



29th November 2022.

THE SOCIALIST MOVEMENT OF GHANA'S POSITION ON THE 2023 BUDGET STATEMENT OF THE GOVERNMENT OF GHANA

At its Monday 28th of November 2022 meeting, the Standing Committee of the Socialist Movement of Ghana (SMG) reviewed the 2023 budget statement and economic policy of the government of Ghana read by the Finance minister, Mr. Ken Ofori Attah on the floor of parliament to ascertain the prospects it held for the working people of Ghana and the economy in general. After a painstaking analysis of the budget, the Standing Committee of the SMG arrived at the following conclusions:

1. As a well-known practice, the ultimate goal of every budget ought to be to stimulate the national production base and improve the living standards of the people but this budget like previous ones under this government does not have this goal as its crux. A country with repeated current revenue shortfalls which requires 105% of current revenue receipts and grants to be able to pay its debts and wages and salaries, an unsustainable fiscal deficit from year to year leading to large borrowing internally and externally to finance the gap, unmanageable debt levels with a debt to GDP rate of over 100% (insolvency) and a woefully inadequate foreign exchange due to our inability to produce more exportable tradables one would have thought we would pull the breaks and think of a better alternative to the reckless neo-liberal path to development. Unfortunately, the government appears stuck on the same path and is seeking to gain some policy credibility with this budget to allow it to borrow more. Sadly, the budget reveals that government has no plans to fundamentally change the structure of the economy but is rather rushing to negotiate with Bretton woods institutions and the International Monetary Fund (IMF) in particular to perpetuate the neoliberal structure of the national economy.

The SMG is of the view that neither the IMF nor any of the Bretton Woods institutions hold the magic wand to deal with our economic woes. Rather, they will make it worse and there is enough evidence to back this. A cursory look at all the countries that have banked their hopes on the neoliberal institutions, are speeding towards Armageddon.

2. We call on the managers of the economy to pull the breaks and put forward a framework that will focus on the fundamental restructuring of the Ghanaian economy. They must focus on making the people the real owners of their resources which would be exploited for their own benefit because as it stands the budget leaves the neoliberal structure intact and allows the transfer of the national wealth into the hands of multi-national corporations. We must end this Bretton Woods imposed austerity.



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3. The SMG also observe that the government in its plan to “aggressively mobilize domestic revenue” will increase the Value-Added Tax (VAT) by 2.5%, a plan that will adversely affect the economic situation of the already strangled Ghanaian worker. This will bring the effective rate to 21.9% which means on every GHC 100 turnover there will be a deduction of GHC 21.90 indirectly increasing effective corporate tax by an additional 5% and all these increments will reflect on the price of every item bought on the market from January 2023. We find it instructive that the current president Nana Addo Dankwa Akuffo-Addo led a demonstration against the introduction of the Value Added Tax in which several innocent citizens lost their lives
4. The SMG notes that the government’s plan to review the unpopular Electronic Transfer Levy (E-levy) from 1.5% to 1.0% and remove the GHC 100 threshold will in effect extract more from electronic transactions and not to reduce the tax burden.
5. We note the government’s announcement to freeze civil and public sector employment in a bid to cut down expenditure. This is, again, a lazy way of solving such a problem. Obviously, the Government has not thought of the negative ramification of leaving the teeming young people who have completed school and those who are yet to complete in the streets? The unemployment rate is already bad, and the government is shrinking its responsibility of creating jobs for the growing number of the unemployed. This for us is clearly an IMF conditionality that must be shoved into the dustbin. The government should rather reduce the number of ministers, take steps to review the benefits of *article 71* officeholders downwards, and create jobs in other sectors of the economy, particularly in Agriculture to help absorb the youth else the already existing unemployment time bomb will detonate in our faces.
6. On 27th March 2017, President Akufo Addo announced an indefinite ban on the purchase of new vehicles by Ministries, Departments and Agencies and to date we haven’t heard about the lifting of that ban so why is the Finance Minister repeating the same directive in the 2023 budget?

The Socialist Movement of Ghana (SMG) advocates the construction of an economic system which places the control and exploitation of national resources into the hands of the working people. A system which is free from suffocating control of the multinational corporations from the colonial metropolis and their local agents.

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