

Abstract

Rational choice institutionalism and expected utility theories assume that political leaders are generally risk averse. As such they averred that leaders usually focus on building support through popular policies that distribute resources and rewards to constituencies in their patronage networks rather than taking tough decisions that can hurt their supporters. When Jerry John Rawlings emerged for the second time on the political scene in Ghana in the early 1980s in a military coup that toppled the administration of Hilla Limann, he was greeted with a deep sense of euphoria and jubilation. Drawing on prospects theory, the chapter offers fresh insights on Jerry Rawlings' policy shift from socialist policies to policies inspired by neoliberal capitalism in the early 1980s. The chapter underscores the central thesis of prospects theoretic decision analysis, which suggests that leaders opt for highly risky choices when faced with threats to their survival, but are more cautious when confronting obvious gains.