nkrumah and introduced neo-liberal policies such as trade liberalization, and the devaluation of the local currency, Cedi with the help of the IMF. In addition, the regime also sought to reschedule the country's debts which were accumulated by its predecessor in response to the balance-of-payments crisis which confronted the country in 1965/66 financial year. In collaboration with the IMF, creditors of Ghana agreed to postpone 80% of the debt due in 1966 to 1970 (Quartey, 2005: 15; Fosu&Aryeetey, 2008: 49).

The NLC also attempted to reverse some of Nkrumah's import substitution (ISI) policies and implement a more market-oriented and private sector driven approach. Government budgetary expenditures were drastically reduced and the Central Bank of Ghana's lending to commercial banks and the private sector was also significantly curtailed. In addition, the economy of Ghana was opened to the rest of the world. Trade was liberalized and discriminatory import and export policies which the previous government professed were abolished. The NLC also abandoned most of the "unprofitable" projects which were initiated by Nkrumah to private investors (Hutchful, 1987:18-19).

The NLC were only successful in the short-term because contingency fiscal and monetary policies which were carried out by the NLC resulted in high levels of inflation, economic deterioration and human

suffering because by the end of 1967 about 70 000 people who were employed in the formal sector had lost their jobs and economic growth and development plummeted in the midst of hyperinflation (Aryeetey&Kanbur, 2008). The NLC became very unpopular among both ordinary Ghanaians and the military. As a result, in April 1967, an unsuccessful insurrection within the army to overthrow the NLC leadership resulted in the death of Lt. General E.K. Kotoka, the leader of the 1966 coup d'état. This incident compelled the Chairman of the military junta, Lt. General Ankrah to resign from the leadership of the government in 1969 and was subsequently replaced by Brigadier A.A Afrifa, the supposed "architect" of the 1966 coup d'état (Buah, 1999: 194). Consequently, the NLC was advised by the Breton Wood institutions to hand over the leadership of the country to a democratically elected administration. In 1968, the NLC relinquished power and permitted a civilian government to take over the leadership of the country. The NLC handed over power to Busia and his Progress Party (PP) through a democratic election process in August 1969 (McLaughlin &Owusu-Ansah, 1994:5). The Progress Party (PP)<sup>2</sup> under the leadership of Kofi A. Busia came to power when the Ghanaian economy was on the brink of collapse. The PP government inherited a total debt of US\$580 million from the previous government, an amount equivalent to 25 percent of the Gross Domestic Product (GDP) of the country in 1969. By 1971, the US\$580 million had been further inflated by US\$72 million in accrued interest payments and US\$296 million in short-term commercial credits (McLaughlin &Owusu-Ansa, 1994: 3). The extent of indebtedness and balance of trade challenges which confronted the country at the time made it almost impossible for the government to function; hence, the PP government engaged the country's creditors in order to reschedule the country's debt so as to prevent default (Killick, 2010: 119).

Busia also adopted a number of austerity measures to guard against further economic collapse and that placed the country on a sound financial footing. As part of the austerity plans, Busia expelled large numbers of undocumented foreigners, especially Nigerians from Ghana. This was followed by a measure to limit foreign involvement in small businesses in the country in order to give Ghanaian entrepreneurs the leverage in that sector devoid of unhealthy competition from foreigners. The moves were aimed at relieving the burden of unemployment

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2 The Progress Party (PP) won the 1969 election and Busia who was the PP leader became the Prime Minister of Ghana while Chief Justice Edward AkufoAddo was chosen as the president of the country by the Electoral College in 1970. After the election in 1969, an interim presidential commission comprising Major Afrifa, General Harlley, the Police Inspector of the NLC and Major General A.K. Ocran served as the elected president from 1969 up to 1970 (McLaughlin and Owusu-Ansa, 1994:2).

in the country by creating jobs for Ghanaian entrepreneurs in the retail sector of the economy which was previously monopolized by Lebanese, Asians, and Nigerians. Busia also devalued the national currency (the Cedi) and encouraged foreign investment in the industrial sector of the economy against the will of most Ghanaians who perceived these policies as conservative that could undermine the country's sovereignty. Despite broad popular support garnered at its inception and strong foreign connections, the Busia government was overthrown by the military within twenty-seven months of taking over the reins of Ghana (McLaughlin and Owusu-Ansa, 1994: 3).

The National Redemption Council (NRC) under the leadership of Lieutenant Colonel Ignatius Kutu Acheampong overthrew Busia's administration on January 13, 1972 in a military coup d'état. Unlike the coup leaders of the NLC, members of the NRC did not outline any plan for the return of the nation to democratic rule. The NRC sought to create a truly military government; hence, in October 1975, the ruling council was reorganized into the Supreme Military Council (SMC), and its membership was restricted to a few senior military officers. The intent was to consolidate the military's hold over government administration and to address occasional disagreements, conflicts, and suspicions within the armed forces. Little input from the civilian sector was allowed, and no offers were made to return any part of the government to civilian control during the SMC's first five years in power. SMC members believed that the country's problems were caused by a lack of organization, which could be solved by applying military organization and thinking. Officers were put in charge of all ministries and state enterprises; junior officers and sergeants were assigned leadership roles down to the local level in every government department (McLaughlin & Owusu-Ansah, 1994:16).

The government assumed full responsibility for all economic policies and decisions under the NRC regime. In an attempt to mitigate the debt burden and the poverty of the Ghanaian economy, Acheampong embarked upon an austerity program which emphasized food production and self-reliance through the Operation Feed Yourself Program (OFYP). Under the OFYP, Ghanaians were encouraged to undertake some form of food production, with the goal of eventual food self-sufficiency for the country (Killick, 2010: 399). This was the only period in the history of Ghana when public policy was actively in favour of promoting food security in Ghana. The policy was state-driven; therefore, the NRC government provided price supports for basic food imports (Fosu & Aryeetey, 2008: 42). As part of the economic austerity measure, the military junta also repudiated US\$90 million of

the country's debts to British companies, and the unilateral rescheduling of the rest of the country's debts for payment over fifty years. The NRC also nationalized all large foreign-owned companies in the country (Killick, 2010).

The arbitrary economic policies which were carried out by the NRC strained the relationship between Ghana and the development partners from abroad which adversely affected economic growth and development in the country. By 1975, Ghana was recording the lowest growth of -12% (Fosu & Aryeetey, 2008: 38). The economic hardship that characterized Acheampong's leadership saw frequent demonstration from the public sector. In an attempt to contain the situation, Acheampong appointed a Constitutional Commission which comprised Ghanaians from different backgrounds with the task of drawing up a proposal for a new constitution which was supposed to usher the country into a new political dispensation called the "national government" which was to comprise the civilian population, some members of the armed forces and the police as well as members of all the political parties in the country. The commission could not accomplish its mandate before the army removed General Acheampong from office in 1978 (Buah, 1999: 203).

In an attempt to salvage the image of the army among Ghanaians, the military removed Acheampong from office as the head of state, forced him to resign from the army and kept him under house arrest. Consequently, Lt. General F.W.K. Akuffo who was the head of the Command of the Ghana Armed Forces was appointed as the leader of the SMC I. Akuffo also reconstituted the SMC I and renamed it the Supreme Military Council II (SMC II). The head of the SMC II sought to find permanent solutions to Ghana's ailing economy by instituting austerity economic measures just like his predecessors. The first step was to devalue the cedi and reduce government spending which had blown out of proportion in relation to the revenue which the government was able to collect at the time. The SMC II administration was short-lived because on June 4, 1979, a coupe d'état removed the government from office (CIA, 2011).

On 4th June 1979, the Armed Forces Revolution Council (AFRC), under the leadership of Jerry John Rawlings and some junior ranked army officers, toppled the SMC II government. The AFRC carried out a "house cleaning" operation in which Gen. Acheampong, Gen. Akuffo, and Lt-Gen. Afrifa, the leaders of the ousted SMC I and II and other high ranked officers were executed by firing squad (Arnold, 2005: 672). The "house cleaning" operations were extended to every part of Ghana. Tribunals were established and citizens who had benefited from the

previous administration through corruption, hoarding and profiteering were brought to justice. In the midst of this shake up, elections were held and the People's National Party (PNP) under the leadership of Hilla Limann won the election. The AFRC handed over power to Limann on 24 September 1979 which ushered in the Third Republic in Ghana.

Limann assumed office at a time when the Ghanaian economy was near collapse. By 1979, Ghana was registering a budget deficit of 40% and inflation figures recorded 54% in the same period. This was compounded by high levels of unemployment, poverty, deteriorated public infrastructure and depleted foreign reserves (Agyeman-Duah, 2008). On taking office, Limann's administration sought to correct these economic imbalances in order to bring relief to the Ghanaian population.

The Limann administration, therefore, introduced a Two-year Reconstruction Program which focused on food production, increasing exports and the reconstruction of the country's infrastructure especially roads to open up markets for food production communities in the country. Within this period, the country's external debt mounted since most of the aid given to the country came in the form of multilateral loans instead of grants. Ghana's foreign debt increased substantially to US\$1407 million in 1980 (Agyeman-Duah, 2008). The PNP lasted for barely more than two years when Rawlings seized power again and established the Provisional National Defence Council (PNDC) on 31 December 1981 (Arnold, 2005: 673).

#### **The Reform Era (1983-1991)**

On 31 December 1981, Rawlings and his colleagues overthrew Limann's administration and established the Provisional National Defence Council (PNDC) with Rawlings as the chairperson. By the time the PNDC took over the leadership of the country, Ghana had reached a stage of near collapse (Dzorgbo, 2001). Per capita income values in 1982 for instance, had fallen by 30%, while export earnings were halved, and import volumes fell to one-third of their 1970 levels (Ayittey, 2005:6). The production base of the economy was generally eroded as a result of emigration of skilled labour for greener pastures (Agyeman-Duah, 2008).

The PNDC government initially sought to embrace the populist and anti-market development strategies in pursuit of development in Ghana. However, faced by challenges such as the famous drought of 1983 and the forced return<sup>3</sup> of over one million Ghanaians

from Nigeria, the PNDC government was compelled to embrace the Economic Recovery Program (ERP) which was initiated by the World Bank and the IMF. The ERP, also referred to as neoliberalism, is a policy reform which was introduced by the Washington, D.C.-based institutions; the World Bank and the IMF which sought to end the state led development model of the 1970s in favour of a free market system because the free market approach liberates individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade (Harvey, 2005: 2). Though the ERP was praised as a success story, Cheru (2002) indicated that Ghana was only able to manage a mere 3% economic growth during the whole of the ERP era (1983-1992).

#### **The Era of Hope (1992-2008)**

After more than a decade of military rule by the PNDC government, the Rawlings administration was forced by the donor community to return the country to constitutional rule in 1992 (Awortwi, 2011; 359). In the same year, general elections were held and the electorate voted Rawlings and his newly formed political party, the National Democratic Congress (NDC)<sup>4</sup> party into power thereby introducing the Fourth Republic.

Rawlings continued with the adjustment program which was started in 1983 but with revisions to reduce the negative impact on the citizens. A revised economic program was introduced at the beginning of the 1990s and coincided with the emergence of the Post-Washington Consensus (PWC). The Post-Washington Consensus (PWC), sought to provide remedies for all identified loopholes and criticisms levelled against the Consensus (Hewitt, 2000: 305; Jomo & Fine, 2006: 16). By the end of the 1990s however, the Ghana had become heavily indebted as a result of the loans which the country contracted from the donor community to fund the economic recovery program. It was in the midst of this unfavourable economic climate that the New Patriotic Party (NPP) under John Agyekum Kuffour came into power after defeating the NDC party in the 2000 general election.

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residing in Nigeria when the country was facing economic challenges.

<sup>4</sup> The PNDC government headed by Rawlings held a referendum in 1992 for Ghanaians to decide whether to return to civilian rule or not. The referendum turned out to be in favour of a civilian leadership –Fourth Republic. As a result, in December 1992, a national general election was held and the National Democratic Congress which was also headed by Rawlings won the election. Since the constitution of Ghana only allows a president to rule for four years, an election was again held in December 1996 and the NDC party again won. However, since the constitution allows a sitting president only two-terms in office, Rawlings handed over the leadership of the NDC to Atta-Mills who contested with Agyekum Kuffour in the 2000 election. The New Patriotic Party (NPP) which was led by Kuffour won the 2000 general election and also ruled for two-terms in office from the year 2000 to 2008.

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<sup>3</sup>Under the Alien Compliance Order of 1969, Busia's government forcefully deported Nigerians and other foreign nationals who constituted about 20% of Ghana's population at the time. Nigeria retaliated in 1983 by deporting more than one million Ghanaians

New Patriotic Party (NPP) under the leadership of John Kuffour took over the leadership of Ghana when the country was characterized by low economic growth, high poverty rate and indebtedness. By 2001, the country's debt ratio was higher than the average debt ratio in Sub-Saharan Africa (Zoumenou 2009:4). To mitigate the economic challenges, Kuffour embraced the global development approach of the new millennium which was to meet the MDGs, and also promote global peace (UNDP, 2010: 3).

## **METHODOLOGY**

### **Sample**

A purposive sample of two officials from the World Bank, one from the IMF, one from the European Union and two representatives from UNDP. An official each from the Canadian embassy, and the United States Agency for International Development (USAID). An NGO from each of the ten regions in Ghana was interviewed. One person from the Ministry of Finance, one from the Ministry of Local Government and Rural Development, one from the Ministry of Education and one from the Ministry of Trade and Industry were also interviewed. Ten representatives from Policy Think Tanks in Ghana were also interviewed. This comprised five from the Centre for Economic Policy Analysis (CEPA), five from the Centre for Democratic Development (CDD) and six representatives from the three well known political parties in Ghana: two from the National Democratic Congress (NDC), two from the New Patriotic Party (NPP) and two from the Progressive People's Party (PPP) as well as thirty graduate students in economics comprising ten from the University of Cape Coast (UCC), 10 from the University of Ghana (UG) and ten from Regent University College of Science and Technology (RUCST).

### **Research Design**

Purposive sampling is a nonprobability technique whereby the units to be observed are selected on the basis of the researcher's own judgement about which ones will be the most useful or representative of the population (Babbie, 2010: 189). In other words, purposive or judgemental sampling is used when the researcher has knowledge of the characteristics to be studied, its elements and the purpose of the study. Issues of political development in Ghana and in LDCs are known to the researcher; therefore, the purposive sampling technique was employed. However, the snowball sampling was used complementary to purposive sampling.

### **Data Collection Technique**

Data for this research was collected using both primary and secondary techniques. Primary data were collected through qualitative interviews. The researcher made use of an interview guide consisting

of open- and close-ended questions. Qualitative interview involves an interaction between an "interviewer and a respondent in which the interviewer has a general plan of enquiry, including the topics to be covered, but not a set of questions that must be asked with particular words and in a particular order" (Babbie, 2010: 318). The interview guides were mainly open-ended and interactive.

The study also relied on secondary sources or content analysis as complimentary to primary data sources. Content analysis involves the use of existing materials by researchers and the analyses of data originally collected by others. In other words, content analysis is "the study of recorded human communication such as books, websites, paintings and laws" Babbie (2010: 394). It is an unobtrusive method of data collection because it involves different nonreactive research techniques (techniques that have no impact on the people being studied). Content analysis is also perceived by Rubin and Babbie (1997: 421) as a "way of transforming qualitative material into quantitative data" implying that every form of communication, whether recorded or not, can be transformed into quantitative data by coding and tabulating the communication. The study of secondary sources was necessary to give an overview of political and economic development in Ghana from 1957-2008. Official documents on development of Ghana, text books, articles and reports on development in Ghana. Web documents relating to the research topic also serve as an integral component of data for this study. The following libraries were visited for data: UNISA Library; University of Cape Coast Library; University of Ghana Library; British Council Library in Ghana and University of Development Studies Library in Ghana.

### **Data Analysis**

Data analysis for this study relied mainly on qualitative techniques, and was carried out on an 'ongoing' and 'terminal' basis (Creswell 2009). The ongoing data analyses were made jointly with the respondents in the field in order to eliminate personal biases in interpretation and also ensure that data is accurately captured in the field. The terminal data analysis was done after the completion of data gathering from both primary and secondary sources. The data gathered were triangulated and analysed in relation to the set objectives, and thematic categories of the research. Thematic coding techniques were used to summarize and analyse themes in relation to the study. Suitable data analysis method was adopted for this study. Data were processed using 'coding' for 'discovering patterns' (Babbie 2010) before analysed using the software package for social science research (SPSS version 16.0).

**LIMITATIONS OF THE STUDY**

Data for this study was collected with some few difficulties which have a bearing on the data collection procedures. The major problem was time constraints. Time limitation restricted the size of the population. However, the sample size did not distort the significance of the study since a small sample size can equally give a true reflection of the target population when the methodological procedures are well followed.

**RESULTS**

Respondents have a good understanding of the political and the economic history of Ghana from 1957 till present date. The respondents acknowledge that Ghana has gone through jerky political and economic periods. The turbulent political environment which characterised post-Nkrumah era affected economic growth and development in the country. As a result, the ensuing governments after 1966 extensively relied on assistance from abroad to manage the country.

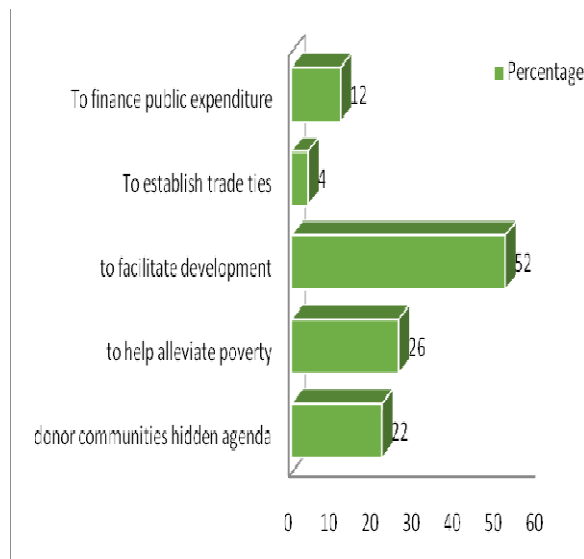


Figure 1.1: Why Ghana receives aid  
Source: Field Data (January 2014)

Most of the Ghanaian respondents indicating (52%) asserted that Ghana, like most developing countries, lacks the capital needed to enhance economic growth and development. Hence, donor assistance has played a significant role in the development of the country. This argument is based on the resource gap theories who argue that developing countries are faced with resource gaps which have to be filled by donor resources. As a result of the continuous flow of assistance from the developed world to aid the development of the country, Ghana has become aid dependent.

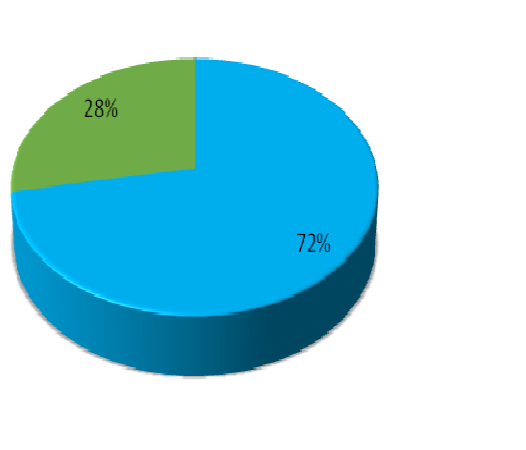


Figure 2: Is Ghana donor aid dependent or not?  
Source: Field Data (January 2014)

Seventy two percent (72%) of Ghanaians are of the view that Ghana is donor dependent. The inability of the country to internally generate revenue for budget funding makes it impossible for the country to wean itself off donor assistance. In Ghana, the government is only able to raise tax revenue between 50%-60% of which the shortfall is filled by donor resources. Seventy six percent (76%) of Ghanaian respondents confirmed that Ghana's dependency on donor assistance over the past five decades has compromised the sovereignty of the country. Apart from foreign donor aid, respondents suggested alternative sources of revenue such as expansion of tax brackets, mineral rent, and royalties, corporate tax and royalties, VAT, and tariffs as alternative source of revenue which could be leveraged on to promote sustainable economic growth and development in Ghana.

**CONCLUSION**

In conclusion, this study traces the political and development evolution in Ghana from 1957 to 2008. The description is done in phases. The first phase deals with the period from 1957 to 1965 and is referred to as the *Black Star Era* (1957-1965). The second phase deals with the period from 1966 to 1981 which the study refers to as the *Dark Days*. The period between 1982 and 1992 is referred to as the *Era of Reforms* while the period from 1992 to 2008 is called the *Era of Hope*. Several factors have contributed to the bane of development confronting Ghana since independence. Prominence among these factors include the unstable political climate which has characterised the country since 1966 and the continuous reliance on the donor community for development resources.

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