



7th April, 2021

THE POSITION OF THE SOCIALIST FORUM OF GHANA ON THE 2021 BUDGET

At its meeting on Monday, March 5th, 2021, the Standing Committee (SC) of the Socialist Forum of Ghana (SFG) reviewed the 2021 Budget in relation to the overall strength of the national economy and the imperative to improve the living and working conditions of the people of Ghana especially the underprivileged. After exhaustive discussions, the SC came to the following conclusions:

- 1) The policy objectives of every budget are to stimulate the national production base and increase the welfare of the generality of the Ghanaian citizenry which becomes mirrored in upward standards of living. So, for most Ghanaians the expectation is that the NPP Government will seize the initiative offered by the Pandemic to begin reorganizing the national production base to produce goods and services or products, which go directly to satisfy our daily requirements, as well as those we do not need directly (i.e., commodities) for exchange with the rest of the world for revenues to meet the development demands of our economy. We also expect the 2021 Budget will further provide stimulants to the real sectors of the economy (i.e., agriculture, industry and mining) to overcome the temporary constraints imposed by COVID-19 pandemics and increase overall outputs thereby preserving and creating jobs, real incomes and their purchasing power. Additionally, it is expected that Government will cut its current consumption expenditures and inject the saved resources into the modernization of and across all sectors of production through science and technology and to create markets and commodity exchanges for our peasant farmers along the value chain.

For purposes of enhancing general welfare and standard of living, it was expected the Government through the 2021 Budget will:

- a) create a level playing field and access to job opportunities, the right to work for equal pay and remuneration as well as protect the purchasing power parity of all classes of Ghanaians;
 - b) provide access to quality health care which is non-discriminatory and affordable to all Ghanaians;
 - c) ensure adequate provision of social housing and sound environment in terms of improved sanitation, and
 - d) guarantee affordable education for all at every level of the educational ladder supported by fully-fledged infrastructure.
- 2) The SC noted that the Budget was not derived from a broad policy framework focused on the fundamental restructuring of the Ghanaian economy aimed at making the people the real owners of their resources which ought to be exploited for their own benefit. The budget remains essentially a forecast of revenues and expenditures which leaves intact the doctrinaire pursuit of neo-liberal objectives of transferring to and maintaining national wealth in the hands of multi-national corporations from the industrialized capitalist



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countries. The budget does not also indicate a shift from the paradigm of export of primary products and heavy reliance on imports for goods and machinery.

- 3) The SC is also of the view that the 2021 Budget really does not seek nor intend moving us away from our present economic backwardness which this country has suffered for the past 38 years or so. At best, it is intended to explain away the mismanagement of the national economy in the last several years and the complete sell out to foreign interests notwithstanding the small rent coming to the ruling cabal especially through contracting of foreign debt.
- 4) This anti-people budget has imposed eight (8) punishing and unjust taxes on the poor. There is levy on National Health Insurance mainly used by poor people, increase in consumption tax (VAT) which regressively affects the poor the most, a tax on savings to pay for financial cleanup which considerably affects the middle class, a flat regressive tax on refuse collection and use of public toilets (a poor man's toilet), fuel, road toll and COVID-19 levies.
- 5) The NPP Government has also abandoned production as one of the most viable and creative ways to take us out of this economic black hole. It has rather resorted to piling up the debt stock to fund recurrent expenditure. The 2021 budget, for instance, provides for 49% of national revenue to cater for interest payments on debt and 30% on compensation, leaving 10% for statutory payments. Living up to their antecedent (Progress Party) economic principle of 'kafodidi', the NPP Government has contracted another US\$5 billion loan at zero coupon rate to prop up consumption expenditures. A whopping US\$3.6 billion of the recent loan will be used to pay interests and retire principals on earlier debts and the remainder of US\$1.4 billion as budgetary support to cushion and fund imports by the importers' cartel. From the foregoing disbursement, it is abundantly clear and frightening that no portion of that loan is dedicated to national production of goods such as tomatoes, onions, rice, sugar, poultry, petroleum products, textiles, electronic goods, and other national products. In effect, national production is being run down by this killer purposeless budget while importation of junk goods like second hand items become the order of the day.
- 6) Further, the Government fiddles with the figures and statistics by putting out manipulated statistics and figures to hide the sordid state of the economy. They hide the budget deficit, downplay the rise in the debt stock and keep absolutely quiet on the GDP to debt ratio.
- 7) The Socialist Forum of Ghana utterly condemns this empty budget which is an epitome of the worst economic performance in recent memory. It is painful after rifling through the stabilization fund and piling up consumption debts with no investment in production or infrastructure to show, we call for control of our national resources, shift of the tax burden from the common people to the rich and foreign multinationals, increase revenue from our resources, removal of tax holidays and tax exemptions, investment in production, and restrictions on unbridled imports especially of non-essential goods.



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We also call for an economic model of development which is people-centered, democratically controlled, and based on pro-Ghanaian development planning. This calls loudly for an alternative model of development to this moribund market-driven unproductive neoliberal model. The masses are urged to stand up and denounce this political and economic charade.

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