



7th July, 2022

SMG STATEMENT ON GHANA GOVERNMENT'S ENGAGEMENT WITH THE INTERNATIONAL MONETARY FUND (IMF) ON THE COUNTRY'S ECONOMIC CRISES

The Socialist Movement of Ghana has noted with very deep concern that the Government of Ghana has decided to engage with the International Monetary Fund (IMF) in the search for stop gap measures in dealing with the current economic crises. From statements made by government spokespersons, it can be deduced that government is seeking to obtain a bail-out facility of up to US\$2.5 billion and what has been described as policy credibility.

In our view, the crisis the Ghanaian economy has been plunged into is only a symptom of the collapse of the neo-liberal order which has been diligently enforced by the IMF, the World Bank, the centers of power in the colonial metropolis and neo-colonial regimes spread across Africa, Asia, South America and elsewhere. The enforcers of this order have insisted over the last 30 years or more that the path to economic recovery lies in the unbridled and doctrinaire privatization of state enterprises, the withdrawal of subsidies on social services, reckless devaluation of national currencies and the massive retrenchment of labour in the public sector.

The current crisis in neo-colonies after 30 years of the rigorous implementation of the Economic Recovery and Structural Adjustment programmes is the clearest indication that these measures have woefully failed to address the crippling conditions imposed on the working people. Ghana currently spends 128 percent of her total national revenue on public sector emoluments and debt servicing. Food prices have risen by more than 400 percent over the last two years. The Ghana Statistical Service puts the rate of inflation at 29 percent. Petroleum prices have doubled and the real value of wages and salaries are reported to be only about 40 percent of what they were six years ago.

A direct consequence of the worsening economic crises, is the turbulence on the labour front. Currently four teacher organizations, the Ghana National Association of Teachers (GNAT) the National Association of Graduate Teachers (NAGRAT) the

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Teachers and Educational Workers Union of the Trades Union Congress (TUC) and the Concerned Teachers Association of Ghana have declared a nation-wide strike. The Trade Union Congress(TUC) has threatened to embark upon a general strike, if the conditions of workers are not improved. The University Teachers Association of Ghana (UTAG) has warned that, it ‘would not tolerate any IMF conditionality that negatively affects the existing agreements between Government and UTAG to improve the conditions of service of our members’.

The SMG’s expectation from the engagement with the IMF is not optimistic. This is in view of the fact that Ghana has had at least 16 such engagements with the fund and none of them led to a revamping of the national economy. Indeed, all these engagements have contributed significantly to a worsening of the plight of the working people. There is also no evidence which suggests that any country anywhere in the world has managed to improve its economic fortunes as a result of the implementation of measures under the marching orders of the Bretton Woods Institutions.

The SMG is unable to accept the suggestion that the current economic crisis arises out of covid-19 pandemic and the Ukraine-Russia war. This is because total Covid-19 related expenditure from 2020 as confirmed by the Minister of Finance is less than GH¢25 billion out of more than GH¢200 billion. While the Russia-Ukraine war has had a global impact on petroleum prices, the availability of grains and fertilizer, it must be pointed out that its effect on the Ghanaian economy is not that profound. Last week, the Country Director of the World Bank in Accra, punched holes in the claims that external factors are responsible for the sorry state of the Ghanaian economy and asked the Government to tell the people the truth. According to him “although Covid did not help” the signs of a crumbling economy were visible long before the pandemic.

The SMG is convinced that only the fundamental restructuring of the economy of Ghana hinged on Socialist transformation can remove the country from its current state of dependence. We need to focus on building an economy in which the resources of Ghana are owned by its people and are exploited for their own benefit. The effort ought to be guided by principles of self-reliance. Reference to the Nkrumah model of development based on massive industrialization can become a key factor. The current



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situation in which Ghana is largely dependent on the importation of virtually everything including food and machines is inimical to national economic development.

The SMG joins the trade Unions and mass public organizations in Ghana in rejecting the so -called engagement with the International Monetary Fund as a solution to pain and suffering the working people are enduring under the neo-liberal order.

The answer is Socialism!

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