



31st August 2022.

STATEMENT ON THE GHANIAN ECONOMY

The Socialist Movement of Ghana (SMG) has noted the economic quicksand the nation has been led into with great concern. Our concerns have further been aggravated by the recent junk ratings announced by two economic rating agencies: S & P Global Ratings and Fitch Ratings and the higgledy-piggledy reaction from the managers of the economy.

Since the beginning of 2020 most economic rating agencies have downgraded the Ghanaian economy with the latest being a junk rating by S&P and Fitch. In summary, Ghana's economic outlook is negative based on the country's limited commercial financing options, constrained external and fiscal buffers, and this makes our economy unsustainable.

As if to say the managers of the economy did not envisage this, they are now running around blaming our economic woes on the Covid-19 Pandemic and Russian-Ukraine War while available data found on the Bank of Ghana's website tend to prove the contrary. Truth is we spend more than the revenue we raise and therefore run on deficit. We expend our revenues on consumption rather than investing in policies and programs that would generate the needed returns. But one can understand the reaction of the economic managers now, they used secured cedi seigniorage to artificially shore up our growth without any serious work in the rear sector of the economy exposing the economy to international shocks as the BoG document dated 11th August 2022 with the title "Reasons for the depreciation of the currency in 2022 so far and the measures being adopted" affirms.

We contend that the Managers of the economy were either clueless or they thought the bond market would always be open for Ghana to always go for loans, they did not envisage that all too soon these junk ratings would emerge to thwart any move to raise external financing. It's a shame!

The SMG's views on the country's cyclic engagement with Bretton woods institutions are well known and reiterates that until the Ghanaian government shuns employing neoliberal policies handed down by the agents of imperialist domination, we will continue to leave in their shadows. Shockingly, successive governments after the overthrow of the 1st republic have not



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dared to adopt a new economic system that gives the country true economic independence and sovereignty.

How does one explain that a resource-rich nation like Ghana, the 2nd largest producer of cocoa in the world, the 6th largest producer of gold in the world, with its great water bodies, bauxite, crude oil, etc. would be poor to the extent we find ourselves today?

The SMG believes that it will be suicidal to continue on the tangent we have taken, it will be proper at this stage for the managers of the economy to be changed for their incompetence and failure and then review the various policies and programs with an emphasis on self-reliance for the real-sector to be the engine of growth, we must focus on industrialization led by government, we must put together a program to exploit the resources of this country for the use of its citizens.

We acknowledge that there is so much suffering in the country, while “a few are chopping” at the expense of the masses and we caution the government not to make any mistake to implement any IMF conditionality that would further heighten the suffering of the masses. The SMG would stand ready to organize mass protests against economic hardship.

It is glaring that capitalism has failed, let’s explore a Socialist alternative to save us from this suffering!

Emmanuel Oboe Baide

For General Secretary.