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Tracing rhetoric to comprehend contemporary Sino-Ghana economic policy initiatives

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Theories advanced in the political economy literature concerning China's presence in Africa have often focused on Beijing's motive, leaving under-theorized the dynamics that may be causing the responsiveness and embrace of China by these African states. The president of Ghana at the 73rd UN General Assembly defended Chinese investment in Africa and described China as the new avenue that Africans can resort to address their problems. This naturally raises the question of whether African countries and Ghana specifically, are abandoning their traditional neoliberal source of major financial assistance, the IMF and World Bank, and turning to China. It is therefore imperative to understand what mechanisms are necessitating the embrace of Chinese loans and the logic behind state actors' disinclination from traditional financial sources. This is especially critical when the two neoliberal economic institutions have been major traditional pillars of Ghana's economy. To unpack these mechanisms, the article takes a theoretical approach grounded on the historical economic relations between Ghana and China vis-à-vis Ghana and neoliberal institutions. Through an analysis of state actors' rhetoric on economic governance and new financing models, the paper posits two rationales behind Ghana's embrace of Chinese loans. The first being the need to improve the living standards of Ghanaians and address the persistent public grievances over neoliberal policies, and the second being the recognition of a window of opportunity in the global economic order.

Key words: Ghana, China, state actors, economic governance, financing models.

INTRODUCTION

International financial institutions have traditionally had a profound impact on economic governance in both the developed and the developing world. For example, the International Monetary Fund (IMF) is popular in the Global South for the management of balance of payments challenges and further acting as an international lender of last resort (Schenk, 2008; Lipsy,

2015). However, the conditions attached to the assistance and loans provided by these institutions not only raise concerns about their organizational agenda in the Global South but has been widely questioned on the sensitivity of their austerity measures to the poor in adjusting countries (Seabrooke, 2007). Changes in international economic and development patterns may

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have thus triggered most African countries away from relying on the Bretton Woods institutions; but now on China, as a significant economic and development partner they look up to for much-needed economic and infrastructural assistance. After Ghana's 2016 general elections, the rhetoric and ideology pertaining to the inclination towards Chinese loans became increasingly apparent. As a case in point, the President of Ghana, in addressing the 73rd Session of United Nation's General Assembly in 2018, mounted a strong defense of Ghana's engagement with the East Asian state amid growing anxiety and concerns about China-Africa relations. For him "it is obvious to us that the mode of development trajectory we had been on for many decades is not working", and Ghana, like many countries in Africa, is forging economic relations with China to make arrangements to address its developmental challenges (GoG, 2018a).

The aim of this paper is therefore to theorize what prevailing local and international conditions may be necessitating the embrace of China as a significant financial and development partner. This will be done by first studying the rhetoric of Ghanaian public officials, especially those responsible for the country's critical economic decisions such as the President, Vice President and the Minister of Finance and Economic Planning. This study seek to ascertain how public officials view traditional economic assistance methods, changing patterns of the global economic order at the systemic level and consequently leading to how they see China as a viable alternative for seeking financial assistance. Second, by looking at Ghana's neoliberal economic history under the lens of social legitimacy theory as advanced by Dellmuth and Tallberg (2014), this study would illuminate social legitimacy concerns regarding neoliberal institutions and policies in Ghana; which will offer succinct explanations as to why state actors may be open to embracing alternative sources of financial assistance, upon which the Beijing source proves reachable.

To this end, this paper proceeds as follows. The first section discusses the neoliberal economic trajectory of Ghana since independence in 1957. The paper traces how neoliberalism came into the historical context of the management of Ghana's economy. Apart from the theme of neoliberalism, the section traces the nature of social and working conditions of Ghanaians and the historical commonality of public protests over neoliberal reforms. The next section zooms into Sino-Ghana economic relations since independence and captures the political attitudes of successive Ghanaian administrations towards China. The third considers the motivations and reasons that could underpin Ghana's state actors' gravitation towards the Chinese source of financial assistance. Two mechanisms were advanced for the phenomenon. First is the need to improve the living and working conditions of the ordinary Ghanaian and to address the persistent

social legitimacy concerns over neoliberal policies, while the second is the state actors' recognition of a window of opportunity in the global economic order.

OVERVIEW OF LITERATURE

Ghana's neoliberal economic trajectory and IMF Social Legitimacy

Upon Ghana achieving independence on March 6, 1957, Kwame Nkrumah, the leader of the Convention People's Party (CPP) spearheaded diverse industrial reforms under a socialist framework, including the dramatic seven-year plan spanning 1964 to 1970. Nkrumah sought pervasive industrialization through a grand strategy, which prioritized enormous amounts of capital formation through increased domestic production in state-owned industries (Meng, 2004). He began to pursue a state-led economic path rife with expensive investments in public enterprises. As the country's debt situation became unsustainable as a result of ambitious public projects that ended up being a failure, Nkrumah responded to political pressure by resorting to oppressive tactics as a means to secure a one-party state and to suppress opposition to his political and economic ideology (Ibid). Rising public discontent among the Ghanaian populace culminated in a military coup which toppled Nkrumah's administration on February 24, 1966.

Upon Nkrumah's ousting, the National Liberation Council (NLC) led the Ghanaian government from February 24, 1966, to October 1, 1969. This period marked Ghana's first engagement with neoliberalism. Under the supervision of the IMF, the NLC undertook structural reforms such as reorganization of state enterprises, termination of state subsidies and the overall cuts in national expenditure. This period marked the rise of free markets in Ghana, privatizations and devaluation of the national currency (Hutchful, 1987). With its consequential rise in the cost of living, job losses and distrust in labor unions, Pinkney (1972) reports that Ghanaian workers went on strike 58 times from 1966-1967, 38 times in 1968, and 51 times in 1969 as form of expressing their dissatisfaction with the state of the Ghanaian economy.

The NLC returned the country to civilian rule after the general elections in August 29, 1969, headed by Kofi Abrefa Busia, the leader of a former opposition party (Progress Party) which Nkrumah had banned (Al-Hassan, 2004). Upon assuming power, in the absence of a careful examination and interpretation of Ghanaians' sentiment against IMF's neoliberal economic reforms, Busia's administration erroneously concluded that the fault was with the method of implementation of the reforms but not the reforms themselves and even went ahead to introduce more stringent reforms (Hutchful, 1989; Amo-Asante, 2016). The austerity measures triggered protests

from the Trade Union Congress (TUC) and in response, the government deployed the army to occupy the TUC's headquarters and to hamper strike actions. Army troops upon whom Busia depended for support were themselves affected by the austerity measures, both in their standard of living and in the "tightening of the defense budget" (GhanaWeb, n.d., para. 11). Having realized the impact of austerity on the officers and the growing dissatisfaction among them, the Busia government embarked on a change in the leadership of the army (Ibid). This ultimately drew their dissatisfaction and on January 13, 1972, Colonel Ignatius Kutu Acheampong led a bloodless coup that ended Busia's regime (Ibid).

The National Redemption Council (NRC) under the leadership of Col. I.K. Acheampong and F.W.K. Akuffo, having realized the public's discontent with the former regime's pro-IMF reforms began to roll back the reforms which consequently garnered popular support towards the coup (Hettne, 1980; Libby, 1976). To Killick (2010), the anti-neoliberal measures included a revaluation of the national currency by 42 percent and a restoration of maximum benefits to public sector workers. Rothchild (1980) posited that the government of the NRC enormously benefitted from the remarkable rise in world cocoa prices and was therefore in the position to redirect the country to the path of economic development and prosperity. However to Shillington (1992), the government wasted it because of economic mismanagement, professional inefficiencies and large-scale corruption. These concerns coupled with the NRC's inability to tackle the rising rate of poverty in Ghana served as the basis upon which Flight Lieutenant Jerry John Rawlings toppled the government on June 4, 1979.

Rawlings's immediate agenda was neither to take a pro or anti-IMF economic posture, but his goal was substantially directed towards the riddance of corruption and economic mismanagement which he was successful at (Gyimah-Boadi, 1993; Gyimah-Boadi and Jeffries, 2000). After completing this objective, the Armed Forces Revolutionary Council (AFRC) organized a successful election in September 1979 which brought Hilla Limann's People's National Party (PNP) into power. For Shillington (1992), macro-economic management became the prime objective for the Limann administration and upon consistent deliberations, settled to seek foreign aid intended to address economic problems including applying for a credit facility from the IMF. The decision to take another neoliberal approach to the economy was not well-received by Ghanaians because of the fear of reforms associated with engagements with the IMF and thus propelled opposition towards the government's planned neoliberal approach and attracted protests from bodies like the Ghana Bar Association (GBA) and the National Union of Ghana Students (NUGS) (Okyerere, 1997 as cited in Amo-Asante, 2016). While the government rescinded its decision to go to the IMF amid public concerns, the economy continued to deteriorate.

With the rise in inflation, rise in budget deficit, trade union agitations on poor conditions of service, nationwide protests and government's dismissal of striking workers, the little support the Limann administration had enjoyed among soldiers and civilians eroded. The government was toppled on December 31, 1981, in another Rawlings-led coup and led to the formation of the Provisional National Defence Council PNDC (Lyons, 1997).

The new PNDC government, contrary to public expectations officially applied for the implementation of neoliberal economic reforms in Ghana. Under the supervision of the Bretton Woods Institutions, the government in April 1983 launched the Economic Recovery Program (ERP). Like other neoliberal engagements, it embarked on currency devaluation, rolled back government subsidies on social services, and privatized some state-owned enterprises. While the reforms created hardships for many Ghanaians, the government was able to protect itself from public agitations which had characterized previous economic reforms by virtue of Rawlings's authoritarian and coercive style of leadership. The culture of fear was institutionalized with the government's use of the state's security services to suppress dissent. Adu-Boahen, a Ghanaian academic had opined that their hesitation not to protest against poor living conditions was not borne out of trust for the PNDC but from their fear of the regime (Boahen, 1989).

Rawlings ruled from 1981 until January 7, 2001, where he peacefully transferred power to John Agyekum Kufuor. In April 2001, the new government accepted a debt relief under a Heavily Indebted Poor Countries (HIPC) program designed by the IMF (IMF, 2002). As a requirement for the \$3.7 billion debt relief, Ghana was required to implement the Poverty Reduction Strategy Paper (PRSP) but still not devoid of traditional IMF-aid conditionalities (Dijkstra, 2011). Despite being less common than previous administrations, public protests over poor socio-economic conditions were also witnessed in the Kufuor administration. In 2009, a group of unsatisfied Ghanaians called the Committee for Joint Action (CJA) staged demonstrations to castigate the government of pursuing insensitive economic policies and reneging on its promise to better the living conditions of ordinary Ghanaians (VOA, 2009).

John Mills led the National Democratic Congress (NDC) to victory in the 2008 general elections. Amid fallouts from the global recession, coupled with widening budget deficit and a slump in government revenues due to falls in global trade and commodity prices, the Mills government turned to IMF. The latter approved a Poverty Reduction and Growth Facility (PRGF)-supported loan amounting to US\$600 million (Reuters, 2009). In September 2010, up to 1,000 Ghanaians marched in protest against hikes in power and utility prices and accused the government of being insensitive to the plight of the poor (Raleigh et al., 2010), even when the

government had enjoyed the goodwill and support from civil servants by virtue of the implementation of the Single Spine Salary Structure. John Dramani Mahama was sworn in as President after the death of Atta Mills and subsequently got elected in the 2012 elections. His economic policies did not deviate much from his predecessor in terms of the country's macroeconomic management, but his attention was more drawn towards massive government spending on infrastructure. However, with growing budget deficits, rise in inflation and a depreciating currency, and even with the rolling out of a new Fiscal Consolidation Policy to reduce spending and increase government revenue, it finally submitted to the nation's conventional method of financial assistance—the IMF on April 3, 2015. The country agreed a three-year Extended Credit Facility (ECF) arrangement of US\$918 million (IMF, 2015). With the subsequent removal of subsidies on utilities and fuel, IMF-recommended freeze in public sector employment, and erratic power situation, the government witnessed a very high number of agitations coming from labor unions and the general public (Darko, 2014). One of the core theories posited in the literature to explain social legitimacy of International Organizations (IOs) and their policies is the theory of *institutional performance*. The theory posits that “citizen perceptions of IO legitimacy are anchored in evaluations of IOs' contributions to general and individual welfare” (Dellmuth and Tallberg, 2014, p. 4). While input-based considerations of social legitimacy are premised on whether IOs like the IMF provide the spaces for citizens to be represented, output-based considerations border on whether they play any contributory role to the individual and collective welfare of citizens (Ibid). Under this framework, citizens acceptance and trust in the IMF is likely to erode when they conceive their policies as countering their social and economic upliftment. Looking at the above-illustrated economic trajectory, it can be deduced that whenever strict IMF-recommended neoliberal reforms were spearheaded in the economy, the consequences resulted in tightening of public budget and expenditure with their varying stressful economic and social impacts on citizens and as a result of this, the social legitimacy of the IMF among the citizenry audience declined and manifested in the form of mass protests against the economic reforms seen as impinging on their socio-economic upliftment.

Looking at the neoliberal economic history of Ghana, it could be gleaned that the social legitimacy of IMF may not to be at its best or ideal position specifically with its appeal to Ghanaians. Kwame Nkrumah's administration (1957-1966) was not characterized with IMF-led structural reforms and hence the public discontent which culminated into a coup d'état was not driven by grievances on neoliberal reforms. Nonetheless, after his ousting and the country turning to the IMF, we immediately start to see public and labor strikes precipitated by the consequences of IMF-led

conditionalities. As indicated earlier, the country recorded 58 strikes from 1966-1967, 38 times in 1968, and 51 times in 1969. After the country was returned to civilian rule in 1969 and with the continuation of austerity measures by the Busia administration, we identify instances of protests from the Trade Union Congress and further saw the military resentment towards the administration when some of its good conditions of service were curtailed as a result of a tightening of the military budget. The Limann administration (1979-1981) rescinded a decision to take another neoliberal approach to the economy. This was based on the fact that the decision was not well-received by Ghanaians who feared the hardships bound to be visited on them should the government engage with IMF and also because of the strong opposition to another IMF engagement from bodies like the Ghana Bar Association (GBA) and the National Union of Ghana Students (NUGS). Despite pursuing neoliberal reforms, the numbers of protests under Rawlings' administration (1981-2001) were significantly minimal as compared to the other governments because of fear of military intimidation (Boahen, 1989). Few protests were seen in Kufuor's administration (2001-2009) because here one can note that despite the neoliberal reforms, there was an appreciable level of contentment among Ghanaians because his government was able to channel funds towards poverty alleviation and social intervention programs upon declaring a HIPC status and benefitting from debt reliefs and forgiveness. The protests again picked up significantly during the NDC administration (2009-2017) because of austerity measures coupled with erratic power supply.

Sino-Ghana trade and economic relations since 1960

China's global economic interaction began to increase rapidly after it joined the World Trade Organization in December 2001 and its quest to be economically influential in Africa goes unabated especially when one looks at the establishment of the Forum on China-Africa Cooperation (FOCAC) meant to spearhead relations between Beijing and Africa. Several studies on China's presence in Africa ask what the motivations for China's increased presence in Africa are. For example, as leading scholars in Southeast Asian studies, Eisenman and Kurlantzick (2006) have posited Beijing's motive in Africa as a quest or demand for “new energy and raw material suppliers” for China's growing industries. In other words, China's courtship of Africa is a “resource grab” (p. 219).

As far as Sino-Ghana economic relation is concerned, according to Nyarku (2017), the Chinese state through its Ministry of Commerce gives financial aids which range from interest-free loans to concessional loans to several developing countries, among which Ghana is a significant

part. The People's Republic of China (PRC) and Ghana established official diplomatic ties in 1960 and the relation between the two countries was deepened by the strong interpersonal relationships between China's Premier Zhou Enlai and Kwame Nkrumah (Idun-Arkurst, 2008). Kwame Nkrumah was considered a critical actor in the PRC's relationship with the West to the degree that, in the 1960s, not only did he lobby for the PRC's reinstatement in the United Nations, but also supported it during the Sino-Indian War in 1962 (Mercado, 1964). Idun-Arkurst (2008) reports that in return for Nkrumah's support for its foreign policy, China rewarded Ghana with grants and technical support for Nkrumah's developmental projects. Records indicate that between 1964 and 1970, Ghana received close to US\$43 million in loans and technical assistance from China (Nyarku, 2017). Shortly after Nkrumah's overthrow, the Chinese government withdrew its embassy staff and Chinese aid workers and consequently led to suspension of Ghana's diplomatic relationship with China (Ibid). As a result of this, general economic relations with China became fragile and even continued into the Busia Administration.

A while after the overthrow of the Busia administration in January 1972 by the National Redemption Council (NRC), the latter took multiple measures to restore good bilateral relations and in February 1972, the measures produced positive outcomes which led to a restoration of bilateral ties between the two countries (Ibid). Subsequently, the Rawlings administration sort to consolidate the country's relations with China and upon which the leader undertook two significant visits to Beijing. The first state visit occurred in September 1985 and the second in December 1995. Several discussions were held between Rawlings and China's former President Jiang Zemin and consequently led to the signing of agreements between the two countries. During Rawlings's administration, Ghana signed its first major cooperative agreement with China in 1983. Contracts totaling US\$390 million were executed with the help of the Chinese government with most of these going into physical infrastructural development and water supply projects undertaken by Chinese firms (Ibid). Also, in October 1998, the Rawlings administration concluded a loan agreement of US\$18.0 million.

President John Kufuor continued the consolidation of the good Sino-Ghana relations during his administration. His first official state visit to China occurred in October 2003 while his second was in November 2006. His government recorded a total sum of US\$1.3 billion in interest-free loans and concessionary loans which were channeled into infrastructural development, enhancing communication system for Ghana's security agencies and addressing electricity and energy deficits (Nyarku, 2017). In September 2010, President John Mills like most of his predecessors embarked on a state visit to China where he signed agreements which would later come in the form of loans. Among these was a loan facility of US\$260 million in the form of a preferential buyers' credit,

a \$150 million for Ghana's e-governance project and a \$3 billion package from the China Development Bank (CDB) to develop Ghana's energy sector (Mensah, 2010). In exchange for the \$3 billion loan, Ghana was to provide 13,000 barrels per day of crude oil to China. John Mahama was sworn in as President in 2012 at the time when the \$3 billion was still being disbursed and as of January 2014, \$600 million has been paid to the Ghana government while it continued to pay commitment fees on the whole loan (Ibid). Upon domestic political wrangling regarding the \$3 billion loan, Mahama's cabinet approved a recommendation to reduce the entire facility to \$1.5 billion. When the cabinet's decision was later communicated to CDB, it in turn decided to reduce the full amount of the facility to US\$1.0 billion with argument that, the 13,000 barrels per day of crude oil that they had committed to was not even sufficient to support the repayment of the committed US\$1.0 billion because of the slump in oil prices (Statesman, 2016).

The Akufo-Addo government after being sworn into power in January 2017 and despite having slammed the previous government for its incessant quest for foreign loans, proceeded to organize a four-day official visit to China led by Vice President Mahamudu Bawumia in June 2017 (GoG, 2017). As part of the agenda for the visit, the state officials met with the CDB and successfully negotiated to reactivate the \$2 billion remainder of the entire \$3 billion loan the bank had withheld for contractual reasons during the NDC administration. The New Patriotic Party (NPP) administration later concluded a \$19 billion financial pledge with China premised on a model that would leverage a portion of Ghana's bauxite reserves for Chinese money. This single financial agreement with its distinct model proves how the Akufo-Addo administration is ready to take relations with China to another level. In September 2018, the Akufo-Addo administration even went further ahead to float the idea of a \$50 billion century-long bond from China (Appiah-Kubi, 2019). As evident in Figure 1, Ghana ranks second to Nigeria in the West African subregion in terms of the amount of loan commitments with China, which puts it among the top ten African countries with high loan commitments with China.

It is worth investigating and understanding why there exists Ghana's gravitation towards Chinese loans, which may as well provide useful insights into how other countries in the subregion may increase their reach in terms of drawing from the Chinese finance chest should China continue to play a critical role in global economic order or eventually become a global economic superpower.

METHODOLOGY

This study utilized a qualitative research design for data gathering and analysis, specifically, content analysis and historical research. Data was gathered through secondary sources comprised of journal articles, Ghana government reports, Ghanaian and international

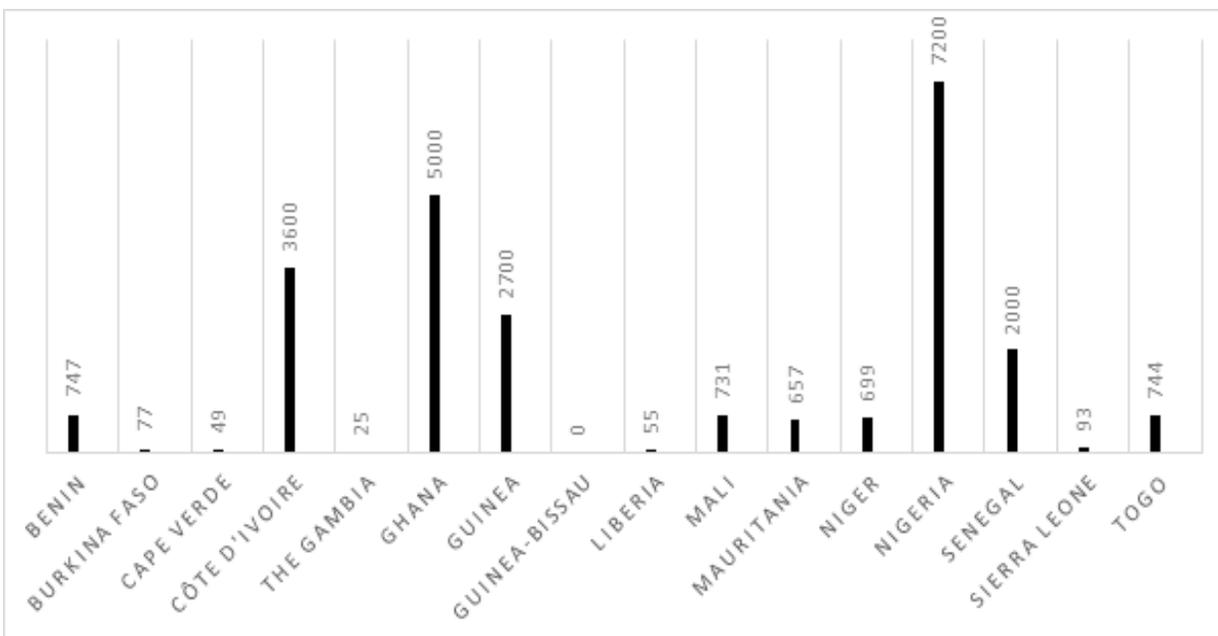


Figure 1. The amount of Chinese loan commitment to West African countries from 2000-2019 in US\$ MM.
Source: China Africa Research Initiative and Boston University Global Development Policy Center, 2021.

newspapers, and other internet sources. These were chosen based on their best fit with the research objective to guide the study that is, using rhetoric to determine mechanisms necessitating the embrace of Chinese loans and the logic behind state actors' disinclination from traditional financial sources. The use of historical research method benefitted the study in terms of using past available data to not only study and interpret the past political context under which neoliberal policies were implemented in Ghana, but more importantly to analyze how past and contemporary economic policy initiatives differ from each other. The period of Ghana's economic history inculcated in the study spanned from 1957 to 2017, comprising the initial stages of Kwame Nkrumah's state-led economic approach to the subsequent intermittent neoliberal approach by successive administrations.

The study is establishing the case of Ghana in the general context of Chinese presence in Sub-Saharan Africa. As a research approach, a case study contributes to our knowledge of individual, organizational, social, and political phenomena (Yin, 1981). Whereas the scope of the case study's causal argument is often in-depth, to Gerring (2004), "it lacks the breadth to make good, externally valid generalizations" (p. 327). Nevertheless, for purposes of causal homogeneity, case studies provide a case comparable to future cases should they happen to have the same units of analysis (Gerring 2004). Patterns found in case-oriented thesis, may in similar vein be applied to explain other cases' patterns (Mahoney, 2008). A case study of Ghana does allow scholars to explain similar paths of other West African countries turning towards the Chinese source of economic assistance should China continue to assert a forceful role in global economic order. The case of Ghana is significant among developing African countries because it has had a rich history of successive engagements with the IMF unlike others whose financial engagements with the IMF have not been so. The consistent engagement of Ghana with the IMF is a crucial case because it elucidates why there may be a break in the path dependence of international financial assistance.

STATE ACTORS' PRE AND POST 2016 SOCIO-ECONOMIC RHETORIC AND POLICIES

A crucial way to identify how state actors see traditional and alternative sources of financial assistance is to look at causal process (entities and activities) by examining key official statements and rhetoric from Ghanaian state actors in Ghana's pre and post 2016 election period. While pre 2016 election period is significant in terms of representing a period where historical neoliberal engagements were criticized by the incumbent administration, previously the largest opposition party in Ghana, the post 2016 election period not only represents a period where the \$3 billion CDB loan was reactivated, but where the financing model of leveraging natural resources for Chinese money took a deeper and more concrete shape. Considering the instances of public dissatisfaction with economic and social conditions in the pre-election period, the New Patriotic Party in 2016, led by Nana Addo-Dankwa Akufo Addo, presented to Ghanaians a party manifesto which was rife with social development policies. To the NPP, the Ghanaian economy was broken and there was widespread suffering and hardship, resulting in insecurity at all levels. The opposition party, NPP was not enthusiastic of the country's economic direction spearheaded by the IMF and noted that Ghana's "economic mismanagement has resulted in the country turning to the IMF for a bailout and to restore policy credibility; however, the IMF program has not delivered" (NPP, 2016, p. 4). The rate of unemployment as a result of massive cuts in public

sector employment had increased rendering the abled youth helpless (Ibid). In view of these, the social development policies that the party intended to undertake included Integrated Poverty Eradication Program (IPEP), the National Builders Corps (NABCo), a restoration of Nurses and Teacher Trainer Allowances, substantial increases in subsidies on retail prices of seeds, fertilizers and agrochemicals for both rural and non-rural constituents and redefine basic education to include Senior High School (SHS) and make it available for free on a universal basis to all Ghanaians (Ibid).

The party's vision of social development in this regard was to be achieved by establishing a well-funded, functioning welfare system which addresses the needs of the vulnerable, marginalized, and the socially excluded (Ibid). The manifesto highlighted the ingrained socio-economic challenges facing the Ghanaian public. Knowing that it would be difficult for the country's neoliberal economy to permit these massive social intervention programs, one can argue that the party already had an alternative for securing funds, namely, look to China. The themes of socio-economic hardships and seeing China as a viable economic model became important drivers for seeking alternative sources of development assistance by the new President and his team after they emerged victorious in the 2016 elections. These were visible in the official statements presented by government officials. In addressing a roundtable meeting of Presidents and Heads of State at the third Summit of the Forum on China Africa Co-operation (FOCAC), President Akufo-Addo remarked that:

We are witnessing, today, how China's aggressive development of the market economy, on the wheels of industrialization, in this new era of socialism with Chinese Characteristics, has lifted some half a billion people out of poverty, creating the world's largest middle class in the process... Ghana is aiming to replicate China's development model, which has seen her, over the last three decades, creating progress and prosperity for the masses of the Chinese people...Ghana is inspired by this model, and are trying to replicate same, though, inter alia, our industrialization policy of 1 District-1-Factory (GoG, 2018b, para. 1-3).

It may be imperative to evince some of the economic policy initiatives that the government undertook after assuming the reins of power. Immediately after the swearing in of the new Akufo-Addo government in 2017, the finance ministry secured a Chinese loan facility worth \$2 billion under the auspices of Sinohydro. In the wake of several critiques about excessive Ghana-China economic engagements and borrowing, the President in a national press meeting noted that:

Government is committed to seeking funds to develop the country, and at this moment China remains an avenue for funds which could be used to develop the country... For

far too long, the lack of money has hampered our development and dampened our self-confidence. I am determined that we should use what opportunities there are to raise ourselves out of poverty (GhanaWeb, 2019a, para. 3 and 4).

From the rhetoric of the president, an alternative method for seeking of financial assistance and the consequential embrace of China does not only become necessary due to social development deficits in the Ghanaian society, but also on infrastructural development. In the embrace and the pursuit of major assistance from the Chinese government, the president's economic and development strategy is to play a useful role. This ideology is to implement a model that seeks to leverage Ghana's bauxite reserves for Chinese financial aid. During Ghana's 61st Independence Anniversary Parade, the President argued that:

The problem has always been where to find the money. However, where there is a will, there is a way. My government is going to implement an alternative financing model to leverage our bauxite reserves, in particular, to finance a major infrastructure programme across Ghana...This will probably be the largest infrastructure programme in Ghana's history, without any addition to Ghana's debt stock. It will involve the barter or exchange of refined bauxite for infrastructure (GBN, 2018, para. 22 and 23).

This represents a significant change in the form of seeking foreign funds for priority projects because in this perspective, the process of repaying foreign loans would not be done solely with government's money chest from the consolidated fund but with unmined but valued mineral deposits (GhanaWeb, 2018). It is worth pointing out that this is an important difference in the mode of assistance where Ghana's mineral reserves are traded for Chinese funds. These may be unprecedented in the country's economic history where mineral reserves become important instruments for negotiating foreign assistance.

At the UNGA 73, President Akufo Addo noted that in view of the poor socio-economic conditions in the country, it is obvious that the traditional methods of tackling these problems have not been effective, and thus it is only prudent to explore and pursue other viable financial and developmental sources or trajectories. To reinforce the case, Dr. Mahamadu Bawumia, the Vice President of Ghana and the Head of Ghana's Economic Management Team had described traditional sources of financial assistance such as the IMF program with Ghana at the time as a sham (Abubakar, 2016). Ghana entered the program to help the country's ailing economy, but Bawumia observed that the situation has witnessed a complete reversal of the expected solution. At a China-Africa Joint Research and Exchange Program, the Vice-President posited that:

We developed this new financing model...We are saying we cannot borrow, so essentially what we need was a new way forward and we sought to leverage less than 5 percent of our bauxite to unlock close to 20 billion dollars...We could not ask China to give us aid to finance this quantum of investments we need. We could not borrow this quantum of money we needed, but we knew we had bauxite sitting in the ground...The goal of government is to leverage our natural resources for economic transformation (GhanaWeb, 2017, para. 3, 4 and 6).

Ghana's Minister of Finance, Ken Ofori-Atta continues the pattern of state actors' disinclination from traditional modes and models of financial assistance. In a visit to Tokyo, Japan, the Minister made the assessment that many countries in Africa are starting to establish and develop deeper economic relationship with Asia in order to tap into the region's abundant investment resources to fund several developmental needs of the African continent (Baird, 2018). He further went on to assert that by stabilizing our macroeconomic situation, and going abroad to introduce ourselves to investors, we can find a new path outside of the IMF or other traditional institutions (Ibid, p. 9).

In addressing the need for Ghana-China cooperation, the Finance Minister had stated that:

We are trying to nail down and look at an enhanced relationship with China to see how they can support the direction in which we're now going as we build a stronger economy...since taking over the finance ministry, the budget deficit and government debt are much higher than had been expected, adding pressure to public finances. This therefore makes it important for the government to look elsewhere for cheaper sources of funding which will not add to the public debt especially in a form of interest payments on loans (Acquah, 2017, para. 7, 10 and 11).

The above rhetoric from the state actors happened in the period when the country was still under an Extended Credit Facility Program (April 2015-April 2, 2019). As it ended, the theme of moving away from the IMF had continued to be rife in the statements presented by the state actors. At a meeting with members of the Ghanaian community in Massachusetts on March 2019, Akufo-Addo in his speech noted that:

What I am saying to Ghanaians, to all of us, is that, in the 62 years of our independence, this was the 16th IMF bailout programme that the nation had gone into. Let it be the last time that we would resort to an IMF programme (All Africa, 2019, para. 5).

At another high-powered meeting with the World Bank Vice-President for Africa, Hafez Ghanem, in March 2019, Akufo-Addo had maintained that:

We have had sixteen bailouts programs with the IMF

since independence. It does not make sense, largely because the discipline that we should have in the management of our public expenditure and the management of our public finances has not been there...we think that we can do it. We are thirty million people here with considerable resources in their natural form, and if we have the policy framework and the policy options that we take are ones that favor this process, we are looking at being within a decade, able to fashion a new self-sustaining economy (GhanaWeb, 2019b, para. 3 and 5).

The rhetoric shows how the current government has played a central role in advancing towards an alternative form of financial assistance and the consequential embrace of China. It also carries the message of the state actors' recognition of citizen dissatisfaction with living conditions and preexisting socio-economic policies. The campaign promises of the NPP touched on the worsening living conditions of Ghanaians and the party in the pre-2016 election period laid out its social intervention programs with the idea that IMF would not agree to such policies knowing the health of the country's balance sheet. They realized and capitalized on the public agitation on neoliberal policies, promised massive social intervention programs and won power and thus there was an utmost need to fulfill them. It is conventional knowledge that the IMF traditionally do not assume a favorable posture towards a welfare-state and the NPP taking cognizance of the fact that they have promised massive social interventions which they need to fulfill for hopes of gaining re-election, it was only plausible for them to pursue other alternative sources of funding; and this is where the China source comes in.

It may be critical to place the posture of the state actors in context. With the gradual disinclination from conventional ways of seeking financial assistance mainly emanating from the ideologies and activities of the incumbent party, it may not be surprising to see a reversal of the trend should different parties assume the reins of power. Taken together, while Ghana's economic history has consistently captured agitations, protests, and dissatisfaction among the Ghanaian public regarding neoliberal economic reforms, it may be insufficient to construe poor living conditions in Ghana only as a result of the IMF-World Bank policies. This is because the social sectors may suffer cuts in public expenditure not solely because of neoliberal economic reforms, but also exogenous shocks like declining government revenues from slumps in international trade and prices of commodities.

CHANGES AND OPPORTUNITIES IN GLOBAL ECONOMIC GOVERNANCE NECESSITATING GHANA'S EMBRACE OF CHINA

China has consistently received coverage both in

scholarly circles and in the popular media regarding its emerging economic superpower status. It has received the spotlight in terms of the consistent and massive growth in its Gross Domestic Product (GDP) and even scholars had floated the possibility of China emerging with global economic influence and power at par with the United States (Overholt, 1994; Fishman, 2005; Shirk, 2007; Sieff, 2009; Zhang, 2010) and as at now, Beijing's sphere of global economic influence continues to expand. "China now regards itself as offering a different kind of model of diplomatic and political behavior for others to follow. Everywhere we see signs of intent from China. It would be like burying our heads in the sand to ignore the country's hunger for a more central role in global affairs and not to prepare a response" (Brown, 2018, para 1).

The literature on Chinese foreign relations elucidates how Beijing has consciously used its growing economic capacity to shape the political and economic choices and outcomes of other states (Chau, 2014; Chin and Helleiner, 2008; Kastner, 2016). Its economic clout has been instrumental in drawing new allies. With the establishment of Asian Infrastructure Investment Bank (AIIB) (often seen as a potent competitor to the IMF) which China has used to draw many countries to its fold, it is obvious how Beijing is seeking to amend the course of international economic governance. Not only have developed economies bought into the AIIB, but the bank continues to appeal to developing economies and even in 2018 approved membership applications from Ghana and Togo.

With China occupying an enviable position in global economic governance as the world's second largest economy and presenting itself as a strong lender, it is only rational for governments to seek and utilize this opportunity to better the living conditions of their citizens when existing or traditional ones fail or have failed to do so; hence, it may be suggested that the Akufo-Addo administration having won power and realized that the status of the economy may be inadequate enough to support the massive social intervention programs, it is there that the China story comes in. This may be imperative because, while Chinese loans may be directed into projects aimed towards addressing the country's infrastructure deficits, government revenues may be channeled to funding social intervention programs. At a Financial Times Africa Summit in London on October 2018, Akufo-Addo defended Ghana's dealings with China after signing eight accords for investment worth about \$2.3 billion, saying the country is going about its economic engagements with China with its "eyes open" (Golokuk, 2018, para 1). "It is our interest to deal with China...it is the second biggest economy of the world. Everyone is dealing with China" (Devermont, 2018, p. 5).

The administration has come to meet an opportunity where China's growth miracle has translated into global expansion and strengthening of economic ties especially with countries in the developing world. This is the time

where China seeks foreign resources for its domestic industries and to expand its global influence. The government of Ghana having realized that it has what China wants has sought to leverage its unmined mineral reserves for Chinese money. It may be suggested that the government of Ghana has realized that it is economically prudent to leverage their mineral reserves which remains unmined in the Ghanaian soil for the much-needed Chinese money while not essentially adding to the country's debt stock.

CONCLUSION AND RECOMMENDATION

This paper has attempted to show the processes and mechanisms underpinning the embrace of Chinese financial assistance using the case of Ghana. The level of financial engagements from 2000-2019 is unprecedented if one is to judge from its comparative levels in the period 1960-2000. The study has elucidated how the socio-economic rhetoric of state actors has been primed unambiguously on the dissatisfaction with the traditional methods of major financial assistance and their consequential justification for turning to the Chinese way. However, this does not mean the IMF, or the World Bank is completely dissociated from the economic governance of Ghana. The World Bank continues to support the country in sectors such as health, education, and other critical sectors. It is regarding the source of seeking loans to fund development projects and improve the socio-economic wellbeing of Ghanaians that can be said to have seen a change. The review of the rhetoric of Ghanaian state actors gives evidence to the assertion of recognition of window of opportunity as a result of seeing China as an equally viable economic and development partner.

Raising the standard of living of citizens should be the utmost priority of any government but that should not be pursued blindly to the extent of entrapment into unsustainable debt repayment situations. If there are non-conditionality attached loans on the international market, it is only reasonable that developing countries take advantage of it to develop their domestic sectors but then it is incumbent on them to proceed with caution. As China presents itself as an alternative, it is worthy to note that little altruistic assistance exists on the international market and many countries and organizations offer loans with conditions (both open and covert) often benefitting their national stakeholders. Therefore, in the spate of the growing embrace of China's development assistance in the Sub-Saharan African region, it is advisable that state actors negotiate agreements which would not later put their economies into crisis. There should be comprehensive processes to check the better management and utilization of loans meant for infrastructural projects and to ensure monies are channeled into places they are intended to be. With

corruption still being a bane to efficient resource utilization and development (Akçay, 2006), there should be utmost transparency and accountability in the use of external funds or loans.

It is also economically prudent to invest loans into sectors and infrastructural projects which would be able to generate strong economic returns. As the developing trend in Chinese loan engagements, where mineral deposits are exchanged for external loans, it is incumbent on economic managers to always engage expertise and properly negotiate deals in order to ensure mutually beneficial outcomes for both countries. Chinese loans in Africa have become the fashion of the times but the “debt-trap” concerns raised on Chinese loans should as well be given careful thought to avoid entangling both born and unborn citizens into unsustainable debts which will not only affect international credit ratings but consequentially engender domestic economic challenges.

With aid flowing to African economies from a strong Chinese state, it may not be out of place for one to assume that African leaders’ commitment to strong democratization may gradually wane; especially when they abandon aid flows from their traditional western sources which come with strings in form of strong democratization and good governance. Upon the commencement of the forum on China-Africa Cooperation (FOCAC) in 2000 which marked a series of enhanced economic cooperation between China and most African states, scholars found it critical to examine how the aid-flow from the Chinese government is likely to affect the course of democratization on the continent which has been propelled by Western aid. Li (2017) in his analysis of whether conditionality still work with China’s rise as major donor since the early 2000s posits that, the democratizing effects of Western development aid in Sub-Saharan Africa have greatly diminished. Further was it evident that, the major recipients of Chinese aid in Sub-Saharan Africa failed to “achieve higher levels of political freedom than comparable countries in the post-FOCAC period” (p. 201). As Ghana represents a significant recipient of Chinese loans in West Africa, it may be worth exploring in future studies how the respect for democracy and political freedoms may wane or consolidate overtime given the fact that the Chinese Communist Party tends to distance itself from the internal political affairs of recipient states.

CONFLICT OF INTERESTS

The author has not declared any conflict of interests.

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