Capital Power:
How the structural power of finance shapes IMF bailout requests

Kofi Gunu
University of Oxford, UK
Kofi.gunu@nuffield.ox.ac.uk

Abstract

Why do some crisis-stricken governments request bailouts from the International Monetary Fund (IMF), while others do not? The standard answer is that this divergence reflects governmental preference in borrowing countries. But this fails to account for cases where a request for Fund assistance materialises despite strong domestic resistance. The explanation proposed in this dissertation focuses on the role of *financial structural power*. Policymakers in most developing countries depend on private and official creditors to finance development projects and foster economic growth. This reliance on transnational capital allows borrowing governments to cultivate popular legitimacy, but it also endows dominant creditors with considerable influence over policy decisions within debtor states. This thesis argues that financiers—simply by withdrawing or withholding capital from a target economy—can constrict the state's room for manoeuvre and systematically incentivise one set of policy options over viable alternatives. Specifically, local policymakers are more likely to turn to the Fund for help when they are heavily dependent on capital that has a credible exit threat. I test the implications of this theory using a mixed-method empirical strategy. This consists of quantitative analysis of IMF conditional lending between 1980 and 2019 and a paired comparison of two case studies in Ghana and Nigeria. Bridging international relations and comparative politics, the dissertation shines much-needed light on the mechanisms through which creditors, as the principal gatekeepers of capital in the global financial system, shape policy outcomes in peripheral countries.

Thesis Outline

Chapter 4 | Ghana 2014: Coerced Engagement

> Although it was evident in 2013 that Ghana would need a new IMF arrangement, the authorities ***resisted and delayed*** making a request. Eventually in August 2014, the authorities requested an IMF arrangement as risks began to mount that Ghana would be unable to roll over maturing debt.
>
> —INDEPENDENT EVALUATION OFFICE OF THE IMF[1]

> With one eye on the 2016 elections, the finance minister had previously insisted that an IMF bailout would not be needed, as a homegrown macro-rescue policy would suffice. However, when foreign exchange reserves had nearly run out, the government was left with few alternative options.
>
> —GREGORY SMITH, *WHERE CREDIT IS DUE*[2]

On August 1, 2014, Ghana's president John Dramani Mahama assembled his economic advisory team at Peduase Lodge, the presidential retreat in the Aburi Hills just north of the capital, Accra. Following a marathon consultation that reportedly continued late into the night, President Mahama instructed his economic advisors to open discussions with the IMF regarding a Fund-supported programme. This decision, which came after months of conflicting statements from the National Democratic Congress (NDC) government, was aimed at halting a deepening currency crisis exacerbated by adverse developments in global commodity markets. In April 2015, after several months of negotiations and after the government had implemented a series of "prior actions" to demonstrate its commitment to reducing unsustainable fiscal and trade deficits, the IMF Executive Board finally approved a three-year ECF arrangement for Ghana to the tune of US$918 million.

To observers then and later, this episode seemed to be the continuation of a familiar pattern of politically-motivated spending and debt accumulation followed by a bailout from an ever so obliging IMF. According to this view, because Ghana was one of the first sub-Saharan African countries to pursue IFI-recommended economic and political reforms in the 1980s, the Fund and its major shareholders have felt a special obligation to guarantee its success, extending more programmes and financial assistance even though each new request is evidence of strategic

[1] Allum et al 2021 (emphasis added).
[2] Smith 2021, p. 168.

backsliding and partial implementation of critical structural adjustments.[3] In turn, the country's frequent engagement with the Fund is thought to have produced a generation of economic policymakers who have a positive inclination towards IMF programmes and who perceive participation as a low-stakes political choice free from any substantial costs to either themselves or their political parties.[4] Commenting on the decision to embark on yet another IMF programme in 2015, development economist Stefan Dercon wrote that Ghana "has been a star pupil since 1983. It probably is also the teacher's pet."[5]

What such interpretations overlook, however, is the significant reluctance of Ghanaian policy elites to consider seeking assistance from the IMF in the period leading up to the 2014 request. A post-mortem conducted by the Independent Evaluation Office (IEO)—an arm of the IMF which carries out independent and objective assessments of Fund policies and activities—concluded that the authorities in Ghana "resisted and delayed making a request," waiting well until the economic situation had reached a critical stage before finally seeking to enter into negotiations with IMF staff.[6] This view of the Mahama government as averse to participation in a programme was shared by the ***Financial Times***, which on June 9, 2014, wondered why Zambia, and not Ghana, had requested Fund help at that point when "by all accounts, the fiscal problem is more severe in Ghana than in Zambia."[7] The severity of the economic challenges facing the country was widely acknowledged by politicians from both the ruling party and the main opposition, the New Patriotic Party (NPP), with Finance Minister Seth Terkper himself signalling as far back as March 2014 that a bailout may be needed.[8]

Yet no move was made to send a formal application to the Fund for the next five months. In fact, right up until the Peduase Lodge conclave, the government worked strenuously to find an alternative to going to the IMF. In January 2014, it was reported that Ghana was in talks with the UAE, Brazil, and South Africa about securing much-needed financing.[9] Restrictions on foreign exchange transactions were introduced in February in a bid to conserve fast-dwindling international reserves.[10] Three months later, the government named transaction advisers for a potential Eurobond sale, leading market participants to surmise that it had no immediate intentions of resorting to the IMF.[11] In addition to these initiatives, the authorities put forward what they

3 Herbst 1993; Kahler 1993; Nugent 1995; Tsikata 2001; Whitfield and Jones 2009.
4 Akonor 2002; Boafo-Arthur 1999 & 2018; Gerits 2022; Abouharb and Reinsberg 2023.
5 Dercon 2022, p. 157.
6 Allum et al 2021.
7 *Financial Times*, June 9, 2014.
8 The Bretton Woods Observer 2014.
9 *Bloomberg*, January 24, 2014.
10 *Financial Times*, February 5, 2014.
11 *Reuters*, May 20, 2014.

called a Home-Grown Economic Stabilisation Plan—a collection of austerity measures outlined in the 2013 and 2014 budgets—which was explicitly presented to the public as a more palatable alternative to going under a Fund programme. As a deputy finance minister would later remark about the plan, "the IMF doesn't say things we don't already know. We think we are better off without them."[12] In an effort to foster broad-based support for the home-grown strategy, a three-day summit was held in May 2014 to which some 140 Ghanaians drawn from diverse arenas of society were invited. At this forum, Mahama reaffirmed his resolve to avoid the IMF route: "I wish to take this opportunity to state, with great emphasis, that as President I have not taken any decision to enter our country into an IMF programme. What we are concentrating on is the preparation of a homegrown strategy of fiscal consolidation."[13] Despite the fact that Ghana experienced a severe economic crisis, with inflation reaching 15 percent in June 2014 and the Ghanaian cedi losing nearly 40 percent of its value since the beginning of the year, Mahama delayed requesting IMF assistance even as both domestic and external actors pressed him to confront reality and simply ask the Fund for a lifeline.

It was not until August 2014 that we saw a dramatic reversal in the government's approach. After several months of staunchly defending its indigenous crisis response, the Mahama-led government executed an abrupt about-face and submitted a formal request to IMF headquarters in Washington, D.C., which dispatched a mission team to Accra the following month. The account I have just provided is fundamentally at odds with the conventional wisdom that Ghana's application for an IMF rescue package in 2014 was overdetermined by the country's participation history. Clearly, even though there was deep policy convergence with the Fund and the chances of an outright loan rejection were significantly low, officials equivocated over relinquishing autonomy over economic policymaking. Why, then, did policy elites suddenly opt to request an IMF bailout when they had shown such deep resistance to the idea?

My theoretical framework holds that a reluctant government should turn to the Fund when it has exhausted all other financing options. But we know very little about what conditions assure access to alternative finance. Why are some crisis-stricken countries able to procure replacement resources, and thus sidestep the Fund, while others are not? The task of isolating the particular factors that determine the prospects of securing emergency financing elsewhere in cases where policymakers are obviously unenthusiastic about IMF participation presents us with a

---

12 Quoted in Zeitz 2019, p. 243.

13 Government of Ghana 2014a. This section of the speech was prompted by the opposition NPP's decision to boycott the summit in Senchi, which the opposition saw as merely a "PR gimmick" by the government. The NPP felt the government was disingenuous in soliciting input from stakeholders as it had already submitted a medium-term economic plan to the IMF during its annual Article IV consultations.

methodological challenge. It requires us to examine at least two types of cases simultaneously: first, a positive case where a state succeeds in obtaining financing, avoiding the need to resort to borrowing from the Fund; and second, a failed "holdout"—a negative case where, the government's resistance notwithstanding, a request for IMF support is prompted by the absence of viable substitutes. The focused comparison of these two groups of cases—successful and unsuccessful evaders—allows us to explore the factors that play a role in guaranteeing or restricting access to funding avenues other than the Fund, shedding light on the structural causes of the long-run variation in IMF participation. Chapter 5, tracing economic policymaking in Nigeria immediately after the collapse of global oil prices in 2014, analyses the former case. But in this chapter, I use the case of Ghana's belated request in the run-up to its sixteenth IMF programme to investigate the latter.

The chapter is structured around two empirically overlapping but analytically discrete questions.[14] First, what determined the Mahama administration's intransigence *vis-à-vis* an IMF programme? And second, what explains the abrupt switch from firm resistance to a willingness to explore the IMF option? This chapter shows that endeavouring to answer these two questions separately compels us to recognise the limitations of existing demand-side theories of participation. Explanations that highlight the role of reformist leaders, economic ideology, or dominant interest groups may help account for the government's early aversion to an IMF programme, but they struggle to come to terms with the rapid policy reversal in August 2014 by the same administration with no major changes in personnel, policy paradigm, or base of support. A close look at the evidence shows that insofar as policymakers in Ghana had internally generated preferences regarding the desirability of a Fund-sponsored programme, these largely ran directly counter to the ultimate outcome. Thus, the choice to bring in the IMF cannot be fully explained with reference to the local configuration of social and economic forces.

Instead of looking exclusively to domestic politics for an explanation, this chapter makes the deceptively obvious point that Mahama and his advisers modified their stance on an IMF programme because both private and official creditors elected to retreat from Ghana. The narrative that follows shows that charting an independent course through the economic crisis proved increasingly difficult for Ghanaian officials as credit lines were cut and capital flows were reversed. Unable to procure enough funds from conventional sources, the government was left with no choice but to launch programme talks with the IMF—a move that was aimed primarily at restoring investor confidence. To understand why Ghana turned to the IMF, it is crucial to situate alternative

[14] As I explained in Chapter 2, these two questions are usually conflated in the literature on IMF participation, meaning that scholars are often focusing on the sources of IMF preference when the stated goal is to discover the causes of participation. Posing them separately, as I do here, helps to disentangle the two issues.

finance, those controllers of private and public capital whose resources could have kept the economy afloat, at the centre of analysis.

This shift in perspective provides an opportunity to explore the determinants of credit access for countries affected by crises. Why did creditors withhold financial support from Ghana? The country's less than stellar financial circumstances at the time make it tempting to attribute the "sudden stop" and reversal in capital flows to poor economic stewardship by the incumbent NDC government. The authorities' apparent inability to tame the large twin deficits during this period was certainly a crucial consideration for investors and lenders. However, a careful analysis of the available evidence reveals that Ghana's dominant creditors were not mere fair-weather friends. Specifically, we observe that the international investment community displayed a remarkable degree of attachment to the country, continuing to extend credit lines long after the emergence of macroeconomic imbalances. Paradoxically, when investors first started exiting their Ghanaian positions at the end of 2013, precipitating a shockingly steep depreciation of the cedi, the economy was growing at 7.4 percent annually, faster than the sub-Saharan African average, and foreign reserves stood at 3.6 months of import cover, the highest level since the start of the year. Comparison with the Nigerian experience detailed in the next chapter is illuminating as well. The fact that creditors abandoned Ghana in 2014 while playing a pivotal role in saving Nigeria from near-certain Fund intervention two years later—despite the latter experiencing a worse economic downturn—indicates that economic crisis alone does not suffice to explain loss of financing.

If the funding constraints that Ghana faced immediately prior to its 2014 request cannot be solely attributed to the timing and magnitude of crisis, how else might they be explained? And how exactly did these constraints shape the decision to approach the IMF? The analysis put forward in this chapter is aimed at providing a comprehensive answer to both of these questions. By meticulously tracing the hypothesised causal chain and scrutinising diagnostic pieces of evidence within the Ghana case, I set out to validate the analytical value of my structural power theory. Drawing upon a wide and varied selection of source material ranging from elite interviews to newspaper reports, I will demonstrate that a combination of cognitive and electoral constraints pushed policymakers to favour an independent course of action in responding to the economic crisis. Therefore, I argue that the Ghanaian government was averse to participating in an IMF programme circa 2014 but that this aversion was informed, not by some deep-rooted ideological opposition to Fund policies, but by more immediate political calculations. However, the crisis also coincided with a dramatic increase in the credibility of disinvestment threats, as both private and official lenders became less reliant on Ghana for financial and strategic benefits. I argue that while Ghana remained highly dependent on the injection of foreign credit during this period, critical changes in the international financial landscape eroded financiers' attachments. As a result, traditional donors were able to sustain a budget support suspension and private investors withheld their capital from the deteriorating economy. Ultimately, that sealed the fate of the Mahama administration and rendered a request for IMF support virtually inevitable by August 2014.

The chapter is based on insights gained from three years of fieldwork in which I observed Ghanaian policymaking processes and election campaigns up close and conducted over 50 interviews with policymakers, donor representatives, private investors, and other observers.[15] Section 4.1 begins the analysis with a brief description of the macroeconomic crisis after 2012 and an examination of the government's initial response. Section 4.2 attempts to provide some reasons for the deliberate choice to stay away from the IMF and focus instead on a home-grown solution. Section 4.3 then delves into this crucial switch from aversion to application, evaluating the case for each of the existing theories of IMF programme participation. Section 4.4 briefly makes the argument that, rather than domestic political and economic conditions, the decision to seek a bailout resulted primarily from the fact that dominant creditors wielded a credible threat of disinvestment in Ghana. Moving on to Section 4.5, I use process tracing to explore why this exit threat was particularly credible, unpacking the causal logic connecting the two mechanisms of structural power—official credit rationing and financial market discipline—to the final outcome, shedding light on how they influenced Ghanaian policymakers to turn to the Fund for assistance in 2014. Finally, Section 4.6 concludes the chapter with a discussion of the main points discerned from the Ghana case study.

4.1 CRISIS AND RESPONSE

In the years before the macroeconomic crisis, Ghana was celebrated as one of Africa's greatest economic success stories. The economy experienced robust growth after the implementation of liberalising reforms in the 1980s, with real GDP growth rising steadily from -6.9 percent in 1982 to 14 percent in 2011. This extraordinary growth trajectory received a major boost from the discovery of oil and gas reserves off Ghana's coast in 2007, which fostered optimism, especially among emerging market investors, and catalysed significant foreign direct investment (FDI). This positive momentum translated into tangible progress in terms of poverty reduction and rising incomes. The extreme poverty rate fell from 31 percent in 2006 to 24 percent in 2013, alongside a notable increase in per capita GDP from US$904 to US$2,282 over the same period.[16] In 2010, following a rebasing of the nation's GDP, Ghana attained a major milestone when it transitioned

[15] For more details about the interviews and fieldwork methodology, see Chapter 3 and Appendix A.
[16] World Bank data.

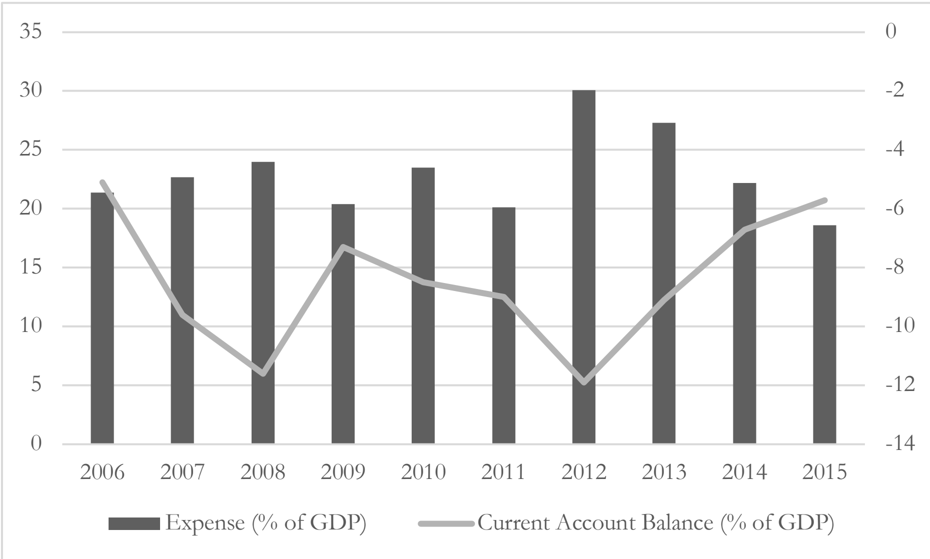

FIGURE 4.1. GHANA BALANCE OF PAYMENTS, 2006-2015.
SOURCE: MY ILLUSTRATION BASED ON WORLD BANK AND IMF DATA

to lower-middle-income (LMIC) status.

However, these positive indicators masked underlying economic vulnerabilities. Despite the rapid expansion of the service sector, Ghana's economy remained heavily reliant on primary commodities, with gold, cocoa, and oil accounting for 85 percent of total exports. This dependence rendered the economy susceptible to fluctuations in global prices of agricultural and resource commodities. While the mid-2000s witnessed buoyant export earnings driven by heightened global demand, Ghana's exposure was laid bare when commodity prices fell abruptly in 2011. The international prices for gold and cocoa beans declined sharply, resulting in lower-than-projected foreign exchange inflows. Meanwhile, the volume of imports, which had grown during the commodity boom, now rose even more as the economy absorbed large FDI in the burgeoning oil and gas sector. The current account imbalance became persistent and grew steadily. As Figure 4.1 indicates, it increased in relative terms from 7.3 percent of GDP in 2009 to 11.9 percent in 2012.

These developments were accompanied by serious problems on the fiscal front. In February 2013, the Bank of Ghana (BoG)—the central bank—sent shockwaves through the investment community when it reported that Ghana's fiscal gap in 2012 had widened to a staggering 12.1 percent of GDP, almost double the government's target of 6.7 percent.[17] This was the highest fiscal deficit recorded in Ghana's history and pointed to underlying challenges of public finance management under political constraints. As we see in Figure 4.1, there was a dramatic jump in expenditures relative to GDP as the presidential and parliamentary elections of December 2012

[17] *Bloomberg*, February 15, 2013.

drew closer. Politically timed booms in government spending are nothing new in Ghana, but the exceptionally tight margin of the 2012 race and the expectation that forthcoming oil revenues could be used to balance the budget after the election probably made policymakers less concerned about the long-term consequences of expansionary fiscal policy. They failed to anticipate the drastic drop in commodity prices from 2011 onward which precipitated a massive reduction in tax revenues. While government tax receipts averaged around 18 percent of GDP between 2011 and 2014, government expenditures increased from 20.1 percent of GDP in 2011 to approximately 30.1 percent in 2012.[18] A significant portion of this expenditure was allocated to recurrent spending, particularly wages and interest payments. The government wage bill surged from 46 percent of total tax revenue in 2008 to 72.3 percent by December 2012.[19] To make matters worse, Ghana was hit at this time by erratic energy shortages—known colloquially as "dumsor"—which forced the government to adopt short-term and very costly measures, such as leasing powerships to supplement electricity generation.[20] These crisis-driven expenses, coupled with the cost of ongoing fuel subsidies, pushed the fiscal deficit into the double digits.

Consequently, after the 2012 elections, the Mahama administration found itself grappling with a rapidly escalating macroeconomic crisis. In his first State of the Nation address to parliament after his electoral victory, the President admitted that the state's budget suffered from "serious problems of misalignment" and that the wage bill was "squeezing out critical investments."[21] Financial markets also began to take notice of these fundamental problems, and some investors responded by reducing their exposure to the country. According to ***Bloomberg***, the cedi weakened 14 percent against the U.S. dollar in 2012, becoming Africa's third worst-performing currency that year.[22] On February 15, 2013—just two days after the BoG released the fiscal deficit figures—Fitch Ratings revised its outlook on Ghana's creditworthiness, from Stable to Negative. Fitch cited the deteriorating deficit, which it said "suggests a serious loss of fiscal control and reduced credibility."[23] Moody's Investors Service and S&P Global Ratings would soon join Fitch in casting doubt on the country's solvency, issuing a succession of ratings downgrades that caused government borrowing to shoot up. At the end of its Article IV consultation mission to Ghana in April 2013, the IMF warned that "despite Ghana's strong economic potential, short-term stability

---

18 IMF 2015.
19 Government of Ghana 2013a. The explosion of the wage bill is largely attributable to the higher-than-budgeted costs of the Single Spine Salary policy introduced in 2010 to standardise compensation across the public sector. This pay reform resulted in substantial salary increases for nearly all civil servants for several years in row, as well as significant salary arrears as the authorities encountered delays in transitioning personnel to the new system.
20 Dye 2022.
21 Government of Ghana 2013a.
22 *Bloomberg,* December 28, 2012.
23 Fitch 2013.

risks have risen."[24] Therefore, it was evident fairly early on that Ghana faced deteriorating balance of payments, marked by ballooning twin deficits. Côte d'Ivoire—not covered in this thesis—entered into an IMF agreement in 2016 at a time when it confronted comparatively shallower economic challenges.

Instead of turning to the IMF for support, however, the NDC government in Ghana resorted to a mix of new borrowing and fiscal consolidation measures. To fund the fiscal deficit, the central bank relied on monetary financing where it advanced credit directly to the central government and state-owned enterprises during this period. In fact, the BoG financed the entire budget shortfall during the first quarter of 2014.[25] In addition, policymakers issued unprecedented numbers of short-term domestic bonds, often at high interest rates to entice increasingly wary investors. For instance, 91-day treasury bills attracted rates as high as 25 percent in 2014.[26] Similarly, in June 2013, Ghana issued its second-ever Eurobond, raising $750 million with a 10-year coupon at 8 percent—a rate that is significantly higher than the 6.63 percent and 6.875 percent Nigeria and Rwanda, respectively, got when they also issued in 2013.[27] Ghana's total national debt, which had stood at 36 percent of GDP in 2009 when the NDC took office, reached 58 percent in August 2014.[28] While this borrowing spree did give the administration some much-needed fiscal breathing room, it concurrently increased the proportion of government revenue spent on servicing interest payments. It also made the country more vulnerable to abrupt shifts in investor sentiment, the importance of which—as we will see in greater detail later—is hard to overstate.

Besides debt financing, the Mahama administration came to pin its hopes on fiscal consolidation efforts under the aforementioned Home-Grown Economic Stabilisation Plan. This plan referred to a series of austerity measures aimed at cutting the budget deficit in half over three years. This target represented a gentler path to fiscal rectitude than the "big bang" approach pushed by both the IMF and foreign creditors. Kwabena Afari, director of monitoring and research at the Ministry of Finance, justified the policy choice thus: "We are doing a gradual adjustment, which we believe is more credible . . . We don't want to be overly optimistic and indicate a budget deficit target we are not able [to meet]."[29] The measures encompassed a slew of new taxes, removal of fuel subsidies, a sharp hike in electricity and water tariffs, and a steady lowering of the wage bill to between 30 and 35 percent of tax income by 2015. Finance Minister Terkper confidently assured

[24] IMF 2013.
[25] World Bank 2014.
[26] Ibid.
[27] *Bloomberg*, July 25, 2013.
[28] World Bank 2014.
[29] *Bloomberg*, March 8, 2013.

investors in February 2013 that "fiscal correction should not take long."[30] But the economy had other plans. Government ambitions were derailed by a range of factors, including a prolonged slump in commodity prices, continued disruptions in the power supply, the obstinance of labour unions, and compounding interest payments.

As a result, the macroeconomic picture worsened as the year 2014 got underway. Growth plummeted from the dizzying heights of 14 percent in 2011. Meanwhile, the removal of fuel and utility subsidies, as well as the pass-through effects of depreciation and central bank financing, caused inflation to surge to nearly 16 percent.[31] In February, concern about the cedi prompted the leader of Ghana's most influential evangelical church to lead his congregation in praying for the currency: "I hold up the cedi with prayer and I command the cedi to recover, and I declare the cedi will not fall any further."[32] Divine intervention was plainly not enough in this instance because a few days later, the government was forced to introduce restrictions on foreign currency trading in a desperate bid to stabilise the currency. Defending these unorthodox economic measures, Mahama said: "No respectable government can have a situation like this continue. We need to build confidence in the cedi."[33] And yet this approach failed to stem the investor stampede for the exits.[34] By mid-2014, what had started as a trickle surged to a full-scale flood as portfolio investors, who had purchased domestic government bonds in large quantities, offloaded their holdings on the secondary market. The World Bank reported in June that Ghana's net international reserves were down to just 12 days of import cover.[35] This meant that the country was running dangerously low on foreign currency needed to service its external debt obligations and procure essential goods like fuel. Even now the government dithered. As late as July 30, 2014, for example, Deputy Finance Minister Mona Quartey told *Bloomberg* that Ghana will push ahead with plans to issue a Eurobond rather than seek an IMF bailout: "we're not considering an IMF loan at this time."[36] This declaration brought a swift backlash from the foreign exchange market: in just the 24 hours that followed, the cedi weakened by an astonishing 6.4 percent against the U.S. dollar.

It was only then—when it looked as though investors had lost all confidence in the government—that President Mahama at last convened the meeting with his economic advisors at Peduase Lodge. Following the closely watched crunch conference, the government announced that it was shifting course to launch discussions with the IMF. According to a statement signed by

[30] *Bloomberg*, February 15, 2013.
[31] World Bank 2014.
[32] Awuni 2019, p. 164.
[33] *Bloomberg*, February 12, 2013.
[34] The government later reversed most of these exchange rate restrictions after they were shown to be largely ineffective.
[35] World Bank 2014.
[36] *Bloomberg*, July 30, 2014.

Minister of Communication Omane Boamah, "the President directed that immediate initiatives be taken to open discussions with the International Monetary Fund and other Development Partners in support of our programme for stabilisation and growth."[37] Contrary to the popular narrative that Ghana secures IMF loans with little effort, the ensuing negotiations were protracted and hinged on the government implementing a series of demanding "prior actions." A think-tank report described it as "a jerky process with starts and stops."[38] Evaluating the positions of the respective parties, a London-based analyst said that "there's a big gap between them . . . [the IMF] is looking for some pretty tough upfront fiscal adjustment, which was far beyond what [policymakers] were planning."[39] It was not until February 26, 2015, that the IMF and the authorities finally reached a staff-level agreement on a three-year ECF arrangement for the country. Executive Board approval came later still, on Good Friday, April 3, 2015. All told, Ghana received the first tranche of the US$918 million loan more than eight months after it first reached out for assistance.[40]

Thus, the administration delayed seeking an IMF agreement for as long as possible and then found itself locked in a fairly lengthy negotiation and approval process. Even in the face of glaring economic difficulties, neither the Ghanaian authorities nor the IMF seemed to be in any particular rush to see a programme in place. Less than two years into the programme, a keenly contested election saw the transfer of power to a new administration led by Nana Akufo-Addo of the NPP, which was compelled to extend the ECF for an additional year when the initial three-year term expired. By all accounts, the programme restored macroeconomic stability, with general improvements in inflation, the fiscal deficit, the exchange rate, and real GDP growth. In a speech a few days before Ghana finally exited its sixteenth Fund arrangement on April 3, 2019, President Akufo-Addo vowed that "from now on, we are going to maintain the discipline in the management of our public finances so that we will never have to have recourse to an IMF bailout programme again."[41]

4.2 SOURCES OF GOVERNMENT PREFERENCE

Why, we must ask, was the Mahama government slow to ask the IMF for a bailout? If we are to understand the reasons why obfuscation gave way rather suddenly to an eagerness to begin programme discussions in August 2014, we have to take this critical interlude between crisis onset

[37] Government of Ghana 2014a.
[38] MacCarthy 2016.
[39] *Bloomberg*, October 24, 2014.
[40] Compare this to the significantly tighter turn-around in several other lending cases, e.g. Hungary in 2008 (29 days) and Argentina in 2018 (42 days).
[41] *Citi Business News*, April 3, 2019.

and IMF involvement seriously. Given subsequent events, our retrospective view is easily clouded by a sense that participation was a foregone conclusion from the very start. After all, Ghana exhibited the classic signs commonly thought to presage an application for IMF help: a severe macroeconomic crisis; fifteen previous IMF programmes and a reputation as a "donor darling"; an economic team that shared the Fund's technocratic outlook and had, in fact, designed a crisis management plan that was largely in line with IMF recommendations. However, what may now seem to us an inevitable outcome of economic circumstances in Ghana was vehemently opposed by domestic politicians at the time, powerful elites who were, as we will see, hesitant to cede direct policymaking control to an external institution. Despite clear evidence of crisis, the Ghanaian authorities "resisted and delayed" going to the Fund. Even after Terkper publicly mooted the possibility of approaching the IMF in March, the government was to spend an additional five months trying to garner support for its home-grown remedy. This was time within which imbalances deepened further and the government suffered a rapid loss of credibility on the economy, ensuring as I show below that when Mahama finally opted for an IMF programme, the political price was considerably higher than would have resulted from a speedier and more proactive search for assistance. The government's remarkable reluctance to call upon IMF lending facilities merits meticulous examination. In what follows, I explore two separate explanations that enable us to make sense of the Mahama-led administration's preference for its own approach to the crisis.

Cognitive Constraints

The official rationale, put forward in public statements and documents, is that the motivation for pursuing austerity *sans* a programme was purely technical, a question simply of the seriousness of the situation and the existence of a viable plan to deal with it. For much of the crisis period, policymakers insisted that the balance-of-payments challenges reflected temporary deviations from the strong growth trajectory of the preceding decade, not more serious structural problems that required IMF intervention. This tendency to underestimate the severity of the crisis was illustrated, among other things, by the executive's reaction when Fitch Ratings downgraded Ghana's sovereign credit ranking in October 2013, citing concerns about policymakers' commitment to fiscal consolidation. In an interview at the World Economic Forum in Davos, Mahama said of Fitch:

> They have too short-term a view. There is strong confidence in Ghana's economy . . . We have short-term challenges, and we don't hide it, we are transparent and open about it. We are doing things to fix it.[42]

Finance Minister Terkper went a step further to discredit the ratings companies, alleging that cuts to the country's debt assessment were part of efforts to boost the industry's own credibility: "I don't believe in a downgrade. The rating agencies, they have their own problems, so they want to be seen as tough."[43] While one should not be astonished that the policymakers did not react favourably to a ratings downgrade, powerful evidence exists that they generally operated under the assumption that a recovery was just around the next corner. Terkper, for example, remained confident that investors, unlike the rating agencies, would understand that the ongoing deficit reduction efforts require time to yield results and that, as a result, they would not pull their money out of the country.[44] In a similar vein, Mahama reassured the Reuters Africa Summit in April 2014 that "Ghana's medium-term outlook is rosy as gold prices rise and oil output increases, bringing further revenue to government coffers."[45] The eventual decision to go to the IMF was, however, to make a mockery of such unwavering optimism on the part of the Accra authorities.

Alongside their greatly distorted belief in the economy's resilience, Ghanaian officials were tempted to delay seeking external help by an inflated sense of their capacity to manage the crisis independently. Domestic economic experts, particularly those within the government, were believed to possess the knowledge and requisite experience to effectively address the nation's fiscal and monetary woes. This belief in their own abilities is evident in a self-confident statement made by a deputy finance minister: "I did my PhD in Economics, do I need these young IMF staffers coming to tell me to lower the deficit, lower inflation? Everyone knows it's better to have lower deficits, lower inflation."[46] Similarly, the Minister of Information, speaking in Parliament, expressed deep scepticism about the value-add of an IMF programme:

> Indeed, I have heard suggestions that we would have to go to the International Monetary Fund (IMF) because of the prevailing economic circumstances . . . When I listened to the Hon Minister and his outline of a very comprehensive programme to address every face [*sic*] of the challenges of the economy, I have my doubt whether the IMF has new ideas for the management of the economy of Ghana . . . I have read widely on IMF programmes over the years. I do not believe that there is anything new that we would be committing ourselves to if we go to the IMF.[47]

[42] *Bloomberg*, January 24, 2014.
[43] *Bloomberg*, January 20, 2014.
[44] Ibid.
[45] *Reuters*, April 11, 2014.
[46] Quoted in Zeitz 2019, p. 243.
[47] Parliamentary Debates, April 1, 2014, Vol. 86, No. 37, Col. 2528.

Here we see evidence of IMF aversion based on the presumed efficacy of the plan the authorities had already devised. Throughout the crisis, President Mahama consistently touted the competence of his economic team, led by Vice President Kwesi Amissah-Arthur and Minister of Finance Seth Terkper.[48] The résumés of these two officeholders are of paramount importance. Amissah-Arthur, appointed to the vice presidency in August 2012 following Mahama's sudden elevation to the top job, had been a central player in the country's structural adjustment reforms in the 1980s and had previous experience working as a consultant for the World Bank. Likewise, the Harvard-educated Terkper served as a senior economist within the IMF before joining the NDC government in 2009. He had overseen the introduction of the Value Added Tax (VAT) in Ghana in the 1990s and was widely regarded as a technically-minded minister who "separated economics from politics."[49] By all accounts, Amissah-Arthur and Terkper were the primary architects of the home-grown policies which, as defenders of the regime allege, were not vastly different from those advocated by the IMF itself. Therefore, we see that in the Ghana case, contrary to expectations in the extant literature, the presence of what Stephen Nelson might describe as "neoliberals" at the helm of the economy contributed to the perception at the summit of power that an IMF programme was unnecessary. Even after deciding to pursue a bailout, the government continued to assert, somewhat unrealistically, that its Home-Grown Stabilisation Plan would form the basis of any future agreement with the Fund. According to one of President Mahama's closest economic advisors, "the insistence on a home-grown solution came mainly from the Ministry of Finance which felt that its integrity and reputation were at risk if we went to the IMF; this display of professional pride was admirable, except it wasn't the most sensible approach to a crisis."[50]

With the benefit of hindsight, one is tempted to fault the Ghanaian authorities for believing "their own propaganda," as one leading opposition politician was to later put it.[51] But we should not lose sight of the considerable uncertainty that usually attends these sorts of economic shocks. Contrary to the rational expectations models popular with economists and political scientists, policymakers in reality often lack full information to make informed assessments of their overall vulnerability in the midst of an unfolding crisis.[52] In addition, the behaviour of Ghanaian politicians is partially explained by the well-known tendency toward confirmation bias, where agents disregard unfavourable information.[53] Beyond these cognitive limitations, however, another possible

[48] *Daily Graphic*, January 16, 2014; *GhanaWeb*, February 9, 2014.
[49] *Ghana Politics Online*, December 20, 2016.
[50] Personal interview, December 23, 2023.
[51] Bawumia 2015.
[52] Obstfeld 1994; Sims 2003.
[53] Nickerson 1998.

explanation is that policymakers were attempting to condition investor perceptions by projecting an unshakable faith in the home-grown strategy, at least in public. The idea that an austerity plan modelled on an IMF programme could instill confidence among international financiers, even in the absence of a formal agreement with the Fund, is not entirely preposterous. There is empirical evidence that it is not the IMF programmes themselves but the associated austerity policies that improve investor sentiment.[54] As we will see later, the plan drawn up by the Nigerian government in 2016 was more heterodox and arguably less credible than the Ghanaian one, and yet it received the backing of alternative finance. This surprising outcome confirms one of the key messages of this thesis: creditors in the international financial system do not follow a mechanistic rationality that causes them to automatically abandon any country which fails to put its fiscal house in order; some errant nations are given the benefit of the doubt. In any case, the foregoing analysis of the official justifications for delaying a request in Ghana shows that policymakers had a clear bias toward adopting overly positive projections for the economy and placing significant store by their capacity to engineer a turn-around.

Electoral Constraints

In public, Ghanaian politicians claimed that any hesitancy with respect to choosing the IMF option was due to technical considerations. In private, they told an altogether different story. Account evidence, reconstructed from interviews with several of the key players, reveals that policymakers were acutely sensitive to the potential political costs of asking the Fund for help. Just as the causes of the crisis cannot be understood apart from a close consideration of Ghana's hypercompetitive political system, so too an analysis of the NDC response must contend with the whims of the electorate and the machinations of powerful and competing interests in society, most of which were deeply resistant to any attempts to bring the twin deficits under control. Moreover, the spectre of the NPP's well-oiled campaign machinery loomed large. In its bid to reclaim power, the opposition was poised to capitalise on any admissions of failure by the incumbent, and an IMF request would undoubtedly present it with a highly symbolic and potent issue with which to castigate the government's underperformance in office. Indeed, according to several interviewees, these electoral anxieties were determinative of the government's cautious approach to managing the economic crisis. A home-grown austerity programme would be painful, but the executive would at least retain discretion over the nature, pace, and, most importantly, distributional consequences of the adjustment process. An IMF programme, on the other hand, might lead to a complete loss of control over the state purse strings and leave the Mahama administration

[54] Vadlamannati 2020.

susceptible to charges of "incompetence" and "surrendering national sovereignty" in the run-up to what promised to be another closely fought election.[55]

Mahama refrained from requesting a programme in order to maintain the support of several political actors critical to his re-election bid. First, the idea of a return to the IMF was a non-starter for key members of the ruling NDC. In successive meetings with the President, they warned that going to the IMF would make his administration "the most unpopular government in Ghanaian history."[56] How much fear of this stark (and, in light of subsequent events, prescient) prophecy dictated Mahama's strategy is hard to say,[57] but some idea of the constraints on him can be gleaned from the backlash that initial reform initiatives—for example, reducing fuel subsidies and raising utility tariffs—generated. Both party grandees and foot soldiers, worried that these austerity measures were seriously endangering the party's tenuous hold on power, voiced their displeasure with the direction of economic policy. Most of these criticisms were directed at Terkper, whose neoliberal credentials and reputation for parsimony made him a particularly enticing target in a party that claimed to represent the aspirations of the common man. ***The Al-Hajj***, a pro-NDC newspaper, reported that many within the party were deeply dissatisfied with Terkper and what they saw as the finance minister's "unrepentant desire to force dangerous economic prescriptions on the people of Ghana without thinking about the political ramifications."[58] A regional executive of the party took the extraordinary step of denouncing him in an opposition newspaper as a "Judas" whose actions were calculated to ensure the party's defeat in 2016: "if the NDC loses power, Seth Terkper would have to be blamed."[59]

Such concerns were shared by leading party stalwarts, who began to clamour for Terkper's removal shortly after the cost-cutting measures were introduced. In January 2014, Mahama himself acknowledged the depth of internal opposition, complaining to the managing director of Barclays Bank that "several times they've interceded with me to sack Seth because he's hurting the politics. He doesn't understand the politics."[60] Though Mahama kept faith with Terkper, the persistent calls for the latter's dismissal showed all too clearly that the President could not count on the unanimous support of his own party should he decide to open negotiations with the Fund. The fact that any potential IMF deal would almost certainly have included limits on election-year spending of the sort that propelled the NDC to a narrow victory in 2012 made this a particularly unappetising

[55] Mahama won in 2012 by less than 3 percent of the vote.
[56] Personal interview, November 3, 2020.
[57] My repeated attempts to track down documentary evidence proving that policymakers at the time indeed factored electoral concerns into their calculations regarding the IMF largely came up empty. An interviewee, a high-ranking official, offered an instructive explanation: "we never write such things down."
[58] *The Al-Hajj*, January 23, 2014.
[59] *Daily Guide*, May 3, 2014.
[60] *Daily Graphic*, January 24, 2014.

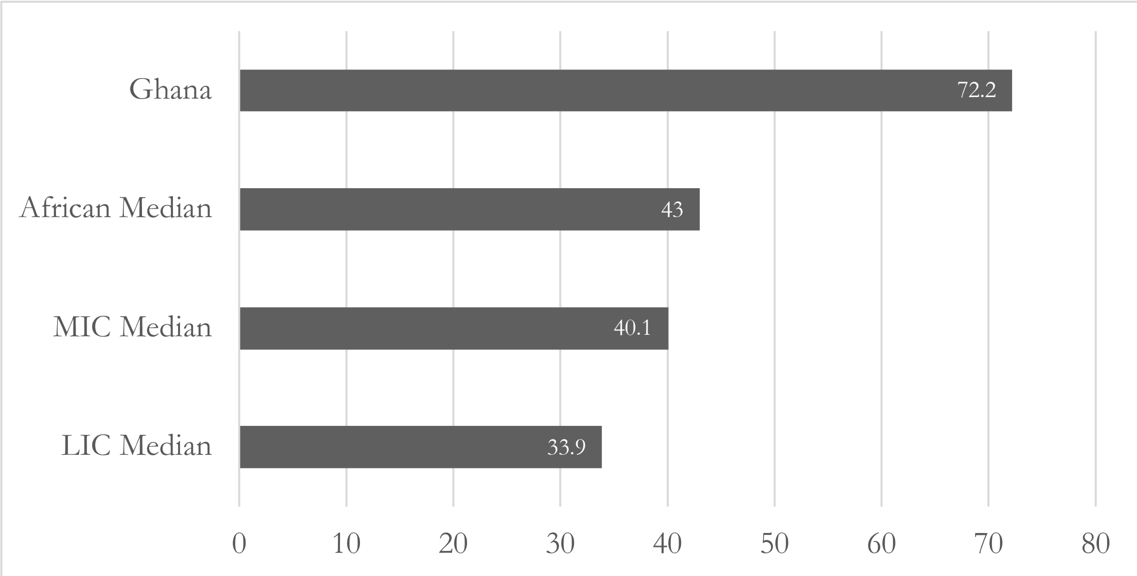

FIGURE 4.2. THE PERCENTAGE OF GHANA'S PUBLIC EMPLOYEES WITH UNION MEMBERSHIP COMPARED TO AFRICAN, MIC, AND LIC MEDIANS.
SOURCE: IFS 2019.

option for ruling elites intent on preserving their incumbency.

Second, another reason for the government's reluctance to initiate programme discussions with the IMF was undoubtedly pressure from public sector workers, who were already chafing at the belt-tightening measures imposed under the home-grown plan. During 2013 alone, the government was faced with no less than twelve general strikes involving around one million doctors, nurses, teachers, and other public sector employees.[61] That these workers were vehemently opposed to an IMF programme is confirmed by a stern warning to President Mahama from the Secretary General of the nation's umbrella union, the Trades Union Congress (TUC), at the May Day celebrations in 2014:

> Your Excellency, times are hard; the prognosis on the economy is not good, but we must at this point resist the temptation to seek an IMF bailout. As we have stated, it is the IMF-sponsored policies that have brought us to the brink. No country has developed following the advice of the IMF. Resorting to the IMF for financial support was a mistake we made in the past. We must take responsibility for this mistake and find a solution to our problem.[62]

The members of the TUC threatened to resume nationwide strikes if the administration did not raise wages by 20 percent to keep pace with rising inflation.[63] These threats were accompanied by massive demonstrations organised to protest the high cost of living.[64] It was this uncompromising

[61] Parliament of Ghana 2013.
[62] *GhanaWeb*, May 3, 2014.
[63] *Reuters*, April 11, 2014.
[64] *BBC*, July 24, 2014; *Africa Confidential*, July 25, 2014.

stance which, perhaps, led Mahama to describe Ghanaian organised labour (with some degree of admiration) as "quite enlightened about their rights, they negotiate strongly."[65] Indeed, according to researchers at the Institute for Fiscal Studies (IFS), the rate of union membership among public sector employees in Ghana far surpasses the median rate across a range of comparable countries (see Fig. 4.2). This high level of unionisation, they argue, explains the observation that Ghanaian public sector workers "have long been very strong and powerful in pushing the government to fulfil their demands for higher wages through strikes and other forms of agitations."[66]

But, as has already been noted, the wage bill was the single biggest contributor to the fiscal overrun, absorbing nearly three-fourths of the national budget. The home-grown strategy sought a gradual easing in the share of government revenues that went to pay salaries phased over three years,[67] but the Fund's staff report following the 2014 Article IV consultation advocated a more "accelerated" pace toward public payroll reform.[68] For government officials, there was little doubt that an IMF agreement would mandate drastic cuts in compensation and a freeze on net public-sector hiring, policies that would have profound political implications. By virtue of the fact that the government is by far the largest employer of the wage labour force,[69] public sector workers and their dependents constitute a large voting constituency which political parties ignore at their peril. Similarly, a hiring freeze will make winning the 2016 elections more challenging, as incumbents in Ghana historically rely on patronage jobs to engineer electoral victories.[70] Besides, more strikes would not only exacerbate the economic crisis but also contribute to the perception that the NDC government was incapable of steering the affairs of state. Mahama and his aides, wary of trade union wrath, found it easier to simply postpone making a decision on the IMF. As the finance minister himself would later remark about the difficult choice that faced policymakers at the time: "Going to the IMF is suicide, more or less."[71]

Third, it is clear from conversations with senior government officials that the resistance to a programme owed much to fears of how the NPP might weaponise a request for IMF assistance in the upcoming elections. The finance minister recalled thinking that "IMF and politics is inevitable, and a programme can be exploited by the opposition."[72] Already reeling from the popular backlash against their austerity measures, policymakers were keen to avoid the appearance

65 *Bloomberg*, January 24, 2014.
66 IFS 2019.
67 Government of Ghana 2014b.
68 IMF 2014, pp. 16-17. The report indicates: "Staff welcomes the government's homegrown strategy…In light of Ghana's significant fiscal and external imbalances, staff would strongly encourage the government to target a larger and more frontloaded fiscal consolidation."
69 Ghana Statistical Service 2016.
70 Sigman 2023; Kopecky 2011; Driscoll 2018; Bob-Milliar 2019.
71 Personal interview, December 22, 2020.
72 Ibid.

of ineptitude and maladministration. Several scholarly works show that Ghanaian voters use the ballot box to hold incumbents accountable for economic performance and the provision of public goods,[73] giving both major political parties a strong incentive to shape public perceptions in this area. The government's initial response of simply refusing to admit that the economy was in crisis became increasingly untenable—"just as with pregnancy which cannot be hidden for nine months," in the colourful words of an opposition politician.[74] However, members of the administration were convinced that nothing would have identified them more closely with the economic crisis—and more certainly made the NDC the target of negative retrospective voting in 2016—than a distress call to IMF headquarters. A senior technocrat at the Ministry of Finance witnessed first-hand the trepidation that paralysed decisionmakers during this period. This respondent, who spoke to me on condition of anonymity, claimed that policy elites "knew very well that there was no way they could survive without going to the IMF," but they hesitated to make a final decision due to the belief that "whenever you go to the IMF it is an admission of failure…it was all political."[75] While there is good reason to be sceptical when former officeholders, in Africa or elsewhere, claim to have been hemmed in politically to justify their inaction on this or that issue, this interview with a highly-respected technical advisor, one who worked with four different governments, bolsters our confidence that policymakers in Ghana were indeed concerned that an IMF request would show them to have failed unequivocally in their economic stewardship, potentially profiting the NPP during the electoral contest to come.[76] Reflecting a concern about popular reaction, a government document issued in May 2014 cautioned that "any decision to go on an IMF programme should be mindful of the pros and cons for such programmes. There would be a need to communicate the pros and cons of going to the IMF to the citizenry to avoid misinformation on the subject matter."[77]

The above evidence notwithstanding, it is necessary to evaluate the claim that Ghanaian voters care about IMF interventions and use elections to punish incumbents who make Fund requests. While this assumption may strike some as uncontroversial, there is a widespread impression that IMF programmes in Ghana come with few political costs, explaining why the country has signed seven separate agreements with the Fund since the return to multiparty

[73] Harding 2015 & 2020; Henning et al. 2018; Lindberg and Morrison 2008.
[74] Bawumia 2015.
[75] Personal interview, July 18, 2023.
[76] As a national service fellow in the Office of the Vice President of Ghana between 2018 and 2019, I was privy to discussions among policymakers in which economic policy choices were driven not by growth and development impacts, but by distributive or clientelist political concerns. One statement in particular—from a former superior a few weeks before the 2020 general elections—left a lasting impression on me. He told me: "What good are all our brilliant development plans if we lose this election?" implying that the imperative of retaining power took precedence over—or indeed dictated—what was considered rational economic policymaking.
[77] Government of Ghana 2014a.

democracy in 1992—a rate of a new agreement every four years or so.[78] For instance, the insinuation that IMF requests are not politically toxic found recent expression in ***The Economist*** which asserted that Ghana "illustrates the advantages of asking often [for IMF help]. Its rulers tend to borrow and spend profligately before elections, and then ask the IMF to soothe the post-poll hangover."[79] On this view, politicians in Ghana eagerly reach for IMF bailouts, which they use to avoid facing the full consequences of their lack of fiscal discipline. This judgement is largely misplaced. A cursory reading of recent Ghanaian history shows that far from insulating ruling parties from the ire of voters, resort to the Fund has more often than not increased their vulnerability. The 2000 elections, in which the NDC was turned out of office, are illustrative. ***The Guardian*** reported that widespread dissatisfaction with IMF-backed structural adjustment reforms under President Jerry John Rawlings contributed to the low level of support for the party:

> While Ghanaians are nearly unanimous in saying that the country is better off than it was two decades ago, there is considerable disillusionment with 17 years of structural adjustment programmes which have failed to stave off an economic crisis partly caused by a world collapse in cocoa and gold prices. Many suspect that reforms portrayed as transforming the west African state into one of the best and freest economies and political systems on the continent have really amounted to selling out the country to foreign financiers with limited benefits to its people.[80]

As additional support for this observation, the first wave of the Afrobarometer surveys (1999–2001) revealed that a clear majority of respondents in Ghana agreed strongly with the statement:

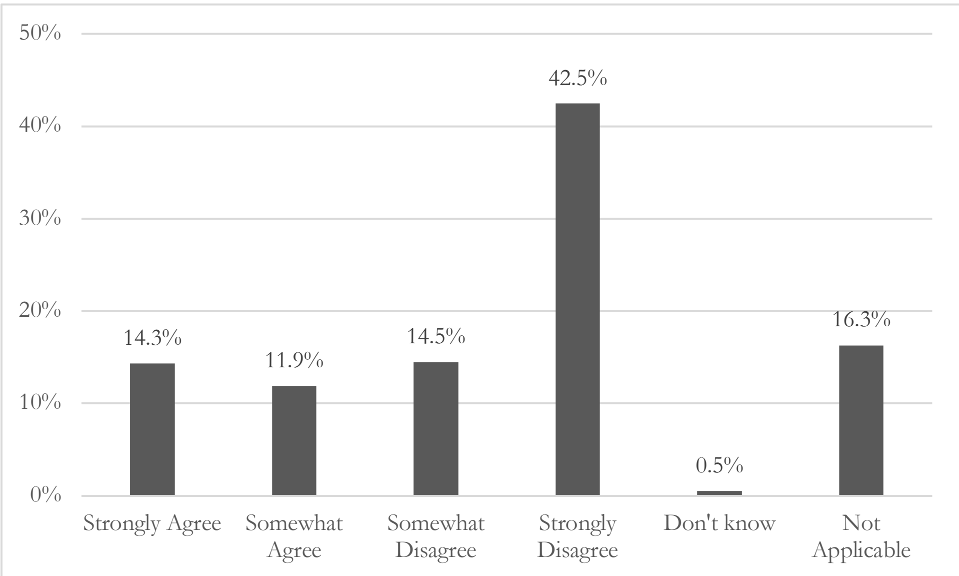

FIGURE 4.3. SAP HELPED MOST PEOPLE VS HURT MOST PEOPLE
SOURCE: AFROBAROMETER.

[78] Akolgo 2023.
[79] *The Economist*, April 11, 2022.
[80] *The Guardian*, December 9, 2000.

FIGURE 4.4. CARTOON OF GHANA-IMF RELATIONS, 2017. THIS POLITICAL CARTOON APPEARED ON *TV3'S* X PAGE ON FEBRUARY 27, 2017, UNDER THE CAPTION: "GHANA 60 YEARS ON; FREEDOM INDEED OR IN NEED?" ARTIST: TILAPIA DA CARTOONIST.

[Your country's SAP] has hurt most people and only benefited a minority (Strongly Disagree in Fig. 4.3). Contrary to simplistic notions of Ghanaians as a pro-IMF people, the lender of last resort brings up complicated emotions in a nation that takes great pride in being the first in sub-Saharan Africa to shake off the yoke of colonial rule and where the national hero, Kwame Nkrumah, inveighed against "neo-colonialism." Though the country has participated in over a dozen IMF programmes, many ordinary people are deeply antipathetic to Ghana's continued reliance on the Bretton Woods institutions nearly seven decades after independence.[81] Figure 4.4 reproduces a political cartoon that was published shortly before Independence Day in 2017, illustrating the widely held sense that dependence on the IMF was not much different from colonial bondage. Consequently, each successive administration in the Fourth Republic has felt the need to assert its independence from the IMF, even as economic circumstances force it to accept the Fund's help.

The election-related anxieties policymakers expressed in interviews were therefore entirely understandable and valid in light of this public mood. As *BBC Africa*'s Akwasi Sarpong pointed out in 2015, "the IMF deal is a bitter bill for Ghana to swallow. People are eager to forget the harsh economic conditions of the 1980s under structural economic adjustment programmes."[82] And as it turned out, the Mahama administration's worst fears did come to pass in 2016. According to historian Ivor Agyeman-Duah, "the return to the IMF [was] the haunting ghost to the regime into the next election."[83] The government's main error was that by continually denying that an

81 Twumasi-Baffour 2019.
82 *BBC*, February 26, 2015.
83 Agyeman-Duah 2022, pg. 390.

IMF bailout was needed and by spending a lot of political capital defending a home-grown alternative, it all but guaranteed that an eventual decision to turn to the Fund would be perceived as some form of capitulation. Even so, it was opposition politicians and the skill with which they wielded the anti-IMF club that doomed the Mahama presidency. On social media and on the campaign trail, they mercilessly excoriated the executive for mismanaging the economy so badly that it had to seek emergency assistance from the Fund. The most damaging attacks came from Nana Akufo-Addo, the flagbearer of the NPP, who wasted no time in branding the decision to turn to the IMF "a clear admission of spectacular failure on the part of the John Mahama-led National Democratic Congress government" in a Facebook post on August 7. Speaking at a gathering of the party's youth wing in Cape Coast on April 18, 2015, Akufo-Addo said that "going cap-in-hand to the IMF for assistance" was evidence of "the deficit of ideas" within Mahama's economic team.[84] In an interview with *The Africa Report* on June 10, Akufo-Addo said Ghana was "bankrupt and back in the hands of the IMF, begging for a billion dollars to sustain it over the next two years."[85] An opinion piece he penned in *Newsweek* on November 18, 2016, lamented the fact that Ghana was "again dependent on payouts from the IMF, and negotiating national policies and reforms with foreign institutions."[86]

'Cap-in-hand', 'begging', and 'payouts', euphemisms the candidate invoked frequently in speeches throughout the campaign, were neat and evocative ways of capturing the state of dependency that many Ghanaians felt characterised their country's relationship with IFIs. Akufo-Addo was adept at harnessing this resentment, taking as his campaign slogan the phrase "Ghana Beyond Aid."[87] Similarly, the NPP standard-bearer used the occasion of the IMF intervention to portray the NDC as irredeemably corrupt. For example, in his Cape Coast speech, Akufo-Addo enumerated the cost of three alleged cases of financial misappropriation: judgement debts, the SADA saga, and the GYEEDA scandal. "At the exchange rate that was prevailing at the time when the scams took place, we are talking about $1.1 billion. The entire IMF bailout is $912 million"—he told his audience, suggesting that recourse to the Fund could have been avoided had Mahama and his associates engaged in a bit less self-enrichment at the public expense. Throughout his time in office, the President faced heavy public criticism for failing to curb corruption in his government, as ministers, parliamentarians, and other public officials were accused of diverting state resources.

It was a sweltering harmattan day, December 7, 2016, when Ghanaian voters went to the

---

[84] *Modern Ghana*, April 19, 2015.
[85] *The Africa Report*, June 10, 2015.
[86] *Newsweek*, November 18, 2016.
[87] Kumi 2020; Ntim and Botchwey 2023.

polls for only the seventh time since the return to multi-party democracy. Opinion polls in the build-up to election day indicated that the opposition's various lines of attack had resonated powerfully with the population. An October survey by the Ghana Centre for Democratic Development (CDD-Ghana) found that seven in 10 Ghanaians felt that the government had performed *fairly poorly* or *very poorly* with respect to the economy.[88] Nearly 90 percent of respondents in an Afrobarometer survey agreed that government officials were corrupt.[89] Still, even the most self-confident of the NPP supporters were stunned when their candidate Nana Akufo-Addo beat President John Mahama by an astonishing nine percentage points—up from a 3-point deficit four years earlier.[90] Mahama's defeat marked the first time in the Fourth Republic that a sitting president had failed in a bid for re-election. The NPP also won 169 seats in the Parliament to the NDC's 106. In retrospect, it is difficult to adequately reconstruct the impact of this remarkable result on the morale of the NDC. The party quickly became absorbed in internal factional squabbles over why the voters had handed it such a humiliating rejection.[91] Yet Mahama himself evinced no such confusion. Asked to outline the reasons for the defeat in a ***BBC Pidgin*** interview four years later, he did not hesitate:

> The first one is that we were in an IMF programme and had to implement an austerity programme, reduce expenditure, and so on. So, for instance, the agreement with the IMF put a net-freeze on public sector employment; meaning we could only hire the exact number of people that retired in a given year. If 30,000 people retired in a year, we could employ only 30,000 new people. But every year, far more people than that graduate and are looking for work, right? So, this IMF programme and the austerity we had to undertake were part of the reason we lost.[92]

It is easy to dismiss this answer as nothing more than self-serving scapegoating—coming as it did four days before Mahama contested (and lost) another presidential election. However, it is certainly the case that IMF conditionality made it more difficult for the government to exploit its incumbency advantage and use control over the public purse to engage in patronage politics. Although implementation did see some slippages in the run-up to the elections, the IMF reported that the authorities largely adhered to the stringent targets for the wage bill and abstained from central bank financing of the government.[93] Overall, the NDC's disastrous showing in the 2016 general elections offers indirect support for the claim being made in this subsection. While Mahama and his team were aware early on that Ghana's economy was in dire straits, they perceived

---

[88] Asiamah et al. 2019.
[89] Afrobarometer Data, Ghana, R6 2014/2015, available at http://www.afrobarometer.org.
[90] See Electoral Commission of Ghana for results of the 2016 elections.
[91] Asiamah et al. 2019; Ayee 2017; Bob-Milliar and Paller 2018.
[92] *BBC Pidgin,* December 3, 2020, my translation.
[93] IMF 2017.

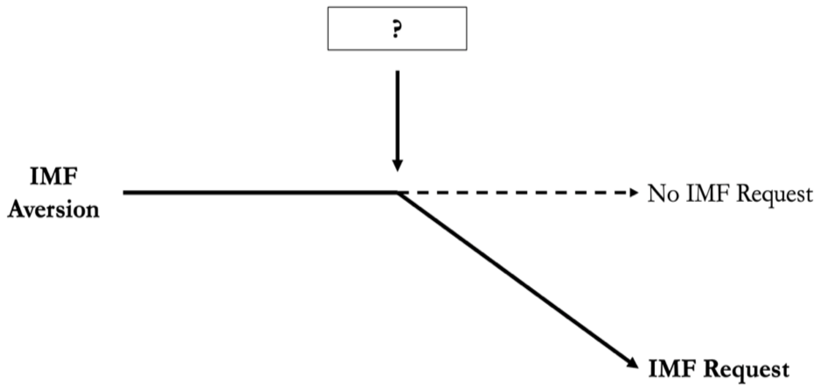

FIGURE 4.5. THE OBSERVED OUTCOME DEVIATES FROM GOVERNMENT PREFERENCE

(correctly) that bringing in the Fund was fraught with electoral risks. As a result, the administration instead chose to put time and energy into a home-grown solution in hopes that the situation might improve without external involvement.

Summing up the analysis presented in Section 4.2, then, two key points emerge which reinforce the conceptual framework outlined in Chapter 2. First, the Mahama-led government was reluctant to participate in an IMF programme; this aversion can be traced to the psychological predisposition of policymakers to see "light at the end of the tunnel" and their high sensitivity to the potential political costs. Second, however, by August 2014, something had happened which prompted policy elites to deviate from these initial preferences, even though doing so probably invoked the very consequences that they feared. Figure 4.5 depicts this divergence from the government's preferred outcome. In the following sections, I will seek to answer the question: what, precisely, changed Mahama's mind?

4.3 COMPETING THEORIES

The easy answer is that the Ghanaian government approached the IMF because the economic situation became too severe to manage on its own. For many observers, the initiation of IMF negotiations was not surprising given the calamitous decline in financial fortunes. For instance, according to Whitfield, "the Ghanaian economy was clearly in a crisis and had to seek an IMF bailout, both for balance of payments support and to signal confidence in its currency."[94] In a series of public lectures on the state of the economy, the NPP running-mate, Dr. Mahamudu

[94] Whitfield 2018, p. 308.

Bawumia, had advanced a similar analysis, asserting that the government was forced to request an IMF bailout "when the crisis finally became unbearable."[95] Likewise, the IMF Staff Report formally requesting the Executive Board's approval for an ECF arrangement supported the view that Ghana's plea for help was in response to intractable economic problems:

> Recognising that their policies were not bringing the expected results, the authorities requested in August 2014 an arrangement with the Fund to help support stronger policy adjustment, restore market confidence, and revive Ghana's transformation agenda.[96]

When we combine these assessments with knowledge of the massive depreciation of the Ghanaian currency in 2014,[97] it is easy to conclude that worsening macroeconomic conditions put an end to any remaining illusions and simply convinced Mahama that an IMF programme was unavoidable.

This conclusion is appealing but inadequate. As the cross-national analysis in Chapter 3 and several other IPE studies have shown,[98] the empirical support for the crisis hypothesis is limited. The narrative that requests for IMF bailouts are predetermined by the timing and magnitude of economic meltdown resonates with many in academic and policy circles. Yet, as the variation in outcomes across crisis-hit countries shows, it is far from clear that it can adequately account for the U-turn in the Ghanaian case. Relying exclusively on economic indicators, researchers are at a loss to explain why, for example, two IMF-averse governments, battling equally

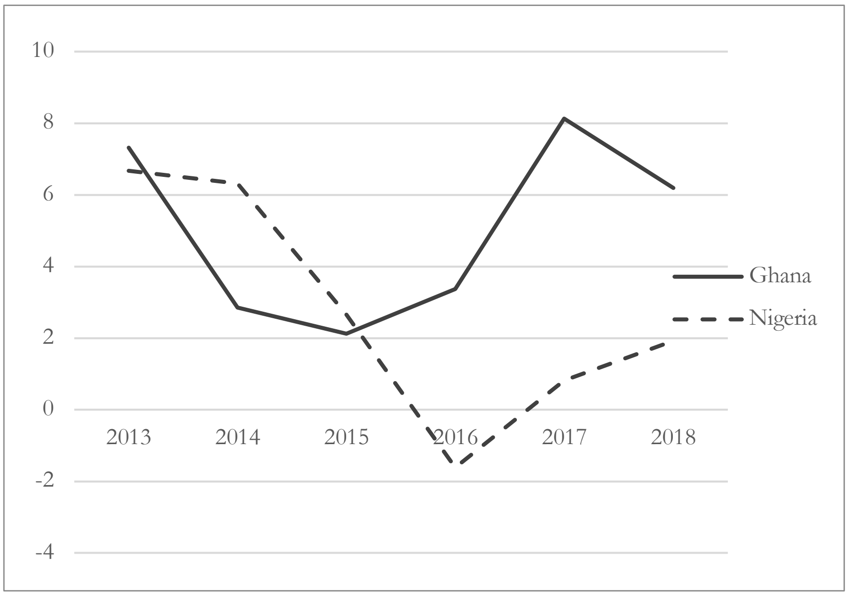

FIGURE 4.6. GHANA AND NIGERIA, ANNUAL GDP GROWTH RATE, 2013-2018.
SOURCE: WORLD BANK (2022)

[95] Bawumia 2015.
[96] IMF 2015.
[97] *Reuters*, December 31, 2014. International financial commentators pronounced the cedi one of the world's worst performing currencies in 2014.
[98] Vreeland 2003; Stone 2004; Bird and Rowland 2016; Presbitero and Zazzaro 2012

severe downturns, might choose differently when it comes to participating in a programme. On this point, a brief comparison with the other case study country where the government was resistant to considering IMF intervention is revealing. Figure 4.6 plots annual growth rates for Ghana and Nigeria from 2013 to 2018.

In terms of year-on-year real GDP contraction, Nigeria's downturn in 2016 was worse than Ghana's at most points during this period. Meanwhile, the former's foreign reserves for most of this timeframe fell short of the Central Bank of Nigeria's own estimates of a minimum adequate level necessary to absorb further external shocks.[99] From a purely technocratic standpoint, it might well have seemed that Nigeria, far more than Ghana, needed balance-of-payments support. Yet Nigeria avoided an IMF programme while Ghana did not. It is also worth remarking that the Ghanaian government sought Fund assistance in the third quarter of 2014, when the growth rate stood at 7.82 percent, rather than early on in the first quarter when the rate had dropped to -1.11 percent;[100] or right at the end of June when foreign reserves fell below two weeks of import cover.[101] This suggests that domestic economic circumstances are, at best, underlying factors or scope conditions. There is no doubt that economic shock contributed to Mahama's decision to open talks with the Fund, but in light of the cross-national variation, proponents of this explanation still need to go a step further to thoroughly unpack the causal logic that connects financial decline to IMF participation. In other words, they have to tell us how crisis actually operated on the ground, culminating in a bailout request.[102]

In the course of my research, I have discovered that rather than a causal factor in its own right, deepening economic crisis is often an effect of structural power in action. When creditors make good on the threat to withhold or withdraw resources from a highly dependent country, its economy usually goes into cardiac arrest. Of course, the liquidity constraints precipitated by such an abrupt reversal in credit flows makes an IMF programme more likely, but it would be misleading to call crisis the primary cause in this instance. That distinction goes to the structural power of alternative finance which triggered the mechanism. Any number of factors other than poor fiscal performance, including human rights violations, internal politics within donor countries, and global liquidity cycles, could induce the rapid outflow of capital. What matters ultimately is whether the implied or explicit threat of credit cut-off is powerful enough to shape policymakers' thinking. As a matter of rigorous process-tracing research, it is therefore more productive to explore the key parts of the causal story linking structural power and requests for IMF assistance. Section 4.5

[99] Tule et al., 2015.
[100] Bank of Ghana, Economic Data https://www.bog.gov.gh/economic-data/real-sector/.
[101] World Bank 2014.
[102] Beach and Pedersen 2019.

accomplishes this by using evidence from the Ghana case to trace the hypothesised causal chain developed in Chapter 2.

Still, the puzzle of IMF programme participation, like most of the outcomes scholars in the social sciences try to elucidate, could have multiple, non-mutually exclusive explanations. Finding within-case evidence supporting the structural power argument I advance in this thesis does not mean that other mechanisms were not also at play. Therefore, I proceed to weigh the evidence in favour of the three demand-side theories of participation: reform push, economic ideology, and societal interests. To be fully convincing and generalisable, the theory must be able to explain not only the nature and timing of the policy reversal we see in Ghana but also why this diverged from the outcome in Nigeria, given an arguably worse slowdown there.

Reform Push

A central premise of the reform push hypothesis is that domestic political institutions limit the ability of the executive to implement unpopular economic reforms. The theory, as originally formulated by Vreeland (2003), would lead us to expect a mechanism whereby the reform-oriented executive enlists the IMF as an international ally to surmount the opposition of key veto players, most often powerful legislatures that prefer the status quo. For this theory to hold in the Ghana case, we should be able to observe significant gridlock in the weeks and months leading up to the IMF request, as veto players hold the President's reform agenda hostage. For instance, the Parliament should repeatedly refuse to pass legislation aimed at cutting the wage bill. Given the unfavourable reaction of organised labour and other groups to such austerity proposals, members of parliament (MPs), especially those from the opposition, would have a clear interest in impeding their passage. This opposition would, in turn, lead Mahama to infer that the best way to secure approval for his home-grown plan and stem the further slide of the economy is to raise the rejection costs for lawmakers. Thus, despite initial reservations, the President would be compelled

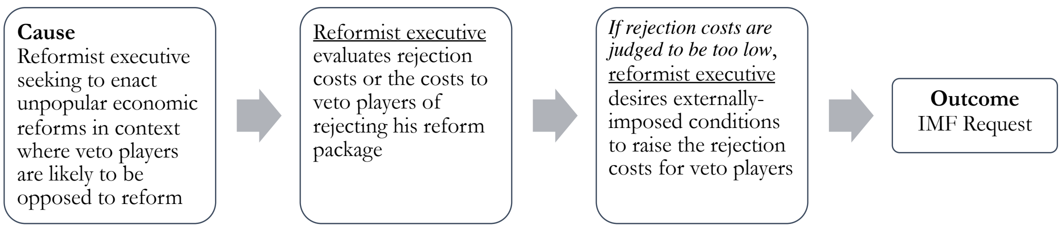

FIGURE 4.7. 'TIPPING THE BALANCE' HYPOTHESIS

by legislative obstructionism to call on an external authority like the Fund to intervene and help "tip the balance" in favour of reform.

My investigation finds the exact opposite to be the case. Unlike the Uruguayan case that inspired Vreeland's model, Ghana went to the Fund at a time when the executive faced few institutional restraints on its ability to enact economic policy. The conventional wisdom among scholars of Ghanaian political and democratic development is that the legislature is "subordinate to the executive and its oversight functions have largely been perfunctory."[103] The parliament is constrained by a structural dependence on the executive branch, which controls its budget.[104] In addition, the president is constitutionally mandated to appoint the majority of cabinet ministers from among parliamentarians, a fusion of branches which has weakened the legislative body's ability to hold the executive accountable.[105] According to the leader of the opposition:

> The oversight capability of our parliament is a problem because of the distribution of powers between the legislature and the executive. Our parliament doesn't have any control over the exchequer. Money bills are all the function of the executive. No member of parliament has a right to bring a money bill without the authorisation of the minister of finance.[106]

Due to these and other institutional limitations, the risk of the Ghanaian legislature obstructing the economic plans of the Mahama administration was exceedingly low from the outset. On top of that, however, the parliament was dominated by NDC members, who enjoyed a 21-seat majority. Murmurs of dissatisfaction among the broader membership notwithstanding, the party maintained an impressive level of discipline within committees and on the floor of Parliament, which ensured that the bulk of the government's reform programme sailed through without much protest from the majority benches.

In fact, the archival record contains minimal evidence of resistance from either side of the aisle during votes on the government's "budget statement and economic policy" for both 2013 and 2014. These were the legislative instruments which spelt out the deficit targets policymakers intended to pursue by, among other things, removing fuel subsidies and instituting a freeze on public sector wages. Although the preceding floor debates featured heated exchanges, with one opposition MP characterising the 2013 financial plan as a "jobs-killing budget,"[107] it is noteworthy that the motion on each occasion passed through a simple voice vote—signalling a lack of serious opposition. This atmosphere of bipartisan cooperation is in sharp contrast to the raucous scenes witnessed in the chamber on December 20, 2021, when NDC MPs (now in opposition) traded

[103] Oduro et al. 2023, p. 119. See also Doreenspleet and Nijzink 2014; Gyimah and Prempeh 2012.
[104] Lindberg and Zhou 2009.
[105] CDD-Ghana 2008.
[106] *The Africa Report*, June 10, 2015.
[107] Parliamentary Debates, March 12, 2013, Vol. 80, No. 25, Col. 1401.

punches with their NPP counterparts to prevent passage of a contentious government-proposed levy on electronic transactions.[108] One also recalls that the period under study coincided with several reports of in-fighting and disunity within the NPP.[109] The party's forces in Parliament were much too weakened to mount an effective challenge to the executive. The President's facetious response when his opponents accused him of accumulating a dangerous amount of public debt betrays the considerable leeway he enjoyed on questions of macroeconomic policy. At a rally in the Volta Region on November 19, 2015, he appeared to mock the minority for rubberstamping his lending agreements:

> [They] say we haven't used the loans for anything and that we are misusing monies. Meanwhile every loan we take is taken through Parliament for approval. So, what have they been doing? Have they been sleeping? They approve the loans in Parliament. There is no single loan we have taken without taking it through Parliament. They should come and tell us what they have been doing.[110]

Upon close inspection, it is clear that the legislature did not pose a major impediment to the Mahama-led administration. Had there been powerful veto players capable of obstructing its reform plans, it is doubtful whether the executive would have encountered such little resistance from other organs of government in enacting the policies that constituted its Home-Grown Economic Stabilisation Plan. The NDC held a solid majority in Parliament, and the broader state apparatus was subordinate to Mahama and his henchmen in both principle and practice. As I showed in Section 4.2, the primary hindrances to swift fiscal consolidation were the administration's own cognitive biases and electoral anxieties, not democratic checks and balances. Without any significant institutional obstacles to policymakers' economic agenda, the theoretical assumptions posited as necessary for the reform push hypothesis to hold were absent in the Ghanaian case. Consequently, there was no evident need to bring in the IMF to push through unpopular reform measures and 'tip the balance' in the executive's favour. The turn to the Fund in August 2014 cannot be sufficiently explained as an attempt to circumvent domestic institutional roadblocks, as few such barriers existed.

Economic Ideology

The economic ideology hypothesis is not supported by the empirical evidence either. First, if the partisan politics mechanism of this theory is indeed operational, we should expect government

[108] *BBC,* December 21, 2021. It is not simply that NDC MPs are less cooperative. The 8th Parliament of the Fourth Republic, sworn in following the 2020 general elections, had a make-up entirely unprecedented in Ghanaian history: the NPP and the NDC held 137 seats each. While the decision by the legislature's lone independent MP, Andrew Asiamah Amoako, to caucus with the NPP handed them the majority, the sittings of this hung parliament were particularly fractious.
[109] Oxford Analytica 2015; Economist Intelligence Unit 2015.
[110] *Daily Graphic*, November 19, 2015.

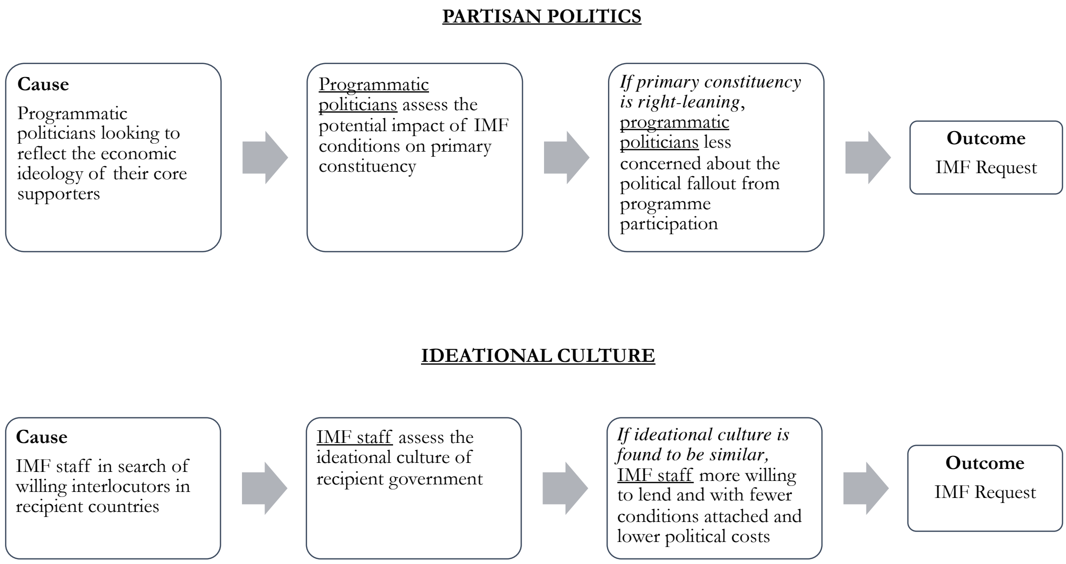

FIGURE 4.8. ECONOMIC IDEOLOGY HYPOTHESIS

officials to rationalise their decision to enter into talks with the IMF by referencing the party's commitment to (or turn toward) right-wing convictions and constituents. For instance, historian Richard Jeffries has argued that in order to understand Flt.-Lt. Jerry John Rawlings' unexpected embrace of IMF/World Bank-supported reforms in the 1980s, one has to appreciate how Ghana's economic paralysis at the time caused Rawlings, well-known for his staunch anti-Western and anti-capitalist stance, to undergo a "genuine intellectual conversion."[111] This was emphatically not the case in 2014. This study did not uncover any evidence that the Mahama-led government was swayed primarily by an ideological change-of-heart to switch its IMF preference from aversion to attraction. In successive fieldwork interviews, members of the administration dismissed ideology-based explanations for the decision, emphasising pragmatic political and economic calculations instead. As a deputy minister of finance told me, "ideologies and manifestos don't carry much weight in this country."[112] This general indifference to dogma, probably shocking to scholars accustomed to the stark left-right political alignments pertinent in regions like Latin America, is all too familiar to specialists of African political economy. Whitfield (2009) has argued that Ghana's *de facto* two-party system is essentially devoid of sharp ideological distinctions:

> There is a gap between the ideological images constructed by the parties and the actual policies pursued by those parties when in government. The NDC calls itself the Social Democratic party, and the NPP sees itself as right of centre. However, the policies pronounced and pursued by the NPP and NDC governments since the 1990s have not been that different.[113]

[111] Jeffries 1989.
[112] Personal interview, February 28, 2021.
[113] Whitfield 2009, p. 630. See also Abdulai and Hickey 2016; Whitfield and Therkildsen 2011.

While the parties can often be heard professing differences in political traditions, these labels neither describe significant blocs of Ghanaian voters[114] nor determine the direction of economic policy on the ground.[115] In short, this investigation found no proof that a change in the ideological position of the ruling party occurred in the run-up to August 2014 or that this accounts for the sudden pivot toward the IMF.

The ideational orientation of individual policymakers is a different matter altogether. Unlike left-right partisanship, government officials certainly subscribed to the Fund's orthodox approach to crisis management, underscored by the home-grown plan's overriding emphasis on fiscal consolidation. Ironically, however, it was this presumed similarity which made possible the policy of delaying a request for assistance. As we have seen, the neoliberal pedigree of figures like Finance Minister Seth Terkper and Vice President Kwesi Amissah-Arthur bolstered confidence within government circles that Ghana did not need the IMF and could navigate its economic predicament independently. In the words of Agyeman-Duah, the NDC cabinet was "dead set against a return" to the IMF.[116] Contrary to the expectations of the ideational culture mechanism, prior association with the Fund did not inherently lead policymakers to think that an IMF programme would entail lower political costs.

As the crisis intensified, we did see Mahama become increasingly reliant on other advisors who held more favourable views of IMF intervention. This group included individuals like Kwame Pianim (an economist and founding member of the NPP), K.Y. Amoako (former executive secretary of the UN Economic Commission for Africa), and Kwesi Botchwey (the legendary finance minister under Rawlings).[117] According to an interviewee at the Ministry of Finance, the influence the trio exercised grew considerably over the course of 2014, and it was they who prevailed upon the wavering President during the Peduase Lodge meeting.[118] Agyeman-Duah's account of this period in his magisterial work on central banking in Ghana, based on extensive interviews with some of the Advisory Council members, lends credence to this observation. It suggests that Mahama actively sought outside advice to counterbalance the "overwhelming" opposition to a programme that was prevalent within government ranks.[119]

---

114 Bob-Milliar 2012; Gyampo 2012.
115 Ninsin 2006; Fridy 2007; Ayee 2011; Whitfield 2018.
116 Agyeman-Duah 2022, pp. 389-390.
117 In a June 2014 lecture, Botchwey pithily outlined Ghana's options as he saw it: "The country can decide that we will not go to the IMF for funds; we can decide instead of medium-term drawing at lower cost from the IMF, we will borrow from international markets at greater cost and short tenure and with pretty much the same conditions. The choice is entirely ours." (*Daily Graphic*, June 4, 2014).
118 Personal interview, July 18, 2023. It is perhaps telling that, as this interviewee revealed to me, Seth Terkper was absent on an official trip to Washington D.C. when the decision to open negotiations with the IMF was taken. Almost certainly, it is an indication of Terkper's diminished standing that the President tapped Kwesi Botchwey to lead the Ghanaian negotiation team. This is a function normally reserved for the finance minister.
119 Agyeman-Duah 2022, p. 390.

But what we learn here is that the educational or professional backgrounds of key elites provide, at best, a misleading gauge of their personal inclinations toward an IMF programme. Table 4.1 shows that nearly all of Mahama's economic advisors were trained in economics, primarily at North American universities. They were also old colleagues. Both Amissah-Arthur and Terkper, for example, had been protégés of Kwesi Botchwey and had begun public life working under him to implement structural adjustment policies. Moreover, at least half of them had worked for either the IMF or the World Bank. Despite sharing similar links to interlocutors at the Bretton Woods institutions, technocrats on the economic team were mixed between two opposing camps. For most of the crisis period, the "anti-IMF" faction dominated cabinet debates and commanded Mahama's confidence, not least because their advice aligned with his own political sensitivities, as shown in Section 4.2. However, the failure of the home-brewed remedy to substantively improve investor sentiment greatly undermined their authority and ultimately tipped the balance of power in the "pro-IMF" side's favour.

The decisive factor in Ghana, then, was not so much policymakers' career paths and the sorts of universities they attended but rather the stubbornness of the crisis itself. Yet, as I have argued, it would be overly hasty to conclude on the basis of this observation that the sudden switch from aversion to IMF negotiation is attributable solely to 'economic crisis'. Even if we accept that it was really the prospect of further economic decline that forced Mahama to finally heed his "pro-IMF" advisors, why did the same prospect not also make President Muhammadu Buhari more receptive to similar counsel in Nigeria? As I show in Chapter 5, the economy emerged as a major

TABLE 4.1. PRESIDENTIAL ADVISORY GROUP ON THE ECONOMY (PAGE)

Member	Education	Professional History
Kwesi Amissah-Arthur	University of Ghana (MSc. Economics)	World Bank
Seth Terkper	Harvard University (MPA)	IMF
Kwesi Botchwey	Yale (LL.M), University of Michigan (SJD)	Ministry of Finance
Kofi Wampah	McGill University (PhD Economics)	IMF
K.Y. Amoako	University of California, Berkeley (PhD Economics)	World Bank
Nana Oye-Mansa Yeboaa	University of Ghana (BA)	Bank of Ghana
Nii Moi Thompson	University of Pittsburgh (PhD Economics)	UNDP
Kwame Pianim	Yale (M.A. Economics)	Investment consultant

SOURCE: COMPILED FROM VARIOUS SOURCES INCLUDING *DAILY GRAPHIC* AND GOVERNMENT WEBSITES concern in Nigeria following the oil price collapse in 2014, and yet the regime there was able to bypass an IMF programme. The crisis hypothesis is compelling, but it still fails to account for this critical cross-case variation.

Societal Interests

We established in Section 4.2 that organised labour, fearing the distributional consequences of conditionality, was highly influential in causing the Mahama administration to delay approaching the IMF. In this subsection, I investigate the claim that economic interest groups that stood to gain from a Fund intervention played a decisive role in compelling the government to eventually initiate programme discussions with the IMF. Considering the fact that the unfolding crisis hurt many local firms, one might reasonably expect to find evidence of substantial and effective pressure from actors in the domestic financial and manufacturing sectors—what Bunte calls the Capital Coalition—that spurred Mahama into reversing his earlier reluctance to engage with the Fund. At first glance, the influence of Ghanaian business in pushing for an IMF programme seems self-evident, given that a programme did finally materialise. However, a closer look at the empirical data shows that the effect of business lobbying on the ultimate outcome was marginal.

There is no doubt that the economic slowdown had a devastating impact on domestic enterprises, from market traders to large conglomerates. The plunge in the cedi's value stoked record inflation and exacerbated a shortage of U.S. dollars, an indispensable currency in an economy that is heavily dependent on imports. Quoted in *Bloomberg*, an auto-parts dealership owner, Harry Larbi, complained that "we have to increase the price of our goods almost every day because the dollar rate keeps going up and customers aren't buying."[120] Much larger businesses were not spared either. Gold-mining companies, having to balance rising operating costs with declining global prices, announced that they would lay off up to 4,000 workers at sites in the

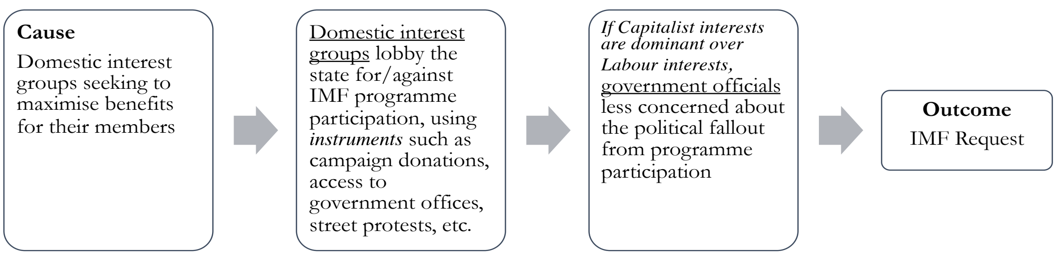

FIGURE 4.9. SOCIETAL INTERESTS HYPOTHESIS

120 *Bloomberg,* August 5, 2014.

country.[121] In July 2014, Produce Buying Company, the largest buyer of cocoa beans in Ghana, had to postpone plans to secure a US$30 million loan from the Agence Française de Développement (AFD), concerned that the cedi's slide might elevate its repayment costs.[122] On July 18, 2014, Simon Dornoo, president of the Ghana Association of Bankers, warned that the sharp depreciation of the cedi could potentially trigger widespread defaults among debtors who borrowed in foreign currency.[123] This prospect was particularly concerning in a context where credit to the private sector was becoming scarcer; almost half of business owners surveyed across 720 firms between December 2012 and July 2014 named "access to finance" as their biggest obstacle.[124] Surveys carried out by both the Association of Ghana Industries and the BoG at the mid-year point showed that business confidence had fallen significantly.[125]

And, as the interest group model would predict, this challenging business climate did prompt calls for IMF intervention. In the ***Bloomberg*** article, Larbi urged policymakers to bite the bullet and submit to an IMF programme: "They've tried everything, but nothing is working. Let's go to the IMF until we stabilise the cedi. We should suffer and gain and come back."[126] An Accra-based forex trader I interviewed in 2022 recalled that he prayed for an IMF arrangement because it meant the potential end of exchange rate control measures which were cutting into his profits: "the IMF does not like forex controls. If we went into a programme, that would force [the BoG] to free things up."[127] Another respondent, an economist at one of the largest investment banks in the country, reiterated his belief at the time that, given the perverse electoral incentives facing both major political parties, the IMF was the only actor which could have credibly enforced national fiscal discipline.[128] In July 2014, several economists linked to two pro-business think-tanks in Accra—the Institute of Economic Affairs (IEA) and IMANI Ghana—called on the government to seek an IMF bailout to restore economic stability.[129] The IEA had hosted Professor Paul Collier at an event on June 16 at which the famous British development expert painted a bleak picture of Ghana's economy but urged the Mahama administration to view a return to the IMF as an opportunity: "What I'm giving you is not a message of despair. Use the crisis to reset."[130]

Suggestions in the literature that domestic firms exert political influence which culminates in IMF participation are compelling enough to warrant serious consideration. Yet no such

---

121 *Bloomberg,* January 23, 2014.
122 *Bloomberg,* July 23, 2014.
123 *B&FT,* July 23, 2014.
124 The World Bank, Enterprise Surveys www.enterprisesurveys.org.
125 *Graphic Business*, August 12, 2014.
126 *Bloomberg,* August 5, 2014.
127 Personal interview, November 22, 2022.
128 Personal interview, November 4, 2020.
129 *Graphic Business*, July 29, 2014.
130 *Daily Graphic*, June 18, 2014.

argument is likely to be very persuasive in this case because the central fact of Ghana's political economy since independence, and perhaps even before that, has been the limited independent power of business associations.[131] Several different factors are at play in constraining the lobbying effectiveness of these groups. As Whitfield explains:

> Under the Fourth Republic, domestic capitalists continued to lack a collective influence on economic policymaking. Firms in productive sectors who suffered the most from macroeconomic instability did not act as a brake to deter macroeconomic crises, nor did they exert a counteracting influence on the incentives facing ruling elites. They were too small in number, had relatively low level of technological capabilities, and typically struggled to form strong industry associations that would speak with one voice and lobby the government…Domestic capitalists also continued to have a limited role in the key economic sectors—gold and cocoa—and the sectors in which their businesses resided were not yet big enough to leverage political influence, because they did not provide a significant amount of foreign exchange, government revenues, or employment.[132]

In other words, domestic capitalists as a class possess neither structural nor instrumental power in Ghana; policymakers do not see their political survival as intrinsically tied to the success of the private sector. Of course, this conclusion is not meant to imply that individual companies with links to ruling elites do not regularly receive preferential treatment from the state, but one should not mistake this form of cronyism for the aggregate impact of the broader business community on economic policymaking.

In his book ***Raise the Debt*** (2019), Bunte calculates the average political strength of three interest groups (Labour, Industry, and Finance) in 115 developing countries for the period 2005–2015.[133] To obtain each score, he interacts the group's ability to mobilise and overcome collective action problems with its importance to the economy, and by extension policymakers. Ghana scored toward the lower end of the 0–1 scale on all three counts (see Table 4.2), but its particularly low scores for Political Strength of Industry and Political Strength of Finance stress the extremely marginal position of the Capital Coalition.

TABLE 4.2. POLITICAL STRENGTH OF INTEREST GROUPS

Interest Group	**Political Strength**
Labour	0.15
Industry	0.07
Finance	0.09

SOURCE: BUNTE (2019)

[131] Hart and Gyimah-Boadi 2000; Opoku 2010; Kraus 1991, 2002.
[132] Whitfield 2018, p. 125.
[133] Bunte 2019.

In consequence, the notion that business influence was decisive in pushing Ghana toward the IMF in 2014 overstates the sector's power. While the adverse effect of the crisis on local businesses cannot be doubted, there is little indication that domestic entrepreneurs played a pivotal role in ensuring that an IMF programme was initiated. For this to be the case, we would need to find evidence that the Capital Coalition had somehow been able to boost its historically low levels of political influence just before the August 2014 announcement. None of the private sector actors and regime insiders I interviewed in Accra felt able to confirm that business lobbying was the dominant influence on the President's decision-making on the Fund. In fact, the typical response to my question was an impassioned lament about the deplorable condition of business-state relations in the country. This June 2013 statement by Seth Adjei Baah, the president of the National Chamber of Commerce and Industry, captures the benign attitude of Ghanaian business associations over the course of the crisis:

> We represent the voice of the private sector, and we are to ensure that their grievances are heard and addressed by the managers of the economy. Fortunately, we have a good quarterly engagement with the government. Every quarter we meet to bring our issues, grievances, and challenges. Unfortunately, most of the issues have not been addressed, not because government doesn't want to address them, but they are so complex that they sometimes need patience and time.[134]

It is perhaps a reflection of the prevailing power asymmetry that a senior business representative would attempt to excuse the government's evident unresponsiveness rather than risk antagonising policy elites in public. Thus, the societal interest hypothesis fails to explain why Mahama suddenly altered his policy preference regarding the IMF, for the simple reason that by all accounts the likely beneficiaries of participation were not politically salient at the time.[135]

In summary, none of the three demand-side theories offer much traction in explaining the Ghana case. What other explanation is there apart from institutional arrangements, economic ideas, and interest group competition? So far, the theories we have examined account for IMF participation as the product solely of ***domestic*** forces and structures. However, to truly understand Ghana's rapid shift toward the IMF in August 2014, we need to move beyond the confines of the nation-state and consider how policymakers were influenced by the changing political strength of transnational capital. One cannot, I would suggest, ultimately explain the about-face except as the consequence of fluctuating structural power dynamics between Ghanaian leaders and alternative finance.

[134] *Marcopolis*, June 26, 2013.
[135] Batesian explanations that argue that rural groups drive IMF participation in Africa do not appear to apply here given Ghana's generally liberal economic environment. But even if they do, there is little indication that rural groups overcame the hefty costs of collective action in time to determine the result.

4.4 STRUCTURAL POWER OF ALTERNATIVE FINANCE

As has been discussed already, the economic situation in Ghana from 2012 onward demanded urgent reform, but the Mahama government was both too complacent and too nervous to approach the IMF. There is a great deal of evidence to suggest that policymakers felt that they could weather the crisis on their own. We see too that the NDC party membership was against an IMF programme, as were powerful labour unions. So far as regime insiders and their chances of holding onto power beyond 2016 were concerned, recourse to the Fund was "suicide, more or less." To be sure, political leaders can (and often do) exaggerate the potential costs of IMF programmes, either to extract milder conditions from the Fund or to rally domestic and external audiences around a home-grown alternative. But we can be reasonably certain that these fears were genuine in the Ghanaian case because the government paid a terrible price when it eventually threw itself on the mercy of the Washington-based institution. The opposition achieved an astounding victory in the 2016 general elections, in large part by effectively portraying the government's plea for help as the product of entirely avoidable economic mistakes.

Yet, as one commentator asked in disbelief a few weeks following the election: "Who submits to IMF conditionalities going into an election year?"[136] Given that the decision to enter into talks with the IMF was considered such a risky proposition, it raises the question of why policymakers ultimately made that choice in August 2014. As we learned in the last section, existing arguments in the literature are unable to provide a convincing explanation for this puzzling outcome. In the remainder of this chapter, I will argue that the most faithful interpretation of events in Ghana also happens to be the most straightforward one: Ghana was compelled to resort to a Fund bailout because, quite simply, other creditors had become unwilling to extend much-needed financial support. As we will see in greater detail in Section 4.5, Mahama found himself in a challenging position as donors withheld their support, capital flowed rapidly out of the country, and the cost of public borrowing skyrocketed. Put another way, the two hypothesised mechanisms of structural power identified in my theoretical model—official credit rationing and financial market discipline—all converged to make it increasingly difficult for Ghana to obtain foreign credit. The curtailment of credit flows greatly limited policymakers' room for manoeuvre and effectively forced them into a zero-sum choice: either accept an electorally costly IMF arrangement or bear the debilitating consequences of a worsening liquidity crisis on the wider economy. Despite an explicit preference for a home-grown response, the authorities had little recourse but to reach out to the Fund on August 2, 2014, as a means, first and foremost, of restoring confidence among

[136] *Pambazuka News*, January 12, 2017.

international investors and donors.

While the observation that Ghana's belated turn to the *de facto* lender of last resort was prompted by some kind of "capital strike" is not very surprising, it is important to note that other peripheral borrowers, like Nigeria or South Africa, have had completely different experiences when confronted with severe balance-of-payments crises: these countries managed to attract or retain financing even during major economic downturns, successfully resisting pressure to enter into IMF programmes. Furthermore, a closer look at Ghana's experience reveals that creditors are not consistent in disciplining budget deficits: far from contracting, FDI as a share of GDP actually increased over the course of the crisis, and the country continued to tap capital markets, even after multiple ratings downgrades.[137] We see here that investors' prospective (or actual) exit only constrains policymakers' autonomy in certain instances but not universally. Clearly the mere existence of economic problems within a country is not sufficient to guarantee that investors will pull the plug on further credit or that policymakers will perceive the costs of disinvestment to be both real and consequential enough to consider borrowing from the Fund. A critical question arises from the above cross-national and within-case variation in crisis-hit countries' ability to access alternative finance: under what conditions is the lenders' disinvestment threat sufficiently credible to cause participation in an IMF programme?

In the next section, we will seek to answer this question by tracing the exact mechanisms by which the structural power of alternative finance triggered an IMF request in Ghana. The Ghanaian story constitutes a hard test for the structural power hypothesis because of the NDC government's initial reluctance to consider a programme. I have the burden of demonstrating that, despite an unfavourable political context, structural power was the causally relevant factor that produced the policy reversal we saw in 2014. As Culpepper aptly noted, "accounts of structural power do best when they show the ways in which the structural power of business leads to outcomes that run in visible contrast to public opinion or governmental preference."[138] One of this dissertation's original contributions is shedding light on a heretofore overlooked trajectory of IMF participation: ***Coerced Engagement***. Existing theories struggle to explain an outcome that appears to diverge from governments' stated preferences. To fit within extant frameworks, we must presume that government officials in these contexts were "closet neoliberals," concealing their pro-IMF inclinations for strategic reasons. This may well be true, but to falsify this latter assertion would require us to be able to read the minds of political actors in the critical weeks and months leading up to their surprise pleas for help. Fortunately, a simpler explanation is at hand.

---

[137] IMF 2014.
[138] Culpepper 2015.

By paying close attention to financial structural power and how it influences economic policymaking, we can demystify the otherwise puzzling emergence of IMF arrangements in countries where policymakers exhibit sustained aversion to participation.

4.5 THE MECHANISMS OF STRUCTURAL POWER

In this section, we will assess the observable implications of the theoretical framework outlined above (and developed more fully in Chapter 2) using evidence from the Ghana case. The model posits that Mahama agreed—"with obvious dissatisfaction"[139]—to open negotiations with the IMF because of the prevailing power imbalance between the government and its dominant creditors. Specifically, two structural dynamics characterised Ghana's relationship with financiers—dynamics that, as we will see in the next chapter, were notably absent or subdued in the Nigerian case. First, from the government's perspective, Ghana lacked access to internally generated funds and was thus systematically dependent on outside credit for the day-to-day functioning of the state. This meant that policy elites harboured deep fears about the potential repercussions should credit lines be severed for an extended period of time. Second, from the vantage point of creditors, Ghana was simply not very important. Creditors had viable outside options and were not reliant on the country for future revenues or strategic advantages. This endowed them with the ability to disengage from the Ghanaian economy without incurring substantial losses, whether in political or financial terms. In sum, the government's reliance on creditors outweighed the degree to which creditors depended on the government. As one of the country's foremost journalists put it to me, "we were trapped in a toxic relationship; our politicians were overdependent on international finance, but Ghana didn't matter that much to international finance."[140]

The outcome of this structural asymmetry was that policymaking concerning an IMF recovery programme was greatly influenced by creditor interests, not government preferences. The threat of losing continued access to credit, whether from official creditors, portfolio investors, or capital markets, was seen as highly credible by Ghanaian policymakers and ultimately persuaded them that an IMF programme was necessary to maintain policy credibility and restore investor confidence. If the structural power hypothesis is correct, we should anticipate finding three distinct sets of empirical fingerprints within the Ghana case. First, on the government side, we would ideally expect to observe that policymakers were deeply concerned about the prospect of reduced credit inflows, fearing the potentially devastating costs to the economy and to the political fortunes of the regime. Second, on the creditor side, we should expect to find evidence that Ghana's

[139] Amoako 2020, p. 494.
[140] Personal interview, November 28, 2022.

diminished importance and the availability of outside options mingled to make sources of alternative finance more willing and able to withhold credit and withdraw capital from the country. Finally, we should uncover evidence that the combination of government desperation and creditor detachment made policymakers more inclined to implement home-grown austerity measures and, when these failed to impress lenders, to enter into an IMF programme. The rest of this section will test the evidence for each of these predictions, organising my analysis around the two mechanisms of structural power.

Official Credit Rationing

The first major observation in the Ghanaian case relates to the country's limited access to official credit during this period. Many authors have characterised the enforcement of policy conditionality in Ghana as remarkably lenient, arguing that donors' self-interest in promoting Ghana as a success story has led them to maintain uninterrupted aid flows to the country, all while turning a blind eye to its numerous slippages on policy issues.[141] While the mythology about Ghana being a "donor darling" is not wholly unwarranted, it often fails to acknowledge several instances of strained relations between the two parties, marked by dominant official creditors choosing to withhold resources. For instance, loan and aid disbursements were suspended by the IMF and other donors in the run-up to the 2000 elections due to the Rawlings administration's non-compliance with IMF conditions.[142] Similar tensions arose during the case study period when a majority of development partners decided to suspend their general budget support to Ghana in 2013 and 2014. The dispute centred around disagreements over the underlying causes of the country's deteriorating fiscal and current account deficit positions. While government officials tended to blame exogenous shocks like fluctuating commodity prices, donors charged that election-related spending overruns were at the root of the decline. To censure this perceived fiscal indiscipline and to force the government back onto a path of "sound" financial management, donors chose to execute a coordinated halt in budget support.[143] A roster of the nation's biggest bilateral and multilateral partners—France, the Netherlands, Denmark, Japan, Germany, AfDB, the World Bank, and the EU—all opted to withhold disbursements in 2013. They were soon joined by Canada and the UK, so that by 2014, Switzerland was the only DAC member to release budget support resources. "Once relations

[141] Herbst 1993; Kahler 1993; Tsikata 2001; Hutchful 1995, 2002; Aryeetey and Cox 1997; Whitfield and Jones 2009; Dercon 2022.
[142] CEPA 2003.
[143] Budget support (BS) is an aid instrument where donor governments transfer resources directly to a recipient country government. The funds thus transferred are managed in accordance with the recipient's budgetary priorities. Recipients strongly prefer budget support over other aid modalities (such as project aid) because of the expanded discretion it affords.

between the government and donors soured," wrote an Accra-based policy think-tank in reference to this episode, "goodwill evaporated."[144] Budget support contributions plummeted from approximately US$300 million in 2012 to nearly zero in 2014.[145]

The pivotal role played by this funding freeze in pushing Ghana toward the Fund has received surprisingly scant treatment in the extant literature and media accounts. As a pre-condition for resuming disbursements, donors specifically insisted that the government enter into an IMF arrangement.[146] This assertion is substantiated by the findings of a 2016 study commissioned by the Bill and Melinda Gates Foundation to review and evaluate Ghana's experiences in a changing global aid context. Drawing on interviews with a broad cross-section of senior government officials, development partners, and civil society, the study concludes that donors in 2013–2014 saw an IMF straitjacket as the only viable solution to the macroeconomic crisis in the country:

> At the beginning of 2014, GoG [Government of Ghana] initiated a process to develop a home-grown policy for restoring macro-economic stability. Even though many of the needed reforms were reflected in the document, partners and investors were wary of the country's commitment and capacity to implement given the experience from previous years. GoG was therefore encouraged to seek an IMF bail-out.[147]

Donors had become convinced that, even with a home-grown fiscal consolidation plan in place, the NDC government lacked the political resolve to cut spending on its own, especially with the 2016 elections approaching. As a former deputy finance minister recalled, "the multilaterals and the bilaterals were adamant that, no matter what we do, it is either we go to the IMF, or they were not going to support us."[148] The resolve of the donors' cartel only grew stronger the longer the government attempted to address the crisis independently, and in August 2014, Mahama finally yielded to the pressure by initiating programme talks with the Fund. Indeed, speaking on the side-lines of the US-Africa Leaders Summit on August 7, 2014—just days after authorising the request for assistance—the President confirmed that donor concerns weighed heavily on his response, stating: "We want to see Ghana transition from a lower middle-income to a middle-income country. If having a closer relationship with the IMF will give that confidence in our [development] partners to be able to work together to achieve that, we are happy to do that."[149] An evaluation report co-written by the World Bank's Independent Evaluation Group (IEG) and the EU noted that "interviews carried out show that DPs [development partners'] strong position not to resume

---

[144] ACET 2017, p. 32.
[145] MacCarthy 2016.
[146] Zeitz 2024.
[147] MacCarthy 2016, p. 26.
[148] Personal interview, February 28, 2021.
[149] *Bloomberg*, August 7, 2014.

BS until important macro-actions are undertaken by GoG did play a role in GoG's decision to embrace a stabilisation programme in 2015."[150] This is quite compelling evidence that official creditors, simply by withholding further credit, effectively coerced the leadership of a sovereign state into making a policy decision it otherwise might have delayed indefinitely. This form of coercion is a reflection of financial structural power. How did donors come to wield such leverage in Ghana?

Two main factors contributed to the effectiveness of budget support suspension as a mechanism of structural power in the Ghanaian case. The first is the government's entrenched dependence on ODA loans and grants for its day-to-day operations. Ghana's willingness to pursue structural adjustment reforms in the 1980s and its successful democratic transition in 1992 incentivised several donor states to provide a disproportionately high level of financial assistance to the country.[151] This was particularly true when it came to general budget support, which emerged at the turn of the millennium as a means to foster recipient-country ownership over aid funds.[152] As mentioned earlier, donors had an interest in propping Ghana up as an example to peer countries; but they also used these transfers strategically to gain privileged access to policymakers in one of Africa's most dynamic nations.[153] As a result, budget support came to represent a substantial portion of government revenues, public expenditure, and GDP—as presented in Figure 4.9. Between 2005 and 2011, budget support transfers accounted for, on average, 8 percent of total public expenditure, 31 percent of public spending on nonfinancial assets, 10 percent of total revenues, and 14 percent of total tax revenues.[154] The evidence gathered from interviews and available documents show that these funds were a crucial source of financing for the implementation of national development goals, and successive Ghanaian administrations relied on them to deliver on electoral promises, ranging from infrastructure investments to education funding.[155] Any interruption of budget support, then, would not only have caused significant economic disruption but also undermined the government's legitimacy, potentially triggering a major voter backlash. The NDC government was in a sense addicted to donor financing for its very survival. "Let's face it," a (surprisingly candid) former deputy finance minister confided to me in 2021, "without the money, government is in big trouble."[156]

[150] EU/IEG 2017. To further underscore donors' direct linkage of budget support with IMF engagement, the report confirms that the bulk of previously suspended funds were eventually released to the government shortly after it signed an IMF agreement in April 2015.
[151] Whitfield and Jones 2009.
[152] Swedlund and Lierl 2019.
[153] Zeitz 2019.
[154] EU/IEG 2017.
[155] See Briggs 2012; Cruz and Schneider 2017 for analyses on how incumbents in Ghana use foreign aid-funded projects to boost their re-election chances.
[156] Personal interview, February 28, 2021.

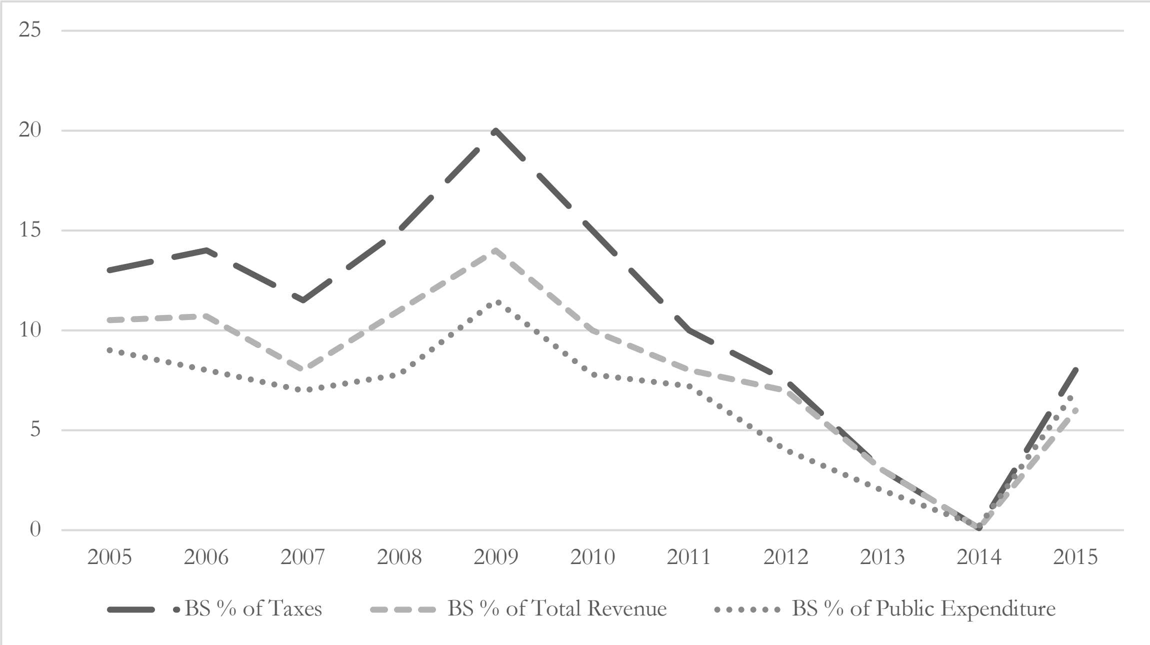

FIGURE 4.10. BUDGET SUPPORT AS A SHARE OF TOTAL PUBLIC REVENUE AND EXPENDITURE.
SOURCE: GOG FISCAL DATA; PARTICIP GMBH 2016.

Consequently, the decision by development partners to postpone the release of budget support funding in 2013 and 2014 significantly constrained policymakers' fiscal space. According to the Ministry of Finance and Economic Planning (MoFEP), total grant disbursements fell short by 49.4 percent of the budget target in 2013 and 42.3 percent in 2014.[157] This means that the government struggled to meet spending plans totalling approximately US$500 million because the expected budget support disbursements upon which they were predicated did not materialise in the end. These were plans earmarking funding for critical investments in sectors like education, health, energy, and agriculture. Policymakers were thus compelled to mobilise resources from alternative sources and reallocate them from other priorities to close this funding gap. Even the evaluation report jointly compiled by the EU and the World Bank admitted that the break in disbursement had a significant impact on the smooth delivery of public health services in the country:

> In the Health sector, it can be highlighted that the sudden—and much decried—increase in financial loans and credits in the sector in 2013 and 2014 corresponds to the two years during which GBS [General Budget Support] releases were suspended. This situation points to a non-negligible role played by GBS in financing the functioning of the health system.[158]

[157] Government of Ghana 2013a, 2014b.
[158] EU/IEG 2017.

Critically, at this juncture, it became increasingly difficult for the Ghanaian authorities to tap alternative sources of credit to replace the withheld funds. As I detail in the next subsection, the private creditor response to Ghana's fiscal challenges was similarly inflexible and punishing. But what about official creditors other than the traditional donors? Aid flows from China, once a major source of development assistance, dried up at this time. Persistent opposition attacks over the terms of a US$3 billion loan from the Chinese Development Bank (CDB),[159] coupled with an ongoing scandal over the involvement of Chinese migrants in the extractives sector strained ties with China.[160] In the early 2010s, illegal small-scale gold mining—known colloquially as "galamsey"—became a salient political issue in Ghana due to its escalating environmental impact, forcing the government to initiate a serious crackdown on the practice. The recent arrival of Chinese prospectors with chemicals and heavy equipment was widely blamed for turning what had been an unsophisticated informal industry into a major driver of ecological catastrophe.[161] Keen to divert attention from its own role in the crisis, the NDC government detained hundreds of Chinese migrants on suspicion of being unregistered miners.[162] The evidence suggests that these arrests damaged diplomatic relations with Beijing, which subsequently became less willing to disburse financial assistance. As the then-ambassador to China explained to me, "galamsey came in and spoiled the negotiations. The Chinese government was very dissatisfied with the treatment of its citizens."[163] As a consequence, the release of funds under the CDB deal faced repeated delays, and in July 2014, a frustrated Terkper announced that the government would forgo the second half of the loan.[164] Other attempts to secure financial support from the UAE, South Africa, and Brazil proved similarly unsuccessful.[165]

Without credible outside options, the Mahama administration lacked leverage in negotiations *vis-à-vis* traditional creditor states. Government officials were compelled to make several urgent appeals to donors for the resumption of budget support. They used the Multi-Donor Budget Support (MDBS) platform—the principal forum for high-level policy dialogue between the Government of Ghana and development partners—to emphasise the external causes of the budget deficit and provide assurances of their commitment to restoring macroeconomic stability.[166] In April 2014, state media reported that President Mahama travelled to Brussels to plead with the President of the European Commission, Jose Manuel Barroso, for the release of

159 Chen 2016; Zeitz 2019.
160 Zeitz 2019.
161 *The Guardian*, April 23, 2013; Hilson et al 2014; Teschner 2014.
162 *BBC*, March 27, 2013.
163 Personal interview, September 20, 2023.
164 *Reuters*, July 16, 2014.
165 *Bloomberg*, January 24, 2014.
166 MacCarthy 2016.

€64 million in pledged EU budgetary assistance.[167]

But donors remained unmoved by the pleas of their erstwhile poster child. This inflexibility, I argue, is attributable to the second key factor that helped to cement the structural power of official creditors: Ghana's diminished importance in the eyes of donors. In their forthcoming book, Alexandra Zeitz argues that the value donors attached to a close relationship with the Ghanaian government underwent a massive downward revision around the period under investigation. According to Zeitz, Ghana's importance to donors has historically been premised on "the symbolic significance of Ghana's reform successes and development track record," which implies that Ghana's economic crisis and the associated 'policy slippages' in 2013 strained the relationship with influential traditional donors and undermined Ghana's importance to them.[168] Consequently, donors withheld their budget support out of frustration with the government's failure to maintain fiscal discipline and to continue serving as a model of reform-driven growth. While Zeitz's analysis is an accurate summary of the arguments used by donor representatives themselves to justify withdrawing from Ghana, I think it underplays the role of supply-side factors. In contrast to Zeitz, I contend that the decline in the country's strategic value to official creditors predated the onset of the crisis and is better explained with reference to a number of structural changes that occurred at the turn of the decade.

Perhaps the most important of these changes was Ghana's sudden elevation to LMIC status. On November 5, 2010, Ghana completed a statistical rebasing exercise that put its official GDP per capita at US$1,363, a substantial increase from the previous estimate of under US$800.[169] This recalibration catapulted Ghana into a new income category overnight, drastically reshaping the relationship with traditional donors. A Centre for Global Development (CGD) report in July 2012 warned that graduation from the lowest income tier will affect Ghana's eligibility for concessional finance from the World Bank, which had been the country's most important creditor for the preceding three decades. The authors wrote, "with annual flows averaging over US$250 million per year over the past five years—alone 19% of total official development assistance (ODA) going to Ghana in 2010—IDA[170] is by far Ghana's biggest donor…As Ghana graduates from IDA it will eventually cease to have access to these revenues."[171] However, as the report goes on to point out, IDA eligibility has implications that go well beyond access to World Bank funds. Other multilateral and bilateral institutions, driven to target their aid programmes to the most

[167] *Daily Graphic*, April 3, 2014.
[168] Zeitz 2024, p. 196.
[169] Moss and Majerowicz 2012.
[170] IDA stands for International Development Association and is the part of the World Bank that supports the world's poorest countries by providing zero to low-interest loans and grants.
[171] Moss and Majerowicz 2012, p. 8.

poverty-stricken countries, use the Bank's income thresholds as a formal or informal guide to distribute resources efficiently. Ghana, the report predicted, will thus experience lower aid inflows from these other sources as well:

> Losing access to IDA funding will not occur in a vacuum. IDA-eligibility is an important and highly-visible signal that other actors—including all the major bilateral donors who provide over 50% of all ODA to Ghana—watch attentively as they seek to focus their aid on the neediest countries or those with significant strategic interests. As such, Ghana—like India, Botswana, and other successful developing countries—should expect a reduction of funds over time.

These words of warning came late for policymakers in Accra, as evident in Figure 4.9. Budget support as a percentage of total revenue and public spending had already begun to fall steadily from 2010 onwards. Contrary to Zeitz's assessment, this decline started well before the emergence of macroeconomic challenges. The decision to halt budget support altogether in 2013–2014 aligned with an ongoing trend and was facilitated by donors' reduced commitment to the Ghanaian government. Interviews with donor representatives suggest that most development partners by this point believed that the country's rapid growth, relatively robust institutions, and status as a middle-income oil producer meant that it did not "need strong support any longer."[172] As confirmed in DFID's updated operational plan for the period 2011–2016:

> The declining trajectory on Budget Support (both sectoral and general) since 2011 and the move to a more projectised approach, reflects Ghana's increased economic strength and greater ability to fund core functions through domestic revenues. . . Over the operational plan period, the office plans to reduce the level of general and sector budget support reflecting Ghana's lower middle-income status and greater ability to raise domestic revenues.[173]

A donor representative Zeitz interviewed in 2017 captured the changing relationship between Ghana and its largest bilateral donor: "the UK is very good at leveraging in *[sic]* international institutions, advancing the interests of these countries [including Ghana] . . . But now, the UK is very rough, very hard on Ghana, more demanding than they used to be."[174] Empirical evidence suggests that threats to withhold aid are less credible when there are strategic benefits associated with helping the recipient country.[175] Building on this insight, I contend that that maintaining a coalition in support of aid suspension becomes substantially more difficult when a major donor has strategic interests in a recalcitrant state and breaks ranks to offer that state fresh loans in hopes of currying favour with its leaders. This has been the case with countries like Pakistan and Egypt, which have faced international criticism for human rights violations but continue to receive substantial U.S. military aid and financial support due to their role in counterterrorism efforts. By

[172] EU/IEG 2017.
[173] DFID 2014.
[174] Zeitz 2019, p. 219.
[175] Bearce and Tirone 2010; Bermeo 2016.

comparison, Ghana's geopolitical importance rested on its decidedly shakier status as a high-performing low-income country that could be relied upon to implement orthodox economic reforms. Alas, by the timeframe under review, it had lost most of its lustre, even among once staunch champions. The country's promotion into a new income category reduced the imperative to guarantee its short-term economic success at any cost. This opened the door for donors to exercise their structural power strategically, without fearing that such a move might destabilise an important country or alienate an indispensable ally.

Furthermore, the reclassification coincided with the movement toward tighter aid budgets in many developed countries during this period. The immediate post-Great Recession era was marked by fiscal austerity and a growing inclination to redirect aid dollars towards meeting urgent domestic needs. As creditor governments grappled with sluggish growth and high unemployment, it became more and more politically difficult to defend aid allocations, especially to relatively prosperous countries like Ghana.[176] A 2011 poll published by *CNN* showed that 81 percent of Americans surveyed felt that reducing aid to foreign countries was justified as a means of reducing the federal budget deficit.[177] Public opinion in other major donor states had similarly turned against sending taxpayer money abroad, incentivising policymakers to slash the overall aid budget or emphasise greater parsimony in its allocation. In 2012, a bilateral donor representative in Tanzania explained that their country might discontinue general budget support in the future, "not because we have negative experience or a negative evaluation, but simply because there are other priorities at home that are higher than the GBS."[178] Around the same time, this isolationist turn was reinforced by the election of more conservative governments that were less favourable to foreign aid in general and budget support in particular. A notable example of this shift was observed in the United Kingdom. DFID's budget support policy underwent a major revision when the Tories assumed power in 2010. Already in its green paper on international development, unveiled in July 2009, the Conservative Party signalled a clear break from the Labour Party's more generous approach to budget support, declaring that "we will not be as willing as Labour have been to give the benefit of the doubt to governments where we are not completely clear about the probity of the audit and accountability systems."[179] Consistent with this strategic orientation, the new Conservative-Liberal Democrat coalition government under David Cameron oversaw the gradual

[176] Smith 2021.
[177] *CNN*, April 2, 2011.
[178] Quoted in Swedlund and Lierl 2019.
[179] Conservatives 2009, p. 17

winding down of UK contributions to general budget support.[180] An ODA strategy paper published by the UK government underscored the ideational underpinnings of these cuts:

> A number of programmes that were weak value for money or had a weak fit with the government's strategic objectives have been stopped, and resources re-allocated. This includes continuing the move away from traditional general budget support (unearmarked contributions to recipient countries' budgets) to more targeted forms of financing. DFID will neither start any new, nor restart any previous, traditional general budget support programmes in conventional aid settings.[181]

We observe a similar reining in of aid budgets with the ascendance of right-wing parties in the Netherlands, France, Denmark, and Germany; budget support to developing countries by EU DAC members fell from €3.7 billion to €2.8 billion—from 7 percent to 5 percent of total aid—between 2011 and 2014.[182] In sum, support for foreign assistance in donor capitals reached an all-time low during the period under examination, leading a former Director of the Overseas Development Institute to lament that budget support was fast becoming an "endangered species."[183]

From the foregoing, an explanation that depicts the decision to withhold budget support from Ghana in 2013 and 2014 solely as a response to macroeconomic conditions within the country obscures the ways in which the economic context and government ideology in donor countries themselves set this outcome in motion. In accordance with the model developed in Chapter 2 (see Fig. 4.10), the first mechanism of structural power proved highly effective in pushing Ghana toward the IMF because of the government's pronounced dependence on external financing and of the country's limited significance to official creditors. These two factors, in combination, gave development partners a credible exit threat through the suspension of budget support disbursements. The government had low financial self-sufficiency and had grown accustomed to donors underwriting a significant part of its annual expenditure. This high level of dependence led policymakers to fear the devastating economic and political consequences should grants be withdrawn. Simultaneously, none of the key official creditors had a substantial vested interest in maintaining a close relationship with the Ghanaian government, thus removing the incentives for opportunistic behaviour by individual lenders. The absence of strategic interests in Ghana allowed donors to maintain a united front in support of aid suspension. I argue that this dynamic greatly enhanced the structural power of donors and provided a strong incentive for Ghanaian policymakers to seek assistance from the IMF, even though doing so diverged significantly from their initial preferences at the onset of the crisis.

---

[180] OECD statistics, Creditor Reporting Systems.
[181] HM Treasury 2015.
[182] Concord 2016.
[183] Maxwell 2011.

Contextual Condition: Donors tie continued support to certain political or economic conditions

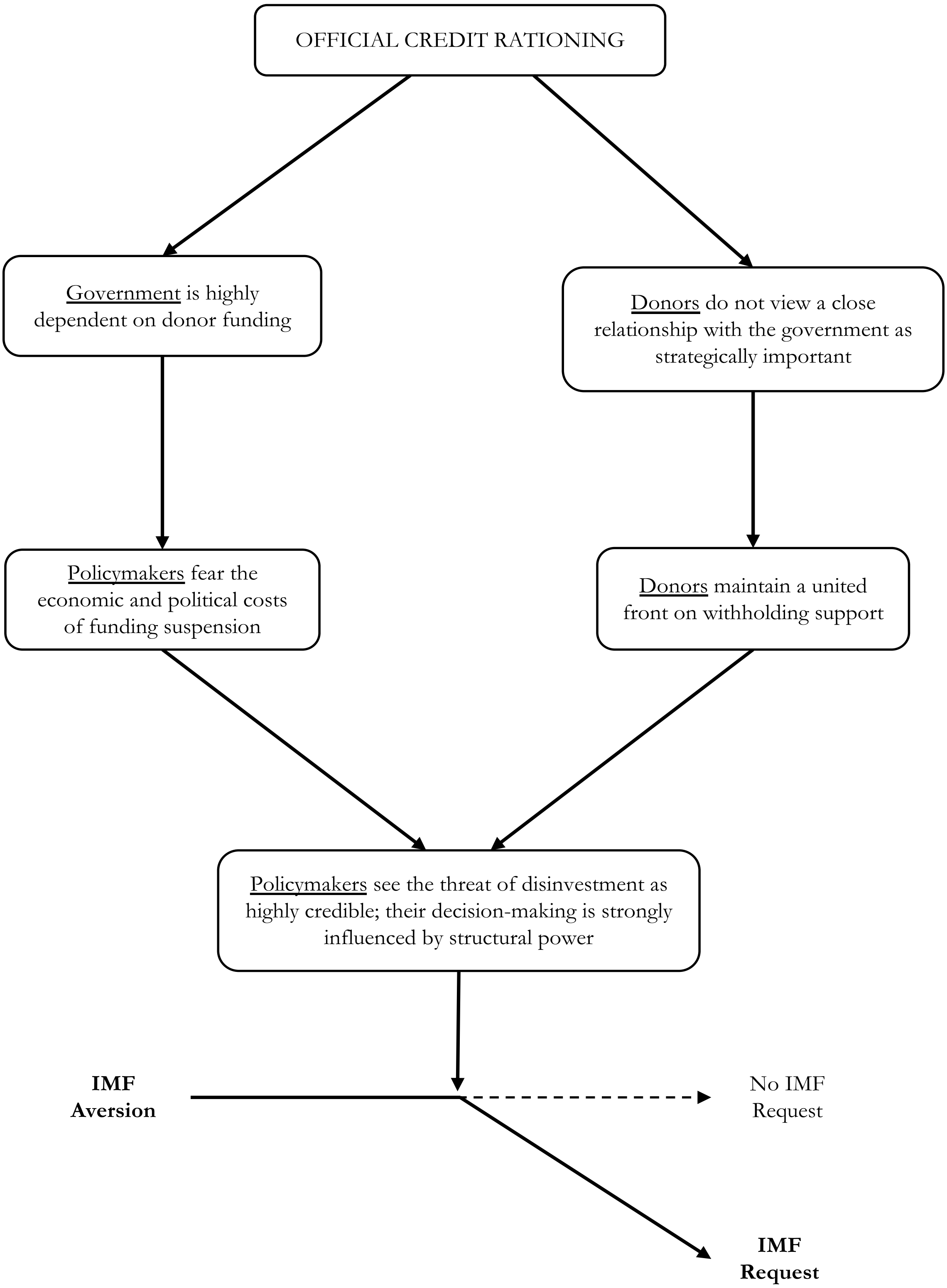

FIGURE 4.11. First mechanism of structural power

Financial Market Discipline

The withdrawal of official sector support from Ghana was accompanied by a comparable waning of private creditor interest over the course of the crisis. As Ghana transitioned to LMIC status, expectations were high that any resultant drop in donor assistance could be replaced with borrowing from the global debt markets. Following debt relief under the HIPC initiative in 2004, Ghanaian policymakers found that they had ample room to take on new private debt. In 2007, Ghana became one of the first sub-Saharan African countries to tap the international capital markets when it issued a debut US$750 million Eurobond. As mentioned earlier, robust growth and the discovery (and subsequent production) of oil made Ghana an attractive destination for FDI and portfolio flows. However, Ghana also benefited from the era of abundant liquidity that followed the Global Financial Crisis. Historically low interest rates in advanced economies sent institutional investors searching for yield in frontier markets. In 2012–2013 alone, African sovereigns secured a combined US$17 billion in bond funding.[184] Among these frontier borrowers, Ghana stood out as a star of the "Africa rising" narrative.[185]

Thanks in large part to these favourable market conditions, Ghanaian policymakers were not overly concerned when widening fiscal deficits came to light in early 2013 or even when traditional donors threatened to withhold their budget support disbursements. In January 2013, during his confirmation hearing in Parliament, Terkper assured lawmakers that "as we consolidate our middle-income status and [concessional] facilities become less available to us we would be in a position to borrow effectively from the capital markets."[186] To fund the budget deficit and refinance outstanding debt, the authorities issued a US$750 million 10-year Eurobond in July 2013. Attracting a yield of 8 percent, it is clear that "investors were unwilling to overlook Ghana's worsening fiscal situation."[187] And yet, the bond was three times oversubscribed, suggesting that—a bad macroeconomic picture notwithstanding—investors were still keen to hold Ghanaian government debt. As Mayokun Ajibade of Standard Chartered Bank noted, "when you look at Ghana for some reason the sentiment is still pretty positive. They're the darling of investors."[188] While Fitch Ratings had cut its outlook on Ghana to Negative in February, the other two major international rating agencies—S&P and Moody's—remained optimistic about the country's growth prospects. Defending its positive outlook Moody's claimed that "Ghana's creditworthiness is enhanced by a relatively diversified economic structure and robust domestic demand."[189] Ghana continued to

[184] *Financial Times*, April 7, 2014.
[185] Bawumia and Halland 2018.
[186] *Bloomberg*, January 24, 2013.
[187] *Reuters*, July 25, 2013.
[188] *Reuters*, October 31, 2013.
[189] *Bloomberg,* February 19, 2013.

draw considerable investor interest in its domestic sovereign bonds, and the government was able to obtain an additional US$1.2 billion through a syndicated cocoa loan in September. Access to these private funding sources gave policymakers greater room for manoeuvre and added to their confidence that addressing emerging macroeconomic challenges did not necessitate IMF involvement. As the ***Wall Street Journal***'s Matt Wirz noted, Ghana used cash from bond investors to "temporarily stave off" requesting a Fund programme.[190]

However, as the crisis dragged on, it became harder and harder to persuade mobile capital to remain invested in Ghana. A major turning point occurred in May 2013 when the US Federal Reserve chairman, Ben Bernanke, announced that the Fed could start scaling back its quantitative easing programme. Uncertainty related to Ghana's ballooning twin deficits combined with the ensuing "taper tantrum" to shift investors' risk perceptions. By the fourth quarter of 2013, it was plain that the government's fiscal consolidation plan lacked credibility in the eyes of financiers. In the words of one investor who spoke to ***Reuters***, "there's only so much money anyone will be willing to lend to somebody that likes to spend too much. They shouldn't overestimate the international investor community's patience."[191] Another investor, summarising market sentiment toward the Mahama administration, said:

> They were unwilling to reduce expenditure, that's how the markets saw it. Running a fiscal budget is like running a household. Your priority should be to feed everyone and put a roof over their heads. Consistently, Ghana insists on also clothing them in Versace.[192]

This collapse in confidence was manifested in Fitch's decision to downgrade Ghana's credit rating on October 17, with S&P and Moody's lowering their outlooks to Negative two months later.[193] The rating agencies thought Ghana was at high risk of defaulting on its obligations. The benchmark 91-day Treasury bill rate increased from 10.3 percent at the end of 2011 to nearly 25 percent in July, reflecting the increased premium investors were demanding to hold government securities (see Fig. 4.11). Yields on the country's 2013 Eurobond spiked to over 9 percent,[194] and interest payments rose to represent 40 percent of government revenue in the first half of the year.[195] Wary of high interest rate yields, the government aborted plans to auction a 5-year domestic bond worth US$114 million and delayed the issuance of a US$1 billion Eurobond before the 2014 summer break.[196] Meanwhile, the cedi depreciated sharply against the U.S. dollar as foreign investors

---

190 *WSJ,* November 17, 2014.
191 *Reuters*, October 31, 2013.
192 Personal interview, November 2, 2020.
193 *Bloomberg*, January 24, 2014.
194 S&P 2014.
195 World Bank 2014.
196 S&P 2014. Government officials denied reports that they postponed a Eurobond issuance, arguing that appointing transaction advisors and performing other due diligence took time.

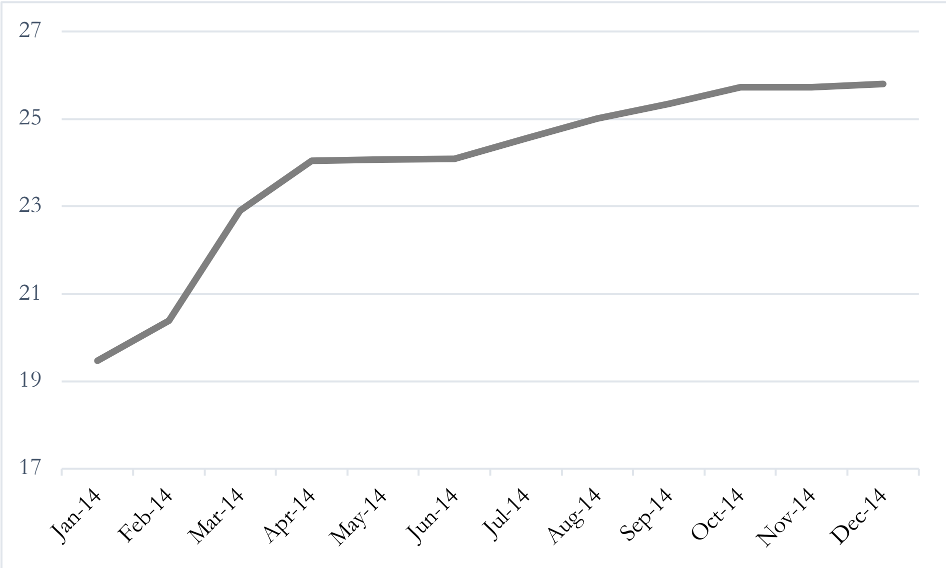

FIGURE 4.12. INTEREST RATE ON 91-DAY TREASURY BILLS, 2014.
SOURCE: BANK OF GHANA DATA

liquidated their local currency holdings.[197] According to the World Bank, "non-residents repatriated US$1.1 billion of income generated in Ghana" during the first half of 2014.[198] Initially, the government attempted to stabilise the currency through foreign exchange restrictions and sterilised reserve sales, but this strategy soon proved unfeasible as international reserves fell to just 12 days of imports at the end of June. Ghana was experiencing the effects of acute capital flight and exclusion from the international capital markets.

As with donors, private creditors saw the IMF as the fastest route to redemption for the Ghanaian government. Describing the signalling value of an IMF agreement, a London-based investor said: "in 2014 and 2015, Ghana wouldn't have had market access without an IMF programme. In good times it lowers the cost of borrowing and in bad times it can be just enough to help get market access back."[199] However, as we have seen, the government was very reluctant to tie its hands with a Fund programme for cognitive and electoral reasons. Terkper hinted at the possibility of an IMF bailout request in March 2014, but then the government spent the next five months insisting that its home-grown strategy was a viable substitute. Investors were generally unconvinced. Samir Gadio, an emerging-markets strategist at Standard Bank in London, said in May, "most international portfolio managers I've spoken with believe the government should sign a deal with the IMF. . . By having the IMF directly involved, the fiscal consolidation agenda will

[197] IMF 2014.
[198] World Bank 2014.
[199] Personal interview, November 9, 2022.

possibly look more credible."[200] A June 9 op-ed in the ***Financial Times*** urged Ghana to take a leaf out of Zambia's book and engage with the Bretton Woods institution, promising that such a move would yield immediate financial dividends for the country: "the market response to Zambia's request should convince Ghana to seek help, too."[201] The evidence suggests that, despite much prevarication from policymakers, market actors at this point were convinced that an IMF request was only a matter of time. This expectation further discouraged investors from advancing credit to Ghana, as they came to adopt a wait-and-see posture.

Finally in August 2014, with the currency in freefall and reserves running dangerously low, Mahama agreed to formally ask the IMF for help. That the second structural power mechanism—financial market discipline—was a critical consideration in the decision-making process is confirmed by the reasons policy elites themselves provided as justification for the choice. Appearing at a GE-***Economist*** event in Washington D.C. on August 4, President Mahama reportedly stressed that turning to the IMF was necessary to send a credible signal to global financial centres:

> The decision to open discussions with the International Monetary Fund (IMF) is not because of the failure of government's own home-grown solutions, but rather because of the need for policy credibility and confidence from the international financial institutions, capital markets and investors for the measures being implemented to restore economic stability and growth.[202]

Mahama echoed this assertion when he reflected on the fateful decision some eight years later:

> We tried to implement [the Home-Grown Economic Stabilisation Plan], but the international investors didn't believe that we had the discipline to be able to do it. We tried to convince them, but they wouldn't budge and so we eventually realised that if we were to get credibility behind the [home-grown] programme then we needed to go to the IMF. They wanted to see us under the schoolmaster before they believe that we could implement the programme.[203]

For his part, Finance Minister Seth Terkper stated that the decision to seek an IMF programme was aimed at rehabilitating Ghana's reputation among market participants: "The market will take a better view of our policies when we are talking with the IMF. . . Hopefully, the market and developments partners will have more confidence."[204] Similarly, in an interview with ***Bloomberg***, Terkper reiterated that Ghana sought an agreement with the IMF as soon as possible to help drive down the government's astronomical borrowing costs and interest payments.[205] In fact, the government took advantage of the sharp drop in yields that followed the start of IMF talks to issue

[200] *Bloomberg*, May 29, 2014.
[201] *Financial Times*, June 9, 2014.
[202] *Citi FM Online*, August 4, 2014.
[203] YouTube video (2022), "Presentation of Otumfou Commemorative Gold Coin to former President of Ghana H.E. John Dramani Mahama," https://youtu.be/3TZkcH0IoR8.
[204] *Financial Times*, August 5, 2014.
[205] *Bloomberg*, August 4, 2014.

a long-delayed Eurobond in September 2014. Thus, in keeping with the structural power theory laid out in Chapter 2, the Ghanaian government approached the Fund in 2014 not due to domestic interest group pressure, institutional constraints, or ideological conviction, but as a response to footloose transnational capital and the credible threat it possessed to withhold and withdraw credit from the economy.

The above conclusion, however, does raise an important puzzle. According to traditional conceptions of structural power, the outcome in Ghana is hardly surprising as it simply confirms the privileged position of capital within the international financial system. As a renowned IMF scholar once asked in reference to the Ghana case: "wasn't it just business? Isn't this what one would expect of any country in a BoP crisis and the reason for the Fund's existence?"[206] During times of economic distress, the fear of capital flight and credit cut-offs is thought to drive even the most reluctant borrowers to seek the Fund's stamp of approval. But, as I have explained, this view is overly deterministic and does not acknowledge that the spectre of capital withdrawal sometimes fails to provoke a creditor-friendly response from policymakers. For instance, the prospect of net capital outflows did not deter the Malaysian government from spurning the IMF and implementing capital controls during the Asian Financial Crisis.[207] Likewise, as we will delve into in Chapter 5, investors' rush for the exit in 2014–2016 could not overcome the entrenched Nigerian aversion to entering into IMF agreements. Given that the threat of disinvestment does not always culminate in an IMF request, we must ask: why was the disciplinary power of financial markets effective and credible in the Ghanaian case? In other words, what factors gave private creditors the significant influence that they obviously enjoyed *vis-à-vis* policymakers in Ghana?

The answer, as revealed by this investigation, lies in the combined effect of two crucial conditions that prevailed during the period of our concern. The first is that the Ghanaian economy exhibited a high dependence on the continuous flow of foreign capital. The current account deficit has hovered between 7 and 12 percent of GDP since 2008 due to imports outpacing exports. As President Mahama said in a speech at Chatham House, "Ghana imports almost everything our population consumes, from televisions to toothpicks. We even import goods and products that we are more than capable of producing locally, like rice, sugar, wheat, poultry and flour."[208] At the same time, government expenditures have consistently exceeded revenues by 6 to 12 percent of GDP. With official credit flows in decline, successive Ghanaian administrations intensified the country's reliance on private borrowing to fund the persistent and large twin deficits. Over time, continuous flows of private credit—via Eurobonds and commercial bank loans—became

[206] Personal communication, November 15, 2022.
[207] Pepinsky 2009.
[208] Mahama 2014.

indispensable to meeting budgetary needs and stimulating economic growth. New external arrears caused public debt to quickly climb to 58 percent of GDP by August 2014 after HIPC debt forgiveness in 2004.[209] The government further contributed to the debt burden by launching several cedi-denominated bonds during the crisis, offering them at high interest rates to attract foreign investors. By 2013, nearly a third of Ghana's domestic debt was held by non-residents.[210] The IMF warned in June that given the increased participation of foreigners in the domestic debt markets, a sudden reversal in capital flows caused by "a confluence of adverse developments could seriously weaken the balance of payments."[211]

These vulnerabilities were made manifest as non-residents sold off their holdings of government debt in 2013 and 2014. It is important to stress that these portfolio capital outflows were not informed solely by Ghana's deteriorating fiscal and current account deficit positions. Instead, global push factors, including the aforementioned taper tantrum, prompted investors to move capital out of emerging and developing countries into "safe haven assets" in advanced economies. Among sub-Saharan African frontier markets, Ghana was disproportionately impacted by this mass sell-off due to its relatively liquid domestic capital market.[212] In any case, the abrupt exodus of private capital from Ghana exacerbated the ongoing macroeconomic crisis and accelerated the downward spiral of the Ghanaian cedi. As investor sentiment soured, yields on Ghana government bonds surged, causing debt service payments to devour an increasingly larger share of government revenue. The spike in borrowing costs made it much more difficult for the government to hold onto foreign currency reserves. The fast-dwindling reserves also limited the Bank of Ghana's ability to intervene in the foreign exchange market to stabilise the cedi and reinforced creditor anxieties that Ghana might default on maturing obligations. Ghana was thus caught in a vicious cycle: capital flight triggered currency depreciation and depleted reserves, which, in turn, fuelled further capital flight.

As the economic situation deteriorated, policymakers became progressively aware of the dire economic and political implications of a prolonged capital strike. In sharp contrast to their confident public pronouncements at the time (see Section 4.2), policy elites were much less sanguine behind closed doors. "We were panicking, especially as the exchange rate approached 2 cedis to the dollar," a high-ranking government official revealed in interview. "Although we never discussed political objectives in cabinet, it was more or less implied that the price of failure was re-

[209] World Bank 2014.
[210] IMF 2014b.
[211] IMF 2013.
[212] IMF 2014b.

election in 2016."[213] Rising inflation, soaring interest rates, and a plunging currency took a heavy toll on citizens, many of whom were now required to pay for basic goods and services with scarce dollars. In response to these mounting constraints, a home-grown "#Occupy" movement, led largely by members of the middle class, organised massive street protests to demand "an end to worsening inequality, corruption scandals and increasingly unreliable power."[214] With the polls in 2016 on the horizon, the government was highly motivated to explore all options in the vain hope of reassuring the markets. According to Philippe de Pontet, Africa director at Eurasia Group, "the Mahama administration, which is deeply unpopular because of the economic crisis, knows that its political fortunes in the 2016 elections hinge on an economic turnaround."[215] A senior government advisor agreed, explaining that the rapid decline in international reserves and the closing off of avenues for replenishment caused considerable anxiety among economic managers: "If you cannot afford to import basic commodities, you're going to have an explosion, a social uprising on your hands."[216] The suggestion that economic crisis, left unaddressed, could undermine peace in Ghana was one ruling elites took very seriously. This concern was particularly heightened at the time as several West African nations were grappling with the threats of terrorism and coup d'états; there had been high-profile terror attacks in Nigeria, Côte d'Ivoire, Burkina Faso, and Mali.[217] While Ghana was relatively stable compared to these regional peers, officials there constantly fretted that flagging economic growth might provide the pretext for civil disorder. In a December 2014 interview with *Al Jazeera*, Mahama defended his decision to implement IMF policy demands by underscoring the benefits in terms of improved political stability:

> These are measures that have been difficult to take, but as a leader I had to take them in order to protect the economy and ensure that the economy continues to grow and create jobs for young people. The alternative is unacceptable. And so [it is] better to get some street protests against measures you are taking and protect the overall economy than let it crash and create a more politically unstable situation going forward.[218]

Whether motivated by cynical self-interest or a genuine desire to preserve social cohesion, the evidence points to the NDC government coming to dread the wider economic and political ramifications of an extended halt in credit flows.

All of this gave private creditors a substantial degree of leverage over the Ghanaian government in 2014. The Mahama administration introduced the Home-Grown Economic Stabilisation Plan in an attempt to rectify the twin deficits on its own, but foreign investors—

[213] Personal interview, December 23, 2023.
[214] *The Guardian*, August 8, 2014.
[215] Ibid.
[216] Personal interview, December 23, 2023.
[217] *Voice of America*, April 15, 2016.
[218] *Al Jazeera*, December 13, 2014.

simply by refraining from investing in Ghana's debt securities or relocating capital to other jurisdictions—expressed their lack of confidence in the government's ability to achieve fiscal consolidation without IMF backing. For a while the government persisted in its desire to navigate the crisis independently, but the devastating economic and political consequences of both capital flight and market exclusion left it with very limited room for manoeuvre. In the end, policymakers abandoned their home-grown approach and opted to embrace creditors' preferred response instead, i.e., requesting an IMF bailout. I argue that this outcome is a manifestation of the structural power of alternative finance and was made possible, in part, by Ghana's excessive reliance on transnational capital to generate economic growth and to secure popular support for the regime.

There can be little doubt that, as *The Economist* noted sternly, Ghana was "living beyond its means."[219] Likewise, there can be little doubt that investors lost their appetite for Ghanaian bonds as the government struggled to put its budget in order. Yet, as with the first mechanism, home truths about fiscal responsibility only tell us half of the story. In order to understand why private creditors wielded a credible exit threat in the Ghanaian case, we need to look beyond domestic economic fundamentals to examine an underlying structural factor: creditors' low stake in Ghana's financial future. To be more precise, Ghana's private debt constituted a comparatively minuscule share of total global sovereign debt and was distributed across a large pool of bondholders. The modest size of the debt and its dispersed ownership structure meant that individual investors could sever their financial ties to the country without incurring a severe profitability shock. This weak creditor attachment, I argue, helped to strengthen the disciplinary power of financial markets over the Mahama administration and served to push Ghana into the arms of the IMF.

The statistical analysis in Chapter 3 provides strong evidence that IMF requests are more likely when a borrowing country poses little systemic risk to global markets. The logic behind this finding is that creditors are generally more willing to "cut and run" when their exposure to a given country's debt is low. A relatively small debt, especially when spread across a large number of creditors, makes the threat of disinvestment more credible because individually rational investors can withdraw credit in response to a perceived increase in default risk without sustaining substantial losses. As Stephen Kaplan notes, creditors in such cases "hold too paltry a share of governments debt exposure to warrant incurring the costs of securing the collective good of borrower solvency."[220] Consequently, when exposure is low, I expect to find evidence that a crisis-hit government is more likely to lose access to alternative finance and, as a result, to turn to the

[219] *The Economist*, August 9, 2014.
[220] Kaplan 2013.

Fund for help.

This is exactly what appears to have happened in the Ghanaian case. At its peak in 2015, Ghana's total public debt amounted to just US$27.7 billion—a tiny fraction of the multi-trillion-dollar sovereign debt market.[221] Private external creditors held some 21 percent or US$5.8 billion of this debt, which was fragmented across commercial banks, asset managers, insurance companies, commodity traders, hedge funds, and family offices all over the world. Its purchase of US$389 million worth of Ghanaian bonds in 2013 possibly made Templeton Global Bond Fund the government's biggest market funder at this time.[222] Ghana's private creditors were numerous, with only a minimal stake each in the country's solvency. Counterintuitively, this small exposure guaranteed that financiers were more sensitive to macroeconomic conditions on the ground. While they were happy to hold Ghanaian securities during the liquidity glut, the taper tantrum and economic uncertainties easily eroded their attachments to the country. When the government was slow to enact far-reaching austerity measures, investors readily discarded their bonds in secondary markets, even though this meant incurring minor losses. Such losses were regrettable, but they did not undermine broader portfolio profitability.

A comparison with Greece at about the same period accentuates the above point. At the height of the Eurozone debt crisis, approximately 80 percent of Greek bonds were held by a small cadre of systematically important banks at the very heart of the Eurozone—banks which stood to absorb steep losses in the event of a Greek default.[223] Their heavy exposure incentivised bondholders to help keep Greece solvent by extending new funds, a phenomenon economists call "defensive lending." As Alexandra Hennessy put it, "threats to withdraw financial assistance were not credible because a default would have forced Greece out of the eurozone, and the resulting contagion effects would have destabilised the entire union."[224] By contrast, the exit threat was highly credible in Ghana because policymakers there faced creditors who were considerably less invested than those in Greece.

The conclusion is therefore that the disciplinary force of finance was enhanced in Ghana because the country was not systematically important. I argue that its status as a minor debtor made the Ghanaian government much more susceptible to investor demands and market pressure. The policy space was greatly narrowed when financial difficulties emerged, and policymakers had

[221] Jones 2016.
[222] *WSJ,* November 17, 2014.
[223] Roos 2019.
[224] Hennessy 2017.

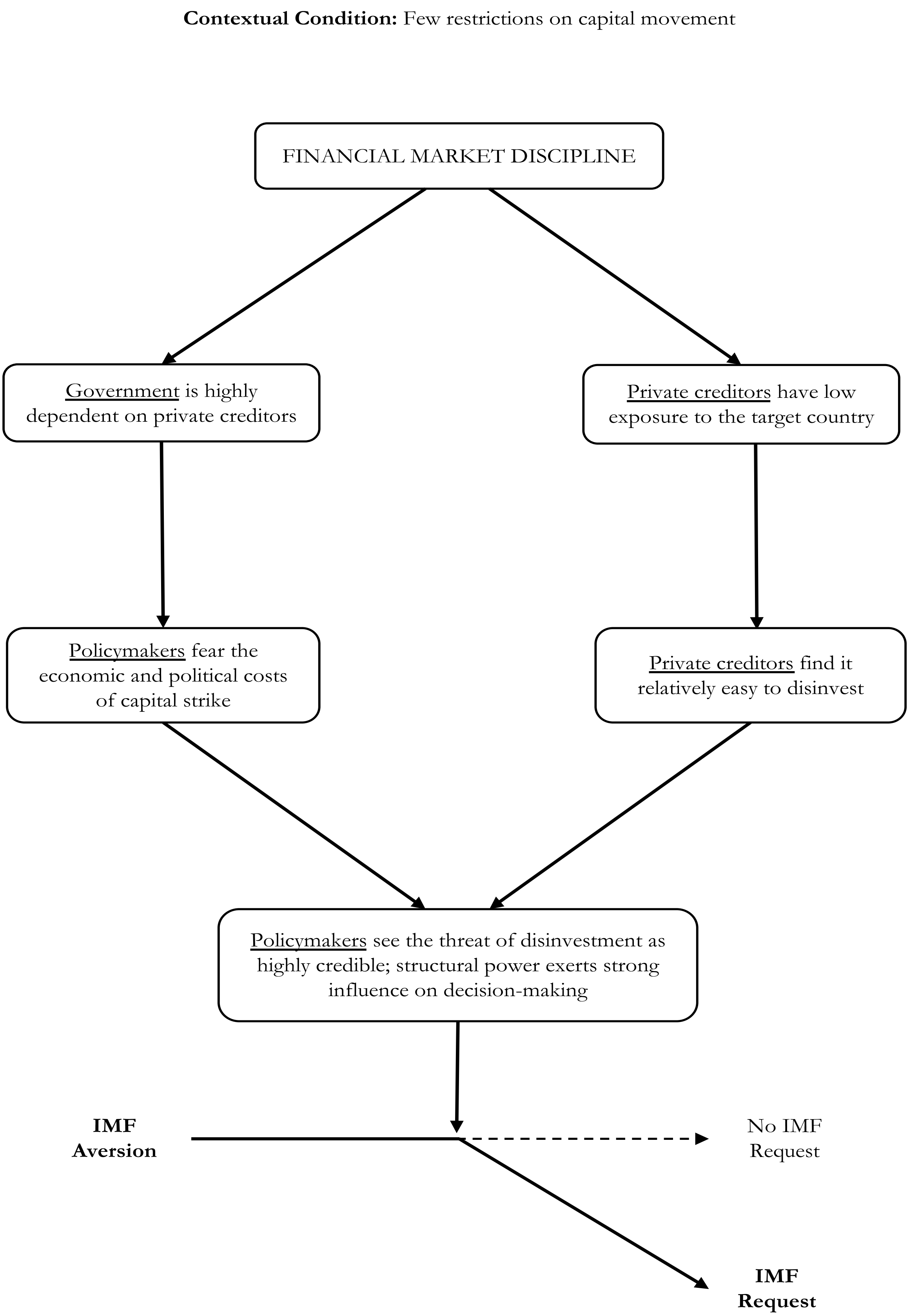

FIGURE 4.13. SECOND MECHANISM OF STRUCTURAL POWER

no option but to request an IMF bailout.[225]

4.6 CONCLUSION

Given an extensive participation history and well-known fiscal imbalances, few were particularly surprised when Ghana requested its sixteenth IMF programme in August 2014. Media and scholarly accounts of this resort to IMF assistance portray it as overdetermined by domestic economic and political conditions. In this chapter, I marshal case-study evidence to rebut this view. In the first place, I demonstrate that, contrary to the conventional narrative, the Mahama-led government tried to avoid requesting an IMF programme for as long as possible and pursued a home-grown alternative that would allow it to circumvent externally imposed macroeconomic conditionality. In line with my theoretical expectations, the administration's aversion to a Fund bailout was not derived from rigid ideology but was constructed from a cocktail of cognitive biases and electoral anxieties.

Second, I show that while the worsening economic situation did significantly narrow the government's room for manoeuvre, it cannot fully explain the choice to ultimately initiate IMF talks. How do we account for the sudden turn to the Fund amid grave concerns about the political costs of structural adjustment? Previous scholarship has argued that such 'about-faces' occur only when the domestic balance of power shifts to favour political actors who prefer participation, or when a reform-minded executive seeks IMF support in order to overawe powerful veto players. Yet, process tracing within the Ghanaian case revealed that veto players were not a substantial barrier to reform, the normative orientation of local policymakers did not undergo a massive revision in the frantic days and weeks before the August rupture, and the interest groups one would expect to lobby for a Fund programme played a marginal role in the policymaking process. Overall, I find that it is unlikely that government preferences were determinative of the eventual outcome.

Instead, I argue that the *timing* of Ghana's bailout request is consistent with the structural power story outlined in Chapter 2. One crucial (and largely ignored) factor in the Ghanaian case is that major donors suspended budget support disbursements and made resumption conditional on the conclusion of an agreement with the Fund. As such, the start of programme discussions was

[225] This argument contradicts a powerful notion in the extant literature that systematically important countries are more likely to participate in IMF programmes. The problem with this view is that it rests on a narrow focus on the largest and most sensational IMF programmes, for instance those in Argentina, Greece, and Mexico. While the Fund may indeed be more willing to bail out these "too-big-to-fail" states, they are by no means the most likely to request such assistance as they can usually count on private creditor support. The case of *Coerced Engagement* in Ghana is more representative of the typical IMF lending episode where the borrower is forced to enter into a programme because of the swift departure of private lenders.

more a response to the official creditors' threat of disinvestment than a reflection of local policymakers' preferences. Why was this exit threat credible? Donors exerted a great deal of influence because the state was highly dependent on aid flows to fund essential services and to garner popular support for the regime. Meanwhile, official creditors showed a diminished enthusiasm for maintaining close relations with Ghana's leaders, which enabled them to sustain a unified front on withholding budget support; most traditional donors refrained from disbursing funds in 2013 and again in 2014. In this context, no bilateral or multilateral lender answered the government's call to rescue the Ghanaian economy since there were no critical political benefits at stake. In the absence of such vital interests, the first mechanism of structural power—i.e., official credit rationing—was highly effective in compelling the administration to request an IMF programme.

Furthermore, Ghana's structural reliance on uninterrupted flows of private credit rendered the country vulnerable to disinvestment threats from market participants. As the economic crisis deepened, jittery investors and lenders yanked their money out of the economy, leading to a sharp depreciation of the cedi. At the same time, Ghana found itself excluded from global financial markets, which meant that it was unable to raise cash at affordable rates to refinance maturing debt. The decision to initiate IMF negotiations was thus a strategic move to send a signal that would (it was hoped) curtail investment outflows and restore access to the debt markets. However, in addition to the government's overdependence on mobile capital, the threat of exit was more credible in this case because investors were not yoked to Ghana for their future profits. Ghana's debt constituted a negligible fraction of their earnings, making it relatively uncomplicated for them to divest from their positions. Just as in the case of official credit rationing, this asymmetry in dependence between the two parties strengthened the second mechanism—financial market discipline—and made it increasingly unsustainable for policymakers to hold out against IMF participation.

The evidence I have uncovered from tracing the decision-making process in Ghana during the period leading up to the 2014 request for an IMF bailout confirms the analytical value of my conceptual framework. The findings show that the structural power approach offers a more compelling explanation for key decisions and pivotal moments in the Ghanaian case than existing theories centred around domestic economic conditions or recipient government preferences. My analysis is not intended to deny the importance of these alternative explanations—which certainly have a bearing on the likelihood of programme requests. However, I do aim to demonstrate that the capacity of financiers to withhold or withdraw capital from a country is a key political factor that acts, in conjunction with measures of crisis and governmental preference, to determine the long-run variation in IMF participation. A survey of IMF lending episodes going back several decades reveals that a significant proportion of requests appear to follow the trajectory of ***Coerced Engagement*** described in this chapter. First, local policymakers confronting a crisis take a public stand against an IMF bailout, making clear their preference for less constraining sources of financing. But then, as these alternatives fail one after another to extend the requisite capital, the same policymakers are forced into a humiliating U-turn in order to save their ailing economies. This pattern characterises numerous cases, including programme initiations by the governments of Rawlings in Ghana,[226] Michael Manley in Jamaica,[227] and Nyerere in Tanzania[228]; in Thailand and South Korea during the Asian Financial Crisis;[229]and in Ireland, Spain, Portugal, Cyprus, and Greece during the Eurozone Crisis.[230] Although the details obviously differ according to national circumstances, the decision to request a bailout in each of these cases was generally made under strong external pressure and materialised only after other creditors declined to open their chequebooks unless the IMF was involved. These prominent examples dovetail with Strange's seminal observation that in a world where capital flows freely across international borders, the suppliers of credit "are now more powerful than the states to whom ultimate political authority over society and economy is supposed to belong."[231]

However, an astute reader may point out that the power asymmetry between sovereign states and their dominant creditors is an inescapable fact of the international financial system. They might add that it is precisely for this reason that troubled economies (especially in the developing world) enter into IMF agreements—to signal to the vastly more powerful gatekeepers of capital that they are committed to macroeconomic reform. I employ a less static conception of structural power; international financial pressure does not always shrink policy space. The main contribution of this thesis is not so much to show that creditors influence the initiation of IMF programmes in developing countries—an idea which is already well established in the literature—but rather *how* and *when* they influence this policy choice. I present testable predictions about the conditions under which creditors shape the decision to request Fund bailouts, which have to do with the credibility of their disinvestment threat. But, by the same token, I predict that when these conditions are absent and the threat of disinvestment is not credible, we should expect crisis-hit governments which aspire to do so to be able to bypass the IMF. To bring this dynamic quality into sharper focus, we need to compare the case of Ghana with a counterfactual case—an instance

---

226 Jeffries 1989.
227 Stiles 1991.
228 Edwards 2018.
229 Walter 2013; Nooruddin and Woo 2014.
230 Moury et al. 2021; Blustein 2016.
231 Strange 1996, p. 4.

when policymakers managed, despite severe economic crisis, to achieve their internally-generated desire for a home-grown solution. The next chapter investigates just such a case.

Bibliography

Abdulai, Abdul-Gafaru, and Sam Hickey. "The politics of development under competitive clientelism: Insights from Ghana's education sector." *African Affairs* 115.458 (2016): 44-72.

Abouharb, Rod, and Bernard Reinsberg. *IMF Lending: Partisanship, Punishment, and Protest.* Cambridge University Press, 2023.

African Center for Economic Transformation (ACET). "Mobilizing and Managing External Development Finance for Inclusive Growth: Six Countries' Experiences and Lessons." ACET Synthesis Report, 2017.

Agyeman-Duah, Ivor. *Central Banking in Ghana and The Governors, Institutional Growth and Economic Development.* Digibooks Publishing, 2022.

Akolgo, Isaac. "History Repeating Itself? Ghana, Financial Dependency and the Political Economy of Africa's Debt." *Development and Change* (2023): 1–32.

Akonor, Kwame. "Ghana and IMF conditionality: The unevenness in compliance, 1983–2000." (2002): 1530-1530.

Allum, Peter F., Ajai Chopra, and Marco Pinon-Farah. "Growth and Adjustment in IMF-Supported Programs for Africa." IMF: IEO Background Paper (2021).

Amoako, Kingsley Y. *Know the Beginning Well: An Inside Journey Through Five Decades of African Development.* Africa World Press, 2020.

Aryeetey, Ernest, and Aidan Cox. "Aid effectiveness in Ghana." *J. Carlson et al* (1997).

Asiamah, Gilfred Boateng, Kojo Pumpuni Asante, E. Gyimah-Boadi. "Exploring the Mahama-NDC's Defeat in the 2016 Election: Insights from Pre-Election Surveys." Ghana Centre for Democratic Development: Research Paper No. 26 (2019).

Ayee, Joseph R.A. "Manifestos and elections in Ghana's Fourth Republic." *South African Journal of International Affairs* 18.3 (2011): 367-384.

—. "Ghana's elections of 7 December 2016: A post-mortem." *South African Journal of International Affairs* 24.3 (2017): 311-330.

Awuni, Manasseh Azure. *The Fourth John: Reign, Rejection & Rebound.* Self-published, 2019.

Bawumia, Mahamudu. "The IMF bailout: will the anchor hold." *Distinguished Speaker Series Lecture.* Central University College-Ghana, March 24, 2015.

Bawumia, Mahamudu, and Håvard Halland. "Oil Discovery and Macroeconomic." *Extractive Industries: The Management of Resources as a Driver of Sustainable Development* (2018): 220.

Beach, Derek, and Rasmus Brun Pedersen. *Process-tracing methods: Foundations and guidelines.* University of Michigan Press, 2019.

Bearce, David H., and Daniel C. Tirone. "Foreign aid effectiv*f*eness and the strategic goals of donor governments." *The Journal of Politics* 72.3 (2010): 837-851.

Bermeo, Sarah Blodgett. "Aid is not oil: Donor utility, heterogeneous aid, and the aid-democratization relationship." *International Organization* 70.1 (2016): 1-32.

Bird, Graham, and Dane Rowlands. *The International Monetary Fund: Distinguishing Reality from Rhetoric.* Cheltenham, UK; Northampton, MA, USA, 2016.

Blustein, Paul. *Laid Low: Inside the Crisis That Overwhelmed Europe and the IMF.* Waterloo, Ontario: Centre for International Governance Innovation, 2016.

Boafo-Arthur, Kwame. "Ghana: Structural adjustment, democratization, and the politics of continuity." *African Studies Review* 42.2 (1999): 41-72.

—. "Structural adjustment, policies and democracy in Ghana." *IMF and World Bank Sponsored Structural Adjustment Programs in Africa.* Routledge, 2018. 241-271.

Bob-Milliar, George M. "Political party activism in Ghana: factors influencing the decision of the politically active to join a political party." *Democratization* 19.4 (2012): 668-689.

—. "'We run for the crumbs and not for office': the Nkrumahist minor parties and party patronage in Ghana." *Commonwealth & Comparative Politics* 57.4 (2019): 445-465.
Bob-Milliar, George M., and Jeffrey W. Paller. "Democratic ruptures and electoral outcomes in Africa: Ghana's 2016 Election." *Africa Spectrum* 53.1 (2018): 5-35.
Briggs, Ryan C. "Electrifying the base? Aid and incumbent advantage in Ghana." *The Journal of Modern African Studies*50.4 (2012): 603-624.
Bunte, Jonas B. *Raise the debt: How developing countries choose their creditors.* Oxford University Press, 2019.
Center for Democratic Development (CDD)–Ghana. *Watching Democracy in Ghana. A compilation of articles in Democracy Watch, the official newsletter of the Ghana Center for Democratic Development (CDD–Ghana), from 1999–2007*. CDD-Ghana, 2008.
CEPA. Ghana: The Poverty Reduction and Growth Facility (PRGF) Arrangement, May 1999–November 2002. *Selected Economic Issues*, No. 4. Accra: Centre for Policy Analysis. 2003.
Chen, Thomas. *What Happened to China Development Bank's $3 Billion Loan to Ghana?* No. 10/2016. Johns Hopkins University, School of Advanced International Studies (SAIS), China Africa Research Initiative (CARI), 2016.
Conservative Party. *One World Conservatism: A Conservative agenda for international development.* Conservative Party, 2009.
Cruz, Cesi, and Christina J. Schneider. "Foreign aid and undeserved credit claiming." *American Journal of Political Science* 61.2 (2017): 396-408.
Culpepper, Pepper D. "Structural power and political science in the post-crisis era." *Business and Politics* 17.3 (2015): 391-409.
Dercon, Stefan. *Gambling on development.* Hurst publishers, 2022.
DFID Ghana. "Updated Operational Plan 2011-2016." June 2014.
Doorenspleet, R. and L. Nijzink, eds. *Party Systems and Democracy in Africa*. Palgrave Macmillan, 2014.
Driscoll, Barry. "Why political competition can increase patronage." *Studies in Comparative International Development* 53.4 (2018): 404-427.
Dye, Barnaby. "Structural reform and the politics of electricity crises in Ghana: tidying whilst the house is on fire?" *Available at SSRN 4011267* (2022).
Economist Intelligence Unit. "In-fighting in NPP threatens electoral chances." *EIU*. May 28, 2014.
Edwards, Sebastian. *Toxic Aid: Economic Collapse and Recovery in Tanzania*. Oxford: Oxford University Press, 2018.
EU and IEG. *Joint Evaluation of Budget Support to Ghana (2005- 2015): Final Report.* Tech. rep. European Commission (DG DEVCO's Evaluation Unit) and the World Bank's Independent Evaluation Group, 2017.
Fitch Ratings. "Fitch Downgrades Ghana to 'B'; Outlook Stable." Rating Action Commentary. October 2013.
Fridy, Kevin S. "The elephant, umbrella, and quarrelling cocks: Disaggregating partisanship in Ghana's fourth republic." *African Affairs* 106.423 (2007): 281-305.
Gerits, Frank. "Anticolonial capitalism: How Ghana came to embrace market-led development theory (the 1970s-1990s)." *Southern Journal for Contemporary History* 47.1 (2022): 4-26.
Ghana Statistical Service. "2015 Labour Force Report." December 2016.
Government of Ghana. "2013 Budget Statement and Economic Policy." 2013.
—. "National Economic Forum 2014." May 2014.
—. "2014 Budget Statement and Economic Policy." 2014.
Gyampo, Ransford Edward. "The youth and political ideology in Ghanaian politics: The case of the fourth republic." *Africa Development* 37.2 (2012): 137-165.
Gyimah-Boadi, Emmanuel, and H. Kwasi Prempeh. "Oil, politics, and Ghana's democracy." *J. Democracy* 23 (2012): 94.

Hart, Elizabeth and Emmanuel Gyimah-Boadi. *Business Associations in Ghana's Economic and Political Transition*. Critical Perspectives No. 3. Ghana: Center for Democracy and Development, 2000.
Harding, Robin. "Attribution and accountability: Voting for roads in Ghana." *World Politics* 67.4 (2015): 656-689.
—. *Rural Democracy: Elections and Development in Africa*. Oxford University Press, 2020.
Hennessy, Alexandra. "Good Samaritans vs. Hardliners: The role of credible signalling in Greek bailout negotiations." JCMS: Journal of Common Market Studies 55.4 (2017): 744-761.
Henning, Christian, Daniel Diaz, and Andrea Lendewig. *Voter Behavior and Government Performance: Empirical Application in Ghana*. No. WP2018-04. Working Papers of Agricultural Policy, 2018.
Herbst, Jeffrey Ira. *The Politics of Reform in Ghana, 1982-1991*. University of California Press, 1993.
HM Treasury. "UK aid: tackling global challenges in the national interest." November 2015.
Hutchful, Eboe. "Why regimes adjust: The World Bank ponders its "star pupil"." *Canadian Journal of African Studies/La Revue canadienne des études africaines* 29.2 (1995): 303-317.
—. *Ghana's Adjustment Experience: The Paradox of Reform*. Heinemann Educational Books, 2002.
Institute for Fiscal Studies. "Ghana's Large Public Sector Compensation Bill." Occasional Paper No. 22 (2019).
IMF. *Ghana: 2013 Article IV Consultation Staff Report.* IMF Country Report No. 13/187 (2013).
—. *Ghana: 2014 Article IV Consultation Staff Report.* IMF Country Report No. 14/129 (2014).
—. *Ghana: Request for a Three-Year Arrangement under the Extended Credit Facility Staff Report.* IMF Country Report No. 15/103 (2015).
Jeffries, Richard. "Ghana: the political economy of personal rule." *Contemporary West African States* (1989): 75-98.
Jones, Tim. "The fall and rise of Ghana's debt: How a new debt trap has been set." Jubilee Debt Campaign. October 2016.
Kahler, Miles. "Bargaining with the IMF: Two-level Strategies and Developing Countries". *Double-Edged Diplomacy: International Bargaining and Domestic Politics*. Ed. by Peter B. Evans and Harald K. Jacobson. Los Angeles, California: University of California Press, 1993.
Kaplan, Stephen B. *Globalization and austerity politics in Latin America.* Cambridge University Press, 2013.
Kopecký, Petr. "Political competition and party patronage: Public appointments in Ghana and South Africa." *Political Studies* 59.3 (2011): 713-732.
Kraus, Jon. "The struggle over structural adjustment in Ghana." *Africa Today* 38.4 (1991): 19-37.
—. "Capital, power and business associations in the African political economy: a tale of two countries, Ghana and Nigeria." *The Journal of Modern African Studies* 40.3 (2002): 395-436.
Kumi, Emmanuel. "From donor darling to beyond aid? Public perceptions of 'Ghana Beyond Aid'." *The Journal of Modern African Studies* 58.1 (2020): 67-90.
Lindberg, Staffan I., and Minion KC Morrison. "Are African voters really ethnic or clientelistic? Survey evidence from Ghana." *Political Science Quarterly* 123.1 (2008): 95-122.
Lindberg, Staffan I., and Yongmei Zhou. "Co-optation despite democratization in Ghana." *Lynne Reinner Publishers* (2009).
MacCarthy, Mavis. *Mobilizing and Managing External Development Assistance for Inclusive Growth: Ghana Country Report*. Tech. rep. African Center for Economic Transformation, 2016.
Mahama, John Dramani. "Ghana's Economic Transformation: Progress and Challenges in Policy Implementation." Chatham House. October 22, 2014.
Maxwell, Simon. "Budget support is becoming an endangered species: what Busan must do to save it", EDCSP blog (2011), http://internationaldevelopmenteu.files.wordpress.com/2011/08/edcsp-opinion-12.pdf

Moss, Todd J., and Stephanie Majerowicz. "No longer poor: Ghana's new income status and implications of graduation from IDA." *Center for Global Development Working Paper* 300 (2012).
Moury, Catherine, Stella Ladi, Daniel Cardoso, and Angie Gago. *Capitalising on Constraint: Bailout Politics in Eurozone Countries*. Manchester: Manchester University Press, 2021.
Nickerson, Raymond S. "Confirmation bias: A ubiquitous phenomenon in many guises." Review of general psychology 2.2 (1998): 175-220.
Ninsin, Kwame A. *Political Parties and Political Participation in Ghana*. KAS, 2006.
Nooruddin, Irfan, and Byungwon Woo. "Heeding the sirens: the politics of IMF program participation." *Political Science Research and Methods* 3.1 (2015): 73-93.
Ntim, Emmanuel O., and Thomas P. Botchway. "Ghana Beyond Aid: A Bargaining Chip for Draconian Economic Policies in Ghana." *The African Review* 1.aop (2023): 1-33.
Nugent, Paul. *Big Men, Small Boys and Politics in Ghana: Power, Ideology and the Burden of History, 1982-1994*. Pinter Pub Ltd. (1995).
Obstfeld, Maurice. "The logic of currency crises." *Monetary and fiscal policy in an integrated Europe*. Berlin, Heidelberg: Springer Berlin Heidelberg, 1995. 62-90.
Oduro, Franklin, Lisa-Marie Selvik, and Kendra Dupuy. "Ghana: A Stagnated Democratic Trajectory." *Democratic Backsliding in Africa?* Oxford University Press, 2023.
Opoku, Darko. "Government-Business Relations and the Business Environment in Ghana." *Challenges to African Entrepreneurship in the 21st Century* (2018): 39-77.
Oxford Analytica. "Ghana president may break 'two term' party trend." *Expert Briefings*. November 20, 2015.
Parliament of Ghana. "Report of the Committee on Employment, Social Welfare and State Enterprises on the 2014 Programme Based Budget Estimates for the National Labour Commission." December 2013.
Pepinsky, Thomas B. *Economic crises and the breakdown of authoritarian regimes: Indonesia and Malaysia in comparative perspective*. Cambridge University Press, 2009.
Presbitero, Andrea F., and Alberto Zazzaro. "IMF lending in times of crisis: Political influences and crisis prevention." *World Development* 40.10 (2012): 1944-1969.
Roos, Jerome E. *Why Not Default? The Political Economy of Sovereign Debt*. Princeton, NJ, 2019.
Sigman, Rachel. *Parties, Political Finance, and Governance in Africa: Extracting Money and Shaping States in Benin and Ghana*. Cambridge University Press, 2023.
Sims, Christopher A. "Implications of rational inattention." *Journal of monetary Economics* 50.3 (2003): 665-690.
Smith, Gregory. *Where Credit is Due: How Africa's Debt Can be a Benefit, Not a Burden*. Oxford University Press, 2021.
Stiles, Kendall W. *Negotiating Debt: The IMF Lending Process*. Boulder, Colo; Oxford: Westview, 1991.
Stone, Randall W. "The Political Economy of IMF Lending in Africa." *The American Political Science Review* 98.4 (2004): 577-91.
Strange, Susan. *The Retreat of the State: The Diffusion of Power in the World Economy*. 1st ed. Vol. 49. Cambridge: Cambridge University Press, 1996.
Swedlund, Haley J., and Malte Lierl. "The rise and fall of budget support: Ownership, bargaining and donor commitment problems in foreign aid." *Development Policy Review* 38 (2020): O50-O69.
S&P Ratings. "Ghana likely to introduce austerity measures to stem economic decline, raising risk of industrial action." S&P Market Intelligence. April 2014.
The Bretton Woods Observer. "Ghana under pressure: IMF loan feared." *Bretton Woods Project*. June 20, 2014
Tsikata, Yvonne M. *Owning economic reforms: A comparative study of Ghana and Tanzania*. No. 2001/53. WIDER Discussion Paper, 2001.

Tule M., Ogiji, P., Ndako, U. B., Ujunwa, A., Jimoh, S. L., lhediwa, C. E. & Afiemo, O. O. "Measuring the Depth of liquidity and efficiency of the Nigerian capital market." *CBN Economic and Financial Review* 53.4 (2015): 31-54.
Twumasi-Baffour, Priscilla. "Many Ghanaians think their country should divorce the IMF—that isn't likely to happen." *Quartz*. July 8, 2019.
Vadlamannati, Krishna Chaitanya. "Can IMF program design resurrect investor sentiment? An empirical investigation." *Business and Politics* 22.2 (2020): 339-382.
Vreeland, James Raymond. "Why Do Governments and the IMF Enter into Agreements? Statistically Selected Cases." *International Political Science Review* 24, no. 3 (2003): 321-43.
Walter, Stefanie. *Financial crises and the politics of macroeconomic adjustments*. Cambridge University Press, 2013.
Whitfield, Lindsay. "'Change for a better Ghana': Party competition, institutionalization and alternation in Ghana's 2008 elections." *African Affairs* 108.433 (2009): 621-641.
—. *Economies after colonialism: Ghana and the struggle for power*. Cambridge University Press, 2018.
Whitfield, Lindsay, and Emily Jones. "Ghana: Breaking out of aid dependence? Economic and political barriers to ownership." *The Politics of Aid: African strategies for dealing with donors* (2009): 185-216.
Whitfield, Lindsay, and Ole Therkildsen. *What drives states to support the development of productive sectors? Strategies ruling elites pursue for political survival and their policy implications*. No. 2011: 15. DIIS working paper, 2011.
World Bank. "Ghana Economic Update." October 2014.
Zeitz, Alexandra Olivia. *The financial statecraft of debtors: the political economy of external finance in Africa*. PhD diss., University of Oxford, 2019.